

COMMERCE - GENERAL

1989

JANUARY - FEBRUARY

AFTER three years of growing recovery, it would be easy to designate 1989 a recession year, but in our special circumstances that would be premature.

So no recession, unless our policymakers insist on it — and that seems unlikely, with a general election possible this year.

In spite of all the talk, it is likely that Government spending will continue the steady growth of recent years. Fiscal policy is not expected to lose any of the stimulatory strength that has been so evident in this past decade of reform.

Private consumption spending accelerated in the second half of 1988 to year-on-year real growth of more than 4% compared with a steady rate of slightly below 4% in the previous two years.

The immediate conclusion could be that the imposition of a 60%

import surcharge on durable consumer goods last August triggered a pre-emptive buying stampede. With that out of the way, retail sales might be expected to collapse as we enter 1989.

surcharge on durable consumer goods last August triggered a pre-emptive buying stampede. With that out of the way, retail sales might be expected to collapse as we enter 1989.

Fortunately, the numbers are not shaping up that way.

The really high growth phase in durable consumer goods took place between mid-1986 and the first quarter of 1988, showing consistent year-on-year growth of 17%. It dropped to below 11% in the last nine months of 1988. It can be explained by supply bottlenecks more than insufficient demand as such.

From mid-1988 most durable consumer goods producers were producing everything they could within their chosen production configuration. The latter qualification is brought in because not everyone was at full production — as the capacity use figures bear out.

However, it would require a miracle to convince, for instance, the motor manufacturers to go to a second shift, and incur the business risk associated with such a decision. So we may have to accept that durable goods arrived at their maximum production frontier some time ago, even though with capacity to spare. This is unlikely to change much this year.

## PUNCTURE

If consumer spending is not to be deflated this year by a punctured durable goods performance, which in any case provides only 10% of the total consumer action, what will drive the 1989 consumer phenomenon?

Non-durable consumer goods — mainly food and beverages — performed poorly throughout most of this so-called recovery period: a bare 1% year-on-year growth to the first quarter of 1988. That is poor relative to the past, relative to population growth at 2.4% and relative to labour force growth of 3.3% a year, especially if the informal sector is taken at face value.

# The party to last a while yet

S/Times 1/11/89

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But the pace picked up to 2.4% year-on-year in the second quarter of 1988, and to 2.6% in the third quarter. We may expect above 3% in the fourth quarter if some of the signs are to be believed.

This phenomenon also took place in semi-durable goods — clothing, textiles, footwear, motor parts. There was a steady pace of 3% year-on-year growth in the two years to the first quarter of 1988, and then suddenly fireworks in the rest of 1988. The second quarter of 1988 was up by 5.9% and the third quarter 7.5%.

## WAGES

The acceleration in non-durable and semi-durable consumer spending in 1988 reflects the underlying trend of rising real wages, growing employment and overtime. In addition, consumer credit has been roaring, which is what we would expect in times of rising real incomes.

Will it continue in 1989? Why not, if the authorities do not stop it?

There are real labour shortages and a new cyclical wage spiral can be discerned. Because the trend in real wages and employment growth is unlikely to be reversed soon or consumer confidence dented, the momentum is likely to continue.

In spite of the slowdown (not fall) discernable in durable consumer goods, overall consumer spending may continue to grow by at least 3% in 1989. Increased use of credit set this recovery off in durable consumer goods. Now that the baton is shifting to more fundamental supports, the importance of credit in sustaining momentum may be waning, in turn playing down the effect of

higher interest rates on consumer spending.

Besides the acceleration in the core of consumer spending, there is another accelerator at work. Fixed investment spending is rising strongly. Although it was falling steadily throughout 1987 at a rate of 1.5%, the pace of recovery in 1988 was rapid — year-on-year growth of 1.7% in the first quarter, 7.3% in the second quarter and 11.3% in the third quarter.

The private sector was slowly increasing fixed investment spending in 1987 at a rate of 2%, and the acceleration began from the fourth quarter of that year, achieving 18% year-on-year for most of 1988.

Sectorally, this can be seen strikingly — from declines late in 1987 to a 20% growth rate by the third quarter of 1988 in mining and manufacturing. The financial sector and real estate began to recover early in 1987, and speeded up to more than 20% for most of 1988.

## PRESSURE

Although the building industry's growth rate may be eroded in the coming year by high interest rates, it is not obvious that the remainder of private fixed investment will slow down much because most companies seem to be relying on internal cash flows. Allowing for further cuts in the public sector, overall real fixed investment may grow by 6% this year after 7% in 1988.

Some of this final demand buoyancy may be negated by

a slower rate of stock building than in 1988. However, the overall picture still suggests 3% growth in gross domestic product for 1989, which would be on a par with 1988.

This is higher than official expectations of 2%, and may imply greater pressure on the balance of payments than is perhaps foreseen.

With the monetary authorities as always the policymakers of last resort, it may mean high interest rates for longer than generally expected. Prime overdraft of 18% to 20% for the next 12 months would not be an outrage if we care to remember 1984-1985 and to recognise the underlying strength still present in the economy.

The rand should remain subject to speculation and manipulation — as in the past. After a spell at present levels, we may expect renewed depreciation of about 15% in 1989.

Threatening this relatively rosy outlook are the gold price, the balance of payments cash flow, in particular foreign debt redemption, and the Government's policy.

If 1988 is anything to go by, however, it is a little early to suggest that the party will be forced to end soon. Politics, after all, remains the art of the possible and not of absolutes.

## Knights

KNIGHTS Gold Mining Co. has restructured its board, with the appointment of R A Flowerday, W K Randall and D F R Brumage. The appointments are in response to the major shareholder of Knights, South East Rand Gold Holdings (Southgo), requiring additional representation at board level.

# REX

Gees Bruggemans reviews the local and world scene

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# Wariness now over 'signs' of apartheid

Star 2/1/89  
Own Correspondent

PIETERSBURG — The Conservative Party-controlled Town Council is unlikely to put up "whites-only" signs in the town.

Mr Eddy Dikgale, mayor of Seshego near Pietersburg, said in an interview that he doubted that the Pietersburg council would put up such signs except under severe pressure from residents.

"The council fears that such signs could lead to a major consumer boycott, which would result in the town's economic downfall," said Mr Dikgale.

He added that Pietersburg is a major shopping attraction in the Northern Transvaal, whose growth depends mainly on black buying power.

The town experienced a consumer boycott lasting about two months in 1986.

"Whites-only signs would affect sales negatively, and major shops in the town could consider pulling out," said Mr Dikgale.

# Bumper Christmas shopping spree

star 2-11-87

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By Sven Forssman  
Prospects of a recession and warnings by government to cut consumer spending failed to stop shoppers going on a huge spending spree over the Christmas period.

Dion Stores and Pick n' Pay reported sales to be 30 percent up on last year, while advance figures for Checkers show turnover to be ahead of the inflation rate.

Game said sales were four percent higher than the increase last year, while Tony Factor's stores noted a 20 to 25 increase in sales.

A spokesman for Dions estimated turnover at R60 million for December, while Johannesburg Game sales manager Mr

Charl Greyling said the Christmas spending spree was worth between R200 000 and R300 000 to the store.

"We had a double Christmas this year — one in August when the introduction of tougher hire purchase restrictions was announced and the other in December. And it is all thanks to the Minister of Finance, Mr Barend du Plessis," the Dions spokesman said.

## Restrictions

"The introduction of tougher hire purchase restrictions led to a frenzied purchasing of video recorders and television sets in August.

"Although sales of these items

over Christmas did not come near the August figures, we still achieved budget. But, sales of other items increased by as much as 65 percent — here I'm thinking of electrical smalls and hardware."

Mr Gerald Dembo, marketing and sales director of Tony Factor, said there was a "panic rush" on small black-and-white TV sets, with more than 1 500 sold in less than two weeks.

"Most noticeable has been the swing to quality items, particularly in furniture and clothing," he said.

Advance figures from store owners indicate that sales could outstrip the Central Statistical Services' (CSS) forecast.

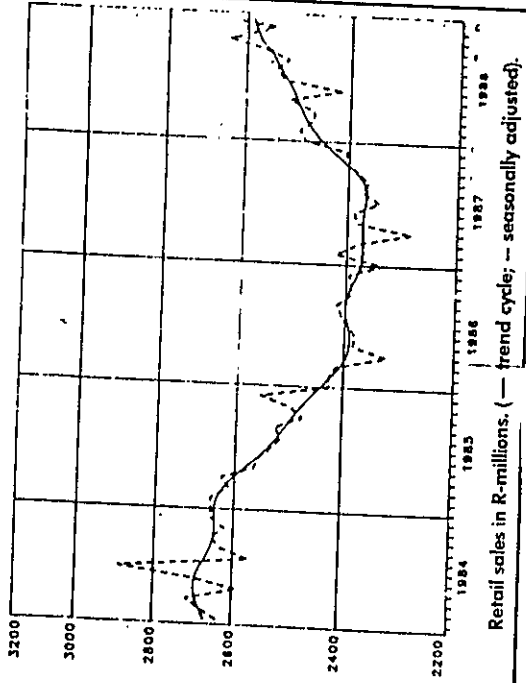
The CSS expect retail trade

sales for December to be about R6.3 billion.

The total sales for the Christmas season (November and December) show an increase of 19.6 percent compared with the same period in 1987, and a seasonally adjusted increase of 0.8 percent compared with September and October.

Total retail trade sales for the year reflect an increase of 21.9 percent at current prices and an increase of 6.5 percent at constant 1985 prices compared with 1987.

The general feeling among store owners for this year is that although they don't expect to improve on last year, there will still be real growth.



# New timeshare resort in Cape

By Frank Jeans

A new timeshare resort has been launched in Cape Town — a growing target area for holiday-for-life developers.

In a R34 million venture, Johannesburg-based company, Romulus Properties is extending and revitalising the old Albenor holiday flats building at Seapoint.

Renamed the Peninsula, the resort comes to the market under the banner of Leisure Options, a new company in the timeshare scene.

Mr Tim Cuningham, LO director, says: "The Peninsula is specifically daimed at the top income bracket and corporate buyers.

"Indeed, it will provide services which, I believe, timesharers both locally and internationally have never had before.

The Peninsula, near Saunders Beach, will have 117 units, ranging from studio-size to penthouse with roof garden. Most main bedrooms will also have jacuzzis.

Mr Cuningham, who

was previously timeshare marketing director at the successful inland resort, Mabula Game Reserve in the northern Transvaal joined forces with RCPH director, Mr Weston Dickson to form Leisure Options.

"We are making a particular drive to attract businessmen with a flexible scheme which will enable them to use the units one day at a time," says Mr Cuningham.

Another feature of the new project is the Timeshare car hire facility, and also be a "fun bus" shuttle service to and from Clifton Beach, the city and other tourist attractions.

LO has also come up with another lure for the Transvaal buyer — discount air fares from Johannesburg at R198 return instead of the normal R505.

The Peninsula, which will have restaurants, pools, squash court and health centre, will be ready for occupation towards the end of the year.

# Furniture industry feels the pinch as sales drop sharply

Star 3/11/89

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## Finance Staff

The credit restrictions and other measures imposed by the Government in August last year, together with increases in interest rates are hitting the furniture industry hard and sales have already dropped sharply, says Mr Frans Jordaan, executive director of the Furniture Traders Association.

"Our monthly survey of about 1150 members countrywide reflects a sharp downturn in retail sales. In August when the import surcharge was announced, there was a mini-surge in business as consumers rushed to buy 'old stock' TV's, audio and sound equipment before the new surcharge was imposed. Nevertheless, the growth in sales over

August 1987 was only 14,25 percent — barely ahead of the inflation rate.

"In September the growth over September 1987 was 8,1 percent and in October it dropped to 1,42 percent over October '87. This is certainly negative growth and is cause for serious concern among furniture retailers," he says.

## Ripple effect

"Unless there is some form of relaxation and a revitalisation of sales, we could be looking at a repetition of the 1984 situation," says Jordaan.

"And if sales continue to decline the ripple effect will be felt by furniture manufacturers as well as appliance, radio,

sound and TV manufacturers and distributors," he adds.

"We have been communicating with the Government and will continue to do so on an on-going basis."

On the positive side, says Jordaan, the industrial relations aspect of the industry seems to be running more smoothly, due largely to the fact that 1988 had been a year of massive education and training.

"We distributed an enormous amount of information to the media on subjects like how to buy furniture and parallel to this, we embarked on a nation wide programme to train on-the-floor sales staff in product knowledge so that they can provide a better service.

## CDS expects to match good growth rate

B/Dav 3/1/89 TANIA LEVY 20

CONTROL Data Systems (CDS) — whose core business is the sale and support of the Prime Computer range — has more than 40% of hardware budget on the books for 1989.

Chairman P Rich is confident the group will maintain the growth rate which exceeded 38% in the past year.

Investments in design and development will provide a platform for solid earnings contributions in the next two years.

CDS's commitment to development of local software and hardware aimed at import replacement cannot be over-emphasised.

The necessity and demand for locally produced electronic products will rise with the declining balance of payments caused by export weakness and the depressed gold price. Ever-present sanctions threats and net capital outflows will increase the drive to self-sufficiency, says Rich.

He expects the announcement of important new local products in 1989.

## Boycott leads to closure of Boksburg shops

By Kaizer Nyatumba

Six shops have closed as a result of poor business in the conservative town of Boksburg on the East Rand which re-introduced apartheid about six weeks ago, a Johannesburg morning newspaper reported today.

The town, which experienced its "worst ever" Christmas sales this year, has been a target of a consumer boycott by the residents of Vosloorus and Reiger Park townships since the Conservative Party-controlled Boksburg Town Council decided to re-introduce strict apartheid.

The Boksburg town clerk, Mr J.J. Coetzee, told The Star today that two members of the Boksburg Town Council management committee would "take an informal tour" of Vosloorus township today and meet some Vosloorus town councillors.

Mr Coetzee said he was not aware of the closure of any shops in the town.

The *Sowetan* reported "a source close to the Boksburg council" confirmed yesterday that six shops had closed.

# Boksburg council 'stands to lose millions'

BIDAN 4/11/89  
BOKSBURG businessmen, and blacks barred from amenities in the town, are not the only locals suffering at the hands of the crippling consumer boycott — the CP-controlled town council stands to lose millions if the stayaway continues.

Atlasville NP councillor Gerrie Wolmarans said yesterday the council could lose up to 75% of its operating income and a fifth of its profits if all industries in Boksburg closed down or relocated.

In addition, he said, the council would lose valuable income as a result of proposed developments being shelved. A

PETER DELMAR

number of multi-million rand developments planned for the East Rand town had already been put on ice because of the recently elected council's move to reserve facilities in the town for whites only.

Boksburg has budgeted R140m for the current financial year.

Wolmarans said the council made a profit of about 10% on the provision of water, electricity and sewerage services.

One international company alone consumed services worth R250 000 a

(30)  
month, which would mean an annual loss of profit income for the council of R300 000 if the company were to close its operation in Boksburg.

Wolmarans also expressed fears that Boksburg could be downgraded from a Grade 11 municipality to a Grade 9 council by the end of the council's current five-year term. A municipality's grading determines the salaries it can offer officials.

Another opposition councillor Chris Smith estimated yesterday that businesses in the Boksburg CBD had lost an average 30% of turnover during the holiday season as a result of the boycott.

## Boksburg loses business

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~~33~~

SIX businesses have closed down in Boksburg on the East Rand as a result of blacks buying in neighbouring towns since November last year.

This follows the decision by the Conservative Party-controlled Boksburg Town Council's introduction of petty apartheid in the town.

The six shops were closed down because of poor sales in the past two

weeks. *Sowetan 4/11/87*  
A source close to the Boksburg Town Council yesterday confirmed that the six shops had closed down as a result of bad business.

There are fears that more businesses would go under if the situation does not improve in the town.

Residents of Boksburg's Vosloorus and Reiger Park townships

decided two months ago not to buy in the town until the council scrapped the new laws.

Meanwhile the management committee of the Boksburg Town Council will meet members of the Vosloorus Town Council this afternoon (Wednesday) to discuss, among other things, the recent developments in Boksburg.



Black consumers more optimistic B/Dam 5/1/89

# BER probe finds manufacturing sector still lively

KAY TURVEY

BUSINESS activities are expected to taper off progressively during 1989, after an unexpectedly buoyant final quarter in 1988.

However, notwithstanding the current slackening in the tempo of economic activity, the manufacturing sector is still experiencing "fairly lively" business conditions, a BER manufacturing survey has found.

Manufacturers are confident and expect to increase their real investments in machinery and equipment over the next 12 months. Full production capacity was experienced by 40% of manufacturers surveyed.

Yet, at pay-out points most determinants of consumer spending suggest a slackening in demand which will become progressively worse during the year.

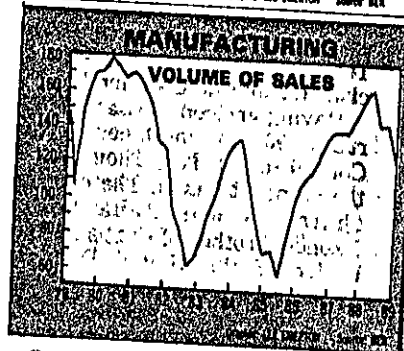
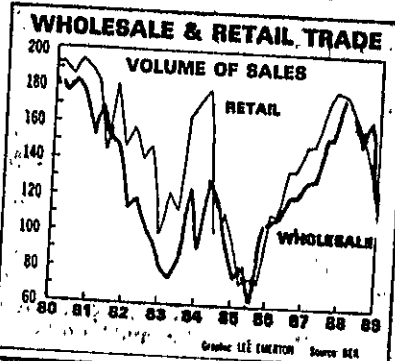
BER's trade and commerce survey shows total consumer spending is expected to grow by a mere 0.3% in 1989, after a 3.3% growth last year. Spending on durable goods is expected to plummet by 8.8% this year after an increase of 9.6% in 1988.

It appears white consumers are well aware of a looming downturn in the national economy, but blacks are more optimistic.

The survey concludes it is difficult to rationalise this mood among blacks, but suggests there is a positive correlation between black consumer confidence and manufacturing output.

Wholesalers expect sales to become much more sluggish in the current quarter, after sales overshot expectations in the final quarter of 1988.

Retailers also anticipate a less keen demand for their goods in this quarter and motor dealers are expecting a sharp drop in demand.



On the manufacturing side, cost and selling prices are expected to soar in the first three months of 1989 and 77% of respondents are estimating an increase in their selling prices, which bodes ill for future consumer prices.

Current manufacturing stocks are sufficient to meet expected demand. Manufacturers cited the present political climate as hindering the sector most. The second obstacle was the increase in interest rates and the third the shortage of skilled labour.

As the effects of import surcharges are felt, 28% of manufacturers envisage a lower level of imports in 12 months and 14% expect the volume of exports to rise.

# 8 Boksburg shops close

EIGHT shops have closed down as a result of poor business at the conservative town of Boksburg on the East Rand which re-introduced apartheid about six weeks ago, according to the chairman of the Vosloorus executive committee, Mr Sidwell Mofokeng.

The town, which experienced its "worst ever" Christmas sales this year, has been a target of an intensive consumer boycott by the residents of Vosloorus and Reiger Park townships since the Conservative Party-controlled Boksburg Town Council decided to swing the clock back and re-introduce strict apartheid.

Mr Mofokeng said he was approached by a member of the Boksburg Business Support Committee (BBSC) towards

the end of last month who told him that eight shop-owners had informed him they were about to close down their businesses because of heavy losses sustained.

It was feared that more shops would close if the consumer boycott continued longer, he said.

The founder of the BBSC, Mr Rhoad Gardiner who has just returned from vacation, said he knew of two shops which had "definitely closed."

Eight shop-owners indicated to him in the middle of December that they were going to close down their businesses, but he could not say with certainty whether the

<sup>Sowetan 5/1/89</sup>  
other six shops were also closed.

The chairman of the Boksburg Alliance, Mr Issy Kramer, said he was not aware of the closure of any stores. The chairman of the Boksburg Chamber of Commerce, Mr Johan Viljoen, could not be reached for comment.

The Boksburg town clerk, Mr J J Coetzee, yesterday said that two members of the Boksburg management committee were going "to take an informal tour" of Vosloorus township this afternoon where they would meet with some Vosloorus town councillors "to discuss certain issues."

**Matter  
of fact**

RENT A Loo Systems

**OWN A HOME AT  
DOBSONVILLE**

# Boksburg shop folds due to <sup>SAVED STILL</sup> (30) black boycott

By Kaizer Nyatumba

A Boksburg shopkeeper who about eight months ago left his job to go into business has been forced to close down as a result of the six-week-old black consumer boycott of the town. It is the second known closure in the town.

Mr Mohammed Hossein Saith, who owned the bicycle sale and repair store Railway Crossing Cycle Works, closed down last Saturday. He was reluctant to talk to the press.

A trader next to Mr Saith's empty store said Mr Saith had "taken quite a heavy knock" financially.

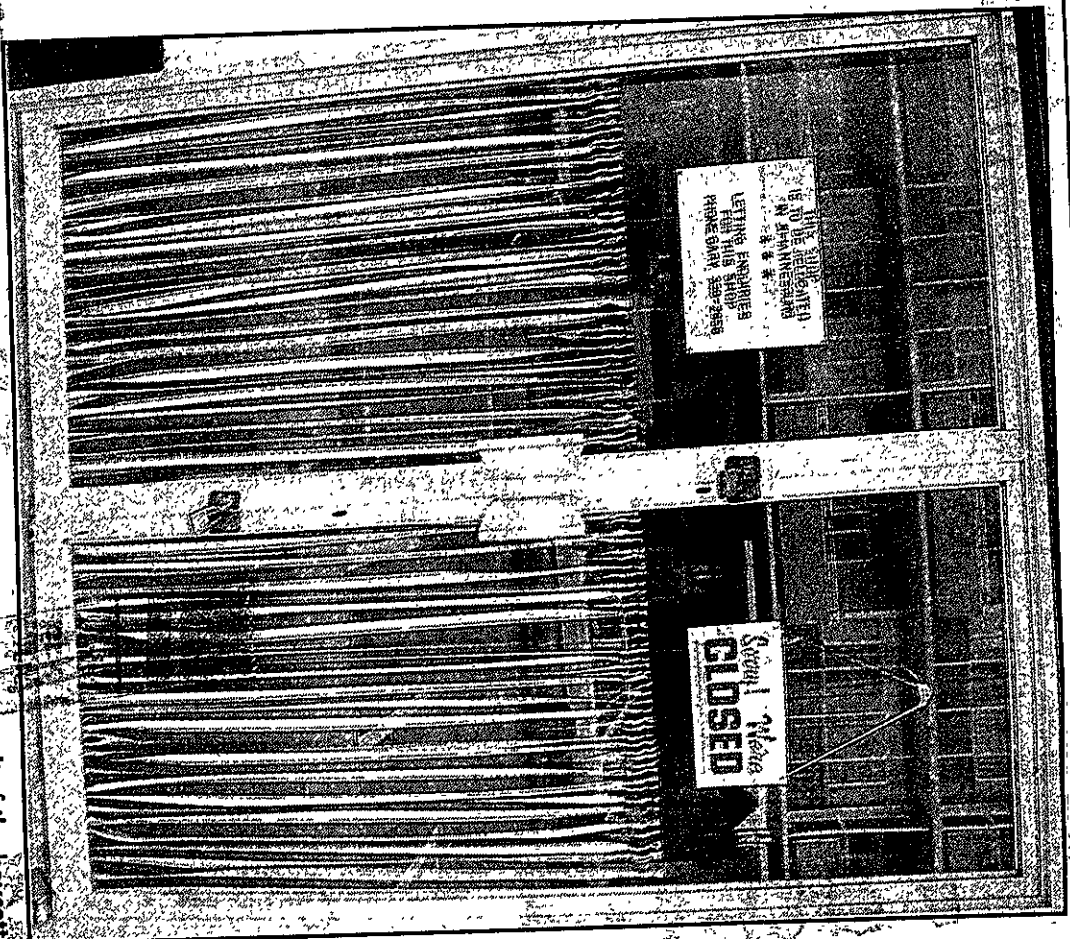
## VACATED

A spokesman for the company which rented the building to Mr Saith, GCJB Investments, said he vacated the building at the end of December.

When The Star got to the building, a GCJB employee, Mr Nelson Raseroka, was cleaning the premises. Mr Raseroka said the store was open last Friday and Saturday, but they found it empty on their return from the New Year long weekend on Tuesday.

Another shop, O'Neill's, closed down last week.

"Sorry! We're closed," reads a notice on the shop's door. "This shop is to be relocated in Johannesburg," the notice continues, and gives the telephone number of a person to be contacted about renting.



Closed . . . one of the the Boksburg shops to close as a result of the boycott.

# Retailers expect hard times

BRUCE ANDERSON

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RETAIL margins are likely to come under pressure this year as a result of the expected downturn of the economy together with intense competition among retailers, says one stockbroking firm's retail report.

*bidan 6/1/89*

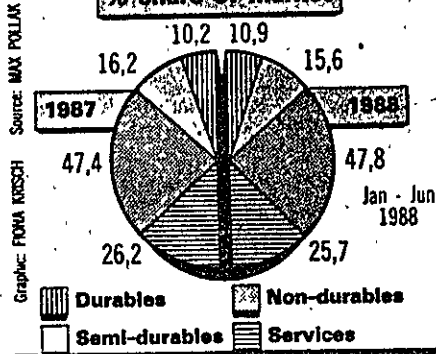
● See Page 3

The annual report, compiled by analysts Martine Hickman and Trixie Ingram of Max Pollak and Freemantle, says that with retailers preparing for a difficult period of trading, it is expected that dividend covers will be raised.

The upturn in the retail cycle — which began in the third quarter of 1985 — peaked during the second quarter of 1987

## Analysis of private consumption expenditure

% share of market



Source: MAX POLLAK

Graphic: ROMA KESCH

● To Page 2

# Retailers prepare for difficult period

and would continue to decline this year resulting in a slowdown in retail sales.

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Among the factors expected to contribute to the downturn in the retail cycle are continued pressure on interest rates, government's imposition of surcharges on imports and the hike in the petrol price and related products.

After underperforming against industrial companies during the 12 months to October 1987, the earnings growth of retail companies for the 12 months to October 1988 averaged a staggering 54,6% against 36,2% growth in earnings for industrial companies.

Major retail trends identified by the report include:

□ The high inflation rate for food is emphasised by the fact that food and non-

edible groceries have increased their share of total retail sales from 34,2% in 1978 to 40,3% in 1988;

□ The share of beverages, cigarettes and tobacco has continued its downward slide from 14,7% of total retail sales in 1978 to 7,1% of total retail sales;

□ The pharmaceutical sector has shown a continual upward trend in its share of total retail sales from 5,5% in 1980 to 7%; and

□ Although the share of clothing, footwear, textiles and accessories has remained fairly constant over 10 years, the share of footwear sales has declined from 3,5% in 1978 to 2,9% in 1988.

● From Page 1

*bidan 6/1/89*

# Retailers top industrials on '88 earnings growth

BRUCE ANDERSON

THE earnings growth of retail companies easily outstripped that of industrial companies in 1988.

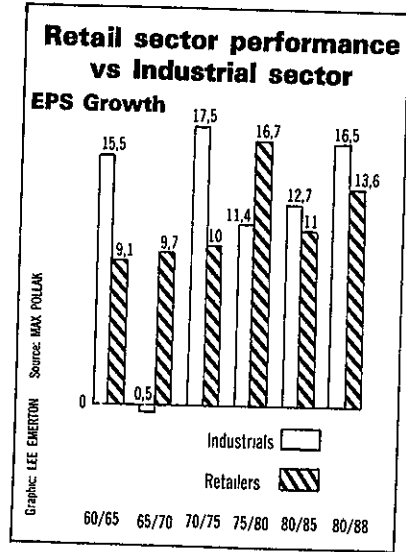
After underperforming against industrials during 1987, the earnings growth of retail companies averaged 54.6%. Industrials grew by 36.4%, according to a comprehensive review of the retail sector compiled by stockbroking firm Max Pollak and Freemantle.

For this year, Max Pollak forecasts an earnings growth of 31.2% for retailers and 28.2% for industrials and says retail exposure in a portfolio should be about 2.5%.

The report bases much of its forecasts on the opinion that average private consumption expenditure grew at a rate of 3.5% for 1988 and will grow at 0.5% for 1989.

In reviewing the performance of retail companies listed on the JSE, certain trends emerged. These include a drop in gearing from 63.8% in 1987 to 40.8% for the six-month period in 1988.

"We believe the gearing will remain at current levels for the next 18 months, with retailers aware of the constraints



imposed by the current high interest rates," says the report.

The gearing of furniture retailers averaged 78%, third party distributors 54.8% and the diversified retailers 56.1%.

Retail shares are expected to trade at a PE premium of 10% over industrials, says the report.

The downrating of retail shares is over, the report says, noting that the premium of retail shares over industrials has fallen from 81% in June 1985 to its present level of about 10%.

The downrating of retail shares has been an international phenomenon: "On the London Stock Exchange, the stores index has declined by 7.8% for the 12-month period to October 1988, in comparison to the industrial index, which has increased by 17.4% over the same period."

After trading historically at a PE premium of 30% to the industrial index, the stores index is now trading at a price earnings discount of 4.5% to the industrial index.

The dividend yield premium of the retail and wholesale index has declined from a premium of 30% in June 1985, and is presently trading at a discount to the dividend yield on the industrial index, says the report.

It is the first time this has occurred since the period between November 1979 and October 1980.

TOP retailers reacted with some excitement at new legislation that allows white businessmen to own shares in businesses in black urban areas, but remained cautious about plans to branch out in these areas.

-Checkers group deputy MD Serjio Martinengo said Checkers did not have stores in black urban areas and he did not think this would be economically viable.

"The legislation certainly opens up possibilities, but until infrastructure and logistics are improved, white entrepreneurs are still going to be reluctant to enter the black areas," he said.

The new legislation would, however, remove confusion as to the rights of

# Retail sector excitement over new urban areas law

— EDYTH BULBRING

businessmen in the black urban areas. Martinengo said he had been under the impression white businessmen had been entitled to own shares in businesses in black urban areas since 1978 when 99-year leasehold was introduced.

"It just shows how confusing our law is when one can have rights on the land, but not have shares in the business."

He added the "morality" behind the legislation was "encouraging".

OK Bazaars' legal adviser John Pels said the new legislation still had to be investigated thoroughly.

OK does not have supermarkets in

black urban areas. "Any legislation which removes restrictions is exciting. It holds great possibilities of financial institutions financing business in the black areas," he said.

Pick n Pay's joint MD Hugh Herman said although white businessmen had wanted a foothold in the black market for a long time, it was still too early to say what the company planned to do.

He welcomed the legislation as a "step in the right direction".

CHARLOTTE MATHEWS reports a mixed reaction from estate agents to legislation granting free leasehold rights on property to 200 000 permit-holders in black townships.

8 Day 6/11/89 30

Aida Real Estate chairman Aida Geffen said: "Provided government does not reintroduce the bureaucracy and the delays that have usually been associated with blacks trying to acquire property, the new developments are most exciting and signal a new era in SA property."

George Rennie & Malakou director John Malakou said the legislation would create a wider market for their business.

"All it's doing is allowing another batch of people to get their own property, which I welcome, but I don't think it has all that much excitement for property companies."

# Christmas sales higher, fair 1989 foreseen

By Day  
6/11/89 CHARLOTTE MATHEWS 30

CHRISTMAS sales were 16% to 30% higher than 1987 for most retailers and many anticipate a prosperous new year, as well.

Checkers deputy MD Sergio Martingengo said turnover had increased by more than 18% over the previous season. He suggested the rise was due to spending ahead of the January increase in civil servant salaries.

Checkers marketing director John Williams said top selling lines were picnic and party items and outdoor equipment such as garden furniture and umbrellas. Other fast movers were hams, turkeys, toys and gifts.

Dions MD Hymie Siebul said: "We showed a growth of 26% over the previous year and are happy. We sold 35 000 compact discs in December and toy sales rose by 25%. Outdoor items did not sell well, probably because of the poor weather in December. He said he felt optimistic about 1989.

## Increase

Edgars Group GM Fred Haupt reported sales "very much up on last year, in excess of 30% across all our chains. Christmas trading exceeded expectations."

Russells MD Ian Sturrock reported an increase of 16% over the previous Christmas season. He expected 1989 to be quieter than 1988 but not as bad as forecast. Russells expected to be hit by government's tighter credit terms.

Ellerines Group marketing manager David Lazarus said: "In terms of overall performance things have gone reasonably well. Considering the general circumstances we are not unhappy."

He felt 1989 was going to be a tough year. A lot depends on the Budget in March.

# 'No R20-m trade off to keep Boksburg white'

By Kaizer Nyatumba

Under no circumstances would the Vosloorus Council accept Boksburg Town Council's policy to keep Boksburg white in exchange for money to develop facilities in Vosloorus.

The chairman of the Vosloorus executive committee, Mr Sidwell Mofokeng, said this in reaction to a story in the *Sowetan* newspaper today saying his council had agreed to keep the town white in exchange

for Boksburg Town Council spending more than R20 million improving industrial and recreational facilities in the township.

Mr Mofokeng said he and his colleagues had made it abundantly clear to the chairman of the Boksburg council's management committee, Mr Gideon Fourie, at a meeting on Wednesday that blacks would never do business in the town until petty apartheid was scrapped.

Mr Mofokeng said as long as the CP-dominated Boksburg Town Council stuck to its racist policies it should not expect the six-week-old consumer boycott to be called off.

"Politically, the city council of Vosloorus, together with the residents of Vosloorus, totally disagree with the CP's policy and we cannot find each other on that score. For that reason there is no way the consumer stayaway in Boksburg will

cease.

"This is a matter which needs Government intervention by changing all discriminatory legislation," Mr Mofokeng said in a press release.

The *Sowetan* report said the Vosloorus Council had agreed to trade off Vosloorus residents' right to use public facilities in Boksburg in exchange for an undertaking by the Boksburg Town Council to improve facilities in the township and bring them to the same level with those in town.

Mr Mofokeng said certain agreements, which would be made public at a later stage, had been reached on local authority issues between the two councils, but these did not in any way include an agreement to keep Boksburg white.

● At least eight shops have been reported closed in Boksburg as a result of the consumer boycott by Vosloorus and Reiger Park residents.



6/11/89  
30  
FMAIL  
BOKSBURG

## Ghost town of the East Rand?

Another property body blow has been dealt to Boksburg — still reeling from the CP-controlled council's decision to reintroduce petty apartheid. Major tenant OK Bazaars has announced it is pulling out of a R26m shopping complex planned for the Boksburg CBD.

The chain store's decision threatens to force developers RMS Syfrets to shelve the entire project on which construction is scheduled to begin this month.

This is the second rethink on a major retail development in the town. It follows a growing list of business casualties which some



**Hood ... OK was to have opened a superstore**

people suggest could turn Boksburg into the "ghost town of the East Rand" — unless government moves to scrap the Separate Amenities Act.

Retail International has already delayed construction of a R100m, 42 000 m<sup>2</sup> shopping centre (*Property* December 23). Industrial development is suffering too. Merinda Enterprises is planning to retard development of a R15m 15 000 m<sup>2</sup>, speculative, Jet Park warehousing development until the "political problems are resolved."

The OK, as the anchor tenant in the Syfrets development, was to have opened a superstore. Other national chains and several individual traders are also committed to taking space in the proposed centre.

OK Bazaars MD, Gordon Hood, says it is common cause there has been a decline in trading in the Boksburg CBD the past month. "Our existing store is among those affected. Turnover fell by 49% over the same period in 1987."

However, OK is not the only retailer pull-

ing out according to Pat Flanagan, MD of the centre developers, RMS Syfrets. Economic justification for the development now appears doubtful as other tenants withdraw their support.

Flanagan says without the commitment of OK and the other tenants the viability of the project does not allow it to proceed. However, both OK and RMS Syfrets wish to emphasise the decision is purely a business one and the project is open to review at any stage.

Meanwhile, many of Boksburg's CBD traders claim sales are down by as much as 50% on last year's figures. Interestingly, businesses outside the CBD seem to be doing fairly well. In fact Pick 'n Pay's MD Hugh Herman maintains figures are up on last year at the hypermarket.

Boksburg Chamber of Commerce president Johann Viljoen attributes the CBD's slack trade directly to the boycott by coloured and black shoppers, which began at the beginning of last month as a protest against the return of petty apartheid in the town.

## BLACK RETAIL

### Crisis of confidence

Just when institutions should be re-emphasising their determination to undertake large-scale industrial and commercial developments in black areas to compensate for diminishing opportunities in white trading zones, they are developing a bad attack of the "jitters."

The problem is not so much political. It is rather a growing crisis of confidence in the ability of black managers and entrepreneurs to run successfully the businesses located within these developments.

In short, the oversupply of retail space in white areas is driving developers and financiers to seek new investment opportunities. Among the most exciting of these appear to be previously neglected industrial and commercial developments in the townships. But their feasibility hinges on finding the right black partners or tenants to generate satisfactory returns on investment.

There is undoubtedly profit potential in providing convenience shopping close to the homes of black commuters who otherwise must spend their money in distant CBDs.

Moreover, there are many businessmen more than willing to take on the task of running such ventures.

Many successful black businessmen are already making a contribution to the SA economy.

But for everyone the pathway to success is littered with business casualties.

Perhaps the most notable black-run businesses to experience difficulties recently have been:

- The black entertainment centre, Shareworld, which ran into financial problems early last year (*Business* April 8);
- Pepsi-Cola SA which was run by the Soweto Investment Trust Company (Sitco) — a black venture capital trust seeking to assist black entrepreneurs. Sitco bought the Pepsi franchise from Cape Beverage Holdings in December 1987. Pepsi was making a loss but Sitco hoped it could be turned around with a cash injection. The turnaround never took place, apparently at least in part because of inexperienced management.

The company was relaunched in November under a new management team. The franchise is now owned by a consortium comprising black business interests, Cape Town investors and individual shareholders. Sitco has retained a 25% stake;

- Another high-profile black trader, Soweto businessman Jackie Motlogeloa, is said to be having severe financial problems with the African Life-financed Orlando West shopping complex which he operates. Motlogeloa owns the land on which the 3 000 m<sup>2</sup> building (opened in 1987) was financed with a R3m loan.

A jewellery store, pharmacy, dry cleaner and restaurant have already closed. Much reduced in size is Matlogeloa's bottle store and supermarket and the A-Train disco/restaurant. The A-Train, is now reported to be on the verge of closing; and

- More recently, the directors of the Tembisa Industrial Park, built at a cost of R1,2m loaned by Standard Bank, have been warned the bank may seek legal redress to recoup its losses if the loan isn't repaid.

Black businessmen are understandably reluctant to accept the blame for the problems which seem to be tarnishing their image in the community.

Tembisa Industrial Park director, Peter Maatlo, for example, admits some of the problems could have been caused by embarking on impractical ventures.

But he claims they have been compounded by a 30% hike in industrial rentals since the park opened.

National President of the Black Management Forum Don Mkhwanazi goes further. He says some black businesses run into problems because their owners are over extended.

The solution to this problem, he says, is to identify and train future black business leaders. ■

# Payoff to keep Boksburg white

**THE Boksburg Town Council is prepared to spend more than R20-million to improve industrial and recreational facilities in Vosloorus, Boksburg.**

But the Conservative Party-controlled council would only provide these facilities on condition the residents of Vosloorus keep Boksburg a "white town".

*Sowetan 6/1/89*

The Vosloorus council has agreed on the Boksburg council's proposals.

The two councils met in Vosloorus on Wednesday to discuss ways and means of resolving the controversy surrounding the decision by the Boksburg council of re-introducing petty apartheid in the town.

After a three-hour meeting, which was closed to the press and the public, the two councils announced that they had agreed that the Boksburg Town Council would improve industrial and recreational facilities in Vosloorus on condition blacks kept Boksburg town "white".

It was also agreed that:

*30* *189*

● Since the Boksburg council had about R23-million in reserve funds, this money could be used to erect a

lake at the Inyoni Resort which is owned by the Vosloorus council;

- Upgrade and establish new sporting facilities like sports grounds and tennis courts;
- Additional land be made available by the Boksburg council to the Vosloorus council to establish firms that would serve the community of Vosloorus; and
- Only on condition that blacks keep to their area and whites do the same in town, would these facilities be provided.

The Vosloorus delegation was led by Mr Sydwell Mofokeng, chairman of the council's management committee and the Boksburg delegation was led by Mr Gideon Fourie, chairman of the Boksburg council's management committee.

Mr Mofokeng said he was happy with the outcome of the meeting since they have been negotiating with the Boksburg council for more land in the past three years.

The two councils will hold further meetings in future to discuss how to upgrade the standard of living in Vosloorus to be on the same level with that of "whites in town".

# Sales House plan customer mag

ster 7/1/89  
THREE years ago Sales House brought 'added value' to the black retail market by introducing Sales House Club.

Historically, Sales House has produced a quarterly, A5, 24-32 page members savings book, which was handled in-House.

In April the first glossy, fashion and general interest magazine will be published in A4 format by the furniture concern.

It will carry general advertising and be mailed directly to the homes of a minimum of 650 000 Sales House Club members.

Account holders are said to be mostly AB income, credit-worthy and credit-approved blacks, mainly in metropolitan areas but also covering Venda, Swaziland and Lesotho.

The magazine will start as a quarterly, but the idea is to step up frequency.

Sales House sources say no other black consumer magazine delivers this type of audience in these numbers — the combined circulations of four major titles yield a similar circulation, but there is duplication and, say Sales House, the cost would be nearly double the cost of a full page, full colour insertion in its new magazine.

The newcomer will be marketed under the title *Sales House Club Magazine* through National Media and may be bought in combination with *Drum* and/or *True Love* on a link rate or on its own.

In 1989 inflation is expected to hit media costs,

If the economy turns down at the same time, then budgets will again be at a premium and advertisers will demand better cost efficiencies in media.

If these efficiencies can be achieved to a targeted market, which is nevertheless a large one, so much the better.

Sales House planners believe their new title will be a particularly good media selection in a scenario such as this.

And its audience should continue to grow if the Sales House ad campaign for 1989 achieves its objectives.

A Sales House marketer said: "The magazine offers a range of powerful marketing opportunities which to some extent have already been tested via the

30  
original members' savings book.

"It will complement image advertising in this market, generate store traffic and announce competitions and in-store promotions.

"It can be used to increase sales and product trail through money-off coupons, discount promotions and sales announcements.

"It can build product acceptance and sell directly to the target market — which has a proven high response level to mail order.

"The medium is viewed by ad agency personnel, to whom it has been shown as a long-overdue development in a market to which many pay lip-service only."

# Give a hand, not a hand-out

MARKETERS who take the trouble to balance sales with promotions that give something back to the community constantly outperform those who rely on advertising alone.

This, says Mara Minnaar, managing director of Transworld Promotions, is particularly the case with those marketers who aim to increase their share of the rapidly expanding 'black market'.

Her company specialises in "bridging the gap" between

Star 2/11/82  
white-managed companies and black consumers. 30

She explained: "No one marketing a product or service in South Africa today can afford to ignore the growing buying power of the black consumer — not if they want to stay in business.

"The problem is that many white-managed companies have difficulty in reaching and relating to this sector of the market.

"Our experience has shown that for those companies who wish to penetrate the black market, the route to take is not 'social donations', but 'social contributions'."

Ms Minnaar added: "The black consumer does not want a hand-out but a helping hand.

"An innovative and realistic approach to such things as sponsorships and donations is required if a company is to impact the market and realise a return on investment."

# Retailers face testing time

By TREVOR WALKER, Business Staff

The South African retailing industry, one of the most competitive in the world, is set to face a testing time in 1989.

Companies with a proven track record of meeting black consumer needs will be well placed to increase their overall market share, say stock brokers Max Pollak and Freemanantle in their annual survey of the retail industry.

This is because the rise in private consumption expenditure cannot be maintained and this spending will start to come under substantial pressure from now on, according to the survey.

They say competition among retailers is intense and, with the expected downturn in the economy, margins are likely to come under pressure.

With retailers preparing for a difficult period of trading, "we expect that dividend covers will be raised".

The report highlights the impact that foreign tourist spending can have on company profits.

Cape Town has experienced one of its best ever year end seasons and foreign visitors, notably from West Germany, have been liberal spenders of their cheaply converted rands.

If the increasing trend in tourist interest in this country continues this year, the city can look to a material share of consumer spending.

## Largest debtor base

Edgars Stores has the largest debtor base in the country, with some 81 percent of its sales on credit via 1,176-million account holders.

Pick 'n Pay, the country's largest retailer with an annual turnover well over R3-billion a year is likely to benefit from greater trading space and the greening effect of turnover increasing at a faster pace than overheads.

In addition, management has over the past few years concentrated on the development of the perishable food section and the hardware and clothing divisions of the hypermarkets and supermarkets.

These merchandise categories constitute the high gross margin areas of the business.

Turning to Clicks Stores, the brokers say "although we foresee a downturn in private consumption expenditure and thus in the retail cycle due to the aggressive expansion strategy of the group, we anticipate strong growth for the coming years".

Max Pollak says they believe the consumer will switch to less fashion orientated quality, value for money clothing which is offered by the Woolworths chain this year.

*Wf Mac 15 7/1/89 30*

During the next two years the company plans to increase the number of its stores.

These include the opening of three Woolworths food stores, three Woolworths stores focusing on the black consumer, in Highgate near Soweto, in Mabopane and in Mmabatho and two other stores in La Lucia, Natal, and the southern suburbs in Cape Town.

# Exposition will boost Sandton business

81 Day 9/1/87 (30)  
BUSINESS in Sandton will receive a boost through the Sandton Business Exposition (Sanbex), set for April 19-21 in the civic centre.

Sandton Chamber of Commerce and Industry marketing spokesman Trevor Sager said Sanbex was intended to open avenues for the business community to promote itself through "imagination and creativity".

Sager said the response had been phenomenal with M-Net and Eskom being

BRENT MELVILLE

among the more than 20 businesses already booked for the exposition.

The exposition will have space for 136 businesses, with exhibition space ranging in size from six m<sup>2</sup> to 16m<sup>2</sup>.

Sager said: "The idea was to appeal to the larger company while not alienating the smaller concern."

For more information contact Sager on 887-2133.

# SBDC man optimistic on the Cape

CAPE TOWN — Several factors could lighten the gloom hanging over prospects for the economy, the Small Business Development Corporation's (SBDC) Cape regional manager, Wolfgang Thomas, said.

He said the situation was not so bleak.

Thomas said, in the western Cape particularly, sectors showing good potential were:

- Agriculture — poised for expansion in the cash-crop staple vegetable market and processed products;
- Forestry — facing an expanding market with potential for timber

CHRIS CAIRNCROSS

processing in the western and southern Cape;

□ Fishing — looks like growing rapidly with good spin-offs for processing, boatbuilding, harbour development and related activities;

□ Manufacturing — has an expanding market for established industries with advantages for several new or specialised industries in highly specialised areas such as armaments, scientific equipment and pharmaceuticals;

□ Construction — dynamic and incorporates lower- and middle-in-

come housing, tourism and urban renewal;

□ Services — could grow rapidly in the tourist sector;

□ Mining — has developments flowing from Mossgas and the Kudu gasfield near the Orange River and more mining in Namaqualand.

Thomas said stimulus created by the informal sector was underestimated and likely to be significant over the next five years.

He said the western Cape had the potential for higher growth in the same period compared with the rest of the country.



# Sunday shopping move welcomed

By Shirley Woodgate, Municipal Reporter

(30)

Moves for the introduction of uniform rules for Sunday and evening shopping throughout the country have been welcomed by supermarkets and consumer organisations as an overdue step to bring South Africa into line with shopping practice in the West.

Draft legislation to remove present restrictions on the sale of goods other than those regarded as essential is expected to be rushed through in the forthcoming parliamentary session.

This will allow specialist stores in shopping centres to open with Pick 'n Pay, Checkers, OK Bazaars and Spar Foodline, which have the sole right to Sunday trading.

## ALL WILL FALL IN LINE

Once the respective provincial ordinances are changed all provinces will fall in line with Natal where non-essential goods from shoes to stoves may be sold on Sundays while other provinces are restricted to the sale of essential goods.

Welcoming the move, Mr Marius de Jager, president of the Witwatersrand Chamber of Commerce and Industry, said he was aware the Competition Board had been looking for some time at deregulation of the retail trade, including trading hours, with a view to obtaining countrywide uniformity. The present situation was that each province controlled its own area, which created problems for national chains.

"The Transvaal ordinance allows individual local authorities to restrict trading hours within the 6 am

to 11 pm limit, but we say in the spirit of deregulation trade must determine its own hours."

He said the removal of restrictions on trading hours would not make the traders rich, but would help to satisfy customer needs.

Mr Serge Martinengo, deputy managing director of Checkers, the first store to start late trading, hailed the move as a great step forward.

His own stores, Pick 'n Pay and OK already employed 25 000 to 30 000 casual employees between them, and the job situation would obviously improve once late trading hours were introduced.

While weekend shopping was not particularly profitable at this stage, it would ultimately benefit the community.

Mrs Lillibet Moolman, chairman of the Consumer Union, said her organisation had been pushing for the removal of restricted trading hours for a long time.

"This suits our changing society and shoppers will benefit enormously while individual shops will have to stagger working hours to conform with the law as well as considering the serious implications of staff transport and security."

Mr Nigel Mandy, chairman of the Central Business District Association, said the move was welcome in view of the increasing residential component of the CBD over the next five years.

He said the immediate focus in the city centre would be on tourist items and the needs of the downtown population. It was likely that late shopping nodes would develop near cinemas and in areas where speciality shops abounded.

try, including America. blamed for the build-up save.

## US jobless matches 14-year low

WASHINGTON. — The US government's December employment report reflects an economy that finished the year as vigorously as it started, economists said.

The Labour Department said on Friday that the nation's civilian unemployment rate matched a 14-year low of 5.3% in December, down from 5.4% in November.

At the same time, the job growth slowed last month, with 279 000 non-farm jobs created in December after a surge of 404 000 in November, the department said.

But job growth in the final quarter of 1988 was still at a strong 919 000.

Economists view job growth as a leading indicator which foreshadows economic trends.

Based on the latest gain, some economists expect the US non-farm economic growth rate in the fourth quarter will be between 3.5% and 4%, although total growth is expected to be lower because of crop and livestock losses from last summer's drought.

"It seems to be more of the same, which to me means robust economic growth," said economist Michael Penzer of Bank of America.

"It certainly was indicative of a strong economy," added economist Allen Sinai.

The government will issue its first estimate of the economy's fourth quarter performance on January 27. — Sapa-Reuter

## New legislation excites retailers

Own Correspondent JOHANNESBURG. — Retailers reacted with some excitement at new legislation which allows white businessmen to own shares in businesses in black urban areas, but remained cautious about any future

plans to branch out in these areas.

Checkers group deputy MD Serjio Martinengo said Checkers did not have stores in the black urban areas and he did not think it would be economically viable for them to do so.

"The legislation certainly opens up possibilities, but until infrastructure and logistics are improved, white entrepreneurs are still going to be reluctant to enter the black areas," he said.

However, the new legislation would remove confusion as to the rights of businessmen in the black urban areas, he said.

Martinengo said he had been under the impression white businessmen had been entitled to own shares in businesses in black urban areas since 1978 when 99-year leasehold was introduced.

"It just shows how confusing our law is when one can have rights on the land, but not have shares in the business on that land," he said.

Businessmen, Martinengo said, were correct in feeling excited by the legislation.

"The morality behind it is encouraging, and there are possibilities for development," he said.

OK's legal advisor John Pels said the new legislation still had to be investigated thoroughly before the implications of the latest deregulation move could be assessed.

OK does not have any supermarkets in the black urban areas.

"Any legislation which removes restrictions is exciting. It holds great possibilities of financial institutions financing business in the black areas," he said.

Pick 'n Pay's joint MD Hugh Herman said although white businessmen have wanted a foothold in the black consumer market for a long time it was still to early to say what the company planned to do.

"It is something that has just happened and will have to be researched," he said.

He welcomed the legislation as a "step in the right direction".



Colin Adcock has been appointed strategic marketing consultant to the Nedbank Group.

### Krugerrands

	Buyers	Sellers	Sales
1 oz	1160	1170	1165
1/2 oz	605	—	608
1/4 oz	30000	30800	30800
1/10 oz	—	12200	12000

### Cape Gold Coin Exchange

	Buyers	Sellers
1 oz	1162	1168
1/2 oz	600	610
1/4 oz	300	310
1/10 oz	120	125

### JSE actuaries bond yields

TERM	06.01.89 %	05.01.89 %	Change	03.01.89 %	Change
0	016,28	016,35	-000,07	016,28	000,00
1 year	015,91	015,96	-000,05	015,25	000,66
2 years	015,59	015,61	-000,02	015,31	000,28
3 years	015,39	015,39	000,00	015,40	-000,01
4 years	015,40	015,40	000,01	015,57	-000,17
5 years	015,60	015,60	000,00	015,80	-000,20
6 years	015,90	015,91	-000,01	016,05	-000,15
7 years	016,23	016,24	-000,02	016,29	-000,07
8 years	016,50	016,53	-000,03	016,50	000,00
9 years	016,70	016,74	-000,03	016,65	000,05
10 years	016,84	016,88	-000,04	016,77	000,07
11 years	016,92	016,96	-000,04	016,84	000,07
12 years	016,95	016,99	-000,05	016,88	000,06
13 years	016,94	016,99	-000,05	016,90	000,04
14 years	016,90	016,95	-000,05	016,88	000,01
15 years	016,84	016,88	-000,05	016,85	-000,01
16 years	016,76	016,81	-000,05	016,80	-000,04
17 years	016,68	016,72	-000,04	016,74	-000,07
18 years	016,59	016,64	-000,04	016,67	-000,08
19 years	016,52	016,56	-000,04	016,60	-000,08
20 years	016,46	016,50	-000,04	016,54	-000,08
21 years	016,42	016,46	-000,04	016,50	-000,08
22 years	016,40	016,43	-000,04	016,47	-000,07

## Sales of luxury cars still in a high gear

BY EDWARD WEST

30

DISTRIBUTORS and manufacturers of European luxury cars report continuing strong sales.

Mercedes-Benz spokesman Delene Macfarlane said 1988 sales were 23% higher than 1977 and a further 20% increase was expected this year. There were waiting lists of up to six months for certain models. Strikes at the Mercedes plant had interrupted supply.

Porsche Distributors GM Rainer Hoffman, whose company also imports Jaguar, said sales had been steady in 1987 and 1988 with an average eight Jaguars and four to five Porsches being sold a month.

Ferrari Importers GM Robert Scheiman said sales had been steady during 1987 but slowed slightly last year because higher import duty had increased the price of Ferraris by 15%.

BMW marketing services manager Allan Cleary said sales were steady during 1987 and 1988.

Demand was largely determined by continuing launches of new series of BMWs. BMW had increased its market share from 1% in 1980 to 8% in 1987 and continued to increase its market penetration.

B. Daw 12/1/80 30

# Small is not necessarily beautiful, says Volkskas

SMALL business development, privatisation and urbanisation are no panacea for the country's economic ills, Volkskas economists say.

In the bank's "Economic Spotlight" they say some quarters get the impression that massive numbers of small businesses are the solution.

This was an exaggerated and often unrealistic expectation, they said.

Small business had an important place in the SA economy as job generators, but so had large ones.

It was also a common myth that urbanisation on its own could create economic growth and wealth. This was a sad misconception.

However, when urbanisation meant the growth of more metro-

GERALD REILLY

poles spread evenly throughout the country, it could have some advantages.

It was a myth, too, to suppose the mere act of privatisation would bring about an economic Utopia. This was wishful thinking. The activities that could be privatised were not extensive, the economists said.

It was questionable, too, whether government would put the funds from privatisation to good use by, for instance, paying off debts or using it to boost the general economic infrastructure.

Nevertheless Volkskas favoured the concept of privatisation.

# Carletonville confident

15 Jan 1978 30  
CARLETONVILLE businessmen remain optimistic about the town's industrial development despite potentially damaging effects with the reintroduction of petty apartheid by the CP council.

The western Transvaal mining town's attempts to attract investors to its new industrial township would not be affected by the implementation of CP policy, said Carletonville Chamber of Commerce acting chairman Rodney Loggenberg.

He added stands were cheap and their proximity to Johannesburg made investment in Carletonville worthwhile.

Town clerk Chris de Beer said the industrial township, Carletonville Extension 6, comprised 50ha divided into 77 stands. Half had been sold in

EDYTH BULBRING

the past two years.

He added sales had fallen over the past four months but attributed this to the economy and not politics.

A m<sup>2</sup> costs R13,21 and most stands had been bought by industries servicing the mines.

He did not know what effect the return of petty apartheid would have on investments.

Management committee former deputy chairman Derek Laing said he feared the CBD would suffer if miners felt they were not welcome and boycotted the shops.

"Black buying power is phenomenal. The town would bleed to death," he said.

New deal to cut township shopping costs

# Black retailers may run own groceries market

30

Star  
12/1/89

By Michael Chester

Talks are in progress on the launch of a radical scheme to offer black retailers the chance to win a bigger slice of the R10 billion-a-year consumer market in groceries and to reduce the high cost of shopping in most black areas.

The scheme envisages a nationwide network of giant distribution centres where black retailers can buy bulk supplies on unprecedented discounts.

It aims to short-circuit both profiteering by middlemen in the distribution chain and the heavy expense of bringing in stocks from distant white business centres.

And black retailers themselves will own the entire operation. They will be invited to form a consortium by an allocation of shares in the venture in proportion to their business turnovers.

The architects of the scheme, the Johannesburg firm of chartered accountants and management consultants, Cooper and Lybrand, believe the project will revolutionise the pattern of the retail trade.

Our research into the current shape of the retail business has made it obvi-

ous that black traders and consumers deserve a new deal," said Mr Leon Raff, who drafted the plan.

"Black consumers buy as much as 54 percent of the R10 billion-worth of groceries that go into shopping baskets every year. It is ludicrous that black retailers themselves share a mere 5 percent of sales volumes.

"The problem has been the mass of red tape and regulations that have held back black business initiative, plus the shortage of finance, plus the high cost of deliveries into black townships, plus the lack of competition."

Talks had been opened with black retailers and with potential investors, and it was hoped the scheme would be launched inside the next few months once more detailed market research had been completed.

The target was to open the first warehouse distribution centre in Soweto or Vosloorus as a pilot project to test the operation and expand into a nationwide network in stages.

All the centres would be staffed with skilled management teams, selected on a strictly non-racial basis, to ensure maximum merchandising and marketing impact.

## No slackening off in FML car deals

Finance Staff

12/1/89

There is no sign of a slowing down in demand for new vehicles purchased under full maintenance leasing agreements, reports Prime Car Leasing (formerly Hertz Leasing).

PCL inherited a recently-formed national network of branches to support a client base which had spread nationally. Through this network, with branches in Johannesburg, Cape Town, Durban and Pretoria, Prime has been able to offer a high degree of customer support and service, says MD, Nigel Webb.

On growth prospects, Mr. Webb says: "We expect to see the same growth pattern from our branches as we've seen in the PWV area over the last two years — that is an annual doubling in turnover." Prime Car Leasing's maintenance service network, linked to all franchised dealers, has always been fully national.

Prime Car Leasing is a significant player in the fast-growing FML market. The total market is estimated to be worth close to R200 million a year.

Advantages of FML include tax advantages, off balance sheet financing, reduced administration, maintenance as part of the contract at a pre-determined fixed cost, and cash flow benefits.

# CSS stands by its retail sales statistics

B/Day 13/1/89  
BRUCE ANDERSON

CENTRAL Statistical Service (CSS) is standing by its figures which show a decline in the percentage share of retail sales for beverages, cigarettes and tobacco over the past 10 years.

Analysts and retailers earlier this week expressed doubts over the trend suggested by the CSS figures.

The apparent decline in the percentage share of retail sales for beverages — from 11,8% in 1978 to 5,2% in 1988 — raised the most doubt.

CSS economic statistics deputy director Roelf van Tonder suggests three reasons for this decline:

□ Drinkers have shifted from expensive hard liquor like brandy and whisky to relatively inexpensive, but high volume, drinks like beer and wine. Thus, although the actual volume of beverages purchased may have increased, the amount spent has decreased;

□ A growing number of black consumers purchase beverages from legalised shebeens, which are not included in the sample survey used by the CSS; and

□ Many people now order wine directly from wine producers, another form of consumption which the CSS figures do not cover.

## Adjustment

Van Tonder says although the sample survey used by the CSS to compile the figures is slightly out of date, he nevertheless believes there has been a decrease in the percentage share of retail sales for beverages. However, the decrease is not as dramatic as it appears.

Earlier figures compiled by the CSS for the percentage share of retail sales

of beverages have now been revised. The new figure for 1978, for example, has been revised from 11,8% to 9,3%.

In addition, if the figures are adjusted to reflect price as a constant, then the decline in percentage share of retail sales for beverages is even less dramatic — from 8,6% in 1978 to 5,9% in 1987 (last year's figure is not yet available).

The main drawback of the sample survey, says Van Tonder, is that it is drawn from an address list of retail concerns, which is sometimes outdated.

Nonetheless, the survey covers all large retail concerns in the sector, as well as using a certain portion of medium-sized and small retail concerns.

A particular weakness of the sample dealing with beverage sales is that it excludes beverages consumed at hotels, restaurants and sporting clubs.

BID CORPORATION



# Stocks' 2% interim profit rise not a true reflection

B/Day 13/1/89 (32)

STOCKS & Stocks, the Pretoria-based construction and property development group, managed only a 2% rise in profits in the six months to October.



But chairman Reg Edwards says comparisons are distorted by the inflow of between R1,5m and R2m realised from several property projects during the first half of the previous financial year.

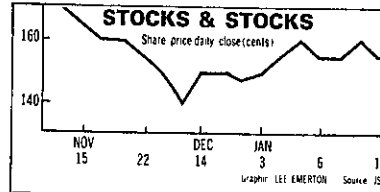
For the period under review, taxed profits increased by R200 000 to R9,96m.

Edwards says earnings declined to 20c (24c) a share because of the increase in issued shares to 48,8-million from

## ZILLA EFRAT

39,6-million. Stocks was listed in November after a private placing of 400 000 shares.

An interim dividend of 4c (3,5c) a share, covered five times by earnings, has been declared.



Turnover increased 42% to R558m (R393m), but the operating margin of 3% remained unchanged from the previous period.

The net asset value has jumped 26%

to 213c (169c) a share, in line with the average annual growth of 25% registered by the company since 1978.

The prospects for the current year are good and the interim performance should be maintained, says Edwards.

The board is confident that the results for the current financial year will show an improvement on the 1988 year-end results.

Work on hand at the end of October 1988 was worth about R812m, 59% up on the previous October. New contracts include a R70m hospital at Welkom and a R31m civils contract for Sastech.

Privately placed at 150c, the share rose to a peak of 175c soon after the listing. The share price fell to a low of 140c in early December before recovering to its current level of 155c.

No profit forecasts were made in the listing prospectus.

vative Party (CP) council and township residents are digging in their heels, and Minister Chris Heunis remains reluctant to slice the knot of the separate amenities law which binds the whole mess together.

As the *FM* went to press, both the Save Boksburg Committee and the Boksburg Alliance were preparing for feedback meetings at which the impact of the consumer boycott to date would be assessed and a plan of action for the new year formulated. As far as the residents of Reiger Park and Vosloorus are concerned, the message is clear: the action has consolidated and will continue.

There has also been some talk that the Reiger Park management committee intends to suspend its activities as a local council until CP policy changes.

There are indications that consumer muscle-flexing in 1989 may not be limited to Boksburg. Brakpan businessmen, while a little reticent as to the exact extent of boycott action in their area, have formed an alliance with the local chamber of commerce and industry and other interested parties to negotiate both with the CP council and with the coloured community of Geluksdal.

According to alliance chairman George Felrose, losses of 30%-40% were experienced over the year-end period, mostly in the basic goods market. He points out that a 1985 survey on black and coloured buying power in Brakpan indicated R200m/year, a figure which he estimates has now climbed to around R300m. While the boycott is still a shadow of that in Boksburg, the figures indicate an estimated R90m drop in income. "No one in this town can afford that," says Felrose.

Brakpan Chamber of Commerce president Johan van Vuuren says action is making itself felt mainly from the coloured community, while the black residents of Tsakane township are still supporting selectively, giving their custom to Indian businesses in free trade areas.

Apparently blissfully unaware of the situation is Carletonville chamber of commerce and industry head Rodney Lochenberg, who reportedly describes the local black population as "pretty barbarous," and believes it needs the "discipline" imposed on it by the CP. Lochenberg says nerves were set on edge at one stage with talk of the reintroduction of a curfew system for blacks in the town. However, the council, which last week reintroduced "whites-only" signs, has now given its assurances that things will "not be that bad."

In view of the fact that as of next month fines will be imposed on black people "trespassing" in Carletonville's white domains,

#### RIGHTWING COUNCILS

### Business broking

January, traditionally a lean month, looks like bringing little respite to the beleaguered Boksburg business sector. Both the Conser-

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that statement, coupled with those of the hapless Lochenberg is unlikely to placate those it affects most. ■

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**BUSINESS**

THE indications are that consumers and retailers had a ball over the festive season, with Christmas spenders apparently taking little notice of higher interest rates, import surcharges and other measures intended to dampen demand.

Spending is expected to total around R10,7-billion for November and December last year, according to the Association of Chambers of Commerce's (Assocom) Ed Verburg.

This is 19,6 percent higher than the equivalent figure for 1987. Taking inflation into account, this represents an improvement of between four and five percent in real terms.

It is too early to determine exactly where the money went, but most businesses in the retail sector appear to have shared in the spoils.

CNA's Ian Outram says: "We had a very good Christmas, with figures nicely up on the inflation rate. While book sales were particularly strong, we did well across the board."

The only hitch for CNA was lower than expected sales at the group's coastal outlets. Outram attributes this to schools in the Transvaal and Orange Free State having broken up later than usual.

## A last, mad fling as shoppers go wild over Christmas

**Shoppers spent with such mad abandon over Christmas it was almost as though they thought they'd never get the chance again, says BRUCE ALLEN**

Dion stores and Pick 'n Pay are on record as saying that sales were about 26 percent up on 1987. Tony Factor's outlets had a 20 to 25 percent improvement in turnover.

Spending levels rose despite last year's interest rate increases. The prime rate of interest surged from 12,5 percent in January last year to 18 percent. This affects repayments on cars, other consumer durables and home loans.

The recent 10 cent a litre hike in the petrol price has also taken a larger slice of the individual's after-tax cash.

A 60 percent increase in the surcharge on imported luxury goods prompted a spending splurge in September and October, as buyers did their best to beat higher prices. Some expected this to be reflected in lower sales later in the year.

That didn't happen. Bankers reported strong demand for hire purchase and other forms of credit. Record car sales in November were further evidence of the spending trend.

The most likely reason for the continued spending is inflation. South Africans have got used to spiralling prices and the fact that what you

don't buy today will be more expensive tomorrow.

Assocom's Verburg also notes that private sector salary increases exceeded the official inflation rate, and this combined with bonus payouts prompted people to buy.

The public sector salary bill also climbed and civil servants may have been spending in anticipation of their 15 percent increase, which came into effect on January 1 and will inject around R4-billion into the economy.

On the import surcharge, Verburg says that many retailers would have accumulated stocks at pre-surge prices, and in an effort to boost turnover would have been careful not to increase prices.

The party, however, may be over. Stockbrokers Max Pollak & Freemantle estimate that real growth in consumer spending for 1988 was around 3,5 percent. They reckon the figure for this year will be closer to 0,5 percent.

Outram says shoppers probably adopted the attitude that they might as well have a last fling. Most accept that their disposable income is bound to come under further pressure — and that's bad news for retailers.

# Grocery suppliers turn to cafe owners for help

S/Times 15/11/89 30

**GROCERY** manufacturers, squeezed by supermarket chains, are turning to South Africa's estimated 35 000 cafe owners and informal shops for relief.

Faced with increases in the cost of raw materials, labour, transport and packaging, they are showing keen interest in schemes to break the power of the chains.

The Catering, Restaurant and Tearoom Association (CRTA) has set up a task force to negotiate grocery prices on behalf of members, who have no option but to pass on increases in full. Supermarket chains, because of their negotiation and bulk buying power, can phase them in to soften the blow for customers.

## Inflation

Major retailers like Checkers expect price increases to be so steep that inflation will hit 16% by the end of this year.

Retailers and the Groceries Manufacturers Association (GMA) are surprised by the CRTA's plans.

According to executive director Frank Swarbreck, the CRTA has set up the Independent Cafe Alliance to negotiate prices with manufacturers. Several suppliers are willing to take part in the scheme.

By Udo Rypstra

"Even cash and carry stores, who belong to the same groups as the big chains, are interested."

Grocery suppliers are unhappy about the demands made by the big chains. They have turned to buying groups, such as Shield and Sentra, which make bulk purchases for cafe groups. The growth of these groups is seriously affecting cash-and-carry stores.

## Spazas

The informal retail sector's spazas — shops in black households — are making special deals with soft-drink and cigarette manufacturers, eroding the turnover of cafes and supermarkets.

To give its members a slice of the pie, the ICA intends to negotiate deals for cafes that will enable them to offer at least 15 items and "specials" at competitive prices.

Mr Swarbreck says: "Manufacturers are under constant pressure from the big conglomerates. They and other suppliers who cannot produce large volumes realise the importance of the small retailer. The response from suppliers has been so encouraging that even cash-and-carry outlets are interested in our scheme."

Mr Swarbreck says cafe owners are survivors and

they do well in poor economic conditions.

"But we cafe owners are in deep water. The conglomerates work on variable margins, they have bulk buying power. But they have huge overheads and they have to make up elsewhere on their 'specials'. Consumers should remember that.

## Phasing

"The cafe owner works on a fixed margin, no bulk buying power, but his overheads are low. The price increases, however, are alarming."

John Williams, marketing director of Checkers, says the supermarket chains will always be cheaper than cafes. Because of longer working hours, cafe owners are entitled to charge more than other retailers.

"We do not see cafes as a threat. We have been negotiating with grocery manufacturers on prices since last year. Because of the competition among major retailers, price increases will be kept as low as possible. Where they are high, they will be phased in."

Figures from Central Statistical Service (CCS) show the producer price index rose by 1,5% between October and November. The imported component of the PPI rose by 0,9% in November, and domestic prices by 1,7%

Grocery manufacturers

are bracing themselves for fuel and sugar price increases.

GMA executive director Jeremy Hele says manufacturers always give a better price for bulk orders. The transport element in manufacturing costs is relatively small — the cost of labour and raw materials is the biggest factor.

He believes the sugar price increase will lift the price of sweets, jam, soft drinks and condensed milk.

The GMA has asked the CCS to differentiate between "basic food" and "processed food" when it calculates the inflation rate.

## Export drive

SEASPRITE, a manufacturer of swim- and exercise-wear is looking for export sales.

Founder and chairman Hans Noli says the company will build a factory in Cape Town and one outside South Africa.

Paul van der Horst, former executive in charge of swimwear at Gossard SA, has joined the company as managing director. Andre Byren is production manager, succeeding Raymond Law, who is retiring after 30 years with the company.

# Retailers expect slowdown in durable goods spending

B/Dcy 18/1/89

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WBB

RETAILERS are preparing for tougher times, but most are optimistic consumer spending will be maintained at 1988 levels.

This view ties in with the latest BER trade and commerce survey which expects total consumer spending to grow by 0.3% in 1989. This is down significantly from the 3.3% advance last year.

Durable goods should be the hardest hit, says the BER survey, and this seems to be happening already. Ellerine's chairman Eric Ellerine says sales of electrical appliances, TVs and audio equipment have suffered through import surcharges.

During the past year, lounge furniture, bedroom and dining room suites have been popular and he expects demand to continue for at least the next six months.

Regarding group prospects, he admits turnover should be down while increased competition could put the squeeze on margins. Ellerine's will concentrate on asset management and maintaining market share. In spite of the tough year ahead, Ellerine's has no plans to enter the white market at present, though Ellerine says he will not turn down a good acquisition prospect. The BER survey says blacks are more optimistic than whites.



● ELLERINE

Since growth in black spending is expected to outpace that for the white consumer, Ellerine can afford to take his time looking for a suitable opportunity.

Earnings for financial 1989 should be around 300c with the dividend rising to 75c. This compares with EPS of 203c and a 50c dividend which the group reported for the eight months to end-August 1988.

With the rise in black spending power, Pick 'n Pay is also beginning to pay more attention to this sector. MD Hugh Herman says the retailer is entering this market segment more strongly. Two or three Price Clubs will open this year, while a Pick 'n Pay is planned for the Johannesburg CBD. Smaller module stores are appearing in the black areas.

Herman agrees that consumer spending should be maintained at a reasonable pace.

## ANALYSIS: STEPHEN RICHTER

He does not see any specific spending pattern developing this year but thinks demand for large-ticket items will decline.

It appears Pick 'n Pay's recent strong performance will continue as 1989 results should maintain their steady growth. Earnings could rise by 26% to reach 85c (67.2c) with the dividend advancing by a similar percentage to 42c (32.9c).

Over at Edgars, management seems to share a similar view. Group financial director Kevin Brewer says the group is expecting sales to slow down during the coming year, "especially when they (customers) see the bills coming in".

On future consumer trends, Brewer says 45% of sales are derived from blacks. But over time the black segment will grow faster, thereby closing the gap on white consumers. Therefore, although management does not plan on changing marketing strategy, Brewer says, each of the group's operating divisions will experience a steady shift in their sales mix.

Edgars should again produce strong growth with earnings and dividends rising by roughly 40% to 200c (141.7c) and 75c (53.5c) respectively. The convertible debentures will automatically be converted in July.

## Quality

CNA Gallo MD Doug Band says retailers must have the right product in stock if they are to be successful. He says the consumer has money to spend and is concentrating on quality, but expects sales of discretionary items such as toys, records, tapes and videos to decline.

Nevertheless, he is not expecting any dramatic slowdown. CNA Gallo would prefer not to categorise its sales into population groups but has noticed increasing support from blacks who have stepped up purchases of stationery, photographic supplies and greeting cards.

CNA Gallo does not have any plans to move into the townships yet, but Band says the group is investigating other options to increase exposure to blacks. Band does not feel sales can be adequately measured on racial lines, but on income and education

considerations. The average black is becoming more educated and this, coupled with increased spending power, makes this population group a prime growth area.

Earnings a share could jump by 36% to 100c (73.6c) for 1989 which would allow for a 38% dividend rise to 40c (29c).

It seems the informal sector does not play a major role in any of the above companies, and the same holds true for Metro Cash and Carry. Marketing director Andrew Reitzer gives the impression Metro will handle 1989 in fine fashion.

It appears blacks account for between 70% and 80% of Metro's business. Reitzer feels the average customer is mildly optimistic and is adopting a wait-and-see attitude.

During times of tighter credit and higher interest rates, Reitzer believes, Metro is in a strong position.

But as interest rates increase, and conditions become more uncertain, there is a natural tendency to use cash and carry outlets.

Market projections indicate earnings should grow by 30% and reach 60c (46c) with dividends advancing 33% to 28c (21c).

It is important to note that with most companies expecting business to either remain fairly steady or taper off towards the end of the year, this will only show up on income statements for 1990. Investors should therefore adopt a cautious attitude towards retailing shares and look for opportunities which are clearly undervalued when compared with the sector as a whole.



● BAND

## Nissan, Toyota domestic sales show marked growth

TOKYO — Fuelled by strong consumer spending and Japan's economic expansion, domestic motor vehicle sales by both Nissan and Toyota posted double-digit year-to-year growth last year, statistics released yesterday by the two makers disclosed.

Toyota was also able to boost exports for the first time in three years. But Nissan's shipments to overseas markets tumbled because of its efforts earlier in the year to reduce massive inventories in the US market.

Toyota's 1988 Japanese sales totaled 2,120-million units of cars, trucks and buses, up 13% from the year before. It was the first time Toyota was able to sell more than 2-million vehicles in the domestic market on a calendar-year basis. Nissan sold a total of 1,160-million vehicles, showing 13.5% year-on-year growth. — AP-DJ.

## Record sales hit highest note on tills

18/11/87 MARC HASENFUSS

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SPENDING by music-lovers reached a crescendo last year.

Sales leaped from R110m to a record R160m at the wholesale level as compact disc buying hit a high note.

Association of SA Music Industries' chairman Derek Hannan said CD revenue jumped 300% — from R5m in 1987 to R20m — as many well-heeled buyers switched from long-players to high technology.

He added 60% of music sales were in the black market but so far CD revenue from that sector was small.

Improved sales of all music products were attributed to a big reduction in piracy.

Hannan said commercial piracy was a serious problem, especially in the black market, early last year. In rural areas small shops bought one copy of a record and illegally made tape recordings to sell cheaply.

The association took successful legal actions against counterfeit copies and large syndicates selling pirate tapes at soccer matches and on mines were exposed.

Hannan said CDs now cost R35-R55 and had fallen in price by at least 30% over the past 12 months.

Sales of seven singles, to be phased out, declined by 50% in the second half of last year.

Hannan said complaints about local pressing quality were unfounded because the SA EMI plant had identical facilities to those at overseas plants.

Year of consolidation looms but . . .

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# 1988 new car sales up 14,7%

By Day 18/1/89

MARC HASENFUSS

NEW CAR sales in 1988 were up 14,7% over 1987 sales, reaching 230 500 units, Naamsa figures showed yesterday.

New car sales for December 1988 increased marginally by 1,4% to 16 196 from 15 967 in December 1987. Total sales for the combined motor industry in 1988 were 357 896, a 15,8% increase, compared with 309 150 in 1987.

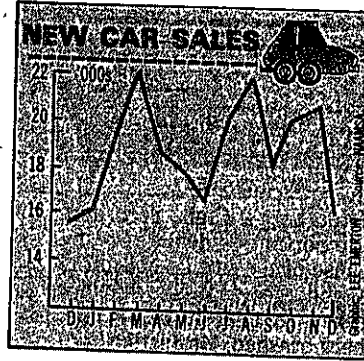
The heavy vehicle category recorded the highest sales increase in 1988, improving by 32,3%.

Naamsa figures showed a 22% decline in December 1988 sales compared with November sales in 1988. Volkswagen public affairs GM Ronnie Kruger attributed the decline to seasonal factors. He said there were fewer sales in December because factories closed down for the holiday season and less sales days were available due to public holidays.

Kruger said he was satisfied with Volkswagen's performance last year and the company intended to improve sales in 1989.

Toyota marketing MD Brand Pretorius said the December car sales contained no nasty surprises considering it was such a short month.

Pretorius said the motor industry "was not heading for catastrophe, but



for a year of consolidation."

Nissan SA marketing MD Stephanus Loubser said the strength of demand throughout 1988 took the motor industry by surprise. "In fact, many of us did not succeed in catching up with the demand and we still have waiting lists of several weeks on many models."

Loubser felt positive about 1989 and believed demand would outstrip supply for the next six months. "Competition in the industry will intensify but even so, we can expect prices to increase by up to 18% by the end of the year."

Delta Motor Corporation chairman Keith Butler-Wheelhouse said he was pleased with his company's performance last year. "It was certainly the best year for a long time, increasing total sales by one third."



8 Day 18/1/89

## Joffe back in the news with listing of Bidcorp

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MERVYN HARRIS

BRIAN Joffe will be back in the public eye from Monday, when Bid Corporation (Bidcorp) enters the retailers and wholesalers sector through a transmuted listing of the Iclef cash shell.

Investor faith in former W & A CE Joffe is



● JOFFE

reflected in the doubling of Iclef's share price from 300c in mid-September to its current peak of 600c.

Bidcorp intends to become an industrial holding company focused mainly on distribution and with the aim of obtaining a listing for each operating area. The first operating area is in food and allied products after the acquisitions of Chipkins and Sea World which serve niche markets directed at the catering industry.

Chipkins has forecast taxed earnings of not less than R3,5m and Sea World taxed earnings of R467 000 for the eight months to end-June 1989. On the basis of these forecasts, Bidcorp's annualised earnings would be about R5,6m, equal to 70c a share.

Earnings attributable to shareholders for the eight months will be about 62,8c. On the estimated 2,5 times covered dividend of 25,4c, this puts the shares on a forward yield of 4,2%.

Bidcorp has no interest bearing debt and will have about R6m cash after the listing of the special convertible redeemable debentures on Monday. It will therefore be well placed to take advantage through its cash resources and gearing capacity of acquisition opportunities.

Earnings estimates seem unduly conservative and analysts expect the company to surpass its forecasts.

# Sales of new cars show healthy rise

26/11/89 30

By Magnus Heystek  
Finance Editor

The motor manufacturing industry ended the year on a high note, with car sales reaching a total of 230 500 units — an increase of 15 percent on total sales for 1987.

Total vehicle sales, including light, medium and heavy commercial vehicles, rose last year by a similar margin to 356 000.

But most manufacturers are bracing themselves for a decline of about 10 percent in sales this year.

However, some economists warn that the expected decline can, in fact, turn out much sharper, with consumer expenditure on durables forecast to decline by about five percent in real terms.

Looking at 1988 as a whole, the National Association of Automobile Manufacturers (Naamsa) said yesterday 1988 was a reasonably good year for the industry.

It said sales of new vehicles had risen for the second year in succession to reach their highest level since 1985/86, which represented one of the toughest periods in the industry's history.

Benefiting from the continuing recovery of the economy in 1988 and boosted by strong replacement demand from the corporate fleet and car rental sectors, new car sales in 1988 reached 230 500 units — an increase of 14,7 percent over 1987's new car market of 200 824 units.

Annual sales of light commercials and minibuses reached 112 917 units — 16,4 percent higher than the 96 346 unit sales achieved in 1987.

Sales of medium and heavy trucks and buses recorded the highest percentage sales increases, rising by 18,6 percent and 32,3 percent respectively in 1988, compared with 1987 sales.

Demand for heavy trucks and buses remained particularly buoyant thanks to improved investment spending, which is expected to continue in the first half of 1989.

Naamsa said: "On the whole, the indus-

try's performance in 1988 turned out better than most observers had expected at the end of 1987."

Naamsa went on: "In the short term, the industry should experience reasonably buoyant conditions — at least for the first half of 1989 — because outstanding orders for new vehicles still have to be fulfilled."

A modest downturn in demand for new motor vehicles in the second half of the year are reflected in Naamsa's current 1989 sales projections, which call for 210 000 new car sales, 105 000 new light commercial vehicle sales, 5 500 medium commercial vehicle sales and 9 500 sales of heavy trucks and buses.

On the subject of expected price increases, Mr Stephanus Loubser, managing director of Nissan SA marketing, said that car prices were set to increase on average by 18 percent. But Dr Azar Jammine, chief economist at



Stephanus Loubser

Economtrix, warned that this prediction could turn out to be optimistic.

"The full effects of the depreciation of the rand exchange rate, as well as the higher import surcharges, are still to be felt. If the rand should suddenly drop further, particularly against the yen, one can see car prices rising by 20 to 25 percent this year," he said.

## Govt looking at free trade area for Boksburg

THE GROUP Areas Board was expected to expedite an investigation into establishing a free trade area in CP-controlled Boksburg, a Constitutional Development and Planning spokesman said yesterday.

He said the board heard representations from various groups and individuals in Boksburg on Tuesday. Only one objection, from the CP-run municipality, was received.

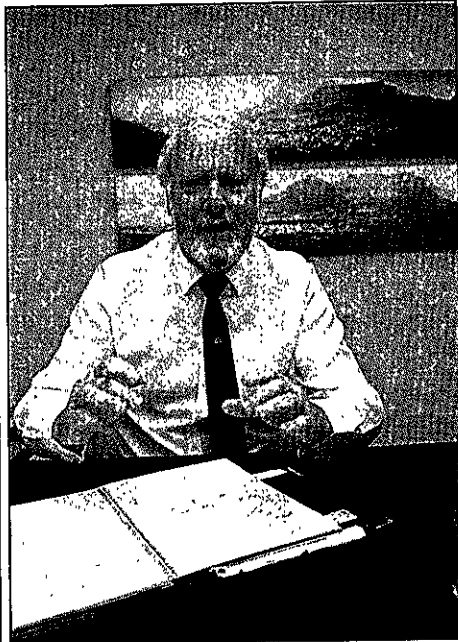
The board's report would be sub-

PETER DELMAR

mitted to Constitutional Development and Planning minister Chris Heunis for a final decision. Heunis was expected to approve the free trade area for the town's CBD and other areas, in spite of the CP council's return to petty apartheid.

The spokesman said he could not say when Heunis would receive the report.

30 FMAIL 20/1/89.



**David Jack ... linking the city and the waterfront**

vate practice as an architect in Zambia, SA, the UK and the US. He joined Anglo American in 1968 where he worked as a planning adviser and development manager in the property division. In this capacity he was involved in a number of innovative and successful developments such as Marina da Gama in Cape Town.

He left Anglo to join the Cape Town City Council as Director of Planning Services in 1975. He later served as Deputy City Engineer before becoming Cape Town's first City Planner in 1986 when the post was created. In his 14 years with the council Jack has been linked with many landmark developments. Outstanding, perhaps, was the development of Mitchell's Plain, a project whose planning and development Jack was brought in to oversee. He describes the experience as "very rewarding" and, indeed, Mitchell's Plain has been widely acclaimed as a breakthrough in the provision of housing and a better urban environment.

Other major projects he's been involved in include Golden Acre, the Cape Sun Hotel, False Bay's coastal pavilions, the Wooltru corporate headquarters and the St George's St Mall. Says Jack: "What I feel good about is that Cape Town is a much more pleasant place to come to now than it was a decade ago. The next exciting step is the linking of the city and the waterfront."

One of the major themes which has emerged during his term as City Planner, is a heightened co-operation between the private and public sector. A great deal of effort has been expended in making Cape Town a "developer-friendly" city. Developments such as Thibault and Warwick Sq, Claremont, testify to the successes achieved. Says Jack: "I started in the private sector and, since being with the council, I have worked very hard to bring the city and private sector together. I think we have succeeded quite well in this respect in Cape Town."

Jack would be the first to acknowledge that the waterfront development will require the same recipe for success. On the one hand he will want to encourage maximum private sector participation. On the other, he will be acutely conscious of his responsibilities to the city: before anything else, the development must work for the city and its people.

If anyone is likely to get this fine balance right, it's David Jack. Cape Town's interests, it seems, are in safe hands indeed. ■

**DAVID JACK**

## Harbour moves

There is a feeling abroad that old buildings, like old soldiers, should never be allowed to die. That sentiment has taken root in Durban and Johannesburg. Now it's Cape Town's turn.

The announcement last week that Cape Town's City Planner David Jack was moving to a new job as MD of a company specifically formed to develop the old port of Cape Town, was an important one for the city.

The job is a big one — "the most exciting challenge in property development in SA over the next 20 years" is how company chairman Professor Brian Kantor describes it.

The prospect of redeveloping the Waterfront dates back to at least 1982. But it was only late last year that it was decided to form a private company, Victoria & Alfred Waterfront (Pty) Ltd, to launch the project. This followed the recommendations of the Burggraaf report.

Kantor was also not making an idle boast when he said: "The future of Cape Town as a destination for tourists, as a place people have to see, and as the city where people most prefer to live and work, will depend critically on this development."

So David Jack enters his new job on March 1 aware of a great responsibility on his shoulders. The fact that other such projects around the world in places like London, Sydney, Baltimore and San Francisco have been so successful only serves to heighten expectations. Not only is the project important for Cape Town, it is, in effect, a pioneer of privatisation in this country.

Those who know the 51-year-old Jack, a polite and charming man, are confident his expertise and experience make him well suited for the job. He is, in the first instance, a man of considerable academic accomplishment: an architecture degree from UCT, a post graduate diploma in planning and design from the Architectural Association of London and a Masters degree in Architecture (Urban Design) from the University of California, Los Angeles. On top of this are numerous awards and fellowships. Jack is a past president of the Cape Institute of Architects and has served as a member of the national board of the Institute of Architects.

His professional experience includes pri-

FMAIL 20/1/89

## BANKCITY

# A prince among projects

Johannesburg's largest property development, First National's proposed R430m BankCity in Pritchard Street, is still on course — in spite of what its detractors have to say.

Earlier this month there was some confusion over whether the building programme on the project had been lengthened or the development scaled down because of rapidly escalating building costs combined with rising interest rates (*Property* November 4).

But divisional GM in charge of the project, John Collett, tells the *FM*: "We are committed to the R100m first phase. A certain amount of work is now under way with conceptual designs little varied from the original idea completed and detailed design in progress. There is no thought of curtailing it now. We are thrilled with the way things are moving."

He adds that demolition and excavation is under way for the first phase, which will provide 38 000 m<sup>2</sup> of offices and a 7 000 m<sup>2</sup> retail component in two linked buildings of up to eight storeys, between Jeppe and Pritchard streets and Simmonds and Harrison streets (two city blocks).

Construction tenders will be invited from the six pre-qualified tenderers in April. Contract awards will be made in May for a first-phase completion in 1991.

Johannesburg has its share of sculpture chrome and glass skyscrapers. The design approach of the architects of BankCity represents a return to more formal, almost classical, building lines.

In fact Collett goes as far as to suggest that if Prince Charles, an outspoken critic of post-war British architecture, were to see the design, he might easily consider the project the epitome of all things good in architecture.

He says it has everything the British crown prince is calling for in new developments — including open public spaces, small blocks, buildings which are elegant and timeless, plenty of vegetation — in short it's a "very human building." That could be a nice change for Johannesburg, a city often branded as a brash, overgrown mining town.

Collett came to this conclusion after watching, spellbound, a video tape of the prince discussing architectural merit.

"Watching Prince Charles's attack on Britain's architecture made me realise that what we are doing all makes sense. CE Chris Ball said he wanted timeless elegant buildings, not identifiably late Eighties or early Nineties. At the same time they had to be flexible and capable of accommodating the demands of a hi-tech business.

"This was conveyed to the architectural

team under the direction of architect and urban consultant Revel Fox. We were shown what had been achieved in Singapore and were particularly impressed with the colonnaded sidewalks.

"We then passed our crystallized ideas to Revel Fox who took the concept and ran with it. They emerged with something which hasn't varied much at any stage with the original concept.

"Had Prince Charles had sight of what we are doing he might, I believe, well have used it as an example of what should be done in architecture."

In his latest broadside at British architecture, Charles, in a 75-minute television film which he wrote and narrated himself, lashed out at Britain's post-war developers saying they had built "godforsaken cities" and ruined one of London's best-known views.

Which all goes to prove that architecture is, of course, one of the most controversial of all disciplines. Perhaps the public and history itself will offer a more dispassionate view over whether First National's BankCity fulfills all of its promises. ■

## DURBAN SHOPPING 30

### Wheeling slowly

Developers of Durban's 30 000 m<sup>2</sup> entertainment and shopping complex, The Wheel, have yet to secure financing partners for a large slice of the R90m-plus investment.

With only eight months to opening, and major institutional investors conspicuous by their absence (despite being awash with cash and anxious to find a home for their funds), early reservations about the development might thus appear to have been justified.

Taking the more bullish view, property men point out similar reservations were expressed about the Workshop, which succeeded in confounding even the most gloomy expectations.

Moreover, letting agent for The Wheel, George Ellis of Ellis Associates, this week noted that "well in excess of 90%" of the space is already let "at rates comparable with those in the Workshop."

In effect this is not very revealing, since Workshop rentals vary from R28/m<sup>2</sup> on the upper levels to R50/m<sup>2</sup> and upwards for prime space on the ground floor.

A controlling share in the development will be held by Lifegro, which is committed to taking a minimum of 51% of the final investment in the complex currently taking shape in Durban's Gillespie-Point Road district.

Lifegro is also committed to picking up whatever financing shortfall remains on the project, which developers Ivan Dodds and associates say will eventually cost "around R90m" (*Property* March 25 1988).

"It's in their interests to get more investors in," Lifegro senior GM Peter du Toit maintains, "but if they don't we will move in totally." Du Toit claims another financial institution, whom he declined to identify, has taken "about 15%" of the investment, leaving the developers to syndicate the balance.

Spokesman for the developers Len Hudson says there were several potential backers "in the fold." Earlier reports indicated that Dodds had assembled a consortium of private investors to share costs — including the building contractors, Trescon.

Biggest tenant in the complex will be Ster-Kinekor which is taking 7 000 m<sup>2</sup> to house 12 cinemas with 2 600 seats, a disco and nightclub and action bars. The emphasis on entertainment is underlined by the fact that another 3 000 m<sup>2</sup> has been let to restaurateurs and fast food outlets, including Macrib, 900 m<sup>2</sup>; Pizza Hut, 350 m<sup>2</sup>; and Golden Grill, 400 m<sup>2</sup>. Also signed up, says Ellis, is a Wimpy Bar, Juicy Lucy, Milky Lane and Steers.

Following the withdrawal of OK Bazaars (which was considering a 7 000 m<sup>2</sup> anchor tenancy), Pick 'n Pay has been signed for a "pantry operation" of around 1 400 m<sup>2</sup>.

Retailers include, appropriately, The Hub (1 900 m<sup>2</sup>), Edgars (1 000 m<sup>2</sup>), Truworths (300 m<sup>2</sup>), Foschini (250 m<sup>2</sup>), Miladies (300 m<sup>2</sup>), Mr Price (300 m<sup>2</sup>), and Gray's (250 m<sup>2</sup>).

In addition CNA will open a new beachfront branch of 450 m<sup>2</sup>. Clicks have taken 1 000 m<sup>2</sup> and Redwoods 250 m<sup>2</sup>.

Yet to be marketed is a Casbah oriental market area featuring small traders. ■

## OFFICE VACANCIES

### Filling the gaps

Commercial property statistics can be ambiguous and confusing. The SA Property Owners Association (Sapoa) is attempting to eliminate the problem.

Having launched the Sapoa *Office Vacancy Quarterly Survey* 18 months ago, the organisation is now examining ways of improving its scope and accuracy.

A weakness is that it is currently based on indicators rather than actual statistics in office vacancies.

Sapoa has now asked four brokers, JH Isaacs, Baker St Associates, RMS Syfrets

already had new centres in the pipeline. Those which qualify are included in this year's review.

Now the picture is changing again. The economy is cooling and, as usual, consumer spending will be one of the first casualties. Higher interest rates, inflation and the 10c/l fuel increase imposed on Monday will no doubt take their toll on disposable incomes. The signs are already there. The furniture trade is experiencing a drop in sales and Christmas shoppers spent on clothing and food rather than luxuries.

Hence it would be logical to assume that once the current rash of new centres and extensions is completed, developers will hold back. One exception is DS (Dennis Stephens) Developments, already well advanced

on the controversial Southgate Centre near Uncle Charlie's, south of Johannesburg.

Sam Leon of Ampros sees the development as a threat to the Johannesburg CBD which he describes as "the primary centre of the national economy." It has more than 1m m<sup>2</sup> of shop space, compared with 100 000 m<sup>2</sup> each in Rosebank and Sandton's CBD and 150 000 m<sup>2</sup> in Randburg. Says Leon: "It must be seriously questioned whether yet another regional shopping centre in greater Johannesburg can be justified in view of:

- "The already adequate retail facilities.
- "A no-growth scenario in consumer spending for the foreseeable future.
- "And yet another *white-owned* major business facility on the doorstep of Soweto

when Soweto businessmen themselves are restricted from freedom of competition."

He asks whether shopping centres are being developed to serve consumers' needs "or to satisfy the needs of major retailers to increase market share in an economy where consumer spending is, at best, set to remain static in real terms."

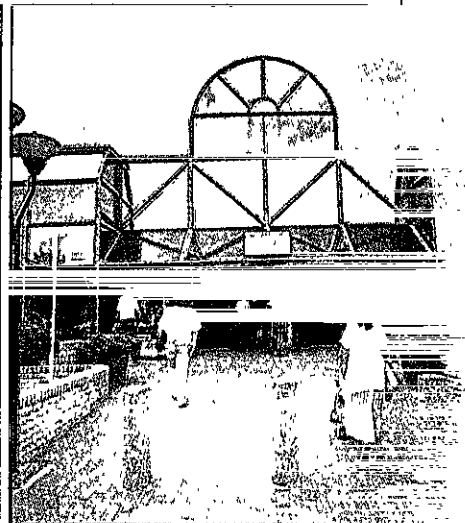
Developers may well be turning a blind eye to the market out of myopic self-interest. But, happily, market signals are still being heard loud and clear in some instances. Boksburg, for example, lost two major shopping developments — not because of the economic climate, but because its CP-driven council chose to alienate the very people who are the lifeblood of consumption in SA — the blacks. ■



Rosebank



Central City



Balfour Park

Centre	Location	Rentable Area	Available Parking	Owner	Type of Centre	Opened	Revamped
Prospecton Hyperama	Amanzimtoti	29 245 m <sup>2</sup>	2 500	Mines' P/ Funds	OK Hyperama & Satellite Shops	1977	1985
Roodepoort Hyperama	Roodepoort	29 025 m <sup>2</sup>	1 900	Old Mutual	OK Hyperama & Satellite Shops	1979	1984
Blue Route	Tokai	28 000 m <sup>2</sup>	2 000	Eskom Pension	Regional	1976	Being
Mark Park	Vereeniging	28 000 m <sup>2</sup>	870	Sanlam Props	Regional Anchored by OK	1984	—
Brackenfell Hyper	N Subs, CT	27 824 m <sup>2</sup>	2 000	Pick 'n Pay	P&P Hypermarket & Satellite Shops	1977	1987
Central City	Mabopane	27 600 m <sup>2</sup>	1 050	Bophuthatswana Govt Pension Fund	Regional	1988	—
Sunnypark	Pretoria	26 000 m <sup>2</sup>	1 100	Amaprop	Community	1974	1988
Warehouse World	Parow	26 000 m <sup>2</sup>	1 300	Coreprop	Community	1984	1987
Sanlam Centre	Empangeni	25 700 m <sup>2</sup>	1 500	Sanlam Props	Community	—	1985
Ottery	S Subs, CT	25 021 m <sup>2</sup>	1 800	Pick 'n Pay	P&P Hypermarket & Satellite Shops	1986	—
P&P Hyper	Pretoria	24 600 m <sup>2</sup>	1 600	Sanlam Props	P&P Hypermarket & Satellite Shops	1983	—
Musgrave Centre	Berea, Durban	24 600 m <sup>2</sup>	1 300	Sanlam Props	Community	1953	1985
Boksburg Hyper	Boksburg	24 500 m <sup>2</sup>	3 000	Hyprop	P&P Hypermarket & Satellite Shops	1975	1986
Rosebank Mail	N Subs, Jhb	23 332 m <sup>2</sup>	1 715	Cenprop	Community	1977	1987
Norwood Hyper	N Subs, Jhb	23 300 m <sup>2</sup>	2 000	Rapp & Maister & Others	P&P Hypermarket	1978	1985
Kruger Park	Krugersdorp	22 600 m <sup>2</sup>	1 100	Sanlam Props	Community	1982	—
Southdale	S Subs, Jhb	22 000 m <sup>2</sup>	1 800	Barney Jacobson	Regional	1961	1986
Palm Springs	Springs	22 000 m <sup>2</sup>	540	Mines' P/Funds	Community	1984	—
Sanlam Plaza	Bloemfontein	21 100 m <sup>2</sup>	500	Sanlam Props	Community	1983	1986
Checkers	Alberton	20 000 m <sup>2</sup>	786	Old Mutual Props	Regional	1984	—

# Nafcoc speaks out on partnerships

By SAMKELO KUMALO

THE concept of black-white partnerships has pros and cons, according to the National African Chamber of Commerce and Industries.

Nafcoc says the idea has been tried elsewhere in the world with great success. However, for a genuine partnership to exist, the following preconditions should be set:

- Equality before the law.
- There must be mutual trust.
- There has to be a commitment on the part of the better advantaged partner to share fully the benefits of

the joint enterprise with the less advantaged partner.

In South Africa, black-white partnerships would not enjoy such ideal pre-conditions, both because of black disenfranchisement and strained social relations.

This is seen by Nafcoc as a serious problem that could hamper the development of genuine black-white partnerships.

South African whites will "always" enjoy the advantage of better skills because of their exposure to a

better system of education, while blacks have been burdened for over 30 years with an inferior educational system, Nafcoc says.

Added to this is the higher level of affluence enjoyed by whites, while security and capital rights have been denied to blacks.

Nafcoc public affairs manager Gabriel Mokgoko said a seminar on the issue of partnership, as well as that of the funding of black business, will be held next month in Middelburg, Transvaal.

(30) Cowen 22/1/89

# Sterns offers little sparkle

Matters have certainly changed at Sterns since the new board appointments in June 1987. Administration problems caused by computers have delayed the interim results for the six months ended September 1988.

In the latest annual report at March 1988 the previously high income contribution from jewellery retailing in 1987 has declined to only 26 percent (1987: 86,6 percent), with transport, insurance broking and property contributing significantly higher percentages.

Before getting carried away with these percentages the 1988 income after tax was only R89 000 and the attributable earnings have once again been negative for the third year out of the previous four. The tax man is also dissatisfied and has issued revised assessments in respect of stock losses claimed in previous years.

Debt has risen alarmingly to R18,41 million (1987: R9,6 million) with almost 70 percent of current assets pledged as security to bankers.

Management was virtually forced to sell its corporate head office "Sterns park" to reduce borrowings significantly after year end.

After this major transaction the net asset value has risen to R8,90 per share but the latest JSE price of R1,40 reflects a lack of investor confidence. This is even more disturbing as the directors hold 82,5 percent of the shares, mainly through the company's holding company Europa Acceptances PLC in the UK.

What has happened to all the profitable retailing of diamond, gold and allied jewellery and watches through the chain of 80 Sterns and Andre outlets and how does the recent acquisition of Intertrans Movers fit into the Sterns Diamond organisation? Unfortunately the annual report tells little.

## Turnover

Turnover increased by only eight percent compared with 1987. Operating income before interest was significantly lower at R2,37 million (1987: R3,23 million) and with interest expense almost doubling to R2,19 million (1987: R1,19 million) income before tax was a mere R178 000 (1987: R3,3 million). Deducting tax R109 000 (1987: R1,24 million) — an effective 61,2 percent rate (1987: 37,4 percent) — the bottom line was only R69 000 (1987: R2,07 million).

After deducting the extraordinary item Goodwill R864 000 and receiving nothing from the associated company which became a subsidiary in 1988 (1987: income R66 000) the attributable loss was R795 000 (1987: income R2,13 million).

With losses of R383 000 and R2,36 million in 1986 and 1985, investors have every right to be annoyed.

Chairman Mr MA Jacquesson says Sterns is fortunate to have such a solid base to build on. The jewellery division, he says, has established a manufacturing base which has the ability to supply the stores with selected mer-

## Bottom Line

MICHAEL MENOF



chandise on a short lead time.

The imbalance in stock levels and mix in 1987 required a major purchase cutback and took its toll on management's ability to improve sales targets.

The transport business is contributing to the bottom line in a satisfactory way.

The manufacturing activities of Kaycraft and Swift Paper have been rationalised by combining both after their move to KwaNdabele and now promises to be an important subsidiary for profits.

I am not convinced by Mr Jacquesson's rationale and find his bullish comments rather hollow.

## Building sold

To correct the worsening debt situation the company acquired the remaining 50 percent of Sterns Central Admin Company owning the corporate headquarters "Sterns Park" and then sold the building after year end for R10,45 million (profit R2,95 million) which cancelled the R6 million bond and reduced overdraft facilities, according to the proforma numbers.

The escalating debt situation needed to be resolved as R6 million of stock merchandise is encumbered by a notarial bond together with R12,47 million instalment debtors ceded as security for group banking facilities.

Management does not agree with the revenue authorities disallowing past stock losses and despite the formal objections being rejected no provision has been made for the R800 000 further tax exposure or any legal expenses.

Shareholders equity totalled R11,71 million (1987: R12,36 million) at end March 1988 with working capital virtually unchanged at R9,2 million (1987: R9,61 million).

No forecast is given and management's objectives are vague apart from chairman Mr Jacquesson claiming all is well. The purchase of Intertrans Movers and just how it fits into the jewellery group is a mystery.

It is also strange that a UK company should want to control Sterns and, with the directors, hold more than 80 percent of the shares. Perhaps this is designed to boost Stern's export drive although the annual report makes no mention of any exports?

Until the current computer administration problems are resolved and management demonstrates it has the ability to make profits, potential investors should merely look on.

A final thought — what does the JSE watchdog committee feel about a company producing its annual report six months after year end and then missing its November interim reporting date by another three months at the best?



Big stores are receiving better deal

# Cafes in 'war' against magazine distributors

By Joe Openshaw

A cafe "magazine war" is hotting up on the East Rand and could spread elsewhere on the Reef.

The "war" started last October when cafes and shops stopped selling magazines and books because supermarkets and chain stores were given a better deal from publishers and distributors. The row has flared again on the East Rand and could spread.

The East Rand Shopkeepers' Association (Ersa) is considering launching an advertising campaign urging members to take magazines from their shelves.

In a letter to cafe owners and shopkeepers,

Ersa calls for a "magazine war" against the distributors of books and magazines who, they say, allow better profit margins to chain stores.

Some Boksburg, Benoni and Brakpan shopkeepers are already no longer selling magazines and last week they were joined by some Springs cafe owners.

Mr John Kaptanis, chairman of Ersa, said: "We sell 80 percent of all magazines bought and have been doing this for four decades at tariffs which barely compensate for the loss of space, shelving and pilferage.

"We pay for the magazines in advance and lose interest on our money. We take a 15 percent allowance as our due and must provide shelving.

"The supermarkets receive discounted rates. They get 30 or 60 days and collect interest.

"They get 20 percent over and above this and stands are provided for them," said Mr Kaptanis.

A spokesman for National News Distributors, Mr Piet du Preez, told The Star that supermarkets were given a 20 percent discount and other benefits because publishers were following the worldwide trend of linking markets with sales.

"The market demand is at the supermarkets. Some Spar stores get a tariff of 20 percent. Others get varying tariffs, depending upon their sales, of 18, 17,5 and 12,5 percent."

# Swing to light cars predicted

By Sven Forssman

High interest rates, inflation and petrol-price increases will see a dramatic swing to light cars this year, says Toyota Marketing managing director, Mr Brand Pretorius.

At least seven out of every 10 cars sold this year will be light cars, he predicts.

"The swing to light cars has been under way for some time, but the latest steep increase in the price of fuel is certain to give an additional thrust to the move.

"Increases in vehicle prices, however, could be marginally lower than last year's 23 percent."

Mr Pretorius forecasts that prices are expected to rise by 17 to 20 percent, with total sales 10 percent lower than those of 1988, at about 325 000.

He is more bullish about commercial sales, which are less sensitive to fluctuating interest rates or changes in hire purchase regulations. In this area, he expects a decline of only six percent.

Higher prices should be cushioned by better quality, value for money and better service than before, he says.

Diagonal  
Street

SVEN FORSSMAN



30  
Star  
25/11/89

## Analysts optimistic about retail sector

The downrating of retail shares, described as an international phenomenon, is over.

After reaching a P/E ratio of 25 times in early October 1987, the retail and wholesale index on the JSE has plummeted to a P/E ratio of 9,8 times.

This is the lowest level that it has reached since December 1982 when it was trading at a P/E ratio of 9,2 times.

Likewise, the dividend yield has declined from a premium of 30 percent in June 1985 and is trading at a discount to the dividend yield of the industrial index for the first time since the period November 1979 to October 1980.

On the London Stock Exchange last year, the Stores Index declined by 7,8 percent, while the industrial index rose 17,4 percent.

After trading historically at a 30 percent premium in terms of price-earnings ratings (to the industrial index), the Stores Index is now trad-

ing at a price/earnings discount of 4,5 percent to the industrial index.

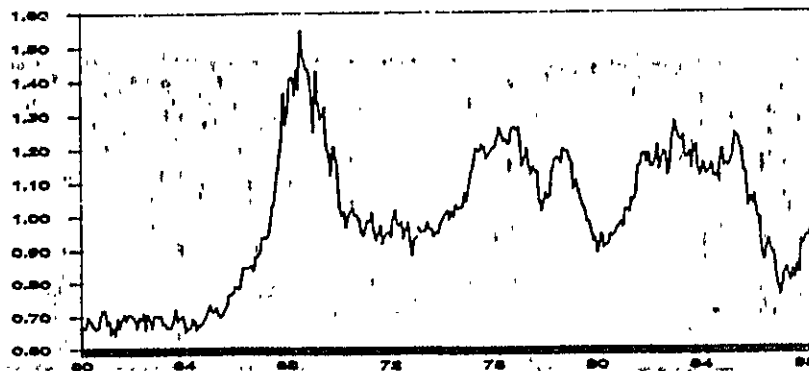
Martine Hickman and Trixie Ingram of stockbroking firm Max Polak & Freemantle say in their 1989 retail report that although the retail and wholesale index is continuing to underperform, it is expected that this index will soon perform in line with the industrial index.

They say the premium of retails over industrials fell from 81 percent in June 1985 to its present level of 10,1 percent.

But, earnings growth of retail companies averaged 54,6 percent in the year to last October, against 36,2 percent for industrials.

Ms Hickman and Ingram forecast earnings growth of 31,2 percent for retailers in the current year, against 28,2 percent for industrial companies.

They maintain their view that the retail exposure in a portfolio should be approximately 2,5 percent.



Relative strength: retail index versus industrial index

## Inflation a dying demon

LONDON — The London *Evening Standard* has carried a report on the outlook for bullion under the headline "Gold's tarnished image".

Financial writer William Phillips said: "The message from 1989's sturdy dollar and groggy gold is that inflation is a dying demon. And unlike the '70s you can cover it with real interest rates in every money centre. Who needs gold?" Star 25/11/89

Last year gold dropped 15 percent and it is now trading just above the \$400 an ounce mark.

The Standard said that according to Crane Technical Analysis two consecutive afternoon fixes below \$400 would take gold straight to the \$380-\$385 area of minor support.

David Charters of Investment Re-

search was quoted as saying the picture remained "pretty awful", with gold in free fall in most currencies which rose against the dollar in Reagan's sunset period.

Richard Lake of SBCI Savoryu Milln suggested a relapse to the \$350-\$375 zone. He said all precious metals looked weak against money, unlike base metals.

Given its negative correlation with the dollar, Robin Griffiths, of James Capel, thought gold could sink to under \$300.

The newspaper said even Julian Baring, Capel's doyen among gold advocates, was fighting shy of it in the fund he runs. He cited hefty output increases in America and Australia.— Sapa.

# Black business hobbled

THEO RAWANA

THE Group Areas Act continues to hamper black business development, although most central government restrictions on black business have been removed, the Social and Economic Update (SEU) says in its latest issue.

The SA Institute of Race Relations publication says restrictions imposed by local authorities also impede black business — usually small business.

But, lack of finance and skills have become more important constraints than the law. Removal of restrictions cannot, on their own, remove these obstacles. Black formal business thus

continues to contribute only marginally to job creation.

SEU casts doubt on claims that the black informal sector is making an increasing contribution to the economy, saying estimates of this sector's size and growth are speculative, because it is unrecorded.

Government's contribution to schemes which seek to promote black business remains limited.

And white business's preparedness to increase black access to capital is also limited.

18/11/85  
13/11/85  
12/11/85

20

goweran 24/1/89

# Courses boost black business

IN an effort to stimulate and ensure the prosperity of black business, the Small Business Development Corporation has designed a range of short, practical, training courses to meet the needs of emerging and existing black entrepreneurs.

Co-ordinator of the programme, Mr Kenneth Fisher, said yesterday that the programmes being offered are: strategies for survival; how to start your own business and how to draw up your business plan.

The courses are scheduled to start in February at the following centres:

- Funda Centre, February 9, 6pm to 9pm;

- Pennyville — February 8, 6pm to 9pm; and
- Soshanguve — February 7, 6pm to 9pm.

Mr Fisher said the training of black business people played a paramount role in improving the standards of the entrepreneurs.

"The problem is that many people are so preoccupied or obsessed with their business idea or dream that they fail to see and admit that there might be a potential flaw in their plan," he said.

The courses will offer broad schemes that will benefit everyone.

Please contact Magda Britz, Yvonne van Vuuren or Faith Mngomezulu at (011) 643-7351 for information.

# Bara theft accused acquitted by court

A BARAGWANATH Hospital employee, accused of stealing a towel and three sheets from the hospital in September last year, was yesterday acquitted by an Orlando magistrate, following an application by the defence.

Earlier counsel for the defence, Mr G Aber, instructed by Mr L Modise, filed an application at the close of the state's case that Miss Irene Tshabalala (26) of Phiri, Soweto, be acquitted, arguing that the evidence of one state

witness, Mr Andries Moloi, was "an absolute untruth".

The state's prosecutor, Mr A T Lanny, opposed the application on the basis that there was evidence that Miss Tshabalala, who was working in the cleaning section of the hospital, was seen selling hospital property on hospital premises illegally.

In granting the application the magistrate, Mr P J Coetzee, ruled that the court would not proceed with the case because of Mr Moloi's evidence which he said the court found to be unsatisfactory.

Mr Coetzee, however, described Mr E Condon, a former policeman and head of the Security Services Consultants, as a good and honest witness.

# Vermaas: 'no chance to put my case'

26/11/87

**News**  
**The Angus Correspondent**

**PRETORIA.** — Mr Albert Vermaas has claimed he has been "tried and found guilty" before having an opportunity to put his case properly.

In an exclusive interview yesterday, Mr Vermaas — a key figure in the probe into alleged cross-border irregularities — said the sequence of events since the Harris Commission began sitting in Pretoria had placed him in a bad light.

Although he had been given an opportunity to testify before the Commission, he had elected not to do so, "because of accepted legal principles".

Mr Vermaas was arrested on November 23 following allegations of fraud, contravention of the Banks Act and contempt of court.

This was the direct result of what he called "untested allegations."

Asked if three Cabinet Ministers, Finance Minister Mr Barrow du Plessis, General Magnus Malan, Minister of Defence and Mr P.K. Botha, Minister of Foreign Affairs, had been involved in any of his financial deals, Mr Vermaas said they had no involvement at all.

Asked about the comment by Mr du Plessis to a Reserve Bank official that "he did not want the State President embarrassed", Mr Vermaas said he did not understand the significance of the suggestion that the State President could in any way be embarrassed on account of any aspect relating to his personal affairs.

The commission's frame of reference was broadened after Mr Vermaas's arrest to include the allegations made against him and his alleged involvement with Giskelien companies Eurotrust, Eurobank and Eurobond — which were allegedly involved in an illegal deposit-taking operation in South Africa.

## Bail of R10 000

"My arrest was without the knowledge or participation of the Attorney-General of the Transvaal, Mr Don Brumette," Mr Vermaas said.

He said he had failed to understand the urgency of his arrest.

He was granted bail of R10 000 the same evening by a Pretoria magistrate, who heard the matter at his home in Verwoerdburg.

Since his arrest, the State has been unable to formulate charges, Mr Vermaas said.

He was aware that the contempt of court allegations involved aircraft leaving the country, allegedly in contravention of a temporary Reserve Bank Interdict brought in the Pretoria Supreme Court on November 23 last year.

Mr Vermaas said he was concerned at the manner in which commission officials approached the matter.

During an interview Mr Vermaas had with officers of the commission, they produced a copy of the magazine *Finansies en Tegniek*, in which it was reported that the Harris Commission would be investigating Mr Vermaas.

"This came as a surprise to me," Mr Vermaas said, "especially in view of the fact that some of the subjects listed for investigation were mentioned."

The report appeared before the frame of reference of the commission had been broadened to include matters pertaining to him.

"This was a transgression of the commissioner's regulations," Mr Vermaas said.

The attorney expressed his annoyance at the way in which evidence bearing

on his tax file lay in the offices of the Receiver of Revenue's inspectorate division.

Mr Vermaas denied this, saying that because he conducted an operation of considerable size throughout South Africa with a staff of about 1 000, there were times he had filed late tax returns, because he had been given the necessary permission by Inland Revenue for an extension.

He said he had paid taxes in 1985, 1986 and 1987 during the extension time granted to him.

This was normal business practice in South Africa.

He denied evidence that he had a cousin in the inspectorate division of Inland Revenue who handed his tax file. Mr Vermaas said the man was not a relative, nor did he ever claim he was.

The first time he ever heard of his namesake was when the man telephoned him to discuss his tax.

● Evidence was that millions of rands left the country through Mr Vermaas for the purchase of aircraft spares. An expert on aircraft testified that Mr Vermaas had paid inflated prices for aircraft spares, refurbishing of aircraft and training of pilots.

Mr Vermaas said he was confident that he would have no difficulty in proving the true value and purchase price of aircraft he owned.

He denied over-invoicing for aircraft and spares purchased overseas. The Reserve Bank was aware at all times of the aircraft and spares and refurbishing, among other things, and approved transactions, according to Mr Vermaas.

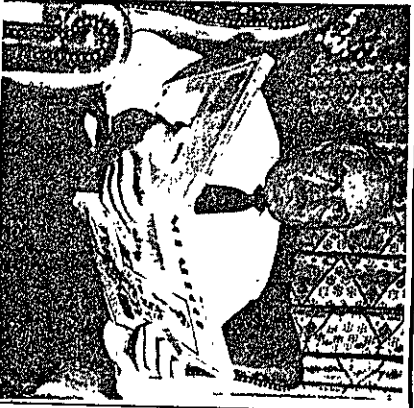
● Evidence before the commission was that Mr Vermaas sold property to foreign investors at inflated prices.

Mr Vermaas said the financial rand made it worthwhile for foreigners to bargain-hunt in South Africa, and he believed he had done nothing wrong.

● A provisional trustee of the Vermaas estate and companies testified he had turned down a deal of R150-million for Chieftain Aviation because investors felt the deal would not be to the benefit of investors. They were not satisfied with the bank reference and that the money would be paid by the foreign purchaser.

Mr Vermaas said the liquidator knew the name, telephone number and address of the potential purchaser.

Mr Vermaas said he failed to understand why the liquidators were rejecting the offer "out of hand. With the sale of Chieftain Air Mr Vermaas believed he could repay creditors 100 percent of their capital."



Mr Albert Vermaas

# Vermaas: 'no chance to i

The Argus Correspondent

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He said he had failed to understand the urgency of his arrest.

He was granted bail of R10 000 the same evening by a Pretoria magistrate, who heard the matter at his home in Verwoerdburg.

Since his arrest the State has been unable to formulate charges, Mr Vermaas said.

He was aware that the contempt of court allegations involved aircraft leaving the country allegedly in contravention of a temporary Reserve Bank interdict brought in the Pretoria Supreme Court on November 23 last year.

Mr Vermaas said he was concerned at the manner in which commission officials approached the matter.

During an interview Mr Vermaas had with officers of the commission, they produced a copy of the magazine *Finansies en Tegniek*, in which it was reported that the Harms Commission would be investigating Mr Vermaas.

"This came as a surprise to me," Mr Vermaas said, "especially in view of the fact that some of the subjects listed for investigation were mentioned."

The report appeared before the frame of reference of the commission had been broadened to include matters pertaining to him.

"This was a transgression of the commission's regulations," Mr Vermaas said.

The attorney expressed his annoyance at the way in which evidence before the commission was reported.

Mr Vermaas said he also wanted to correct several allegations made against him at the Commission and wanted to set the record straight.

● Evidence before the commission was that he failed to submit tax returns for three years, while

his tax file lay in the offices of the Receiver of Revenue's inspectorate division.

Mr Vermaas denied this, saying that because he conducted an operation of considerable size throughout South Africa with a staff of about 1 000, there were times he had filed late tax returns, because he had been given the necessary permission by Inland Revenue for an extension.

He said he had paid taxes in 1985, 1986 and 1987 during the extension time granted to him.

This was normal business practice in South Africa.

● He denied evidence that he had a cousin in the inspectorate division of Inland Revenue, who handled his tax file. Mr Vermaas said the man was not a relative, nor did he ever claim he was.

The first time he ever heard of his namesake was when the man telephoned him to discuss his tax.

● Evidence was that million country through Mr Vermaas aircraft spares. An expert on Mr Vermaas had paid inflated spares, refurbishing of aircraft lots.

Mr Vermaas said he would have no difficulty in purchase price of aircraft

He denied over-invoicing for purchased overseas. The Reserve at all times of the aircraft and bishing, among other things, and tions, according to Mr Vermaas

● Evidence before the commi- Vermaas sold property to fore; flated prices.



# By-laws hamper black businesses

THE Group Areas Act and discriminatory local by-laws continue to hamper black business development, although most central government restrictions on blacks have now been removed, according to the South African Institute of Race Relations.

Social and Economic Update, produced every four months by the institute, reports that black businesses are reluctant to trade in central business districts because more shoppers patronise suburban stores in areas where blacks are not permitted to trade or own property.

The report says by the end of November last year 84 trading areas in CBDs had been declared open to all races, but black business people

By JOSHUA RABOROKO



**DIRECTOR of the Institute, John Kane-Berman.**

continued to demand the right to trade in all areas.

Although section 19 of the Group Areas Act allows any trading areas, including suburban ones, to be opened, business specialists told the institute that suburban areas had not been opened for political reasons.

Local authorities continue to cause problems for hawkers, but the Durban City Council has set up a special stand for licenced hawkers, and is also reviewing town planning regulations governing cottage industries.

Referring to the future role of the black people in the economy, the report says an important test of the Government's attitude will be the extent of the share it gives black business in privatised industries.

# Dashaus buys Las Vegas for R580 000

SPECIALIST furniture and clothing retailer Dashaus, is to acquire Las Vegas Wholesalers with effect from March 1, 1989, for a cash consideration of R580 000.

Dashaus' total investment will actually amount to R3,5m as the group will also spend funds to restock Las Vegas. CE Fred Ginsberg says the group anticipates spending considerable time and effort to develop its position in the clothing market.

Las Vegas — a well-established clothing wholesaler specialising in the hawker trade — will strengthen Dashaus' existing clothing wholesale operations. Dashaus is currently involved in this sector through Laylow, which derives much of its business from the black hawking trade.

Had this acquisition been in place for the financial year ended February 28, earnings

STEPHEN RICHTER

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BIDAN 27/1/89

would have increased to 11,97c from 10,70c. The effect on net asset value would have been negligible.

Management feels the addition of Las Vegas will place Dashaus in a strong position within the black market. Ginsberg adds: "We wanted to expand our activities in the clothing wholesale market and Las Vegas presented us with an excellent opportunity to increase our market dominance".

Aside from its involvement in clothing, Dashaus' existing outlets comprise furniture retailers Dashaus (1985) (Pty) Ltd., The Furniture Hypermarket and bedding retailers, Mattress House.

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SYLVIA DU PLESSIS

# Women mean business

A GROUP of women — representing companies from computer distributors and transport consultancies to cosmetic manufacturers and aluminium frame producers — has clubbed together to form the National Association of Women Business Owners.

The network aims to encourage

business ownership among women and promote economic opportunities for female entrepreneurs.

It also aims to strengthen the network of professional contacts that business women can draw upon to improve and expand their enterprises. In addition, the associ-

ation hopes to offer educational and training programmes.

The association's founder members include Reeva Forman (Reeva Cosmetics), Aida Geffen (Aida Estates), Joan Joffe (Joffe Associates) and Margaret Lessing (Women's Bureau).

Yield (grams per ton treated)

110

100

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MOTOR INDUSTRY

# When R500m isn't enough

Vehicle manufacturers made an estimated R500m profit last year. But don't expect the benefits to be passed on to motorists.

Companies say the profits have no bearing on projected price increases of 17%-20% during 1989. With a weakening rand, increases could be even higher.

Industry executives say the profit — even when added to 1987's R200m — is only a small step towards wiping out the billions of rands lost by the industry during the market slump of the mid-Eighties.

Estimates of overall losses between 1985 and early 1987, range from R2bn to R3bn — before taking account of inflation since those years.

Mercedes-Benz (MB) chairman Sepp van Hullen says the returns are barely enough for companies to meet investment needs and offer returns to shareholders.

MB has just invested R65m in its new Honda Ballade range and is investing a further R20m in production facilities for a new truck range due later this year. Van Hullen says companies' returns are "nowhere near" the level they need to be to cover such investment, and they are still digging into reserves to finance it.

"We need several more years like 1988," he says.

Spencer Stirling, Samcor MD and president of the National Association of Automobile Manufacturers (Naamsa), says: "The investment requirements to remain competitive are very substantial and profits are essential."

Each of the seven major manufacturers — BMW, Delta, MB, Nissan, Samcor, Toyota and Volkswagen — made a profit last year. For two, Samcor and Delta, profits reached record levels — though from a modest base.

Stirling describes his company's performance as "very satisfactory, in terms of profits. We had a very successful year, far in excess of budgets." Industry sources suggest Samcor's profit was about R100m, although Stirling won't put a figure to it.

Delta also made a record profit. CE Keith Butler-Wheelhouse says that in cash terms, the profit was the highest in the 62-year history of General Motors and then Delta, which bought out the US corporation's SA interests two years ago.

Chief executives say improved profits owed less to sharply increased sales volumes in 1988, than to continued cost cutting and better profit margins. Profitability break-even sales levels are lower than ever before.

Delta says it is producing nearly double the number of vehicles GM did in 1986, with a smaller work force.

Butler-Wheelhouse estimates industry

profits last year at about R500m. So does Naamsa director Nico Vermeulen. "The industry rebounded nicely in 1988," he says. "I think the profits reported by companies in 1988 will be a hard act to follow in 1989."

In real terms, they will indeed be hard to follow.

Sales volumes are expected to decline, and companies say there is a limit to further cost-cutting.

"Most companies have reached the point where, to function effectively, there's not a lot of additional fixed cost they can cut," says Stirling. "On the other hand, I think there's room in SA for variable cost reduction, through improved productivity and perhaps there, we can all make further progress in 1989."

He expects the industry to continue making profits despite reduced sales and certain imponderables, such as the effects of the new value-based local content programme. Internal economic policies and likely further reductions in the rand's value against the D-mark and yen (several executives expect a minimum further 10% reduction) will also place further pressures on profitability.

Spencer expects these factors to limit profits, but not wipe them out. "We are talking of the level of profit, rather than any real prospect of losses." ■

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FMAL 27/1/89.

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has been widely condemned for vagueness and abuse of power (FM January 13).

Later discussions with Inland Revenue, by large representative bodies and individual organisations, suggest that the legislation will not be nearly as "bad" as many feared. It may be aimed more at clarification than stamping out legitimate corporate financing schemes, such as those using pref shares, and even variable rate debentures.

The FM understands Revenue officials have said that the statement will not preclude action against schemes that can be struck down under existing law, particularly S103 of the Income Tax Act, the general anti-avoidance section.

Even if the statement was intended only as a warning, should it have been made in the first place, in such vague terms?

The statement certainly touched some delicate spots.

Says a rural attorney: "Pretoria has an unenviable record for excessive exercise of government powers by ministerial edict and administrative discretions, without recourse to a court of law.

"But in matters such as sophisticated company tax schemes, income tax statutes and other commercial legislation, the unsupervised exercise of State powers without recourse to the courts should not be tolerated."

Many professionals see any action in the tax arena as an extension of government's insatiable appetite for money.

Says Arthur Young's Charles MacKenzie: "It is unfortunate that media releases are so poorly worded and not supported by draft legislation. Businessmen are expected to plan their affairs and operate within the law. How can they if the legislator refuses to tell them what the law is?"

The SA Institute of Chartered Accountants (SAICA) tells the FM that tax law needs to be "clear and unambiguous to avoid confusion. Veiled threats of imprecise future legislation are not conducive to an understanding relationship between Revenue and taxpayers (and their advisers)."

SAICA is "satisfied" with some aspects of the December 22 announcement:

- It was made in the *Government Gazette*;
- Proposed legislation will "apparently" affect only future schemes, not future income from existing schemes; and
- The schemes were not referred to as illegal, immoral or tax evasion. To the extent that they may be vulnerable under existing law, "we have no problem."

A main problem with the announcement, says SAICA, is that the "proposed legislation is threatening but not clear."

Second, new legislation could be retroactive, because of uncertainty as to which arrangements, existing or not, will meet its approval and requirements.

Third, the "cause of the problem, the lack of neutrality in the method of taxation of different entities, has still to be addressed. The schemes are simply a symptom of the disease to be dealt with."

Is there an easy solution? Any answer

would rest heavily on the distinction between a good tax scheme and a bad one. SAICA notes that "the difference between tax avoidance, which is legal, and tax evasion, which is illegal, is clear. Morality does not play a part. Taxpayers must pay what current law says they must — no more and no less."

The attorney suggests a statutory "Bill of Rights" for commercial and tax law. He argues that such a general supervisory jurisdiction is essential to maintain a spirit of freedom and full opportunity for "self-realisation of the individual."

This would seem especially relevant when an individual or company — or even a sector such as life offices or gold mines — feels government power has been exercised in an intrusive, improper or negligent manner. ■

TAX AVOIDANCE

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**The heat's still on**

Few actions by government in the tax arena have attracted more professional interest than the statement of December 22, concerning certain corporate financing schemes. It

# Golden in the Dumps

JOHANNESBURG. — Both gold mining companies administered by the Golden Dumps group incurred losses for the December quarter after recording lower milling rates and yield which resulted in a drop in gold production.

**South Roodepoort Main Reef** tonnage fell to 81 757t (87 171t) and combined with a lower yield of 2,41 g/t (3,22g/t), gold production was down at 197,4 kg (280,3 kg).

Although working costs/ton were reduced to R99,19 (R108,07), a loss of R22,49 per ton (R0,26) was incurred.

The lower gold price received of R31 768/kg (R33 689/kg) abetted a net loss of R1,8m (R8 000), in spite of a decrease in capex to R503 000 (R1,3m).

**Consolidated Modderfontein** tonnage dropped to 171 780 (188 720) while yield fell to 3,07g/t (3,19g/t). Working costs were marginally lower at R108,53/ton and working loss per ton increased to R10,91 (R3,43).

Gold price received decreased to R31 784 (R33 294) and the loss rose to R2,9m (R960 000).

The mothballing of No 7 shaft will aid a decrease in unit working cost. — Sapa

# Everite posts bumper profits boost of 111%

JOHANNESBURG. — The buoyant building market and the restructuring programme undertaken during the last 18 months helped Everite achieve an increase of 111% in net profits to R13,0m (R6,19m) for the six months ended December.

This prompted the directors to increase the interim dividend by 66% to 7,5c (4,5c), restoring dividend cover to two times. Earnings per share for the period increased to 14,8c (7c).

Turnover increased by 11% to R180,78m (R162,46m), while operating margins improved to 13,3% compared with 9% for the corresponding period last year.

However the directors regard the 18,8% annualized return on investment, based on replacement cost depreciation as still being insufficient to "maintain fully the capital of the business and to provide sufficient surplus funds for expansion."

Nevertheless they are confident of a strong second half and the results at the year end in June are expected to be higher than the R18,61m profit posted last year.

Everite Holdings (Evhold) reported net income attributable to ordinary shareholders of R7,23m (R3,47m) and a dividend of 22c (13,5c) on replacement cost EPS of 43,4c (20,8c). — Sapa

From GRETA STEYN

JOHANNESBURG. — The money market shortage — the banking sector's debt to the Reserve Bank — has climbed to a massive R3,5bn as the liquidity squeeze continues.

The shortage of cash in the market arises largely from government's huge deposit with the Reserve Bank. The central bank, mindful of the abnormal situation, has kept a lid on interest rates by supplying extra cash.

Trust Bank economist Nick Barnardt said: "The artificially high exchange surplus of over R5bn is the main factor driving the money market shortage toward an effective month-end level of R4bn."

Economists criticised the lop-sided nature of

## Money market shortage climbs to weighty R3,5bn

government's borrowing and spending. This had caused "cash-flow problems" in the money market, creating a situation where the current liquidity crisis would be followed by a flood of cash when government starts spending.

Nedbank's Edward Osborn said it was unfortunate that government had chosen to borrow from the market at a time when liquidity was tight in December. This had aggravated the squeeze caused by tax

payments and the holiday demand for notes.

"Public debt management has been out of step with money market conditions," Osborn said.

Barnardt added that the huge market shortage built up over December would take a long time to wind down. The market was already jittery about large end-February tax payments — a further drain on liquidity which could put upward pressure on rates.

MC Times 27/1/89 35

# Alarm as wife batterings treble

By MONICA GRAAFF

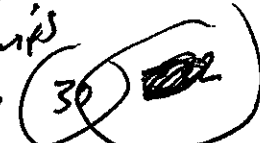
THE number of battered women in Cape Town seeking help from Rape Crisis and social work agencies has trebled since October, triggering a crisis among relief workers.  
This brings the number of calls to Rape Crisis alone to somewhere near 2 700 during the past few months from 900 between April and September last year. The counselling service attributes the increase to the recent publicity the subject has received.  
Rape Crisis, the National Institute for Crime Prevention and Rehabilitation (Nicro) and other agencies have been swamped by the growing number

of calls pouring into their offices daily. Social worker Ms Lauren Nott, in charge of Nicro's work among battered women, says her organisation's bureau in Grassy Park cannot cope any longer.  
"The problem has now become too large for us. We need the help of the community."  
Nicro and Rape Crisis recently launched a campaign to rally the support of the community — including doctors, lawyers, churches, community organisations and politicians.  
Ms Nott also outlined a need for a women's protection unit like the Police Child Protection Unit.

Rape Crisis estimates that one in every six women in South Africa are physically abused by their husbands or lovers.  
Many cases were not reported and outsiders and police were loath to interfere because of the taboo surrounding anything that might go wrong within the family unit which was expected to be safe, Ms Nott said.  
The causes of wife battering were rooted in socialisation — in relationships men were expected to be dominant and aggression was their ultimate means of assuming that position when it was threatened.  
The problem continued to grow be-

cause many women were too scared to lay charges against their husbands or leave them for fear of further battering.  
There was a need to decri many myths about wife battering:  
● It is not only a working-class problem. Wife battering occurs from Bishopscourt to Bishopscourt Lavis.  
● Alcohol and drugs do not necessarily cause battering. Many men who don't drink or take drugs also batter.  
● Batterers are not psychopaths. They generally commit no other crimes and have satisfactory relationships with other people.

# Cashworths changes hands

Cape Town's  
78/1/89 (30) 

By **AUDREY D'ANGELO**  
Financial Editor

**CONTROL** of one of Cape Town's oldest clothing firms, Cashworth's, has been sold to a consortium including Durban businessman Yakoob Paruk for about R2,8m.

An announcement yesterday said control of the manufacturing and retailing group, which in addition to Cashworth's stores owns M & H factory shops and Spracklen's department store, had passed to the MAP Consortium with effect from January 1.

The announcement said the controlling shareholders — joint MDs Norman Schultz, Eli Gottschalk and their family trusts — had agreed to sell 0,5m shares in Cashworths, representing 56,7% of the issued share capital of the company, to the MAP consortium.

In terms of the deal, the total purchase price for the 8,5m shares is R2,8m or an average price of 33,12c a share.

It is believed that the highest price paid to acquire control is 35c a share and it is expected that this price will

form the basis of an offer to the minority shareholders of Cashworths.

The announcement said that as part of the proposals it was intended that Cashworths should sell its 100% stake in R Sassoon and its Actronics division. Sassoon would be sold for R2m in cash and Actronics at its book value on January 1 1989.

The present members of Cashworths board would remain until certain conditions of the transaction had been fulfilled. Paruk and merchant banker Harry Spain would be appointed to the board.

Cashworths, which employs about 1 000 people, was founded by Norman Schultz's father 50 years ago and listed on the JSE in 1987.

A senior executive said last night that Schultz would stay on as joint MD with Paruk. Gottschalk would stay on a monthly contract basis as manager of Botticelli, a Cashworth subsidiary, whose manager had resigned.

The executive said Paruk was the only member of the MAP Consortium whose identity had been announced.



# Old-style service is back in-store <sup>Star 28/11/87</sup> 30

THE old-fashioned store seems to be on its way back.

Hungry Hermit, a chain of corner stores, is to offer the personal touch of yesteryear.

Consumers can buy milk, bread, sweets, cold-drinks and cigarettes plus hot take-aways and home industry fare with the emphasis on convenience, excellent service, cleanliness and good value.

"We have redesigned the hamburger," said Brian Plant, MD of the Hungry Hermit group.

"Our R1,99 pure ground burger comes in the shape of a heart to illustrate our commitment to caring and sharing."

According to Mr Plant, history has shown that the cafe is used, but resistance to perceived deficiencies in cleanliness and quality make consumers search for alternatives.

Price is important as the public looks for up-market, quality outlets that are hygienic.

Fast foods have priced themselves out of the family market, with chains concentrating on the younger segment and obtaining profit through volume rather than customer satisfaction.

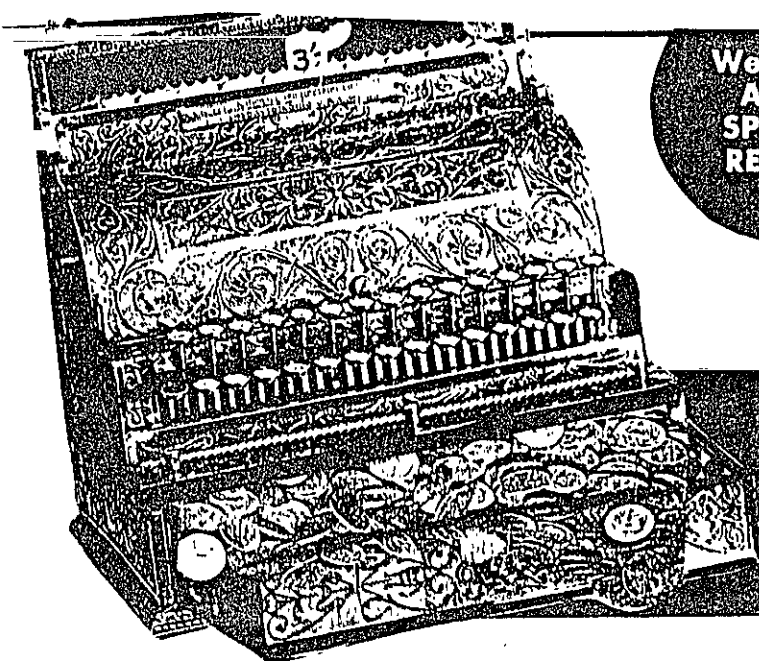
The idea, Mr Plant said, was to provide an upgraded version of the cafe.

Hungry Hermit already operates in Hel-

derkruin and through a school tuckshop. The first neighbourhood food store has opened at a BP service station at Northcliff.

Stand-alone stores, shops in service stations, school tuckshops and factory kiosks are being identified as franchise sites.

Expansion is under way, backed by advanced distribution methods to ensure quality and a fair deal. More than 50 outlets, nationwide are planned for 1989.



Weekend  
Argus  
SPECIAL  
REPORT

w/LARGUS  
28/1/89

34

# VANIS

**T**HE spectre of multi-million rand fraud scandals, corruption and mismanagement in high places threatens to become one of the biggest crises facing the government since President Botha took over the leadership over a decade ago.

Disclosures about foreign exchange contraventions on a huge scale, this week's resignation of Manpower Minister Mr Piet du Plessis and National Party MP for East London Mr Peet de Pontes and the impending resignation of the Nationalist MP for Hillbrow, Mr Leon de Beer, are but the latest of a series of events that have cast a shadow over the Nationalist administration.

Ironically, the crisis has come when time appears to be running out for President Botha to fulfil his promise of "clean administration" which he made when he first took over the reins.

A colossal task awaits either him — if his health allows it — or his successor, to clean up the financial and administrative mess revealed so far in a series of investigations by official commissions and the police.

**S**OME say the wave of corruption and other scandals hitting the country may only be the "tip of the iceberg".

This week's resignation by the two NP politicians and an announcement by Mr de Beer that he is to resign on February 3, have served only to compound the ruling party's problems.

Minister Du Plessis's resignation followed recent allegations — flatly denied by him — that he had misused his position to the benefit of the Du Plessis group of companies belonging to him and his son Johan. An investigation into various facets of the companies is being made by the Advocate-General, Mr Justice P J van der Walt.

In the case of Mr de Pontes, who resigned from Parliament this week and was expelled from the National Party, the Harms Commission recommended that the Cape Attorney-General investigate wide-ranging allegations of corruption with a view to instituting criminal proceedings.

Mr Justice Louis Harms found that a *prima facie* case existed — that Mr De Pontes, Mr Vita Palazzolo, a convicted drug smuggler, and other South African and Ciskeian citizens had probably been involved in corruption, fraud and perjury.

The judge, in his first report to President Botha, described events in the De Pontes-Palazzolo affair as "an unbelievable tale of international intrigue, associations between South Africans and the Ciskei government, alleged abuse of power, alleged abuse of influence and alleged 'common' crimes."

Mr De Beer has appealed after he was sentenced to imprisonment last year for electoral fraud and contraventions of the Electoral Act.

**I**N another development, the shock disclosure was made this week that foreign exchange contraventions totalling R554-million are being investigated by commercial branch detectives. The amount could increase when the findings, in cases now under investigation by a special Reserve Bank team, are handed to the police for action.

Reserve Bank deputy governor Mr Jan Lombard said the bank was investigating foreign exchange fraud cases "totalling hundreds of millions of rands." He would not say exactly how many cases but said they ran into "double-digit figures, but not more than 50."

A special internal investigation team was established in December under Mr Lombard's direction to investigate the incidence of fraud and other problems relating to the use of the financial rand.

The probe comes in the wake of disclosures by the Harms Commission that Pretoria attorney Mr Albert Vermaas allegedly fraudulently moved at least R100-million in foreign exchange last year.

The country was also shocked by disclosures to the Harms Commission about the Transkei corruption scandal involving a R2-million payoff by casino tycoon Mr Sol Kerzner and former Cape Town mayor Mr David Bloomberg to disgraced and ailing former Transkeian Prime Minister Chief George Matanzima.

**M**EANWHILE, Transkei's strongman military ruler, General Bantu Holomisa, has sounded a clear warning to South Africa to amend laws which allow South Africans to encourage corruption in neighbouring states.

In the Vermaas affair, the Harms Commission heard evidence that about R146-million, deposited by a number of organisations in institutions

set up by the Pretoria attorney, The deposits were from about State corporations, trade unions, organisations, including the Public Union (PSA) and the National Union of Mineworkers (NUM).

Other investors included the Vrouefederasie, Sentra-Oes, SOS, Iscor and Noordelike Groep. They had been invited to put Ciskei-based companies Eurobank Verco, closely linked to Mr Vermaas, rates ranging from 20 to 60 per cent.

The investors' dream of a rainbow end of the rainbow has turned under the spotlight of the Harms Commission.

A strange aspect of the Vermaas case, that, according to evidence, the State approved 10 commercial rand transactions for more than R100-million — and never once verified the invoices.

**O**THER recent scandals involving both the public and private sectors.

■ In December Mr Karel Daan, an accountant accused of defrauding the Medical Aid Fund of R4,5-million, was sentenced to 10 years in the Pretoria Central Prison in what appeared to be a suicide. He and his girlfriend were seen drinking champagne on the veranda of the Sabie River Hotel.

■ Last October a senior government official in the Department of National Education and Development was suspected of having siphoned from an emergency fund for victims. Police were investigating the fraud.

■ In September it was reported that a large-scale South African currency fraud involving the channelling of R67-million in illicit funds was uncovered by the Reserve Bank's control division.

The swindle was one of four frauds.

## THE

## SHING

## RAND

la attorney, was missing.  
from about 600 businesses,  
trade unions and welfare or-  
g the Public Servants Associ-  
the National Union of

cluded the Suid-Afrikaanse  
tra-Oes, SOS Children's Vil-  
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ated to put their cash into  
ies Eurobank, Eurotrust and  
to Mr Vermaas, at interest  
20 to 60 percent.

eam of finding a pot at the  
has turned into a nightmare  
of the Harms Commission.

of the Vermaas affair was  
vidence, the SA Reserve Bank  
cial rand transactions by Mr  
e than R100-million in 18  
once verified the authentic-

scandals involving people in  
and private sectors include:  
Mr Karel Daniel Oosthuizen,  
used of defrauding the Iscor  
of R45-million died in Pre-  
in what appeared to be sui-  
-friend were arrested while  
on the verandah of their  
River Hotel.

senior government official of  
National Health and Popula-  
tion was suspended as police  
that almost R200 000 had been  
emergency food fund for flood  
investigating 10 charges of

it was reported that a large-  
currency fraud involving the  
million in illegal funds abroad  
the Reserve Bank's exchange

one of four forex frauds that

were under investigation by the police commer-  
cial branch in Johannesburg at the time. In total,  
over R130-million was involved.

The disclosures followed closely on a similar  
R60-million foreign exchange scam involving for-  
mer Trust Bank junior executive Mr Simon Sam-  
uels, who skipped the country last July. In that  
instance, R11-million left the country illegally.

Mr Samuels was alleged to have imported fi-  
nancial rands and repatriated them as commer-  
cial rands, worth 30 percent more.

■ In 1987 former Sanlam chief Dr Andreas  
Wassenaar rocked the establishment with disclo-  
sures about the multi-billion-rand debacle of the  
buy-back state pension fund scheme.

He warned in his book, *En Route to Fairy-  
land*, that the fund was heading for a financial  
disaster that would cost taxpayers R30-billion  
over the next 20 years because of over-generous  
pension benefits to public servants.

Government spokesmen rejected the criticism,  
but Dr Wassenaar stuck to his guns, rejecting  
government assurances that the scheme was  
sound.

■ Foreign exchange losses totalling R3 200-  
million were suffered by the South African  
Transport Services (SATS) between 1982 and 1987,  
according to the findings of the government-ap-  
pointed Cross Commission. The commission criti-  
cised Sats for inadequate control over its forex  
dealings.

The commission's findings resulted in a de-  
mand from the Progressive Federal Party last  
November for the immediate resignation of the  
three Sats commissioners responsible for moni-  
toring forex transactions.

FP transport spokesman Mr John Malcomess  
described the commission's report as "a well-de-  
served total indictment of Sats's top manage-  
ment and its commissioners".

This is a clear example of what happens when  
politicians are put on the board of an organisa-  
tion so integrated into business as Sats is," he  
said. All three Sats commissioners were political

South Africa has been rocked  
by a wave of scandals  
involving fraud, corruption,  
abuse of power and  
mismanagement in high  
places. In the wake of  
investigations by two  
important commissions — the  
Harms Commission and the  
James Commission — heads  
have rolled, politicians have  
resigned and the government  
is reported to be considering  
new legislation to deal more  
efficiently with corruption and  
irregularities. Political writer  
FRANS ESTERHUYSE looks at  
the problem and its  
implications

appointments, being former National Party MPs.

■ The giant electricity corporation Escom has  
been rocked by multi-million-rand fraud scan-  
dals.

In one case four cheques totalling nearly R22-  
million were stolen from the corporation's head-  
quarters in Johannesburg. When the theft was  
discovered in 1987 police said it was not linked to  
an earlier Escom stocks fraud which could in-  
volve tens of millions of rands.

■ Medical-aid schemes are losing about R20-  
million a year through fraud and abuse of the  
claims system, according to Mr Jeff Slome, man-  
aging director of Medicalaid, a member of the  
Price-Forbes Federale Volkskas Group.

■ A police team has been investigating an or-  
ganisation called the Boere-Mafia following a gi-  
ant fraud operation which may result in losses  
totalling about R40-million.

The "Mafia", alleged to involve well-dressed  
blacks and whites, uses stolen identification to  
open cheque accounts, according to a police  
spokesman.

Worthless cheques are alleged to have been de-  
posited into the accounts and withdrawals were  
made in other centres before the cheques were  
cleared.

■ Meanwhile South African businesses are re-  
ported to be losing nearly R300-million annually  
to computer fraud. The crimes are allegedly  
committed by computer bandits who have estab-  
lished elaborate international links. According to  
one report, computer fraud has already replaced  
fire as the insurance industry's biggest risk.

■ Insurance companies also face a serious  
fraud problem. An insurance law expert, Mr  
Nicholas Mander, says fraud generated by em-  
ployees of insurance companies is now bordering  
on organised crime and he predicts that the posi-  
tion is going to get worse.

# Shareworld is another failed black business

(30) C Press

29/1/89

## Money Talk

with REVELATION  
NTOULA



THE recent announcement that Shareworld near Soweto was technically bankrupt added to the long list of lamentable black business failures - not only in South Africa but on the entire continent.

Standard Bank last week ended Shareworld's overdraft of R43-million, offered to the company on its inception two years ago.

Theoretically, it means the overdraft is no longer available to Shareworld, the company has no money to repay the bank and is therefore bankrupt.

Standard Bank pins its hopes of recovering the money on the belief that some "angel" will perhaps be willing to take a bigger risk, step in and salvage the multi-million project.

A representative of the bank said there was no intention of putting Shareworld into liquidation.

Announcing the bank's withdrawal, he said although Shareworld was planned as a R17-million project, development costs had risen to R43-million and the costs had exceeded the value of the undertaking.

The bank contended the project had reached a level "far beyond that judged prudent against commercial criteria".

Interest on the loan alone will be about R500 000 a month, meaning that it will take Shareworld more than five years to pay.

The bankers said the decision to withdraw "in no way reflects upon appreciation of the real and urgent needs of the communities concerned for the leisure facilities that Shareworld offers".

A plus factor in the hope that Shareworld has the potential to become profitable includes completion this year of the nearby soccer stadium and railway line from Johannesburg to Shareworld.

The reason for Shareworld's failure is not clear. The chairman, Ruel Khoza, said, there were prospects for the long-term success of the venture.

Estimation was that the project would be a big attraction, particularly for Sowe-

tans. The question, however, is whether the assessment was wrong to start with, or whether the failure can be attributed to mismanagement or bad marketing.

Whatever the contributory factors to the unsatisfactory performance, reality is that the image of the venture does not augur well in business terms.

Shareworld is one of the few multi-million projects whose directorate is predominantly black and many blacks own shares in the company.

Whether for good or bad, Shareworld has put yet another dent on black joint ventures. The turbulent life of Black Chain in Soweto is often used as a typical example of black business.

Lack of adequate big-business managerial skills is certainly a big setback among blacks. It is perhaps for this reason that organisations such as the National Federated Chambers of Commerce and Industry have been pressing for an unprecedented effort to give blacks training in managing big business.

Industry 'will battle to keep up with demand'

B1 Day 30/1/89 (32)

# Civil engineering plea for increased funding

IN SPITE of a pronounced resurgence in the civil engineering industry last year, there was an urgent need for increased government and private-sector funding, said Federation of Civil Engineering Contractors (Safcec) president and LTA Construction chairman Brian Hackney.

The industry would struggle to keep up with basic urban demand due to the population increase of the urbanised black, he said.

There was a definite need for an increase in regional services council (RSC) levies, which would add significantly to the diminishing traditional public-sector route of funding, Hackney said.

Safcec executive director Kees La-

BRENT MELVILLE

gaay said neither the Mossel Bay on-shore refinery (which did not have a large civil engineering component) nor the Lesotho Highlands Water Project (where the construction of the major dam and tunnels was not planned to start before 1990) would contribute significantly to construction activity this year.

Lagaay expressed concern at the shift towards more capital-intensive construction. Labour content, expressed in relation to the value of output, had dropped from 22% in 1984 to 16% last year.

He further noted the total labour force, which stood at 85 000 in 1987 and reached 90 000 last year, was still a "far cry from the 125 000 employed

during the heyday of civil engineering in 1981".

In spite of a mini-boom last year, with most contractors having reasonable order books and margins at acceptable levels, the industry found it difficult to relax when faced with the disruptive tendency of government, said Hackney.

The new contracts total last year of R2,83bn represented a 45% increase over the previous year's R1,9bn, but the total contribution to the country's GDP was still a mere 1,75% compared with the 1981-82 era's 3%.

Construction saw a third-quarter 35% boom last year compared with the same period the previous year. "This is due to the construction industry's 18-month lag, roughly the average contract period" and not any dramatic economic upsurge, said Lagaay.

# Consortium to take over Cashworths in R2,8m deal

CAPE-based fashion manufacturer and retailer Cashworths has been taken over by new group, the MAP consortium, in a R2,8m deal.

At the same time, Cashworths has announced a loss of 3,5c a share for the six months to October 1988.

The purchase price for the 8,5-million shares — representing 56,7% of the issued share capital — is equivalent to an average price of 33,12c a share.

But it is believed the 35c a share, the highest price paid to acquire control, will form the basis of an offer to Cashworths minority shareholders.

Directors say this offer represents a significant discount on Cashworth's tangible net asset value. The group is to be restructured as part of the deal.

ZILLA EFRAT

Cashworths will sell its entire investment in R Sassoon for R2m in cash and the Actronics division at its book value to one of the present controlling shareholders, Eli Gottschalk.

It was reported over the weekend that merchant banker Harry Spain and Yakoob Paruk formed the MAP consortium to take over Cashworths.

In a statement, Paruk said Cashworths would be used as the base for expansion into the clothing industry by the consortium, an experienced group with some of its members engaged in textile operations of their own.

The company would dispose of unprofitable operations and expand those

existing operations which showed significant potential. New acquisitions would also be made, said Paruk.

The deal is dependent on a number of conditions including an audit confirming the warranties of Cashworths net asset value, the validity of certain material lease agreements and Gottschalk fulfilling certain conditions.

Cashworths, which was listed on the DCM in September 1987, failed to achieve its prospectus forecasts for the year to April 1988 because of an extraordinary loss on the sale of an associate company. But earnings for the year still increased 57% to R1,2m (R732 000).

Directors expect the change of control and restructuring proposals to result in improved financial performance.

# Joffe moves

## boost price of Bidcorp

By Ann Crotty

30

Rumours of an impending move by the resourceful Brian Joffe pushed Bidcorp to a high of 800c last week — the first week in which it appeared in the retail sector of the JSE.

According to market speculation, Mr Joffe's Bidcorp is looking to take control of the Curries cash shell, which will have an estimated R40 million in cash, and use it as a vehicle to implement his acquisition strategy.

The deal between Curries and Barlows, which involves Barlows' motor division acquiring Curries' motor operation, is expected to be signed today.

Following on this deal Curries' assets will include about R9 million in cash; a property portfolio valued at around R20 million and the cash proceeds from the sale of the motor operation, expected to be about R10 million.

The property portfolio will be sold to controlling shareholder, Curfin, which holds 56 percent of Curries.

Curries will then be a cash shell with around R40 million which is equivalent to just over R17 a share, and higher if a premium for a cash shell is included.

The immediate issue is how far above the R17 level the share will move on the back of its association with Mr Joffe. It is significant that since Mr Joffe took over Iclef last October, that share price has moved from 300c to last week's high of 800c (under its new name Bidcorp).

This makes it highly unlikely that any of the minority shareholders will accept a R17 cash offer from the new controllers. It also provides scope for Bidcorp to sell some of its controlling stake to help finance the deal.

The next issue is what Mr Joffe plans to do with the cash.



# Pietie fights back

CHC Times 30/1/89 (34) 2089

lam Properties, to ask for an option to buy the building for R2m, on the letterhead of the Pretoria company Johannesburg Mercantile and Investment Company.

He made it clear he was the buyer and not a go-between.

The directors were listed as Messrs. Jose Manuel Rodrigues Berardo, Donald Macrae Grant-Hodge, Antonio Gomes Netto, Michael van der Watt, Hendrik Stoffel Buitendag and Leon Diamond Aspeling. Mr Aspeling's office address was given as the same as that of Mr Johan du Plessis: Atlanta Buildings, Park Street, Pretoria.

Mr Joe Berardo, who is also chairman of Johannesburg Mining and Finance, was described by Rapport as a personal friend of the Du Plessis's. He could not be contacted yesterday for comment.

EDYTH BULBRING reports that Mr Johan du Plessis, asked whether he was the sole buyer of the Pretoria office block rented by his father's department or whether he was paid as a go-between, said: "What you are implying is not true."

Asked how he could be the sole buyer when the buyer was registered as the Johannesburg Mercantile and Investment Company, he said: "That's an easy question to answer", but would not elaborate.

He declined to answer further questions on the basis that the matter was "sub judice".

"I want to stick to the rules of this country," he said.

Rapport's article also centered on the activities of Group Four, a contractual entity set up by Mr Du Plessis and his son and Reserve Bank vice-president Mr Jan Lombard and his son, Jan, for the purchase of portions of industrial land at Zandfontein, south-west of Pretoria.

Reacting to allegations regarding Group Four activities in the Rapport article, Mr Jan Lombard jnr said yesterday that its controversial business moves took place after he left the organisation in July 1986, having had problems with the Du Plessis's "business style".

He said, however, that he still had a vast interest in Natprop as a shareholder and surety, but now as a minority.

## Own Correspondent

JOHANNESBURG. — Mr Pietie du Plessis, who resigned last week as Manpower Minister, has angrily condemned a "so-called exposé" of the Du Plessis family dealings in yesterday's Rapport, and said he was referring the matter to his lawyers.

The Rapport article said, in part, that Mr Du Plessis's son Mr Johan du Plessis had bought a Pretoria office block while he was certain that it was to be rented to his father's department; that there were numerous questions relating to complex business transactions carried out by Group Four, a company in which Mr Du Plessis and his son were involved, and National Properties (Natprop) in which Group Four had had a controlling interest, and that the Receiver of Revenue issued a letter confirming a tax position relating to one of these deals "at the minister's request".

In a statement to Sapa, Mr Du Plessis said he had noted with indignation the "so-called exposé" in Rapport concerning him and his son.

He said aspects of the several articles published were based on distortions, gossip and untruths. Rapport had "once again" failed to communicate with either him or his son to get explanation or comment. This was not only unreasonable but unethical journalism, he said.

Mr Johan du Plessis said he endorsed his father's statement. He was expected to meet his lawyers yesterday.

Rapport said Mr Johan du Plessis bought the Pretoria office block — which is the subject of an investigation by the Advocate-General — while he was certain it would be rented by his father's department.

It said it was bought for R2m, but the value was pushed up to R6m as a result of renovation and its rental to the department.

Documents in Rapport's possession showed that the rent was set at R78 880 a month, which would bring in R946 560 a year until 1997.

Another document showed that he wrote to San-

## un in ace

ce union was not affiliated International Amateur Ath-Federation, which suspend's membership. Spaniard Catalan, one of a that includes Frenchmen Marc Bellocq, second in the championships, and Bruno who was third, said through arpreter that there could be surprises during the race. ave not raced for the past onths," he said, adding that d not expect any political ms on his return home. said Bruce Fordyce had the tage in running in his own ry. Fordyce was quoted in a y newspaper as saying he ooking forward to the race ad been training for it since iber. He said that whoever ould know he was "the best distance racer in the world". other overseas runners are hman Jean-Paul Praet, who the unofficial 100km world l of 6:03/51. Italian cham-Boris Bakmaz who was 10th 1988 world championships Antonio Mestre Meseguer, d second in Spain behind n. — Staff Reporter and Correspondent

TO page 3

## Girl' tops Globes

ing Girl" and tying for best dramatic s in "Gorillas in the Mist: The Ad-re of Dian Fossey". fman, who played a gifted autistic in "Man", gave an emotional acceptance h, and paid special thanks to the director, Barry Levinson. u are everything an actor could ever for," Hoffman said. the best director category, veteran Clint Eastwood won for "Bird," a film the troubled life of jazz saxophonist Charlie "Yardbird" Parker. anie Griffith, who plays a savvy tary yearning for a better job in king Girl", won as best actress in a cal or comedy film and co-star Weaver

won for her supporting role as a shrewish Wall Street executive.

For Griffith, the daughter of actress Tippi Hedren, her award marked a milestone in what she has described as an arduous career.

"I've been an actress for 16 years, and it's the first time I've ever won anything," Griffith said. "This is probably the happiest I've been in my whole life," she said of her award and imminent remarriage to former husband Don Johnson.

The awards, seen as a precursor to the Oscars in March, make "Rain Man" and "Working Girl" firm favourites. — Sapa-AP ● Full list of Globe winners, page 2

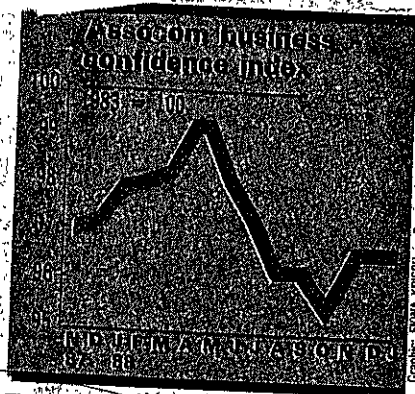
"One of the world's superbly mature"

1845

VICET

The Superbly mat





## Business feels good about '89

DAY SURVEY. (30)

THE optimistic business mood has continued into the new year and many companies in industry and commerce remain cautiously positive about prospects for the year, Assocom notes.

Business confidence as measured by Assocom's composite index rose to 96,7% in December and January from 96,6% in November 1988.

Positive influences were the better overall prices on the JSE, in the face of a low gold price, the rise in retail sales, the strengthening of the rand against the dollar and a decline in unemployment.

Assocom reports business sentiment is still currently favourable but warns this must be viewed against the background of the various measures taken in the second half of last year to cool the economy, the full impact of which is expected to become apparent later.

However, agricultural prospects are good and give support to a growth rate of about 2% in GDP.

# Business mood is still positive

30

Star 31/1/89



By Magnus Heystek,  
Finance Editor

The business mood continues to be positive and although many companies in industry and commerce expect a slowdown in economic activity, they still remain cautiously optimistic about economic prospects over the next twelve months.

Assocom's Business Confidence Index (BCI) in December/January moved up slightly to 96,7, but is still down from its peak of 100,0 reached in October last year.

Positive factors influencing the BCI included the overall improvement on the Johannesburg Stock Exchange; an increase in retail sales in December; a slight improvement in the rand/dollar exchange rate and a continuing increase in manufacturing production.

Economic developments to negatively influence the BCI includes the downward trend in the gold price, a decline in new car sales and a slight increase in the inflation rate.

Assocom, however,

warns about a delayed reaction to the various measures taken by the authorities in the second half of last year to cool down the economy.

The full impact of these measures, says Assocom, will only become apparent in the months ahead.

"Leaving aside the possible impact of external or internal political factors on the business mood, the three major sources of uncertainty for the business sector are the rising trend in government spending and its possible implications for taxation and interest rates, the weak performance of the gold price and the rising trend in the inflation rate.

"On present evidence, however, most of industry and commerce are clearly not expecting a severe recession this year, as compared with traumatic experiences in 1984-1986.

"If the economy slows down to a more sustainable rate of growth in 1989, there should be no need to take any further restrictive economic measures", Assocom concludes.

B/Dam 31/1/89

# Fast-foods turnover is accelerating

THE fast-food sector was expected to grow by 12% this year to provide an estimated 830-million meals.

A Business and Marketing Intelligence survey added that these outlets last year served about 740-million snacks and meals.

This was a 14% increase on the 650-million sold in 1987.

Interfare executive director Eric Parker said research figures were never 100% accurate because it was impossible to cover all fast-food outlets in the country.

He added that some owners were reluctant to give information.

30  
**MARC HASENFUSS**

Parker said the market base was broadening as the number of workers grew and turned to fast foods. The black market was also acquiring a higher disposable income.

Devco Franchise Specialists marketing director Howard Allenberg said last year was particularly good for Kentucky Fried Chicken with a turnover of more than R200m.

He added this year the fast-food market would need continuous innovation because consumers wanted even more convenience.

This included the ability to put food on the counter only 80 seconds after taking the order.

Spur Franchise Transvaal regional director Chris Dunn said his organisation had a boom last year with turnover up 48% to R90m.

He predicted growth of only 5% to 6% in fast foods this year because increased surcharges on imported equipment and price hikes by local manufacturers would put a damper on the sector.

Chicken Licken marketing director George Michael also expected only a slight increase.

Star 31/1/89

# Old girl network' set up

By Sue Olswang

30

A core group of women business owners has formed the first network of female entrepreneurs in South Africa according to Founder member and convenor Professor Ronel Erwee.

The National Association of Women Business Owners, whose founder-members include film director Katinka Heyns and Women's Bureau director Mrs Margaret Lessing, will announce its project for the 1989 Small Business Week tomorrow.

Businesses involved include computer distribution, transport consultancy, cosmetic manufacturing, film production, retailing, market research, metal sales, aluminium frame production and food production.

Professor Erwee of the Graduate School of Management at the University of Pretoria, a founder-member and convenor, said the association aimed at encouraging business ownership among women and promoting economic opportunities for female entrepreneurs.

The association also aims at:

- Strengthening the network of professional contacts that business women can draw upon to improve their enterprises and personal growth.

- Providing an environment in which women business owners can move ahead as leaders in their fields.

- Offering a wide range of educational

and training programmes that women business owners can use to compete more successfully in the economy.

- Expanding the strong collective voice of women entrepreneurs and helping to shape economic policy.

"The founder-members are all creative individualists who have shaped their own futures.

"They were not content with merely being achievers in someone else's corporate structure, so each identified a specific opportunity and established their business despite considerable barriers," said Professor Erwee.

They were aware of their social responsibility and tended to focus on job creation and the development of their community. Many were spokesmen on small business issues and were viewed as role models, said the professor.

There was a worldwide trend to create exclusive or elite entrepreneurial networks.

She said an international group, Les Femmes Chefs d'Entreprises Mondiale, had been in existence for many years and the USA National Association of Women Business Owners was founded in 1974.

This last group was exclusive, with a membership of only 3 000 (the US population is in excess of 200 million).

The British Association of Women Entrepreneurs was started in 1986.

## Fruit factory rehires fired nectarine eater

AN employee sacked for pinching a nectarine from the Stellenbosch fruit factory where he has worked for 10 years, was reinstated yesterday.

Now the Stellenbosse Koöperatiewe Vrughtepakery (SKV) is considering the introduction of a fruit ration for its workers.

Mr Wilson Nyibithi, a tractor driver at SKV, was reinstated yesterday following an appeal by the Food and Allied Workers' Union, a union spokesman said.

Asked to comment yesterday, SKV spokesman Mr Charl van der Merwe said the company had not reached a final decision about fruit rations.

## Corruption report in

By CHRIS CAINCROSS

THE Harms Commission's second report about corruption — which may trigger prosecutions of Mr Sol Kerzner and Cape Town attorney Mr David Bloomberg — has been completed and submitted to the State President.

The 38-page report focuses on the circumstances surrounding the R2-million bribe paid to former Transkeian prime minister Chief George Matanzima by Sun International (SI) supremo Mr Kerzner in exchange for

exclusive gambling rights in the territory.

Transkei attorney general Mr Christo Nel has indicated that he is now only waiting for a copy of the report to decide whether to bring charges against Mr Kerzner and Mr Bloomberg, who has also admitted complicity in the bribe.

If charges are preferred against the two, it could also set in train extradition proceedings should they refuse to return voluntarily to Transkei to contest the action against them.

## Duo survive battle with cyclone

TWO battered French yachtsmen rescued near Durban yesterday told of their battle for survival against 15m-high swells and

of Concarneau, France, described four harrowing days as his yacht, an 11m French-designed Melody, rolled three times, lost

“When Nath rolled for the first time all our equipment was wrecked and we had to spend the next 14 days navigating by the

Offe Times 31/1/89 35'

# Removals 'cause of high crime rate'

Crime Reporter

THE uprooting of families and the resulting destruction of community life are the main reasons for the high crime rate in the Cape Flats, says Mrs Isabel Hancock, incoming director of Nicro's Cape Town branch.

Speaking from her future office at the local National Institute for Crime Prevention and Rehabilitation of Offenders (Nicro), she said the uprooting of people led to "the destruction of the fabric of family and community life, resulting in anger and its outlet in crime".

"This is especially aggravated if there are no outlets for employment," she said.

Mrs Hancock, who replaces Miss Linda Christiansen tomorrow, is a firm supporter of community involvement.

Miss Christiansen said her proudest achievements were the establishment of the Nicro Community Centre in Mitchells Plain and the passing by Parliament of community service orders, an alternative form of punishment to imprisonment.



**HANDING OVER ...** The director of Nicro, Miss Linda Christiansen (right), hands over some of Nicro's files to her successor, Mrs Isabel Hancock.

Picture: ANNE LAING

6/Don 11/24/84

# Metamorphosis at Foschini 30

CAPE-based retailing giant Foschini goes through a management metamorphosis in March when CE Hugh Mathew retires. He is to be succeeded by joint MDs Clive Hirschsohn and Brian Belcher.

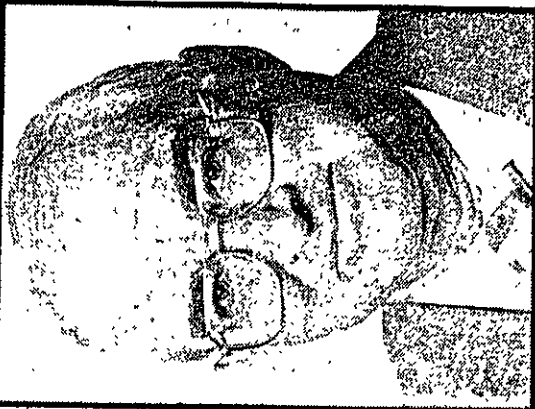
Their presence in the executive suite is unlikely to lead to any significant alteration in management approach or material change in character to this blue chip group's operations: both espouse the ethic, philosophy and low-key approach that has been entrenched in the Foschini environment for many years. But they will be sharing the considerable load Mathew had to shoulder singly until the group recently constituted an executive management committee.

Hirschsohn, 56, takes specific responsibility for Foschini Services, Foschini Data, Foschini Finance, American Swiss Jewellers and Markhams. Belcher, 54, heads up Foschini Stores, Burnita and Pages Stores.

The nature of this responsibility split fits well with the particular strengths and disciplines each executive prefers.

Hirschsohn, who has seen service in all facets of retailing after starting in the one-store family business American Swiss Jewellers in 1952, sees himself as an all-rounder.

But, with a B Com from Wits, an LL.B from Unisa and an absorbing interest in business science and organisational structures, Hirschsohn lists his strengths as being in admini-



□ CLIVE HIRSCHSOHN

stration and finance, disciplines which suit the divisions he controls.

Belcher also has a wealth of experience in retailing going back to the early 1950s, garnered first with Marks and Spencers in London and several other fashion-linked retailers in various world centres since then.

His interests, strengths and experience lie in merchandising, buy-

## MEN IN THE NEWS

ing and distribution. Finance has never been one of his fortés, Belcher freely admits.

These abilities also fit in well with the sort of Foschini portfolio Belcher has charge of.

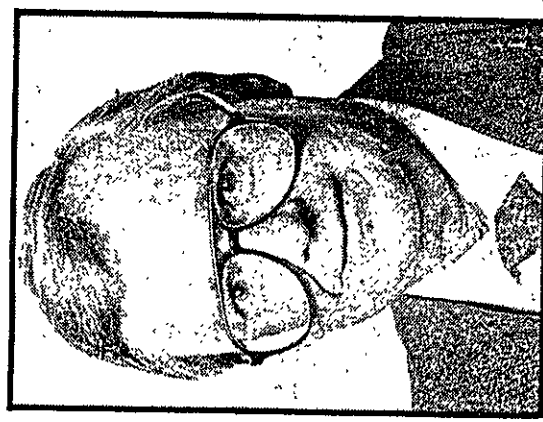
The divisional rearrangement is that in name only. At Foschini's "a lot of consultation goes on, particularly at the top", explains Hirschsohn, who describes the management environment as informal.

Of the two, Hirschsohn's connections with Foschini is the longest and most extensive, going back to 1967 when American Swiss was taken over by the group.

Appointed GM of the jewellery business he orchestrated its rapid expansion into a nationwide chain of 100 stores and its spread into a boutique-styled operation.

Hirschsohn was appointed a Foschini director in 1975, and a deputy MD in 1987.

As an "evolutionary" rather than a "revolutionary", Hirschsohn does not foresee any radical changes occurring under the new joint stewardship. He predicts, however, there will



□ BRIAN BELCHER

be some developments in the area of credit management and accounts receivable, which have been under investigation for some time.

Customer needs and more efficient servicing of them at store front level are also to come under greater scrutiny.

He confesses to wanting to engender a better quality of reporting to shareholders, describing Foschini's traditional approach to date as being

somewhat sterile.

Belcher came into Foschini's in 1982 from Greatermans where he had been involved in a variety of assignments with Hugh Mathew.

He was appointed merchandising director in 1983 and Foschini Stores MD in 1985.

Belcher says part of the reason for Foschini's continued strengths has been the considerable investment and effort that has gone into information technology and improving communications.

"This is where the major thrust has been in retailing development worldwide."

He confirms Hirschsohn's separate observation that, traditionally, Foschini's has not been territorial by nature, and has no designs in the future of being acquisitive in order to expand its operations.

Belcher optimistically describes the SA environment as one of tremendous potential and challenge, where the focus for retailing must be on the changing demographics, with the growth market being the less privileged society.

SA clothing retailing will in future have to be more innovative, less dependent on ideas from other countries and more cognisant to determining the needs of the customer.

"We at Foschini have a sound base and we will continue to develop along the lines that have already been well established," says Belcher.

CHRIS CAIRNCROSS

# Carletonville braced for trade 'shut-out'

8/27/289  
30

**By Jovial Rantao**  
A trade union-backed consumer protest, embarked upon by miners and black residents of Khutsong, near Carletonville, starts today against a decision by the CP-controlled town council to re-introduce rigid apartheid.

Management committee chairman Mr Koos

Nel has said the CP would not bow to pressure from the residents of Khutsong.

While admitting that black shopping power, estimated at 70 percent, was a big factor, Mr Nel said the situation in Carletonville was not the same as in Boksburg, where alternative shopping venues were easily accessible.

He said it would be ironic if Khutsong residents decided to divert their buying power to neighbouring towns because their town councils were also controlled by the CP.

The consumer boycott has already proved devastating for Boksburg on the East Rand. Traders in the town reported heavy losses last week, some up to 90 percent.



BLACK BUSINESS LEADERS

# A new frame of mind

■ Many new initiatives to promote and foster black capitalism are under way

Black business is on the threshold of a new era — although it seems its strategy is based on traditional methods of advancement. For a start, the leaders who are making their appearance are examining the history of the Broederbond and the Afrikaner Helpmekeer movement. Even the route towards economic empowerment taken by the ordinary, overgoverned people of Peru is being used as a guide.

Economic empowerment — the phrase is all the rage — is being widely accepted as an appropriate goal towards the alleviation of poverty; and even left-wing, radical groups are accepting it as providing a real means towards their political ends.

Even the ANC appears to be getting this message — its latest constitutional guidelines reflect the view of the organisation's general secretary in the Fifties, Mweli Skota — that the "backbone of any nation is business." The wider ANC, of course, would read that in the light of a revolutionary overthrow of the State.

A slightly different kind of revolution is in the making: one which depends on order, not on chaos. Its aim would be to build strong black institutions — ranging from the black taxis, to the spazas, to informal credit arrangements out of which could emerge black-owned financial institutions — which would underpin a "democratic" SA. Or so the proponents of this kind of empowerment hope; in reality there are many problems, some of perception.

There is great resistance among many

blacks to the process; some label the free enterprise system, as practised in SA anyway, as "fraud capitalism." Because SA's current economic system has developed in tandem with apartheid — indeed with a certain amount of historical connivance — many believe they are just two faces of the same exploitative coin.



Temane

Against this, various schemes and projects currently being drawn up or finalised by black business and community leaders are designed to challenge the notion that black businessmen are an anomaly — to be dealt with when socialism rules — and indeed that their horizons are limited to being shopkeepers or taxi operators.

White business — prompted by healthy self-interest — also has in mind some ways to speed up the process. Shell SA's outgoing chairman John Wilson suggests a consultative body be

formed — 10 to 12 people at most — with representatives from the established business community, banking, industry, business schools, trade unions, black business and community leaders.

He explains: "It would be the mandate of this body, in consultation with the black community, to prepare a master-plan for the growth and effective organisation of black business and, ultimately, its integration into SA's mainstream business."

The following could be investigated:

□ The establishment of a resource base for the development of appropriate business expertise through the use of business schools, technikons, universities, business and profes-

sional bodies, and established business;

□ The creation of a significant venture capital industry, with appropriate tax incentives;

□ A thoroughgoing examination of inhibiting legislation and the workings of bureaucracy;

□ The identification of target business areas where entry barriers are comparatively low;

□ The establishment of appropriate business procedures and systems for SA;

□ The development of model business structures such as the community-based co-operative concept which can be utilised in establishing new business ventures; and

□ The promotion of non-racial industry-based employer and employee bodies aimed at giving increased economic clout to emergent black business.

Black business leaders welcome Wilson's suggestions. "The forming and functioning of this group can be achieved if white business leaders direct their social responsibility funds to it," says MacDonald Temane, CE of Soweto Investment Trust and director of Pepsi Cola SA.

Business Challenge chairman Phil Khumalo (*People* October 7 1988) says big business should be concentrating on funding emerging black business, which would then be in a position to contribute "social responsibility" funds to the communities in which it operates.

Meanwhile, and probably more importantly, some initiatives have been taken by blacks themselves to accelerate the process.

The Black Management Forum (BMF) has set itself the gigantic task of finding a new economic framework responsive to the needs of black people — a framework that is fair, just and equitable, and will redress the



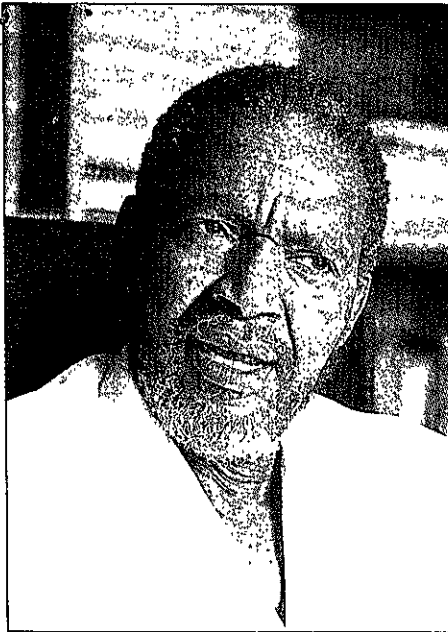
BMF's Mkhwanazi ... sounding out a spectrum



Business Challenge's Khumalo ... foster the new



Fabcos's Ngcoya ... teamwork is essential



**Soweto's Motlana ... trying to spread the skills**

gap between the haves and have-nots.

The BMF's initiative will be based on what speakers who addressed the "New Economic Framework" seminar held last year had to say; the speakers themselves could provide the manpower. According to BMF president Don Mkhwanazi, speakers came from the public sector, private sector and the broader black community. There were those in favour of the free enterprise system as practised in SA; those totally against the system; and others in favour — but not as it is practised in SA.

Plans for an action committee representative of these views are being finalised, and the BMF's economic blueprint will be drawn up by this committee. The BMF has also commissioned Co-ordinated Marketing and Management Consultants to look into the issues of sanctions, employee share schemes, management buyouts, deregulation and privatisation; but its research has not yet properly begun because of a lack of funds.

In October last year, with the blessing of the National African Federated Chambers of Commerce (Nafcoc), the Foundation of African Business and Consumer Services (Fabcos) was formed. Its objective is to harness the power of the black entrepreneur and consumer.

Fabcos represents over 100 000 people in black business, consumer and co-operative groups. The interim executive committee consists of representatives of such diverse groups as the Black Consumer Union, Sabta (over 50 000 taxi owners), Asasa (stokvels and savings clubs), and the Transvaal African Builders Association — and at least twice as many other affiliated bodies.

Apart from its massive economic muscle, Fabcos has two special qualities. The leaders of each affiliated group are com-

mitted to maintaining their positions through democratic elections. While pooling their resources by sharing premises, business structures, computers, telexes and marketing staff, they will not allow any member body to lose its identity or autonomy.

Fabcos interim committee president James Ngcoya says the strategies of black economic empowerment will be achieved through teamwork by all black organisations that will "pass the ball from one player to the other until we reach the goalposts. No organisation must go it alone."

Another black organisation formed in 1984, the Get Ahead Foundation — which includes among its directors Archbishop Desmond Tutu and leader of the UDF-affiliated Soweto Civic Association, Nthato Motlana — is investigating ways to assist blacks to participate in other sectors of the economy, in large-scale manufacturing, mining, agriculture and so on.

The African Bank, too, has outlined ambitious plans for growth. Gaby Magomola, CE of SA's only black-owned and black-managed bank, says it will focus its energies on building up an institution with a potential asset base of R1 bn by the turn of the century.

"We have the potential to achieve this within five years but must tread with restraint, the emphasis being on managed growth," he says. "The first step is a drive to attract more shareholders from the black community. This is where our strength lies, for we are a people's bank and our primary role is to assist in wealth creation."

Magomola points out that 70% of the bank's shareholding is made up of people owning up to 500 shares, with no single shareholder holding more than 10% of the equity. "The bank's image had suffered because of last year's forex case and we lost some corporate business as a result," he admits. "However, since restructuring and strengthening our organisation, we have experienced a major increase in business from the corporate community. I expect this to increase dramatically now that we have been fully exonerated."

The bank is also gaining recognition on the

international front. During Magomola's last trip to the US, the African Bank was invited to join the National Bankers' Association, so becoming the only bank outside the US to be invited to join. Magomola has strong connections with various US interests sympathetic to the position of black entrepreneurs in SA.

Magomola says the bank will be re-launched early this year and "will formally announce its major plans in terms of new product development and services to address community needs. On the technical side we are revamping and enhancing our data pro-



**African Bank's Magomola ... a new beginning**

cessing systems so that our clients will have access to an on-line facility. This, along with a streamlined management structure and improved controls, will enable us to provide our clients in the future with a chequeing facility, and later a credit card facility."

Joe Manchu, MD of the black-owned consulting company Manchu Associates, says that for black business to take off, competence has to play a major role: "Big business's contribution to this process should be more than lip-service, tokenism, and a public relations exercise."

Nafcoc's retiring president Sam Motsuenyane says the survival of the free enterprise system in SA will only be ensured by the extent to which blacks perceive themselves as benefactors in that system. He says blacks have made noteworthy progress during the past two decades, despite the authorities' perception, 30 years ago, that black economic participation was not only a threat but also not in the national interest.

He says: "The great dilemma which will face SA in the post-apartheid era is how to rapidly integrate blacks into the First World sector of our economy."

In all this, it is of major significance that blacks are taking their economic destiny into their own hands — as the Afrikaners once did. The era of paternalism and constraint is rapidly coming to an end. ■



**Manchu**



**Motsuenyane**

# Pietersburg firms to fight petty apartheid

Star 2/2/89

By Dirk Nel,

Northern Transvaal Bureau

PIETERSBURG — The Chamber of Commerce and Industries here, supported by 360 local businesses, has taken a strong stand against the possible reintroduction of petty apartheid by the Conservative Party-controlled town council.

A statement issued by the Chamber yesterday said it would oppose "most strongly" any attempts by the town council to reintroduce apartheid measures "that will reduce the human dignity of any of our customers and our staff".

"We have spent much time and money building up our businesses through good customer relations and service. We will not accept that this could be damaged and possibly destroyed."

The Chamber said it was making the public statement to let its customers, suppliers, employees and town councillors know its strong feelings on the issue.

The 360 businesses endorsing the campaign have listed their names in an advertisement taking up four pages in a local newspaper.

"It is clear that the businesses of

Pietersburg do not wish to react when it is too late, but rather to set the record straight up front," says the statement.

All the major chain stores, wholesalers and retailers in the town have given their support to the Chamber initiative.

A spokesman for the Chamber said talks had already been held with the town council on matters related to business issues, and these would continue. He said the talks had been constructively approached by both parties.

The town had certain open business areas, and there was little visible evidence of institutionalised apartheid such as whites-only signs, and the business community did not want to see this situation deteriorate, according to the Chamber.

"Thus far, we have been encouraged by the town council's pragmatic approach to our talks," the statement said.

The Chamber's move comes shortly after the declared intention of four opposition town councillors to introduce a motion of no confidence in the management committee.

This debate is expected to take place within the next 10 days.

30 final 28/7/89

# SHOPRITE 30

## Looking northwards

**Activities:** Supermarket chain. Markets food and nonfood products to the broad lower to middle income group.

**Control:** 79,1% held by Pepkor.

**Chairman:** C H Wiese; managing director: W Basson.

**Capital structure:** 29,6m ords of 4c each. Market capitalisation: R62,06m.

**Share market:** Price: 210c. Yields: 4,8% on dividend; 11% on earnings; PE ratio, 9,1; cover, 2,32. 12-month high, 290c; low, 200c. Trading volume last quarter, 95 400 shares.

**Financial:** Year to February 28.

	'88	'89
<b>Debt:</b>		
Short-term (Rm) .....	0,322	0,292
Long-term (Rm) .....	—	—
Debt:equity ratio .....	nil	nil
Shareholders' interest .....	0,22	0,20
Int & leasing cover .....	8,7	6,2
Debt cover .....	19	27

	'88	'89
<b>Performance:</b>		
Return on capital (%) .....	12,8	12,2
Turnover (Rm) .....	246	351
Pre-int profit (Rm) .....	7,6	10,2
Pre-int margin (%) .....	3,1	2,9
Taxed profit (Rm) .....	5,1	6,8
Earnings (c) .....	17,3	23,2
Dividends (c) .....	8	10
Net worth (c) .....	44,3	57,5

**In the highly competitive supermarket business,** if you don't hold your margins it could spell trouble. And last year, Shoprite's pre-interest margin fell, though only slightly, from 3,1% to 2,9%. Turnover, on the other hand, was up by a healthy 42% and pre-interest profit rose by 34%, with taxed profits and EPS showing 33,3% growth.

Two other indicators lead to different perspectives. Turnover per staff member over the last five years shows only small growth, less than the inflation rate during the period. Because one would have expected to see economies of scale appearing in this area, the trend either suggests that staff efficiency has not improved or it indicates a better level of customer service.

Another indicator, average turnover per store shows growth well ahead of the inflation rate over the five-year period, implying more efficient utilisation of available floor space. Seen together, these two indicators go some way to explain Shoprite's success.

### Lower stock turn

However, a negative in the picture is the relatively low stock turn which has dropped from 5,9 to 5,6. Comparison against Pick 'n Pay, which turns its stock over almost 12 times a year, suggests this ratio could be higher.

From a financial viewpoint, the organisation is soundly based. It has no long-term debt and the only interest-bearing debt on the balance sheet is the bank overdraft, which is covered 16 times by bank balances and cash. The net current asset ratio is positive, and the interest and leasing cover is high enough at 6,2, though it has fallen from last year's 8,7.

Return on shareholders funds is high at 40%, but return on capital employed is relatively low — and falling — at 12,2%. The low return on total capital employed is not altogether surprising given the nature of the business and the small margins that exist in the trade.

MD Wellwood Basson says the group is commanding the second highest market share of food retailers in the western Cape and is getting a firm foothold in the lucrative Transvaal and Free State markets. He expects the current year to be better than last year.

The group can boast compound earnings growth of more than 36% a year over the past five years and a commandingly strong financial position. The shares look worth holding.

Gerry Hirshon

8/Day 6/2/89 (30)

# Results for year as a whole ahead of forecast

FINAL dividends have risen by more than 10% for each of the Sage Group's three property trusts, Federated Property Trust (Fedfund), Pioneer Property Fund (Pioneer) and CBD Property Fund (CBD Fund).



The management company of the three trusts, Sage Property Trust Man-

**BRUCE ANDERSON**

agers Limited, says the trusts' results for the 1988 year as a whole are ahead of the forecasts made in the 1987 annual reports and at least in line with the interim projections.

Fedfund's final dividend was up by 10.1% from 14.11c (12.82c) while Pioneer was up 10.2% to 13.19c (11.97c).

CBD Fund rose by 11% to 16.26c (14.65c).

Fedfund's net distributable income for the year was R18 076 000 (R15 355 000). Net distributable income and dividends per unit rose by 10.3% from 22.70c in 1987 to 25.04c in 1988.

Pioneer's net distributable income for 1988 rose to R23 356 000 from R21 230 000 last year, and net income and dividends per unit rose by 10% from

22.87c last year to 25.16c.

Net income for CBD Fund rose to R17 810 000 (R16 667 000) resulting in a 6.9% increase in net income and dividends per unit from 27.10c to 28.96c.

CBD Fund had 61 500 000 units in issue against Pioneer's 92 830 000 units and Fedfund's 72 187 000 units.

The number of units in issue for Fedfund was increased by 6 562 500 in September 1987 as a result of a rights issue.

# Traders urged to pool money

THE deputy president of Nafcoc, Mr Mossi Nxumalo, yesterday called on black business people to get involved in a national struggle for inclusion in the economy of South Africa.

Addressing the 19th annual general meeting of Soutacoc in Sandton, Mr Nxumalo said even though there might be casualties in the struggle blacks must formulate a programme of action to move into business ventures.

Mr Nxumalo called on blacks to pool their resources, mobilise the black rand to fight the poverty that has plagued them and to help struggling businesses.

"The time has come for us to call on those who believe that there will be no genuine peace in this country until there is complete economic freedom to join us on the new road that leads to full participation in the economy," he said.

## Reform

The conference, whose theme is "Black Economic Empowerment — Initiative or Philanthropy", was also addressed by director of the Part Time University Student Association, Mr Vusi Nkumane, business consultant, Mr Matodzi



SOME of the delegates at the 19th annual congress of SOUTACOC at Sandton Holiday Inn yesterday.

Liphosa and director of Trador Cash and Carry, Mr Albert Koopman.

Mr Nxumalo said without participation of blacks in the government's reform process in this country there would never be stability.

He said in spite of apparent confusion, fear and intransigence on the part of whites to find each other, blacks must find ways to steer the country from a disastrous course.

Business should work together with trade unions, community-based organisations and political groups.

# is Report

FEBRUARY 8, 1989

## Sparkling results from Wooltru

Financial Editor

THE Wooltru group lifted net pretax income for the six months to December by an impressive 37% to R88,6m (R64,5).

This was achieved on a 24% rise in sales to R1 068,8m (R860,4m), indicating a substantial widening of margins although executive chairman David Susman said improved productivity had been a factor.

Earnings rose by 42% to 133,9c (94,6c) a share, an in-

crease of 42%. The interim dividend is 34% higher at 47c.

Susman said sales in the first six weeks of the current half of the financial year were 21% higher than in the same period last year. But, he pointed out, conflicting views of the economy's potential made it difficult to predict the outcome for the remainder of the year.

In spite of this uncertainty he expected the group to achieve a comfortable growth in profits for the year. But the

rate of increase was likely to be slower in the second half.

Discussing the interim results, Susman said that in the past the unaudited results for the first six months had been based on highly conservative assumptions for stock provisions and potential mark-downs on December 31. This basis did not reflect the level of earnings most appropriate to the level of sales achieved.

There had therefore been a change in the method of determination of interim results, which had resulted in higher

profits being reported. This change would not affect the profits for the full year.

Susman said that due to the continued momentum in consumer spending Christmas trading had been more buoyant than expected.

Woolworths sales had increased by 21%. Sales by the Speciality group had risen by 30% and Makro sales by 27%. Improved productivity in Woolworths and Makro had generated better profit growth than was indicated by the increase in sales.



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FP 101/C1/R

# Wooltru shareholders get late Christmas gift

BIDM 8/2/87

30



**WOOLTRU** shareholders have been presented with a late Christmas gift in the form of a 47c interim dividend, 34% up on the previous interim distribution.

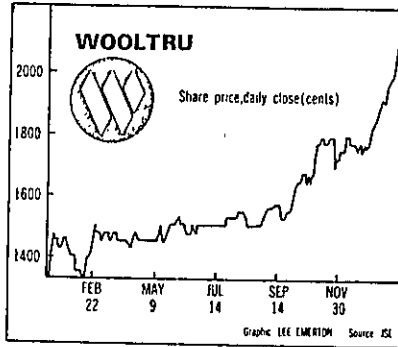
**SUSMAN** The buoyant Christmas experienced by the group has resulted in a 42% increase in earnings a share to 133,9c (94,6c) for the six months to December.

With sales for the first six weeks of 1989 21% ahead of last year, Wooltru chairman David Susman expects comfortable profit growth for the year, albeit at a slower rate.

Susman said yesterday that the determination of interim results had been changed to reflect the higher profits

## TANIA LEVY

usually achieved in the first six months. This would reduce the proportion of profits attributed to the second half of



the year but would not affect year-end results.

In the past, the unaudited interim results had been based on highly conservative assumptions for stock provisions

and potential markdowns at the end of December.

"This did not reflect the level of earnings most appropriate to the sales achieved in the first six months," said Susman.

Wooltru sales outstripped analysts' forecasts by increasing 24% to R1 068,8m (R860,4m restated) during the period under review, boosted by Christmas trading which exceeded expectations.

Woolworths sales were up 21%, sales in the Speciality retail group increased 30% and Makro sales rose 27%.

Operating margins, which have been under pressure during the past four years, increased notably on restated figures from 7,5% to 8,3%.

Susman pointed out that improved productivity at Woolworths and Makro had generated better profit growth than was indicated by the increase in sales.

Sales outstripped analysts forecasts, rising 24%, pre-tax profits grew 37% to R88,6m (R64,5m).



# Management restructuring at Edworks

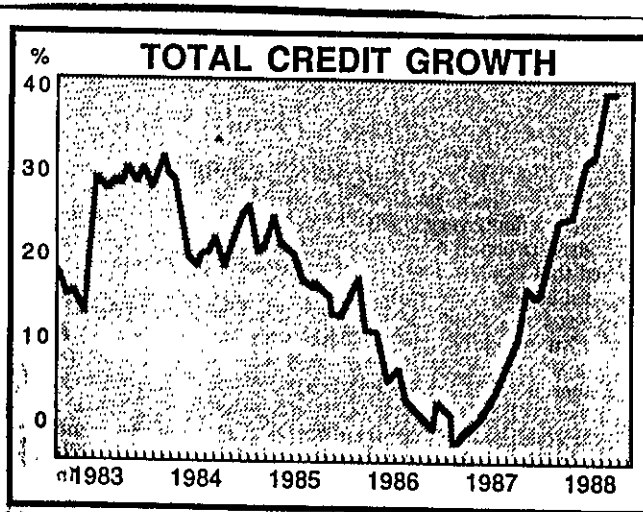
A MANAGEMENT restructuring, prompted by the rapid growth in black rural shoe stores, has taken place in the Edworks group.

Group MD Stewart Dodo said yesterday local manufacture had shown real growth in the second half of 1988 for the

CHARLOTTE MATHEWS

first time in four years, driven by an increasingly affluent black consumer. Chris Hinde has been appointed CE of Edworks Footwear Stores.

(30) B/D 8/2/89



## Consumers still on a spending spree despite restrictions

*Star 8/2/89*

By Sven Forssman

Credit is still too cheap and the consumer too confident, Southern Life economist Mike Daly says in his latest *Economic Comment*.

Mr Daly says the consumer has not co-operated with the Government in its attempt to reduce the unaffordable rate of expenditure growth.

"A series of policy measures was announced last year, but the consumer has been determined not to co-operate for a number of reasons.

"In the first place, employment levels have generally been rising in the upswing that began in the third quarter of 1986.

"As skills shortages have begun to emerge in most sectors, remuneration per worker has been rising at ever higher rates over the past year and at an increasing premium to the inflation rate.

### Disposable income

"Overall personal disposable income growth has similarly outpaced the (falling) inflation rate over the past two years. Clearly spending power has been building up.

"Secondly, the perception of political instability has lessened, given the conditions on reporting imposed by the state of emergency, and the replacement cycle for durable consumer goods and fixed plant and equipment, both of which were replenished in bulk four years ago, has arrived once again.

"Finally, in the absence of a commitment by the Government to permit the severe tightening of credit conditions in the economy that the Reserve Bank knows is necessary, and/or to raise taxes, there is just no serious constraint on the consumer, no compelling reason to raise savings at the expense of consumption, particularly when the expectation of higher GST, import surcharges,

inflation and possible physical unavailability exists to some extent in the minds of consumers."

Mr Daly says there is little in the growth trend of retail and wholesale sales that suggests that a near-term cutback in the propensity of consumers to spend.

Graphs in general show that real retail sales growth has maintained a level that humbles that of the 1983/84 mini-boom.

Wholesale sales are strong and available evidence regarding the informal sector is that it is growing strongly.

Mr Daly says narrow monetary aggregates indicate that credit is still too cheap and the consumer too confident.

"Manufacturers, too, are producing at high capacity levels and are confident of buoyant sales conditions for most of this year.

"Many would like to stock up on production inputs and finished goods, and to increase their investment in machinery and equipment.

"This will require, in addition to internally generated funds, some recourse to the banks for finance, underpinning credit demand."

### Inflation rate

Mr Daly says December's surprisingly low inflation rate of 12.5 percent will be the beginning of a new upward cycle, lasting at least until the third quarter of this year, whereafter it could ease somewhat.

He says the petrol price rise of was a major cost-raising factor.

Others still to come include mortgage rates, the effect of the differentiated import surcharges, higher general borrowing rates and expected administered price increases on public services that were kept very low early last year.

# Wooltru turns in (30) strong (100%) interim <sup>stars 8/2/89</sup>

By Ann Crotty  
A fine performance by Wooltru in the six months to December shows the Cape-based group continues to enjoy the benefits of strong consumer demand. Sales were up 24 percent to R1,1 billion (R860,4 million), while operating profit shot up 37 percent to R88,6 million (R64,5 million), reflecting an improvement in margins from 7,5 percent to 8,2 percent.

Chairman Mr David Susman says the improved margins reflect better productivity at Woolworths and Makro which, in turn, reflects tighter asset management.

Earnings were up 42 percent to R46 million (R33 million), equivalent to earnings per share of 133,9c (94,6c).

An interim dividend of 47c has been declared, which is 34 percent ahead of the previous interim. Mr Susman says that because of the continuing momentum in consumer spending, Christmas trading was more buoyant than expected.

Woolworths' sales increased by 21 percent. Sales in the speciality retail group rose by 30 percent and at Makro by 27 percent.

The group recently acquired the remaining one-third interest in Makro which, Mr Susman believes, will allow it to expand its wholesale operations with a greater degree of flexibility in both traditional and new formats to reach a wider market.

The interim figures incorporate a change in management policy in accounting for provisions for stocks.

"In the past, the unaudited results for the first six months of each financial year had been based on highly conservative assumptions for stock provisions and potential markdowns at December 31.

"This basis, however, did not reflect the level of earnings most appropriate to the sales achieved during the review period," it says.

The comparative figures for 1987 have been restated to include the effect of the change. Financial director Mr Jon Lavies says that generally improved management systems, and specifically merchandise controls, have enabled the group to produce much more accurate mid-year figures and that this in turn has enabled it to make more realistic mid-year provisions.

The change has a once-off effect, which increases the stock valuation and lifts net income. The second half is expected to show continued growth, but at a lower rate of increase.

# M & S Spitz lifts dividend cover

CHARLOTTE MATHEWS (30)

DETAILS of M & S Spitz's impending deal will not be available until the end of the week at the earliest, executive chairman Anthony Spitz said yesterday when announcing the group's interim results. *B/Dan 9/2/89*

The group yesterday published a cautionary notice as negotiations are under way which may affect its share price.

In the half year to November earnings doubled to 20,2c a share (10,7c) and the interim dividend was 4c (3c).

Rumours of the transaction are reinforced by the decision to increase the dividend cover to five times.

"We had to be conservative because of the deal in the offing," said Spitz.

"But more than that, what was important was that surcharges took an

considerable amount of additional investment into stock compared to the year before. Interest rates are higher and future profit is liable to the full income tax rate."

A 181% growth in operating profit to R2,04m outstripped the 40% increase in

turnover to R19,26m and the operating margin doubled to 10,5% due to better storekeeping, higher turnover and efforts to keep costs under control.

Spitz attributed the growth in turnover to buoyant consumer spending which had continued in December and January but was cautious in forecasting earnings for the year.

He predicted taxed earnings would "at least equal those of last year", taking increased taxation, interest rates, surcharges and other measures to curb consumer spending into account.

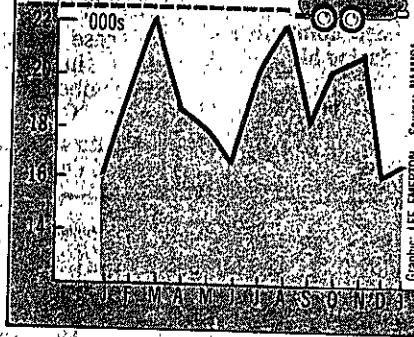
Assessed losses have now been fully utilised.



● SPITZ

prices expected to fall  
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peering

## NEW CAR SALES



## 3% drop in new vehicle sales

*B/DW 9/2/89 (30)*

MARC HASENFUSS

NEW VEHICLE sales for January this year totalled 24 586, almost 3% lower than in January 1988 and 1% lower than December sales, National Association of Automobile Manufacturers (Naamsa) figures disclosed.

New car sales totalled 16 313 in January 1989, a slight decline compared with 16 518 sold in January 1988. There were 16 196 new car sales in December last year.

Naamsa figures showed a 34% increase in heavy commercial vehicle sales in January (808) compared with

● To Page 2

## New vehicle sales down 3% in January

January 1988 (531). Both light commercial vehicles and medium commercial vehicles sales for January 1989 showed declines of 5% and 32% respectively, compared with January last year.

Naamsa Director Nico Vermeulen said although new car and light commercial vehicles started the year on a weak note, it was generally expected that in the short to medium term, manufacturers could expect reasonably buoyant conditions.

Vermuelen said the longer-term prospects for the industry remained a function of the economy's performance.

Econometrix economist Tony Twine said although the figures showed a decline in vehicle sales, on a seasonally adjusted basis there was a 6,8% increase on December sales for last year.

January vehicle sales were still 12% lower than sales in November last year on a seasonally adjusted basis.

Toyota SA MD (Marketing) Brand

*(30) B/DW 9/2/89*

● From Page 1

Pretorius said supply was dictating sales to a large degree but January vehicle sales came up to expectations in spite of the industry's stock shortage. He said demand was still strong in the commercial vehicle sector, but a leveling off of passenger vehicles was expected. The bulk of the demand was coming from fleet buying as most companies were bullish about 1989 and subsequently big-fleet buying orders had been received.

Volkswagen Public Affairs GM Ronnie Kruger attributed the decrease in vehicle sales to plants re-opening late in January, thereby causing stock shortages.

Delta CE Keith Butler-Wheelhouse said the January sales figures contained no surprises and he was satisfied with his company's performance.

# Paper looks at context of the small business (30)

6/10-11/12/89  
G.M. RIAAN SMIT

LEGAL and economic constraints on small businesses, particularly those run by blacks, have formed the major focus of research into SA small business up to now.

However, a recently published workshop report by Wits University's Centre for Policy Studies (CPS) focuses on whether certain helpful factors exist — other than the absence of legislation or other forms of discrimination — which might foster the development of successful small business activity.

## Context

The workshop was organised by the CPS, Wits University's Graduate School of Business and the Institute for the Study of Economic Culture at Boston University.

Gillian Godsell, the co-editor of the report entitled *The Social Context of Small-scale Business Development*, says the factors investigated by the workshop include the family, economic group and ethnic minority in which the entrepreneur functions.

The report does not pretend to be exhaustive. It offers perspectives on small business activity and its results in other parts of the world which may be applicable to SA.

Prof Gordon Redding of Boston University discusses his research findings on entrepreneurs in the Far East.

## Association

"Economic development around the Pacific Rim appears to offer clear examples of undeniable economic success in an equally undeniable non-Western mode," Godsell says.

Prof Brigitte Berger, also of Boston University, gives a comparative overview and argues that it is the association of numerous small enterprises, rather than big business, which may be the key to industrial society.

The report is available from the CPS.

# Car sales decline

By Sven Forssman

30  
7/2/89  
Car sales of 16 313 in January were 205 fewer than in the corresponding month last year, but 117 up on the December figure.

Light commercial, medium commercial and heavy commercial sales were down on their corresponding December figures, as were combined new vehicle sales (24 586 compared with 24 916).

National Association of Automobile Manufacturers of South Africa (Naamsa) director Mr Nico Vermeulen said yesterday that while new car and light commercial vehicle sales had started the year on a weak note, demand for new motor vehicles in all sectors remained strong.

The industry's annual shutdown from mid-December 1988 to mid-January 1989 had exacerbated an existing low stock position and this had been the main reason for the lower-than-expected January sales.

ICE VAN

# Liquor trade fighting restrictions

By MEG BRITS

FEDHASA, the hotel and liquor trade association, is so concerned about restrictive practices in the liquor industry that it has approached the government.

It has proposed a three-tier decision-making process for the industry which would involve the founding of an SA Liquor Institute and an SA Liquor Council.

*Cape Times 1/2/89*  
Mr Ken Heneke, chairman of Fedhasa's national liquor affairs committee, said antiquated legislation had led to practices in the industry which were generally regarded as restrictive to fair competition and were not in the public interest.

He said that traditionally, the liquor trade had been subject to strict regulation, which meant

the industry was divorced from market forces.

The proposed first tier of the decision-making process would probably comprise representatives of the Cape Wine and Spirit Institute (CWSI), the KWV, SAB, Fedhasa, the Wine and Spirit Importers Association and Ukhamba, the black bottle store owners' association, Mr Heneke said.



# Economists at odds with motor-makers

5/7/85  
12/2/84  
30

LOWER than expected January sales of new cars have not dampened hopes of a good year for the motor industry.

Economists believe that even if the economy dips later in the year, new-car sales could reach 240 000 units, or 4% more than last year.

Motor manufacturers, however, are less optimistic, forecasting sales of 210 000.

Industry sources say that if sales are to reach 240 000, monthly figures will have to top 20 000 — which is unlikely.

Sankorp chief economist Peet Strydom says sales could reach 240 000 units if consumer durable spending rises by 2.5%. This takes into account that the economy will decline in the third quarter.

## Problem

Mr Strydom bases his assumptions on growth in gross domestic product rising by between 1.8% and 2%. This would allow consumer spending to increase by 2% to 2.5%.

A problem could be stock shortages, which have again been blamed for slack demand in January. The traditional December shutdown caused vehicle shortages last month, says Nico Vermuelen, executive director of the

By Don Robertson

National Association of Automobile Manufacturers of SA (Naamsa).

Demand, nevertheless, remains strong and it is expected that buoyant conditions will be experienced in the short to medium term.

Stock shortages have plagued the industry since June 1987. Strikes, shortages of completely knocked down (CKD) kits from Japan and demand higher than production schedules were the main causes.

Some models have a waiting list of six to eight months, although the backlog on volume products is between three and six weeks.

## Marginally

Car sales in January at 16 313 were marginally higher than the December figure of 16 196. Light commercial sales dipped to 7 442 from 7 652.

Medium commercial sales were also lower at 223 compared with 294, and heavy commercials dropped to 608 from 774.

No decision has been taken as to whether Naamsa will again give a full breakdown of sales by manufacturer. Motor executives will meet in March to discuss the matter.

Star 14/2/87

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# Abolition of Group Areas Act could see more homes in CBD

The abolition of the Group Areas Act could result in much needed residential development in Johannesburg's Central Business District, particularly with the coming of First National Bank's multi-million rand Bank City development which will inevitably increase the size of the city's office army.

One property man who believes there is opportunity to enliven the city through the permanent establishment of people is Mr Stanley Arenson, a director of property group Russell Marriott & Boyd Trust in association with Richard Ellis.

Mr Arenson sees the CBD as being divided into four distinct areas — the financial heart bordered by Commissioner, Rissik

and West Streets; the stock exchange area; the legal and accounting area surrounding the Supreme Court and the revenue offices east of Eloff Street to Delvers Street and the Bank City area which is also the centre of two major Old Mutual projects.

Concerning the area east of Troye Street, Mr Arenson says: "Other than institutional development, no other development has taken place recently or is planned to take place.

"But the strength of the CBD is the availability of public transport which is used to a great extent by black staff employed in the area.

"However, they face up to three hours travelling daily to



Mr Stanley Arenson

commute from Soweto, Alexandra, Ennerdale and other outlying areas, not to mention stayaways which they are forced to observe.

"Tremendous time and effort could therefore be avoided by

using the areas east of Troye Street for residential purposes. Older buildings which are mainly vacant could be either demolished or converted to residential units and schools and parks could be part of the scene."

At present, non-whites are permitted to work, shop and own property in the CBD but are not allowed to reside there.

Mr Arenson believes, too, that the major institutions would have a great opportunity of developing these residentially dormant areas to provide homes for their staff.

He also sees the Newtown area as being another node for townhouse and cluster development for the higher income earner.

# Cost of making white goods to rise 3%

8/15/89 15/2/89  
THE cost of manufacturing white goods would rise by up to 3% after next month's steel price hike, SA Domestic Appliance Manufacturers (DAMSA) vice-chairman Ronnie Herrmann said yesterday.

He said the mark-up to retailers could increase by as much as R30.

Iscor announced last month that cold rolled steel — employed in the manufacture of white goods — would climb by 10,5%.

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SYLVIA DU PLESSIS

"Sales through retailers have been affected by higher surcharges, the credit restrictions, petrol price increases and now the steel price increase," Herrmann said.

"We hope after these setbacks stability will once again return to the white-goods industry."

These "setbacks" meant manufacturers had constantly to renegotiate

prices with customers, and there was uncertainty regarding pricing among manufacturers because of all the changes.

Herrmann said there was also a danger that manufacturers would cut down on certain non-strategic appliance parts to maintain present price levels.

"These would include things like a shelf in a fridge or a rack in a stove," he said.

ad broke now holds

# Brian Porter profits accelerate by 32%

By AUDREY D'ANGELO  
Financial Editor

BRIAN Porter Holdings has lifted operating profit by 32% in the six months to December to R3,2m (R2,4m). This was achieved on a 14% rise in turnover to R122,2m (R106,9m).

The interest bill was 108% higher at R859 000 (R413 000), due to increased borrowing as well as higher interest rates. And the tax bill was 17% higher at R2,3m (R2m).

This left net income after tax 15% higher at R1,3m (R1,1m). Attributable income was 25% higher at R1,3m (R1,1m). Earnings were 24% higher at 47c (37,9c) a share and the interim dividend has been raised 27% to 14c (11c) a share on a slightly reduced cover of 3,36 (3,41) times.

Chairman Brian Porter said the improvement in operating income was due to effective cost controls as well as wider margins.

The increased level of borrowings was due to the "substantial increase in the price of cars."

But although he expects further increases of between 12% and 15% in car prices in the current

financial year Porter is confident that the group will continue to do well in the second half.

Pointing out that "a car is a necessity not a luxury today", he said order books were still full. "Although forecasting in the current volatile market is difficult, earnings for the second six months should be comparable with those of the first half."

He said a shortage of stock had limited the rise in turnover. There was a critical shortage of both new and used light commercial vehicles and "the fact that we have a wide spectrum of franchises is helping us a lot."

"The public are less brand loyal than they used to be. If they have to wait for their first choice they are often prepared to take another we can get more quickly."

Although the shortage of stock has meant that most dealers have waiting lists, Porter admitted that this might be due to duplication of orders. "Some people may have ordered from more than one dealer and will take the first available."

But he is not worried by the possible cancellation of some orders. "Demand is such that cancellations will just mean some people will not have to wait so long."

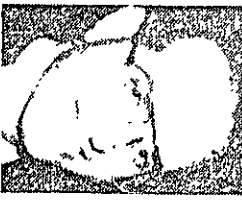
"People realize car prices will continue to go up — by how much depends on the strength of the rand."

He said the high prices, and the fact that car prices have risen more than the inflation rate in recent years, was not killing off demand. About 70% of new car sales were to companies, providing them as "perks" in order to retain good senior staff. Sales of expensive cars to wealthy individual buyers were still good.

Porter said his group had many black customers, some of whom had been dealing with him for 20 years and had upgraded to better cars. "Some have done well in business and when they have money they are prepared to spend it."

COMPANIES

# Furnfair maintains its record growth



● Hammerschlag rising 137% for the six months to December, after a 231% rise for the year ended June 1988. MD Ivan Hammerschlag expects a substantial increase in earnings for the

ZILLA EFRAI

remainder of the financial year. Because the number of shares in issue increased from 10.1-million to a weighted 17.5-million, earnings rose only by 37% to 34.22c (25.01c). The interim dividend of 8c (5c) a share is up 60%. Turnover, which increased 106% to R29.5m (R14.3m), is larger than the R26m achieved in the full financial year to June 1988.

The income attributable to ordinary shareholders jumped to R6m (R2.5m) after an allowance of R85 000 had been made for preference dividends.

Hammerschlag believes the trading environment will become more difficult as prices of locally manufactured goods increase and import surcharges take effect. But he says the group will chase available market share through aggressive marketing and expansion in the

western Cape which still offers much scope for expanding the Furniture Fair and Montana chains.

Two stores were opened this month and another is scheduled to begin trading in May. These should make a significant contribution to the results during the second half of the financial year.

Close to R1m will be spent over the next 18 months to upgrade its computer systems, says Hammerschlag.



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VEHICLE SALES

30 FMMML 17/2/89

**Demanding problem**

Motor industry planners are praying they know best about consumer demand.

Most people in the industry expect new car sales to fall about 10% this year to 210 000 from 1988's 230 500. Not everyone agrees.

Volkswagen MD Peter Searle predicts a market of 225 000. He may agree that demand will fall about 10% from 1988, but he works from a different base.

Searle argues that although sales last year totalled 230 500, actual demand was higher — hence the continued waiting lists for new cars.

"Sales didn't reflect demand, which was probably closer to 250 000. So while we agree with others that demand will probably fall 10%, we expect car sales this year will be about 225 000."

Peet Strydom, head of research planning at Sanlam's industrial investment arm, Sanzcorp, believes sales could actually improve over last year. Others, like First National Bank chief economist Cees Bruggeman, also think the industry may be unduly pessimistic in its calculations.

Strydom's own bet is for a market of 240 000. Arguing that most of the continued strength in the economy comes from consumer demand, he says even an immediate drop in that demand is unlikely to push the total below 224 000. Only the most pessimistic assumptions could produce a fall to 210 000.

"I challenge the industry view that sales are likely to decline by 10% this year. I don't believe that. The assumptions you need to make are more optimistic."

produce figures like that are devastating."

Most industry planners will hope Strydom and the others are wrong. For while any sale is welcome, the industry is not geared for a market of that size. Manufacturers still haven't ended the supply backlog caused by last year's severe under-estimation of the market.

Any further growth beyond forecasts, and customers will see waiting lists lengthen even further.

Nico Vermeulen, director of the National Association of Automobile Manufacturers (Naamsa), sticks to his prediction of a smaller market, as does Samcor MD Spencer Stirling. Both continue to argue that sales will fall off in the second half of this year, in response to a cooling economy.

If January's sales figures are anything to go by, there will indeed be a slackening of sales this year. Car sales of 16 313 were 1% down on January 1988, while light commercial vehicles fell 6% and medium commercials 32%. The exception was the truck and bus sector, which showed 14% growth.

But Vermeulen says too much should not be read into January's disappointing figures. The industry's month-long Christmas holiday shutdown "exacerbated an existing low stock position and this has been the main reason for the lower-than-expected January sales figures."

In the short to medium term, manufacturers still expect reasonably buoyant conditions for the first half of 1989 as outstanding orders continue to be met, adds Vermeulen.

**JANUARY VEHICLE SALES**

**CARS**

January 1989.....	16 313	January 1988.....	16 518	Decline .....	1,2%
December 1988.....		16 196	Growth to January.....		0,7%

**LIGHT COMMERCIAL VEHICLES**

January 1989.....	7 442	January 1988.....	7 907	Decline .....	5,9%
December 1988.....		7 652	Decline to January.....		2,7%

**MEDIUM COMMERCIAL VEHICLES**

January 1989.....	223	January 1988.....	328	Decline .....	32%
December 1988.....		294	Decline to January.....		24,1%

**HEAVY COMMERCIAL VEHICLES**

January 1989.....	608	January 1988.....	531	Growth.....	14,6%
December 1988.....		774	Decline to January.....		21,4%

**TOTAL SALES**

January 1989.....	24 586	January 1988.....	25 284	Decline .....	2,8%
December 1988.....		24 916	Decline to January.....		1,3%

# Undoing economic apartheid

Louise Tager is executive officer of the Law Review Project and chairman of the Harmful Business Practices Committee.

Over the past few years there have been frequent references over the need for deregulation — from the State President, ministers, officials and very loudly, the business sector.

There is a tendency to blame government for over-regulation; of course government enacts laws, but frequently laws are passed in response to the demands of the business sector which seeks the protection and shelter they offer.

But not only the business community is to blame. Opposition to deregulation comes from all quarters, including the public sector, where employees fear they might lose their jobs. Everyone wants deregulation — provided it does not affect him personally. These people are referred to as *Nimbys* — “not in my backyard.”

In the process of deregulation it is essential that all information be shared, and that participation be as broadly based as possible. Those who are excluded from the formulation of new ideas are most likely to create the most formidable opposition.

The process of deregulation is intended to benefit the economy. It is not an instrument solely for the promotion of small business. But the sector most likely to flourish will be the small business sector, because it is least equipped to cope with the demands of legislation, both from a financial and human resources point of view.

Many believe that deregulation means no legislation at all. This is not entirely correct. While many laws could be repealed, civilised society does imply order, not chaos. For example, traffic laws oblige drivers to stop at red robots. But laws should be appropriate. They should provide standards which can serve everyone, not only those who can afford to comply with them.

For example, the law which stipulates that the walls of a butchery must be tiled to the ceiling before a licence is granted is expensive and unnecessary, because health standards could be met by requiring that walls be smoothly plastered, painted and capable of being kept clean.

The two essential criteria applied in the process of deregulation are health and safety. But, in applying them, we must not confuse desirability with need. It may be aesthetically desirable to tile walls, but tiling is not essential for health purposes.

We must re-examine many long-established values and standards which we have accepted as correct without questioning their real purpose.

Legislation often contains lengthy, detailed provisions, incomprehensible even to many lawyers. Our laws duplicate and quadruplicate provisions; two, three, or four dif-

ferent laws govern the same situation. By over-legislating we create more criminals. Consider how many statutory criminals are created each time new legislation is passed.

Since 1950, 18m people have become criminals by breaking influx control laws. Street vendors are made criminals for the slightest contravention.

When a legal system has an excess of laws with tough, rigid controls, laws which are unnecessarily and unreasonably harsh and which cannot be obeyed, people tend to ignore them or act outside the law. This leads to a growing disrespect for the law and it falls into disrepute.

We need a legal system of simple, understandable laws, laws which can be enforced because they are reasonable and because people respect them. We have to eliminate duplication. We need less statutory control so that the common law can be applied, we need to remove or reduce criminal sanctions from our laws, and, above all, we need equal-



Louise Tager . . . simple laws

ity in the law. Much of this can be achieved through a thorough and determined deregulation programme.

Such a programme should first address those laws which control entry into the marketplace. While licensing laws come to mind, we have had many harsh and oppressive laws which are far more restrictive than licensing laws, and which prevented or hindered the participation of millions of people in the economy.

It would not be an exaggeration to say that through them black South Africans were reduced to a position of economic servitude. The right to practise their professions and carry on their occupations was curtailed. In many cases there were obstacles to acquiring skills and higher qualifications. Black businessmen were prevented from competing on the same footing as whites.

Any attempt to deregulate would have been ineffectual without first removing outmoded racial laws. The President's Council's

(PC) 1985 report, “A Strategy for Small Business Development and Deregulation,” recommended that priority be given to the removal of discriminatory laws and to the attainment of equivalence among all businessmen, and that no one be restricted from economic participation on the basis of race or colour. This is where the process of deregulation began and equivalence has, for the most part, been achieved.

In January 1986 government accepted the PC's recommendations and certain areas were identified which had to be given priority in deregulation. These included black business generally, and licensing laws and taxis in particular. All government departments were charged with the task of reviewing their legislation for the purpose of identifying all discriminatory and over-regulatory provisions.

Deregulation in SA therefore has another dimension. Our laws and regulations, with their heavy racial content, regulate and control the activities of the black community to the extreme. The process of deregulation in SA is thus more meaningful, more complicated, more far reaching and very much more important than deregulation in other parts of the world. Deregulation in SA is a means to remove the racial provisions in the law; it is the means whereby socio-economic apartheid can be dismantled.

There is no doubt that if the dismantling of socio-economic apartheid can be achieved in the name of deregulation, SA will have made some important advances towards the restoration of the fundamental rights which have been denied blacks for so many years.

Deregulation is seen as the mechanism to cure unemployment and stimulate economic development. Although there is an expectation in the business community that deregulation will be easily and speedily achieved, that expectation cannot be fulfilled. Deregulation cannot be achieved by a single Act of Parliament. The power given to the State President by the Temporary Removal of Restrictions on Economic Activities Act of 1986, to suspend certain legislation is very restricted in its scope. It is a power to suspend (not repeal) laws which inhibit economic development, job creation and competition. That power is not an instrument for deregulation and has consequently been used only twice.

Deregulation is a slow process. It has to be undertaken in a responsible way. Deregulation does not necessarily mean the total repeal of all regulations. What should be achieved is appropriate or minimum standards. Through the process of deregulation we should be able to move from statutory control through the common law. Criminal sanctions should be removed, and there should be no duplication of laws governing the same situation.

603204  
start 17/18  
Curnow posts  
record profit,  
pays same <sup>30</sup>

Record turnover and profits were announced yesterday by Curnow M and G, the Cape Town-based distributor of auto refinishing products to panelbeaters and the DIY market.

Results for the 12 months to December showed that turnover at Curnow, which was transferred during the year from the DCM to the retailers and wholesalers sector, rose by 23 percent to R27,5 million.

Attributable earnings increased by 12 percent to R1,406 million.

As forecast by the directors in the interim report, earnings per share exceeded those of the previous year, despite the increase in the weighted average number of shares in issue, rising from 6,4c to 6,5c.

The total dividend of 3c was unchanged from last year. — Sapa.



Lawyers for detainees announce the suspension of their clients' hunger strike at a Press conference in Johannesburg yesterday, after discussions earlier this week with Law and Order Minister Adriaan Vlok. They are, from left: Kathy Satchwell, Greg Knot, Azhar Cachalia and Priscilla Jana.

Picture ROBERT BOTHA

## Mayor angers shopkeepers

BIDEN 01/12/89 (30)

CAPE TOWN. — Outraged Kraaifontein shopkeepers lashed out at the town's "apartheid" mayor yesterday, whom they accused of riding roughshod over business interests.

"It's a bit of a bloody disgrace," shopowner James Black said in reaction to mayor Sarel van Deventer's nonchalant attitude towards the effects of a potential business boycott.

"We won't boycott the council, but most small businesses in Kraaifontein rely almost entirely on coloured customers. If the mayor goes ahead with his apartheid signs and curfew we'll end up with a situation like that in Boksburg," he said.

Van Deventer, a CP official and

Own Correspondent

alleged AWB sympathiser, said a business boycott would not affect him.

Another shopowner, Tinus Viljoen said: "I think he (the mayor) is 'bedonnered'."

A shop manager, who asked not to be named, said the town's business community was watching developments and would "muster" the support of the Cape Chamber of Commerce if the council's policies lead to a deterioration in business turnover.

"Van Deventer's days are counted in Kraaifontein," he said.

## Anbeeco overcomes import surcharges

ANBEECO Investment Holdings, distributor of watches and audio equipment, has not allowed import surcharges to prevent it increasing its profits in the year to December.

Good sales and improved management of expenses contributed to a 17.7% increase in attributable profit to R3m compared with R2,6m at the same time last year.

A final dividend of 6c (5,5c) a share has been declared, bringing the dividend for the year to 8c (7c).

Improved margins resulted in a 39,9% increase in income before interest and taxation, after turnover rose 38,9% to R72,8m (R52,4m).

Financial director Warren Jankelow says margins would have been even better without the import duties imposed on Seiko, Lasalle, Pulsar, Lorus watches and Kenwood and Cortina audio equipment.

TANIA LEVY

"Consumers have felt the effect of the surcharge in shorter HP periods and larger deposits. This has obviously limited their buying power," he says.

The imposition of the surcharge in August coincided with the busiest trading period of the year.

"In 1987, for example, some 76% of Anbeeco subsidiary Supalek's profits came from the last six months of the year," says Jankelow.

Audio system-distributing Supalek contributes 44% to group profits and has changed its year end to coincide with that of its holding company.

Supalek experienced a 21,6% increase in earnings to R2,9m (R2,3m) or 8,87c (7,29c) a share.

Supalek has declared a 2,5c dividend.

Jankelow says the Anbeeco group has R4m cash in the bank.

# Curnow's <sup>30</sup> restructuring dilutes profit

11.10am 12/1/89 ZILLA EFRAT

RATIONALISATION and resettlement costs diluted profit growth of Cape-based Curnow M & G, SA's largest distributor of auto-refinishing products.

In the year to December, the turnover improvement of 24% to R27,5m (R22,2m) was not matched by operating profits which grew by 14% to R2,7m (R2,4m).

Directors say that in the second half of the year the duplicated Johannesburg branches were merged into a stronger unit and development started on a major outlet in Paarden Eiland, near Cape Town, which incorporates the small number of head office staff.

Curnow, which moved from the DCM to the main board in September, increased its earnings marginally to 6,5c (6,4c) a share as a result of an increase in the weighted average number of shares in issue.

A final dividend of 2c was declared bringing the annual total to 3c a share, unchanged from last year.

Net interest received fell by 51% to R51 000 from the R104 000 in the 1987



income statement which was raised from the group's listing and only put into operation in the latter half of the year.

Attributable earnings rose 12% to R1,4m (R1,3m) and the net asset value increased 17% to 23,7c (20,2c) a share.

Directors say during the second half of the year significant steps were taken to strengthen the company's management and enhance its ability to produce high earnings growth in both the long and short term.

Marketing efforts were stepped up and the focus on customer satisfaction was redoubled.

A sophisticated training centre has been established to educate customers and the sales staff has been increased to further market penetration, says MD Mervyn Bloom, who joined the group in August.

The group is budgeting for higher turnover this year and looking for tremendous growth, says Bloom.

The share, currently trading at 42c, reached a peak of 65c in April before falling to a low of 30c in August last year.

It is on a p.e ratio of 6,5 and dividend yield 7,1% against the retail and wholesale sector average of 13,2 and 4,5%.

# White on black violence

By MARTIN NTSOENGONGE  
and SAMKELO KUMALO

A BLOODY and violent white-by-night "sport" is being played in the Conservative Party-controlled western Transvaal mining town of Carletonville.

While whites and blacks elsewhere in South Africa are reaching across the colour line to find a common link, white thugs in Carletonville have taken to beating black pedestrians after dark.

And the residents of nearby townships Khutsong and Wedeia have decided not to take the nightly assaults lying down, according to one of the victims.

A meeting has been called for this Sunday at a venue still to be decided at which black miners, church ministers, taverners and residents of both Khutsong and Wedeia are expected to take a stand.

At a similar meeting previously, Khutsong residents and miners discussed a boycott of the CP-controlled town.

But the crunch is expected to come at this Sunday's meeting. Residents and all other concerned will make a formal decision on how to hit back. They are looking at crippling the CP town economically.

An announcement regarding the beginning of a protracted consumer boycott is expected.

The boycott will most

# White-by-night beatings: We will not take it!



Association, Dan Mokiti, said he had witnessed an assault on an innocent man at the park near Tattersalls.

"The man had been among the many people who sat in the park. A number of white toughies pounced on him, beating him almost to a pulp.

"There was nothing we could do - but I think people feel it is enough and something must be done, particularly as the police seem to be doing nothing."

Various graffiti slogans have also appeared in Carletonville. In a passage mostly used by blacks near the Anglo-American Training Centre, the following message appeared in red: "Kill all Karfers".

A few metres further down the passage another message reads: "The white rules". In-between are signs resembling the letter Q with an arrow at its tail - thought to be the insignia of the "Wit Wolwe".

The passage also leads to the Carletonville Technical Training Centre - from where much of the violence is believed to be coming. Many blacks say the violence is perpetrated by white youths between the ages of 18 to 26.

Informed sources told City Press this week that a "security contingent" in West Driefontein - formed after the 1985 mine strike - has caused all the trouble.

Last year's municipal elections, in which the CP took control of the town council, led to racial changes in the town: petty apartheid was to be applied to the letter.

"Amen" recalls that blacks and whites shared benches at the local park previously when going to be at the Tattersalls.

"But now blacks are not only removed - they are ticketed or taken to the police station. Those who can afford to go to the Reef go there in protest against this diabolical treatment."

The regional chairman of the Taverners'

"The township can be self-sufficient with petrol and there will be no need for our car operators to go to town. Exceptions to the boycott will be people going to their banks, or to pay their debts at shops.

"Let us see the reality of these dreams. If they want a white Carletonville by night and over weekends, then we will go a little further and keep our money in the townships," Monini said.

The victory of Conservative Party candidate Arrie Paulus in the last parliamentary elections was a sign of what was coming.

"Because we want to make this boycott a success along the lines of the Boksburg one, we have enlisted the co-operation of taxi owners.

"We will appeal to them to lower their fares between here and towns on the Reef and Westonaria.

"We will also appeal to local business owners to lower their prices in order to encourage our people to buy locally instead of going to town.

"Workers will also be encouraged to take food from their homes when going to work so that they don't have to buy even a grain of sugar in town.

"They want our money and hands - and yet they do not want us in town at night, even if one comes from work," Monini said.

"They can't eat their cake and still have it.

"We have since decided that the boycott must coincide with their February 27 deadline, when they have promised to turn this town white-by-night, with resultant violence to those found in town at night.

"Already a number of people have been beaten to a pulp by these whites who are known here to be supporters of the 'Wit Wolwe', the AWB and the Conservative Party.

probably start on February 27 - the day from which the CP council has decided no black should be seen in the streets after 7pm.

It is believed Indian traders will also attend the meeting.

However, it is expected their businesses will be exempted from the boycott because they are also seen as victims of the whites.

Stanford "Amen" Monini, a local taverner, told City Press that because of the harassment blacks have undergone "since these conservatives took over the town, we have decided to hit back in the only legal way we can."

# Conservative Party is still re-introducing apartheid

By SAMKELO KUMALO

COME February 27, Carletonville could be the next Conservative Party-controlled local authority facing economic sanctions from black residents.

It is believed that on that day the CP council might re-introduce white-by-night regulations - curfews on blacks.

The CP has risen fast to be a party to reckon with. It has hardly a decade in existence and yet controls 63 local authorities in the Transvaal alone - all of which might re-introduce petty apartheid.

The exclusion of blacks from amenities in CP-controlled towns started in Boksburg and Brakpan last year.

The following are just a few examples of the CP's efforts to keep SA white.

- October 26, 1988 - the CP so shook the country it was feared that if parliamentary elections were to be held this year they would sweep to power.
- Boksburg threatens to re-introduce petty apartheid.
- October 28 - Dr Andries Treurnicht, leader of the CP, commits his party to reversing the government's policy on open trading areas.
- November 11 - Treurnicht says blacks would be free to buy in white-owned shops, but not to run businesses.
- November 26 - Boksburg re-introduces "Whites Only" signs and bans blacks from many amenities.
- November 29 - black organisations work on strategies to fight the Boksburg council.
- December 1 - The mining town of Carletonville in the western Transvaal takes a decision to re-introduce apartheid signs.
- In Boksburg 27 business owners signed a petition calling on the CP council to rescind its discriminatory laws. Meanwhile, the town councils of Vosloorus and Reiger Park, near Boksburg, whose communities represent about 80 percent of Boksburg's buying power, officially announce a consumer boycott starting on that day.
- January 8, 1989 - in Carletonville, blacks are ordered out of parks. This is the hometown of CP MP Arrie Paulus, who once compared blacks to apes.
- December 10, 1989 - Rodney Lochenburg, acting chairman, Carletonville Chamber of Commerce and Industry, says blacks there need the type of discipline the CP is meting out to them because they are barbarous.

# Defiance campaign, boycott planned for CP-controlled

COMMUNITY organisations in Khutsong township — near CP-ruled Carletonville — decided at the weekend to launch a trade union-backed consumer boycott of the town and a defiance campaign similar to that of 1952 in protest against the council's re-implementation of petty apartheid.

The strategies were adopted at a meeting organised by the NUM and the Khutsong Action Committee, which comprises about 27 community organisations and unions.

The meeting decided the defiance

campaign would take the form of sit-ins in the park and other amenities reserved for whites.

Cosatu president Elijah Barayi volunteered to lead the campaign's first group of protesters. Barayi was convicted and sentenced to three years' jail for leading protesters during the 1952 campaign.

The meeting decided Indian traders would not be affected by the boycott and the Transvaal Indian Congress (TIC) would liaise with them in an effort to include them in the action against the council.

21 Dec 20/21/59  
SIPHO NGCOCO

Although no date was given for the start of the campaign, it is expected to start on February 27.

A source said: "We are going to work 24 hours a day to make sure the community knows when and how the campaign is to be effected."

The meeting also focused on alleged attacks by "conservative whites" on black people walking through the town at night. People were urged to walk in

groups and to defend themselves if attacked.

Every Khutsong house would be called on to donate 50c towards legal costs and Lawyers for Human Rights were to be approached "to prepare themselves for more cases to come from Khutsong".

The organisations involved include two taxi associations, 10 church denominations, the TIC, eight trade unions, the West Rand Council of Churches, the Transvaal United Teachers Association, the Khutsong Student Congress, the Youth Congress, local Rastafarians and

the National Medical and Dental Association.

The meeting also noted that mine owners relied on "oppression and apartheid to reap bigger profits". Anglo American was singled out for its dealings with the "racist apartheid town councils".

The meeting then resolved to support mine workers and other workers in their "struggle against repression" and to condemn employers for "the continuing violation of human rights".

Spokesmen for the CP council were unavailable for comment yesterday.

Carletonville

# Carletonville braced for 'lighter Boksburg'

21/2/89 By Dawn Barkhuizen 30

Businessmen in Carletonville are alarmed at the decision by black community organisations to stage a protest in the town, but sources say the blow might not be as hard as that dealt to Boksburg.

This is because it is already customary for black shoppers to take their trade to mine and Indian trading stores in the town (both of which are excluded from the protest).

At the weekend, 27 community organisations decided to launch a trade union-backed protest in the town. This follows weeks of friction between black miners and the Conservative Party-dominated town council sparked by the reintroduction of petty apartheid in Carletonville.

A decision by the army of black miners to stage a protest will nevertheless, have a marked effect on business in the town.

"We'll all feel it. We might not go broke, but we will all feel it. The

buying power here is in the mines," Mr Trappie de Souza, co-owner of Vince's Cash and Carry said.

He described the actions of the CP-controlled council as "frighteningly short-sighted".

While his stores on the mines would survive, he estimated his outlets in the town would no doubt lose "hundreds of thousands of rands".

OK Bazaars director Mr Allan Fabig hoped there would not be a repetition of the situation in Boksburg where business is down 50 percent.

# Boycott lashes Boksburg 30

*Sowetan 21/2/89*

THE consumer boycott in Conservative Party-dominated Boksburg has forced the closure of businesses in the town and is on the verge of bankrupting others.

A number of workers in the town have been retrenched as a result.

While the boycott has eased slightly, current turnovers are nowhere

near normal and small businessmen who lost heavily over December are unable to make up losses.

National Party MP for Boksburg, Mr Sakkie Blanche, who visited shops in the CBD on Saturday, found some businessmen considering relocating to other towns.

He said a number had to dig into their capital to survive.

"The situation is very grave indeed. People have had no chance to recover, and even if the boycott has eased slightly, business is still very very bad."

He estimated the current drop off in business at 30 percent.



## Pepkor on target <sup>(3)</sup>

DESPITE the measures implemented by the government to cool down the economy, the Pepkor group is still maintaining the pace of its financial performance of the recent past, chairman Christo Wiese said in a statement at the annual meeting yesterday.

Group turnover for the current year is on target and the group is performing satisfactorily. Growth in turnover and profit is also satisfactory.

The store expansion programme of listed subsidiaries Pep Stores and Shoprite is ahead of schedule.

Pep Stores and Ackermans will have opened 43 new shops by the end of July.

The growth in existing business together with the store expansion programme should ensure real growth and increased market share.— Sapa.

star 21/2/89

# Cashbuild profits well up

By Ann Crotty  
Improved margins on an increased turnover enabled Tradegro subsidiary, Cashbuild, to report an 80 percent surge in earnings to R2,2 million (R1,2 million), equivalent to 10,3c (5,7c) a share, for the six months to December.

A dividend of 3c a share has been declared. No interim dividend was paid in the previous year.

Turnover was up 24,1 percent to R120,8 million (R97,4 million). The comparative figure for 1987 includes an element of

credit sales, arising out of the Buy 'n Build acquisition and, according to the directors, "as credit sales in Buy 'n Build have been drastically reduced, the growth in cash and carry sales is 36 percent".

Cashbuild's outlets are wholesale cash and carry operations, targeted at the smaller wholesale purchaser.

Pre-tax profit rose 57,6 percent to R5 million (R3,2 million), reflecting an increase in margins from 3,3 percent to 4,2

percent.

The stronger margins in turn may reflect an improvement in the Buy 'n Build stores where management is trying to improve operations and bring performance into line with those of Cashbuild outlets.

After allowing for tax and outside interests, earnings showed an 80 percent surge.

Four stores were opened in the review period. Three stores will be opened in the second half.

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# Sales of TV sets show 26% increase

Finance Staff

Sales of colour and monochrome TV sets rose by 26 percent in 1988 to 345 000 units, according to figures supplied by the Radio & Television Manufacturers Association (RTMA).

Tek Electronics marketing director Gavin Sobey says credit restrictions had a cooling affect on sales toward the end of the year.

Star 21/2/89  
"The August sales figure of 35 000 units was not bettered in any of the remaining months of the year, not even December."

Strong sales for the year as a whole were supported by a vigorous replacement cycle of colour sets bought in 1974/75.

"We estimate that a third of total colour set

sales of 208 000 units were replacement purchases. A further third can be attributed to new sets in black homes and the remainder to first-time and second-set buyers," he says.

The swing towards colour sets continued last year, with sales rising by 31 percent against monochrome's 18 percent.

Another aspect was the swing towards remote

control sets in the colour market.

"Cost is not seen as a significant factor in choosing a remote control set. We believe that manual colour sets will virtually disappear in the next five years," says Mr Sobey.

The booming TV market proved attractive for new entrants, who sold 50 000 units — 15 percent of total sales — over the year.

# Unions to back boycott protest in Carletonville

*Savelan 2/2/57*  
COMMUNITY organisations in Khutsong township — near CP-ruled Carletonville — decided at the weekend to launch a trade union-backed consumer boycott of the town and a defiance campaign similar to that of 1952 in protest against the council's re-implementation of petty apartheid, Business Day reports.

The strategies, were adopted at a meeting organised by the NUM and the Khutsong Action Committee, which comprises about 27 community organisations and unions.

The meeting decided the defiance campaign would take the form of sit-ins in the park and other amenities reserved for whites.

Cosatu president Elijah Barayi volunteered to lead the campaign's first group of protesters.

Mr Barayi was convicted and sentenced to three years' jail for leading protesters during the 1952 campaigns.

The meeting decided Indian traders would not be affected by the boycott and the Transvaal Indian Congress (TIC) would liaise with them in the action

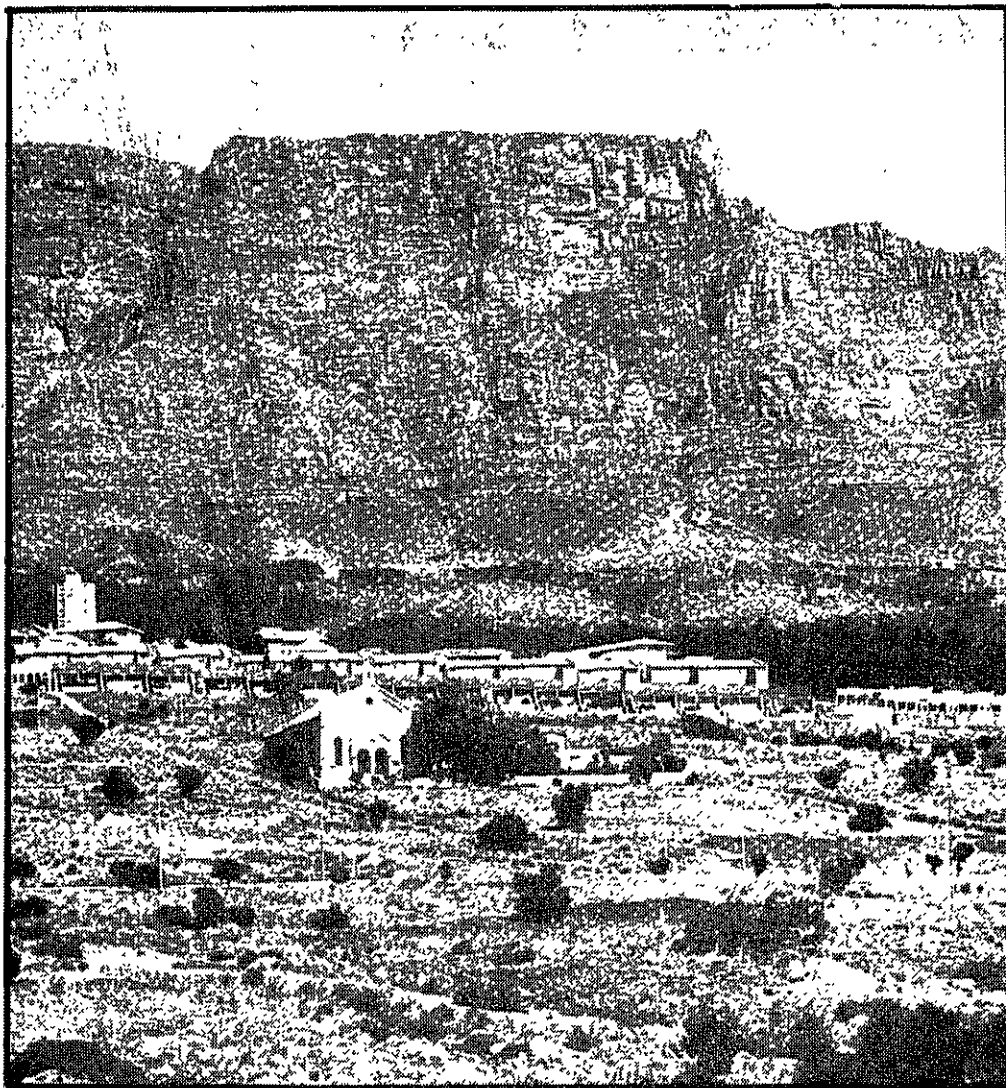
against the council.

Although no date was given for the start of the campaign, it is expected to start on February 27.

A source said: "We are going to work 24 hours a day to make sure the community knows when and how the campaign is to be effected."

The meeting also focused on alleged attacks by "conservative whites" on black people walking through the town at night. People were urged to walk in groups and to defend themselves if attacked.

Every Khutsong house would be called on to donate 50c towards legal costs and Lawyers for Human Rights were to be approached "to prepare themselves for more cases to come from Khutsong."



District Six today: a wasteland whose proposed revitalisation is fraught with controversy.

# Crucial role for small businesses

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MCC 21/2/89

**S**MALL businesses will have a crucial role in a South Africa heading towards 30 percent black unemployment in metropolitan areas, says Small Business Development Corporation managing director Dr Ben Vosloo.

Writing in the BP Social Report, Dr Vosloo says it has been shown worldwide that a vigorous and expanding small business sector is vital to a thriving economy.

Small businesses have much to recommend them, favour, he says.

They use small amounts of capital productively and tend to operate under demanding competition, and undermining monopolies. They are more labour intensive and thus provide more jobs than their "larger brethren". Finally,

they reward individual initiative.

South Africa is presently undergoing massive population growth, which is increasingly concentrated within the major urban areas.

Unemployment haunts the country — a recent survey shows that in metropolitan areas unemployment in the black workforce is rising towards 30 percent.

Large companies cannot wipe out unemployment because it costs too much for them to create a job.

Thus job seekers must increasingly look beyond the formal sector to the informal sector which may provide an estimated 30 percent of recorded gross national product.

Against this background the Small Business Development Corporation actively

works at ways of establishing and improving small business, he says.

Four key problem areas have been identified. These are access to capital, affordable business premises, advice, and a body to promote small business interests.

In trying to alleviate these problems the corporation offers a variety of financial packages and consultation services, is the leading developer of industrial and commercial business premises in black areas, and lobbies in support of small business.

But all this would be so much wasted effort if the campaign to isolate this country economically continues, he says.

Dr Vosloo warns that the economy's potential will never be realised in the face of general economic decline following sanctions.

THE Small Business Development Corporation (SBDC) would use its R50m government grant for special job creation projects, SBDC senior manager (PR) Johan Naude said yesterday.

# How SBDC will spend its R50m

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b/dcm 2/12/87

Government granted the money in terms of the Additional Appropriation Bill, now under review in Parliament, with an additional R26m interest subsidy.

The SBDC has been receiving an interest subsidy since 1967.

Naude said government earmarked R50m — part of the proceeds from the sale of Iscor assets to the Industrial Development Corporation — for the SBDC in October last year.

"We see the grant as confirmation that government regards the small business sector as a vital component of the economy," he said.

Projects that will benefit from the grant include the Small Business Start-up

SYLVIA DU PLESSIS

Fund, the Small Builders' Bridging Fund and the Entrepreneurs' Training and Development Fund.

"What is significant about this grant is that we reinvest the money in small businesses, so we create revolving loan funds," Naude said.

"The money is continually turned around and reinvested in labour-intensive projects."

He said the previous grant made by government to the SBDC was in 1986, and virtually all the R155m allocated then was being reinvested continually.

Stev  
22/2/89

Stev 22/2/89 (30)

## Reaction to detention of Ramokgopa

By Staff Reporters

The detention of Mr Nat Ramokgopa, a key figure in the negotiations to solve the Soweto rent crisis, was a contradiction in terms, Rev Busani Ngubane said yesterday, in a statement on behalf of the Ministers United for Christian Co-Responsibility (Muccor).

Mr Ramokgopa, a committee member of the Soweto Peoples' Delegation (SPD), was detained by police on February 12.

"He had no AK-47, no petrol bomb, or any weapon whatsoever, but it was still deemed right to seize him like a common criminal."

The Soweto People's Delegation (SPD), said yesterday that the detention of Mr Ramokgopa was a direct interference in the process of negotiation to end the rent crisis.

## Stores want to keep Carletonville clients

By Dawn Barkhuizen

Major chain stores desperate to retain black business in Carletonville are exploring various avenues following a decision by community organisations to take consumer action in the town.

Their action follows a declaration by the chairman of the local management committee, Mr Koos Nel, that he would not bow to pressure from community organisations. On Saturday the organisations announced plans of a protest against the council's petty apartheid stance.

OK Bazaars director Mr Alan Fabig said today discussions were underway with taxi associations over the possibility of transporting shoppers to Randfontein at subsidised rates.

Mr Raymond Ackerman of Pick 'n Pay is likely to adopt the same strategy he used in Boks-

burg — top level meetings with government and the local authorities aimed at stalling the re-introduction of petty apartheid.

Another store, Jazz Supermarket, which has a 99 percent black clientele, is attempting to negotiate with Cosatu, which has sanctioned the planned action.

Jazz Supermarket human resources director, Mr Gideon Engelbrecht, said his shop would be particularly hard hit.

Mr Trappie de Souza, of Vince's Cash and Carry, an independently owned supermarket chain in the town, said he was in the process of negotiating with black community leaders.

Carletonville management committee issued a statement today saying it had no intention of re-introducing a curfew for blacks.

# Boksburg's CP council rejects survey findings

By Esmaré van der Merwe

Star 22/2/89

Boksburg's Conservative Party-controlled town council has disputed a survey conducted on behalf of the Boksburg Alliance indicating that traders in the town have suffered heavy losses as a result of the stayaway action by black consumers.

The CP's chief whip in the town council caucus, Mr T J Ferreira, claimed yesterday that the survey, released on Monday, was conducted selectively in an attempt to

shear the CP for its reintroduction of apartheid measures.

"The only traders who are suffering are the Indians in the town who cater for black consumers only. Their goods have never appealed to white consumers."

Reacting to a finding that estate agents experienced a 74 percent drop in turnover in December last year, compared with the same period in 1987, Mr Ferreira said at least two estate agents had registered record turnovers over the

past few months.

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He said Mr Henry Ford, an estate agent, had said more people than ever wanted to sell their properties.

Mr Ferreira said that, being a businessman himself, he had not experienced a drop in turnover.

He queried the validity of the survey.

"The people surveyed are all favourably disposed to the Boksburg Alliance. I, for one, was not approached to take part."



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## Steep fall in trade shown by survey

By Jovial Rantao

Boksburg traders have experienced heavy losses, some up to 90 percent, following consumer action by nearby black townships, a survey conducted on behalf of the Boksburg Alliance has revealed.

The survey also established that business confidence in Boksburg has been seriously damaged by the boycott action.

To gauge the effects on turnover of business during a part of the month of December, questionnaires were sent to a wide selection of traders.

Losses were based on recorded figures for the same period in 1987.

According to the results of the survey, 27 percent of the total sample indicated loss of turnover of between 70 and 90 percent.

The survey also established that most traders experienced a 58,6 percent loss of customers.

The majority of the respondents were of the opinion that most of their customers had gone to buy at (in order of priority) Benoni, Germiston, Alberton, the Townships, Edenvale, Elsburg and Johannesburg.

The traders also believed they would not be able to recover their losses even if the situation returned to normal.

The traders indicated they might have to cancel some of their supplies from the wholesalers.

Ninety-six percent of industrial respondents said there had been an effect on sales to foreign countries, but the full extent was unknown. The industrialists conceded that their business confidence had also been seriously damaged.

The president of the Boksburg Chamber of Commerce and acting chairman of the Boksburg Alliance, Mr. Johann Viljoen, said it was clear that the trader, especially the small trader, had been most affected by events leading up to the questionnaire. "The industrialists by nature are more sheltered because of their wider market," he said.

The drop in turnover was: shoe stores — 30 to 80 percent; boutiques — 25 to 90 percent; garages — 10 percent; chemists — 30 percent; clothing stores — 20 to 73 percent; restaurants — 20 percent; printing — 24 percent; estate agents — 74 percent; general food — 50 to 70 percent, and hotels — 50 percent.

# Stores want to keep black customers at Carletonville

By Dawn Barkhuizen

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Jazz Supermarket human resources director, Mr Gideon Engelbrecht, said his shop would be particularly hard hit.

# We'll cut services, warns CP council

By Anna Louw,  
East Rand Bureau

The residents of Reiger Park could not expect the CP-dominated council of Boksburg to provide services and facilities to their community if they chose to boycott the town, said the chief whip of the CP in Boksburg, Mr T J Ferreira.

Mr Ferreira said if the people of Reiger Park did not come back and shop in Boksburg they would have to forfeit certain services.

While they shopped in Boksburg the residents of Reiger Park enabled local businessmen to pay rates and taxes and cover their overheads. Mr Fer-

reira said now that they were boycotting the town, businessmen could no longer afford to pay rates and taxes which helped the council to provide services to the coloured community.

Mr Ferreira said: "The whites in Boksburg have carried Reiger Park to the tune of R1,6 million."

Management committee chairman, Mr Gideon Fourie, at a recent CP Press Conference said Reiger Park had used R16,5 million of white ratepayers money since 1981.

This was a deficit as the cost of services outweighed the revenue from Reiger Park.

# Shopping centres for Crossroads

## Staff Reporter

TWO new shopping centres are to be built right besides Crossroads, one called the Gateway Centre costing R55 million and the other, Crossways Centre, costing R12 million.

This was disclosed in documents before the Regional Services Council yesterday. The Real Estate Development and Research Company applied for the rezoning of a 6,6ha industrial site to "commercial, civic and community purposes". The site is just across Lansdowne Road from Old Crossroads.

The RSC conditionally supported the rezoning application yesterday, despite an objection from the original developers of Crossways, who have since sold their interest in the project.

Crossways shopping centre will be sited just beyond the tip of Old Crossroads, where Lansdowne Road meets Old Klipfontein Road. The service station part of Crossways is apparently already operating.

The much larger Gateway Centre at the corner of Lansdowne and Eisleben roads will include a supermarket and shops, offices, a clinic, a covered hawkers' market, two service stations, a funeral parlour, a post office and a community hall.

According to a report from the Chief Executive Officer, Mr C H Mocke, the population of Crossroads, Nyanga and Guguletu was estimated at 310 000, and another 35 000 would soon live in the "proposed Philippi area" (Brown's Farm).

He estimated that 200 000 people lived within ten minutes' walking distance of the proposed

Gateway centre. Mr Mocke recommended that the RSC should agree in principle to lowering its parking space requirement, as car ownership figures among the expected clientele were low.

Responding to the objections of the smaller shopping centre, he said "trade competition" was not a valid reason for turning down a rezoning application.

He supported the applicant's intention to apply for free trade area status.

The smaller Crossways Centre was "already 70% pre-let", according to documents before the RSC yesterday.

Mr Barry Fletcher of B Fletcher and Associates, who has since sold his interest in Crossways, said in a letter to the RSC that he had been "aghast" to learn that an even bigger shopping centre than his own was being proposed so close to his.



# A cosy Boksburg chat round a table (But wait. Where are the chairs?)

A FUNNY thing happened last Tuesday when the "coloured" representatives of the Reiger Park Management Committee walked into the Boksburg municipal offices to hold round-table talks with their Conservative Party counterparts.

The table was there, and the Boksburg Management Committee members were around it; but the Reiger Park delegation was shown to seats placed away from the table, against a wall.

The indignant Reiger Park councillors were then offered a deal: call off the consumer boycott of Boksburg and we'll build your people a nice grassy "park" in the central business district, with chairs and tables where you can have your lunch. It will be for non-whites only, of course ... and obviously you can't have Boksburg Lake.

But the only promise Reiger Park gave the Boksburg town fathers that day was a solid gold guarantee that its representatives would never again "set foot" inside the building where they could not sit at the same table as the people they had been invited to come and meet.

The media spotlight that picked out Boksburg when the CP took the Separate Amenities Act to its limit in November has dimmed. The first rush of

**The consumer boycott of Boksburg is still going strong, to the considerable astonishment of all concerned, not least the CP, who have had to learn a few lessons in diplomacy.**  
By CHARLOTTE BAUER

boycott fever has transformed itself into mundane routine. But, three months on, the spare rations ordered by black consumers have taken their toll upon the town which voted the CP into power.

Many businesses are barely ticking over. Others have stopped ticking altogether.

Residents of Reiger Park have got used to taking the buses laid on for them by the Save Boksburg Committee to do their shopping in Germiston or Benoni. They rather enjoy walking into one of their local cafes and asking for "two committee chickens, please" — chickens that have been bought up by the Save Boksburg Committee and cheaply distributed among Reiger Park shopkeepers. They prefer buying their children's school uniforms from a man who has set up shop in one of Reiger Park's old church halls.

The protracted unity of the Boks-



A child tries on school shoes at a stall on a Reiger Park street corner, avoiding the necessity to patronise local merchants.

Picture: CEDRIC NUNN, Afrapix

burg boycott has astonished everyone — not least of all the Boksburg management committee chairman, Gideon Fourie, who suggested at the start of it that a boycott organised by blacks couldn't last a week.

What happened last Tuesday in the town council chambers was a lesson hard-learned for the administrators of Reiger Park — administrators whose political function has long been a sore point with their extra-parliamentary partners on the Save the Boksburg Committee.

Nevertheless, this alliance of unlikely bedfellows has orchestrated one of the longest-running and hardest-hitting boycotts in recent South

African history.

Of course, this is partly because the police have turned a conveniently blind eye to this one. But the success of the three-month old stayaway, which has been almost total, is in no small measure due to the "truce" called by traditional enemies within the Reiger Park community over the Boksburg issue.

If there are chinks beginning to show in the boycott armour, they seem to come from the offices of neighbouring Vosloorus' City Council chambers.

For a couple of weeks now, boycott watchers have noticed an increase in the number of taxis from Vosloorus ferrying people into town. The Save the Boksburg Committee places the blame for this upon the lack of any real organisation in the township. So far efforts to co-opt onto the committee activists from a town where political activism is minimal, have failed.

More seriously, though, the Vosloorus City Council appears to be considering a deal with the CP. The party has apparently proposed that it grants the people of Vosloorus a substantial slice of extra land, land the National Party has refused to hand over for years.

Butch Jantjes, Reiger Park management committee chairman and a member of the Save Boksburg Committee, commented that Vosloorus would have to "pull itself together because it is compromising the stayaway".

"I'm not going to sell my dignity for an extra piece of ground," he said. The hard-line attitude of people like Jantjes who have traditionally worked very much within the system, is indicative of the strength of feeling that drives this stayaway.

It has pulled together an entire community, virtually regardless of its political shadings.

The Save Boksburg Committee itself represents something of a microcosm in this regard.

Committee member Henry Jeffries, who places himself squarely in the extra-parliamentary camp, admits it has not been easy and that the common thread which holds the core committee of 12 together is a slim one.

"Of necessity, we organised this whole campaign on the trot and had to become sort of crash-course experts," Jeffries said. "It is a tenuous kind of alliance containing people with huge ideological differences and we are almost constantly in a situation of 'conflict management'."

"We have all had to compromise at some point and agree to disagree on the question of political participation or non-participation in the system."

"But throughout all this we have managed to keep the community behind us — this was the aim of the first phase of the campaign and it has succeeded."

Jantjes would agree: "It's been a

compromise all the way — it usually is to achieve something in life. We have our hiccups, but we try to talk them through."

Another strand in the Boksburg tapestry of disaster is the Boksburg Alliance, run by a group of concerned local business people and National Party and Independent Party councillors.

This alliance has tried to soothe black anger and woo back shoppers by issuing stickers to non CP-supporting shopowners who display them in their windows.

But the consumers won't buy — neither the goods nor the concept.

The alliance is treated with scepticism by the Save Boksburg Committee, which, according to Jeffries, maintains "they (members of the alliance) have not been listening to our anger at all ..."

"This struggle has nothing to do with buying from a shop with a sticker in its window. Their position has little to do with morals and much to do with the sound of the till which has fallen pretty quiet lately."

Historically, the Reiger Park community has been a particularly passive one. Henry Jeffries is still not sure why people have rallied so strongly around this issue when "far more serious issues" like Group Areas removals and detentions have failed to rouse such coherent passions.

"Whatever," he says, "the point remains they have reacted to this issue and they will never be silent again."

Fears persist that, in Butch Jantjes words, "Vosloorus may crack" — it only takes 100 or so people to reverse a boycott. Clearly a failure now would be a triumphant victory for the Conservative Party.

But many feel that the role-model boycott of Boksburg will leave a deep impression upon everyone who wittingly or unwittingly got caught up in it, whatever the outcome.

For one thing, as Jeffries noted, Boksburg whites have at least become aware that Reiger Park — a mere kilometre from their town centre — exists. And as voters, they may even think twice next time about where they put their cross

BARLOW RAND CIRCUIT BREAKER INDUSTRIES BARLOW RAND BARLOW MOTOR HOLDINGS BARLOW RAND M B BLOW MOLDERS  
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TIGER FOODS BARLOW RAND RAND MINES PROPERTIES BARLOW RAND GEC SOUTH AFRICA BARLOW RAND RAYC  
MEADOW FEEDS BARLOW RAND NATIONAL PANASONIC BARLOW RAND BLUE CONTINENT BARLOW RAND E J ADCOCK  
JUNGLE OATS BARLOW RAND ROTOFLEX BARLOW RAND MONOWELD GALVANISERS BARLOW RAND ERPM BARLOW RAND  
BARLOW RAND HYPACK BARLOW RAND NAMPACK PAPER BARLOW RAND KING FOOD BARLOW RAND TELKOR  
BARAIR BARLOW RAND TECHNOLOGY SYSTEMS MANUFACTURING BARLOW RAND RCP GROUP BARLOW RAND  
BARLOW RAND DELTA SOFT BARLOW RAND SA OIL MILLS BARLOW RAND RHODIUM REEFS BARLOW RAND POLYCELL  
SPICERS BARLOW RAND METAL BOX SA BARLOW RAND NATAL CANE BY-PRODUCTS BARLOW RAND BARLAN FORMS BARLOW RAND  
RAND WITBANK COLLIERY BARLOW RAND REUNERT TECHNOLOGY SYSTEMS BARLOW RAND MIDDELBURG STEEL & ALLOYS  
BARLOW RAND FEDERATED TIMBERS BARLOW RAND WELGEDACHT EXPLORATION BARLOW RAND DELMAS MILLING BARLOW  
ROBOR INDUSTRIAL HOLDINGS BARLOW RAND IMPERIAL COLD STORAGE BARLOW RAND LEFKO BARLOW RAND BARLOW HANDLING  
BARLOW RAND SAPHAR-MED BARLOW RAND ELECTROCOL BARLOW RAND NASHUA BARLOW RAND RADIMED  
BARLOW RAND COMPUTER SERVICES BARLOW RAND PPC LIME BARLOW RAND TIGER BAKERIES BARLOW RAND THOS BEGGIE & CO  
BARLOW RAND BARTONS BARLOW RAND FEDERATED-BLAINE BARLOW RAND RADUE WEIR BARLOW RAND UNPLY BARLOW RAND  
BROLLO AFRICA BARLOW RAND G E HUDSON BARLOW RAND THESEN & CO BARLOW RAND ISM BARLOW RAND  
BARLOW RAND BARLOW'S TRACTOR CO BARLOW RAND TECHNOLOGY SYSTEMS DISTRIBUTION BARLOW RAND ROBOR BARLOW RAND  
SMITCHEM BARLOW RAND METAL BOX GLASS BARLOW RAND BARPLATS BARLOW RAND VELDSPUN BARLOW RAND  
RAND BERG RIVER TEXTILES BARLOW RAND HETEX BARLOW RAND BARLOW RAND PROPERTIES BARLOW RAND  
BARLOW RAND S WAINSTEIN BARLOW RAND DAIRYMAID BARLOW RAND AEROLAX BARLOW RAND COUNTY FAIR FOODS  
BDM SECURITY CARDS BARLOW RAND PRINTPAK BARLOW RAND SABAX BARLOW RAND RENOWN BARLOW RAND  
BARLOW RAND JEFFY MANUFACTURING BARLOW RAND OCEANA FISHING BARLOW RAND BLYVOORUTZICHT GOLD MINING CO  
LANGEBERG FOODS BARLOW RAND W G BROWN INVESTMENTS BARLOW RAND RAND REGISTRARS BARLOW RAND  
BARLOW RAND FATTS AND MOH'S BARLOW RAND PRETORIA PORTLAND CEMENT BARLOW RAND BARLAN INDUSTRIAL EQUIPMENT  
MILLSELL CHROME MINES BARLOW RAND B & D EDUCATION SYSTEMS BARLOW RAND LIFESTYLE BARLOW RAND  
BARLOW RAND COLLECT-A-CAN BARLOW RAND QUADRISECTION BARLOW RAND BARLOW'S APPLIANCE CO  
SACO SYSTEMS BARLOW RAND BARLOW RAND WRIGHTTECH BARLOW RAND AROMATIC BARLOW RAND FLORTIME BARLOW RAND  
BARLOW RAND PLASCON-EVANS PAINTS BARLOW RAND MARINE OIL REFINERS BARLOW RAND LOTZABA FORESTS BARLOW RAND  
DAIRYBELLE BARLOW RAND ROMATEX BARLOW RAND ISLAND VIEW STORAGE BARLOW RAND TECHNOLOGY SYSTEMS INTERNATIONAL  
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**HAVE THE WEEKLY MAIL DELIVERED TO YOUR FRONT DOOR**  
See PAGE 8

# Metro retains its 46%<sup>4/041</sup> market share with 23,3%<sup>2412/89</sup> earnings rise<sup>(30)</sup>

CASH and carry wholesaling giant Metro has confirmed its consistent growth track by producing a 23,3% improvement in earnings a share which, for the half-year to December 24, is well within market expectations of between 20% and 25%.



• SMITH

Nevertheless, movement in the share, which shed 10c in fairly high volume but concentrated trade yesterday, suggested some disappointment in the market. The share, which moved from a low of 420c in November, closed at 520c, putting it on a P/E of 11,5%, yielding 4% on a dividend of 9c (7,5c). Satisfactory performances in all operating divisions (cash and carry, wholesale, conventional wholesale and retail) improved operating margins from 2% to 2,2% during the six months to December, lifting profits before tax and interest by 34,3% to R35,6m<sup>35</sup>. But, a R5m increase in the interest bill to R7,6m limited growth in attributable earnings.

LESLEY LAMBERT

of R13,1m, to 23,6% and reduced the group's liquidity, as interest cover fell from 10 to four times.

The group had anticipated the high interest charges. By the end of the last financial year, its short-term debt had risen to R29m. Further borrowings to finance higher stock levels raised the level of debt to R49m as government was tightening the economic screws.

## Consolidation

By issuing new shares to make the final payment for Frasers, Metro has cleaned up all the outstanding effects of its acquisition phase and has entered a period of consolidation.

During the past three years, the group has maintained its 46% stake in a fiercely competitive market.

While analysts expected growth in the informal sector to have a significant impact on the earnings of food wholesalers, MD Cecil Smith said yesterday Metro had been supplying this sector for some time and the effect on earnings

was gradual. Last week, the group reached an agreement with Nairco to supply hawkers.

In spite of these opportunities, Smith said the rate of competitive growth had slowed considerably and entry barriers were now much higher. "Our objective now is to maximise returns by increasing floor space in existing stores rather than by opening new stores."

A group-wide refurbishment campaign is expected to cost R25m by the time it is completed at the end of the financial year. The group will be considering further consolidation of Metro and Fraser Stores.

But, while it strengthens existing operations within SA, it is exploring longer-term expansion outside the country, starting with the opening of a new store in Transkei in March.

Investments in neighbouring states and homelands contributed about 30% to group earnings.

Traditionally, group profitability is higher in the second half of the year.

Management appears confident the rate of earnings growth will at least be maintained for the full year.





husard

HOUSE OF ASSEMBLY

†Indicates translated version.

For written reply:

General Affairs:

Sandton: applications from non-Whites to occupy/own property

24. Mr D J DALLING asked the Minister of Constitutional Development and Planning:

(1) How many applications were received in 1988 from (a) Coloured, (b) Indian and (c) Black persons to (i) occupy and (ii) own residential property in areas proclaimed for occupation by White persons in Sandton;

(2) how many such applications (a) had been (i) granted and (ii) refused and (b) were pending as at the above date?

The MINISTER OF CONSTITUTIONAL DEVELOPMENT AND PLANNING:

This matter vests in the Administrator of the Transvaal and he furnished the following information:

(1) None.

(2) Falls away.

CBD's proclaimed open trading areas

26. Mr C W EGLIN asked the Minister of Constitutional Development and Planning:

(1) (a) How many central business districts had been proclaimed open trading areas as at 31 December 1988, (b) where is each situated and (c) when were they proclaimed in each case;

(2) (a) how many central business districts had been advertised as at the above date as areas designated to be proclaimed open trading areas, (b) where is each area situated and (c) when is it intended that each will be proclaimed?

The MINISTER OF CONSTITUTIONAL DEVELOPMENT AND PLANNING:

(1) (a) 85

(b) See attached List "A".

husard

Table with 3 columns: Question number, Date, and Answer. Contains questions 45-85 regarding various towns and areas.

Cape Town: Black residents

27. Mr C W EGLIN asked the Minister of Constitutional Development and Planning:

What estimated number of Blacks resided in (a) the Greater Cape Town area and (b) each specified Black township in this area as at 31 December 1988?

The MINISTER OF CONSTITUTIONAL DEVELOPMENT AND PLANNING:

This matter vests in the Administrator of the Cape Province and he furnished the following information.

Table with 2 columns: (a) Metropolitan Area and (b) Estimated figures. Lists towns like Guguletu, Langa, Nyanga, etc.

LIST "B" AREAS IN THE PROCESS OF INVESTIGATION

- List of areas including Dannhauser, Glencoe, Greytown, Ladysmith, Marburg, Melmoth, Newcastle, Richards Bay, Richmond, etc.

Figures for April 1988 for Peninsula towns and December 1987 for the rest.

Diplomatic immunities/rights/privileges

36. Mr R A F SWART asked the Minister of Foreign Affairs:

Whether the State President granted diplomatic immunities, rights and privileges to any person in 1988 in terms of section 2B of the Diplomatic Privileges Act, No 71 of 1951; if so, (a) how many, (b) what are the (i) names of,



## shareholders

1988

### Income statement

6 months ended	Year ended
31.12.87	30.6.88
Unaudited	Audited
42 954	90 585
3 980	8 311
554	1 267
3 426	7 044
1 713	3 359
1 713	3 685

34 773 34.773

4,9c 10,6c  
1,5c 4,0c

### Balance sheet

December 1987	June 1988
5 344	5 143
35 612	49 758
(10 177)	(20 044)
30 779	34 857
21 273	21 855
9 506	13 002
30 779	34 857

ing that turnover and operating her respectively than for the , despite heavy pressures in the substantially higher than that of previously reported this is due together with the higher interest continue to work towards a more shareholders' funds.

proved operating results so far the remainder of the year. remain as a major factor in the

dividend of 1,5 cents per share. dividend announcement below.

On behalf of the board  
R. A. DU PLESSIS *Chairman*  
D. G. FOWLDS *Managing*

## Shareholders

### Ordinary dividend no. 3

an dividend in respect of the year 1 no. 3 of 1,5 cents per ordinary ordinary shareholders registered close of business on 10 March

is posted on or about 20 March red addresses or in accordance before 10 March 1989.

South Africa Income Tax Act of 1962 (as is' tax of 15% will be deducted dders whose addresses in the outside the Republic of South

By order of the board  
M. HANLON, *Secretary*

24 February 1989

R. A. du Plessis (Chairman), D. G. Fowlds (Managing), C. Cilliers, D. E. J. Lovely

GOOD  
LIMITED

# Africa opens up to SA retailers

## SYLVIA DU PLESSIS

SA RETAIL groups seeking to expand their operations internationally were finding opportunities opening up in Africa, according to SA Foreign Trade Organisation (Safto) CE Wim Holtes.

Opening the national retail marketing conference in Johannesburg this week, he said there was a growing awareness in Africa, at a private commercial level, of the value of closer economic links with SA. "This is causing the retail sector to reappraise the growing business opportunities in Africa," he said.

## Effective

Most of the leading retail groups had successfully spread into the TBVC countries, as well as into the BLS states, and they had established an effective distribution and retailing capability throughout Southern Africa.

In its search for new business opportunities outside the urban centres in SA, the retail sector had faced problems ranging from foreign exchange shortages and import controls to transport and logistical issues and travel hazards.

"These have prevented any but the most efficient and financially strong groups from securing new market niches," Holtes said.

Africa was not a dumping ground for unsuitable merchandise. "Consumers are extremely brand-conscious and insist on good quality in their day-to-day purchases."

## Channel

The powerful combination of South African retail management and export-import traders could create a strong business channel into Africa, which could become particularly important in two-way trade developments between SA and the various African countries.

"The South African business community will have to ensure that this process enables our major trading partners in Africa to generate the foreign exchange needed to purchase goods from SA. Such a mutuality in business dealings will form a solid basis for long-term relationships," Holtes said.

## TIGER WHEELS ZOOMS IN WITH TOP PERFORMANCE

70 MARC HASENFUSS

TIGER Wheel Holdings marked its interim debut on the main board of the JSE with a 64% increase in taxed earnings on a 50% turnover rise.

Attributable earnings for the six months to end December were R1,24m compared with R757 000 at the same stage in 1987, while turnover leapt to R20,8m from R13,8m. *n 10m 24 12 89*

Earnings increased 35% to 4,9c a share against 3,2c.

Tiger Wheels — which manufactures, distributes and imports wheels, tyres and accessories — transferred from the DCM to the motor sector of the JSE in early February.

Tiger Wheels CE Eddie Keizan said yesterday current year profits were expected to significantly exceed those of the previous year. He expected benefits from the group's local acquisition and its foreign investment, made in 1988, to show during the next financial year.

Net asset value rose to 28,9c a share against 21c in 1987, reflecting the acquisition of Ephron Parts Centre in June 1988 boosting Tiger's wholesale distribution network and a R770 000 foreign investment in the tyre and wheel industry to buttress group exports.

Keizan said the financial period was characterised by a strengthening of the group through the expansion of domestic market share, growth of exports, bedding down of acquisitions, improved quality and productivity on greater manufacturing capacity.

A key feature of the period was the contribution of group profits from a 50% offshore investment in a tyre and wheel enterprise that should begin flowing through in the next financial month.

Keizan said: "We expect to reach break even this year. Start-up expenses, which have all taken place during this reporting period, should be recovered during the second half."



30

Writ 24/2-2/3/89.

CARLETONVILLE could face a boycott and other action against its whites-only policies in the next few weeks, including planned law-breaking along the lines of the Defiance Campaign of the 1950s.

Angered by the Conservative Party-controlled town council's implementation of petty apartheid, a host of progressive organisations adopted a hard line at an emotion-charged meeting last weekend.

They took the matter further than their counterparts in Boksburg, who are boycotting white business — they are calling on the community to defy racist laws.

Elijah Barayi, national president of the Congress of South African Trade Unions (Cosatu), has volunteered to lead the first group of defiers.

The meeting, attended by about 600 people, was organised by the Khutsong/Cosatu Local Action Committee. Khutsong is the township outside Carletonville.

The decision to take action was the result of a long period of consultation in the region involving church organisations, the Transvaal Indian Congress, businessmen, taxi-owners, teachers, students, youth, the National Medical and Dental Association and the Unemployed Workers' Union.

# CP's Carletonville faces 1950's-style Defiance Campaign

BY JONNY MASEKO and PAUL MASEKO

The Carletonville Town Council has fenced all the public parks in town and put up "whites only" signs. The only black people allowed in the parks are workers who clean and maintain the area for white residents.

The meeting resolved that the community should defy all the petty apartheid by-laws enforced by the town council. This would mean ignoring all whites-only signs and moving freely through the town, they decided.

Barayi offered to lead the first group of defiers after recounting his experiences in the 1952 Defiance Campaign, run by the Congress Alliance.

People were advised not to move around the town at night alone, as

people were being assaulted by whites.

They also decided to organise a consumer boycott of all white-owned shops in Carletonville.

No date was set for the start of this action, though February 27 seems to be the likely date.

Black and Indian shop-owners told the meeting they would assist the boycott by keeping their prices reasonable during the protest. Taxi-owners also promised not to charge unreasonable fees to carry people to other towns.

The plan was enthusiastically accepted by the 600 people at the meeting.

In a statement on Wednesday, the committee said representatives of 27 community organisations had discussed the "withdrawal of buying power campaign" at the meeting.

Conservative Party representative Kobus Beyers responded this week with a firm line. "We will not be intimidated by boycotts," he said.

He warned that his party would prosecute the organisers of the campaign for contravening Emergency regulations, which ban the promotion of boycotts.

Beyers insisted that the CP was "merely executing the mandate of the people."

"We spell out our policy to the electorate," he said, "and on the basis of our manifesto we won (control of) 60 municipal councils in the Transvaal."

The "U-r wanted" harmony between various population groups" and this was only possible if people of various racial groups did not share the same facilities, he said.

He accused the National Party of failing to implement laws which it wrote into the statute book and said blacks should blame the NP and not the CP.

Citing recent developments in Boksburg, where sport bodies cancelled sports tournaments and athletics meetings because the town council insisted black sportsmen were excluded, he said: "We stuck to our guns. We are not even afraid of boycotts from overseas."

by **JULIE WALKER**

A STONE'S throw from the Carlton Centre in one of Johannesburg's busiest streets is an eye-opening shop to the average white man. Even more surprising is that the shop is a part of the listed Dashaus group.

Its name is Ryans, and its business is supplying hawkers with goods which they in turn sell in townships or homelands. It is a far cry from the prestigious Dashaus outlet in the Carlton Centre itself, but every bit as important to the group as a whole.

**WORRIED**

Dashaus conjures an image of fine furniture. Mattress House is part of the chain — again projecting that middle-to-upper-income image.

Furniture Hyper gives the impression of an up-market cash and carry, but none of these high-street names prepared me for Ryans.

Ryans is one of six clothing retailers out of 25 furniture and clothing outlets which comprise Dashaus.

Chief executive Fred Ginsberg is worried that he stuck with the wrong name when the group was listed in 1987. He might be right.

Even on a Monday morning Ryans is busy. There are no frills, no changing rooms, no assistants on the floor, but the average customer spends R200 or more on clothing, cosmetics and the latest gimmick — blockmounts of black heroes.

Hawkers can easily spend ten times that amount. The quality of clothes is high.

**TROUSERS**

Mr Ginsberg says: "We buy from the same people who fill the shelves of leading clothiers. But because we buy in large volume we get a good price and pass it on. Sometimes a major retailer cancels a big order because it

Hawkers and the high-falutin mix it at Dashaus

S/Times 26/2/89

30



FRED GINSBERG

is a day late for delivery, but we buy it."

There are 25 000 pairs of trousers alone on the racks, and 3 000 suits. The whole shop floor is reproduced upstairs so that goods are replaced on the racks as soon as they are sold.

It is a booming cash business, turnover can be R500 000 a month and more.

I counted four armed security guards in the shop. "We were held up last week," explains Mr Ginsberg.

Around the corner from Ryans is Ted's, and opposite it is Lay Low. These shops attract their own hawkers and shoppers, having become well known over the years.

Lay Low has been going

for years, having been started by Larry Ginsberg in 1974. "There was scarcely another shop around here dealing with hawkers," he says.

There are few that do not supply them now.

Dashaus has bought Las Vegas, diagonally opposite Ryans and its biggest competitor.

It was a bargain — "We paid one year's earnings for it."

Mr Ginsberg established the Clothing Hyper at Highgate shopping centre as an experiment. It carries the same range as Ryans et al, but the overheads are higher so the clothes are not as cheap. Smarter than Ryans, it has changing rooms, accepts cheques and credit cards and fits into the shopping centre scene.

**CASH**

"It has been highly successful," says Mr Ginsberg. He is pleased with his baby.

A few shops away is the Furniture Hyper, well laid out and reasonably priced.

"Here we have three ideas under one roof," says Mr Ginsberg. "There is a Dashaus, a Mattress House and a range of other furniture second to none."

Essentially a cash group, the furniture shops grant limited credit to customers.

"We are not really in favour of it, but people can't afford it otherwise," says Mr Ginsberg.

His group has deliberately

kept low the amount of appliances sold. Dashaus sells none, and they contribute only 15% of turnover at the Hyper.

"We offer it only to provide a complete range," he says. The margins are too thin because so many outlets sell the same ranges of appliances.

**CLUES**

From a few clues, I picked up that Dashaus borrowings will be about R8-million at the February yearend.

Mr Ginsberg says: "We had to stock up a lot of new shops last year."

I saw those stocks, and I believe him.

Mention was made of turnover reaching R100-million in the year to February 1990, half from each sector. So on a profit margin of 8% to 10% and a 30% tax rate Dashaus could earn between R5,6-million and R7-million. That could mean between 22c and 35c a share.

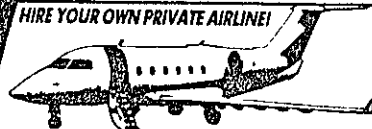
As economic activity in the formal sector winds down, the informal picks up, says Mr Ginsberg.

The forecasts sound high, but not impossible. The current share price is only 35c. Barring an economic collapse, Dashaus looks good for a punt.

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# End of World

By Julie Walker

THE end of the World furniture shops is nigh.

Out of the 64-strong chain — a pioneer retailer to black consumers established many years ago — 54 will be re-opened under the Price 'n Pride or Score Furnishers banners. The rest will be closed.

Last July, Joshua Doore bought World and Bradlows from Homemakers, which came to own 49% of the new group. World and Bradlows had been merged in the Homemakers stable along with Housewares and Fabric Library only a few months before. Joshua Doore owns Price 'n Pride and Score Furnishers. It will be known as the JD Group on the JSE.

The new group's results show pro forma figures for both 1988 and 1987, reflecting a year's trade in each case. In the year to December 1988 turnover grew by 20% from R351-million to R421-million and attributable income from R22-million to R31-million.

Earnings a share rose by 38% to 86,8c and a 14c dividend was declared for the six months of operation under the new format.

JD Group chief executive David Sussman says World made an unacceptable contribution to profit.

"The average monthly sales of a salesperson at a Price 'n Pride store is R51 000, and take-home pay R2 500. At World the two figures read R8 100 and R950 respectively," says Mr Sussman.

World was built on out-of-store sales where a salesman went to a township with a catalogue. "It is not cost-effective," says Mr Sussman.

## The rand's world value

	R1 equals		One foreign unit equals (R)	
	24/2 /89	24/2 /88	24/2 /89	24/2 /88
US \$	0.402	0.481	2.490	2.079
UK £	0.228	0.272	4.380	3.675
Deutschemerk	0.732	0.813	1.366	1.230
Japanese yen	50.55	62.06	0.20	0.16
Swiss franc	0.622	0.668	1.608	1.497
French franc	2.493	2.750	0.041	0.367
Canadian \$	0.480	0.609	2.083	1.642
Italian lira	539.23	598.72	0.002	0.002
Zimbabwean \$	0.788	0.839	1.270	1.192
Australian \$	0.487	0.669	2.053	1.495
Trade weighted value of rand % change against 1974 base	40.82			

## Domestic interest rates

	MONEY MARKET		
	Friday 24/2 /89 %	Friday 17/2 /89 %	Friday 10/2 /89 %
SARB accommodation rediscount rate TBs	16.00	14.50	14.50
Treasury bill tender rate	15.60	15.27	14.98
Basic call of discount houses	16.00	14.75	14.75
Three-month banker acceptances	16.35	15.55	15.35
Three-month NCDs	17.60	16.65	16.65
Three-year RSA stock	18.30	18.10	15.05
Prime overdraft rate	18.00	18.00	18.00
All-in yield of finest acceptance credits	17.25	16.5	16.12

## CAPITAL MARKET

SECONDARY MARKET	RATES ON MOST TRADED STOCKS	
	Average Previous Month	As on Friday
Long term RSA stocks	16.66	16.76
Long term Ecom stocks	18.51	18.63

## Best sections this week

	Av % Mv	Av D/Y	Av E/Y
Evander	12.6+	12.3	0.0
Mining Exploration	12.2+	0.0	0.4
Tin	7.5+	1.4	1.9
Fishing	7.2+	9.6	17.5
Steel and Allied	6.6+	3.0	10.8

London gold

## Overall market this week

30  
26/2/89  
Cherry

# SBDC launches business directory

By HAPPY ZONDI

THE Small Business Development Corporation launched a new directory aimed at promoting relations between big corporations and small companies this week.

The directory, called *Contactmaker*, was launched at four SBDC centres countrywide and lists 1 160 small businesses based at 62 industrial centres throughout South Africa. It is available free of charge on application.

The directory lists all small businesses ranging from garages, panel beaters, to electrical contracting, steel manufactur-

ing and carpentry workshops affiliated to the SBDC. It also provides names and telephone numbers as well as maps of the location of each SBDC facility.

SBDC spokesman WB Vosloo said: "*Contactmaker* is intended to remedy lack of information about the diverse goods and services offered by small businesses - it is a shop window for the small business sector".

Regional general manager James Scott said this approach had helped in the development of South Korea, Japan, Germany and Taiwan where a competitive small business sector existed.

30

A RETAIL survey of Cape Town's metropolitan area indicates the central business district has retained a powerful position in the retailing segment of the metropolis when it comes to dividing up the market — in spite of the suburban drift which has occurred during the past several years.

Undertaken two years ago by RIMS retailing consultants — and probably even more cogent today with some gradual return to the CBD — the results suggested the Cape Town CBD represented 11,8% of the metropolitan area's total market. In 1986 terms, sales for the central district amounted to R737m against the entire metropolis' R6,2bn.

The share of the cake, product wise, varied from group to group but showed particular strengths in the clothing and footwear sector where the CBD scored 16,3%.

Food and groceries only accounted for 7,5%, reflect-

ing a typical pattern in that the bulk of food and grocery sales are generally made through convenience stores in the residential suburbs and the hyper-stores.

RIMS argued in its re-

## Retail arena still strong

port that weakness in the furniture and appliance sector (7,8%) was due to the strong representation by the furniture trade in the northern areas of the western Cape.

An analysis of racial groupings predictably indicates the city is or was relatively dominated by white shoppers (13,8%), followed by Asians and coloureds (8,5% and 6,1% of downtown shoppers re-

spectively).

Thumbnailing a profile of the city's shopping population at the time, RIMS concluded it totalled around 694 000 people. On the average day, there would be about 174 000

ments which together accounted for 492 000m<sup>2</sup> of space and employed 25 900 people. The table provides a breakdown of space compiled by RIMS.

In trying to devise strategies for the revitalisation of the CBD — on the basis of the survey results — the consultants advised the future market potential of the city would mainly be determined by:

- The relative attractiveness of the CBD as a location for offices;
- Plus the relative attractiveness of the CBD as a location for offices.

RIMS issued a warning at the time that if the local authority and the major property owners took no proactive steps to influence trends — such as the gradual dispersal of people and commerce to the suburbs — the CBD would gradually lose commercial and shopping support to the north, becoming a relatively sterile, stagnating and decaying part of the city.

whom 36% would also work in the area.

At the time of the survey — conditions may have changed only marginally over two years — it was estimated the CBD comprised 5 966 commercial establishments which collectively took up 2,7m<sup>2</sup> of floor space and accommodated 85 000 workers.

The retail and consumer services market in the CBD comprised 2 319 establish-

# Carletonville braced for trade 'shut-out'

8/27/289  
30

**By Jovial Rantao**  
A trade union-backed consumer protest, embarked upon by miners and black residents of Khutsong, near Carletonville, starts today against a decision by the CP-controlled town council to re-introduce rigid apartheid.

Management committee chairman Mr Koos

Nel has said the CP would not bow to pressure from the residents of Khutsong.

While admitting that black shopping power, estimated at 70 percent, was a big factor, Mr Nel said the situation in Carletonville was not the same as in Boksburg, where alternative shopping venues were easily accessible.

He said it would be ironic if Khutsong residents decided to divert their buying power to neighbouring towns because their town councils were also controlled by the CP.

The consumer boycott has already proved devastating for Boksburg on the East Rand. Traders in the town reported heavy losses last week, some up to 90 percent.



## Joshua Doore World division faces the axe

SYLVIA DU PLESSIS

The JD Group — the new name for furniture retailer Joshua Doore — is to scrap its World division after an unacceptable contribution to group profits in the year to December.

World would not be capable of making an adequate return in its present form, JD management concluded after a recent detailed review of its operations. *By 2-11-89*

"The board has therefore decided to move out of the World marketing concept and to concentrate on consolidating the successful Price 'n Pride and Score Furnishers operations in the marketplace sector served by World," chairman David Sussman said in a statement released with the group's annual results.

About 53 World stores are being reopened under the Price 'n Pride or Score Furnishers identity, while 11 others are being phased out and a number of employees will be retrenched.

"The loss of jobs was naturally a matter of concern to management, but the rationalisation was deemed necessary to preserve the strength of the Joshua Doore Group as a whole, for the long-term benefit of customers, staff, suppliers and shareholders alike," Sussman said.

### Enhance

A further structural problem at World was its need to employ an increasing number of sales staff to increase turnover.

According to Sussman, the average monthly sales of a salesperson in a Price 'n Pride store was R51 500, compared with R8 100 in World and R11 300 in Score.

This year the group would be concentrating efforts on its four strong subsidiaries and this would enhance the return on assets employed.

"As a result of the steps taken by management and the commitment of staff throughout the organisation, a satisfactory increase in earnings is expected for the year to December," Sussman said.

In the year under review, internal efficiencies and tight cost control resulted in earnings a share of 86,8c (62,9c).

Of this total, 64c was earned in the second half of the year and a dividend of 14c a share was declared.

Group subsidiaries Price 'n Pride, Bradlows and Joshua Doore all traded at record levels.

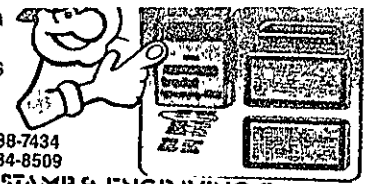
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By Stan Hlophe *Star* and Dan Side *28/2/87*

# Shops empty as protest in Carletonville begins (30)

Carletonville's business district was deserted yesterday as blacks responded to a call by the local Cosatu action committee for protest action against white-owned businesses.

Cosatu is protesting against the reintroduction of petty apartheid laws by the Conservative Party-controlled town council.

The action was sparked by the municipality's decision to erect "whites only" signs in parks and to lock "non-white" toilets.

Yesterday white-owned shops were mostly empty of black customers.

"Definitely, we are affected," said the manager of Ellerines, who asked not to be named.

"This time of the month it would be full by now but, as you can see, the place is empty."

A bottle store assistant manager, who stood at an empty



Mr Danico Sebastino, a Carletonville butcher, sits forlornly on his counter waiting for customers. ● Picture by John Hogg.

counter, claimed his walk-in trade was reduced by a group of youths who prevented custom-

ers from entering.

Mr Koos Nel, chairman of the town's management committee,

said "a couple of cases of intimidation" had been reported to police, who removed the alleged intimidators, and in some instances shopkeepers themselves chased the interlopers away.

Butcher Mr Danico Sebastino said, "If this continues, I will be forced to close shop, pack my bags and return to my home country."

A Scotts fashion shop manager admitted it was "unusually quiet" for a month-end.

General manager for Pick'n Pay, Mr Aubrey Zelinsky, said possible losses could only be accurately assessed by the end of the week.

Mr Zelinsky said businessmen would meet as soon as possible to decide what line of action to take.

The CP's Mr Nel said yesterday's action proved nothing because most blacks were "week-end shoppers" and many had stocked up on Saturday.

Mr D H Mateman: boycott action against Brakpan

\*4. Mr C J DERBY-LEWIS asked the Minister of Law and Order:

- (1) Whether the South African Police have been informed of and/or any members of the Police were present at a meeting held in the community hall at Geluksdal on or about 1 December 1988 during which a boycott action was propagated against the business community of Brakpan; if so,
- (2) whether this boycott action was propagated by a certain person, whose name has been furnished to the Police for the purpose of the Minister's reply; if so, what is the name of this person;
- (3) whether any charges have been laid as a result of this meeting; if not, why not; if so, what are the relevant details?

†The MINISTER OF LAW AND ORDER: B144E

- (1) Yes.
- (2) Yes. The name furnished by the hon member.
- (3) Yes. A case docket has been opened and charges in terms of the Security Emergency Regulations are being investigated. This investigation has not yet been completed.

Comdt C J DERBY-LEWIS: Mr Chairman, arising from the hon the Minister's reply, could he tell us whether it is really his intention to act in terms of the emergency regulations against boycotts, or is this just more legislation to be floundered as long as it only affects the affairs of Whites?

†The MINISTER: Mr Chairman, I already pointed out that a case was opened and that we are investigating the matter.

Groote Schuur Hospital: complaints against Chief Medical Superintendent

\*5. Dr M S BARNARD asked the Minister of National Health and Population Development:

Whether any complaints were laid against the Chief Medical Superintendent of Groote Schuur Hospital in November or December 1988; if so, (a) (i) how many such complaints were made and (ii) by whom and (b) (i) what was the nature of each such complaint and (ii)

Thruswell

to whom was each made?

B212E

The MINISTER OF NATIONAL HEALTH AND POPULATION DEVELOPMENT:

In accordance with Rule 95 of the Standing Rules of Parliament, the matter is *sub judice* and I am therefore unable to provide the hon member with a reply.

SAP vehicles: differing number plates displayed

\*6. Mr M J ELLIS asked the Minister of Law and Order:

- (1) Whether the South African Police own a vehicle with the number plates NP 47417 and NP 81816 and another with the number plates NP 6062 and NP 71125; if so, (a) why are two differing number plates displayed on each vehicle and (b) who gave permission for two differing number plates to be displayed; if not, who owns the vehicles concerned;
- (2) whether any action has been taken against the owners and/or drivers of these vehicles as a result of the differing number plates; if not, why not; if so, (a) what action, (b) against whom and (c) when?

B213E

†The MINISTER OF LAW AND ORDER:

(1) and (2) In combating crime, during clandestine police actions, it is often necessary for the South African Police to make use of vehicles which cannot be identified by means of their number plates or otherwise. It is also often necessary in high risk areas because identifiable police vehicles are maliciously damaged by hostile elements, especially when they are parked unguarded.

However, instructions in respect of this matter, which I am not prepared to make known here, are being applied.

The honourable member has apparently put this question to me as a result of a letter concerning the matter which was published in the *Natal Witness* recently. In the newspaper concerned, the liaison officer of the South African Police in Pietermaritzburg addressed an invitation to the correspondent to substantiate the allegations which he made in his letter

by means of an affidavit, so that they could be investigated.

Up until now no reaction in this regard has been received from the correspondent or from any other person. On the contrary, his letter evoked extremely favourable comments from the public regarding the excellent service rendered by the South African Police, Pietermaritzburg. I would therefore like to make an appeal to the hon member — we know the hon member and we know he is a good friend of the South African Police — not to always regard the South African Police with suspicion, but to rather support them positively in the difficult task which they perform.

Mr P G SOAL: Mr Chairman, arising from the reply of the hon the Minister, may I say that while I accept that it might be necessary for the police to be unidentifiable while looking for those who are breaking the law, will he please tell us whether the registration numbers which are used on occasions such as these are numbers which are taken at random, or are they licence registration numbers which are registered with the appropriate authorities?

†The MINISTER: Mr Chairman, owing to the nature of this information, I cannot make it known in public on the floor of the House. [Interjections.] If the hon member approaches me about that, I am prepared to make it available to him on a confidential basis.

Harms Commission: white paper on reports

\*7. Mr D J DALLING asked the Minister of Justice:

- (1) Whether the Government is considering tabling a white paper on the first two reports of the Harms Commission; if so, (a) when and (b) what is it intended will be the purport of such a white paper; if not,
- (2) whether any action arising out of these reports is being considered; if so, (a) what action, (b) against whom and (c) when;
- (3) whether any further investigations arising out of these reports are being considered; if so, (a) what is the nature of each such investigation and (b) when is it anticipated that each will be completed?

B215E

The MINISTER OF HOME AFFAIRS AND

OF COMMUNICATIONS (for the Minister of Justice):

- (1) At this stage a white paper on the first two reports is not indicated, since the recommendations in those two reports are clear and well defined and have already been given effect to. Suffice it to say that the Government's initiatives to expose corruption and unethical business practices support the State President's commitment to clean administration. The Government will therefore continue to pursue the ideals of clean administration in spirit and in deed.
- (2) Yes. The various Attorneys-General are considering possible criminal charges as indicated in the report. The Law Society of the Cape of Good Hope is also considering the report. The findings of the Commission in connection with certain political-ethical issues and the violation of the inter-state relationship with Giskei were referred to the Speaker of Parliament and the Department of Foreign Affairs, respectively, for possible action.

The Commission also pointed out certain defects in the Prevention of Corruption Act, 1958 (Act 6 of 1958), and recommended that this Act be referred to the South African Law Commission for investigation. I have subsequently requested the South African Law Commission to consider including the matter in its programme. The hon member is furthermore referred to my oral answer on 14 February 1989.

- (3) The terms of reference of the Commission will determine the scope of further investigation which is a matter of decision for the Commission.

Cycads: permits for export

\*8. Mr R J LORIMER asked the Minister of Constitutional Development and Planning:

Whether any permits for the export of cycads were issued by any provincial nature conservation department in (a) 1987 and (b) 1988; if so, (i) in respect of which country in each case and (ii) what was the value of each such export?

B216E

The DEPUTY MINISTER OF CONSTITU-

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COMMERCE - GENERAL

1989 - MARCH .

# Shops close early

• From Page 1

be asked to reduce their fares during the time.

Carletonville was tense but calm and only a minor skirmish occurred — yesterday afternoon, in the centre of the city, whites and blacks clashed over the use of a public telephone. Police intervened.

The chairman of the Carletonville management committee, Mr Koos Nel, was yesterday said to be in a meeting and could not meet *Sowetan* reporters. According to reports Mr Nel has said the boycott would not work.

He is also reported to have said that there were a number of blacks who still did their shopping in the town, but *Sowetan* reporters saw no evidence of this.

Carletonville Chamber of Commerce chairman, Mr Rodney Loggenberg, said that local businessmen were invited to a meeting to discuss the issue.

This was confirmed by Mr Eddie Grunling, whose liquor business was completely deserted for the second time yesterday.

## Deserted

Most of the stores like Pick 'n Pay, OK Bazaars, Jazz Supermarkets, Sales House, Pages, Edgars and other small businesses were virtually deserted.

Most business owners were not prepared to have their names mentioned for fear of victimisation.

Mr Grunling said that he feared if the boycott continued for six months Carletonville would become a "ghost town".

"I am not a politician but I feel the CP must be kicked out of this town. They are unreasonable and want to throttle our businesses," he said.

The Congress of South African Trade Unions, the National Council of Trade Unions, and the Southern Transvaal African Chamber of Commerce, said yesterday they fully supported the stand taken by Carletonville residents to boycott the shops.

# Consumer action hits Carletonville: 2 held

Staff Reporters

Two black men have been arrested in connection with three intimidation charges in Carletonville, where black consumer action has virtually crippled commerce since the town reintroduced petty apartheid.

Police said a "close watch" was being kept on the situation as the Cosatu-sponsored protest entered its third day.

No reports of violence had yet been received, said police.

Captain Ben van Heerden, police liaison officer for the Western Transvaal division, today warned that intimidation was a criminal offence and that police would take action to prevent it.

No extra police patrols had been instituted to counter intimidation, he said.

The Conservative Party-controlled town council of Carletonville was confident that the "positive action" against intimidators had broken the back of the boycott and that trade would return to normal by the weekend.

Mr Koos Nel, chairman of the town's management committee, said today that around-the-clock police patrols had thwarted possible intimidators and

black customers were again buying.

Mr Nel admitted the strike had vastly reduced turnovers on Monday, but he said that late yesterday more black shoppers were seen in the business district and more were expected today — in line with his prediction that the protest action would be short-lived.

## REPRESENTATIONS

He said no representations had been received from businessmen, who reported custom down by as much as 70 percent.

Mr Rodney van Loggenberg, vice-chairman of the Carletonville Chamber of Commerce, said yesterday that businessmen were planning to try to persuade the CP-controlled council to abandon its commitment to petty apartheid.

He described the protest as "reasonably strong", saying its consequences for shopkeepers depending on black customers were potentially strong.

Reports received by The Star indicate that business is booming in the neighbouring township of Khutsong and the Carletonville Taxi Association was involved in negotiations to ferry shoppers to neighbouring towns.

# Homemakers adapts well to period of rapid change

By Ann Crotty

Homemakers has reported a sterling improvement in turnover and an excellent increase in operating income for the 12 months to end-December.

The 25 percent increase at the earnings per share level which was at the lower end of analysts' expectations reflects the impact of a number of non-operational developments from a group that has undergone considerable changes during the 12 months under review.

Chief executive Hilton Nowitz refers to the issue of incentive shares to executives and staff throughout the group, noting that while it dilutes eps in the short term, the longer-term motivational impact should increase eps.

In addition developments at the JD group (which was created with effect from beginning July) saw a phasing down of the World operation during the six months to December. Although World was found to be making an unacceptable contribution to JD's profits, traditionally it s

strongest profit period is the three months to end-December so the phasing down of this division meant that Homemakers didn't enjoy World's usual earnings kick in the last three months.

According to Mr Nowitz, in the absence of this development eps might have been slightly higher.

The JD deal complicates analysis of the figures.

The JD figures are consolidated for the six months to end-December which means that although World and Bradlow are included for the full 12 months, the Joshua Doore (as opposed to JD) figures are only included for the six months to end-December.

## Turnover surges

Turnover rose 69 percent to R507,2 million from the 1987 pro forma figure. Operating profit surged 93 percent to R72 million (R37,2 million), reflecting a sharp improvement in margins from 12,4 percent to 14,2 percent.

The consolidation of the JD

operations led to a massive 142 percent hike in the interest payment to R10,7 million (R4,4 million). An increase in the tax rate to 28,8 percent, meant that taxed profit showed a 74 percent surge to R43,7 million (R25,1 million).

Outside shareholders (primarily the minorities in JD) took R9,1 million compared to the previous year's R213 000 leaving attributable earnings ahead 39 percent to R34,5 million (R24,9 million) which, on the increased number of shares in issue, was equivalent to a 25 percent improvement in eps to 18,6c (14,9c).

The balance sheet has been considerably changed by the JD deal. The group's liabilities are down sharply and deferred tax has dropped from R17,4 million to R7 million. This reflects the fact that the furniture interests (now combined in JD) are treated as an investment. Gearing is down to 13,6 percent from 31,8 percent.

Looking to 1989, the directors are forecasting a real growth in earnings.

Boycott bites after two days so . . .

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# Carletonville businessmen to take action

B/Dum 1/3/89

AS THE black consumer boycott began to take effect in Carletonville yesterday, angry businessmen and the chamber of commerce decided to look at ways to form a united front against the CP-controlled town council's enforcement of petty apartheid.

Calling the CP council "out of touch with reality", businessmen said they and the chamber would meet tonight to discuss the matter and see what steps they could take.

Reuter reports that the boycott, launched on Monday, has left Carletonville shops nearly empty — with store owners standing to lose about 70% of their custom.

## Turning

Store owners reported normal turnover from white clientele, but a sharp drop in black customers.

Several voiced anger at the CP policies. "They are unrealistic and out of touch with reality," said one.

Some white residents said boycott organisers were turning away blacks who tried to enter shops, but the police would not confirm this.

Sapa reports that CP deputy leader Ferdi Hartzenberg said the boycott was intimidation politics.

He said it was an effort to sway the CP from its course, but the party would carry out its policies.

Carletonville's management committee chairman, Koos Nel, said he doubted if all black people would take part in the boycott.

He said it would be ironical if blacks did their shopping at neighbouring towns, because some of them were controlled by the CP as well.

□ SIPHO NGCOBO reports that Jazz Supermarkets, whose customers are 100% black, said the company had been betrayed by Cosatu.

Jazz MD Kruben Moodliar said his Carletonville branch sales had dropped 92% due to the boycott, in spite of a meeting he held with the boycott organisers, the local Cosatu Action Committee, the NUM and the TIC last Friday.

Moodliar said he was surprised his company was being boycotted because Jazz as a company had shown it understood the problems of blacks.

A Cosatu spokesman said he understood the case of enlightened companies such as Jazz but said it was difficult to make exceptions in a boycott situation.

Pick 'n Pay chairman Raymond Ackerman said the boycott had had a substantial but not crippling effect on his store.

● Comment: Page 8



# Homemakers' showing sets stage for real growth

31 Day 1/3/89

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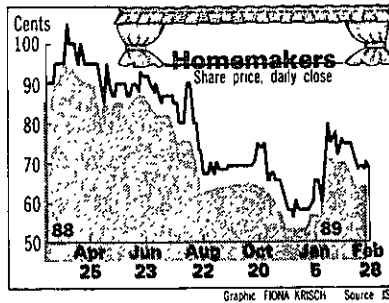
SYLVIA DU PLESSIS

**HOMEMAKERS** boosted turnover by 69% in the financial year to December 1988, and the excellence of its performance is reflected in a 93% improvement in operating profit.

The outcome was that attributable profit rose to R34,5m from R24,9m, with earnings on an 11% increased capital going up to 18,6c from 14,9c.

The year's dividends of 6c a share are not comparable with the previous year's *pro forma* of a single maiden final of 3,5c. Cover is slightly higher at 3,1 times.

The operating profit was drastically reduced by interest payments leaping 142% to R10,6m and tax which rose sharply by 130% to R17,6m, from R7,6m. The tax rate works out at 28,8%. But profit after tax was a very satisfactory R43,6m compared with R25,1m. Minorities' share of R9,1m also took a big bite out of net profit.



The year's performance was supported by the effective 60% holding in the JD Group (Joshua Doore) which includes Bradlows, Pick 'n Pride and Score.

Homemakers CE Hilton Nowitz said attention throughout the year to the balance sheet enabled gearing to be reduced below the company's self-imposed ceiling of 60%, from 32% to 14%.

The final results were a reflection of strategic moves over the past year, which created a balanced portfolio of

businesses capable of showing real growth in earnings notwithstanding cyclical changes in consumer spending patterns.

According to chairman Jeff Lieberman, a carefully chosen spread of interests, the strength of the management teams and the under-gearred balance sheet would enable Homemakers to sustain real earnings growth in both the short and long term.

"Each division has budgeted for record profits in 1989. Given stable operating conditions, the directors therefore expect 1989 to yield growth in earnings a share in excess of the rate of inflation," he said.

"In anticipation of a rise in interest rates and an eventual slowdown in consumer spending, an in-depth review of the furniture division took place early in 1988.

"The resultant restructuring of the division will significantly enhance the quality of the profits flowing from this aspect of the Homemakers portfolio."

# Businessmen to call on CP to back down

By Patrick Laurence

Carletonville businessmen were flying distress signals yesterday as the boycott by black consumers in protest against the reintroduction of strict apartheid entered its second day.

Carletonville Chamber of Commerce vice-chairman Mr Rodney van Loggenberg told The Star that businessmen were planning to try to persuade the Conservative Party-controlled town council to abandon its commitment to petty apartheid.

## Deserted streets

The businessmen had asked the chamber to support its attempt and the chamber had agreed, he said. A meeting would be held in the town tonight and a committee would be elected to open talks with the CP.

Mr van Loggenberg described the boycott as "reasonably strong", saying its consequences for shopkeepers dependent on black consumers were potentially serious. His judiciously chosen words belied reports of empty shops and deserted streets.

The CP, dedicated to restoring the maximum possible racial separation, achieved one of its most spectacular successes in Carletonville in October's municipal elections. It won all 10 seats in the town council

and, according to Mr van Loggenberg's calculations, about two-thirds of the vote. Blue-collar mineworkers form a substantial chunk of the white electorate.

Against that, however, a sizeable proportion of the black community in Carletonville work on the mines; many of the estimated 70 000 mineworkers are staunch members of the National Union of Mine-workers, the biggest affiliate of the Congress of SA Trade Unions, which is spearheading the stayaway.

Professor Johan Martens of Unisa reckons that blacks control more than 50 percent of purchasing power in the area. When purchases on food are isolated, the black share rises to nearly two-thirds, he says.

The Carletonville stayaway is the second major boycott to be directed against a CP-controlled town council since the municipal elections. The first, in Boksburg, has been in force for three months. Boksburg Chamber of Commerce chairman Mr Johann Viljoen said yesterday: "The stayaway here is still fairly strong. There's been very little abatement."

The stayaway was reaching a critical period for Boksburg shopkeepers. Many had bought Christmas stock on a three-month credit basis in the hope of earning enough money during the Christmas rush to pay their creditors. But, Mr Viljoen said, the stayaway had kept many shops empty, leaving their owners with the problem of paying for unsold stock.

## Neighbours expect higher sales from boycott

By Stan Hlophe  
Neighbouring towns are expecting increased sales following Monday's launch of a black consumer boycott against Carletonville.

The boycott is a protest against the reintroduction of petty apartheid by the town's Conservative Party council.

Randfontein, Westonaria and Fochville stand

to gain sales, possibly helped by an undertaking by the Southern African Black Taxi Association to transport shoppers to neighbouring towns at reduced fares.

The regional director of OK Bazaars, Mr N Nunan, said an increase in sales in neighbouring towns was expected.

"In Carletonville we felt a slight boycott of

about 20% on Monday and we hope that will be offset by the increase of sales in places like Fochville and Westonaria."

A spokesman for Checkers said sales figures would be available only on Monday.

The National Union of Mineworkers said the Cosatu Local Action Committee with church representatives and commu-

nity organisations had decided to launch the boycott as a last resort.

People have been urged not to participate in "activities which might be exploited by the agents of apartheid in order to sow confusion" and not to interfere with delivery trucks, vans and telephone services, as this would result in action by the authorities.

# Government guidelines 'prejudicial'

17 Dec 1989  
GOVERNMENT interference in the free market forces influencing the property industry consistently leads to an unbalanced market, where prices are inflated and demand is pitched unnaturally high, claims Peter Erasmus, executive director of the SA Property Owners' Association.

"Over-prescriptive development guidelines and excessive restrictions with regard to such issues as parking provision in the Johannesburg CBD leave developers very little room to manoeuvre," he comments.

"For example, when a new industrial area is proclaimed, property prices in the affected area skyrocket — while prices for neighbouring properties just outside the proclaimed area remain static.

"This is prejudicial to both the would-be developer (and, in the long run, his tenants) and to property owners outside the proclaimed area,

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VAL PIENAAR

whose properties may be affected by the development of an industrial area on their borders but who are not given the opportunity to negotiate a sale with the developer."

Erasmus believes "guidelines" should be precisely that, with the authorities designating potential areas for development in far more general terms that left room for negotiation between owners and developers.

At the same time, he is vigorously critical of government's stated policy of preventing continued industrial development within the PWV area to promote decentralisation.

"It is illogical to assume that if growth is retarded in one area it will naturally occur elsewhere, yet a recent White Paper on urbanisation stated that the present practice of creating a shortage of industrial land

within the metropolitan core areas should continue.

"While one doesn't question the merits of decentralisation, such a policy should be implemented only by means of encouragement and incentives, and practices which inhibit the development of industrial land by decree should be eliminated," he adds.

Erasmus also comments on another statement by the White Paper on urbanisation — that an objective in implementing urbanisation will be "the prevention of . . . economic activity in large urban centres".

"In line with this, the draft guide plan for the central Witwatersrand exercises strict control over the availability of further industrial land in the area — irrespective of whether or not there is any demand for industrial expansion. This rigid control has a clear negative impact on economic growth," Erasmus adds.

## Brakpan boycott: charges laid

3/Dec/113/87 Political Staff

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CAPE TOWN — Charges in terms of the emergency regulations were being investigated about the Brakpan business boycott call, Law and Order Minister Adriaan Vlok said yesterday.

Police were informed of or present at a Geluksdal meeting on December 1 last year when the call was made. Charges had been laid, he said,

Sp 2/3/89

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3 businesses close after 3 days and more look set to follow

# Carletonville feels boycott bite

**Staff Reporters**  
 The consumer boycott in Conservative Party-controlled Carletonville has started to bite, after being in operation for three days.  
 Three white-owned businesses

decided to close yesterday. Others are feeling the pinch and could be forced to close by the end of the week.  
 The boycott, launched by the local Cosatu Action Committee against white-owned stores, is in protest against the resurrection

of strict apartheid in the West Rand town.  
 The boycott is hitting Indian traders who have recorded poor sales since the concerted action started on Monday.  
 Mr Donico Sebastino, a local butcher who has had no custom-

ers since Monday, has resigned himself to closing his shop tomorrow, paying off his staff and calling it quits.  
 White businessmen attribute the boycott to intimidation by radical youths.  
 Mr Eddie Greyling, a bottle store owner, said: "Although on Wednesday the intimidation had lessened because of police presence, it was very prevalent in the first two days. Many people came to me and said: 'We would like to buy from you, but we can't because we are afraid.' Those who dare defy the call have to bear the fury of radicals."

"The local mineworkers are predominantly illiterate people and can't distinguish between white and Indian businesses. If the situation can be fully explained, our business can gradually improve."

Indian shopkeepers ruled out any move to approach the town council, because "they are the ones who killed the goose that lays the golden eggs".

About the white businessmen who face financial losses, they said: "They voted the CP into power in the name of loyalty to the *vaderland* and should suffer the consequences."

Carletonville businessmen last night elected a delegation to meet the town council in a determined bid to end the boycott.

Business media liaison official Ms Anneljie Claassen said the object of last night's meeting of representatives of 80 of Carletonville's 300 commercial interests, including membership groups of most of the country's leading chain stores, was to formulate a plan of action to end the boycott.

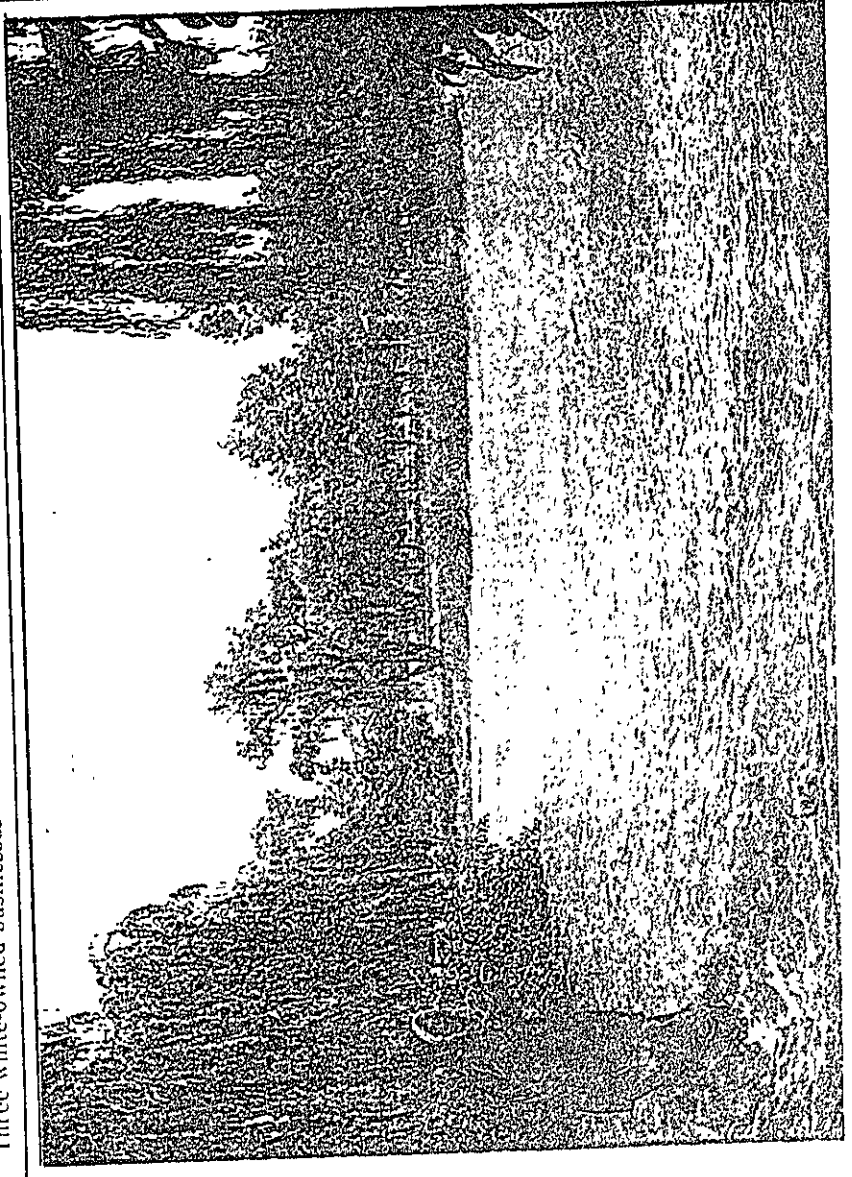
Ms Claassen said 98 percent of businessmen had been affected by the boycott, which had resulted in turnover losses of between 10 percent and 100 percent.

## Spread message

They urged the boycott's organisers to clarify the issue.

"Most people, especially mineworkers, did not get the message that the boycott is against white-owned businesses and not those belonging to Indians," said one Indian trader.

"The organisers have to spread the message to outlying areas because many people are confused. They don't know what they are supposed to do."



Initiating causes a R200 000 blaze

# Boycott set for heavy toll in Carletonville

Sowetan 24/2/81

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THE economic equilibrium in Carletonville has been shattered this week so far, with some businessmen suffering losses of up to 80 percent as the effects of the Conservative Party's decision to reintroduce "ox-wagon apartheid" in the town takes its toll.

About 50 angry local shopowners were by late

By JOSHUA RABOROKO

last night locked in a tense meeting in their bid to fight the CP, while the black consumers united in their boycott aimed at teaching the town lessons that hurt the most.

The president of the Carletonville Chamber of Commerce, Mrs

Annatjie Claasen, yesterday told the *Sowetan* that the effects of the boycott were biting, although no figures of the losses have been counted.

Fears are mounting that many people — black and white — will find themselves jobless if the trade union and community-backed boycott continues unabated.

Mrs Claasen said the purpose of the meeting was to get a mandate from business people concerning their problems with the aim to approach the town council with them.

The chairman of the town's management committee, Mr Koos Nel, yesterday conceded that the action had "vastly reduced turnovers since it started on Monday.

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## LUXURY CARS ARE AN INFLATION HEDGE OPTION

**SOPHISTICATED** car-buyers were viewing top-rate luxury cars as inflation hedge investment options, owner of House of Sports Cars Klaus Grogor told Business Day.

Meanwhile, local luxury-model car-makers have discovered buyers are buying and selling "options" on car waiting lists. BMW has moved to block this secondary market.

Grogor said he recently bought a 1980/1 Mercedes 450 SLC that had done 9 000km for R130 000 — a 225% rise on the car's original R40 000 cost.

### MARC HASENFUSS

He said imported luxury cars like Ferrari and Lamborghini were better investments than standard investment options like paintings, as cars could be used practically. A Lamborghini bought for R150 000 two years ago could be resold for approximately R250 000 this year.

Good profit could be made on such an investment if the vehicle was properly maintained. An added feature to such a deal was that no income tax

was paid on profit made, said Grogor.

Mercedes-Benz spokesman Delene MacFarlane said mainly imported cars appreciated in value when sold, but it applied to some locally-produced vehicles, which led to speculation in them.

She warned that the situation was now extremely volatile.

Analysts believed people were more likely to sell their place on a luxury car-waiting list at a profit, rather than buy a luxury car as an investment.

CHRIS CAIRNCROSS

CAPE TOWN — The Clicks group is to launch a major expansion programme this year with the ultimate goal of opening at least 50 new stores over the next three years, says new chief executive Trevor Honeysett.

In an interview with Business Day, Honeysett said since the Score group's takeover of Clicks from founder Jack Goldin eight months ago it had been decided the group needed to become more growth-orientated to take advantage of market conditions.

During the past eight months the Clicks chain opened seven new stores. It

## Clicks unveils big expansion plans <sup>(30)</sup>

now has 87. Its downmarket Diskom chain opened three new stores, bringing the total to 19.

This year the group intends to open another 14 Clicks stores and at least 16 new Diskom stores countrywide. By the end of 1989 the two toiletry-based, self-service chains should comprise 136 stores countrywide.

Capital commitments for this year's expansion programme will amount to about R6m, almost double last year's R3,4m, says Honeysett.



## VWSA 1988 commercial sales rocket 36,5%

SALES of Volkswagen and Audi vehicles increased well in excess of the totals for the motor industry as a whole in 1988.

VWSA sales in 1988 leapt by 22,5% over 1987 while total industry passenger vehicle sales for 1988 increased by 15%. In the commercial sector VW recorded a 36,5% rise as opposed to the total industry increase of 16%.

VWSA reported significant increases in sales on virtually all models, with demand

30 MARC HASENFUSS

outstripping supply for most of the year; Strong sales performances came from the Jetta CLi 16 valve, where sales rose by an astounding 325%, and the Audi Automatic, where sales increased by 214%.

VW attributed its 1988 sales success to a commitment to quality and customer service to the motoring public.

31 Day 2/1/87

(30) South 2-8/3/89

From MONO BADELA

**CARLTONVILLE.**

— White businessmen in this tiny mining town are reeling from a consumer boycott that seems set to be a fight to the finish.

The situation recalls Port Elizabeth's 1986 black consumer boycott which ran for six months and crippled the white-business sector.

In Port Elizabeth blacks protested against the presence of SADF troops in the townships. In Carltonville the big issue is the resurrection of petty apartheid by the Conservative Party controlled town council.

The boycott of white traders, which began on Monday, is already spelling disaster for many businessmen.

**Vigilante**

Exemptions, however, have been given to white doctors, shops operated by Indians, post offices, funeral parlours, and Greyhound and other bus services.

Dr Malcolm Tshupe, a member of the committee organising the boycott, said it was only right that white businessmen should feel the pinch.

"They voted for the CP but what they didn't realise was that we could hit back at their petty apartheid."

Tshupe said he had been treating patients who claimed they had been assaulted by white vigilante groups in central Carltonville at night.

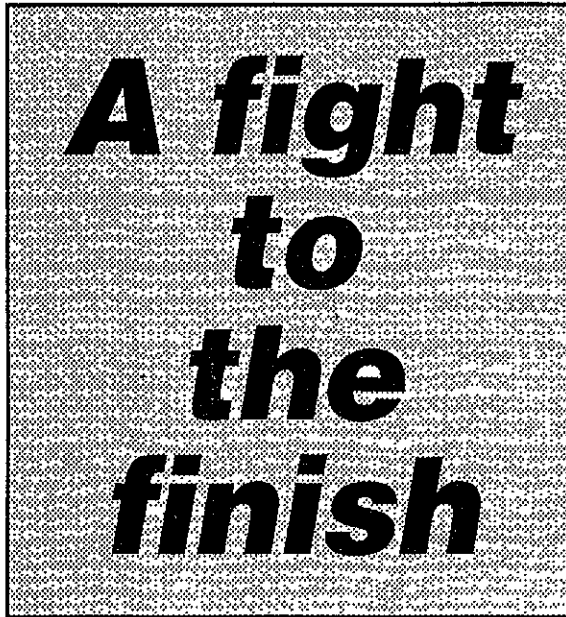
While black trade has disappeared from the town centre, turnover from white clientele has remained normal.

**Expensive**

But whites are still anxious about could lie in store for the town.

Mr Piet Ludwick, a barman at one of the town's leading hotels, put it simply: "If petty apartheid means that I will have to lose my job and that my kids may go hungry, the Conservative Party must kiss my vote goodbye in the forthcoming elections."

He had voted CP in October.



Ludwick said one of his regular customers was beaten up by whites as he left the bar on Saturday night.

"When he re-entered his face was full of blood. These things are happening in Carltonville."

Hotel manager Mr Ben Snyman said the council's attempt to reintroduce petty apartheid was "putting the town back 20 years".

"If this boycott drags on we shall have no alternative but to close down. Apartheid is proving too expensive a business," he said.

However, the chairman of the Carltonville Management Committee, Mr Koos Nel, said it was too early to tell whether the boycott would adversely affect Carltonville.

**Assaults**

"These blacks bought a lot at the weekend," he said.

Ironically, some of the worst-hit stores are those belonging to Indian traders, who rely exclusively on black mineworkers for their trade.

Almost all the Indian clothing and general goods shops in the main business district were deserted this week. Staff could be seen idling in the sun.

Carltonville resident and training mine officer Simon Chuene said the Conservative Party's performance in the October municipal elections had "forced blacks to wake up".

In related incidents, two black women were apparently assaulted by a group of white children and a black men apparently attacked in the street by a group of white men.

Anti-black graffiti such as "White Man Rules" and "Kill All Kaffirs" has appeared on local walls.

Now Cosatu president Elijah Barayi has promised to lead a march of demonstrators to protest against the "Whites Only" park in town.

**Racists**

Blacks who relax at the park during lunch-time are chased away by traffic cops.

The date of the march is still to be announced by the organising committee.

Apart from buying in black townships, blacks said they were prepared to travel to nearby Randfontein, Westonaria, Fochville and Johannesburg to shop for their needs.

"But we will not buy from racists in Carltonville until apartheid is removed from the town," said thousands of pamphlets distributed here at the weekend.

B/Day 3/3/87

## Car rentals rocket — but vehicle costs trim margins

THE car rental industry continued its fast-track growth in the second half of 1988, but high holding costs put a painful squeeze on profit margins.

Releasing official industry statistics for the six months to December 1988, Tony Langley, president of the SA Vehicle Rental and Leasing Association, said the number of rentals had grown by 28% to 356 000 over the comparable period in 1987, while rental days had risen 23.5% to 1 569 000.

He attributed the growth to increasing demand from the business travel sector as well as from local and inbound tourism. Greater utilisation over weekends, as a result of the development of the black market, had also been a contributing factor.

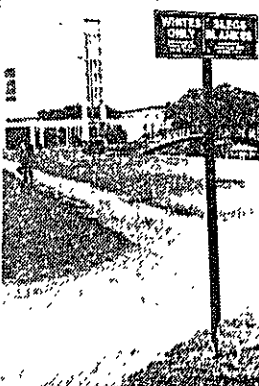
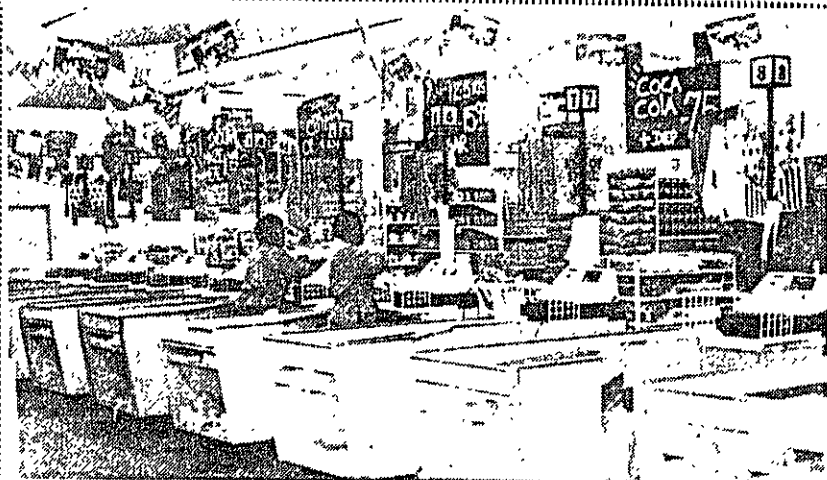
Revenue per rental day increased by 16.4% over 1987, but during the same period vehicle holding costs soared by 32% as a result of a 21% average increase in the price of cars and the 44% jump in interest rates.

"While the buoyant second-hand market to some extent offset the sharp rise in new-car prices, the widening gap between holding costs and the rate of revenue growth is having a deleterious effect on the profitability of car rental companies," Langley said.

"The obvious implication of this trend is that in the current year the industry will not be able to contain rental rate increases at the 1988 level."

He said the industry was expecting another busy year but it was unlikely the high growth rate of the past two years would be maintained. "We are anticipating about 8%-10%."

Rentals in January were up 25.8% on last year, while rental days grew by 20%. —Sapa.



**PETTY apartheid signs** have been put up in Carletonville's centre of town resulting in a black consumer boycott of white-owned businesses. Many businesses were deserted this week because of the protest action launched by the local Cosatu and the community.

Pics: MBUZENI ZULU

# Business plea to CP council

By JOSHUA RABOROKO

A HIGH-POWERED delegation of Carletonville businessmen will today present a strong-worded memorandum to the CP town council in a bid to end the five-day black consumer boycott of white-owned businesses in the town.

This was confirmed yesterday by the Carletonville Chamber of Commerce president, Mrs A Claasen, who said this was a decision of a top-level delegation of business people after a meeting on Wednesday night.

The meeting, attended by some of the big businesses like OK Bazaars, Pick 'n Pay, Checkers and Jazz Stores, was called to draw a plan of action in the wake of the intensification of the consumer boycott by the organisers.

Mrs Claasen said the more than 180 business people at the meeting accepted that a memorandum be presented to the town council with the view to end the boycott that was having "a crippling effect on our businesses".

An Action Committee elected would meet the town council today to present the memorandum and make

representations, she said, although she could not give details of the document.

Some undisclosed reports say part of the deal is to recommend to the council to scrap petty apartheid and to mandate the government to remove the Separate Amenities Act from the statute books.

She said the representations have called on the town council to reconsider its action to reintroduce petty apartheid, adding, "we want to cooperate with the council as far as possible because our businesses are suffering."

About 98 percent of businessmen had been affected by the boycott, which had resulted in turnover losses of between 10 and 100 percent, she said.

The boycott, launched by the local Cosatu Action Committee and community organisations, will have serious effects on the Carletonville business at the weekend when most shoppers would stay away from the town.

20

Sowetan

3/3/87

## BUSINESS

# High interest may curb retail growth

12/10/89 30

HIGH interest rates are expected to curb retail sales growth in the coming year, although February sales were buoyant, retailers said yesterday.

Edgars MD Vic Hammond said the clothing, textile and footwear group had a "surprising" January and February, with sales in real terms well in excess of 10% during the same period last year.

However, increased interest rates would definitely damp spending this year, he added.

With bond rates up, the group expected a general slowdown in spending, but this was not likely to affect the black market.

Edgars anticipated growth of 2%-3% in their clothing and footwear sections, Hammond said.

Dion CE Jannie Els said he expected sales for February to show about 5% growth over sales for the same time last year.

Like-on-like sales growth for February, excluding last year's leap year and discounts offered on the 29th, was 22,6% up this year.

However, increased interest rates would result in a definite — but not substantial — drop in turnover this year, and the company anticipated 2% real growth.

SYLVIA DU PLESSIS

Checkers deputy MD Serge Martinengo said the squeeze on consumer spending was beginning to take effect, with February sales expected to be "rather worse" than January sales.

But sales were nevertheless well ahead of last February — 13% in all.

Increased interest rates and the petrol price hike had had a negative impact on disposable income, and consumers were less inclined to buy on impulse, he said.

### Increase

Another problem was the number of new retailers "coming into the picture".

Checkers anticipated about 12%-12,5% growth this year — standstill growth when inflation was taken into account.

CSS reported that expected retail trade sales for February showed an increase of 1,4% compared with January this year, after seasonal adjustment.

Their figures also showed an increase of 16,9% compared with February last year.

# Tradeegro back with a dividend

DEREK TOMMEY

TRADEGRO, the country's biggest retail group with 1200 stores and representation in every city and town of consequence in South Africa, reports a 39 percent increase in attributable earnings in the six months ended December to 20,05c a share (diluted) and 40,94c (undiluted).

The chief executive, Mr Donald Masson, announced yesterday that the company, after a lapse of four years, is to resume dividends with an interim of 4c for the six months ended December.

The decision to resume dividends follows a significant improvement in the operations of most of the group retail chains other than the giant super-market group Checkers.

The overall result was that Tradeegro's taxed profit rose 43 percent from R51,4 million to R73,8 million and attributable profit 39 percent from R26,9 million equal to 14,45c a share to R37,3 million, equal to 20,05c a share.

Checkers had a pre-tax profits of R6 993 000 for the six months period which was 132 percent above the R3 019 000 earned in the same period a year earlier.

However, the June-December 1988 profits represented a return of 0,55 percent on the R1 302 million sales, which is probably below market expectations. But it represents an improvement on the previous year's return of 0,25 percent.

Mr Clive Weil, chief executive of Checkers, said he was satisfied with the progress that had been made.

Checkers had not yet turned the corner but was in the process of doing so. "Checkers was making real progress", he said.

Stock turn had improved, the company was paying less interest, shrinkage had been reduced but



DONALD MASSON

was still endemic and margins had improved slightly.

"We are running with more assurance and operating a little smarter".

Mr Weil said sales had increased by only 11 percent to R1,3 billion owing to Checkers losing a little of its market share to its main competitors who had started opening for weekend trading.

In the next six months Checkers would show a steady improvement in trading. "You can look to quite a satisfying result for the year," he said.

Pre-taxed profit increases for other companies in the Tradeegro group for the six months ended December were: Cashbuild 58 percent to R5,1 million, Jazz 2 percent to R5,5 million, Metro 21 percent to R22,5 million, Rusfurn 31 percent to R43,0 million, Smart Centre, 41 percent to R8,5 million and Stuttafords 10 percent to R4 million.

Both Jazz and the Stuttafords/Greatermans group increased operating income. But pre-tax margins at both groups were affected by increased operating costs following the Fairways acquisition and the acquisition of Stuttafords and John Orr.

# The boycott begins to bite

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KAIZER NYATSUMBA

STW  
4/3/89

A GROUP of two or three blacks walk slowly up and down a deserted street in Carletonville.

Apparently idle, they are the only black faces one sees among a sea of whites in this Conservative Party-controlled town where business has suffered badly since the consumer boycott began.

Normally, Saturday Star was told, a beehive of activity characterises the town on each Friday following the end of the month. This Friday, however, was different.

Streets were literally deserted, shops stood empty and taxis stood idle in their ranks. Businessmen

were seen standing outside their empty shops, speaking in whispers to their wives or employees. At some big stores tills were unmanned.

This writer covered the first two months of the black consumer boycott in Boksburg last year, but the Boksburg boycott pales in significance when compared to the situation in Carletonville yesterday.

"I am going to close down my business next week," said an Indian businessman, Mr R Shaik. He looked at his watch. "By this time (9.20 am) on a Friday at the end of the month I have already made something like R900, but no, not today. I have made absolutely nothing."

Mr Shaik said he normally made about R2 000 on a Friday at the end of the month, but he did not think he would make even R100 yesterday.

"We are running at a great loss. I can no longer afford transport from Lenasia in Johannesburg to this place everyday, and can hardly buy food for myself and my staff once I am here.

"It is not worth coming to work," Mr Shaik said.

Another businessman told The Star: "Business is nil. The boycott is 100 percent effective and we have lost a lot of money.

"My friend, it is a disaster."



TOWNSHIP residents walk past a "Whites Only" park sign in Carletonville. © Picture: Pat Devereaux

# Nats ignore the big stick as CP tow

EMERGENCY regulations which were used to break consumer boycotts in the past are now "gathering dust" as a new round of economic warfare bursts about the heads of Conservative Party-controlled town councils.

The CP accuses the ruling National Party of applying the emergency regulations selectively.

Its chief secretary, Mr Andries Beyers, accuses the NP of deploying the regulations against boycott organisers when its interests are threatened but turning a blind eye when the CP is the target.

CP MP Mr Clive Derby-Lewis says he suspects the emergency regulations are "collecting cobwebs" in much the same way as the Group Areas Act did before them.

Two consumer boycotts are operative at present: one in Carletonville, which is not yet a week old, and

one in Boksburg, which is now in its fourth month. Both were launched to force the CP-dominated town councils to abandon their quest to restore petty apartheid.

Mr Nicholas Haysom, of the Centre for Applied Legal Studies, agrees that the regulations were used against the organisers of the consumer stayaways during the earlier boycotts of 1985-87. The reasons cited by police for the detention of black township activists at that time was often their involvement in boycotts, he says.

The boycotts of that period were generally launched in support of demands for an end to the state of emergency, the withdrawal of troops from the townships and the release of detainees — demands that brought the boycotters into direct conflict with the Government.

Star  
4/3/89

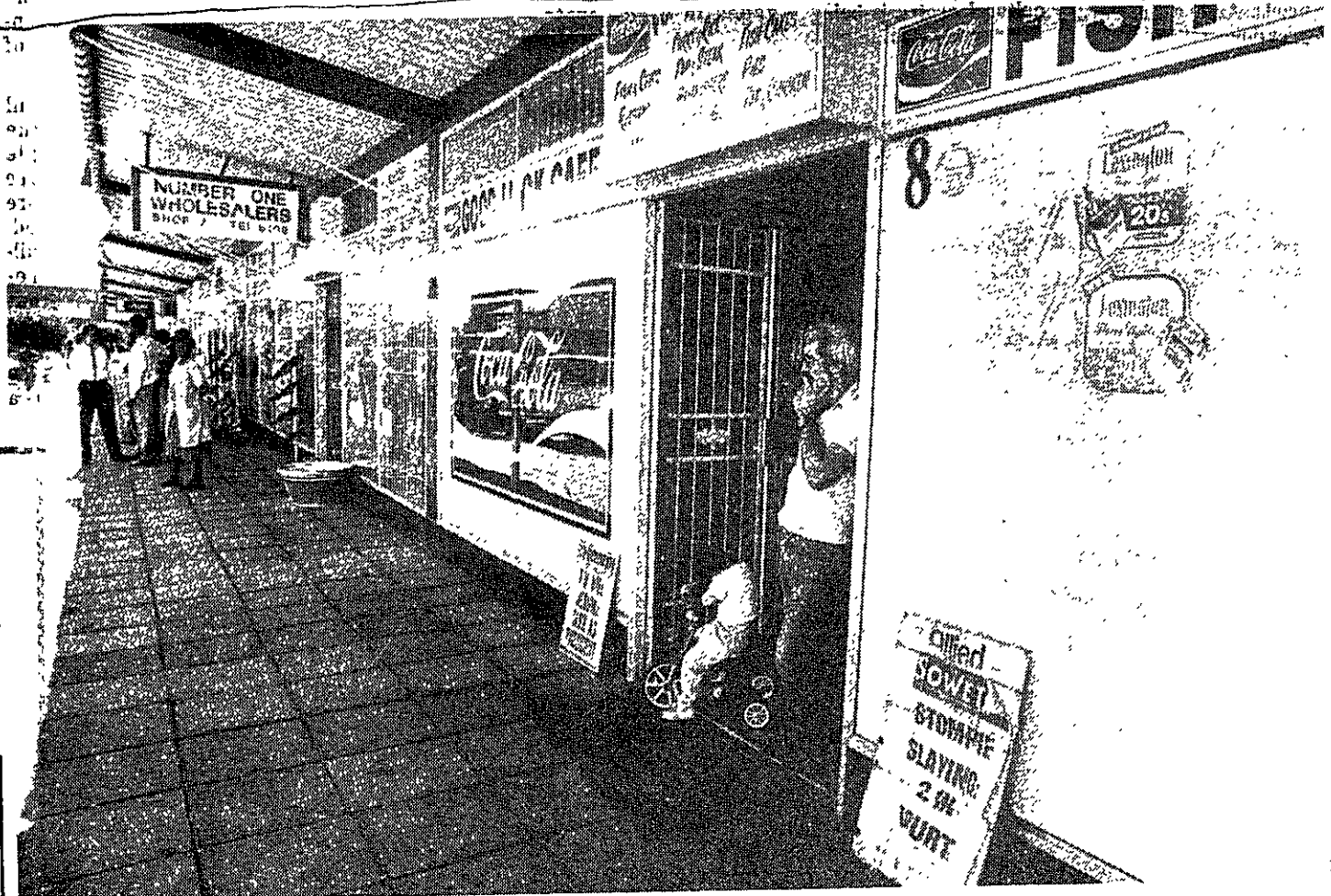
PATRICK LAURENCE

Boles

The emergency regulations contain a list of "subversive statements", which include statements that incite or encourage members of the public to "take part in a boycott action against firms of a particular nature, class or kind".

On the face of it, boycotts aimed at shops in towns controlled by the CP fall within the ambit of the emergency regulations. But, to the chagrin of the CP, emergency powers have not been used against organisers of boycotts or the media for publishing "subversive statements".

In a bid to force the Government's hand, two CP notables in Boksburg, mayor Mr Beyers de Klerk and management committee chairman Mr Gideon Fourie, laid a charge with the Boksburg police.



A SHOPKEEPER ponders a bleak future in the Conservative Party town in face of a protest boycott.

Picture: Stephen Davimes.



## is face financial ruin

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They alleged that *Beeld*, the SABC and, according to Mr Beyers, the Save Boksburg Committee had contravened the regulations. Witwatersrand Attorney-General Mr Klaus von Lieres declined to prosecute.

Mr von Lieres told the Saturday Star that the complaint had been investigated by the police and he decided not to prosecute because "the complaint did not constitute a contravention".

In 1986, before the CP swept to power in a string of Transvaal towns in October's municipal elections, the authorities did try to bring the full power of the law to bear against alleged consumer boycott organisers.

The vice-president of the East Rand People's Organisation, Mr Abeiot Motswege, was arrested and charged with economic subversion; 70 000 pamphlets calling for a boycott of white shops on the East Rand

had been found in his possession. He was acquitted after the magistrate found that he had not proceeded far enough — he was arrested before he had actually distributed the pamphlets — to be convicted.

Mr Motswege was charged under the Internal Security Act. But the Ministry of Law and Order had another legal weapon: the emergency regulations.

The 1986 *Race Relations Survey* records: "The main response of the State to the boycotts was the detention of boycott leaders."

The incoming Minister of Law and Order in late 1986 was Mr Adriaan Vlok, who warned that consumer boycotts were illegal under the emergency regulations and that action would be taken against people who propagated them. But that was before the CP had shifted into the frontline in the simmering economic war against apartheid.

# The boycott begins to bite

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KAIZER NYATSUMBA

STW  
4/3/89

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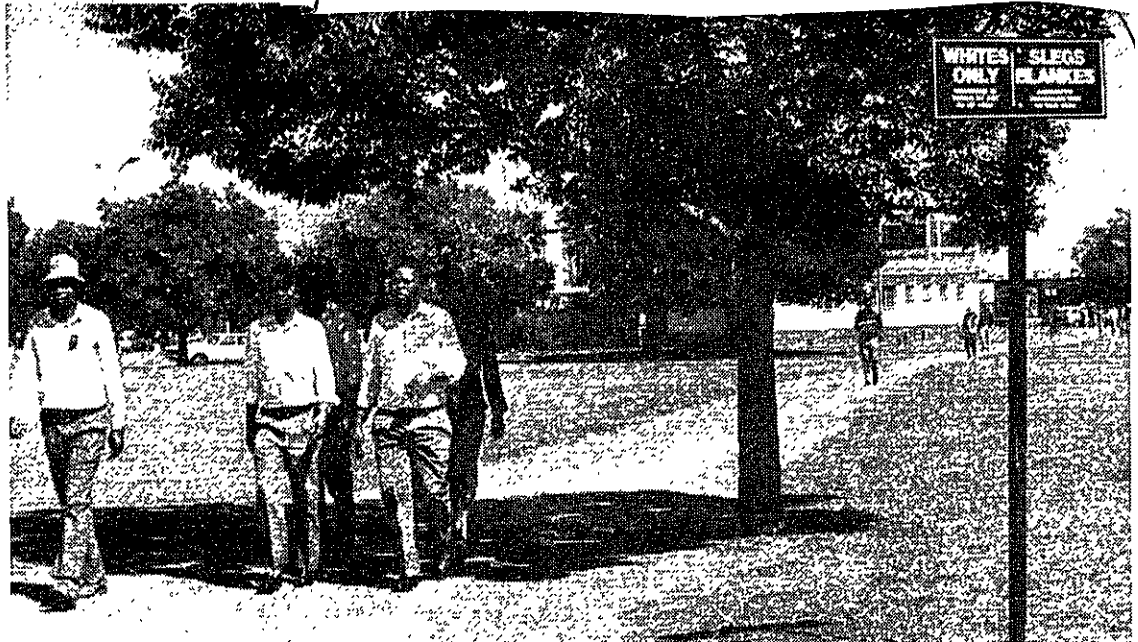
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TOWNSHIP residents walk past a "Whites Only" park sign in Carletonville. ● Picture: Pat Devereaux.

30 (S) CPW 5/3/89

# Pace comes in for some cash

## Amcham contributing to advancement in education

By SELLO SERIPE

THE American Chamber of Commerce today donated an undisclosed sum to Soweto's Pace Commercial College.

The American community in South Africa, in partnership with local business, said it wanted to make a positive contribution to advancement through better education.

Pace College started with an intake of 120 students in 1981 and now boasts an increase of 600 students.

During the period 1984-1986, resistance to government legislation closed Pace College at the same time as other high schools in South Africa.

Parents and individuals from the Soweto community, concerned about

the future of their children, embarked on a strategy to revive the school, which was finally re-opened in 1987.

The new headmaster, TW Kambule, said: "Pace had to embark on a new beginning based on community consensus."

"We led the rest of South Africa by showing how a school can be managed in a spirit of community consensus and partnership."

Kambule said the time had come to get on with the important task of education.

"Restraint and responsibility are becoming evident at the school and the challenge of educating and equipping students of Pace to form a meaningful part of a non-racial democratic South Africa is in progress," said Kambule.



Pace Commercial College principal T Kambule

as been dreading in Carletonville . . . a flare-up between whites and blacks erupted

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CP news 5/3/89

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# Council wants to move Bophelong

## Special Correspondent

THE CP-controlled Vanderbijlpark Town Council wants to move the 22 000 inhabitants of Bophelong from what the CP calls the town's "white" area.

A request to this effect has apparently already been rejected by Minister of Education and Training and Development Aid Gerrit Viljoen - the MP for Vanderbijlpark - and Constitutional Development and Planning Minister Chris Heunis.

The council has now decided to test its intention in the Supreme Court.

NP council members said Vanderbijlpark would be heading for a bigger disaster than the problems caused by the application of CP policy in Boksburg and Carletonville should the council persist in its plan.

According to the council's CP leader, Cas

## We need the land for whites - CP man

Pieters, a 1971 contract stipulates that Bophelong - the oldest black township in the Vanderbijlpark area - would be removed before 1981 and that the township itself would carry the cost.

Since then the people of Bophelong have repeatedly applied for postponement of the removal date.

Until 1987, postponements were granted. Application was then made to move the people in 1991. The council rejected this.

Heunis intervened in 1987, stating that the people of Bophelong would no

longer be removed.

"This decision (of the Minister) was never promulgated and can therefore not be enforced," Pieters said.

"Presently building sites are being sold on council property in accordance with the 99-year leasehold, while Vanderbijlpark does not receive a cent.

"We need the land for township development for whites."

Johan Killian, NP leader in the council, said it would be more beneficial for Vanderbijlpark to sell the land to Lekoa, which administers Bophelong. An amount of R1,6-million has already been mentioned.

Killian said while the situations in Boksburg and Carletonville mainly involved the introduction of separate amenities, the Vanderbijlpark council intends to force people out of their homes.

## Nats want

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## Picapli earnings hit by rise in interest charges

8/12/81  
6/3/81 BRUCE ANDERSON (30)

A LARGE increase in interest charges prevented Picardi Appliances (Picapli) — a manufacturing and distributing company involved in household electrical appliances and sports equipment — from materially increasing earnings for the six months to December.

This despite strong rises in operating income, by 40% to R26,5m (R18,9m), and turnover, by 140% (166%).

However, interest paid soared by 165% from R4,2m last year to R11,1m this year, damping bottom-line performance.

On a fully diluted basis earnings a share increased by 6,6% from 30,2c a share to 32,2c a share. No dividend was paid.

Directors said they considered the increase satisfactory.

They said that provided no further measures were taken by the authorities to curb expansion in the economy, the group would remain on target, which was to reflect real growth in income.

9th Times 7/3/89 (30)

## Tradegro boosts profit

TRADEGRO attributable profit to ordinary shareholders and convertible instrument holders grew by 39% to R37,2m from R26,8m for the same period last year.

This was due mainly to an 18% improvement in group sales and the synergies resulting from the integration of the Frasers companies.

For the six months to December 1988 profits before tax increased over the same period last year, as follows:

Cashbuild by 58%, Checkers by 132%, Jazz by 2%, Metro by 21%, Rusfurn by 31%, Smart Centre by 41% and Stuttafords/Greatermans by 10%. Coreprop recorded a profit of R3 459 000 against a loss of R4 040 000.

Earnings per share increased from 14c to 20c and the directors have decided to resume paying interim dividends (last paid in April 1985) and have declared an interim dividend of 4c a share for the half year.

The directors believe that the present trend should continue for the remainder of the financial year.

# Crowded meeting votes to continue Boksburg stayaway

By Helen Grange

Nearly 2 000 Windmill Park and Reiger Park residents crowded into the Reiger Park civic centre last night to give an overwhelming mandate for the continued consumer boycott of the Boksburg CBD.

The chairman of the Windmill Park Indian Homeowners Association, Mr Clemens Padlachy, called on the rowdy audience to "sit out" the threats by Boksburg Town Council to cut Windmill Park's electricity and water supply and to evict the residents from their houses.

The threat by the town council was made last month in an effort to remove the "illegal" occupants of Windmill Park in terms of the Group Areas Act.

Interrupted by frequent yells of "Yiva", Mr Padlachy shouted: "They can cut my lights and water, but they will never kill the fire in me to create a new South Africa."

## BRING THE ENEMY TO ITS KNEES

Pastor Doug Matthews, spokesman for the SA Council of Churches Human Rights Commission, told the audience that they had the power through the continued consumer boycott to "bring the enemy to its knees".

"You have seen how sanctions have worked. You have done it in Boksburg. We must now come together to discuss strategies to do away with our pain and suffering under apartheid. We have the advantage of our unity and we must fight this evil. They have no right to withdraw services which have been paid for," Pastor Matthews said.

An appeal was made by the chairman of the Save Boksburg Committee, Mr Mohammed Navsa, to avoid the use of violence.

He added that his organisation was prepared to "re-negotiate the residents' re-entry into Boksburg", but would not compromise its principles in the process.

Mr Navsa added that his organisation had also pledged its support for the consumer boycott in Carletonville.

Two petitions were circulated by the Save Boksburg Committee — one to the Acting State President, Mr Chris Heunis, and one to the Administrator of the Transvaal, Mr Danie Hough.

The petitions call for an immediate scrapping of the Separate Amenities and Group Areas Acts as well as a commission of inquiry into the Conservative Party-controlled town council's management of Boksburg.

Mr Navsa said he was hoping to collect up to 30 000 signatures in the next 10 days.



A huge crowd of Reiger Park and Windmill Park residents last night joined hands to express their support for a continued boycott of CP-controlled Boksburg. The rowdy audience was asked to "sit out" the threat by the Boksburg Town Council to cut water and lights.   
 Picture by Ken Oosterbroek.

# Carletonville council faces legal action

By Joe Openshaw

The Carletonville Chamber of Commerce and Industry is instructing lawyers today to go ahead with legal action against the Conservative Party-controlled town council after receiving support for the move at a meeting of 500 white and Indian businessmen last night.

The businessmen enthusiastically contributed R23 000 for the cost of the action.

It was said at the meeting that 251 people had been put out of work because of the black boycott of shops.

It was also claimed that half the businesses in town were experiencing an 80 percent decline in trade.

"We will stick by our guns and are ready to contest any legal action the chamber may bring against us," Mr Koos Nel, Carletonville management committee chairman, said today.

Businessmen were taking legal steps against the wrong party, he said.

They should "go for Cosatu because it is behind the boycott".

He claimed that the figures regarding decline of trade were "grossly exaggerated".



# CP calls on SAP in Carletonville

30

THE CP-controlled town council of Carletonville has appealed to the police to arrest people seen encouraging others to boycott white-owned shops.

Frustrated by the success of the nine-day protest by the black consumer, the council will see businessmen at a meeting tomorrow to devise ways to end it.

A spokesman for the Western Transvaal Police, Captain B van Heerden, yesterday said eight people have so far been arrested on charges of intimidation.

By late yesterday all was quite in the town, according to Captain van Heerden.

The arrest of the

By JOSHUA RABOROKO

people comes after the chairman of the Carletonville Management Committee, Mr Koos Nel said the best way to crack the boycott was to arrest those people believed to be encouraging others to boycott shops.

### Network

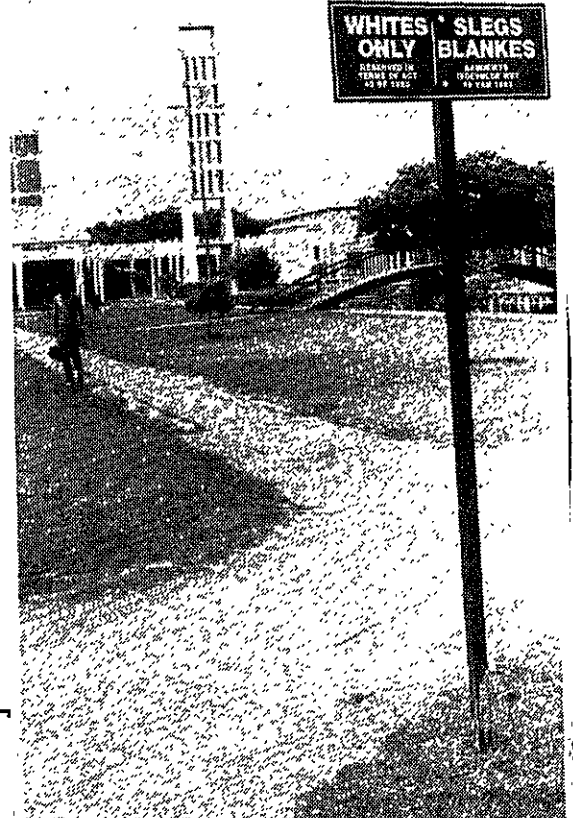
A spokesman for the group spearheading the boycott said a network had been set up to monitor arrests so that

lawyers could be arranged. Among the people arrested were two taxi operators.

The president of the Carletonville Chamber of Commerce, Mrs Annetjie Claasen confirmed that a delegation of business people would see the council on Thursday.

She said 98 percent of about 350 businesses canvassed had been seriously affected by the protest action and reported between 10 percent and 100 percent drops in turnover.

Of the 93 businesses, 23 said they would have to close if the boycott continued.



THIS apartheid sign, re-erected at the instruction of the CP Carletonville Town Council, bars black people from using this park

# Clicks Stores expand 30

By Tom Hood 8/1/89  
A major R6 million expansion planned by Clicks Stores group will raise the number of stores to 136 and provide 400 more jobs by the end of this year.

In the eight months since the Score group bought control from Clicks' founder Jack Goldin, the Clicks chain has expanded by seven stores to 87 and the intention is to open another 14 this year, said managing director Trevor Honneysett.

The Diskom chain also opened three stores to make a total of 19 and at least 16 more will open this year, he said.

Total capital expenditure of R6 million is R3,5 million above last year's new store investment.

By the end of 1989, the two self-service chains expect to have 101 Clicks stores and 35 Diskom stores and employ 2 600 people.

The success of the Diskom chain is causing most excitement in the group, says Mr Honneysett.

By Paula Fray

A directory which lists small entrepreneurs and which should help encourage larger firms to contact small suppliers was launched recently by the Small Business Development Corporation at a function in Pennyville, near Johannesburg.

Speaking at the launch of "Contactmaker", Mr James Scott, regional manager of the SBDC, said the aim of the book was to act as a catalyst in for-

# Big business urged to help fledgling firms

ing fruitful relationships between businesses by "creating awareness and acting as a shop window to display the business goods and services of our clients".

He said many small busin-

esses struggled to break into major markets dominated by big names.

For this reason he believed it was essential for fledgling enterprises to "do business with their larger brethren".

Mr Ian Hetherington, managing director of Job Creation SA (Pty) Ltd, said the idea of large firms sub-contracting to small entrepreneurs was not new, although South Africa was reluctant to follow the rest of the world.

He urged the business sector to "get on with the job of doing business" and advised them to use the "Contactmaker" to do business.

Star 8/3/89

Star 8/3/89

## NORWOOD

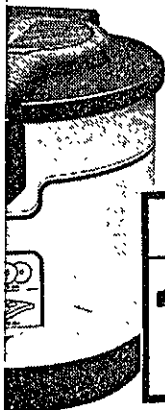
NORMAL PRICE	LATE NIGHT PRICE
<b>8<sup>99</sup></b> Each	<b>7<sup>99</sup></b> Each

NORMAL PRICE	LATE NIGHT PRICE
<b>2<sup>79</sup></b>	<b>1<sup>99</sup></b>

**MUSH-ROOMS**  
PER PUNNET

GST EXEMPT

NORMAL PRICE	LATE NIGHT PRICE
<b>8<sup>99</sup></b>	<b>6<sup>99</sup></b>



TEFAL  
**DEEP FAT FRYER**  
MODEL T8284  
● 2 Heat settings  
● Charcoal filter  
● 2 l capacity

NORMAL PRICE	LATE NIGHT PRICE
<b>199<sup>95</sup></b>	<b>139<sup>95</sup></b>

## FRESH MEAT CENTRE

### THURSDAY NIGHT PRICE CUT

**BLUE RIBBON**  
100% SATISFACTION OR A FULL REFUND  
GST EXEMPT  
Stocks Guaranteed

SUPER TO B1 <b>BRAAI PACKS</b> per kg	NORMAL PRICE	LATE NIGHT PRICE
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**RESERVE THE RIGHT TO LIMIT QUANTITIES**

YOUNG & RUBICAM-HEQ BYRNE 9360/E

8 held on charges  
of intimidation 30

8/3/89 Crime Reporter

Carletonville police have arrested eight suspects on intimidation charges since the black consumer reaction to the reintroduction of petty apartheid in the town recently, police said.

Western Transvaal police spokesman, Captain Ben van Heerden, said the suspects were linked to six cases of intimidation.

He said no other incidents relating to the consumer action had been reported.

Claims have been made that the crippling of the local economy was brought about by wholesale intimidation designed to prevent blacks from shopping in the town's white central business district.

# Courses for small business

By Deborah Smith  
Pretoria Bureau

The University of Pretoria has stepped in with a new management course to close the gap created by a growing number of entrepreneurs.

The course, directed at the small businessman, is to be instituted to train managers in functional areas such as administration, marketing, buying, personnel management and the strategy of small business management.

Only people who own a company or manage a business may enrol for the course.

Lectures will be made available for the participants to apply in their own businesses, so the participant's business will in fact act as a case study.

The practical application will then be discussed at the following lectures.

The advantage of the course is that basic theoretical principles can be applied, said course leader Professor Ludi Koekemoer.

A three-day-long summer school for revision will precede the October exams.

The course will commence on March 11 in Pretoria and Nelspruit and will consist of a Saturday monthly meeting.

For further information contact Professor Ludi Koekemoer at 012-4203144.

COMPANIES

# IB Joffe beats effects of inflation and fire

51 Div 81 3/8  
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IB JOFFE — the camping and outdoor equipment and heather goods manufacturer, wholesaler and retailer — has hiked up its earnings a share by 80% for the year to December in spite of the effects of inflation and a fire at its Telek plant.

Earnings climbed to 16,7c (9,3c) a share, outstripping prospectus forecasts of 12,7c a share.

An annual dividend of 5c a share has been declared.

In October, a fire put 60% of the recently acquired Telek plant out of com-

## ZILLA EFFRAT

mission, but MD Peter Joffe expects the plant to be fully operational by the mid-1989.

He attributes the 84% increase in turnover to R25,9m (R14m) to an average increase turnover from each division of 30%.

Telek added a fair slice to sales and Sunhopper, acquired early in 1987, made a full year contribution to turnover for the first time.

Operating margins, which declined to

14.5% (18.7%), were affected by inflation and losses incurred by the fire at the Telek plant, Joffe said.

The interest bill increased to R182 000 (R63 000) because of the Telek acquisition and reduced cash flow from the Telek plant being out of commission.

Pre-taxed profits rose 39% to R3,6m (R2,6m). The group's tax rate fell to 29% (45%) because of export incentives and tax relief from some subsidiaries.

Taxed profits rose 80% to R2,5m (1,4m), but an extraordinary item of

R752 000 relating to the Telek fire affected growth in attributable earnings, which rose 27% to R1,8m (R1,4m).

The 46% increase in net asset value to 70,2c (48,1c) accounts for goodwill of R1,6m written off against existing non-distributable reserves.

Joffe says the group has export orders on hand that are in excess of 1988's export turnover.

He expects turnover to rise to between R36m and R40m after the Telek plant becomes fully operational again.

# Pharmacists

*Sawetam 9/3/84*

## support GST

## exemption



RETAIL pharmacists this week overwhelmingly supported moves to apply to the Minister of Finance to exempt prescription medicines from sales tax.

This initiative was accepted at a pharmacists' conference in Johannesburg. The National Committee of the South African Association of Retail Pharmacists (Saarp) will also appeal to the Minister that raw materials used in prescription medicines should be exempt from import surcharge.

The standardisation of clearly printed expiry dates on all medicines was also approved and the national committee will make representations to the Medicine Control Council in this regard.

# Black action hits shops in Carletonville

About 27 percent of Carletonville shops will soon close if the black consumer boycott triggered by the Conservative Party-controlled town council's re-introduction of petty apartheid continues, the president of Carletonville Chamber of Commerce, Mrs Annetjie Claasen, said today.

The local Chamber will meet the council management committee tonight to discuss the effects of the boycott.

Mrs Claasen said a survey conducted by the Chamber among 139 businessmen on Monday showed that 47 percent of the town's businessmen had recorded a drop in turnover of up to 40 percent, while 53 percent of them claimed a drop of between 41 percent and 100 percent.

"I am optimistic about the outcome of the meeting," said Mrs Claasen.



# Corporate demand still strong

Star 9/3/89

By Sven Lünsche

Although new car sales rose by about 18,6 percent from January to February this year, industry sources are convinced that sales will record modest declines during 1989.

The National Association of Automobile Manufacturers (Naamsa) reported yesterday that new car sales in February at 19 341 units were higher than January's sales of 16 313, but they recorded a drop compared with February 1988 sales of 19 820 units. January-February's sales of 35 654 were also slightly lower than for the corresponding period in 1988.

Total vehicle sales showed a similar trend, although February sales of 29 579 units were over 20 percent up on January.

Econometrix' industry analyst, Tony Twine, explains that at least five percent of the monthly rise in February could be ascribed to seasonal factors, given the annual shutdown of the industry for the general holiday season over December/January.

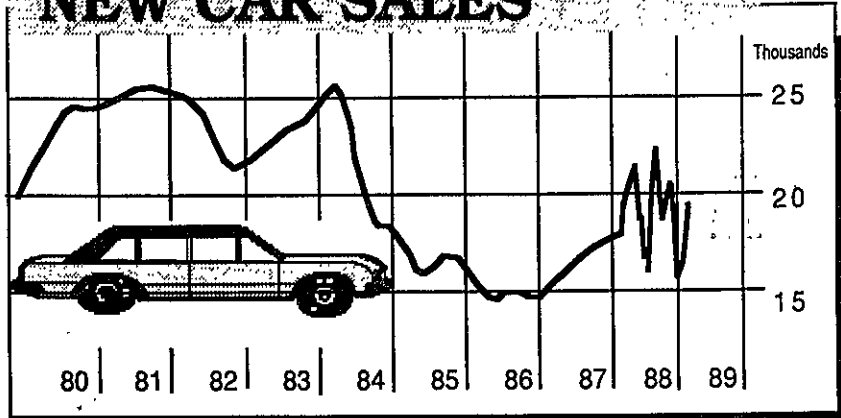
Mr Twine added that there was an increase in supplies from Japanese manufacturers to local companies, after they cut-back exports over the last few months of 1988 in order to comply with sanctions regulations by the Japanese government.

Finally he mentioned that many companies have still not caught up entirely with last year's backlog of orders.

Naamsa expects sales of new motor cars to continue to benefit from strong demand by the corporate fleet and car rental sectors during the first part of 1989, but adds that there will be a further softening in sales during the second half of the year.

It warns that the higher level of interest rates combined with official measures to slow the South African economy during 1989, the increase in the cost of fuel and projected further new vehicle price rises of between 18 percent and 20 percent for the year were likely to result in a lower new vehicle market in 1989 compared to 1988.

## NEW CAR SALES



## Survey shows boycott shops in trouble

By DW 1/31/87 EDYTH BULBRING (30)

CARLETONVILLE Chamber of Commerce will present to the council's management committee today a picture of what the black boycott of white shops has done to the western Transvaal town's businesses.

It suggests 27 businesses will close if the boycott continues.

Chamber president Annetjie Claasen said last night Monday's survey of 139 businesses showed 47 had a 0%-40% drop in turnover in the first week of the boycott. The remainder lost 41%-100%.

More than 60% of the businesses would cut back on buying, while 45% felt they would have to lay off staff.

The statistics were compiled after a week's boycott of white shops by blacks in an attempt to force the CP-controlled council to rescind implementation of petty apartheid.

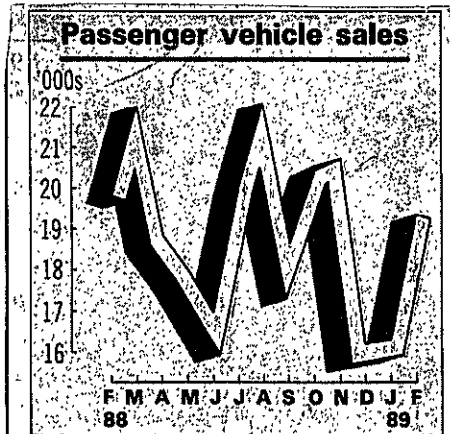
Claasen said yesterday blacks were still not buying.

Police said there were 25 reported cases of assault against blacks by whites in Carletonville in the first two months of the year. Three people had appeared in court so far.

Management committee chairman Koos Nel said the backlash against blacks "was not coming from the council, some whites are just fed up".

□ THEO RAWANA reports the African Council of Hawkers and Informal Business has called on consumers in boycott-hit Boksburg and Carletonville to take their business to hawkers, spaza shops and other informal businesses.

President Lawrence Mayundla said communities in boycott areas should take the opportunity of uplifting their own people "as opposed to those who are today giving us their backs".



Graphic: FIONA KRISCH Source: NAAMSA

## Car sales rise, but market has peaked

MARC HASENFUSS

NEW car sales for February (19 341) increased 18.5% over January (16 313), but showed a decline of 2.4% compared with February 1988 (19 820), according to Naamsa figures released yesterday.

Industry analysts believe the market has peaked and a gradual downward trend in sales during the rest of the year is expected. However, long waiting lists for new vehicles will keep the market relatively strong, preventing a dramatic drop in demand.

Combined sales for the first two months of 1989 were 54 165 units, slightly down on the 56 051 during the same

● To Page 2

## Car sales rise, but market has peaked

period in 1988.

Total vehicle sales for February of 29 579 units was 20% higher than the 24 586 units sold in January this year and marginally lower than the 30 807 units sold in February 1988.

Demand for heavy commercial vehicles remained strong — at 752 units for February a 5% increase on February last year and a 23% increase on January.

Naamsa executive director Nicc Vermeulen says sales of heavy trucks and buses should remain buoyant because of improved investment spending which usually continues after the consumption cycle has peaked.

Medium commercial vehicle sales showed a marked 41% decline against February last year, while light commercial vehicle sales dropped by 6% over the same period.

Toyota Marketing MD Brand Pretorius says car sales for February were in line with current forecasts.

He says there is nothing ominous about last month's figures, the decline being merely a reflection of what manufacturers were able to provide.

● From Page 1

# Storeco to be Orrco's pyramid company

31/Dec 9/13/89  
ZILLA EFRAT

THE Specialty Store Company (Storeco) will be restructured to become the pyramid company of subsidiary Orrco, which plans to seek a JSE listing and raise R15m through a rights offer.

Storeco intends to dispose of its assets and liabilities to Orrco in exchange for the issue of new Orrco shares.

In addition, Orrco will issue new shares to Storeco to raise about R15m. Storeco will renounce its rights in favour of its own shareholders.

After the restructuring, Storeco's only assets will be its controlling shareholding in Orrco, changing its name from the Specialty Store Company to Storeco. It will keep its JSE listing and act as Orrco's pyramid company.

Orrco will change its name to Specialty Stores and seek a JSE listing. It will conduct the trading operations of the group. The extra R15m will be used to finance future expansion.

Storeco's 389 000 6% preference

shares of 200c each will be converted into redeemable prefs and will be redeemed at 120c at the end of May. A dividend of 3c a share will be paid.

## Control

Orrco's 150 000 5,5% preference shares of 200c each will be redeemed at 110c a share and a dividend of 2,75c a share will be paid.

Over the past three years since control of the group passed to a consortium and to joint MD's Laurie Chiappini and Stewart Cohen, the group has focused on specialty retailing. Its turnover has increased at an annual compound rate of 34%, while earnings have climbed at a compound rate of 40%.

Cohen says the group, which has its main focus on the Milady's and Hub

chains, is in great shape. Divisions are trading well and opportunities for expansion are exciting.

The R15m capital injection will be used to maximise the potential of established chains by opening new branches and facilitating the growth of Storeco's cash retailing concepts. Over the next four years, Milady's will grow from 131 to more than 200 stores.

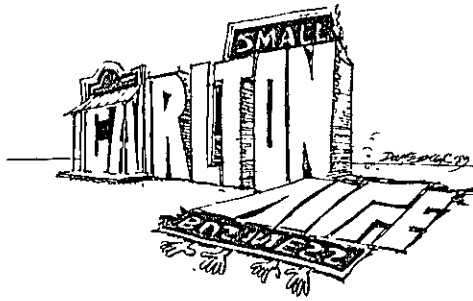
Chiappini says as the Milady's and Hub chains sell mainly on credit, rapid expansion of the chains requires additional working capital.

A further 50 stores are planned to open over the next four years for the Mr Price cash-store concept.

The group continually investigates possible acquisitions and opportunities to establish additional speciality store chains and these will require additional working capital.

Directors say the rights offer price will be announced in April.

FMMML 10/3/89



undeterred. An immovable CP combined with an irresistible boycott would seem to spell doom for the town.

The toll of the boycott hit home only two days after it was launched on February 27, when Klaasen reported that 98% of local business was affected by losses of between 10% and 100% of usual turnover. Some companies threatened that they might have to dismiss workers as a result, but the chamber advised them to hold fire pending this Thursday's meeting with the council. "If we don't sort it out, then I don't know," admits Klaasen, emphasising that while there are still blacks to be seen in town "they are not buying in Carletonville at all."

Instead local black spending is going to Randfontein, Westonaria, Fochville and Johannesburg, with assistance from the kombicabs of the United Taxi Association of Carletonville.

The fact that the boycotters are diverting their spending power to CP-run Fochville and Westonaria "really makes me laugh," says Carletonville's MP Arrie Paulus (CP). He wonders why blacks do not boycott "white" towns nationally since, like Pretoria under the National Party, all their facilities are segregated. Paulus blithely claims the boycott "is already resolved; people are starting to buy again." He says darkly that "there were a few people behind it" but their action is "backfiring on them."

On Tuesday, however, Klaasen released the results of a survey of 139 major traders among the town's 350 retail outlets. This reveals that 53% have experienced turnover losses of between 41% and 100%; while 47% say they've lost nothing or up to 40%. A further 27% said they will have to close down; 45% said they are going to discharge staff; and 60% would have to cut their buying. Many said they could hold on — provided the problem is resolved.

The boycott of Carletonville is organised by an action committee formed at Khutsong township on February 18 at a meeting of 27 community organisations and trade unions convened by the Cosatu local action committee. The meeting was the culmination of a series to consider a consumer withdrawal of buying power from the town. The fact that the area has such a highly unionised black population — including 100 000 miners — probably explains why the boycott appears to be even more effective than Boksburg's.

The boycott is "part of a broader campaign against the CP's bold assertion of white power in the town." A meeting of the committee last Saturday resolved "to defy

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apartheid laws imposed on us; to defend ourselves against assaults by white conservatives in the towns and the mines; withdraw our buying power from white-owned business, small and big."

Anglo American's alleged dealings with "apartheid town councils" was singled out for criticism at the meeting, which also resolved to "continue the struggle against apartheid as a whole and to support mineworkers against repression."

Action committee member and NUM local organiser Hlubi Biyana, said it was regrettable that the town's 60 Indian traders, too, are affected, since they were "exempted" from the boycott. The reason was its "spontaneous" nature. Whether this means the Indian businessmen will now feel they needn't fulfil an earlier undertaking to recognise May Day and June 16 as paid holidays and allow workers the freedom to join unions, remains to be seen.

Another target that is "a mistake," says Biyana, is the local Jazz store, a major employer and a "progressive" one, since it has long recognised union holidays, and even undertaken to pay workers detained under the emergency. Even so, committee feeling is that "it is not enough for businessmen merely to present a memorandum (as they did last week) to the council." Yet ways of excluding certain businesses from the boycott are being looked at.

One idea is to give them special stickers of approval, which presumably could then also be used by buyers on their Carletonville purchases — enabling them to evade those who "monitor" the boycott by intimidation. A committee spokesman says about 25 people have been arrested for intimidation (eight according to the police), but adds that they probably acted "spontaneously," and not according to the "mandate."

Meanwhile, on the other side of the Rand, at Boksburg, the consumer boycott has entered its fourth month. A public meeting at Reiger Park on Monday gave a resounding vote in support of its continuance, in spite of the council's threat to cut essential services to the coloured town if the boycott continues.

Save Boksburg Committee spokesman Henry Jeffries counters that Reiger Parkers' services do not come from their purchasing power in the town; they pay rates and taxes and therefore expect services to be provided.

Government, meanwhile, seems to be enjoying the CP's predicament. The question is whether it will scrap the separate amenities law before going to the polls, or make it an issue at the next general election.

## CARLETONVILLE BOYCOTT

### Traders splutter

"Most of these businesses will have to close down if the situation is not resolved," says Anatjie Klaasen, president of the Carletonville Chamber of Commerce and Industries. She was speaking after a week of the black consumer boycott of the town aimed at the Conservative Party (CP) council bent, as in Boksburg, on strictly enforcing the Separate Amenities Act, which government last week in effect suspended.

Armed with "the facts and figures," Klaasen was due to meet management committee chairman Koos Nel's council on Thursday evening to discuss the crisis, and what the CP intends to do about it — a question the local chamber last Friday specifically asked the council to reply to. The CP is, however,

# New hope for settlement in Carletonville

By Kaizer Nyatumba

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The Conservative Party-controlled Carletonville Town Council might rescind its Verwoerdian-style apartheid policies which triggered a black consumer boycott of the town a week ago, the chairman of the Carletonville Chamber of Commerce, Mrs Annetjie Claasen, said.

In an interview with The Star following the Chamber of Commerce's hour-long meeting with the Carletonville management committee yesterday evening, Mrs Claasen said she was optimistic.

The management committee would respond to the Chamber's requests today, she said.

The Chamber confronted the management committee with the findings of a survey it conducted this week.

The chairman of the Carletonville management committee, Mr Koos Nel, refused today to comment on the meeting. He confirmed, however, that the committee would respond to the Chamber's requests today.

● In another development, Khutsong Township youths outside Carletonville this week set alight a white farmer's bakkie and robbed the man of R360.

A police spokesman confirmed that Mr R van Wyk was robbed by six youths who then set his bakkie alight after he had driven into the township to sell mealies.

● A Johannesburg weekly newspaper reported today that the Cosatu Local Action Committee and labour and community organisations will meet today to assess the success of the Carletonville boycott.

Action committee spokesman Mr Hlubi Biyana was reporting as saying a one-hour "peaceful defiance protest" will be held tomorrow at Carletonville Park.

# Foschini income soars 46,6%

CAE- Trends  
10/3/89  
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By AUDREY D'ANGELO  
Financial Editor

CAPE TOWN-based retail group Foschini has lifted net income for the year to December by 46,6% to R47,3m (R32,2m) on a 29,9% rise in turnover to R528,4m (R406,7m).

Earnings are up by 46,7% to 487,8c (332,6c) a share. And the final dividend is 168,5c (118c) a share making a total of 206c (141,4c) for the year.

Announcing these impressive results yesterday new joint MD Clive Hirschsohn said all divisions were still trading well ahead of budget.

But although he expected further growth in real terms it would be unrealistic to expect it to continue at the same rate throughout the year.

However, he pointed out that the division making the biggest contribution to group profits, the Foschini fashion chain, sold mainly to young working women who tended to be less affected by higher interest rates than other sections of the population.

Hirschsohn said this chain had also achieved a high penetration of the more affluent black consumer market.

More than half the sales in its most profitable store — in Eloff Street, Johannesburg — were to black, coloured and Asian customers.

The results announced yesterday showed that pre-tax income was up by 44,5% to R939,1m (R650m). The tax bill was 42,4% higher at R465,7m (R327,1m).

Hirschsohn said the 29,9% increase in turnover was "very satisfactory as, once again, it represents a healthy growth in the volume of units sold.

All four trading divisions performed well with Markhams showing an outstanding performance."

He said pre-tax margins had reached a record level of 17,8%. This, together with the rise in turnover, showed that the group had achieved a pleasing increase in market share without sacrificing margin.

It had not set out to buy sales through excessive markdowns.

The rise in pre-tax income, said Hirschsohn, reflected further productivity gains.

"Our strategic concentration on in-

creased merchandise performance, store efficiency and sensitivity to customers' requirements underpinned this result which was not achieved off a low base.

"In 1987 profit growth exceeded 40% which means that it has virtually doubled over two years."

Hirschsohn said the group had invested in technology which enabled the Foschini chain to keep instant track of how sales were going. This, together with a reduction in lead times, enabled it to reduce errors in buying to the minimum and promptly order more of items selling well.

Markhams would soon be in the same position "it is almost there" and American Swiss and Page's would also reach this stage.

The winter fashions now in the stores were being well received. Most of the sales in the Foschini chain were on interest-free credit over six months, which helped customers to buy.

Markhams was also now a high-fashion chain aimed at the younger man. Its growing success was due to this change — about two-thirds of its stores stocked no conservative suits and were staffed by women, with a manageress instead of a manager.

Discussing expansion plans, Hirschsohn said that although some stores in rural areas did well the group had found the best places to site its branches were regional shopping centres "with the right tenant mix".

He expected to site them in several new centres opening soon or in the early stage of construction, including the "N1 mini-city".

The group had 13 stores in Namibia, mostly branches of the Foschini fashion chain. Business there was "very strong".

It was his personal view that the Namibian operation would be "a money spinner" if things went well in that country.

● Holding company Lewis Foschini Investment Co lifted after-tax income for the year to R9,9m (R8,8m) and attributable earnings to 247,60c (168,70c) a share. The final dividend was 85,50c (59,80c) making a total of 104,25c (71,50c) for the year.

# Registration statistics tell it all

B/Dam 10/3/89

MOTOR vehicle registrations jumped by 90,5% in January this year compared with the month before, according to the latest statistics released by Central Statistics Service.

But, regrettably, the jump in registrations does not mean that the motor industry is set to soar this year.

In fact, the number of new vehicles registered during January 1989 is only marginally higher (0,1%) than the total number of new vehicles registered during January 1988. In that month, 19 433 new vehicles were registered.

The statistics show that the total number of new vehicles registered in the Transvaal during January this year amounted to 19 450, compared with 10 209 new vehicles registered in December 1988.

In January, cars increased by 3,3%, tractors by 18,8% and trailers by 36,1%. There was, however, a decline in the number of minibuses (2,1%), buses (27,5%), commercial vehicles (13,1%), motor cycles (35,0%), cara-

vans (2,3%) and the category "others" (5,9%).

Topping the rankings for new cars registered by manufacturer were Toyota with 2 814 and Volkswagen with 2 760.

Addressing the number of used vehicles registered during January 1989, the report records a decrease of 15,4% compared with January 1988, and a decrease of 11,5% when the January 1989 figures are compared with December 1988.

The total number of used vehicles registered during January 1989 amounted to 28 404, compared with

the 33 586 registered during January 1988 and the 32 091 registered during December last year.

During January 1989, decreases were

recorded across all vehicle categories with tractors (88,8%), "other" (84,3%), trailers (56,6%) and buses (30,8%) reflecting the largest decreases on the corresponding period year ago. (30) (13)

Commercial vehicles, caravans, motor cycles, motor cars and minibuses reflected decreases of 8,9%, 7,9%, 3,8%, 3,0% and 2,3% respectively. There were 18 726 used motor vehicles registered with the authorities during January 1989, 4 298 used commercial vehicles, 1 765 used motor cycles, 1 298 trailers and 1 152 used minibuses.



# Foschini's net income climbs 46,6% to R47,3m

8/Dec 10/3/87

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CHRIS CAIRNCROSS

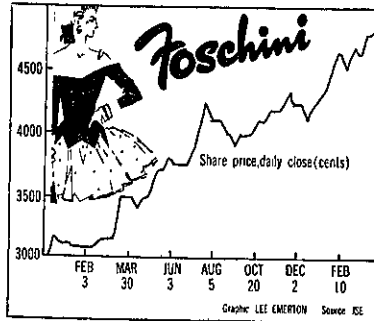
CAPE TOWN — Foschini has surpassed expectations again with its latest results indicating this Cape-based retailing group has been able to effectively double after-tax earnings in the past two years.

Net income for the year to the end of December showed remarkable growth of 46,6%, from R32,2m to R47,3m. This was from a turnover of R528m, almost 30% ahead of the previous year's sales of R406,7m.

This has enabled the group to push up full-year dividend pay-outs by a commensurate 45,7% from 141,4c to 206c: the final dividend amounts to 168c (118c).

Newly appointed joint MD of the group, Clive Hirschsohn, told Business

Day conditions in the marketplace had ended up far stronger than initially expected, sending pre-tax earnings to record levels.



He maintained this had been done without having to resort to cutting prices in an endeavour to buy market share. It was not envisaged that the momentum in consumer spending would keep up as much as it had.

Hirschsohn says Foschini expects to repeat its growth track record in the coming year — confident that the retail sector in which the group operates is unlikely to experience the sort of curtailed activity forecast for the economy in general.

The level of trading is already well ahead of plan and indicates an early acceptance of Foschini's new merchandising ranges, he says.

Considerable expenditure on computer hardware and other information systems throughout the group was also starting to pay off in terms of improved productivity, shorter lead times, better stock control and improved cash-flow management.

In the drive for improved productivity, Foschini is divorcing itself from involvement with Sats in the belief that it will get a more efficient transportation and cartage service from the private sector.

# Barnetts profit down 30%

11 May 10/3/87 (30)  
A DISAPPOINTING six months for Barnetts saw attributable profit fall by 30% to R1m against R1,4m for the same period in 1987 as a result of higher operating costs and interest charges.

CHARLOTTE MATHEWS

Turnover rose 27% to R23m (R18m) for the half-year ended December but operating profit fell 21% to R2,4m (R3m), indicating a drastic rise in expenses. Margins dropped to 10% from 17% last year.

The main interest of the Barnetts group is household retail furniture trading but the company recently widened its interests to include a company that makes onyx ornaments and grave-stones, Stone Art.

Although Barnetts is to pay out the same interim dividend as last year — 2c — this has been made possible by reducing cover to 3,9 times from 5,5 times, since earnings a share also showed the same 30% slump to 7,7c (11c).

Financial director Bala Pillay said yesterday the main reason for higher

expenses was the granting of salary increases to employees to bring salaries into line with the market. In addition, the company had established a training centre which would only show benefits in the long term.

Stone Art was acquired in the last few months and two outlets have been opened within Barnetts stores. Chairman and MD Myron Lewkowski said he expected this subsidiary to contribute significantly to cash flow.

The company concentrated on improving the quality of its debtors during the period under review. Higher turnover in the credit-dependent furniture industry leads to higher debtors, reflected in the increase in the company's current assets to R38m from R33m.

Lewkowski was cautious about prospects for the remainder of the year, saying "a lot depends on what action is taken by government".

30 FMM 10/3/89

# Fighting to change the tide

The battle is on to save the Johannesburg CBD. One strategy is the possibility of declaring three- to five-year municipal tax holidays for those prepared to undertake residential developments in certain parts of the city.

Others include the formulation of a plan which will tell developers where Johannesburg will be in five years' time, the streamlining of planning procedures, the creation of a pedestrian mall in Kerk Street between Eloff Street and Newtown and cohesion between private developments and the civic spine.

Town planning committee chairman Eddy Magid (see *People*) says when he took office in October he realised the timing was right for the council to form partnerships with the private sector and, in certain instances, to assist the private sector by streamlining the planning procedures and encouraging development in the CBD.

"However, I never believed that would be enough. The council also has to do its part. I visualised the council showing confidence by putting its money where its mouth is and upgrading certain areas, as well as having the vision to say in which direction the city will be heading by the turn of the century."

With this in mind he set about meeting and requesting presentations from the present actors in the CBD (those organisations currently contemplating or in the process of developing CBD properties). He spoke to Ampros, Old Mutual Properties, First National Bank and Sage.

In turn, Magid says council must apply itself to the closing of certain streets, the creation of pedestrian malls, the construction of a civic spine (the row of public buildings between the Jeppe Street Post Office (PO) in the east and the public library in the west) (see *plan*), and providing incentives to devel-

opers to construct residential units which will bring young professionals back to town.

The area east of the Smal Street Mall would, according to Magid, be ideal for residential development. "As a soft fabric zone it is glaringly ideal for residential development."

The problem is developers can't just be told to develop city blocks as dwellings, they must be enticed.

"I plan to follow the overseas method of example. That means meeting owners of, for example, six blocks, telling them what is envisaged by the council and encouraging them to implement the schemes. Such developments could include business and retail facilities at ground level, with pavement cafés and enhanced security.

"Furthermore, as an incentive to developers to create a residential accommodation, I am prepared to recommend that the council allow them a tax holiday of between three and five years."

He explains that, in addition, free bulk for residential and a formula for remission on assessment rates will also be worked out for owners of mixed residential and commercial-retail buildings.

"In other words I'm trying to encourage people to develop, but not single buildings. That won't work. I want to start with several blocks and I believe it will snowball from there."

Magid says a great deal is already happening to revitalise the business district west of Smal Street. This includes: council approval of the Newtown development; progress by First National Bank and Old Mutual on their respective BankCity and 1066 developments; and Sage Properties' renovation of its buildings straddling Eloff Street. A feature of the Sage project is that underground delivery bays are being built. This should con-

siderably reduce congestion.

To bring the whole thing together and to provide a "lung" into the city centre, Magid says council has budgeted about R250 000 (most of it already spent on preparatory work) for the revitalisation of the civic spine.

"The spine comprises three disjointed, beautiful, but unappreciated buildings: the library; the City Hall and the PO — which I believe are the three most important national monuments in the country.

"To draw attention to them we plan an amphitheatre around the cenotaph, a memorial hall in front of the library, and a sunken entertainment area in front of the City Hall. Linking the three buildings, and an upgraded Oppenheimer Square, will be uniformly paved areas including Rissik and Harrison streets crossings, the removal of parking in President and Market streets to facilitate wider pavements with greater pedestrian activity, screening the back of the PO with trees, and the placement of street furniture."

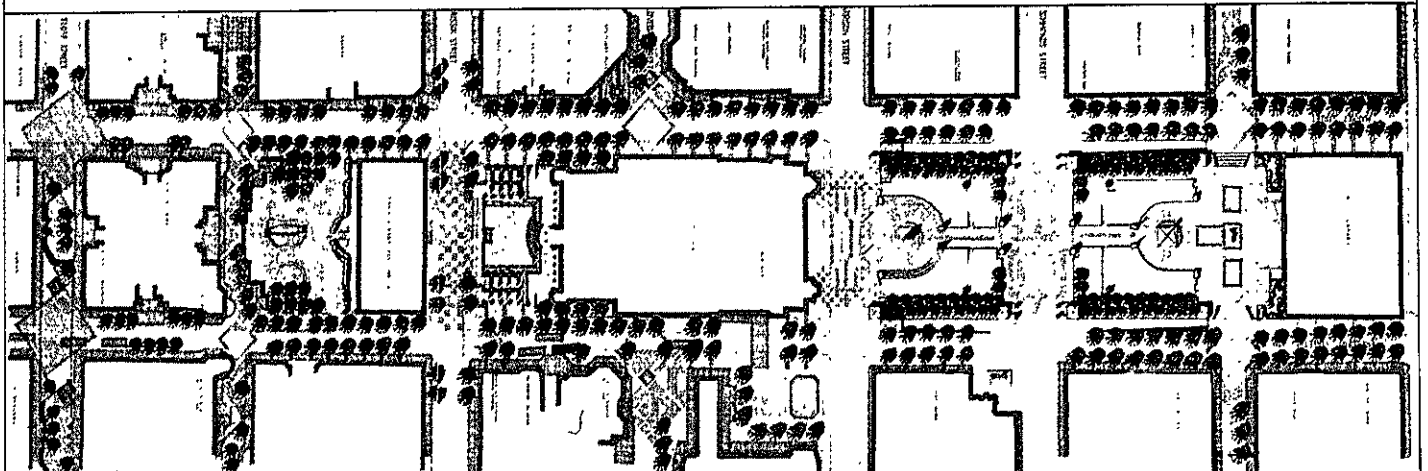
He adds that developers adjacent to the spine such as Old Mutual have agreed to link into the spine with complementary facilities.

## HOTELS

### The whistle is blown

A R30m plan to convert Durban's former railway station into a four-star hotel has been scrapped. With hindsight, it might prove to have been a costly miscalculation by the site's unidentified owners.

For the owners, the Sir Benjamin D'Urban Trust, holding costs have been ticking up on the R1,7m site since August last year — and they have yet to present the capital, plus accumulating interest, necessary to take



Civic spine from the library in the west to the Jeppe Street Post Office to be united

# Foschini income soars 46,6%

CAP-Trans  
10/3/89  
35

By AUDREY D'ANGELO  
Financial Editor

CAPE TOWN-based retail group Foschini has lifted net income for the year to December by 46,6% to R47,3m (R32,2m) on a 29,9% rise in turnover to R528,4m (R406,7m).

Earnings are up by 46,7% to 487,8c (332,6c) a share. And the final dividend is 168,5c (118c) a share making a total of 206c (141,4c) for the year.

Announcing these impressive results yesterday new joint MD Clive Hirschsohn said all divisions were still trading well ahead of budget.

But although he expected further growth in real terms it would be unrealistic to expect it to continue at the same rate throughout the year.

However, he pointed out that the division making the biggest contribution to group profits, the Foschini fashion chain, sold mainly to young working women who tended to be less affected by higher interest rates than other sections of the population.

Hirschsohn said this chain had also achieved a high penetration of the more affluent black consumer market.

More than half the sales in its most profitable store — in Eloff Street, Johannesburg — were to black, coloured and Asian customers.

The results announced yesterday showed that pre-tax income was up by 44,5% to R939,1m (R650m). The tax bill was 42,4% higher at R465,7m (R327,1m).

Hirschsohn said the 29,9% increase in turnover was "very satisfactory as, once again, it represents a healthy growth in the volume of units sold.

All four trading divisions performed well with Markhams showing an outstanding performance."

He said pre-tax margins had reached a record level of 17,8%. This, together with the rise in turnover, showed that the group had achieved a pleasing increase in market share without sacrificing margin.

It had not set out to buy sales through excessive markdowns.

The rise in pre-tax income, said Hirschsohn, reflected further productivity gains.

"Our strategic concentration on in-

creased merchandise performance, store efficiency and sensitivity to customers' requirements underpinned this result which was not achieved off a low base.

"In 1987 profit growth exceeded 40% which means that it has virtually doubled over two years."

Hirschsohn said the group had invested in technology which enabled the Foschini chain to keep instant track of how sales were going. This, together with a reduction in lead times, enabled it to reduce errors in buying to the minimum and promptly order more of items selling well.

Markhams would soon be in the same position "it is almost there" and American Swiss and Page's would also reach this stage.

The winter fashions now in the stores were being well received. Most of the sales in the Foschini chain were on interest-free credit over six months, which helped customers to buy.

Markhams was also now a high-fashion chain aimed at the younger man. Its growing success was due to this change — about two-thirds of its stores stocked no conservative suits and were staffed by women, with a manageress instead of a manager.

Discussing expansion plans, Hirschsohn said that although some stores in rural areas did well the group had found the best places to site its branches were regional shopping centres "with the right tenant mix".

He expected to site them in several new centres opening soon or in the early stage of construction, including the "N1 mini-city".

The group had 13 stores in Namibia, mostly branches of the Foschini fashion chain. Business there was "very strong".

It was his personal view that the Namibian operation would be "a money spinner" if things went well in that country.

● Holding company Lewis Foschini Investment Co lifted after-tax income for the year to R9,9m (R6,8m) and attributable earnings to 247,60c (168,70c) a share. The final dividend was 85,50c (59,80c) making a total of 104,25c (71,50c) for the year.

# Major shake-up for Grand

By TOM HOOD  
Business Editor

CONTROL of the long-established Grand chain of supermarkets will be switched from the Cape to Johannesburg next month as the Epping head office is slimmed down.

The company, formerly Grand Bazaars, was taken over three years ago and re-named Grand Supermarkets by Score Food Holdings, which later also acquired control of Clicks Stores.

A weak performance by Grand last year, involving stock writedowns and pressure on profit margins, curbed Score's profits and managing director Carlos dos Santos hinted that steps would be taken to streamline the trading companies of Grand and Score.

A single Johannesburg-based management structure has now

been decided, operating under the name of Grand Score Supermarkets (Pty) from March 1.

However, no one in the Cape will lose their jobs, according to managing director Chris Burgess.

"Everyone is being assimilated within other Grand stores including new stores, which will take a number of head office members, as well as other companies within the group such as Clicks," he says.

The buying, accounting, distribution and store development functions will be centralised under one roof at Score House in Johannesburg.

One merchandise department, hard and softs, will stay in Cape Town.

The retail operations, both of which will be subsidiaries of Grand Supermarkets (Pty), will continue to operate separately as Grand Supermarkets and Score Discount Foods.

Cape divisional director of

the new Grand Score group will be Mr John Moody, responsible for 16 Grand stores in the Western Cape and four in the Eastern Cape.

Mr Burgess says duplication of effort will be eliminated and bring import benefits, such as:

- Suppliers will no longer have to negotiate separate deals as they will be dealing with one buying team.
- Buying negotiations will take place in one meeting.
- Consolidation of both companies' creditors will bring significant savings for suppliers.
- Problems or difficulties in supplies for either chain can be dealt with in a single meeting.

The group's stores will be divided into four separate categories — Grand supermarkets, smaller Grand supermarkets, Score discount food stores and smaller Score discount food stores.

Five new Grand stores are planned for 1989 — at Mitchell's Plain and Charlesville in the Western Cape and at Potgietersrust, Klerksdorp and Rustenburg in the Transvaal.

## Aggressively

This chain's development lies within CBD areas offering the customer seven days a week convenience in supermarkets priced at a level which will enable them to compete aggressively against the majors, says Mr Burgess.

# chain

"There will be a high level of concentration on service departments and each store will fulfil the role in medium and small towns of the major supermarkets serving their particular community.

"Our expertise in non-foods will enable us to offer a larger range of product than our competitors," he said.

# Achib pledge to support boycotted Reef traders

30  
24

By SOPHIE TEMA

THE African Council of Hawkers and Informal Business has come out in full support of hawkers and informal businesses in Boksburg and Carletonville.

Achib said the trade union-related boycott campaign against the reintroduction of separate amenities laws in the two areas by CP town councils, would boost sales of spaza shops and hawkers.

Last week industrialists and retailers met in Carletonville to discuss a joint approach with a view to ending the mining centre's black consumer boycott.

Frustrated by the success

of the boycott, the Carletonville Town Council has now called on the SAP to arrest people seen intimidating others to boycott white-owned shops and invited businessmen to a meeting to end the 10-day boycott.

Meanwhile, Achib president Lawrence Mavundla said: "In areas where there are boycotts, the community should take the opportunity of uplifting its own people."

"Hawkers and spaza shop owners are helping to break a cycle of dependency, crime and poverty by promoting the economic self-sufficiency of communities."

"If the community puts

its full weight behind informal businesses, the market

lies open for other unemployed people."

12/3/82

Clive

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# Focus goes shopping

INNOVATIVE retailer Focus Holdings is off again on the acquisition trail. Its latest deal could boost earnings in the current year by 35%. (30) (30)

It has taken over the retail operations of listed Cashworths Fashion Holdings for R4-million. Cashworths manufacturing operations are not included in the deal.

Details will be announced tomorrow, but the addition of Cashworths' 28 speciality women's clothing stores to the Focus chain of men's clothing and bedding stores will strengthen the group.

There will be 76 stores in the retail division, with forecast sales of R60-million in the year which began on March 1.

If the deal had been in the place for the last financial year earnings would have increased from 8c to 10,5c a share. Now it looks as if Focus will earn 13c in the current year fully diluted and assuming a full tax rate.

5/7 was 12/3/87

S/Times 12/3/89 (30) ~~12/3/89~~

# Budget-beaters bolster vehicle

## sales

By Don Robertson

VEHICLE sales in February were propped up by fears that the Budget, to be presented on Wednesday, might penalise the motorist even further.

It is expected that the value for perks tax on cars will be increased. This, coupled with the expected rise in car prices of between 18% and 20% this year, prompted a rush to buy. Sales could have been higher had stocks been available.

The National Association of Automobile Manufacturers of SA (Naamsa) has called for a neutral Budget to avoid harming the softer trend in sales of cars and light commercial vehicles.

### Christmas

Although sales were down on February last year, volume picked up on the January figure. February is traditionally a better month than January because the Christmas shutdown by manufacturers and the holidays re-

duce demand.

February sales compared with last year showed a worrying decline. Car sales were down by 2.4%, light commercials (LCVs) by 5.9% and medium commercials (MCVs) by 41.3%.

Car sales in February were 19 341 compared with 16 313 in January and 19 820 in February 1988. LCV sales were 9 190, up from the 7 442 in January, but lower than the 9 767 last year. MCV volumes were 296 last month, 223 in January and 504 last year. Heavy commercial sales numbered 752 in February, 608 in January and 716 in February last year.

Total vehicle sales for the first two months of the year are in line with industry expectations. It is expected that car sales will remain above 19 000 in the first six months of the year.

In the second half, however, sales are expected to fall while the economy cools.

Fleet purchases, which make up as much as 80% of new-car sales, will also dip when higher prices and possible increases in perks tax force companies to keep vehicles on the road for longer than normal. Higher interest rates will also slow demand for vehicles.

### Buoyant

Although companies are reporting increased profits, the expected slowdown in the economy will compel them to curtail expenditure.

However, sales of heavy trucks and buses will remain buoyant because of higher investment spending.

The industry believes that vehicle sales will fall by between 5% and 7% this year. However, some economists have forecast car sales of 240 000 compared with 230 500 last year.

Other sources believe that sales last year could have been 250 000 had stocks been available.



# Consumers pay 42% retail mark-up on meat

PRETORIA — Consumers last year paid a massive R4,453bn for red meat, based on a retail mark-up of about 42%, marketing consultant Jim Linsell said in Vanderbijlpark yesterday.

Speaking at the SA Feedlot Association congress, he said wholesalers worked on an 8% gross profit basis.

Abattoir revenue amounted to R2,877bn, and when the wholesalers' margin was added, this amounted to R3,136bn.

GEBALD REILLY

The Meat Board's levy last year amounted to R73,04m.

Of the total meat bill paid by consumers, 37% went into marketing coffers, mark-ups, and the levy.

The bush butcher had a highly profitable business because he had no refrigeration, no tiles, no stainless steel equipment, no meat inspectors, no licence fees, and sometimes, no walls, said Linsell.

This was primitive, profitable, but undesirable.

He said free market forces should be allowed to dictate far more in terms of price.

SA Feedlot Association chairman Dirk van Reenen said close attention had to be paid to how privatisation and deregulation would affect the feedlot industry.

The current meat scheme had advantages, but it cost a great deal of money to maintain, Van Reenen said.

COILS of razor wire cordoned off Carletonville's Civic Centre yesterday as police sifted through damage caused by a midnight bomb blast which ruptured the ominous quiet in the town gripped by a six-day consumer boycott.

The West Rand gold mining town's black consumer boycott of businesses came into effect on Monday. It was called by the Congress of Trade Unions (Cosatu) and National Union of Mineworkers (NUM) committees in protest against the Conservative Party's reintroduction of petty apartheid in the town.

Desperate to find a solution, representatives from the town's business sector and the boycott committee have expressed a desire to meet and discuss the dead-

lock situation.

After less than a week, the boycott by Khutsong township residents and mineworkers has caused traders in the area to panic. With estimated losses of up to 80 percent many shopkeepers are beginning to wonder how long they can keep financially afloat.

"The length of the boycott depends on the reaction of the Town Council and the success the business sector has in stopping the reinstatement of petty apartheid," said NUM's regional organiser, Mr Tenki Sekonye.

After denying reports of a non-violent sit-in at the town's centrally located park planned to take place yesterday Mr Sekonye said: "The Cosatu committee co-ordinating the boycott would like to meet the action committee formed by local business people in the area."

Mrs A Claasens, who heads the Carletonville Chamber of Commerce business grouping, yesterday agreed that the group would like to make peace with the boycotters, but said the first task was to tackle the town council.

She gave details of a resolution adopted by about 300 traders at a Chamber of Commerce meeting on Wednesday night and said a memorandum requesting an urgent meeting with the council was handed to the town clerk yesterday.

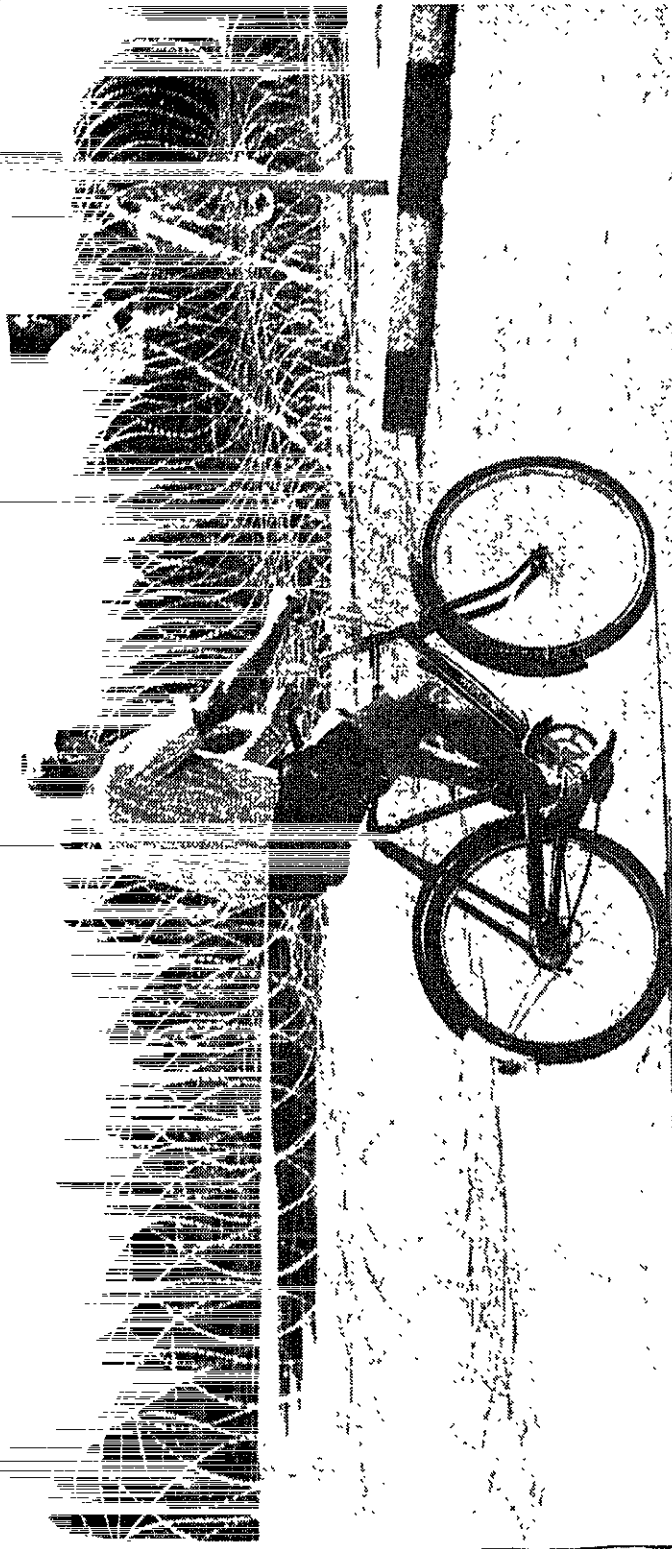
"Given that the town council must have considered the consequences of

PAT DEVEREAUX

# Ghost town ON razor-edge

A CYCLIST ignores the razor wire around Carletonville's Civic Centre after the bomb blast.

Picture: Stephen Davimes.



NOT a passenger in sight at the normally bustling Carletonville taxi rank. Picture: Stephen Davimes.

their actions beforehand, we have requested that in the interests of our community — before any further damage is done — that the town council makes public its solutions to the problem," she said.

Earlier this week the town was almost deserted. Despite the lull, it was clear that graffiti artists had been at hard at work as a number of the commuters off for wor-

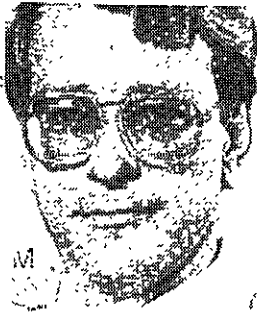
Since Monday we've had no shoppers," said taxi driver, Mr Ernest Maba-so.

But he added that many taxi drivers were offering a reduced fee to take passengers on shopping trips to neighbouring towns instead.

In a street survey, it seemed that most black people in the town were aware of the reasons for

the boycott. But many were not aware that Cosatu's boycott pamphlet said: "We will only buy from shops in Westonia, Fochville, Randfontein and our fellow Indians in town."

One Indian shopkeeper complained that stores owned by Indian traders and patronised by mainly black customers seemed hardest hit by the boycott.



Gernor Krüger has been appointed as senior manager, export of Credit Guarantee Insurance Corporation (CGIC).



Dave Wrathall has been appointed as senior manager, re-insurance of CGIC.



Rodney Smit has been appointed as GM, research and development of CGIC.

# Cashworths stores sold to Focus for R4m

Cashworth 13/3/89 30

### Financial Editor

THE MAP Consortium — the new controlling shareholders of Cashworths, the Cape Town clothing manufacturing and retail group — have agreed to sell the stores as going concerns to Focus Holdings for approximately R4m.

They are also disposing of the Botticelli screen printing works and other properties.

Announcing this yesterday, the directors said the cash from these sales would be used to finance other acquisitions "in various fields."

The sale of the stores to Focus must still be agreed to by the Johannesburg Stock Exchange and shareholders of both companies.

The Cashworths directors say that they have studied the operations of the group since taking control in mid-January.

It had previously been stated that Cashworths would expand its retail operation and dispose of unprofitable businesses. But during the course of the restructuring an offer was received from Focus Holdings to purchase the stores at a sum above book value.

"Although these stores were trading profitably management took the decision that, due to the substantial cash offer, it would dispose of the stores and re-examine the proposed expansion plans for the group."

The directors say that apart from

the screen printing factory, the manufacturing operations are continuing to trade profitably. "A division known as Starter has entered into a contract with Focus to supply them with units until December 31, 1989."

The statement continues: "Certain of the properties have already been sold and the remaining properties will be disposed of in the near future at substantial sums above the original book value and the valuations that were obtained in terms of the prospectus."

"Management is currently reviewing a number of acquisitions in various fields as it will have substantial sums of cash available for acquisitions as a result of these transactions."

"The MAP Consortium does not intend to dispose of its holding in Cashworths but plans to use it for expansion. Further information regarding this expansion will be made available to shareholders and the public in due course."

"After realization of the properties at market related prices and disposal of the excess stock and after taking into account the realizable value of the plant and equipment it is estimated that the realizable net asset value (NAV) of the company will be not less than 60c per share."

The sale of the Cashworths stores to Focus will be by way of the issue to Cashworths of 2m new Focus shares credited as fully paid at 50c per share with the balance of the consideration to be paid in cash.

Business leaders in Carletonville are considering legal steps against the Conservative Party-controlled town council which has announced its determination to continue to apply petty apartheid measures.

The possible move against the council came as the black boycott of businesses in the town entered its third week yesterday and some firms have had to lay off staff.

Mrs Annetjie Claasen, of the local Chamber of Commerce and Industries, said shopowners had taken legal advice and were considering action against the council.

Shopowners said they had been badly affected

## Traders might sue council

by the boycott — which had now reached a critical point.

Mr Ken Warren, legal adviser to Assocom, said the town's future looked bleak unless the boycott was ended "very early".

"Experience has shown in boycott situations elsewhere in the country that trading patterns invariably never return to the same after a boycott and unless this impasse is resolved in the immediate future, I'm afraid it looks pretty bleak for Carletonville."

# Cash registers tinkle 30 for Transvaal retailers

Star 14/3/89

By Derek Tommey

Would-be retailers would be well advised to open their stores in the smoke-stack area of Vereeniging, Vanderbijl Park, Sasolburg, or what some people regard as the last outpost of the British Empire, Maritzburg, or in its complete antithesis, Bloemfontein. For, according to the latest retail sales figures, these are the fastest growing areas in the country.

All these areas experienced a 30 percent or more increase in retail sales in the first 11 months of last year, according to figures issued by Central Statistical Services.

The upsurge in retail sales in the Vereeniging, Vanderbijl Park, Sasolburg area reflects the major expansion that is taking place in the heavy industry located there. The area is the home of Iscor's biggest plant and also of Union Steel. Their steel attracts other major companies such as Dorbyl which convert the raw product

into finished products.

With a major effort being made to increase the local content of South African cars and also to create other import-replacement industries, it seems that this area around the Vaal is destined to show fairly fast growth for some time to come — and should be a good area for fledging retailers. Maritzburg

The upsurge in spending in Maritzburg also reflects major industrial growth. For a great many years the local authorities have been pushing Maritzburg as an ideal site to locate new factories and this appears to have paid off. In addition, Maritzburg is the centre of a thriving agricultural area which must also be helping to boost retail sales.

Reasons for the significant increase in retail sales at Bloemfontein are less obvious. However, some light industry has been locating there recently.

One would also imagine that

after two years of good rains the wheat, maize and cattle farmers should be doing much better than they have done for years and this should also be helping Bloemfontein's retailers.

But against this the sales growth in the Free State country districts was the worst in the country, averaging just over 11 percent, which is only half the national increase of 22 percent.

The growth in sales in the Cape country towns and districts was a mere 17 percent, in Transvaal country districts 17,6 percent and even in lush Natal it was only 19 percent.

A little surprisingly, the increase in retail sales in Pretoria was also only 19,4 percent. This was the smallest for any major centre which suggests that the public service pay freeze was having an impact.

In contrast sales in Cape Town rose 21,8 percent, in Johannesburg by 22,8 percent, in Durban by 25,1

percent, in East London (reflecting the increased investment in the Transkei) by 25,8 percent and Port Elizabeth (where the motor industry is again booming) by 25,9 percent.

## Transvaal

The figures highlight the importance of the Transvaal in the retail business. They show that just under 50c of every rand is spent in the Transvaal. Around 28c in every rand is spent in the Cape, just under 17c in Natal and almost 6c in the Free State.

However, the figures also show that in spite of their lack of growth the rural markets are still important ones, accounting for 25 percent of the country's total retail sales of R43,6 billion in the first 11 months of last year. It shows that they cannot be ignored in spite of the high distribution costs incurred in servicing these markets

Retail sales in the first 11 months of 1987 were R35,7 billion.

## Who spends the money:

Region	Total spending Jan-Nov 1988 Rand	Share of total spending	Percentage increase 1988 on 1987
	millions	percent	percent
Transvaal	21 755	50	23
Cape	12 179	28	21
Natal	7 295	17	24
Free State	2 424	6	21
Johannesburg/Randburg	6 420	15	23
Cape Peninsula	4 916	11	22
Transvaal country areas	4 007	9	18
Pretoria	3 731	9	19
Durban/Pinetown	3 655	8	25
Cape country areas	3 293	8	17
Germiston, Alberton, Kempton Park/Boksburg/Benoni	2 955	7	24
Natal country areas	2 583	6	19
Rodepoort, Krugersdorp/Randfontein	1 804	4	29
Vereeniging, Vahljok/Sasolburg	1 468	3	33
Boland & Somerset West	1 409	3	21
Port Elizabeth	1 397	3	26
Maritzburg	1 137	3	32
OFS country areas	947	2	11
Bloemfontein	791	2	32
East London	790	2	26
OFS gold fields	687	2	24
Withank/Middelburg	623	1	26
Brakpan & Springs	581	1	27
Kimberley	373	1	20
Nigel, Delmas, Heidelberg & Balfour	166		24

# Boycott causes business pressure

14/3/89  
So. African

BUSINESS leaders are considering taking action against the two CP-controlled towns of Boksburg and Carletonville in the wake of a black consumer boycott sparked by the reintroduction of petty apartheid.

The Carletonville business community is to meet on Thursday to decide on the type of action to take as the consumer boycott of their businesses entered its third week yesterday.

The Association of Chambers of Commerce has deplored the Carletonville Town Council's refusal to change its "oxwagon policies" despite immense pressure being brought to bear on white-owned businesses in the town.

President of the Carletonville Chamber of Commerce, Mrs Annetjile Claasén, yesterday said they were disappointed with the council because the boycott was having adverse results on the businesses.

They have sent a memorandum to the Government to scrap the Separate Amenities Act and the Group Areas Act because they were undesirable to the community.

She said the boycott would subsequently result in political friction, closure of more shops, unemployment and possibly the intensification of the disinvestment lobby overseas.

Already several charges of intimidation have been reported to the police and "unless something dramatic is done soon, a bloody revolution might take place."

## Christmas trade

8/Dec  
14/3/88  
soared 23,9%

GERALD REILLY

30

PRETORIA — Christmas trade sent retail sales soaring to R6,537bn in December — up by 23,9% on December 1987, according to Central Statistical Service figures.

The December figure was also 3,2% up on November sales.

At constant 1985 prices, December sales increased by 10,1% compared with the previous December.

Largest increases in the seasonally adjusted real sales were in beverages, 20%; cigarettes, 13%; clothing and accessories 8,6%; other domestic furnishings 25%; and books, magazines and stationery 31,9%.

For the three months to end-December sales at constant 1985 prices increased by 3%, compared with the previous three months.

CSS also said production indices in the three months to end-November increased by an actual 6,9% to 115,1%.

Actual manufacturing sales increased by 24,1% to R34,935bn.

# Musica buys two WOM subsidiaries

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BRUCE ANDERSON

JSE-LISTED music retailer Musica (Africa) has a national chain of 36 music stores after this week's cash deal in which it acquired eight stores by buying two subsidiaries of World of Music Holdings (WOM).

The acquisitions are effective from March 1. *BIDM 1573159*

Musica and WOM have until April 1 to decide on a final cash price for the deal, says Musica chairman George Goosen.

However, both parties have agreed that the total purchase consideration may not exceed R500 000.

In terms of the deal Musica has acquired 100% of the issued share capital and shareholders' claims of two WOM subsidiaries, World of Music Retail (WOM Retail) and Rag Records.

WOM Retail owns seven branches in the Transvaal, while Rag Records owns a store in Golden Acre, Cape Town.

The store owned by Rag Records in Cape Town trades under the name of



Ragtime and has a different marketing concept and image from Musica stores, says Goosen.

Musica intends to develop the Ragtime concept by opening additional Ragtime stores on a nationwide basis.

Goosen adds: "We don't want to diversify into all kinds of trade lines, but we don't mind diversifying in our marketing approach."

The main appeal of the seven stores acquired from WOM Retail is their location in the Transvaal.

Musica is based in Cape Town but Goosen says "the Transvaal is quite a lucrative market and we just want to be there".

Directors say the acquisitions have had no effect on Musica's net asset value per share.

Musica CE Derek Goosen says group sales are 50% up on a year ago in money terms. This is equal to a 35% growth after allowing for inflation.



# Low tax rate aids Fleishmans' earnings

MOTOR parts and accessories retailer Fleishmans has reported across-the-board improvements for the six months to December, with operating profit up 28% to R3,7m (R2,9m).

The results include for the entire period those of Eddies Motor Spares, which was acquired in August 1987 and trades mainly in the black taxi market.

Accrued tax losses of R8,4m account for the low tax rate of 11,6%.

This left attributable profit of R3,3m (R2,6m), equivalent to earnings of 13,2c

30 18

B/Duy 15/3/87

SYLVIA DU PLESSIS

(11,7c) a share from which an interim dividend of 4,5c (4c) has been declared.

Group MD Geoff Earnshaw said Fleishmans would enjoy marginal tax rates of between 11% and 12% until the end of next year at least.

Fleishmans' emphasis has been on consolidation since the opening of ten new stores and acquisition of Eddies after its listing 18 months ago, he said.

During the interim period, Fleish-

mans opened an additional store and refurbished three in line with the group's present corporate image, he said.

With a sound base of cash-and-carry outlets, the group continued to be in a position to expand the operation of Eddies outside Pretoria and maximise its opportunities in the black market.

In addition, Fleishmans would continue to develop retail outlets where suitable locations arose which were in line with its expansion plans, he said.

## METAIR BENEFITS FROM IMPROVED VEHICLE SALES

From 15/1/89  
MARC HASENFUSS 30  
CONTINUED growth in the new-vehicle market provided Metair Investments with an opportunity to substantially increase turnover by 44% to R253m.

The group's subsidiary automotive component manufacturing companies all performed strongly, especially Smiths Manufacturing and Armstrong Hydraulics, which resulted in a 96% jump in group pre-tax earnings to R27,5m (R14m) for the year to end-December.

Earnings a share before extraordinary items increased 25% to 223c (179c) and the directors have proposed a dividend of 53c (44c) a share.

Chairman Douglas Stewart said associated company Raylite Holdings continued to experience problems arising from the relocation of production facilities.



"These problems, together with the cost of remedial action taken, have resulted in a loss for the year of R3,4m, of which our group's share amounted to R1,4m," he said.

In spite of Raylite's problems, Metair's directors expressed confidence in the associate company and increased Metair's shareholding from 32% to 46% by acquiring a further 141 264 shares for R1,6m.

The newly acquired subsidiary, Motorubber, is included in the group results for the first time and Stewart felt the decision to acquire the 75% shareholding for a total consideration of R11,1m was fully justified.

Stewart said although vehicle sales were expected to decline by about 10% in 1989, other factors provided optimism for satisfactory growth in profits.

He said increases in local content for new vehicles should provide opportunities for improved business for all group subsidiaries, while growth was also expected in the replacement market because of overall ageing of vehicles.

● STEWART

# Metair expects good profits

9/27/89  
15/3/89  
Finance Staff

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Although new vehicle sales are expected to decline by as much as 10 percent in 1989, there are grounds for continuing optimism for satisfactory growth in group profits, Metair Investment chairman DC Stewart says in his annual review.

Increases in local content for new vehicles, because of the change to a value based system, should provide opportunities for increased business for all group subsidiaries. Growth is also expected in the replacement market due to the overall ageing of vehicles registered in the country, Mr Stewart says.

There are ample grounds for optimism and Metair will continue its search for sound investment opportunities aimed at complementing and enhancing its core business in the motor industry," he comments.

Mr Stewart adds that remedial action taken in respect of Raylite should return the company to profitability and eliminate the adverse impact its losses had on the Metair group results in 1988.

During financial 1988 the continued growth in the new vehicle market helped the group boost turnover by 44 percent to R253,2 million (R175,7 million).

All the group's subsidiary performed well according to the chairman and pre-tax earnings rose by 96 percent from R14 million to R27,5 million. Despite the disappointing results at Raylite, group income before extraordinary items rose by 25 percent to R12,6 million (R10,1 million).

Earnings per share before extraordinary items increased from 179c to 223c, while the total dividend has been raised from 44c to 53c per share.

Newly acquired subsidiary, Motorubber was included in the statements and Mr Stewart says that the results justified the decision to pay R11,1 million.

Star 15/3/89

(30)

## Backing for pharmacy group 'disconcerting'

### Medical Reporter

The South African Association of Retail Pharmacists had found it "disconcerting" that the Minister of Health, Dr Willie van Niekerk, was giving support to a pharmacy group which had promised to cut drug prices by up to 25 percent, the association's executive director, Mr Dave Pleaner, said yesterday.

He was reacting to Dr van Niekerk's announcement in Parliament last week of a pharmacy group which was promising to cut drug prices by between 20 percent and 25 percent.

The group, Mediscor, is headed by Mr JD "Kosie" van Zyl, the immediate-past president of the Pharmacy

Council, a statutory body empowered by the Minister to monitor the standards of services rendered by professional pharmacists.

Mr Pleaner said he found it disconcerting that Dr van Niekerk should give "overt support to any particular commercial pharmacy group".

"Commercial pharmacy groups have been in existence for many years and, frankly, I'm surprised that the Minister chose to single out Mediscor and openly support them.

"While we commend any effort to reduce the price of medicine, the concept of discounting is not an innovation introduced by Mediscor," Mr Pleaner said.

30/180

No time to wait, says Sanlam's van der Walt

# Businessmen urged to take initiative

Businessmen owed it to themselves and the country to take the initiative in putting South Africa back on the track to economic growth and progress.

This appeal was made yesterday by Dr Tjaart van der Walt, Sanlam's new chairman, in his address to Cape Town. Dr van der Walt referred to the process of economic impoverishment which had lasted, almost without interruption, for the past 15 years. He said that in South Africa the process was not uniform in its effect and the unequal distribution of income and wealth was on the increase.

"This created a breeding ground for social and political unrest, Dr van der Walt said.

"The business sector must do its bit to counteract this situation. We can no longer wait until the who, when, why and wherefore of political negotiation have been pronounced upon — we shall have to take the initiative ourselves if we want to succeed in building a new South Africa."

**POSITIVE ACTION**

According to Dr van der Walt, positive action had to be taken which would ensure that more people became involved in the production of more prosperity, and to ensure that people increased their productivity.

New opportunities had to be identified for black entrepreneurs, who had to be given the opportunity to develop their full potential.

Dr van der Walt said it seemed logical to him that existing businesses with expertise in the area of retailing, transport and housing should take the initiative in making alliances with black entrepreneurs in these sectors.

"The solution will not be a simple one. Money alone is definitely not the answer.

"Expertise must be passed on, people must be trained and the discipline of time and money must be instilled.

"But, before they begin, the parties must decide together what will produce the best results," Dr van der Walt said.

**PRODUCTIVITY**

He also considered it essential that businessmen ensure that productivity improved significantly in their own undertakings and that they stood together in their negotiations with the Government to ensure "that there can be no doubt as to what is expected of the authorities in successfully launching these actions".

According to Dr van der Walt there was just one way to effect a successful redistribution of income and wealth — businessmen had to take the initiative to ensure that the cake to be cut up became bigger.

Sanlam had shown the way by making available R2 million over five years to its wholly-owned subsidiary Sankorp as development capital. — Sapa.

## Whites attack three Carletonville miners

Violence flared in boycott-hit Carletonville when three mineworkers were attacked by white men yesterday. **30**

The victims, all members of the National Union of Mineworkers, said they were punched and kicked by two whites who called them "kaffirs" and told them to stay out of the town.

One of the men, Mr Robert Mashigo, who works at Elsburg gold mine, said his car's windscreen was smashed.

Mr Mashigo and his colleagues, Mr Douglas Nyoni and Mr Phineas Ramovha, had to receive treatment at a local doctor's surgery.

They reported the incident to the police. The men believed the attack, like others before it, was connected to the black consumer boycott of the town. — Staff Reporter.

# Business watch 'has had good results'

8/16/3/89 By Craig Kotze

Johannesburg's pioneer business watch system will almost certainly be expanded to other centres in the country, Chief SAP Deputy Commissioner, Lieutenant-General Mulder van Eyk, said in Sandton yesterday.

The business watch project was expanded in Johannesburg in January this year after a six-month trial period in the city centre, said General van Eyk, who was speaking at a "Crime against Business" seminar.

He said the good results had been obtained over the past six months and the number of policemen involved had been increased.

The business watch was launched in September last year as a joint effort between the SAP and the Witwatersrand Chamber of Commerce and Industry.

"We are almost certain the system will expand to other centres in the country," said General van Eyk.

The business watch concept differs from the neighbourhood watch system only in that policemen are stationed near businesses.

## CODE OF ETHICS

General van Eyk also announced yesterday that the Security Officers Act, already passed by Parliament, would come into effect on April 4.

The Act calls for a board of control to regulate the security industry, set minimum standards and set up a code of ethics.

The board will consist of a police officer — Major-General Chris Swart — and representatives of the security industry.

General van Eyk's announcement was yesterday welcomed by the Security Association of South Africa.

About 100 top security representatives from across the country attended the Crime Against Business seminar.

Speakers covered topics ranging from white collar crime and software piracy to foreign exchange control.

General van Eyk said political and economic reform in South Africa needed a strong and firm foundation based on economic strength.

He praised the co-operation between the police and the private sector in fighting the "destructive consequences" of crime.

BOKSBURG

# The eastern winds of change

30 (circled) MMLC  
17/3/89

Retail International (RI) looks set to reverse its earlier decision to freeze development of a R100m regional shopping complex in Boksburg. Plans for the project are now being "thawed out."

RI MD Joe Bentel says the decision to reactivate the scheme, to be known as the East Rand Mall, was made on purely commercial grounds — as was the initial decision in December to put the project on ice because of the boycott brought about by the CP-controlled council decision to reintroduce petty apartheid.

He says his decision follows a survey of shops in the East Rand Hypermarket complex, to which the mall will be linked, which indicated minimal disruption by the Boksburg shopping boycott which, ironically, has severely curtailed business in the town's CBD. Bentel says the turnover of shops in the centre increased by 20% in December compared with December 1987.

Says Bentel: "Based on this performance I am confident that the project can now be defrosted and work can begin on the site this year for completion in 1991."

The complex is to be linked into the Pick 'n Pay Hypermarket, which is claimed to have the highest turnover of any hypermarket in southern Africa, making the chain the centre's major magnet (see sketch). It will have parking for approximately 4 000 cars.

There have been additions to the originally proposed, single-level 42 000 m<sup>2</sup> complex since it was placed on ice. These include the addition of an 8 000 m<sup>2</sup> office tower. Negotiations are also in progress with a hotel group, because of the site's proximity with Jan Smuts Airport, for the inclusion of a hotel within the development.

Internal surveys completed at the Hypermarket last year show that about 91% of the support the complex receives is from white shoppers and 9% is from black.

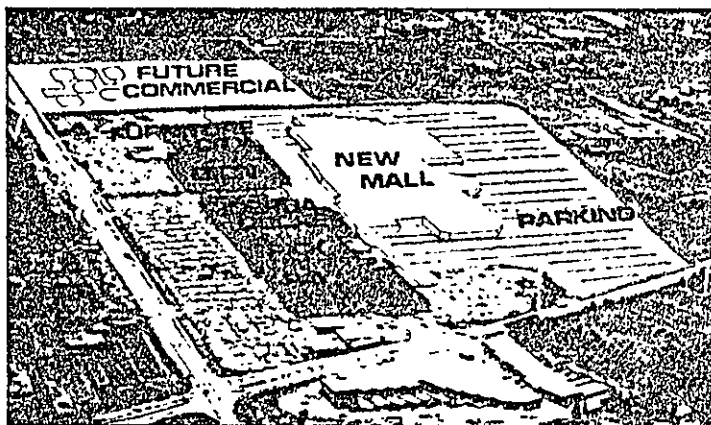
These figures, coupled with research that highlights the fact that the centre's black patronage is from the more affluent section of these communities who own their own cars, is reason enough to believe the development will be successful.

Surveys — three of them — show a population close to 1m within a 20-minute drive of the site. Numbers will further be increased

by the planned establishment of new regional road systems in the area.

According to Bentel, a section of the centre will contain a tenant mix similar to the informal sector of the Workshop in Durban. He maintains that with tourist patronage, this sector will be viable.

RI is also looking at the viability of taking the "Highgate route" — a free trading area. Bentel says should this initiative take place, the East Rand Mall will provide certain assistance to its black tenants to run their



RI's proposed Boksburg development

businesses professionally.

He says with more of the main white groups becoming involved in the retail industry, some assistance should be given by retail developers and suppliers of merchandise to improve the standards of black-owned businesses.

Boksburg alliance member and chairman of the Reiger Park management committee, Butch Jantjies, says the association is on speaking terms with the Boksburg business community opposed to the CP's policy. "We are citizens of Boksburg and would like to see the town grow. We will consider any other venture as long as it's in the interests of the Boksburg population as a whole." ■



CASHWORTHS/FOCUS (30) FMM

### Selling and buying

The acquisition of Cashworts' retail business is a major expansion for speciality retailer Focus Holdings. It is also a change in the stated direction of Cashworts, which is

looking for an acquisition, possibly in clothing manufacturing.

Focus's acquisition is of 29 ladieswear stores in the Cape, directed at the middle-income market. Focus has 13 menswear stores and 34 bedding stores (24 of them franchised), all in the Transvaal and Natal, and is expanding its bedding chain in the Cape.

Executive chairman Irwin Sacks says the Cape retail trade is competitive, but the Cashworts stores are well established and celebrate their 50th birthday this year. Price for the acquisition is about R3m cash, subject to audit, and 2m new Focus shares at 50c each (their current market price) which will be taken by an institution.

Focus says its 8c EPS in the year to end-February would have been 10,5c with the Cashworts stores (on the increased share capital). For this year the EPS forecast has been raised from 9,5c to 13c, placing the share on a forward earnings yield of 26%. Sacks says the deal raises Focus's gearing to 50%.

When the majority stake in Cashworts was sold last month to the MAP consortium, controlled by Yakoob Paruk, the intention was to sell other assets and concentrate on the profitable retail chain. Harry Spain, executive director of Columbia Finance, corporate advisers to MAP, says this strategy was changed because of the good price obtained for the stores. The fixed properties of Cashworts are being sold, leaving its knitting and cut-and-trim operations. Spain says these are operating well and may be kept, at least until end-1989.

He expects Cashworts to have R4m-R5m cash by mid-year. Spain says Cashworts' assets could eventually fetch 60c, against the share's current price of 52c and the average 33,12c MAP paid.

*Teigue Payne*

(30) FMM  
17/3/89.

the location of the council-owned, 19 ha site, and its market catchment area, will ensure support for the proposed development from both financiers and prospective tenants.

Once a developer is secured, construction of the complex will begin in tandem with a proposed regional centre in Umhlanga which envisages a like-sized retail centre (*Property* February 3), together with 10 000 m<sup>2</sup> of offices and a 240-bed hospital.

A need and desirability certificate has been granted to the developers of the Umhlanga Gateway and it is proposed that the shopping component opens in the last quarter of next year.

The project is expected to cost between R160m and R180m.

Both centres come to the market for finance and tenants on the heels of the 34 000 m<sup>2</sup> Sanlam Centre in Pinetown, completed in June last year at a cost of R65m and now fully let, and The Wheel, a R90m, 30 000 m<sup>2</sup> shopping and entertainment centre under construction in Durban's Point Road.

Lifegro is the principal shareholder in The Wheel, but the developers are seeking to draw in other investors (*Property* January 20). Mike de Smidt of KDP Property Developers & Managers has yet to reveal how the Umhlanga development will be financed.

Despite the apparent competition, the backers of the Westville centre remain confident in their venture — with justification, it

would seem:

□ The site is two minutes from "spaghetti junction" — a four-tier interchange reputed to be the largest in the southern hemisphere, which provides easy access from both in and around Durban;

□ A survey conducted by RIMS has estimated that a target market of around 850 000 white shoppers will command annual spending power of about R1bn when the complex comes on stream in 1991; and

□ With a total population of around 4m within a 40 km radius of Durban's Town Hall, the "Durban Functional Region" is reputed to have overtaken Mexico City as the fastest growing city in the world

The Westville Council is currently preparing a tender document but specifications for the development are yet to be finalised. On the cards, however, is a two-storey building on a fairly steeply-sloping site; parking for 3 000 cars; and an external profile designed to fit in with Westville's residential character.

The successful bidder will probably offer the council, as landlords, a combination of a fixed rental income and/or a share in turnover, says Cockhead. He cannot predict what impact the development will have on rates income, but adds he expects it to be "considerable."

It is anticipated that work will begin early next year and the centre will open in the first quarter of 1991.

DURBAN SHOPPING <sup>30</sup> FMM

17/3/89

Meeting Markets

The Westville Town Council has won approval from the Natal Provincial Administration for a R100m, 45 000 m<sup>2</sup> regional shopping complex on a site between the Westville Hospital and the N3 at the Westville glide-off.

Westville Mayor Dennis Cockhead says

FOURWAYS CENTRE AT CROSSROADS OF GROWTH <sup>30</sup>

Time Developments has let half of the first phase of a R30m, low rise, 17 000 m<sup>2</sup> shopping complex, Fourways Centre, in the Cape well ahead of completion.

The complex, previously named Crossways Centre, is 20 km east of Cape Town, at the heart of the western Cape's fastest-growing black and coloured residential areas.

Situated to the south-east of D F Malan Airport, and on the four-lane Lansdowne Road — one of the busiest minibus taxi routes in the Cape — the centre is aimed at attracting shoppers from the

surrounding black and coloured areas of Khayelitsha, Crossroads, Nyanga, Mitchell's Plain and Blue Downs.

It looks as though competition to capture a slice of this potentially lucrative market will become intense with at least one other development, the Gateway Centre, planned for the vicinity. Few details of the scheme are available at present.

Project development manager for Fourways, Martin Evans says: "The scheme is designed as a regional shopping centre addressing the needs of the surrounding areas. Fourways will be one of the first centres of its kind in the country. It strongly reinforces a new trend of offering convenient and competitive shopping facilities to all population groups."

Earlier this year Time secured the prime, 4 ha site for the centre from Airport Industrial Sites. The site has been rezoned and the development

plans have been approved.

The complex will have excellent visibility from the N2 and will be built near a multi-level interchange of the N2 and the new Cape Flats freeway now under construction. This interchange will be the largest of its kind in the Cape.

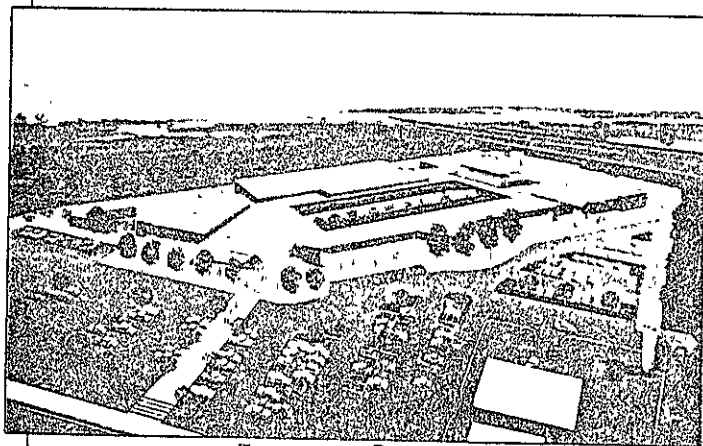
Building on phase one — a single-storey building with 10 000 m<sup>2</sup> lettable retail space — is due to start in May and is scheduled for completion by April next year. The second phase, now being rezoned, provides for an extra 7 000 m<sup>2</sup> of shopping south of the centre.

A leading national supermarket chain has already been secured as a major tenant and several national chains have expressed keen interest in more than half of the remaining space.

"Fourways will serve an area currently housing about 400 000 people — presently not served by any major retail facilities, and eventually expected to number more than a million. This area has not yet been developed as a business centre and has been somewhat under-shopped."

The project architects are Prosser, Parker, Flint, Elliot & Van den Heever, in association with Ben Hoffenberg.

Rentals have been set at between R20/m<sup>2</sup> and R32/m<sup>2</sup>.



Fourways Centre

# A springboard for growth

■ The buoyant growth rates of the early Eighties are again within P 'n P's reach

Until last year, Pick 'n Pay's (P 'n P) EPS growth rate had consistently declined for 10 years. However, in the year to February 1988, the growth started accelerating — rising from 12% to 14%, and hitting 35% at the interim, a level not seen since the early Eighties. Though analysts don't expect the second-half pace to equal that of the first, the group may be entering a new growth phase.

New strategies should make a difference, not least being the change in store formats, enabling the group to open in areas unsuitable for its supermarkets. The first such change, in 1975, was to increase size with the opening of the Boksburg Hypermarket — but it was not until 1986 that another change was introduced, in the form of Price Club.

Now there are six formats, with all the newest ones smaller than the traditional P 'n P store: supermarkets (4 000 m<sup>2</sup> to 5 000 m<sup>2</sup>), superstores (7 000 m<sup>2</sup>), hypermarkets (15 000 m<sup>2</sup> to 23 000 m<sup>2</sup>), Price Club, Pantry Stores and Country Stores. There are also several related operations including Boardmans, the Blue Ribbon Butcheries, the catering operation, Durban Food Emporium, auto centres, and Pantry Pride kitchens.

"The white market is not growing in any



P 'n P's Hugh Herman ... doesn't count the black customers

great way and any company which does not address the black market is making a serious misjudgment in terms of opportunities," says MD Hugh Herman.

P 'n P is approaching this market on several fronts. Firstly, it has seen an increas-

ing trend for black shoppers to shop at "white" supermarkets now that taxis and increasing ownership of cars among blacks have made suburban supermarkets more accessible.

Secondly, it has moved into rural areas.

Thirdly, P 'n P has moved into black areas and independent States, especially in its supermarkets and soon in Price Club; and it has situated some supermarkets within easy reach of black townships. Fourthly, the new format Pantries and smaller supermarkets mean that P 'n P can open in the smaller rural areas as well as the CBDs it previously avoided because of high rentals.

"We don't count our black customers," says Herman, "but in Pietersburg we do at least 60% black business; in Ottery we have about 70% coloured customers; and in the new Highgate complex, probably 50%-60% of our customers are non-white. With our smaller modules we are opening near the JSE and can open in Hillbrow, Johannesburg, where the customers will probably be 90% black."

In addition there are stores in the independent homelands. Mitchells Plain, though not one of these, was the first of the joint ventures, being 51%-owned by the local community. Others have been opened in Bisho,

will be opened this financial year to cater for whites and blacks, including a supermarket at Mossel Bay (opened this week) and a superstore in Table View, Cape. Hours have been extended at selected stores. A large number are open on Friday evenings and Saturday afternoons, and on Sundays three are open in Cape Town, four in Johannesburg and three in Durban. Ackerman says too many were initially opened in Johannesburg on Sundays, but this has been cut back.

Emphasis will be placed, he says, on "passion for customers." Both he and Herman say staff training will increase because of the requirements of new higher technology being introduced into the retail sector and because

good treatment of employees seems no guarantee of freedom from industrial action. Since then, and since the lengthy strike at competitor OK a year ago, the question of industrial relations is paramount in assessing the investment merits of any retailer. P 'n P is in the midst of wage negotiations and Herman believes there will be no strike this year.

"We have learnt the need for negotiation and we have learnt to compromise," he says. "Our wage rates and fringe benefits are higher than those of our competitors and the unions recognise this. The companies which will do best in the next decade are those who will deal best with their staff, both labour and management."

P 'n P has spent R60m in housing and bursaries and another R25m in buying P 'n P Holdings shares on the market for issue to staff. The number of shareholders will be increased from 2 500 to 12 000.

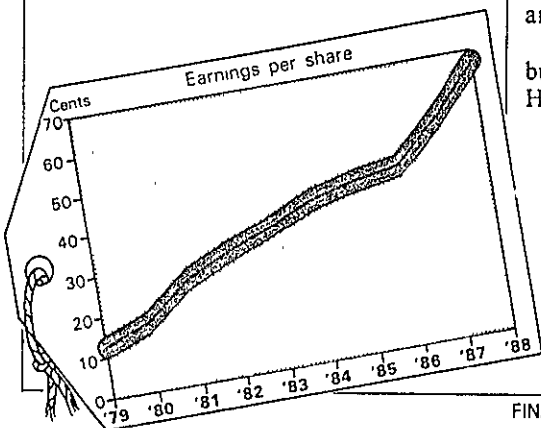
Herman, joint MD since 1984, was made MD in 1987, partly to allow Ackerman more time to concentrate on labour relations. Another reason is probably because the high-profile Ackerman had become synonymous with P 'n P to an extent which could have a detrimental impact

sharply than turnover, with an impact on current ratios. Herman expects the situation to have returned to normal by June 1989, after the major improvement at year-end.

Though Ackerman has warned it is unlikely the growth pace will be sustained (results for the year to end-February are due next week), it is clear that the new ventures are working well and that there is a high acceptance of the P 'n P name among blacks, who must provide the major part of the next decade's growth. It seems the decision made in the mid-Seventies when hypermarkets were introduced — to retain the P 'n P name on all stores and not introduce a new chain — has proved correct.

It is expected that pre-tax profits for the year to end-February will be well over R100m for the first time and that Ackerman's forecast of a 20% rise will prove conservative. On the basis of a rise of 25% in earnings and an unchanged dividend cover of two times, the dividend yield would be 3,6%. This puts it much in line with the higher-rated retailers and some improvement in the price might be expected. Unfortunately the main consideration must be the direction of the market, unless the investor is buying for the long term.

Pat Kenney



# Police question MPs on boycott

Political Correspondent

CAPE TOWN — Security Police have questioned two MPs about their alleged incitement of a consumer boycott of Brakpan businesses — following a decision by the Conservative Party-controlled town council to re-introduce petty apartheid.

Mr Arthur Roper, MP for Alra Park, said last night he and Mr Don Mateman, MP for Eldorado Park, had been ques-

tioned about their attendance at a meeting in the Geluksdal community hall, near Brakpan, on December 1 last year.

The two House of Representatives MPs denied calling for boycotts or inciting the crowd in any way, and said they realised to do so would be contrary to the oaths they had taken as MPs.

The Minister of Law and Order, Mr Adriaan Vlok, said the matter was being investigated.

# Finance

Shield back on track — chairman

30

## STC confident, without Success

Sp 12/13/89

By Stan Kennedy  
Shield Trading Corporation's (STC) decision last year not to prolong the agony of the malaise inflicted on it by its Success wholesale stores and to sell them off is set to bring it back to robust health and improved profitability.

The group disposed of eight of the 10 stores in the end of the last financial year and the remaining two are expected to be sold this month.

"The traditional growth of Shield Multitrade's 160 wholesalers and 230 large supermarkets is back on track and with the hassles of the Success stores behind us, we are ready to start expanding our Multitrade franchises," says Mr Theo Muller, STC chairman.

"Despite being constrained by the Success stores, which had been beset by incidents of fraud and theft, group turnover will still be 18 percent higher than last year at R400 million. In the current financial year, we will show an improvement of more than 30 percent and a turnover of about R500 million."

Earnings will be up marginally at the end of February 1989, from R7.6 million to just over R8 million. Earnings in 1990 are calculated to be more than 40 per-

cent higher, even allowing for any special provisions for additional Success costs.

The group has no borrowings and long-term obligations, in terms of leases, have been reduced by about 80 percent as a result of Success being chopped out of the business.

In the 1988/89 year, there was a 290 percent return on capital employed before payment of rebates to Multitrade wholesalers and retailers, and 168 percent after rebates were paid.

"We evaluate our business on the operating profit before rebates and compare it with the performance of others in the same line of business who do not pay a rebate."

The group has budgeted for a rebate

payment in 1990 of almost R6 million and about R10 million in 1992.

Turnover in relation to assets was up 3 000 percent in the past year and is expected to reach 4 000 percent in the current financial year after the disposal of all the Success stores.

"The sooner we get the last dregs of the Success stores out of our system, the sooner we will be back to our historical earnings increase of more than 40 percent a year," he says.

Part of the trouble originated through a conflict of interests between developing the Success stores and its existing Multitrade franchises.

By trading with independent wholesalers and opening up the Success stores,

the group had been treading on the toes of its customers.

"Certainly, at the time we opened the stores, there was a need to develop outlets where there were not Multitrade customers. This was what motivated us to go the Success way."

"Once the euphoria of our listing had died down, a lot of independents started looking at areas they had not considered before and when we were approached by Cash & Carry Wholesalers, which wanted to expand into the eastern Cape, we saw it as an opportunity to divest the Success stores."

More than 30 percent of the group's business comes from the informal sector, which was its spawning ground, and the group is busy consolidating opportunities in that area.

Mr Muller says there is a new mood of optimism in the group.

"It is difficult to convey how a person's energy gets sapped, particularly when there are negatives which arise from mismanagement. But going through that sort of trauma has replenished our energy and we are ready to fly. It was like a ball and chain around us," Mr Muller said.

# Sunday service for shoppers

EXTENSION of Sunday shopping is causing a catch-22 situation, according to spokesmen for supermarket groupings.

According to some trad-

PAT DEVEREAUX

ers: "Trading on Sundays is largely dependent on public support. However, the idea of trading has to be promoted by stores remaining open and this in turn can be a costly business if shoppers fail to make use of this service."

Legislation expected to bring all provinces into line with Natal — where most things may be sold on Sundays — was welcomed however.

The legislation has been framed and is expected to be rushed through this parliamentary session.

One source in the Transvaal Provincial Administration said the legislation was likely to provide room for local authorities to place some restrictions on trading.

Although supermarket groups have welcomed moves to do away with "archaic legislation" governing shopping hours,

they have stressed that public support is needed.

According to Pick 'n Pay's Southern Transvaal general manager, Mr Gordon Hout: "Six of ten stores are being closed on Sunday because of the 'support factor'."

"We believe the four stores remaining open — Bedford Gardens, Gallo Manor, Randpark Ridge and Sunward Park stores — have the population to sustain them."

General manager for Checkers public relations, Ms Adele Gouws said: "As pioneers in Sunday trading we are established and will be opening more stores on Sundays. A developing trend is that people are beginning to shop from Thursdays onwards."

She said Checkers Sunday stores were concentrated in the urban areas as in more conservative rural areas the idea of shopping on Sundays was frowned upon.

# Abhold becomes owner of Big Time Stores

CLOTHING and knitwear manufacturer Abhold has acquired ownership of Big Time Stores, the rural-based food, clothing and footwear retailers, with effect from March 1.

There are 47 Big Time Stores situated in the northern and eastern Transvaal which aim at the black lower-to-middle class income group.

In terms of the agreement Abhold has acquired the total issued share capital of Big Time Trading Company

21 May 20/3/89

CHARLOTTE MATHEWS

(Pty) Ltd, Big Time Trading Company Venda (Pty) Ltd, and Broadway Trading Company (Pty) Ltd.

Issue

Abhold has also acquired 85% of the issued share capital of Alex Kekana (Pty) Ltd.

The purchase consideration is to be

settled by the issue of 2-million Abhold shares to the vendors.

"We have traded with Big Time over a long period," said Abhold Chairman Joe Aboo.

"There is a natural fit between the two businesses.

"The acquisition will further consolidate our interests in the clothing industry while simultaneously offering Big Time further opportunities for expansion as part of a large group."

# Grant Andrews' <sup>8/20/59</sup> earnings rise by <sup>30</sup> 41%

Finance Staff

Office furniture group Grant Andrews' results showed good growth in both sales and profits for the six months to end-December.

Turnover increased by 45 percent to R23,52 million (R16,17 million), while income attributable to shareholders was very much in line rose by 41 percent to R1,85 million (R1,31 million).

Operating income improved by 34 percent to R3,4 million (R2,54 million) and the effective tax rate dropped from 45 percent to 41 percent. This resulted

in earnings per share up 1,4c to 11,5c although the number of shares was increased by 23 percent.

Commenting on the results directors said the growth reflected a good demand for the group's products as well as improved efficiencies, further development of the human resources and continued support from customer base.

Directors anticipate that the performance of the first half will be repeated in the second half and anticipate full year earnings of not less than 23c per share.



Star 26/7/87

30

## Crucial to build a black foothold in commerce

By Adele Baleta

Black business contributed only about 1 percent to the country's gross national product, said Dr Sam Motsuenyane, president of the National African Federated Chamber of Commerce.

He was addressing the topic: "Economic Participation of Blacks in SA" at a two-day conference in Pretoria last week to discuss "The Second Post-Wiehahn Decade."

Dr Motsuenyane said black business had no representation in the major economic sectors such as mining, manufacturing and agriculture.

There were about 100 000 licensed black traders and 500 000 unlicensed hawkers and traders in the Republic and homelands.

### LEGAL BARRIERS

The challenge facing Government and the private sector was to accelerate the growth of black economic participation.

"The focus of attention must be the elimination of all legal barriers which hinder economic development" such as the Group Areas Act and the Land Acts.

Dr Motsuenyane said black businessmen wanted to be involved in the economic life of South Africa. "They do not wish to remain small in a rapidly growing black-dominated South African marketplace.

"The damage caused by the exclusion of blacks is evident by the growing disenchantment with capitalism by young, educated blacks."

Poor technical and managerial skills and inadequate access to capital were dominant problems facing blacks' meaningful involvement in the economy.

Dr Motsuenyane suggested that "unconventional methods of determining credit worthiness had to be evolved to help overcome existing problems" related to access to capital. Most blacks did not have fixed property or insurance policies.

To ensure rapid assimilation of blacks into business life, it was necessary that land be redistributed and the Land Act scrapped. Black business should be given a specified allocation of government contracts.

Big business had to encourage worker and general black participation in shareholding and initiate partnership relations with black entrepreneurs.

For example, he said, the Sorghum Beer industry should be put into the hands of the people who initiated it — the blacks.

The business community needed to lead the Government "bravely to a more peaceful, secure and prosperous future for the benefit of all South Africans," he added.

## Abhold absorbs Big Time Stores

Recently listed Abhold Limited has announced that, with effect from March 1, 1989, it is to acquire Big Time Stores, the country district-based retailers of food, clothing, accessories and footwear.

In terms of the agreement Abhold has acquired the total issued share capital of Big Time Trading, Big Time Trading Venda, Broadway Trading and 80 percent of the issued share capital of Alex Kkana. The purchase will be settled by the issue of 2 million Abhold shares to the vendors. Key Big Time executives will retain operational control of the company and Big Time CE Jan van Heerden will join the Abhold Board.

Big Time Stores has warranted profits before taxation of not less than R2,5 million and R4 million for the periods to end February 1989 and 1990 respectively.

It is anticipated that the acquisition will greatly enhance Abhold's earnings in coming financial years. — Sapa

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29/1/89  
MKS

## Business watches planned for CBDs

*B/Dam 22/3/89*  
CAPE TOWN — Arrangements were under way to introduce a "business watch" in major centres' CBDs, Law and Order Minister Adriaan Vlok said yesterday.

He said the "business watch" involved uniformed policemen patrolling the CBD on foot on a daily basis. It was started in Johannesburg last September and had contributed to a decrease in crimes such as robbery, pick-pocketing, handbag-snatching and theft.

The results were still being evalu-

Political Staff

ated but first indications showed the scheme had been "extremely" successful. (30) ~~(28)~~

In addition, neighbourhood watches had been established on a national basis and the public had been involved in the major drive against crime. The watches had been remarkably successful and, during 1987-1988, there had been a decrease in burglaries in white residential areas of up to 40%.

## Carletonville boycott is being investigated

IT WOULD appear that the propagation of the consumer boycott in CP-controlled Carletonville was a contravention of the emergency regulations and it was therefore being investigated by the police along with a number of other charges which stemmed from the boycott, the Minister of Law and Order, Mr Adriaan Vlok, said yesterday.

He said in reply to an interpellation from Mr Frank le Roux (CP Brakpan), that a number of suspects had already been taken into custody and had already appeared in court.

Among others, five charges of intimidation, one of public violence,

one of robbery and one of malicious damage to property were also being investigated.

While the police prescribed to no one where they should make their purchases, they were not prepared to allow anyone to be intimidated into not buying goods in a particular place.

"We will act in accordance with the guidelines which we have set ourselves and that is with impartiality and fairness to all people."

The police did not distinguish between people against whom they took action on the grounds of race or other factors.



Mr Frank le Roux, CP MP for Brakpan.

# Police probing boycott - Vlok

STAR 22/3/89

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## Parliamentary Staff

Police were investigating the consumer boycott campaign in CP-controlled Carletonville and several suspects were in custody and had already appeared in court, said Law and Order Minister, Mr Adriaan Vlok.

He was responding to a charge from the Conservative Party, during a mini-interpellation debate, that the Government had been idle over the anti-CP boycotts.

Mr Frank le Roux (CP, Brakpan) said sanctions and boycotts were an element of the threat against South Africa, an element which was greater now than it had ever been in the past.

A boycott was a boycott whether it was in Port Elizabeth or Boksburg, but there was a "loud silence" on the part of the Government over the consumer boycott in towns run by the CP.

There was a suspicion that the Minister was acting from a political rather than a juridical point of view, he said.

Mr Vlok, in his reply, said police were investigating the boycott in Carletonville because it appeared to be a contravention of the emergency regulations.

They were also investigating five charges of intimidation, one of public violence, one of robbery and one of malicious damage to property.

The police did not prescribe where people could or could not do their shopping, but they were not prepared to allow public safety and the maintenance of public order to be endangered "by actions of this nature".

## CONVENIENCE

He said the police were impartial in investigating. The cases under inquiry were being undertaken irrespective of the race, sex or political affiliation of the people involved.

Anyone who contravened the

regulations could be expected to be subjected to police investigation.

Mr Tian van der Merwe (PFP, Green Point) said the debate focused attention on the repressive emergency regulations which the Government applied selectively for its own political convenience.

He said that while boycotts and sanctions were "blunt political weapons that penalised the innocent and the guilty", they amounted to "one of the few if not the only political means" for a community "which finds itself politically powerless".

As long as blacks did not have political rights, they would use sanctions and boycotts.

# Wooltru shares get top-notch rating

RETAILER and wholesaler Wooltru has regained its blue-chip status and its shares now rank among the most highly rated in the retailing sector, says Simpson McKie research head Niall Brown.

In the firm's March research report, Brown says the share — currently trading at R23,50 — offers "good, although not exciting value", and forecasts 37% earnings growth for the current year to June.

Earnings a share grew from 117,9c in 1987 to 178,9c for the 1988 financial year. Following reporting earnings of 133,9c

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SYLVIA DU PLESSIS

at the halfway stage, Brown predicts the group will show a healthy 245,6c earnings a share for the current 12 months.

On a 2,3 times dividend cover he projects dividends of 107c (80c) a share in the current year, rising to 123c in 1990 and 147c in 1991.

Turnover was estimated to top R2bn for the year as sales of R1bn were posted in the first half to December.

# P 'n P shows an impressive 28,7% rise in earnings

By AUDREY D'ANGELO  
and BRUCE WILLAN

PICK 'N PAY STORES, which achieved an impressive 28,7% rise in earnings to 86,4c (67,2c) a share for the year to February, lifted turnover by 27,4% to R3,8bn (R3bn).

Chairman Raymond Ackerman said yesterday that this was the largest increase in turnover "for a long time" and proved that the group was gaining market share.

The final dividend is 33c a share making a total of 42c (32,9c) for the year with increased cover of 2,06 (2,03) times.

Trading income rose to R106,3m (R85,3m), income from unlisted investments to R10m (R5,9m) and pre-tax income to R116,3m (R91,2m). The tax bill rose to R48,2m (R38,4m).

Ackerman said this was the first time Pick 'n Pay had achieved pre-tax earnings of more than R100m "and it is significant that we opened our hundredth store in the course of the year."

He said the butchery division, Blue Ribbon Meat Corporation, had achieved "an excellent improvement in both turnover and profit" and the Boardman's chain had "swung into an excellent profit".

Plans for expansion show that the group is catering for varied tastes and income groups. Eight new openings will range from a R21m superstore in Table View to two more "pantry-style" stores like the one in Camps Bay on Durban beach front and in Johannesburg. A fourth Price Club will be opened in the Transvaal.

It was difficult to give an accurate forecast for earnings this year because of rising interest rates and an expected fall in consumer spending. But "I feel confident that the company will maintain its steady growth."

● Pyramid company Pick 'n Pay Holdings (Pikwik) reported earnings of 20,74c (16,05c) a share. The total dividend is 20,75c (16,06c) a share.

# Cash-rich Pick n Pay roars ahead

By TOM HOOD  
Business Editor

THE momentum of Pick 'n Pay rocketed in the year to February 28 with turnover, earnings and dividend all rising more than 27 percent from last year's high base.

This beats even last year's hike of about 21 percent in sales, earnings and dividend.

The dividend increase of almost 28 percent will put R32-million into the pockets of shareholders — R8-million more than last year's and double the 1985 payout.

The final dividend of 33c a share is up from 27c, making a total payout of 42c (32,9c).

Even after this, Pick n Pay, with no borrowings, is sitting on almost R60-million of cash, though the pile is R20-million be-

low the year-ago level of R80-million.

Operating profit topped the R100-million mark for the first time, reaching R116-million for a 27 percent rise over last year's R91-million.

Sales rose by more than R800-million (27 percent) to exceed R3,8-billion and bring the group within sight of chairman Mr Raymond Ackerman's target of R6-billion by end-1992.

While benefiting from the consumer spending spree, Pick 'n Pay obviously had serious competition on its hands, for margins were squeezed slightly to 2,74 percent from last year's 2,8 percent — staggeringly low profit margins that would horrify most other businesses.

The sales increase followed the opening of a hypermarket at

Highgate in Johannesburg, three other supermarkets, a superstore in Pietersburg and a third Price Club in the Transvaal, as well as many expansions.

Mr Ackerman stuck his neck out a year ago and predicted an increase of 20 percent.

"We have come out well above that," he said today.

"But as this year is a year of consolidating the economy, rising interest rates and therefore less spending, it is very difficult to give an accurate projection for 1989. However I feel the company will maintain its steady growth."

Subsidiary Blue Ribbon Meat Corporation had "an excellent improvement" in both turnovers and performance while the Boardman's chain of Lifestyle stores swung into an "excellent" profit.

cont Times 23/3/89 (30)



CASH TRIPS 23/3/89 (30)

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27/7/89 (30)

# Talks fail to find answer to boycott

By Paula Fray

Carletonville Chamber of Commerce and Assocom met members of the Khutsong Town Council this week to discuss possible solutions to the four-week old consumer boycott in the town.

Chamber president Mrs Annetjie Claasen said two problems emerged during the talks:

- The erection of fences and "whites only" signs around public amenities in the Conservative Party-controlled town.
- Assaults on black people in Carletonville by white vigilantes.

## FRIENDSHIP

While the Khutsong Town Council was unable to offer short term assistance, Mrs Claasen said it "offered a hand of friendship" and wished the chamber well with the forthcoming legal action to have the fences and apartheid signs removed in Carletonville.

The Minister of Law and Order, Mr Adriaan Vlok, has said in Parliament that the Carletonville consumer boycott appeared to contravene emergency regulations and was being investigated along with other charges which stemmed from it.

Mrs Claasen would not comment on the development.

# Blue-chip performance again from Pick'n Pay

Star 23/7/89

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The momentum of Pick 'n Pay rocketed in the year to February 28 with turnover, earnings and dividend all rising more than 27 percent from last year's high base.

This beats even last year's hike of about 21 percent in sales, earnings and dividend.

The dividend increase of almost 28 percent at 42c against 32,9c last year will put R32 million into the pockets of shareholders — R8 million more than last year and double the 1985 payout.

Operating profit topped the R100 million mark for the first time, reaching R116 million for a 27 percent rise over last year's R91 million.

Sales rose by more than R800 million (27 percent) to exceed R3,8 billion and bring the group within sight of chairman Raymond Ackerman's target of R6 billion by end-1992.

Income before taxation increased to R116,3 million (R91,2-million) and distributable income rose to R67,7 million (R52,0 million). Earnings a share was 28,7 percent higher at 86,4 cents (67,2 cents).

The sales increase followed the opening of a hypermarket at Highgate in Johannesburg, three other supermarkets, a superstore in Pietersburg and a third Price Club in the Transvaal, as well as many expansions.

Mr Ackerman stuck his neck out a year ago and predicted an increase of 20 percent.

"We have come out well above that," he said yesterday.

Diagonal Street  
TOM HOOD

"But as this year is a year of consolidating the economy, rising interest rates and therefore less spending, it is very difficult to give an accurate projection for 1989. However I feel the company will maintain its steady growth."

Subsidiary Blue Meat Ribbon Meat Corporation had "an excellent improvement" in both turnovers and performance while the Boardman's chain of Lifestyle stores swung into an "excellent" profit.

The retail giant is planning one of its largest expansion programmes this year, with eight new stores and major expansions and renovations in six other stores.

New stores will open in Mossel Bay, Uitenhage, Bloemfontein, Table View, Cape Town, Durban, in West Street near the Johannesburg Stock Exchange, a fourth Price Club in the Transvaal and a Boardman's store in Table View Centre.

Mr Ackerman said although there was a deliberate squeeze by the authorities on spending, which obviously affected retailing, there were many positive aspects to the wide political spectrum in the country — the settlement of the Angolan war situation, the good rains which have improved the country's agricultural stocks and prices, and the definitive changing of world opinion in various areas towards South Africa.

FURNITURE SALES

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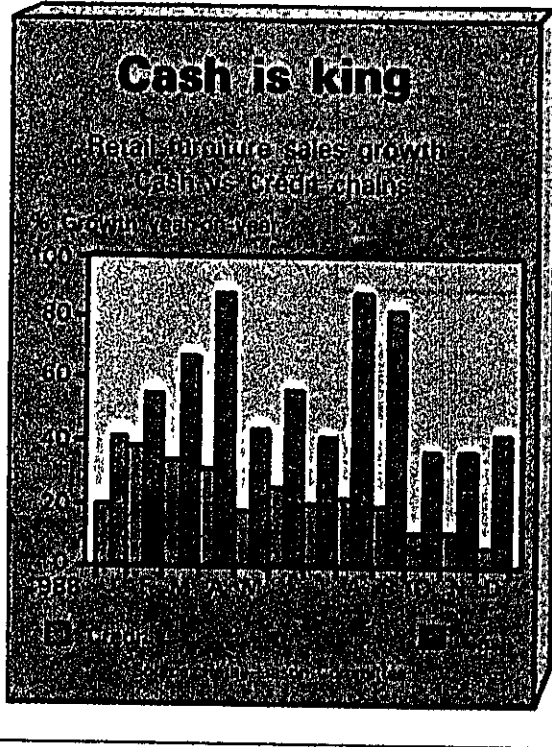
### Stores cash in

Credit-based furniture retailers are still resentful about recent credit restrictions. Tougher HP terms introduced in 1988 have eaten into credit sales, and given a new lease of life to cash chains, like hypermarkets.

Morkels planning resources GM Derek Russell complains that in trying to control credit generally, government has hit the furniture sector particularly hard, even though its HP business accounts for only 1,8% of private consumption expenditure.

However, some of the effects of the squeeze may already be wearing off. According to Retail Liaison Committee figures, furniture sales in the traditionally weak trading month of January grew year-on-year by 21% in rand terms, after a growth of only 13,4% in the last quarter of 1988.

Part of the reason for this recovery is that restrictions have helped the trend towards



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cash customers. Though in December consumer spending in credit chains — those for whom HP is more than 60% of their business — increased by 5,6%, cash chains enjoyed a 42% increase.

The growth would have been lower if it hadn't been for the relatively strong performance of black-orientated stores such as OK Bazaars, Wanda and Ellerines. In September, sales increased by 26,3% in black credit chains but by 11,3% in "white" chains like Bradlows, Russells and Morkels. In October, white chain sales actually fell 3,9%, compared to a 25,3% rise at black chains.

Federation of Furniture Manufacturers executive director Winston Smith says credit restrictions should have little impact on the long-term growth of the industry, which boasts almost 100% local manufacture.

"Government has said another 500 000 dwelling units need to be built by the year 2000. They will mostly be small houses so we'll have to design furniture for them, but the demand is bound to grow."

He adds that there is generally no distinction in the types of furniture bought by different races: "Those in the same income bracket have the same kind of aspirations and a similar taste in furniture."

Furniture Traders' Association executive director Frans Jordaan says though the consumer has less disposable income, he isn't downgrading his purchases. "Rather, he is spending longer periods between purchases."

FMAIL 24/3/89

## Pick 'n Pay plans R85m on expansion

(From Page 1) W/c 25/7/87

Two hypermarkets at Vanderbijlpark and Steel-dale will also be completed this year.

"We are very selective about sites and are sure all will be winners," said the chief executive, Mr Raymond Ackerman.

Major renovations will be made at Nelspruit and three other supermarkets.

Sales of R3 870-million were disclosed this week for Pick 'n Pay's latest financial year, making the group the country's largest retailer in terms of turnover, though not in the number of stores.

The chain had only a R3-million turnover when it started 21 years ago.

Now, however, its monthly GST cheque for the Receiver of Revenue exceeds R38-million.

Expansion last year included a hypermarket at Highgate in Johannesburg, three other supermarkets, a superstore in Pietersburg and a third Price Club in the Transvaal, as well as several renovations and extensions.

Mr Ackerman, is confident of another year of steady growth in spite of rising interest rates and less spending by consumers.

"Although there is a deliberate squeeze by the authorities on spending, which obviously affects retailing, there are so many positive aspects to the whole political spectrum in South Africa — the settlement of the Angolan war, the good rains which have improved the country's agricultural stocks and prices, and a changing of world opinion in various areas towards South Africa," he said.

"Though I feel confident that we are entering a new era in South Africa, where many of the negative aspects of the past will be resolved from a political, social and economic point of view. We can all take heart that confidence and success in the future is not only possible but far more probable."

## P 'n P to spend R85m on expansion

W/c 25/7/87

Business Editor

MORE than R85-million will be spent by Pick 'n Pay this year on the retail giant's biggest stores expansion.

At least 660 new jobs will be created, raising the work force above 20 000.

New stores and extensions will increase the overall trading area by 6,1 percent or 38 800 m<sup>2</sup> — equal to six rugby pitches the size of Newlands.

Last year's expansion to 100 stores added the equivalent of five rugby pitches of shopping space.

Capital costs are estimated at R59-million for building

seven new supermarkets and other stores, two Price Club wholesalers and a series of renovations and extensions.

Another R26-million will be spent on equipment, excluding scanning.

New stores will open at Table View, Mossel Bay, Uitenhage, north Bloemfontein, a fourth Price Club in the Transvaal, a Boardman's store in Table View Centre and pantry-style stores in Durban on the beach front and in Johannesburg in West Street near the Stock Exchange.

(See Page 3)

## Furnfair trebles shops

FURNITURE and appliance retailing group Furniture Fair has trebled its outlets in the past nine months.

There are 15 stores and managing director Ivan Hammerschlag says another two — in Athlone and Kuils River — will open in the next two months. Furnfair received a boost last July when the seven stores in the Montana chain were injected into the group in the Western Cape.

Mr Hammerschlag says the group is poised to launch a third chain.

"The new group will be modelled on the warehouse concept, offering goods at discounted prices in a no-frills environment," he says.

The first branch in Parow should be trading by September.

Since its first year of operation in 1985, Furnfair's turnover has jumped from R5,2-million to R26,2-million in the year to June 1988.

Increases in earnings a share have been even more spectacular, rocketing from 6,4c in 1985 to 44,8c in 1988.

## Trabild to purchase Wolman for R3,2m

*(Signature)*  
SYLVIA DU PLESSIS *(Signature)*

RETAIL and wholesale group Trabild is to acquire Cape Town-based furnishing fabric wholesaler Wolman for R3,2m from Anglovaal subsidiary Universal Knitters and Weavers. *15/04/2013/89*

The purchase consideration is payable in cash instalments commencing on May 1, the group said in a statement.

Chairman Riyaz Tayob said the acquisition was in line with Trabild's plans to enter the furnishing fabric and curtaining markets.

Tayob said the acquisition would have no material effect on net asset value but would contribute significantly to current and ensuing year's earnings. *15/04/2013/89*

Following the Wolman acquisition, Trabild proposes to raise R4m by way of a rights offer.

# Small firms net R100bn turnover

*bidaw 29/5/87*  
SOUTH AFRICA'S small businesses totalled turnover of about R100bn and employed almost 4-million people last year, research service Businessline estimates.

According to a statement yesterday, Businessline's research shows about 51% of small businesses are concentrated in the PWV area and have

*30* PETER DELMAR *(S)*

been in existence for at least 13 years. Most rent rather than own their premises, and employ less than five staff members.

MDs tend to have post-matric qualifications, are English-speaking and run their businesses as sole proprietors.



BID 29/3/89

# Boost for black business

A PRIVATE US foundation has launched a programme to boost formal and informal black business associations and to help them articulate their economic and political muscle.

Foundation for Africa's Future director Thor Ronay said the Anglo American Chairman's Fund would support the project.

Peruvian free marketeer Hernando de Soto, whose pro-deregulation book *The Other Path: The Invisible Revolution* has revolutionised economic thinking in Latin America, is aware of the project.

Ronay said the project aimed to demystify those engaged in the informal

30 PETER DELMAR

sector, give them a voice and plot a strategy for rapid growth.

It would analyse existing black business associations and develop their resource bases, professional skills and other fundamental functions.

A foundation submission to the Anglo fund said structures had to be developed in the black community to stimulate growth and reward individual initiative if SA was to realise its potential as a market-oriented democracy.

The immediate goals of the black

● To Page 2 →

## US foundation to aid black business

business association development programme were listed as analysing various associations, determining how to improve their ability to function "as advocates for reform and growth" and developing their resources, professional and administrative skills and community relations.

"The long-term goal is to enable the associations to perform increasingly sophisticated and necessary tasks typical of such structures."

These include:

□ Micro-economic analysis of existing conditions. How legal structures and other practices and norms adversely af-

30 From Page 1 29/3/89

fect market entry, market incentives and growth;

□ Documenting the extent to which structures, practices and existing law result in systematic constraints on economic intergration and to count the cost of "enforced informality" to the rest of the economy;

□ Creating constituencies for growth and change by means of a "public education" process involving the dissemination of the above analyses.

● See Page 4

# Black business in trouble <sup>30</sup>

8/10/87 30/3/87

BLACK business funding is caught up in a mire of problems which augur ill for the survival and growth of the free enterprise system in SA, says the National African Federated Chamber of Commerce (Nafcoc).

Noting that these problems are impeding black entry into the economic mainstream, Nafcoc has convened a seminar which will look at unconventional funding strategies by financial institutions and development agencies.

Nafcoc is calling on financial institutions and development agencies, government departments dealing with economic development, the private sector, and foreign government agencies seeking to promote black

THEO RAWANA

economic advancement, to attend the conference in Middelburg on April 13.

The organisation feels that lack of collateral, lack of fixed property ownership, ignorance on the part of funding institutions and development agencies, and the common notion that black areas are a high risk, are problems for which solutions must be found.

These have left blacks skirting around the economic mainstream, creating a "dangerous problem for the future survival and growth of the free enterprise system in SA", says Nafcoc public relations manager Gab Mokgoko.

... said:  
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by the authorities appeared not to be working.

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## Cosatu launches campaign to save Indian businesses

*By Sipho Ngcobo* SIPHO NGCOBO

THE Carletonville Cosatu local action committee and youths from black townships near the CP-ruled town will begin a campaign today to save Indian-owned businesses from being ruined by the crippling consumer boycott, Cosatu president Elijah Barayi said yesterday.

He said the campaign was also aimed at saving the jobs of hundreds of blacks employed by 76 Indian traders in the town.

Indian traders say some of their turnovers have crashed by about 90% during the five weeks of the boycott, aimed at white businesses.

"The fact of the matter is that most people are boycotting all businesses in the town, including those owned by Indians. This is wrong. The boycott is aimed at white-owned businesses," said Barayi.

A spokesman for the Carletonville Indian traders' interim committee, Essop Lorgat, said yesterday most Indian businessmen had been so hard-hit by the boycott that they were planning to "send home" most of their employees in a week or two.

Lorgat said at least 20 businessmen were already unable to pay rent for leased properties because of financial losses incurred as a result of the boycott, and owed at least R35 000 in rent arrears.

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**PENNYPINCHERS Holdings**  
(Penpin) and Pennyinchers Boards

(Penboard) have achieved dazzling results, outperforming expectations.

Penpin's turnover broke the R100m barrier with a 71% increase to R110m (R64m) and taxed profit leapt by 89% to R2,6m (R1,4m) in the year to December 1988.

A final dividend of 4c has been declared, raising total distribution to 7c from 1987's 4c. Because of a bigger issued share capital, the advance in earnings was 48% to 16,2c a share (10,9c a share).

Fasie Malherbe, chairman of the fast growing hardware and building materials chain, says while the group's budgeted turnover for 1989 is R185m, it is aiming to break the R200m mark this year.

Penboard, which is 83% held by Penpin, posted a 76% increase in turnover to R30,9m (R17,5m), while taxed profit rose by 66% to R1m (R600 000). Earnings a share increased by 59% to 9,67c a share (6,08c a share).

Penboard's MD Garnet Carr says

# Penpin surpasses expectations

LIZ ROUSE

the company performed well in the past year and its 11 new outlets are already contributing to profits. More new outlets are planned for the present year and turnover of R45m is expected.

## Enthusiastic

Malherbe attributes the group's success partly to the fact that the operation was separated into three specialised divisions — Penbuild, the building materials division; Penboard and Penprop, which holds the properties from which the group trades.

Another reason for its success is that all new stores are manned by young and enthusiastic management teams and tight head office control is kept on all new operations.

The dazzling results came on the back of a substantial national expansion in the building industry.

Malherbe says Penbuild opened outlets in the eastern Cape in Jeffreys Bay and in the western Cape in Woodstock and Crossroads. It also acquired the Craig Hardware group in the Transvaal with effect from November 1 1988, resulting in further outlets in Randburg, Lanseria and Ferndale.

Penpin's financial director Percy Bishop says a feature of the past year

was the group's acquisition of certain minority interests. In the past, the group expanded through co-own-

ership of outlets, but it has now bought out several minority shareholders, enabling these directors to move to Penpin's head office to strengthen top management.

Group properties have a book value of R5m, but carry a market value of R16m, which is not reflected on the balance sheet.



## SOLVING THE PROBLEM OF TROLLEYS

CHARLOTTE MATHEWS

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THE cost and inconvenience of abandoned shopping trolleys in public areas is forcing supermarkets to adopt an automatic coin-deposit system for issuing shopping trolleys.

Checkers PRO Adele Gouws said trolleys were released by inserting a R1 coin in an automatic slot machine tied to the trolley.

She said: "Trolleys are a problem in the supermarket industry. Millions of rand are lost annually. In Johannesburg, the city council has imposed a fine of R50 on trolleys found in the street and ultimately the cost is borne by the consumer."

### Forced

Pick 'n Pay operations manager Ron Coetzee said his company was not initially keen on the system because 99% of customers did not leave trolleys lying about and were being punished for the 1% who did.

He said: "But it looks like the industry is going to be forced to go this way. The system has shown that trolleys don't disappear to the same extent."

Cresta Shopping Centre general manager Vincent Reinders said the system was introduced in the centre jointly by Checkers, OK and Woolworths about the middle of March this year.

He said: "The OK had tried the automatic locking system elsewhere and it worked well. Since we introduced the system, 99% of trolleys have been returned and we have had no complaints from the public."

# Harwill consolidates splendid turnaround

HARWILL Investments' 151% jump in earnings a share for the six months to December highlights the group's recovery after losses made in 1987 and the small profit of R280 000 made in the 1988 financial year.

The packaging and industrial component maker and medical equipment retailer's earnings before extraordinary items jumped to 8,8c (3,5c) a share.

The directors expect to pass a dividend for the year to June. No dividend

was declared in in 1988.

Net profits increased by 31% to R1,4m (R1,1m). With reduced financing charges and the tax rate down to 33% (62%), taxed profits soared 140% to R918 000 (R383 000).

Outside shareholder's interest and an extraordinary item of R386 000 cut into net profits which amounted to R478 000, up 335% from R110 000.

3/13/89

ZILLA EFRAT 30

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# TV for all: Govt move will slash set prices

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HELOISE HENNING

IN A move to put an affordable TV set into every SA home, government has decided, from July 1, to scrap all duties on monochrome sets costing a maximum of R130 ex-factory or R200 invoiced to retailers.

This is one of the new tariff adjustments announced for the TV industry in the Government Gazette today.

At present the cheapest black and white TV sets retail at around R350.

The package includes the lifting of import control on TV sets and the lowering of customs duties over five years.

Local manufacturers, who up to now have been heavily protected from imports, will gradually be exposed to more competition through the removal of the tariff barriers.

However, TV and electronic components manufacturers will be rewarded for exports, as in the recently announced programme for the motor industry.

Board of Trade and Industry (BTI) chairman Lawrence McCrystal said yesterday the changes were being made not because TV was considered a "sunrise industry" but because it had been poorly structured. This was proving costly to SA and the consumer.

## Rebate structure

Since its inception in the mid-1970s, the industry had achieved disappointingly low local content. The cost-raising effect of protection was R7,37 for each rand of foreign exchange used. BTI considered 35c to a rand a reasonable figure, McCrystal said.

The board had a choice of either removing all protection immediately or giving the industry yet another chance. It had decided on the latter.

Although the industry had expected the new system to come into effect tomorrow, the three-month period was needed to give BTI time to determine

● To Page 2 →

## Local content carrot for TV-makers

which components of mixed origin would be deemed local.

To promote local content, the package includes the lowering of customs duty from the current 60% to 35% over five years, linked to an *ad valorem* excise duty calculated on foreign exchange usage.

This will gradually rise from 35% in the first year to 75% after three years. In the first year manufacturers will be allowed to use 60% forex, in the second year only 50%, and in the final year only 40% of the value of a set may be

imported.

The counter *ad valorem* on imported sets will be scrapped on July 1.

A manufacturer using the allowed percentage of forex or below that level will effectively not pay the excise duty because of a rebate structure.

The low-cost monochrome set could be made up of items sourced internationally or locally. No duties would be levied on components or finished sets.

15/Dec  
31/3/87

← ● From Page 1  
30

Stew 31/3/89

## 252 laid off as <sup>(30)</sup> boycott <sup>(30)</sup> continues

By Kaizer Nyatumba

The black consumer boycott triggered by the CP controlled Carletonville town council's reintroduction of petty apartheid five weeks ago, has forced shop-owners to lay off 252 people, according to Mrs Annetjie Claasen, president of the local chamber of commerce.

She said a survey showed that another 60 employees were going to find themselves without jobs soon as more and more businessmen contemplate closing their now unprofitable shops.

The 252 employees who have already been laid off include both blacks and whites, she said.

The Carletonville Chamber of Commerce was doing "everything possible" to bring to an end the boycott which had paralysed the town's economy and cost local businessmen hundreds of thousands of rand, Mrs Claasen said.

A meeting between the Chamber and the Khutsong Town Council could not help break the stalemate, she said.

Mrs Claasen said legal action brought by the Chamber against the Carletonville Town Council was still in progress.



COMMERCE - GENERAL

APRIL MAY 1989.

# Claasen flies off for consumer boycott talks

By Kaizer Nyatumba

The president of the Carletonville Chamber of Commerce, Mrs Annetjie Claasen, today flies to Cape Town for a meeting with Minister of Law and Order Mr Adriaan Vlok and Minister of Constitutional Development and Planning Mr Chris Heunis, to discuss the six-week-old consumer boycott.

Mrs Claasen — accompanied by the legal adviser of the Association of Chambers of Commerce and Industry, Mr Ken Warren, and the mayor of Khutsong township outside Carletonville, Mr Johannes Bard — said the two ministers agreed to meet them for a discussion of the black consumer boycott which has crippled Carletonville's economy.

The consumer boycott was still strong and ongoing and blacks people were still not buying in the town, Mrs Claasen said.

Yesterday Mrs Claasen said the Carletonville Chamber of Commerce committee was going to meet last night to discuss the boycott. She and her colleagues would hold a press conference in Cape Town after their meeting with Mr Vlok and Mr Heunis, before flying back to Johannesburg, she said.

Mrs Claasen said the lawsuit Carletonville businessmen had resolved to bring against the Conservative Party-controlled town council two weeks ago was in progress. Affidavits were still being circulated among businessmen and an application would be brought in court on Monday, she said.

# Springtex's profit falls 30

<sup>B10am 5/14/89</sup>  
A SHARP increase in Springtex's interest bill, coupled with costs incurred in expanding infrastructure, resulted in attributable profits falling 10,4% to R2,8m for the year to December.

In addition, the non-store retailer's turnover increase was down at 43% from 120% in 1987.

Interest charges rose to R2,1m from R602 000 and, accordingly, directors propose raising R10m in new equity capital through a rights offer of unsecured compulsorily convertible debentures.

This would result in a return to satisfactory profit growth during the second half of the year, they say.

Weighted earnings a share of 17,1c (21c) were also affected by a significant extension of the share base.

The group has declared a final dividend of 2c, bringing the total to 5c — 2,5c less than the previous year.

Directors say the increase in dividend

## SYLVIA DU PLESSIS

cover from 2,8 times to 3,4 times is considered prudent in order to preserve cash in the face of high interest rates.

Increased borrowings stemmed directly from the group's rapid growth, chairman Mike Teixeira said.

"Clearly, the raising of additional equity capital will adjust the imbalance between equity and external finance, while operationally we are placing new emphasis on increasing the proportion of cash sales to credit transactions."

Regarding changes in infrastructure, he said in addition to a considerable strengthening of administration systems, the head office and a number of subsidiaries had been relocated.

"While these moves have obviously involved us in some major expenses, we are now satisfied we have the infrastructure necessary to back our projected growth over the foreseeable future."

# Boycott biting hard

IO PA HIGH-POWERED  
delegation of the Carle-  
tonville Chamber of  
Commerce is to meet two  
Cabinet Ministers in  
Cape Town today to dis-  
cuss the black consumer  
boycott of the CP-con-  
trolled town sparked by  
the reintroduction of

petty apartheid.  
A survey conducted in  
91 businesses in Carle-  
tonville revealed that  
white businesses in the  
town had lost R3,5 mil-  
lion as the black con-  
sumer boycott entered its

Own Correspondent

sixth week.

This was told to the  
*Sowetan* yesterday by the  
chamber's president, Mrs  
Annetjie Claasen, who  
said many businesses  
were faced with the pro-  
spect of closing because  
of the drastic effect on  
their turnovers.

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## HOUSE OF DELEGATES

For the period 1 January until 31 December 1988.

## QUESTIONS

†Indicates translated version.

For written reply:

General Affairs:

2. Mr KCHETTY asked the Minister of Law and Order:

Phoenix: drugs confiscated

What was the (a) mass or number of units and (b) value of the (i) dagga, (ii) LSD, (iii) heroin, (iv) cocaine, (v) Mandrax and (vi) other drugs confiscated by the South African Police in Phoenix during the latest specified period of 12 months for which figures are available?

D29E  
The MINISTER OF LAW AND ORDER:

(i)	(a)	323,75 kg	R323 750,00
(ii)	(b)	None	None
(iii)	(a)	50 Capsules	R4 550,00
(iv)	(b)	None	None
(v)	(a)	461 tablets	R6 938,00
(vi)	(b)	None	None

## HOUSE OF ASSEMBLY

MONDAY, 10 APRIL 1989

32 applications by members of the Black population group.

(ii) COLOURED GROUP AREA

8 applications by members of the White population group.

22 applications by members of the Indian population group.

4 applications by members of the Black population group.

(iii) INDIAN GROUP AREA

31 applications by members of the White population group.

11 applications by members of the Coloured population group.

8 applications by members of the Black population group.

(iv) BLACK GROUP AREA

None. Black areas are not proclaimed in terms of the Act.

## TRANSVAAL

The MINISTER OF CONSTITUTIONAL DEVELOPMENT AND PLANNING:

This matter vests in the Administrators of the different provinces and they have furnished the following information:

(a) None  
(b) ORANGE FREE STATE  
(i) 1 Indian and 1 Black  
(ii), (iii) and (iv) None

## CAPE PROVINCE

(i) White — 117  
(ii) Coloured — 62  
(iii) Indian — 2  
(iv) Black — None

## NATAL

(i) WHITE GROUP AREA

151 applications by members of the Indian population group.  
15 applications by members of the Coloured population group.

## QUESTIONS

†Indicates translated version.

For written reply:

General Affairs:

Group Areas: exemptions for business premises

124. Mr S S VAN DER MERWE asked the Minister of Constitutional Development and Planning:

(a) How many applications for exemptions from the provisions of the Group Areas Act, No 36 of 1966, in respect of business premises did his Department or any provincial administration receive in 1988 and (b) how many persons from each race group applied for permission to occupy such premises in areas proclaimed for (i) Whites, (ii) Coloureds, (iii) Indians and (iv) Blacks in each province? B276E

The MINISTER OF CONSTITUTIONAL DEVELOPMENT AND PLANNING:

This matter vests in the Administrators of the different provinces and they have furnished the following information:

(a) None  
(b) ORANGE FREE STATE  
(i) 1 Indian and 1 Black  
(ii), (iii) and (iv) None

## CAPE PROVINCE

(i) White — 117  
(ii) Coloured — 62  
(iii) Indian — 2  
(iv) Black — None

## NATAL

(i) WHITE GROUP AREA

151 applications by members of the Indian population group.  
15 applications by members of the Coloured population group.

## HOUSE OF ASSEMBLY

32 applications by members of the Black population group.

(ii) COLOURED GROUP AREA

8 applications by members of the White population group.

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11 applications by members of the Coloured population group.

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(iv) BLACK GROUP AREA

None. Black areas are not proclaimed in terms of the Act.

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(a) None  
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## CAPE PROVINCE

(i) White — 117  
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(iii) Indian — 2  
(iv) Black — None

## NATAL

(i) WHITE GROUP AREA

151 applications by members of the Indian population group.  
15 applications by members of the Coloured population group.

Question	Race group of applicant	Group character of area applied for		
		White	Coloured	Indian Black
(i)	White	xxx	2	16 0
(ii)	Coloured	22	xxx	4 0
(iii)	Indian	121	5	xxx 0
(iv)	Black	115	2	1 xxx

## Peninsula high schools: school committees

142. Mr K M ANDREW asked the Minister of Education and Development Aid:

- (1) Whether any high schools in the Cape Peninsula had functioning school committees or other governing bodies in (a) 1987 and (b) 1988; if so, (i) which schools and (ii) which school committee members were (aa) elected by parents and (bb) appointed by his Department;
- (2) whether any of these school committee members are or were in the employ of his

## INVESTMENT

**R2bn fillip for property**

The property industry is in line for a R2bn boost in new investment from pension funds and long-term insurers this year.

But, although Finance Minister Barend du Plessis may have given these organisations greater investment flexibility by removing prescribed asset restrictions (53% for the pension funds and 36% for the insurance industry), this is not likely to result in a major direct influx of additional capital into fixed property. However, there could be an indirect benefit as a result of increased investment in property shares on the JSE.

This emerges from research statistics and projections produced by group market research manager at J H Isaacs, Niki Vontas.

He says examination of Reserve Bank quarterly reports, together with share analysis since the beginning of the Eighties, shows that the insurance industry traditionally invests between 10% and 12% of its total assets in property, either directly through fixed property investment or in property equity such as shares, property companies and property trusts.

A further breakdown shows that the fixed property investment element is larger in terms of new cash flow for long term insurers than for pension funds. The long-term insurance industry averages 12,8% compared with the pension fund's 8%. This is because they must be far more responsive to short-term market fluctuations while the long-term in-

dustry can take a longer view. While fixed investment in property does not suffer from the wild fluctuations of the stock market, it has a history of performing well against inflation.

"We anticipate the total assets of the insurance industry and pension funds to rise from R125bn to R150bn (see table) during the year — an increase of R25bn or 20%, and we anticipate a corresponding growth in property investment.

"I would expect between R500m and R750m to be invested in property shares such as property trusts or variable loan stock. This figure could be either as a result of new portfolios, rights issues, or through the re-rating of property shares and property unit trusts. I also expect the insurance industry and pension funds to invest between R1,5bn and R2bn in fixed property, giving a probable total investment of about R2,25bn, which is close to 10% of the total asset increase."

He adds that although there is a shortage of good investment stock, and rental levels are consolidating at increased levels, it is anticipated that the insurers will not exceed the R2,25bn mark.

Conversely, a stock market run could see capital funds being diverted to the JSE. In 1987 for example, the property market saw only 2,4% of the short-term industry's assets and 3,8% of those of the long-term indus-

try's. By contrast, the short-term industry had in the previous year invested 45,8% of assets in shares and the long-term industry 60,3%.

The opposite happened in the 1984 property bull run when the short-term industry's property investment rose to 13,4% and that of the long-term industry 18,2% (compared with an industry average of 10%).

According to Vontas, government's decision to scrap the prescribed asset legislation could indirectly benefit property, although there is unlikely to be any significant shift from equities to fixed property investment. "It doesn't make sense for pension funds to invest too much in fixed property because they need the flexibility to buy and sell at short notice. Fixed property is essentially a long-term investment.

"However, it is quite possible that there will be a strong incentive to buy property shares (including property trusts). The shares have the characteristics of fixed property investments combined with marketability in terms of buying and selling swiftly to react to short-term trends."

The spin-off for the property industry, he says, will be additional funds in the JSE property sector. This will attract new unithold portfolios. That means that funds will eventually filter through to direct property investment.

However, he cautions it will be the organi-

30 FMAN 7/4/89.

sations with focused portfolios and strong management which will attract the most investment.

"The best rated property portfolios on the JSE all have the same characteristics. The property investment is part of an overall strategy comprising few properties with a high visibility and concentrating on specific types of developments in prime geographic locations. This in turn avoids the need for portfolios requiring intensive management and allows for proactive asset management." ■

# Wholesale and retail sales

## show continuing buoyancy

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SPN  
7/14/89

By Sven Lünsche

Wholesale and retail sales continued at buoyant levels in the first quarter of the year, according to a survey by the Bureau of Economic Research at Stellenbosch University (BER).

These findings are confirmed by latest figures released by Central Statistical Services this week, which indicate that expected retail sales for March at R4,37 billion are 2,6 percent higher in real terms, compared with March 1988. At current prices the increase is 17,1 percent.

The respective monthly rises from February to March were 0,5 percent and 2,2 percent.

In the first quarter of the year sales reached R12,57 billion, a 2,2 percent rise in real terms on the first three months of 1988.

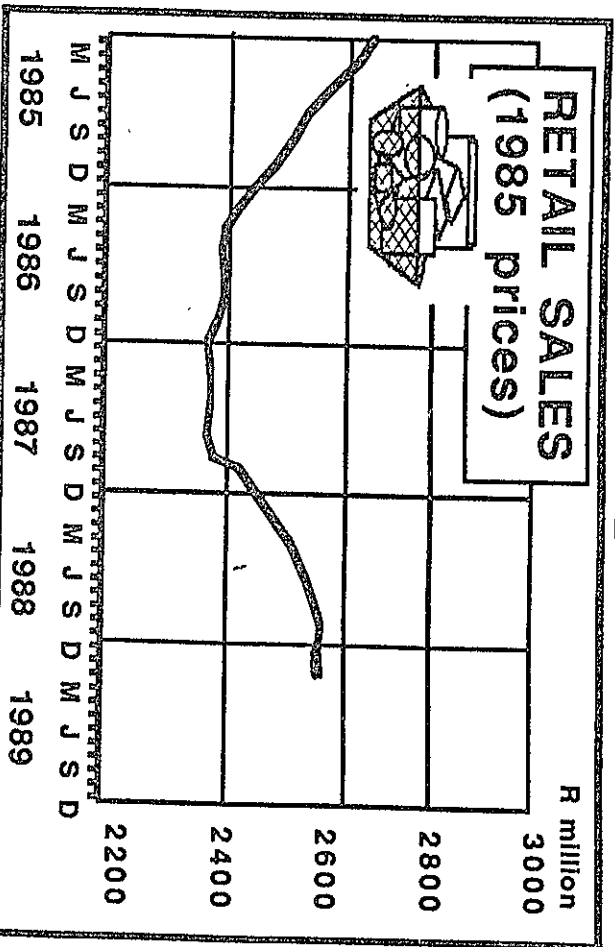
Last year proved to be an incredibly successful one for retailers and wholesalers.

Retail sales alone surged by about seven percent in real terms to a record R50 billion.

The trend seemed to continue in the first few months of 1989.

Retailers surveyed by the BER reported first-quarter sales volumes surpassing their expectations by far. They forecast a repeat performance of these conditions in the second quarter.

Retailers do suggest, however, that second-quarter business conditions will



be somewhat less buoyant, but nevertheless better than those of a year ago.

"The keen demand forced the retailers to place more orders than was originally intended, and they expect the value of orders placed will remain at the same level," the BER reports.

Motor dealers, the largest subsector of the retail industry, were also very satisfied with business conditions and the level of confidence was high, ac-

ording to the bureau.

New and used cars are in short supply, which means delivery periods will be long and car prices could rise further, the survey says.

At the wholesale level the picture looks similar, with the volume of first-quarter sales once again overshooting expectations by far.

"In the previous survey the wholesalers suggested that demand could level off somewhat, but the demand actually

remained on a par with that of last year's fourth quarter," the BER says. Wholesalers expect a further improvement to occur in the second quarter, albeit at a slower rate.

However, only a small number of wholesalers said business conditions were better than those of the first quarter last year, whereas three-quarters of the participant retailers found conditions better than in the first three months of 1988.

While the industry as a whole is fairly optimistic about business conditions, consumers remain pessimistic about the near-term future of the economy.

The BER says, however, that only a small majority predicted a worsening in the situation and expected an easing in their financial situation over the next twelve months.

The findings by the BER on a national level were confirmed by the Pretoria Chamber of Commerce in a survey of business conditions there, reports Roy Cokayne.

More than a third of the respondents reported that they were carrying larger stock levels than in the last quarter of 1988. The same percentage envisaged increasing stock levels in the short term.

Almost 50 percent of respondents reported improved sales over the past four months.

About 68 percent predicted higher economic activity in the short term.

# Share dealings suspended in Walton, Mathieson & Ashley

By Ann Crotty

Waltons, Mathieson & Ashley and their holding companies were this morning suspended from trade on the JSE to avoid undue speculation in their shares.

The four companies issued a joint statement to inform investors they were investigating proposals which, if successful, "could have a material effect on the price of the shares of the companies".

At the close of trade on Wednesday Waltons was quoted at 560c, which is just 40c short of its all-time high of 600c earlier this year. M&A closed at R14, a level at which it has been trading for some

weeks. M&A is also just slightly off its all-time high of R14.50, reached towards the end of 1988.

Waltons has been at the centre of speculation for some months and there has been market talk it might be taking over a disinvesting US concern such as 3M. MD Frank Robarts would not comment on any of the speculation except to say Waltons was frequently involved in negotiations with a number of parties.

The only common interests between the two groups appears to be Ozalid, an office equipment company Waltons acquired last year.



Plan to let business 'sort itself out'

# Govt move to slash red tape in trading

8 Nov 21/4/87  
1832  
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By Peter Fabricius,  
Political Correspondent

CAPE TOWN — In a bold deregulation move, the Government is proposing to scrap almost all trading licence restrictions.

The Business Bill, which is published for public comment today in a *Government Gazette*, proposes to allow any business to be set up without an official licence unless it affects public health or safety.

If approved, the Bill will completely unfetter trading hours from Monday to Saturday and ease restrictions on Sunday and public holiday trade.

It proposes the scrapping or substantial amendment of 61 Acts or ordinances restricting business licences.

Dr Pierre Brooks, chairman of the Competition Board, said yesterday that the Bill would "dramatically reduce the number of businesses needing licences".

"There is no doubt that this is a vast streamlining of the licensing position.

"The basic principle here is to remove restrictions to let the market itself sort out what businesses should operate."

The only businesses which would require licences are those selling certain categories of food or those conducting entertainment where large crowds gather.

## 'Antiquated' laws go

"Antiquated" ordinances prohibiting Sunday trade are going if the Bill is adopted, though it proposes to empower administrators to regulate Sunday and public holiday trading hours.

Food businesses which would still need licences include:

- Those selling raw meat or fish, but excluding fishermen or selling at public or municipal markets.
- Selling food in the form of meals or refreshments on or in premises other than private residences.
- Selling milk and milk products, excluding those in the sealed or unopened containers

in which they were supplied. Licences would also be required for businesses conducted in premises where members of the public congregate.

These are specified as:

- Nightclubs or discotheques.
  - Roller skating or ice skating rinks.
  - Amusement parks with merry-go-rounds, roller-coaster, Ferris wheels or similar apparatuses.
- Charities, non-profit organisations, and social and sports clubs are to be exempted from the need to have licences even if they conduct the sort of businesses which would normally require them.

If the Bill is passed, restrictions will not be placed on certain kinds of businesses from trading on Sundays, including the sale of any reading matter, certain medicines and toiletries and other emergency requisites.

Farm stalls and shops in railway stations, resorts and national parks, harbours, military camps and police stations would also be exempted.

# State scraps licence curbs on nearly all trading areas

By PETER FABRICIUS  
Political Staff

THE government has scrapped almost all trading licence restrictions through a draft Bill.

The Business Bill will allow any business to be set up without a licence unless it affects public health or safety.

It will also completely unfetter trading hours from Monday to Saturday and ease restrictions on Sunday and public holiday trade.

The Bill was published in the Government Gazette yesterday for public comment.

It will scrap or substantially amend 61 Acts or ordinances restricting business licences in an effort to rationalise and streamline licensing.

Dr Pierre Brooks, chairman of the Competition Board, said: "The basic principle here is to remove restrictions to let the market itself sort out what businesses should operate."

## FINAL SAY

The only businesses which will require licences are those selling certain categories of food or those conducting entertainment where large crowds gather.

The authority to grant trade licences is taken away from licence boards and given entirely to local authorities, with provincial administrators having the final say.

"Antiquated" ordinances prohibiting Sunday trade are scrapped, although the administrators are empowered to regulate Sunday and public holiday trading hours.

## RAW MEAT

The food businesses which would still need licences are those which:

- Sell raw meat or fish but excluding fishermen or selling at public or municipal markets;
- Sell food in the form of meals or refreshments on or in premises other than private residences;
- Sell milk and milk products, excluding those in the sealed or unopened container in which they were supplied;
- Prepare, manufacture, preserve, process, smoke, cure or treat food on premises other than a private residence; or
- Extract fat by boiling or melting fat and tallow from animals slaughtered or carcasses purchased.

## NIGHT CLUBS

Licences will also be required for businesses conducted on premises where members of the public congregate.

These businesses are specified as:

- Nightclubs or discotheques; and
- Roller or ice-skating rinks, amusement parks with merry-go-rounds, roller-coasters and Ferris wheels etc.

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Businessmen have support of State

# CP council to be challenged in court

STW 7/14/69

Peter Fabricius,  
Political Correspondent

Carletonville businessmen are planning to mount a legal attack on the town council's segregation of facilities.

They will try to prove that the council has incorrectly applied the Reservation of Separate Amenities Act, which permits facilities to be segregated.

And the Government has promised the businessmen its support in their efforts to resolve the crippling black consumer boycott in the town.

The assurance was given to a delegation of Carletonville businessmen this week when they met Minister of Constitutional Development Mr Chris Heunis and Minister of Law and Order Mr Adriaan Vlok about the boycott crisis.

"Certain proposals" were made for action to resolve the crisis, Mrs Annetjie Claasens, President of the Carletonville Chamber of Commerce and Industry, said afterwards.

Among these were a firm undertaking by Mr Vlok and his senior police officers that the attacks on blacks in Carletonville by white vigilantes would be

investigated.

Legal action is also being planned to contest the Carletonville Town Council's imposition of petty apartheid. This was disclosed by Mr Ken Warren, Asocom's legal adviser who is supporting the Carletonville businessmen.

He said it appeared that the Reservation of Separate Amenities Act could not be scrapped at this stage.

However he believed that the Carletonville Town Council had not applied the Act properly.

Mr Warren would not expand upon the planned legal moves but a precedent does exist for attacking a town council's application of the Separate Amenities Act.

Last year the Supreme Court ruled that the Port Elizabeth Town Council's segregation of beaches was invalid.

The court's decision means that beach apartheid has been suspended within its area of jurisdiction in the Eastern Cape. However the Government has appealed against the decision. The appeal has not yet been heard.

Business Bill will unfetter shop trading hours

# Supermarket joy at trade proposals

**SUPERMARKETS** throughout the country have welcomed the Government's bold plans to scrap most trading licence restrictions including unfettering trading hours.

The Business Bill, which was gazetted yesterday for comment proposes to allow any business to set up without an official licence unless it affects public health or safety.

If approved, it will also unfetter trading hours from Monday

**JOE OPENSHAW**

to Saturday and ease restrictions on Sunday and public holiday trading.

"This is a great move for the consumer and we wholeheartedly welcome the chance to officially trade on Sundays," Mr Raymond Ackerman, chairman of Pick 'n Pay, said.

"The consumer will be delighted to be able to shop at weekends.

"Most (municipal) councils have been allowing trade on Sundays but there are those who

still adhered to 'archaic regulations' such as the one allowing the sale of frozen chickens — but not fresh chickens — on Sundays.

Mr Brian Beavon, group marketing director of Spar, said his group welcomed the lifting of restrictions.

"Our stores are at present open seven days a week and keep later trading hours but we welcome any departure from restrictions on the sale of non-perishables on Sundays and extended hours such as groceries and dry goods," he said.

OK Bazaars cautiously welcomed the move to extend hours but Mr Alan Fabig, director of advertising and sales, pointed out that OK has in the past supported the unions in opposing extended hours because it involved longer hours of work for staff who at present work a 6½-day week.

"We sided with unions on extended hours because shopworkers already have a tough job, and if they have to work Saturday afternoons and Sundays it would damage family life.

"Extended hours also means paying more overtime, awkward hours and using extra electrical power. The increased costs would eventually have to be passed on to the consumer and lead to higher inflation.

**'Times change'**

"But times change and whereas we are cautious in accepting the new extended shopping hours we, however, welcome any steps which would allow free and unfettered sale of all commodities from furniture and clothing to crockery and baked beans. Not being able to sell on Sundays put us at considerable disadvantage," said Mr Fabig.

He said OK would at first open selected stores where there was a consumer demand for all-day Saturday and Sunday trading, and expand where the need for these hours arose.

Mr Mandy Mathews, a public relations officer for Dion, said the group welcomed scrapping red tape in trading and was particularly pleased that household goods could now be sold on Sundays. Freer trading would lead to more efficiency and lower costs, he added.

# NEW moves on shop hours welcomed

by VIVIEN HORLER and  
FRANS ESTERHUYSE

Weekend Argus Reporters

DRAFT legislation to abolish outdated restrictions on shop hours and trade licensing has been welcomed by the Small Business Development Corporation and the Cape Town Chamber of Commerce.

If passed, the Businesses Act will replace more than 50 local ordinances in all four provinces and standardise fragmented restrictions and regulations. The Bill was published for comment in yesterday's Government Gazette.

At present most commercial undertakings need a trading licence. Under the new Bill only those businesses in the food and catering trades and those dealing with entertainment, including discotheques, ice rinks and fun fairs, will need trading licences.

Central to the Bill is a provision that makes a threat to health and safety the only reason a licence application can be refused.

The new Bill also sweeps away restrictions on business hours, but gives the four provincial administrators powers to limit trading hours on Sundays and four public holidays: Christmas Day, Good Friday, Ascension Day and the Day of the Vow.

## Wide powers

The provincial administrators are also given wide powers to administer the terms of the draft Bill.

Explaining his proposed legislation, the Minister for Administration and Privatisation, Mr Dawie de Villiers, said the Bill was designed to standardise the country's trade licensing systems and "to simplify the system without detracting from the essential qualifications with references to security, health or ecclesiastical values of communities".

Cape Town Chamber of Commerce director Mr Alan Leighton said his organisation "warmly welcomed" the Bill.

On a possible change in Sunday trading hours Mr Leighton said his chamber was on record as having called for the total deregulation of hours in the Cape. "But it depends on the Administrator.

"Here in the Cape we have deregulation until 9 pm on week nights and Saturdays and that hasn't brought any problems. It hasn't forced businesses to open, but it has allowed those busi-

nesses which wish to open to do so — and they would not want to do so unless there was a demand."

The position over supermarkets trading on Sundays was "clouded", said Mr Leighton. "Some businesses have anticipated the deregulation of hours and are trading on Sundays."

Small Business Development Corporation regional general manager Mr Wolfgang Thomas said: "Ours is one of the organisations that has been pushing for this type of deregulation, so we're happy this has reached the draft legislation stage."

"We're in favour of as much deregulation as possible, but we want to have a close look at this Bill to make sure it strikes a proper balance between the goal of deregulation and minimising conflict in the process."

"For instance, if you fully deregulate taxis you'll end up with a war on your hands — and that's precisely what happened here. We want deregulation, but we also care about the human implications."

The executive director of the Self-Employment Institute, Mr Theo Rudman, said his organisation welcomed the proposed Bill as "a very positive step towards getting to the hub of free enterprise".

## Disappointing

People would not be restricted by a mere trading licence while existing standards would still be maintained on important health and safety issues.

Mr Rudman said one disappointing aspect of the draft Bill was its approach to Sunday trading.

"They propose to retain the status quo of the existing system with all its strange anomalies."

"This provision of the Bill should be changed to do away with the existing anomalies by, for example, defining categories of goods that can be sold."

Mr Rudman said it appeared from discussions he had with government officials that any further opening of Sunday trading would depend on public reaction to the draft Bill.

It was important that anybody who could benefit from the removal of licences should register approval in the form of positive comment to the Department of Privatisation and Deregulation before May 8.

A spokesman for the Administrator, Mr Gene Louw, said: "The Administrator will naturally liaise with all interested parties and take the opinion of the local community into account when considering any extension of business hours."

9/4/89

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# Encourage backyard enterprise

By SOPHIE TEMA

THE survival of backyard entrepreneurs depends on support given them by the government, according to the director of Business Challenge, Phil Khumalo.

Addressing a seminar in Mmabatho recently Khumalo said the "informal sector or the backyard entrepreneur must be kept alive" because with mega-corporations merging more people were being retrenched and fewer jobs were being created.

It was evident that in many countries the informal sector did not enjoy the measure of government protection normally given to the formal sector.

Khumalo said the constant police harassment of the informal sector was evil, heathen and unacceptable to God.

He asked whether the situation could be condoned where a policeman harassed a poor old woman selling apples - which eventually got tossed into the gutter.

This made a laughing stock of a struggling widow trying to survive, he said.

Khumalo said police often took 24 hours to arrive at a scene of crime, but rushed uninvited to harass street hawkers.

"The law and order portfolio should be renamed the ministry of police and destruction because there is no order about it. There are so many thugs around, yet these officers spend time disrupting progress."

Calling on the government to change its hostile attitude to the informal sector, Khumalo said: "The authorities should maintain a more positive, sympathetic approach."

He added that the government should formulate relevant training programmes aimed at existing informal businesses and avoid the academic approach currently used.

"The authorities should monitor programmes and see the credentials of the presenters to get rid of the fly-by-night types," he said.

Khumalo said banks were reluctant to get involved in backyard businesses and regarded them as a high risk, thus causing a major financial setback.

"The banks are only interested in

## Cops should chase thugs, not grannies selling fruit

ventures that have the blessing of chartered accountants - something not easily available for the backyard trader.

"The government should set up collateral for this sector and a special budget should be aimed at this important sector of the business community.

"There should also be a follow-up to monitor progress and assist with a further bridging loan if necessary."

The formal business sector needed to co-operate with the informal sector by providing mentorship and know-how.

Big companies could invest in the informal sector by sharing managerial skills, not by dumping on it social responsibility cheques to assuage their guilt.

Khumalo said SA Breweries had at last recognised bootleggers - commonly known in township lingo as "gwevas".

The SAB had built bridges because they linked the bottle stores to the runners and the runners to the shebeeners, and in the final analysis everyone was in the business network.

The problem was transformed into an opportunity for everyone, he said.

Khumalo appealed to Bop President Lucas Mangope and his Minister of Police to look carefully at police action against the informal sector in Bophuthatswana.

"Instead of having a liquor squad, have an informal business promotion squad.

"Let police visit backyard operators and help enforce security for these people who work till late at night to give the public a convenient service."

He said every country which had involved the informal sector had been successful.

# Centre for hawkers, taxis planned in Plain

By PETER DENNEHY

TAXI drivers and hawkers in Mitchells Plain are planning to build a R25-million shop, office and hawkers' complex alongside a new taxi terminus at Mitchells Plain station.

Mr Noor Hendricks, chairman of the year-old Mitchells Plain Town Centre Taxis and Hawkers' Associations, said yesterday that South African Transport Services owned the land (part of plot 28 093) but had agreed to lease it on a long-term basis to a newly-formed company, Mitchells Plain Taxis and Hawkers (Pty) Ltd.

Majority shareholding in the company had been reserved for members of the associations, Mr Hendricks said.

The company had also secured a massive loan from overseas

which would be supplemented by funds from the association, and guaranteed by it, he said.

## Amsterdam

"We are 100% sure we will get the loan from overseas," he said. Mr Hendricks is going to Europe next month and will visit Birmingham, Paris, Amsterdam, London and Zurich to look at similar developments there.

The number of storeys in the complex and its design had not yet been decided, he said.

Mr Hendricks said there were more than 1 000 taxi operators in greater Mitchells Plain, but many of them were based outside the area, and others were illegal operators.

Only about 250 legal ones were from Mitchells Plain itself, and the vast majority of these had

joined his association, he said. One of its aims was to set professional standards for its members so that the public would have a safer and more efficient service.

## Asphalt

Hawkers' facilities at the new centre would be made available "under strict conditions regarding health, cleanliness and safety, to members of the association".

Meanwhile, arrangements are being made to put asphalt on a portion of the leased land "for immediate use" by the taxis.

The association also hopes to obtain control over the station footbridge, which crosses some of the land they will be leasing, "to ensure hygienic and safe operation by hawkers" there.

# Clicks profits rise by 35%

CME 7/11/89

30

By AUDREY D'ANGELO  
Financial Editor

CLICKS STORES — which lifted operating profit for the eight months from July to February by 35% to an impressive R19,6m — is moving heavily into the growing black consumer market.

And MD Trevor Honneysett said yesterday that he was optimistic about prospects for the coming year.

"There is a lot of optimism around. People have under-estimated the vitality, strength and tenacity of the economy," he explained.

"There is a surprising amount of disposable income in the C and D income groups and this has got to have an effect. Black people are earning more than ever before and the strength of the informal sector is helping."

Although the Clicks chain itself is aimed at the A, B and C income group its rapidly growing Diskom chain is aimed at the black consumer market and will have branches in new shopping centres being developed in black areas.

The group has changed its financial year to report within the parent Score Holdings' year-end. Its rise in operating profit in the past eight months was achieved on a 29% rise in turnover to

Honneysett said this was the biggest increase in turnover since 1982 and the biggest in operating profit since 1981.

Although margins had widened, with the return on sales in the eight-month period increasing to 7,97% from 7,79%, the improvement in operating profit was also due partly to increased efficiency and productivity. He expected these margins to be maintained in the current year.

Earnings per share were 49,08c for the eight months compared with 55,98c for the previous 12 months.

The final dividend is 21c with increased cover of 2,37 times.

Honneysett said the increased cover was to "enhance liquidity during the expansion phase".

No interim dividend was paid because of the short year.

The tax bill was R9,7m and attributable earnings after tax and minorities R9,8m.

Honneysett said that Clicks and Diskom would both now expand at a faster rate. About R6m would be spent on expansion in the current trading year.

On average, a new store was being opened every two weeks. He expected Clicks to have 100 stores by the end of the calendar year and Diskom 35.



# Clicks <sup>20</sup> notches up good score <sup>1/4/89</sup>

CAPE TOWN — Clicks lifted pre-tax operating profit by 35 percent to R19,64 million, in the eight months to February.

Earnings per share were 49,08c (55,98c for the previous 12 months).

A final dividend of 21c has been declared, giving cover of 2,34 times.

The performance was achieved on a 29 percent increase in turnover to R246 million, representing the group's biggest rise in turnover since 1982 and the highest in pre-tax operating profit since 1981.

MD Trevor Honneysett attributes the improved results to more buoyant trading conditions and aggressive expansion, with the Clicks chain expanding by seven stores to 87 and the wholly owned Diskom chain expanding by three to 19.

In the eight months, the return on sales widened from 7,79 percent to 7,97 percent.

## EFFICIENCY

These higher margins are due to improved operating efficiency, Mr Honneysett says.

The increase in the dividend cover is to enhance liquidity in the expansion phase, he says.

The tax bill was R9,74 million and attributable earnings after tax and minorities was R9,815 million.

Mr Honneysett says R6 million will be spent on expansion in the 1989/90 trading year.

"We are projecting a turnover in excess of R400 million for the 1989/90 financial year and estimate we will be able to maintain present pre-tax margins to sales."

The company has had for the first time to report within the Score Group year-end and the figures represent an eight-month trading period from July 1988 to February 1989. This should be borne in mind when comparing results with those of the previous financial year which ran to end-June. — Sapa.

## CLICKS PRE-TAX PROFITS UP 35%

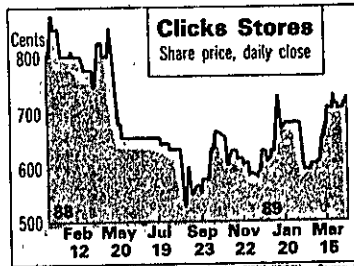
CHRIS CAIRNCROSS 20

CAPE TOWN — Cape-based Clicks, the toiletry and giftware chain, boosted pre-tax profits by 35% to R19,6m (R22m for the entire previous financial year) for the eight months to the end of February, annual figures released today revealed. *By 11/4/89*

The year-end was changed to comply with Score Holdings's year-end.

Profit growth was assisted by a jump in turnover of 29% to R246m, reflecting the buoyancy of this segment of the retail market in recent months.

Clicks MD Trevor Honneysett said growth was also due to the ag-



gressive expansion programme the chain had embarked upon.

Attributable earnings for the eight months amounted to 49,08c a share (55,98c for the year to the end of June).

This meant sales margins strengthened from 7,79% to 7,97%, the result of greatly improved operating efficiencies, Honneysett added.

Due to the shortened year after the takeover by Score, Clicks has not paid an interim dividend, but has posted a final of 21c a share (27c for the previous total year), providing dividend cover of 2,37.

Honneysett said the expansion programme the group embarked upon last year would be continued.

# Govt to act on petty apartheid

WHITE retailers in the CP-controlled towns of Boksburg and Carletonville are being dealt a severe economic blow as the black consumer boycott sparked by the reintroduction of petty apartheid continues unabated.

The president of the Carletonville Chamber of Commerce, Mrs Anneljé Claassen, yesterday said the Government has assured them it was looking into the matter and made

certain suggestions regarding future strategies.

She said this after a delegation of the Carletonville business community held a meeting with the Minister of Law and Order, Mr Adriaan Vlok, the Minister of Constitutional Planning and Development, Mr Chris Heunis and other government officials in Cape Town.

Mrs Claassen said the situation was becoming serious for many businesses. According to a survey conducted by the chamber 91 businesses have so far lost over R3,5-million.

Boksburg chamber's president, Mr Johan Viljoen, said the boycott was continuing, although small groups of blacks were beginning to buy in the town.

Carl Tim's 12/14/89

# Six top staff members resign

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Own Correspondent

JOHANNESBURG — Widespread dissatisfaction with the manner in which J Walter Thompson chairman Tim Hamilton-Russell is handling the company has led to the shock resignations of six of its top staff members, including MD Elliot Schwartz.

Schwartz resigned from the ad agency on April 3 with immediate effect. Shortly before and after his resignation five other senior members of staff resigned.

They are strategic planning director Johan Bolt, media director Janet Watermeyer, art director Bruce Backhouse, creative director Mike Smith and senior account executive Shelly Hoskins.

"It is unfortunate a mutually trusting relationship between the management and Hamilton-Russell couldn't be established and maintained. JWT internationally is a great agency and I am sorry to have left it," Schwartz said yesterday.

Hamilton-Russell — who is an 80% shareholder in the company with JWT Worldwide holding a 20% stake — said last night former JWT president of the Asia/Pacific/SA region Don Thompson was being brought out of retirement to assume the position of acting MD of JWT Johannesburg until a replacement for Schwartz had been found.

# Naamsa forecasts mild downswing

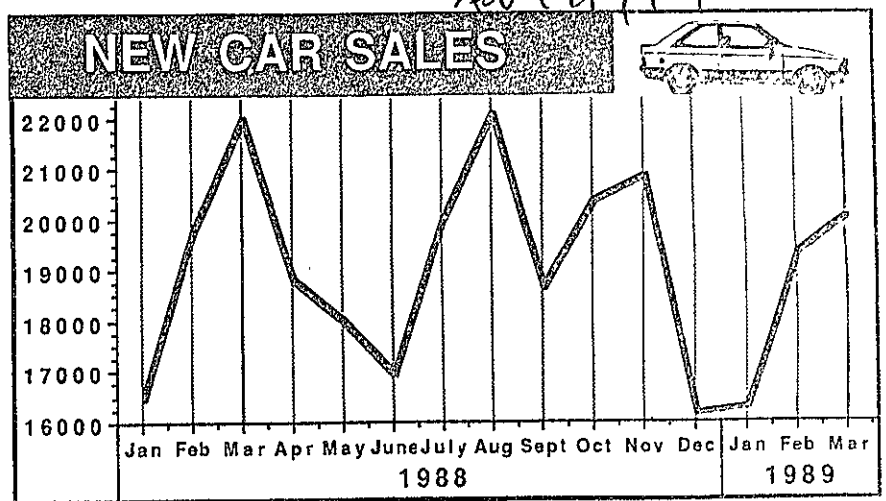
By Sven Lünsche 30  
 New car sales remained reasonably buoyant in March this year, rising by 3,8 percent to 20 082 units compared with February. Total vehicle sales rose by 7,3 percent to 31 744, very much in line with industry expectations.

Most of the improvement was due to the increased availability of stock, particularly in light commercial vehicles, but some stock shortages were still evident in other sectors, which could keep sales at stong levels over the next two to three months.

However, the National Association of Automobile Manufacturers (Naamsa) says that a softer sales trend had been discernible for some time and coupled with higher interest rates, a rising tax burden and general inflationary pressures, could lead to a mild downswing in sales during the second half of 1989.

For 1989 as a whole Naamsa has forecast new car sales of about 210 000 units, which is 20 000 units less than last year's sales of 230 500. The softer sales trend is evident when comparing year-on-year sales during the first three months of 1989.

New car and total vehicle sales in the first three



months at 55 738 and 85 909 units respectively were both 4,5 percent down on the comparable period last year. New car sales in March were some nine percent lower than the 22 032 units sold in the corresponding month a year ago.

Providing a breakdown of the various categories, Naamsa reports that primarily as a result of increased availability of stock, sales of light commercial vehicles during March rebounded to 10 498 units — 14,2 percent higher than the 9 190 unit sales achieved in February, 1989, and 5,2 percent higher than the 9 977 unit sold in March, 1988.

Sales of heavy trucks and buses also showed a further steady recovery.

# Metro 'likely to go for 100% control of Jazz'

TRADEGRO wholesale subsidiary  
Metro is probably set to increase its holding in retail group Jazz Stores from 62,3% to 100%, retail analysts said yesterday.

They were speculating on the announcement issued yesterday by the two groups advising shareholders to exercise caution in share dealings.

Jazz results for the six months to end-December reflected a slight increase in margins from 3,3% to 3,5%.

However, the group's acquisition in 1987 of supermarket chain Fairways

SYLVIA DU PLESSIS

led to a 911% rise in interest payments to R1,8m (R178 000).

In addition, interest-bearing debt shot up to R30,8m (R11,6m).

This was an "astronomical" increase, and had a big impact on the group's results, one analyst said.

"The Fairways acquisition was obviously too much for Jazz to handle," she said. Metro, on the other hand, had a "sound track record".

"Something has to happen to Jazz,

because they're not performing."

Metro financial director Alan Sack said it would be "premature" to elaborate on the cautionary announcement. Metro would be having a board meeting "within the week".

Jazz MD Clive Sacher was not available for comment.

After falling to a year's low of 65c earlier this month, Jazz shares remained unchanged at 75c yesterday, with sellers offering 85c a share.

Metro shares closed untraded at 500c yesterday.

# Foschini expects successful year

8/Day 12/4/87 LIZ ROUSE

FOSCHINI, which achieved record profits last year, should experience another successful year, says chairman Stanley Lewis in his annual review.

Trading for the current period is already ahead of target. The clothing chain's aim is to increase turnover ahead of inflation, with productivity the hallmark of its achievement.

This reflects the group's substantial investment in technology, enabling decisionmaking to be not only timeous but based on a wide screen of relevant and credible data to expose a relatively low level of management information.

Lewis says that, in the current inflationary climate, sourcing merchandise and producing the right quality at the right price is an ever-increasing problem.

The 617-store chain produced a turnover of R528,5m in the year to December 1988 and, with pre-tax income up at R93,9m, achieved its best pre-tax margin of 17,8%. The return on shareholders' funds was an impressive 64,3% and the debt/equity ratio was a healthy 29,3%.

With earnings up 46,7% to 487,8c a share, the dividend total was raised to 206c (141,4c). Foschini shares went ex-dividend yesterday (168,5c final dividend paid) and were quoted at R47 bid.



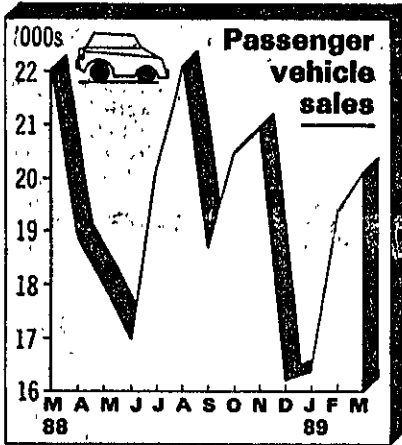
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# New car sales down 4.5% on 1988 figures — Naamsa

31 Day 12/4/89

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MARC HASENFUSS



Graphic: FIONA KRISCH Source: NAAMSA

NEW car sales for the first quarter of 1989 (55 736) declined 4.5% compared with the same period last year (58 370), according to Naamsa figures released yesterday.

Naamsa executive director Nico Vermuelen said demand for new vehicles, as confirmed by orders on hand, remained strong. However, the sales figures showed there had been a cooling-off of the market, disconcerting for some time.

This trend, with high interest rates, rising tax burden and general inflationary pressures, reinforced Naamsa's expectations that a mild downswing in new vehicle sales would continue through the second half of 1989.

Naamsa figures showed new year-on-year car sales for March (20 082) dropped 9% compared with March 1988 (22 032),

while month-on-month the February sales (19 341) improved 4%.

Vermuelen said notwithstanding the number of public holidays during March, new vehicle sales remained reasonably buoyant.

Primarily as a result of increased availability of stock, sales of light commercial vehicles performed strongly in March (10 498), increasing 5% compared to last year (9977), with manufacturers still reporting healthy order books.

Heavy commercial vehicle sales, up 4% in March, continued to show a further steady recovery, while medium commercial vehicles dropped 30% (320 from 462 March 1988), Naamsa figures indicated.

mours that



## Wholesale trade sales to be up 23%?

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13/02/12/4/82

WHOLESALE trade sales for January, excluding diamonds, are expected to total R6,9bn — an increase of 23% over sales in January last year, according to estimates released by the Central Statistical Service (CSS).

Wholesale furniture sales are expected to increase 26,4%, office and shop equipment 7,3%, construction and building materials 6,2% and pharma-

SYLVIA DU PLESSIS

ceutical and chemical products 4,4%.

Also expected to contribute to the increase are wholesalers in clothing, footwear and textiles (3,2%) and "miscellaneous" (2,9%).

Real wholesale trade sales at constant 1980 prices are expected to grow 8,5% over the same period last year.

Star 13/4/89

28/8

30

1/89

# Furniture sales badly hit by credit curbs

By Sven Lünsche

Furniture sales seem to have been the hardest hit by measures to curb consumer spending through credit restrictions.

While general retail sales continued to show a modest improvement in the first quarter of the year, the Furniture Traders' Association (FTA) yesterday reported a decline in turnover in real terms in January and February.

"Retail sales figures for January showed a 10,9 percent increase over sales in January 1988. Figures for February showed a year-on-year growth of only 8,35 percent, which was well below the annual inflation rate for both months," FTA executive director Frans Jordaan said.

"December's figures showed an 8,5 percent actual increase which, when taking inflation into account is certainly negative growth," he said.

The figures are based on a

monthly survey of about 1 500 retailers countrywide.

Explaining why furniture sales in particular had been affected, the Econometrix research institute said in a recent bulletin that individuals, rather than the corporate sector, were facing a squeeze on spending power.

"If one allows for a relatively optimistic two percent real growth in personal income over the next 12 months and uses the official assumption of 15 percent inflation, the increases in personal income tax (fiscal drag and fringe benefit tax) and indirect tax (higher GST) will place a significant squeeze on the spending power of individuals," Econometrix said.

It estimated that discretionary spending power could decline by as much as 16 percent in real terms over the year, which could result in private individuals spending as much as 18 percent less in

real terms on durable goods than in the 1988/89 fiscal year.

The corporate sector's propensity to consume durable goods (notably motor vehicles) was unlikely to be diminished to the same extent as that of private individuals, Econometrix said.

The FTA said the squeeze on individual spending power had originated with the increase in interest and bond rates, in general, and tougher HP conditions in particular, with HP sales taking the greatest knock.

"Unless there is some form of relaxation and a revitalisation of sales, we could be looking at a repetition of the 1984 situation," Mr Jordaan said.

"And if sales continue to decline, the ripple effect will be felt by furniture manufacturers and by appliance, radio, sound and TV manufacturers and distributors," he said.

# Firm to aid black business

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A COMPANY specialising in matching big business buyers with small black business suppliers is to be launched next month.

Matchmaker Services grew from the annual Matchmaker exhibition, in an attempt to bring black business goods and services to the attention of big business.

The fourth Matchmaker exhibition will be held at Nasrec from April 26 to 29. The US Embassy initially sponsored the event but it will be self-funded this year.

It has attracted 115 exhibitors, 20 of them buyers exhibiting the requirements they suggest could be contracted to black businesses.

Most of the black businesses are service-orientated, such as advertising, marketing research and personnel agencies, but they also include

## HELOISE HENNING

printing and packaging services.

Two major commercial banks will have stalls to enable them to finance any deals and offer advice.

US commercial councillor Ben Brown said yesterday the formation of the company was necessary to maintain the "matchmaking" throughout the year.

## Founders

Matchmaker Services' three founder members are: the American Chamber of Commerce (Amcham), the Get Ahead Foundation and the Witwatersrand Chamber of Commerce and Industry.

The soon-to-be-formed company was funded through debentures sold

to big businesses like Dresser Industries, JCI, Rand Mines, Anglo American, Standard Bank and First National Bank.

The US Commercial Service will provide it with office facilities and a secretariat for a year.

Brown said the success of the Matchmaker exhibitions can be seen in the effect they have had on some small black businesses which are not returning to the exhibition because they have grown sufficiently.

The concept was also adopted by the Cape Town and Western Province Chambers of Commerce which will be holding their third Matchmaker exhibition during Small Businesses Week, in October. The Natal Chamber of Industries and the Natal Witness will be holding a similar exhibition in October.

### The brakes stay on

Sales of new vehicles continue to run behind last year's levels. March figures, released this week, show car sales down 8,9% on the corresponding month in 1988, and total vehicle sales down by 4,6%.

Manufacturers, however, remain adamant the figures aren't a true reflection of demand. March sales were disrupted by the spate of holidays accompanying an early Easter.

And companies still haven't caught up with the backlog of sales from last year. Industry officials say the figures indicate what's available for sale, rather than what the market wants.

Even so, the industry still expects a further downswing during the second half of 1989.

(30)

Nico Vermeulen, director of the National Association of Automobile Manufacturers, says rising interest rates and other economic pressures have merely reinforced the industry's expectations of reduced sales later in the year.

Though down on 1988, March car sales showed an improvement on February. Light commercials fared better on both counts, while heavy commercials show no sign of ending that sector's steady recovery.

Truck and car manufacturers aren't the only ones continuing to make encouraging noises. Tractor sales figures, announced this week, suggest renewed optimism in agriculture is being translated into spending.

Sales of 517 in March were 68 units — or 15% — up on the same month the previous year. Sales in the first three months of this year totalled 1 442, up from 1 341 in 1988. ■

# Score Food Holdings earnings drop

CASH-Trans  
14/4/89  
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JOHANNESBURG. — Score-Clicks Holdings has posted attributable profits of R12,094m for the year to February 28.

Earnings per share were 21c and a final dividend of 7,45c was declared, bringing to total to for the year to 9,45c a share.

The results incorporated eight months of trading from Clicks.

The group said that while Clicks reported good earnings earlier this week, Score Food Holdings, which includes the retail supermarkets and cash-and-carry interests, experienced a drop in earnings to 21c a share.

The problems stemmed from a poor performance of Grand Supermarkets and problems from Trador Cash & Carry.

The group said the losses at Grand Supermarkets have now been stemmed following a restructuring of the retail division and an aggressive marketing approach.

The Trador slowdown was mainly as a result of abnormally high levels of bad debt — ascribed poor economic conditions — and shrinkage.

The group states that the situation is now under control with new management in position and that the growth pattern is expected to resume.

Score Food Holdings attributable income was R11,843m (R14,724 in the 1988 financial year) with an final dividend of 24c (25c) being declared, bringing the total for the year to 37c (37c).

The ultimate holding company, Hi-Score Holdings recorded income attributable to shareholders of R6,596m and earnings per share of 31,89c and a final of 15,14c was declared. This brings the total dividends for the year to 31,89c.

The figures for Hi-Score and Score-Clicks do not have comparisons because of the inclusion of Clicks results for the last eight trading months of the financial year. — Sapa

# Clicks does best for Score

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8/2/14/189

Score-Clicks Holdings has posted attributable profits of R12,094 million for the year to February 28.

Earnings per share were 21 cents and a final dividend of 7,45 cents was declared, bringing the total for the year to 9,45 cents a share.

The results incorporated eight months of trading from Clicks.

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The figures for Hi-Score and Score-Clicks do not have comparisons because of the inclusion of Clicks results for the last eight trading months of the financial year — Sapa.

# April Fool bonanza puts R5m in Dion's busy tills

B1 Day 13/11/89 (30)

SYLVIA DU PLESSIS

RETAILER Dion expects a bumper month after turnover on April Fool's Day topped R5m.

E Jannie Els said yesterday that was the highest single day's taking in the group's history.

April 1 turnover, when a 10% discount was offered on all goods, was 35% higher — at about R5,2m — compared with that of February 29 last year when leap year sales — also at a 10% discount — reached R3,9m.

March sales were also buoyant with turnover up 4% over February and 18% higher than for March last year.



● ELS

The group is going all out to increase market share but Els admitted having mixed feelings on the Business Bill's proposal to extend trading hours.

"I believe it's good to cut down on red tape, but Dion will probably not open stores on Sunday unless market forces pressure us into doing so," he said.

The Bill, details of which have not yet been released, are believed to include proposals to expand trading hours.

Many regulations concerning licences are also expected to be swept away.

He added Sunday trading was not always profitable because expenses were incurred for such items as pay and electricity. Staff would also be overworked.

"It's a case of the same turnover being spread over a full week rather than six days," Els said.

It could also take time for people to adjust to shopping on a Sunday.

Els said Sunday shopping could prove a novelty that tapered off, but people might get used to it.

Dion's experience of Saturday afternoon shopping trends illustrated this. "When we first opened our doors to Saturday afternoon shoppers, we found we were doing 85% of our turnover in the morning and the remainder later in the day. However, at present we are doing 65% of our turnover in the morning and the rest in the afternoon," Els said.

# Credit curbs hamper Ellerine sales growth

B/Dag 14/4/89

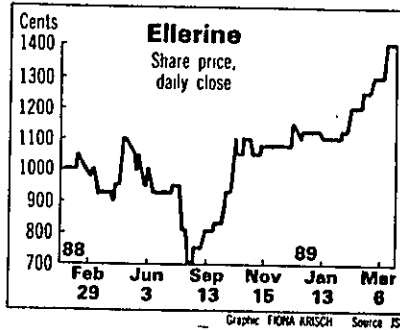
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SYLVIA DU PLESSIS

**STRINGENT** credit restrictions, imposed in August last year, have severely hampered furniture chain Ellerine's sales growth for the six months to end-February.

Consequently, earnings a share fell 14% from 203c to 174c. Dividends did not suffer and increased to 58c (50c) as dividend cover was lowered from four times to three times. Chairman and MD Eric Ellerine says in view of the group's maturity, the lower cover is equitable, as asset management has been emphasised and cash flow improved.

Sales fell 11% from R206m for the eight months to August to R183m in the six months to end-February. The figures are not strictly comparable as the group's financial year has been shortened to conform with that of holding company Malbak, which acquired a 60,2% controlling interest in the group on July 1 1987.



Ellerine attributes the fall in turnover, which includes the traditionally boom Christmas period, to declining sales of electronic goods and a definite fall-off in credit demand.

Margins narrowed from 12,6% to 11,3% as operating profit fell 21% to R20,6m. Healthy gearing resulted in financing costs falling by more than half to R560 000, but this failed to bolster the 19% slide in pre-tax profits to R20m and

taxed profit was down 14% to R12m.

Ellerine describes gearing as "exceptionally healthy". While the balance sheet does not reveal borrowings, gearing was a low 12% at the end of August. Consumer spending is expected to contract, further inhibiting sales growth in real terms. However, Ellerine says continued management action in the control of working capital will allow the company to improve earnings slightly over the next six months.

"With the change in the financial year end to August, your board expects earnings will tend to equate over the two six month periods," he says. Ellerine's confidence is evident in the group's expansion plans. Eight additional stores are due to be opened around the country in the second half of the financial year.

Shares have doubled in price from a low of 700c in August to a current peak of R14 in spite of relatively poor prospects for the industry.



# Score profits pulled down despite Clicks earnings

WHILE Clicks proved to be a brilliant acquisition for the Score group, a poor performance by Grand Score Supermarkets and problems at Trador Cash and Carry pulled down profits.

Score Food Holdings earnings dropped to 80,5c a share in the year ended February 1989 from 100c in 1987 as a result of difficulties at its 100%-owned subsidiaries, Grand Score Supermarkets and Trador Holdings.

But, with the declaration of a 24c final dividend, total distribution has been maintained at 37c. Group MD Carlos dos Santos

B/D 14/14/89

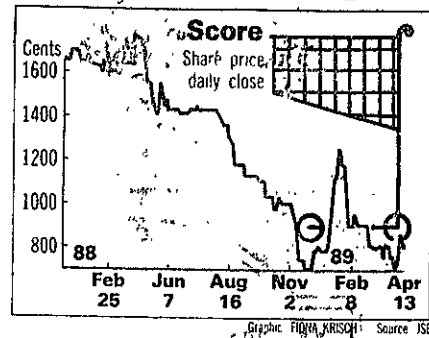
LIZ ROUSE (30)

is confident the problems are now behind the group, hence the unchanged distribution.

Score Food's turnover was up 19% to nearly R1,1bn. Dos Santos says he expects good growth from all divisions in the current year.

Top company in the group, Hi-Score Holdings, achieved an attributable profit of R6,6m, equal to 31,89c a share, which in-

© To Page 2 →



## Score's Clicks acquisition vindicated

cludes 52 weeks' trading results of Score Food Holdings and 35 weeks' trading results of Click Stores.

A 15,14c final dividend has been declared, making total payout 22,14c for the year to February.

Score-Clicks Holdings' attributable profits amounted to R12,1m — equal to 21,13c a share on a turnover of R1,346bn. A 7,45c final dividend has been declared, making a total of 9,45c.

Dos Santos says the losses at Grand Supermarkets (reported at half-year) have been stemmed.

Although the 112 stores continue to trade under the Score or Grand Supermarket banner, these interests have been consolidated under a single management struc-

B/D 14/14/89

← © From Page 1 (30)

ture. The Trador Cash and Carry slowdown was mainly the result of abnormally high levels of bad debt — ascribed to economic conditions — and shrinkage.

With the new management team settled in the growth momentum will be restored, says Dos Santos. There are 23 stores with another five to come on stream this year.

All divisions are committed to expansion programmes this year. The group has acquired the Jack Yudelman group to give it a wholesale base in Natal for the first time.

Results vindicated the decision to acquire control of Clicks.

# Rising <sup>Stev</sup> interest <sup>15/4/89</sup> rates (30) make the going tough for small businesses

THE INCREASE in interest rates over the past several months has had a marked effect on small businesses, says the Information Trust Corporation.

"Adding further pressure is the fact that large companies are not always prompt in paying for goods and services, it said in a statement.

"The end result could be higher bankruptcies, reduced profitability and slower growth".

The organisation said a survey had shown 80 percent had either a medium or high exposure of credit sales to large companies.

## LATE PAYERS

Of these, 42 percent indicated they had problems in getting paid on time by large companies and of these, 58 percent claimed their cash flows had been affected significantly or very significantly.

ITC also said: "When asked what the attitude of large companies was when contacted regarding an outstanding account, 25 percent indicated that the large companies were disinterested and unsympathetic, while 11 percent claimed the companies deliberately avoided paying on time.

## THREATENED

Of most concern was the fact that 66 percent of respondents indicated the future of their businesses could be threatened by slow payment by large companies".

Paul Edwards, chairman and managing director of ITC stated: "In many ways it reflects a declining corporate morality whereby it becomes smart to dishonour trade contracts and benefit at the expense of the other party". — Sapa.

# 'Govt curbs to blame for wine prices'

SAW  
17/4/57  
30  
By Helen Grange

The massive surplus in the Western Cape's distilling wine pool is largely a result of unrealistic prices set by monopolistic wholesalers as well as Government restrictions on marketing.

This is the view of Mr Brian Sacks, Checkers grocery merchandise director, who pointed out that in terms of Government restrictions, only 36 of Checker's 170 stores countrywide were permitted liquor licences.

"We believe that if food giants were allowed to sell wine in more of their outlets they could greatly assist in selling off KWV's wine excesses," he said.

However, this view has been disputed by the executive director of the Federated Hotel, Liquor and Catering Association of SA (Fedhasa), Mr Fred Thermann, who says that issuing more liquor licences to grocers would merely shift established trade from liquor stores to food outlets. "It would not increase consumption," he said.

Mr Sacks replies that selling wine in food outlets would attract a different market to that of liquor stores.

"Selling liquor in supermarkets would expose wine to consumers who, under normal circumstances, would not be exposed to wine. The average housewife for instance does not usually go to a liquor store.

Mr Sacks added that the monopolistic situation which existed in the wine wholesale industry was "not conducive to competitive pricing".

Mr Trevor Pearman, managing director of Rebel Liquor Stores, says that high wholesale prices on wine had the effect of outpricing itself against cheaper liquors.

"The biggest problem lies with low quality wine which is affected by increasing beer consumption. High quality wine appeals to the white high income group, but there is not enough emphasis placed on marketing low quality wine," he said.

KWV's distilling wine pool is well over 42 percent in excess of demand after the wine industry experienced its third largest crop in its history last year.

## Traders seek court ruling

PRETORIA — Three businessmen have started legal moves to reverse the resurgence of petty apartheid.

Carletonville traders Sorrel Waks and Abdul Raman Bhamjee, and John Billy Motsau of nearby Khutsong township, want the Supreme Court to quash reintroduction of discrimination by the CP-controlled town council.

Waks said on Friday the council did not have the authority to designate separate amenities and had not given those affected an opportunity to make representations.

The trio wants the council decision to reimpose petty apartheid declared *ultra vires* and set aside.

Waks said copies of documents handed

to the court were also served on Mayor Gert Petrus Jacobs and the council.

Waks said the council had taken *male fide* decisions, not in the western Transvaal mining town's interests, but only for advancement of CP interests.

He added the decisions had an unreasonable, unfair and discriminatory effect and the council had not been authorised to take such decisions.

Motsau said the council's decisions had virtually compelled the black community to boycott the business district.

Copies of surveys lodged in court showed Carletonville businesses had suffered a 20%-100% reduction in turnover since the CP gained control. — Sapa.

# Call to dissolve CP town council

18/4/84 By Kaizer Nyatumba

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Carletonville businessmen have lodged documents in the Pretoria Supreme Court asking for the dissolution of the Conservative Party-controlled Town Council, whose reintroduction of petty apartheid almost two months ago led to a consumer boycott.

The president of the Carletonville Chamber of Commerce, Mrs Annetjie Claasen, yesterday said copies of the documents, filed in court on Friday, were served on the Carletonville Town Council and mayor Mr Gert Jacobs.

She said another survey would be conducted in the town today to find out how the boycott was affecting businesses. Ratepayers would get a chance to express their feelings at a meeting on April 26.

day April 18 1989

Former Angolans to live in SA

# Elite battalion to be moved from Namibia

By Craig Kotze

One of the South African Defence Force's elite units, 32 Battalion, is leaving its base in Namibia's Okavango region and is moving to the northern Cape, where it will perform counter-insurgency and border protection functions.

The new home of the famed battalion will be Pomfret, a disused mining village about 200 km north of Vryburg.

Members will start moving this month and the move is expected to take about three months, said a state-

ment issued by Army headquarters in Pretoria.

The families of the battalion members, who are mainly Portuguese-speaking, will accompany them.

The battalion was originally formed in the aftermath of the 1976 Angolan war from leaderless members of the old FNLA movement.

Placed under South African officers, it was officially designated a unit of the South African Army and adopted its present name in October 1976.

It soon became one of the army's best fighting units and took part in almost all the major incursions into Angola, including Operations Protea, Askari and the more recent operations Modular and Hooper last year.

During operations, it inflicted thousands of casualties on Swapo and MPLA forces.

Its motto is "Forged in Battle".

Five members of the battalion have been awarded the Honoris Crux, South Africa's equivalent of the Victoria Cross. Another five members have received the Chief of the Defence Force Commendation, while 329 have received the Bronze Medal for outstanding services.

## 24-hour day for all but two industries

By Kaizer Nyatumba

Once the Business Bill becomes law all but two industries can operate on a 24-hour a day basis, a spokesman for the Office for Privatisation and De-regulation, Mr Frikkie Odendaal, said yesterday.

Mr Odendaal said in an interview that the Business Bill, which proposes to abolish all restrictions on trading hours except on Sundays and the four religious holidays, will enable businesses, including the motor car industry, to open and close whenever they please without restriction. The Bill does not apply to the liquor industry, however.

The Bill will effectively abolish business licensing, he said. The only categories of industries which will still need licences will be catering involving cooked food, and entertainment.

Mr. Odendaal said garages would be able to open

# Forge links call

*Sowetan 12/6/81* 30 ~~30~~

BLACK businessmen must forge links with their counterparts in African states, the president of the National African Federated Chambers of Commerce, Mr Sam Motsuenyane, said in Blantyre, Malawi, yesterday.

Addressing a business conference during his visit in that country, Motsuenyane emphasised the need for co-operation among blacks in sub-Saharan Africa.

Motsuenyane, who is leading a delegation of South African businessmen, said: "This need must be seen against the long-term vision and dream which Nafcoc and other sister organisations have cherished."

He said Nafcoc has established close ties with chambers of commerce and industries in Lesotho, Zambia, Zimbabwe, Kenya, Tanzania, Botswana, Swaziland and Namibia.

The important factors which called for co-operation among blacks in the region could be summed as follows:

- Black businessmen in the region have a

## SOWETAN Correspondents

shortage of skilled manpower in technical and managerial areas and lack capital.

- Although blacks formed the dominant consumer market, they played a relatively subordinate role in meeting the needs of a

rising consumer market both in the distribution and production levels.

- The economy of the countries of sub-Saharan Africa have a certain degree of interdependence, and new linkages were being forged to ease the blow of inter-state trade and travel.

- The greatest challenge facing the African countries in the region was the promotion of trade and exports.

The delegation returns this week.



SAM MOTSUENYANE

# Math Ash negotiations unsuccessful

CHARLOTTE MATHEWS

RECENT negotiations between Mathieson and Ashley Holdings (Math Ash), Vestacor, Waltons and Walhold "did not reach a positive conclusion", Math Ash chairman Winky Ringo said yesterday.

Vestacor and Math Ash Holdings had been investigating a joint controlling company with the Walhold group.

"The deal would have made sense. There are synergies with both companies. We have a very ungeared balance sheet and Waltons has a geared balance sheet. There were management and real business synergies.

"Unfortunately there seem to be constraints which relate to shareholdings that are inhibiting negotiations."

He said Math Ash remained cash flush with R10m on short-term deposit and would continue to investigate investment opportunities.

The shares of the companies, which had been suspended since April 7, were relisted yesterday.



# Making cafes much more competitive

B/Dam 18/4/89 ~~18~~ ~~19~~ 30

AN alliance formed to make cafes more competitive by increasing their bulk buying power is getting off the ground.

The Independent Cafe Alliance (ICA) plans to start operating on a small sale — but, eventually, the aim is to have thousands of members.

The alliance was set up by the Catering, Restaurant and Tearoom Association (Catra) to negotiate better deals with manufacturers and suppliers. Catra executive director Frank Swarbreck says manufacturers, in turn, say they like the idea because it will spread their risk.

Some manufacturers, who complain they have been "squeezed" by the big supermarket chains for too long, also see the emergence of the ICA as a way of helping to loosen the chains.

Swarbreck, however, does not envisage a confrontation. "The cafe is a freedom fighter; in an open battle he'd get chewed up. But there are gaps in the market going by default."

Supermarket giants confirmed they were not concerned about the move; competition between them would ensure their prices stayed appreciably lower than cafe prices.

Swarbreck says a num-

ber of developments have spurred the formation of the ICA. One important factor has been the advent of Sunday trading by supermarkets and other rivals. Another has been the growth of the black informal sector and the increase in special deals these traders are getting on soft drinks, cigarettes and other products.

Furthermore, a plan was announced earlier this year to establish a consortium that will create a bulk-buying facility and a series of distribution centres in and around black residential areas.

The aim of the project, brainchild of chartered accountants and management consultants Coopers & Lybrand, is to give black traders and consumers a better deal by negotiating bulk discounts, cutting out middlemen, reducing transport costs and alleviating delivery problems. Skilled management teams will be on hand at the centres to give administrative guidance and to ensure effective marketing and merchandising.

A Cooper & Lybrand spokesman says non-white shoppers buy 54% of all groceries sold annually yet black retailers' share of sales is at most 5%.

Catra merchandising

committee chairman Jimmy Michaelides says the ICA initiative will be started on a limited scale for a number of reasons.

The strength of Catra, an employer organisation dating back to 1919, is largely in the PWV area. Some 93% of its 3 500 members — about 1 900 of them cafe proprietors — are in this region. "If they all wanted to join and buy through the ICA, there is no way at this stage that we could supply."

So the ICA will be launched in smaller areas where cafe ownership is more stable and communication and collaboration are likely to be easier. At the outset, some 600 cafes and shops will come under the ICA "convenience store" banner.

ICA members will benefit from the organisation's buying muscle and its marketing and merchandising experience. In some instances, the ICA will buy in bulk and warehouse the goods for distribution as needed. In others, it will merely act as broker.

Swarbreck says: "For a long time we have had to subsidise the supermarket chains' discounts. They get other advantages, too."

The ICA also plans to negotiate deals which will allow members to offer at least 15 lines at highly competitive prices — and give them the flexibility to run "specials".

In order to improve members' image, a code of conduct will apply to appearance, display, pricing and other matters.

## Hostex proves popular

B/Dam 18/4/89  
HOSTEX '89, the four-day hospitality industry show held at the National Exhibition Centre recently, was attended by 6 000 members of the trade.

The show, presented by Professional Caterer and Cannon Exhibitions, drew 140 exhibitors in the fields of hospitality industry products, equipment and services. It was supported by Fedhasa, the SA Chefs Association and the Hotel and Catering Training Council.

Exhibition organiser Gerald Dreyer said feedback had been overwhelmingly positive. One furniture manufacturer reported writing R100 000 worth of business at the show.

He said all but one respondent to a questionnaire that drew an 80% response indicated they would like to take part in the next show, Hostex '91.

More Carletonville  
workers lose jobs

Another 127 workers have been laid off in Carletonville as a result of the intensive consumer action triggered by the Conservative Party town council's reimposition of petty apartheid. This brings to 379 the number of people who have lost their jobs over nine weeks. *SW 19/4/89*

A Chamber of Commerce survey showed four out of every 10 businessmen were experiencing turnover losses ranging from 70 to 100 percent.

— Staff Reporter.

52  
73

# Sterile office parks come to CBD

30

19/4/89

South Africa's property developers have found the formula for jacking up values and extracting maximum returns. Its essential ingredient is getting rid of normal street life which means, in the main, discouraging black pedestrians.

Sandton's CBD is an eloquent demonstration. The planning professions have helped create an environment totally hostile to pedestrian street users.

Town planners have secured office-only zoning for their clients' sites and a CBD stripped to only one (car-oriented) function.

The office blocks are handily

The small trader, so essential to vibrant city life, is being designed out, says **CONRAD BERGE** of the Jomag.

moated by parking lots or perched atop a parking level, or both.

Landscapers have made sure that impenetrable planting keeps the public far away.

Engineers have pressed lustily for a grid of wide roads surrounding the complex with minimum pavements.

Architects have made buildings that are as inviting and have the character of locked refrigerators.

Midrand is as subtle.

Under the appealing banner of "office parks", developers are cur-

rently isolating large sections of the town behind high fences.

The concern of whites for security is being ruthlessly exploited to limit access and thereby to achieve the profit-making ideal of an unpeopled urban environment.

This sterile formula has finally reached the heart of Johannesburg, always a vibrant crossroads of cultures and lifestyles.

Property giants have drawn a line around the whole western part of the CBD and labelled it the "Ex-

change District".

Under the cover of "revitalising the CBD" the extraction of value through sterilisation is under way.

Most new buildings are monoliths surrounded by hostile landscaping. Extra floor area has been claimed by developers in exchange for this useless open space "given to the city".

Shops are rare and strictly "upmarket".

Whole streets are to be leased to developers and managed by their security staffs. Small businesses, traditional in the western CBD, must go elsewhere.

# Score still needs to prove itself

Stw/19/4/89

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A little over a year ago when the deal between Clicks and Score was first announced some analysts felt Clicks might benefit from the dynamic management that had pushed Score's earnings per share from 21,9c in 1984 to 100c in 1988.

Diagonal Street

ANN CROTTY



But after the release of disappointing Score results for financial 1989 the market will want assurance that Score management will not interfere with Clicks.

help quieten concerns about the impact of Clicks founder, Jack Goldin pulling out after the deal with Score.

Clicks' performance over the years has not been as spectacular as Score's.

Mr Honeysett says Clicks will continue to operate completely independently of Score and that management at Score-Clicks has identified the need to ensure that the two remain separate.

However, to say Clicks has been a steady performer would greatly understate its capacity to pull out strong turnover and earnings figures almost regardless of the economic climate.

Expansion plans for the current financial year include 14 Clicks stores and 16 Diskom stores.

In sharp contrast to the performance from Score, Clicks' earnings increase from 27,8c a share in 1984 to 55,98c in 1988 looks quite pedestrian. But the comparative performances in the most recent reporting periods reflect the dangers of high-flyers and the attraction of steady players.

Over at Score the picture is not so bright. Although turnover was up 19 percent to just over R1 billion, earnings per share dropped 19,5 percent from 100c to 80,5c.

When the deal was struck in March 1988, Clickdin was valued at 475c a share and Hi-Score at 840c.

After the release of interim figures last October, Score MD Carlos dos Santos said he was hoping to maintain earnings at 100c for the year.

Yesterday Clickdin (which has now changed to Score-Clicks) was trading at 210c and Hi-Score was at 350c.

That he was unable to do this shows that the problems at Trador and Grand Bazaars are taking longer than expected to resolve.

The movement in the Score and Clicks' share prices better reflects the contrast in recent operating performances by the two groups. Score is currently trading at 750c, compared with a 12-month high of R17; Clicks is trading at 775c, which is its 12-month high.

Mr Dos Santos says the problems have now been resolved. Grand Bazaars turned in a profit for the last quarter of financial 1989 and through aggressive strategies (based on price and strategies) has now got back its market share.

For the eight months to end-February, Clicks earned 49,08c, equivalent to an annualised 75c. Operating margins rose to 7,9 percent, having dropped from 8,4 percent in 1984 to a low of 7,5 percent in 1986.

He denies that Trador lost any market share and says that under the new management the company is performing reasonably well.

The performance, which MD Trevor Honeysett attributes to aggressive marketing, should

He expects Score's earnings growth for the year to be ahead of inflation.

The market will want to see concrete evidence of an improvement before it re-rates Score.

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By JOSHUA  
RABOROKO

## Court action over ban

THE CP-controlled Carletonville Town Council and its mayor, Mr Gert Jacobs, have been challenged in the Pretoria Supreme Court to scrap petty apartheid which has resulted in the black consumer boycott of the town.

In papers before the court Carletonville businessmen are seeking an order to nullify or set aside the council's decision to reintroduce petty apartheid in terms of the Separate Amenities Act of 1953.

In the application — a test case which might set a precedent — the business people contend that the decision was taken without their consent or consultation.

In another development the national director of Lawyers for Human Rights, Mr Brian Currin, yesterday laid charges of subversion in terms of the Internal Security Act against Boksburg's CP city councillors who voted in favour of closing

facilities to blacks, coloureds and Indians.

The charge was laid at the Commissioner Street police station.

The Internal Security Act states that any person, who intended to promote political, social

and economic change in South Africa which encourages feelings of hostility between different population groups will be guilty of the offence of subversion.

# Ngwenya 'broke restrictions'

Soweto 19/7/89

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FORMER chairman of the Consumer Boycott Committee, Mr Jabu Ngwenya, yesterday appeared briefly before a Johannesburg magistrate on charges of contravening his restriction orders.

His case was postponed to May 22 for trial, his lawyer Mr Jerome Mthembu, said yesterday.

Mr Ngwenya is alleged to have contravened his restriction orders by being absent from his home on December 20, 24, 25, 26 and on January 4.

## Strikers gassed

SEOUL (South Korea) — Korean riot police firing tear gas stormed four factories held by strikers yesterday and arrested 175 workers as the government warned it would use troops to keep vital industries running if labour unrest spreads.

In terms of his restrictions, Mr Ngwenya has not been allowed to leave his Senaoane, Soweto, home between 6pm and 5am daily since September 21 last year, or leave Johannesburg.

Mr Ngwenya was not asked to plead.

# Storeco's earnings jump 40% on 37% increase in turnover

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8/Dec 19/4/89

SYLVIA DU PLESSIS

THE Specialty Store Company (Storeco) has maintained its fast pace, notching up a 40% increase in earnings for the year to February.

The group operates the Milady's and Hub chains and the Mr Price and Foot-gear cash off-price stores.

Turnover climbed 37% from R100,3m to R136,9m on a directly comparable basis, while operating income jumped 48% to R16m, reflecting a widening of operating margins from 10,9% to 11,8%.

Interest paid rose marginally from R2,1m to R2,4m on borrowings reduced by the group's programme of property sales and its recent disposal of the investment in department stores.

Under new management, Storeco's gearing has plummeted from 83% two years ago to 49% now.

Pre-tax income of R13,7m (R9,3m) reduced to R6,6m after a R7m tax and associated charges provision.

At the attributable level, income translated into earnings a share of 126,1c, comparing favourably with the 90,2c a share achieved on Storeco's total operations last year and the 82,8c achieved on continuing operations.

The final dividend, covered a comfortable 2,6 times, increased 37% to 48c.

Commenting on the results, joint MD Laurie Chiappini said both Milady's and Hub recorded significant increases in income, while the cash concepts made good progress.

Joint MD Stewart Cohen said the

group was well-positioned for future growth, with a significant improvement in income expected this year.

He said the trading operations of the group would be consolidated in subsidiary Orrco Retail, which would be re-named Specialty Stores.

Storeco would become the listed pyramid of the group and would change its name to Storeco Ltd.

In addition, the group was undertaking a R15m rights offer in Specialty Stores, which would house the group's trading operations, he said.

"The finance raised will fund the planned rapid expansion of the group and will help us take the group into its next development phase.

"We see very exciting potential for the group in our area of specialty retailing," Cohen said.

# Consumers start to curb their spending

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~~30~~

BIDM 19/4/89

SYLVIA DU PLESSIS

GROWTH in real retail sales is tapering off from last year's peak as consumers begin to tighten their belts.

The Central Statistical Service (CSS) said yesterday real retail sales were expected to decrease by 0,1% in April from March (seasonally adjusted).

Real retail sales in the three months to April were 3,6% down on the previous three months, seasonally adjusted.

Rand Merchant Bank economist Rudolf Gouws said signs on the economy had been mixed, but more indications were emerging that consumer spending was starting to ease.

Figures for the demand for credit would confirm this trend, he said.

Real sales increased by 1,4% from April last year, a significantly slower rate of increase than the 4% recorded in January.

Nedbank's Edward Osborn said this was evidence of a tapering off in the rate of growth of private consumption spending.

This rate of increase had been as high as 4,8% last year, but would probably drop to 1,8% this year.

Monthly GST revenue figures illus-

trated this, with the number of receipts peaking in January this year.

Trust Bank economist Nick Barnhardt said higher interest rates, increased petrol prices, the tax burden on individuals and tightened HP terms were among many factors that would see consumer spending taper off this year.

"However, one should bear in mind that in the last few months retailers' expectations regarding prospects of short-term sales have consistently been exceeded," Barnhardt said.



● GOUWS

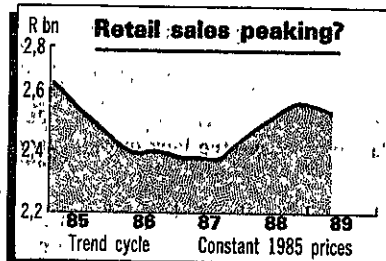
"In other words, the fact that they've been expecting a decline does not necessarily mean there will be one."

While the growth rate of sales was slowing down dramatically, this did not mean that the level of sales would move down sharply over the next few months.

There would be no "drastic recession" in retail sales, as in the 1985-86 downturn.

"The moderate cooling-off phase could only mean a sharp levelling-off in the growth of sales," he said.

The booming informal sector, and continued high wage increases in most sectors of the economy, could prove to be supportive factors to both retail and wholesale sales, he said.



Graphic: FIONA KRISCH Source: CSS



## Jazz MD Sacher resigns

By Ann Crotty

Following last week's announcement about a deal involving Jazz Stores and controlling shareholder, Metro, Jazz managing director Clive Sacher yesterday resigned from the group.

In a tersely worded statement, the board of Jazz said that Mr Sacher, the founder of the group, had resigned with immediate effect to pursue his own interests.

The Jazz group will be managed by its team of executives under the direction of Bob Williams, Metro subsidiary Frasers Mine Store's divisional general manager," the statement said.

Metro MD Clive Smith reportedly confirmed that Mr Sacher had resigned from the board because of the disagreement on fu-

ture relations between Jazz and Metro. *Star 20/11/87*

Last week's announcement, advising shareholders to exercise caution in dealing in the shares of the two groups, led to a rise in the Jazz share price as investors speculated that Metro was planning to buy out the minority shareholders and de-list Jazz so that it would have a freer rein.

This, it was felt, would allow Metro to take the necessary measures to turn around Jazz.

In recent years, poor performance at Jazz has reflected the ad hoc way in which numerous acquisitions were taken on board.

Tradegro, the ultimate holding group of both Metro and Jazz, is due to meet to discuss the Metro/Jazz issue this week.

The Triple Trust Organisation has started a project which helps people become self-employed in the informal business sector.

UNEMPLOYMENT has been a serious problem in the Peninsula for many years. Many black township residents are fresh from Transkei. There are about four million unemployed blacks in South Africa.

The problem is compounded by an estimated monthly flow of 100 000 people to the cities. Having left a predominantly rural environment, many have no formal skills at all and have difficulty in speaking English, let alone making a living for themselves.

The job market defines many of these people as "unemployable" as a result of their lack of skills and communicating power.

A sage once said: "If you give a man a fish, you feed him for a day,

but if you teach a man to fish, you feed him for the rest of his life".

With a similar philosophy, the Triple Trust Organisation has started a project to help these people become self-employed in the informal sector. The trust wants to establish 2 000 people a year in self-employment.

The Triple Trust Organisation consists of three trusts. □ The Neighbourhood Training Trust trains people in basic skills. Trainees learn how to make sheepskin slippers, track suits and other products.

They are then shown how to make a profit from their skill. □ The Self-Help Financing Trust provides the trainees with a mini-loan in the form of

equipment and materials to operate a small business from home.

□ To help the new entrepreneurs, bulk buying and marketing is undertaken on their behalf by the Africa Trading Co-Operative Trust.

The trusts work by appointment, in conjunction with various community organisations, and all tuition is given in the trainees' mother tongue. The courses are very popular and there was a waiting list of 99 for 10 places on a recent course.

For a trainee to be made self-sufficient, he will be given an initial amount of material. In the first four weeks he or she will be taught how to make the product. The next four weeks are spent learning to make a profit. The trust calls it the "township MBA".

Thereafter, a maximum of R500 is available as a mini-loan. Sheepskin slipper makers use this to get patterns and materials, while the tracksuit makers get a sewing machine and pre-cut garments.

To give trainees an understanding of economics, a nominal interest rate is charged as an incentive to repay the loan as soon as possible.

If the materials for one pair of shoes cost the trainee R20, the trust will buy the finished product for R25. The products are then sold by the trust. At present, the products are sold by chain stores and other dealers.

□ For further information, contact the Triple Trust Organisation on (021) 685-5042.

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35 JAN 20

# JOBS ARE HIT

ABOUT 379 people have lost their jobs in the CP-controlled Carletonville as the pressure of the black consumer boycott.

By JOSHUA RABOROKO

A survey conducted among 147 enterprises yesterday showed that local business was "bleeding heavily financially" because of the boycott by blacks in protest against petty apartheid.

## Protest

It has been estimated that business has lost more than R4 million since the protest action by blacks started in February this year, according to the president of the Carletonville Chamber of Commerce, Mrs Annetjie Claasen.

Mrs Claasen said the survey found that 61 percent of the town's

## Black boycott causes hardship

businesses were going to close by the end of the month, while at least another 23 percent would close if the boycott continued for another three to four months.

"Virtually every business in Carletonville will be closed in six months if the boycott is not brought to an end or slackened," Mrs Claasen said.

# Traders urged to pool money

THE deputy president of Nafcoc, Mr Mossi Nxumalo, yesterday called on black business people to get involved in a national struggle for inclusion in the economy of South Africa.

Addressing the 19th annual general meeting of Soutacoc in Sandton, Mr Nxumalo said even though there might be casualties in the struggle blacks must formulate a programme of action to move into business ventures.

Mr Nxumalo called on blacks to pool their resources, mobilise the black rand to fight the poverty that has plagued them and to help struggling businesses.

"The time has come for us to call on those who believe that there will be no genuine peace in this country until there is complete economic freedom to join us on the new road that leads to full participation in the economy," he said.

## Reform

The conference, whose theme is "Black Economic Empowerment — Initiative or Philanthropy", was also addressed by director of the Part Time University Student Association, Mr Vusi Nkumane, business consultant, Mr Matodzi



SOME of the delegates at the 19th annual congress of SOUTACOC at Sandton Holiday Inn yesterday.

Liphosa and director of Trador Cash and Carry, Mr Albert Koopman.

Mr Nxumalo said without participation of blacks in the government's reform process in this country there would never be stability.

He said in spite of apparent confusion, fear and intransigence on the part of whites to find each other, blacks must find ways to steer the country from a disastrous course.

Business should work together with trade unions, community-based organisations and political groups.

# Jazz founder resigns as MD 30

By Kay 20 4/89

SYLVIA DU PLESSIS

JAZZ Supermarkets founder Clive Sacher yesterday resigned as Jazz Stores MD with immediate effect because of disagreement on future relations between Jazz and Metro. Metro MD Cecil Smith confirmed yesterday.

Tradegro subsidiary Metro has a 62.3% holding in the Jazz retail group, but the two groups issued an announcement last week advising shareholders to exercise caution in dealing in their shares.

This led to speculation that Metro was set to increase its Jazz holding to 100%, allowing it more leeway to sort out Jazz's problems.

Sacher — who could not be reached for comment last night — will be replaced by Frasers Mine Store divisional GM Bob Williams, Smith said.

While Sacher's resignation would initially have a detrimental effect on Jazz's performance, this would not be the case in the

long-term.

"Clive's resignation will prove a good move for both himself and us", Smith said.

Metro and Jazz were still in the process of discussing the mechanism of the probable holding increase yesterday and will make an announcement this week.

One analyst said Sacher had done a good job in building up Jazz, but had failed to prove himself after the group's Fairways/Frasers acquisition in 1987 and would not be a "huge loss".

Jazz's results since the acquisition had not been as spectacular as hoped, she said.

Smith said Williams had spent 40 years with Frasers and was familiar with both retail and the Fairways/Frasers acquisition.

Williams was also unavailable for comment last night.

# The way of the world

■ A new, competitive framework for business is being created by Pretoria

Forget about winds of change. These days, SA businessmen are facing a gale — and some may be blown off their feet.

The welter of legislation currently passing through parliament is indicative of the enormous changes to which business is being subjected. The list is lengthening — so far we have had the Protection of Business Amendment Bill, the Copyright Amendment Bill and the Mineral Technology Bill; and newly published draft legislation includes the Business Bill and Minerals Bill.

Add to these the intended privatisation of State-owned corporations (though some still doubt government's wholehearted commitment), new export incentives, import replacement strategies and other attempts to improve SA's business viability — and you have an environment changing more rapidly than ever before.

Both in developing and deregulating local markets, and in creating foreign ones, this change is gaining pace. It is a new climate in which local business will have to learn to operate and survive. Not all will cope: while many have gone out to fight for export markets and improve domestic efficiency, others have been living in a world of their own for years. Cocooned behind tariff protection and other measures that encourage uncompetitiveness, they have lost touch with the real world beyond our shores.

Much of the problem, of course, lies with government policies which allowed companies to operate in this way. Now it is government that is saying those days are coming to an end. Deputy Economic Affairs & Technology Minister Theo Alant — credited with much of the motivation behind the new thinking — is emphatic that attitudes must change.

Not just export markets have suffered in the past, but domestic consumers. Inefficient local industries — and Alant stresses there are also many efficient ones — have no motivation to improve costs. As a result, prices of local goods and services are often much more than overseas equivalents. And you can't always blame foreign volumes that offer unit-cost advantages.

Alant goes further: "We can no longer build high tariff walls and let people get out of step with international markets. We must be competitive and the way to do that is to be in contact with international markets and to produce at world-related prices. Then you can supply your own market at those prices."

Failure to recognise this in the past has

been one of the reasons for SA often being treated as a "colony" by foreign industries. We have often been seen as little more than a supplier of the raw materials that keep them in business — and a compliant customer for their finished goods.

Similarly, many foreign firms licensing their technology or know-how for domestic use have done so on the understanding that products resulting from this may not be exported.

Alant says he was appalled by this "colonial" attitude when he began studying the state of industry, and determined to change it. He believes: "We have been seen as inward-looking and hiding behind barriers. That encourages the colonial attitude. Exports are a way of overcoming it."

The first steps have already been taken. Newly tabled legislation allows government to overrule licensing agreements forbidding

overridden. The Copyright Amendment Bill, reducing copyright owners' stranglehold on film or sound recordings, has just this anti-sanctions ring to it.

Though, on the face of it, necessary for our technological survival, such legislation carries considerable dangers. Executives of two German corporations which license technology to SA firms say they will reconsider future contracts in view of the new law. Though they insist there is no danger of political circumstances forcing them to abruptly withdraw, they resent the idea of government laying down the terms of what should strictly be a business deal. They say future decisions will be guided by how Pretoria handles the new situation.

Businessmen say the law is regrettable but understandable and will be used only in an emergency. Assocom and the Federated Chamber of Industries (FCI) both say too

much power is vested in the minister and there is need for private-sector consultation, both before and after the Bill becomes law.

FCI executive director Ron Haywood comments: "I think SA businessmen are a moral bunch and would only do this with their backs to the wall. They would have to be in desperate straits."

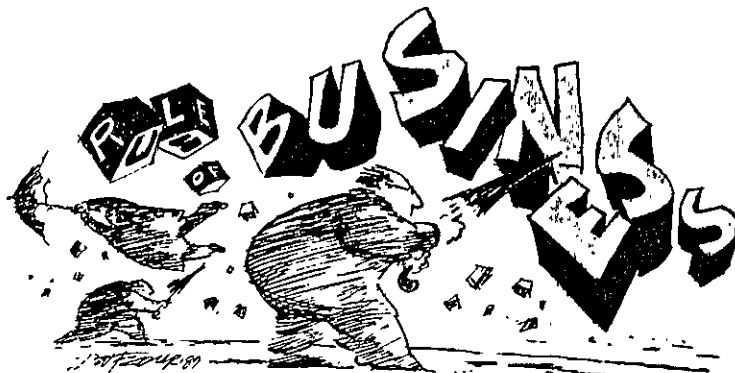
The same reluctance may not apply to exporting goods made with foreign technology.

At a time when SA is desperate to improve its export performance, it was only a matter of time before it acted to remove such an obvious obstacle. "It's all right for us to play with their technology in private but we mustn't take it out of the house," says a government official scathingly. "Our export effort can no longer permit us to accept such limitations."

There's no such dilemma with other legislation. The draft Business Bill has been hailed as an important step in freeing the over-regulated business sector.

The Bill will ease the way for business entry. Instead of the current plethora of nit-picking requirements, businessmen will have to satisfy only safety and public health needs. Shop-hour restrictions may also be dropped, though provincial administrators will retain the right to limit Sunday trading. They will also control regulations concerning street vendors, hawkers and pedlars.

Professor Louise Tager, executive officer of the Law Review Project and chairman of the Harmful Business Practices Committee, describes the draft Bill as "the most important thing that's come through the deregula-



export of goods made with imported expertise. Local beneficiation of this country's ample natural resources is also being encouraged. Nor do government officials rule out the possibility of future legislation "encouraging" foreign users of SA raw materials to set up local beneficiation operations.

There's no single trend to all the changes being instituted by government. But without a doubt much of it is long overdue in bringing us in line with practices overseas.

Some legislation, though, had been shaped to fit SA's particular circumstances. The Protection of Business Amendment Bill, for instance, is aimed at cushioning SA business from the effects of sanctions and disinvestment. It will permit the Minister of Economic Affairs & Technology to rewrite — or cancel — licence agreements between foreign firms and SA clients. The intention is to stop foreign companies suddenly withdrawing technology and know-how from SA under sanctions pressure from their own governments.

Likewise, licence agreements which prohibit SA companies from exporting goods made with this imported technology may be

tion pipeline so far."

Other issues still needing attention include land use and food-handling restrictions. She expects the draft Bill to start a flow of such deregulatory measures — a flow, but not a flood. "It takes time. People expect it all to take place immediately. But before these things can happen, there must be consultation. It can't be done high-handedly."

Similarly, the Mineral Technology Bill, which frees the Council for Mineral Technology (Mintek) to become market-orientated, and co-operate more easily with the private sector, has been widely welcomed. It will place Mintek on much the same footing as the CSIR, making it accessible to industry either for joint ventures or licensing agreements. The Bill will foster establishment and expansion of industries in minerals and mineral products.

Not everyone likes all these changes. Businessmen are traditionally a conservative



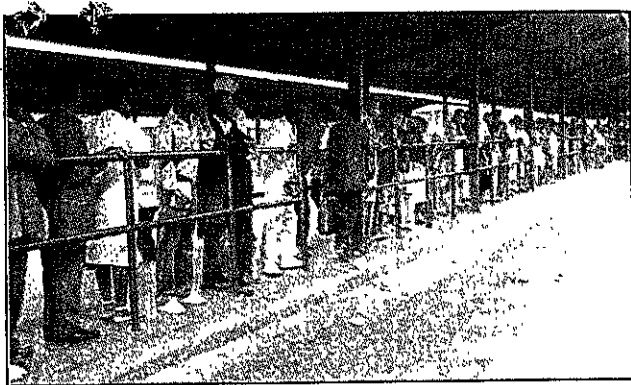
**Prof Tager ... the doors are all opening**

bunch and see no point in tampering with a system that has earned them rich profits in the past. As government likes to point out, a little disingenuously, private-sector support for deregulation and progress is often no more than lip-service.

While it can be argued that many of the changes taking place in the business environment are long overdue, the fact that government is initiating them at all is to be welcomed. Chris Newton, head of the FCI's parliamentary office, says organised business has argued long and hard for many of the current changes: "There's been a lot of strategic government thinking about the business environment. Now there is a momentum."

But can business cope with the pace of change, after so many years of safe activity? It has no choice, says Haywood. He warns that businessmen who don't change with the times are doomed. "The world out there is speeding up. If you want to be a global player, you must go and take on the others. You have to be able to manage change."

Tough reasoning — but essential if we are, literally, to continue doing profitable business with the world. ■



Queuing for the bus

He is not alone in his views. Ampros' Grahame Lindop points to Atlanta in the US, which he says is the perfect example of how re-populating a city centre can breathe new life and prosperity into it. He says that in Atlanta accommodation which was becoming derelict was revived by yuppies and wrinklies (whose children had left home); they moved back into town. The thrust was on providing middle- and upper-income housing since lower-income development tends to lead to decay.

"Middle- and upper-income people with more disposable wealth will keep the town alive through their night-time patronage of restaurants, bars, cinemas, theatres, night clubs and shops," Lindop asserts. "At present half of the decay which exists in the CBD, as it does around the world, occurs because the town dies when office workers go home. Look at Hillbrow — which is alive at night because people work during the day and shop at night and eat out a great deal because they live in flats and rented accommodation."

Fuel for Lindop's argument comes from the fact that essentially none of the major centres around the world — such as Wall Street or the City of London — actually contain residential accommodation. However, some of the most exclusive accommodation is found on the periphery in Manhattan and Knightsbridge — where even so-called "broom cupboards" fetch extraordinary prices.

Certainly this could happen in Johannesburg. As greater Johannesburg grows so it will become more desirable for top executives and companies to have apartments — townhouses in the real sense — close to the city. But that still leaves the issue of the CBD as a residential area unresolved. Overcrowding and slum conditions could easily develop in rented accommodation close to the business centre.

What would be the advantages of including a residential mix in or close to the city centre? On the upside, a load off the public transport system; less parking and traffic congestion; utilisation of more property for 24 hours a day; the creation of a living city with restaurants and night life close to where people live rather than having the daily 5 pm exodus to the suburbs. It sounds nice.

But while providing much-needed accommodation in global terms — there is a chronic shortage of housing in SA — such a process would solve only part of the problem. For at the heart of Johannesburg's difficul-

ties is a historical combination of political and planning tangles; and that is true of Cape Town and Durban as well.

The truth is that the inclusion of a residential mix in the CBD is based on the assumption that the GAA will be abolished within five years — and that many of the yuppies Magid and

others talk about will be black. Few whites will be attracted back. Up-market townhouses for rich whites — with, say, country seats on the Vaal or in the lush veld — will be vacant most of the time. In that sense they would be a socio-economic luxury.

The problem of planning for Johannesburg — which probably did most about 10 years ago to trigger the stampede of companies to suburban offices — centred on a combination of parking shortages and poor public transport. Those who could afford it increasingly took to travelling to work by car, worsening traffic congestion and the shortage of parking at the end of the journey. The planners' strict adherence to limiting parking ratios in new buildings to between 0,7 bays/100 m<sup>2</sup> to 0,9 bays/100 m<sup>2</sup> only made matters worse.

It's not hard to see why company executives, living in the northern suburbs, were attracted to new environmentally pleasing offices, five minutes from home with plenty of parking for themselves and their employees. However, it probably did little for those who could least afford the high transport costs and had to travel the furthest to get to work in over-crowded taxis, buses and trains.

The parking problem persists today and one wonders what Johannesburg's new CBD residents will actually do — presumably plans for buildings with a residential element will allow higher parking ratios. It would be crazy to think of anything else — which is not to say it won't happen. "Planning" would then be left to the normally chaotic manner in which most people conduct their affairs.

But the choice is not simply either wealthy or poor. Chris Kroese, a partner at architectural and urban design firm Gallagher Aspoas Poplak Senior, which drew up the Newtown proposals, believes there is room for

a variety of income groups in the city.

"One aspect of the centralisation of services in a SA context," he says, "is that the people who can least afford it now have to travel the furthest to reach work from their distant demarcated residential areas. It makes total sense that they should be closer to the city.

"Johannesburg has the diversity and sufficient different addresses to cater for both the up-market three-day-a-week business apartments and the accommodation for the less well-off, just as there is a polarisation of prestige business and office space in the city and intense lower-income group activity on the fringes."

Kroese believes that by allowing natural forces to go to work a natural equilibrium will be found: "I think this planning is being

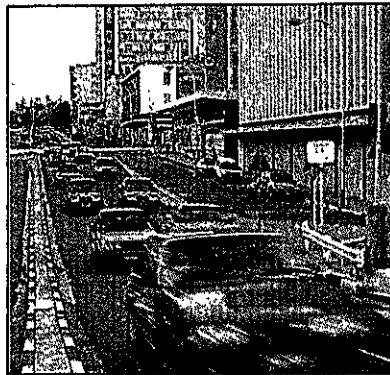
done on the assumption that the GAA will fall away. The government is accepting the feasibility and even the desirability of encouraging people to return to the city. The fact that this is acknowledged as a natural pattern rather than a problem makes the whole situation a lot healthier."

Like many others, he believes that giving freedom of choice to all over where they may live and

operate businesses is the way to go. Vacancy levels are highest in lower-grade office accommodation in the CBD — and it will be this space which is taken up by the influx of new people and new businesses. All the planners have to do is to be flexible — to provide the framework in which traffic and other structural problems can be minimised in order to create the right environment for a living city.

Flexibility is what the official creators of Johannesburg have never been particularly noted for. As the apartheid laws relax, people will seek out their own patterns of life and living. Recognising that this should be so, and that it should be encouraged, will in the end revitalise the CBD. But it will not be a tidy process — the latitude for choice often simply cuts out tidiness. This doesn't matter: getting rid of preconceptions of how Johannesburg, Cape Town or Durban should look in a few decades does.

Artificially trying to pump up the residential volume of now-derelict centres is a futile exercise. The market will rule anyway, while the bureaucrats continue to invent Utopias.



Night traffic



Life in Smal St



# Mix 'n match

30

■ Breathing new life into the CBDs means allowing greater choice of lifestyle

SA authorities get a kick out of making people live where they don't want to — just ask the hundreds of thousands who have been "resettled" in assorted geographic shumps around the land. Despite assurances, we have still not seen the end of the forced removals which have inflicted so much pain, misery and poverty on the victims of the Group Areas Act (GAA) and homelands legislation. And there remains an immense amount of control, bureaucracy and red tape which gives officialdom the tools to dictate where people may, or may not, live.

Example: the new "free settlement" legislation is a form of control which is likely to prove little more than a holding action against the inevitable. Meanwhile, the cities have inherited the problems of physical apartheid in their acutest form — Johannesburg, for example, continues to play games with peoples' lives as it grapples with the issues of city centre decay and urban renewal.

After years of trying to move blacks, coloureds and Indians as far as possible away from the centre, the city appears to have come to believe — in line with the views of many planners and developers — that the answer to the revitalisation of the CBD is to bring those people back again. This has its farcical aspects; but, implicit in such schemes, increasingly being aired, is the belief that the GAA and all the other legislation which prevents people from freely living or starting businesses where they please, will be abolished or ameliorated.

Leaving aside the bitterness of the past — is there anything wrong with that? Yes: it is all being done in the interests of the city,

seen by its rulers, rather than those of the people. The moral answer to those who want to live closer to where they work is to allow them to live in the "white" suburbs, but the city appears to have seized upon the opening of the CBD to stack it with a residential component which will largely be black, coloured and Indian — if these groups buy the concept. But then, why should they?

The real issue is whether the CBD really needs revitalisation at all. What are the facts on the ground?

Johannesburg's core is a long way from being the retail and commercial wasteland that is sometimes implied. The city still commands the highest office rentals in the country — even with decentralisation and the movement out of town by many companies, particularly into the northern corridor of Braamfontein (though it is virtually part of the CBD these days), Parktown, Rosebank and Sandton.

Furthermore, according to Ampros, the new space being created exceeds the combined total of all the suburbs. And, while much of the space being created in places like Sandton and Rivonia is speculative, most of the CBD's new offices have been pre-let. There is a broad rates base there.

In addition some of the major institutions which a few years ago deserted the CBD are now returning.

The fact is that Johannesburg is the country's commercial and business crossroads and it is unlikely ever to have its position usurped by Sandton, Midrand or (in the long run) Soweto. But the city is changing: for a start, population ratios are in a state of flux. Once dominated by English-speakers, it now

has more people whose first language is Afrikaans and within five years it is anticipated that 65% of all the office workers in the CBD will be black. Johannesburg is having to change with the times.

Exactly what is planned for the city centre?

City council planning committee chairman Eddy Magid sees the inclusion of a residential component as an integral part of the city's structural future — which includes the creation of a pedestrian mall the length of most of the city from Eloff St to Newtown, for which major development is planned. He also envisages the creation of "green lungs" within this plan and close co-operation between the council and private sector in upgrading the civic spine — that row of municipally owned buildings from the public library in the west to the Jeppe Street Post Office in the east, including Oppenheimer Square.

Magid wants to bring young professionals back to live in town. To achieve this, he is prepared to push for incentives such as a three- to five-year municipal tax holiday for developments in certain areas of the city if they include a residential element. The area east of the Smal Street Mall would be ideal for such mixed development, he feels.

The problem is that developers can't be instructed to develop blocks of concrete into dwelling places for people — they have to be enticed to do it. "Such developments could include business and retail facilities at ground level with pavement cafés and security," Magid says. "If I can persuade developers to undertake several blocks in this way I'm sure it will snowball from there."

# Fur flies in Carletonville case

## 3 businessmen take council to task in court

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2002

Star 21/4/89

By Kaizer Nyatumba

The Conservative Party-controlled Carletonville Town Council's decision to enforce the Reservation of Separate Amenities Act was *ultra vires* and should therefore be declared null and void, three Carletonville businessmen argued in papers before the Pretoria Supreme Court.

The three businessmen, who brought the application on behalf of the Carletonville Chamber of Commerce on April 14, said the council had failed to consult the people or give them a chance to make representations.

The three businessmen are Mr Sorrel Geoffrey Waks, Mr John Billy Mòtsau and Mr Abdul Rhaman Bhamjee, and the respondents are the Carletonville Town Council and the mayor, Mr Gert Petrus Jacobs.

Mr Waks is the director of a timber and hardware company in the town, is a registered voter and ratepayer in Carletonville, and belongs to the local Chamber of Commerce.

In his sworn affidavit, Mr Waks asked the Supreme Court to declare the council's deci-

sions null and void or alternatively put them aside on the following grounds:

### Obliged

● The town council, which was legally obliged to consult the people its decision was going to affect, had not done so.

● By putting public facilities in the town aside for the sole use of whites, the council acted maliciously because the decision was not in the interest of Carletonville residents, but was meant to further the CP's political interests.

● The council's decision and its implementation were "unreasonable, unjust and discriminatory" to the people it affected.

The second applicant, Mr Mòtsau of nearby Khutsong township, said the town council's decision "upset him".

The third applicant, Mr Bhamjee, said he and his son used to play soccer in Protea Park in the town before it was reserved for whites only.

Carletonville management committee chairman Mr Koos Nel said the council had instructed its lawyers to defend its decision to reserve the use of public amenities to whites only.

With the withdrawal of South African troops and the implementation of United Nations Resolution 435 and independence in Namibia, the Northern Cape near the border could be in for a period of growth. **DEBORAH SMITH** of The Star's Pretoria Bureau reports.

The Star Friday April 21 1989

## 30 ~~18~~ ~~19~~ Cape awaits a Namibia boom

The Northern Cape — especially Springbok and Upington, — is heading for an economic boom with an injection of new capital and an influx of people because of Namibia's approaching independence, according to business leaders in the area.

Mr Keis Malan, vice-president of the Chamber of Commerce in Upington, said the town already had a housing shortage as South-Westerners bought up properties in the area.

Prices had increased dramatically in some instances, and there were not enough homes to meet the demand.

Mr Anton Steenkamp, of the Small Business Development Corporation in Springbok, said there had been a great deal of interest from people in Namibia who wanted to buy businesses and homes.

Mr Malan said the increased police and military presence would mean more money being spent in Upington.

Mr Steenkamp and Mr Malan agreed that retail business and services would increase, though it was difficult to make long-term predictions.

### MILITARY BASE

"The whole community is expecting something to happen," said Mr Steenkamp.

Mr Malan said much depended on the situation in Namibia after independence.

He also predicted possible growth in Kahatle as a result of the military base.

"The general feeling among business is that there will be an improvement in the economy," said Mr Malan.

Mr Piet Venter, head of cultural and information services in Upington, was less optimistic, saying that though there had been inquiries, he had not seen signs of change.

He did not foresee any difficulties in dealing with increased traffic in the area, though more tourists were expected on the completion of a tarred road to the Gemsbok National Park.

### LOSING ON BOOM

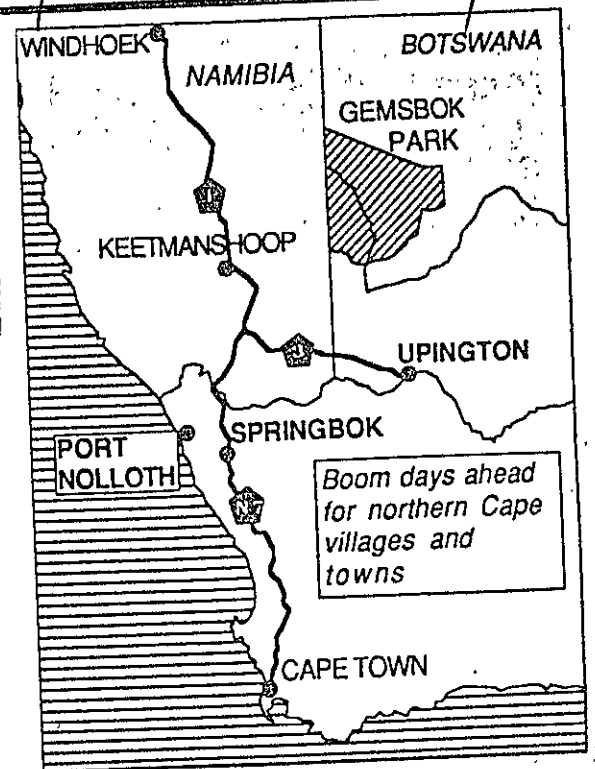
Mr Steenkamp said there were signs of a homes shortage developing in Springbok and he felt the municipality could contribute by helping development and making more land available for housing.

"If they don't act quickly we will lose out on some of the boom," he said.

A spokesman for the Springbok municipality said the town was likely to experience growth.

Another centre likely to be affected by Namibian independence is Port Nolloth, where two shops, a hotel and other businesses have already been bought by people from Namibia.

"People are still weighing their options as they wait to see what happens, though there will always be a military presence, because the border has to be protected," said Mr Steenkamp.



# The idea is to create contact

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Sowetan 2/4/87



A JUBILANT Mr Jacob Nhlapo (extreme right) left the Swop-A-Stamp ceremony R20 000 richer, with half the prize a bonus for having an account at Sales House. In the picture Mr Nhlanhlo is congratulated by a representative of the clothing shop, Mr Bill Bennett (centre), while TV personality Lunga Williams looks on.

## SOWETAN Reporter

A MATCHMAKER fair designed to assist black-owned business to establish contacts and develop increased business skills is to be held at the National Exhibition Centre, Crown Mines, from April 26-29.

Matchmaker Services has grown from the annual Matchmaker exhibition, in an attempt to bring black business goods and services to the attention of big business.

Organiser Mr Zuko Tofile said the matchmaker has attracted more than 170 exhibitors, 20 of them buyers exhibiting requirements they suggested could be contracted to black businesses.

Most of the black businesses were service-orientated, such as advertising, marketing and personnel agencies, but they also included printing and packaging services.

Two major commercial banks will have stalls to enable them to finance any deals and offer advice.

Standard Bank executive Mrs M Maepa said the matchmaker concept, which encouraged big and small business was one way of fostering economic relationships that were needed to accelerate the development of black business.

## Banks, too

# 'Report has gone missing'

Sowetan 21/4/89

By MONK NKOMO

AN official Atteridgeville City Council report rejecting an application by an Indian trader to operate a supermarket near the Saulsville hostel, has allegedly gone missing under mysterious circumstances.

Mr George Mahlaela, former secretary of the council, told an inquiry into allegations by the town clerk, Mr Solly Rammala, that he

submitted a report turning down an application by Mrs Noor Mahomed to Mr Rammala for his signature during November 1986.

Mr Mahlaela said he never saw that report again and the recommendations were never tabled before the council.

Mr Mahlaela, who resigned from the council in February this year, said he was surprised when Mr Noel Madiba, the administration clerk later handed him another report but which had recommendations contrary to those contained in the first report.

Mr Mahlaela told the inquiry that he signed and approved the recommendation in the second report.

Proceeding

### TRENDS TO BE SCRUTINISED

SYLVIA DU PLESSIS

LATEST trends in the black market will be highlighted at a one-day conference to be hosted by the Institute of Marketing Management's official journal, Marketing Mix, and the SBDC.

The conference — scheduled for June 6 at the Johannesburg Sun — is aimed at providing top management and the marketing fraternity with the latest information on trends in this market.

SBDC senior manager Johan Naude said the conference sessions would expose new marketing opportunities imperative to sound business and marketing decision-making.

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BDM 24/4/89



MR SAM Motsuenyane, president of the National African Federated Chamber of Commerce, second from left, at the main table with Mrs Ntombi Hlongwane, Mrs Jocelyn Motsuenyane and Mr Bobby Makwella at the banquet.

Sowetan 21/4/89

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Picture: LEN KHUMALO

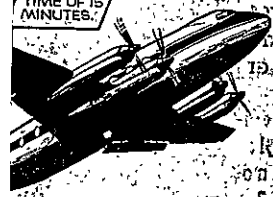
## Glowing tributes

**GLOWING tributes** were paid to the president of the National African Federated Chambers of Commerce, Mr Sam Motsuenyane, for his commitment, dedication and contribution towards the advancement of black business in South Africa.

This was at a banquet to honour his 21 years of service at Natcoc held in Sandton yesterday.

Mr Joe Hlongwane wept as he read messages from business sectors.

THE FASTEST INTER-CONTINENTAL SCHEDULED FLIGHT HAS BEEN OPERATED BY GB AIRWAYS SINCE 19311. A VICKERS VISCOUNT COVERS THE 37 MILES (60km) FROM GIBRALTER IN EUROPE TO TANGIER IN AFRICA IN AN AVERAGE TIME OF 15 MINUTES.



Drawn by DICK MILLINGTON

# COURT MOVE over Carletonville

*Sowetan 2/14/89*

*(30) (28)*

THE Conservative Party-controlled Carletonville Town Council's decision to enforce the reservation of Separate Amenities Act was ultra vires and should therefore be declared null and void, three Carletonville businessmen argued in papers before the Pretoria Supreme Court yesterday.

The three businessmen, who brought the application on behalf of the Carletonville Chamber of Commerce on April 14, said in the papers the council failed to consult with

## Council's decision offensive judge told

people whom the decision was going to affect or to give them a chance to make representations.

The three businessmen are Mr Sorrel Geoffrey Waks, Mr John Billy Motsau and Mr Abdul Rhaman Bhamjee, and the respondents are the Carletonville

Town Council and the mayor, Mr Gert Petrus Jacobs.

Mr Waks, who is the director of Blyvoor Timber and Hardware company in the town, is a registered voter and ratepayer in Carletonville, and belongs to the local Chamber of Commerce. His company, which has done business with people of all races for more than 30 years, had suffered because of the boycott. His 12 black employees were humiliated by and aggrieved because of the town council's policies, he said.

In his sworn affidavit, Mr Waks asked the Supreme Court to declare the council's decisions null

● To Page 2

### ● From page 1

and void or alternatively put them aside on the following grounds:

- The town council which was legally obliged to consult with the people its decision was going to affect or allow them to make representations, did not do so.
- By putting public facilities in the town aside for the sole use of whites the council acted maliciously because the decision was not in the interest of Carletonville residents, but instead it was meant to further the Conservative Party's political interests;

- The council's decision and its implementation were "unreasonable, unjust and discriminatory" to the people affected.

The second applicant, Mr Motsau of nearby Khutsong township, said the town council's decision "upset and disappointed me very much."

He said before the council decided to implement the separate field facilities in the town were open to all, he went on to point out the inconvenience blacks were now suffering as a result of denial of access to these facilities.

"The town council's decision is a backward and offensive step in the Government's process to improve relations between the different racial groups in the country and to do away with the so-called 'apartheid'."



30  
Strike action  
shuts four

Edworks shops

21/11/89  
SIPHO NGCOBO

FOUR Edworks Group stores were closed yesterday as a strike by workers over wages entered its fourth day, the Commercial Catering and Allied Workers' Union said.

It said about 600 strikers picketed many of the 80 Edworks stores in the Witwatersrand, the Orange Vaal and Pietersburg.

The four stores closed were Edworks and Koko in Market Street, Johannesburg, Edworks in Pietersburg and another group branch in the northern Transvaal.

Edworks Group MD Stuart Dodo confirmed the four stores had been closed as a result of the pickets. However, he was unable to say how many of his branches had been affected by the strike.

# Carletonville businesses lose R12-m in boycott

CARLETONVILLE businessmen have lost up to R12 million in turnover so far as a result of the nine-week-old boycott by black consumers, the president of the Chamber of Commerce, Mrs Annetjie Claassen, told Saturday Star this week.

"I have lived here for 15 years, but I never thought Carletonville would change so much. It breaks my heart to see what has happened to the town — it's a tragic story.

"If nothing positive happens soon, Carletonville will cease to be a viable town and will have to be taken off the map."

A survey by the chamber, taken among 147 businessmen, found that 127 people had been laid off in the town as a result of the consumer action triggered by the Conservative Party-controlled town council's re-imposition of petty apartheid.

The latest figure brings to 379 the number of people who have lost their jobs since the boycott began in mid-February.

The survey also

## KAIZER NYATSUMBA

showed that businessmen were bleeding heavily financially because of the boycott.

Mrs Claassen estimated that they had lost at least R12 million.

The survey also showed that 61 percent of the town's businesses were going to close by the end of the month, while at least 28 percent would close if the boycott dragged on for another three to four months.

If it went on for six more months, Carletonville would become a ghost town because almost every business would be closed.

"People are moving out of the town," Mrs Claassen told Saturday Star.

"Years ago it was sinkholes that drove people out of Carletonville. Now it is this man-made disaster that is driving them out."

Carletonville businessmen have lodged an application in the Pretoria

● TO PAGE 2.

# Businessmen lose R12-m in boycott

● FROM PAGE 1.

Supreme Court for the dissolution of the CP town council.

In the application, the businessmen argue that the council had failed to consult the people the decision was going to affect, or to give them a chance to make representations.

By putting public facilities aside for the sole use of whites, the council acted maliciously and not in the interests of the residents, the businessmen said.

Carletonville management committee chairman Mr Koos Nel told the Saturday Star the council was going to defend the court action. Lawyers have already been instructed to prepare a defence.

Said Mr Nel: "The businessmen are fighting the wrong people; their real enemy is Cosatu and not the town council. We never told blacks not to buy in town, but Cosatu did."

## 'Not responsible'

"I cannot say that I like what is happening to the town — it bothers me as a loyal citizen. But the town council is not responsible for it all, and we do not hold ourselves responsible for the situation in the town.

"We also know that we have broken no law. We took the decision we took because we were requested by our voters to do so."

Meanwhile, two petitions are being circulated in the town and in nearby Khutsong township and the mine protesting over the council's re-introduction of Verwoerdian-style apartheid.

"We submit that this action is a giant step backwards and cancels out positive steps towards reform and better group relations already achieved," one petition says.

# Metro takes full control of Jazz Stores

By Sven Liinsche

Metro this morning announced that it would delist Jazz Stores after buying out minority shareholders in a cash/share swop offer which will give it 100 per cent control of the black market orientated retail group.

Metro currently owns 62,3 percent of Jazz.

In a further development, Metro announced that managing director Cecil Smith has resigned, following last week's resignation of Jazz MD Clive Sacher.

Mr Sacher stepped down because of disagreement on future relations between Jazz and Metro, but Metro's announcement this morning stated that Mr Smith had resigned for personal reasons.

Neither Mr Smith nor Metro chairman Donald Masson could be reached for comment this morning. Mr Masson will assume control until a successor to Mr Smith is appointed.

Minorities have been offered 30 Metro shares for 100 Jazz shares held or 150c for each Jazz share.

If minorities decide to take up the share offer they will be offered a premium of about 50 percent on their Jazz shares as Metro shares are currently trading at around 500c.

The cash offer also presents a substantial premium on the 103c the shares were suspended at on April 14, and is double the price before the cautionary announcement on April 10.

Metro says that the deal will rationalise the current duplication of facilities between the two groups. Jazz shares will be reinstated today.

## A slice of the Anglo pie for entrepreneurs

By Winnie Graham

Anglo American Corporation awarded contracts and requisitions worth more than R1.1 million to emergent entrepreneurs in the first three months of the year, said Mr Gareth Penny, co-ordinator of corporation's small business unit.

The company, which had made a conscious decision to buy a percentage of its requirements from small businesses, estimated it had saved "between five and 10 per cent" on the contracts.

Mr Penny said the exercise to give small business a share in the corporation's big buying had yet to gather momentum.

### SOUND BUSINESS

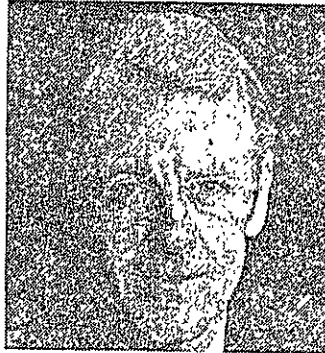
However, he predicted contracts worth many millions could eventually be shared among small, mainly black businesses.

Entrepreneurs had to "deliver the goods" to succeed, he said.

"Although we are taking every opportunity to interface with emergent entrepreneurs and to give them a chance of tendering, we do so on sound business principles."

Anglo American is exhibiting at Matchmaker 89 and will ask visitors: "Can you make this?"

Its stand will display a range of products it buys regularly, including such items as seat protectors, wire hose clips and pipe connectors.



Mr Pat Retief . . . potential for prosperity in SA.

## Integration of business in SA

*Star 20/4/8*

The Matchmaker Fair has been described both as a forum for interchange and as a means of integrating all South Africans as trading partners in business and industry.

The managing director of the Johannesburg Consolidated Investment Company, Mr Pat Retief, said in the current business and economic scenario it was essential that all South Africans develop and foster goodwill and understanding between the different race groups.

"Free enterprise, as exhibited at Matchmaker 89, has the potential to become the non-racial engine for growth and prosperity in this country," he said.

JCI had, in the past two years, been supportive of the ideals and objectives of Matchmaker Fairs because the fairs provided a forum for interchange of business opportunities.

*20*

Increase is widely condemned

# We'll sell bread at old price, say stores

Staff Reporters

South Africans will dig more deeply into their pockets for a loaf of bread today, but supermarket chains have vowed to maintain existing prices until further notice.

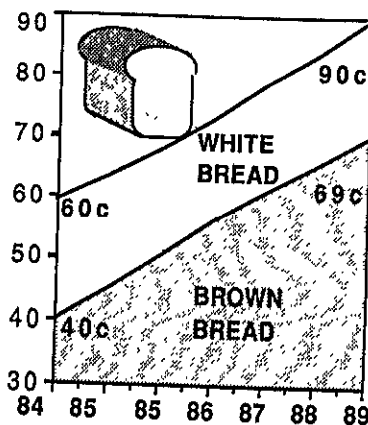
Consumer bodies have condemned the increase, announced last week by Agriculture Minister Mr Greyling Wentzel.

Consumers will now pay 5c more for a loaf of white bread and 7c more for a loaf of brown.

Mr Wentzel said the Government had made a further R35 million available to subsidise bread this year. Initially R80 million had been provided for, as the Government wanted to phase out bread subsidies. But in view of economic conditions, the amount had been increased to R115 million.

Democratic Party spokesman on agriculture Mr Jan van Gend said the increase was a blow to consumers, particularly those who could least afford it and who relied heavily on bread to feed their families.

He said the subsidy was clearly not a subsidy on the bread price



but rather a subsidy to the producer to meet production costs. It was also aimed at ensuring farmers received acceptable profits.

The OK Bazaars, meanwhile, has refused to raise the price of bread at any of its 165 stores. MD Mr Gordon Hood said any increase in the price of basic foods had a severe impact on consumers, "but the impact on our traditional customers, who are least able to absorb such increases, is particularly harsh".

Checkers said it would be setting aside R350 000 to help alleviate the blow to consumers. Group

MD Mr Clive Weil said his company would be holding the price of bread "for as long as possible".

Pick 'n Pay said it would not consider raising the bread price until the end of June.

The Catering, Restaurant and Tearoom Association said it was considering asking its members to refuse to sell bread one day a week in protest.

Executive director Mr Frank Swarbreck said he believed the time had arrived where cafes were no longer in a financial position to distribute bread.

Housewives League national president Mrs Lynn Morris called the bread price increase "nothing short of catastrophic". It provided a strong argument for retaining the bread subsidy until a suitable welfare package had been worked out for the needy.

Consumer Council director Mr Jan Cronje hoped that new subsidies would be considered with the introduction of value-added tax. The consumer, he said, was unable to understand why an increase was necessary when there was a surplus of wheat.

April 24 1989

# Big business helps its 'little brother'

Star 24/4/89 (30)

Matchmaker 89, the business-to-business fair to be held at the National Exhibition Centre in Crown Mines, Johannesburg, from April 26 to 29, is set to open new doors for both big business and emergent entrepreneurs.

This is the one opportunity small businesses have each year of showing the sort of goods and services they offer.

It is also the one time major corporations can display the kind of goods and services they are looking to buy.

Both groups will be there with a common purpose: to sell or buy goods and services and to make new business contacts. Though both seek to benefit financially from the fair, the businessmen (probably unwittingly) are also building inter-racial bridges destined to have far-reaching effects in South Africa.

## Spirit of partnership

This year there will be more than 100 stands at the Matchmaker Fair. Some small businesses are veteran exhibitors, others are newcomers. Many who showed their wares at the three previous exhibitions have become established and no longer need exposure. A few have faded away.

Many of the stands are being sponsored by big companies who, in keeping with the spirit of the fair, are "partnering" small entrepreneurs and providing merchandising expertise and support to make the exhibits more effective.

As in the past, the event is expected to draw a steady stream of buyers and visitors.

The first Matchmaker Fair came about almost

## Reports by Winnie Graham

spontaneously. Mr Benjamin Brown, senior commercial officer for the US Foreign Commercial Service, had taken a visiting American VIP on a courtesy call to Soweto in 1985, when he was questioned about the US involvement in helping black business in South Africa.

"I was asked if our calls were purely social or if I thought there was some way in which we could get involved to help emergent entrepreneurs," he recalled.

It was a good question. The response was a simple: "Let's do something together."

On April 23 and 24 1986, the Soweto Chamber of Commerce and Industries and the American Chamber of Commerce held South Africa's first major business-to-business show at Nasrec. Its main objective was to assist small, black-owned firms establish contacts and develop business with US subsidiaries and other large companies.

About 50 exhibition stands presented a range of products and services related to the daily needs of the corporations.

The Matchmaker Fair has grown over the years, expanding to include South African and foreign companies.

Last year a number of major corporations decided to mount their own exhibits to invite black vendors to negotiate contracts for supply. The same will happen again this year.

Big Business has finally realised that its "little brother" has a lot to offer and is keen to develop his potential.

# Metro offers to convert Jazz shares

30  
CAN. TIMES 24/4/89

## Financial Staff

THE Metro Group has made an offer to the Jazz minority shareholders in terms of which, if successful Metro would increase its 62% shareholding in Jazz to 100%.

In a further development, the group has announced that Metro MD, Cecil Smith has resigned for personal reasons.

Chairman Donald Masson said yesterday that until a suitable successor is appointed, he will assume direct control of the Metro board.

"We regret the resignation of Smith who has accomplished much in the three years since his appointment," said Masson.

"Nevertheless, I am confident that Metro's management team is well positioned to meet the challenges ahead."

In terms of the offer made to minority shareholders Metro would increase its 62% shareholding in Jazz to 100%, Jazz would be delisted, Jazz shareholders would receive 30 Metro shares for every 100 Jazz shares or R1.50 cash per share.

Based on a Metro price of 500c, Jazz shareholders who convert to Metro shares will increase their market value by 45.6% on a suspended share price of 103c.

The average jazz share price since January has been 87c, dropping to a low of 70c in the week prior to suspension.

"We believe that the offer will be

attractive to Jazz shareholders," said Masson.

He said that a number of strategic issues had necessitated the offer.

"It will enable both groups to maximize synergies. Jazz will have the benefit of the Metro group's management expertise and financial muscle.

"The existing distribution infrastructure of Metro and Jazz will enable Jazz management to focus on operations and marketing. Bob Williams, a previous director of Frasers, and founder of Frasers Fairways Supermarkets, was recently appointed MD of Jazz.

Smith whose resignation takes place with immediate effect was appointed in August 1986 on the death of Metro founder Lionel Katz.

Under his leadership the company doubled in size to an expected turnover of R3bn in the 1989 financial year.

In this time the major part of the R600m Fraser Group was successfully absorbed.

The restructure included the acquisition of the majority shareholding in Jazz.

"The Metro Group has based its success on a decentralized management philosophy, which will minimize the effect of the change in leadership," said Masson.

He said he did not expect these developments to have a material effect on Metro's earnings for the current year.



Souta an 22/1/84

# Business hard line



By JOSHUA RABOROKO

BLACK businessmen have resolved to actively involve themselves in community programmes that will help dismantle apartheid.

This was the tone of the 19th annual conference of the Southern Transvaal African Chamber of Commerce held in Sandton City, Johannesburg, last week.

SOUTACOC'S president Mr. Joe Hlongwane.

Delegates at the conference said they will support trade unions, community organisations and political groups in their programmes

aimed at dismantling apartheid.

In his presidential report Mr. Joe Hlongwane said that involvement would be vital for blacks to be included in the socio, political and economic structures in the country.

## Economy 30

He said Soutacoc was trying to empower blacks by giving them opportunities to acquire skills and knowledge so that they could enter the mainstream of economic activity.

The conference, with the theme "black economic empowerment — initiative or philanthropy" also resolved to:  
• Exercise great caution in electing community councillors in executive positions of branches;

• Encourage blacks to shop in townships while discouraging them from supporting white supermarkets on the border of the townships;

• Call members to propagate the idea of black support for black ventures;

• Appoint a transport committee in the region with the view to encourage members to share in the transportation of their people such as in taxis; and

• Request Nafecoc to start a research bureau on economic trends for the benefit of black business and consumer.

Mr. Hlongwane said too many whites wanted to do business with blacks, just for the sake of money. "Do the businesses in Boksburg want blacks back or do they want their buying power and money."

## Supermarkets to hold bread prices down

Own Correspondent

CAPE TOWN — All three major supermarket groups — Pick 'n Pay, OK and Checkers — reacted to the bread price increase announced in Parliament last week by saying they would hold down the price.

However, Housewives' League president Lynn Morris said it was highly likely there would be another price hike in November, the start of the new wheat season.

Opposition parliamentarians and consumer organisations appealed to government to recognise to what extent consumers were being hit by a wide variety of price rises — and to find a way to grant assistance to the needy.

The bread price, announced by Agriculture Minister Greyling Wentzel, will increase 5c for a standard white loaf and 7c for a brown loaf from today.

This will take the average price charged to 90c for white and 76c for brown bread.

South African businessmen have good reason to be concerned with the future, as not all of the possible scenarios for South Africa are conducive to the survival of business in its present form, says Barlow Rand chief executive Warren Clewlow.

Mr Clewlow, who was speaking at the annual meeting of the Witwatersrand Chamber of Commerce and Industry yesterday, said that a centrally planned economy with little or no private property was not an environment in which the majority of business

# Business should have hand in shaping future

could operate successfully.

"Since the first duty of business is survival, it is therefore in our interest to take part in the process of shaping the future so that there is at least a chance that a congenial business climate can be

created."

Commenting on the current inflation rate, Mr Clewlow said that when the European Community is created within a few years, the elimination of internal trade barriers and the creation of the biggest single market

ever, will give the Community the advantage of reducing inflation.

"This will mean that European prices will reduce in relative terms, and countries and companies wishing to export to the Community will have this additional pressure on their prices."

Mr Clewlow warned that inflation had to be tamed. At its present rate it represented a continuing and increasing disadvantage in South Africa's efforts to remain internationally competitive.

Briefing

# How big business can lift the little man up the ladder

It is not easy for a big business to purchase any significant percentage of its total requirements from small suppliers. To do so will, of course, increase the number of accounts on creditors' ledgers and the number of cheques which must be made out each month.

More than that, it will require a complete restructuring of the company's purchasing department, the procedures and the job descriptions of your purchasing agents. It will require changes to the whole culture and philosophy of the company. In the short term the costs will almost certainly exceed the benefits.

No one knows the exact number of small businesses in South Africa because so many, particularly in the black business community, are unrecorded and in terms of our laws are illegal.

Mostly these businesses are built around the trade or technical skills of the proprietors. They are not skilled at keep-

ing records or at costing. Their marketing efforts are rudimentary. They cannot afford advertising or even a salesman. They frequently suffer from liquidity problems since their suppliers demand cash and their customers require terms. Their strength lies in their ability to make the novel, the special, the short-run, the urgent small quantity.

Those big businesses which are serious about purchasing from small businesses will need to take the following steps:

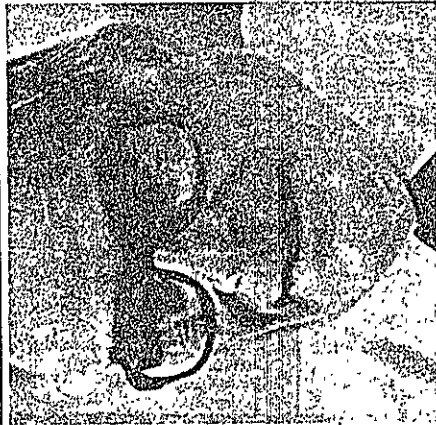
- Set annual objectives for the amounts (expressed either in rands or as a percentage of total purchases) which will be bought from small suppliers.
- Make some of the merit increases of the purchasing manager and his staff dependent on attaining these objectives.
- Set aside one or more purchasing agents as specialists in small supplier development.
- Identify requirements that could be purchased from small manufacturers. These are unlikely to be the company's bulk requirements. And at the beginning at least they will probably not be items where tight delivery dates or rigid quality standards are required.
- Do not limit your imagination to what the small manufacturers are presently making but consider what they could make.
- Do not wait for small manufacturers to come to you. Even if they had the

courage to try, they would probably not get past your receptionist.

- Go into your immediate neighbourhood, including the black areas, and find them yourself. Do not look only into factories and workshops. Look into backyards, garages and homes as well.
- If the small supplier quotes a price half that of your present supplier, do not give him an order. He has almost certainly got his costing wrong. Sit down with him and help him work it out.
- Do not give him so much business that he will be in jeopardy if he loses your business at some time in the future.
- Do not give him a big order and then reject the whole lot on quality grounds. Rather let him submit a sample and if

there are problems, help him get it right.

- See if you can help him with your contacts to get his raw materials at more favourable prices.
- Once he has delivered, pay him promptly — COD if possible.
- Do not bounce him around a multitude of people in your organisation, nor force him to comply with your bureaucratic procedures and forms.
- Take the initiative in organising forums where large company buyers display and discuss the items for which they are looking for small suppliers.
- As you begin over time to gain confidence in small suppliers, and as they begin to grow in numbers and sophistication, actively pursue the sub-contracting out of work presently done in-house.
- Identify, encourage and assist any of your own present employees who have entrepreneurial talent and desire to start their own small businesses.



Mr Ian Hetherington gives pointers as to how big business can contribute to growth of the economy.

BLACK business has been warned to be part of the liberation struggle or fall into the trap of being swallowed by big corporates and forced to accept crumbs from the masters' table.

This was the tone of the 19th conference of the Southern Transvaal African Chamber of Commerce (Soutacoc) held in Sandton last week over two days.

The conference, whose theme was *Black Economic Empowerment - Initiative or Philanthropy* - focused on ownership of wealth resources and economic liberation

as pillars on which black political aspirations can be meaningfully fulfilled.

Delegates felt that those who had control over the economy controlled the country.

Black economic empowerment would allow blacks to own and control a substantial portion of the means of production.

Statistics from *Social and Economic Update for 1988* by the South African Institute of Race Relations show that the road to black economic empowerment is arduous and would require an enormous jerk-up.

It is estimated that blacks control less than 1 percent of the economy of the country; less than 4 percent of managers in South Africa are black; black unemployment is estimated to be over 6 million and there is one black company listed on the JSE.

The deputy president of the National African Federated Chambers of Commerce, Mr Moss Nxumalo, said in order to survive, to create jobs and to break the walls of economic exclusion "we have to close ranks and mount a total onslaught to obliterate the impediments that face us."

"Now is the time to sit down and produce action programmes designed to move us into whatever industries we want to control. We in business must mobilise the black rand and fight the poverty that plagues our people and to help our struggling businesses," Mr Nxumalo said.

Some of the factors

# SELF HELP ONLY WAY TO SUCCESS

## Businessmen look at black empowerment

By JOSHUA RABOROKO

which he said could lead to economic empowerment are:

- building of shopping complexes and encouraging bulk buying;
- Encouraging blacks to shop in townships, while discouraging them from supporting white supermarkets on the borders of the townships;
- Owning and controlling black originated industries such as

sorghum beer and magueu outlets; and

- Having complete control of the transportation industry in the townships.

"We must invite trade unions, community organisations and other groups to join us towards our liberation," he said.

One of the delegates, Mr M Molete, said business people must help destitute families in their environment.

"If there are deaths, crisis and other mishaps in the community, the businessmen must always be there to offer assistance," he said.

Director of part-time

university students association at Funda Centre, Mr Vusi Nkumane said the consumer boycotts in Boksburg and Carletonville demonstrated the effectiveness of black buying power.

"I would not be surprised if we were to disinvest from white financial institutions and invest in our own, such as the African Bank. We will be building the nation," he said.

He felt that the black developmental revolutionary slogan should be the three Ns, namely, *education, national unity and economic empowerment* now.

Business consultant Mr Matodzi Liphosa said



SOME of the delegates at the two-day indaba.

It was well known that the little economic power which the black people possessed was acquired through their own sweat and ingenuity when they established enterprises in spite of restrictive laws.

"Economic empowerment also involves the acquiring of expertise and the onus is on black people themselves to devise appropriate strategies to acquire it."

The conference resolved to:

- Exercise great caution in electing community councillors in executive position of branches;
- Encourage blacks to shop in townships;

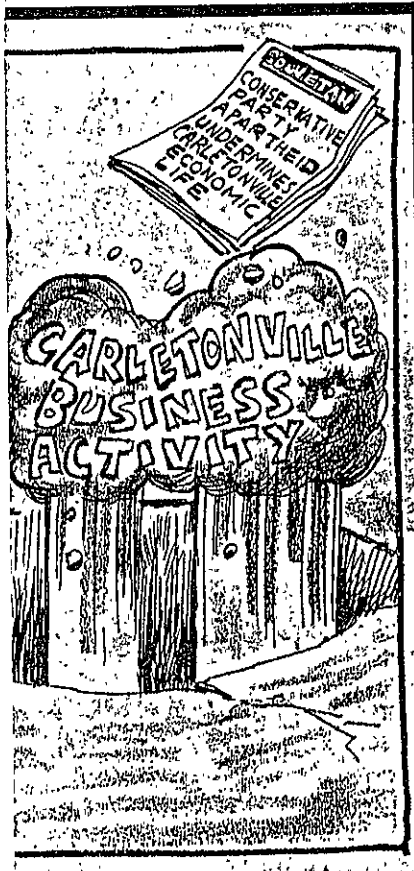
- Call members to propagate the idea of black support for black ventures;
- Appoint a transport committee in the region with a view to encouraging members to share in the transportation of their people such as taxis; and

- Request Nafcoc to start a resource bureau on economic trends for the benefit of black business and black consumers.

Soutacoc's president Mr Joe Hlongwane called on the Government to scrap apartheid, adding "time is running short and we are getting tired of living with strikes, boycotts, sanctions, unemployment and the state of emergency."

He slammed at white businessmen who were building supermarkets on the borders of many townships.

"They are trying to kill our businesses, and we must fight against such business ventures by encouraging our people to stop buying from them. They just want our money," he said.



Political comment in this issue by Aggrey Klaaste and Sam Mabe. Sub-editing, headlines and posters by Sydney Mathaku. All of 61 Commando Road, Industria West, Johannesburg.

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**'Everybody will benefit'**

# Call to fire up giant engine of black business

By Winnie Graham

White South Africa could no longer afford to maintain an under-developed black majority in a First World environment in a country still in its developmental stages, Mrs Mandi Maepa, national communications manager of the Standard Bank, said at the Matchmaker Fair in Johannesburg yesterday.

The fair is being held at the National Exhibition Centre, Crown Mines, this week to give small black businesses an opportunity of displaying their products and services to corporate buyers.

## **'Economic dwarf'**

Mrs Maepa said it was common knowledge that black business had been stifled and choked over the years so that today it remained an "economic dwarf" which contributed very little to the value of the country's gross domestic product.

It was evident, she added, that if this trend continued, South Africa would become more and more impoverished and no resident would be able to escape the resulting drop in the standard of living.

"My message to you is that we, the business community of South Africa, black, white, big and small, need to work together and to aim at fostering day to day economic relationships.

"We have a very important role to play in the economic and social well being of the country and we should constantly be looking for opportunities



**Mrs Mandi Maepa . . . black business has been stifled.**

to do business in a more productive and professional manner."

White business was not doing black business a favour. The growth of black business would ensure that everyone enjoyed the benefits of interacting with a large number of high calibre businessmen throughout the country.

If the corporate world did not respond to the call for black business development, we would suffer the consequences of our neglect in the future.

"The challenge is to work together towards improving the competitiveness of black small business in South Africa," Mrs Maepa said.

## Sacher gives reasons for resignation

SYLVIA DU PLESSIS

30

FORMER Jazz MD Clive Sacher said in a statement yesterday the major disagreement between himself and Metro centred around his firm belief that retail and wholesale operations ought to be divorced from each other.

Sacher resigned last week on the eve of Tradegro wholesale subsidiary Metro's announcement that it was to buy out Jazz minority shareholders.

Minorities have been offered 30 Metro shares for every 100 Jazz shares, or 150c for every Jazz share. Metro, which currently holds 62.3% of Jazz shares, is making the offer in an effort to assume 100% control of the retail group.

Sacher conceded that Jazz's acquisition of supermarket chain Fairways in 1987 had led to gearing problems for the group.

However, he firmly believed that this difficulty could have been addressed differently.

Sacher said it was premature to elaborate on his plans for the future, but added that "various opportunities" had arisen over the past week.

"It is my intention to take some time off and to consider the options available to me," he said.

"I have no emigration plans as has been suggested," he said.

Cecil Smith, who announced his resignation as Metro MD at the weekend, said last night his reasons for doing so were "very personal".

Jazz shares, reinstated yesterday, closed at 138c, up 35c from the pre-suspension price of 103c.

# Shoprite does well in 'lucrative' market

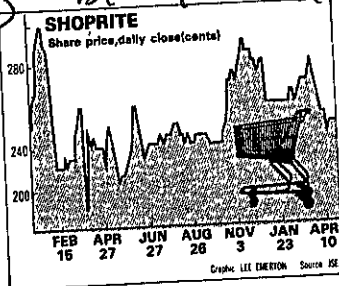
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151 000 25 1 1 84  
SYLVIA DU PLESSIS

PEPKOR group retailer Shoprite has maintained its steady growth, with earnings a share increasing 33% to 23,2c (17,3c) in the year to February on turnover growth of 42%.

A final dividend of 6,25c has been declared, bringing total distribution to 10c (8c), on a slightly higher dividend cover of 2,3 (2,2) times.

In its preliminary profit announcement, the group disclosed taxed profits of R6,8m — 33% up on the R5,1m achieved in the previous financial year.

"Our stores in the lucrative Transvaal and Free State mar-



kets are now well established and all our new stores are trading ahead of budget," MD Wellwood Basson said.

Shoprite currently has 39 stores in the Cape, Transvaal and Free State, with an estimated client

base of 3-million customers a month.

"These factors, in addition to our clearly defined target market and expansion plans which include five new stores in the year ahead, make me confident that we will sustain our profitable growth pattern."

In spite of a weaker economy and unpredictable trading conditions, Shoprite was well-placed in a clearly defined target market, he said.

The shares have moved in a narrow range of a high of 290c and a low of 220c over the past year. At the current price of 250c earnings yield is 9,3% and dividend yield 4%.



# OK restrained from selling jersey range

3/12/87 25/4/87 DIANNA GAMES (30) 

THE OK Bazaars has been restrained by a Rand Supreme Court order from selling a range of jerseys which are "substantially similar" to those which clothing manufacturer Adonis Knitwear claimed were a cheap copy of its exclusive design.

The order, made after an urgent application was brought by Adonis last week and heard yesterday by Mr Justice Levy, also restrains any advertising of any garment similar to the Adonis design.

It further prevents the SABC from broadcasting any visual material showing such a garment — but this order only becomes effective on May 1.

An SABC spokesman said yesterday they would flight the OK Bazaars advertisement, which includes the jerseys, until that date.


The order was made pending the outcome of an application to be instituted by Adonis against OK Bazaars and the SABC claiming permanent interdicts and damages.

Adonis has claimed the jerseys were copies by the manufacturers who sold the jerseys to the OK.

Papers before the court said the Adonis design was launched last year under the Christian Dior label, for which Adonis holds the licence. Adonis, which submitted its jerseys were originals, said the jerseys were sold at up-market outlets for R100 each.

The papers said Adonis's reputation stood to be damaged as its R100 originals would be recognised and identified by the public as now being sold for the OK price of R43,99. Adonis would not be able to sell the product again at R100.

# COURT UPHOLDS R33m CLAIMS ON VERMAAS

3/12/87 25/4/87 MANDY JEAN WOODS 

CLAIMS against the sequestrated estate of Pretoria attorney Albert Vermaas totalling more than R33m were accepted by the Master of the Pretoria Supreme Court yesterday.

These claims included those of the Receiver of Revenue (R14,5m), Standard Bank (R1,6m), First National Bank (R776 000), Syfrets (R1,4m), Volkskas Bank (R9,9m), and Sentra-Oes (R5m).

The Master held over claims totalling more than R15,5m, including those of Kingsway Development for R6,9m, Maryna Lambertson (Vermaas's personal assistant) for R8,800, the National Union of Mineworkers for R2m, architects Oscar Hirsch Silvio Buffler Partnership for R43,940, and Potgietersrus Tobacco Co-operative for R7,5m.

A claim against WA Vermaas & Co — in which Vermaas was a partner with Alwyn Marx, former NP election campaign director and husband of Johannesburg Manco deputy chairman Marietta Marx — of R13 900 by Sancor was held over until Wednesday.

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SA's export earnings were R27,1bn in 1988

# Mineral sales up 16%

CAPE TOWN - SA's mineral sales totalled R33,4bn in 1988, 16% more than in 1987.

According to the Mineral and Energy Affairs Department, this improvement is mainly attributable to a worldwide hardening of mineral prices and further weakening of the rand against the dollar.

Export earnings of R27,1bn accounted for 81% of total mineral sales, according to the department's annual report tabled in Parliament. Revenue from mineral sales to the domestic market totalled R6,3bn, reflecting an improvement of 32,6% on 1987's earnings, and was due to stronger rand prices for copper, zinc, nickel, coal, titanium, chrome ore and granite.

Gold was the main contributor to total mineral earnings, with total revenue amounting to R19,7bn, compared with R17,5bn in 1987. The 112,7-million tons milled was 4,7% higher than in

1987, while total gold output amounted to 618t, against 602t the previous year.

Coal was the largest foreign exchange earner after gold. Despite highly competitive markets and an oversupply situation, SA coal exports reached 42,6m tons, with export revenues totalling R2,7bn. Domestic sales pushed total earnings to R5,7bn.

Owing to greater international steel demand, iron ore exports climbed 26,5% to 11,1-million tons, earning R318,4m. Domestic sales rose 11% to R226,7m, pushing total revenue to R545,1m.

Local sales of chrome ore decreased 6,4% to 2-million tons. With a price rise of 14,1%, revenue climbed 6,8% to R137,9m. Export volumes rose to 1,3-million tons, with revenue soaring 53,8% to R174,3m. Ferro-chrome production continued at full capacity, in-

creasing to 928 000t. Exports last year were valued at R1,2bn.

The slight revival in world steel consumption was reflected in manganese ore exports which increased 71% to 2,7-million tons. Sales brought in R278,4m.

Demand for high-carbon ferromanganese, ferro-silicomanganese and manganese metal remained firm, with export revenue drawing in R671,9m. SA held its lead in world vanadium markets, with export revenue amounting to R330m.

Total rand returns for nickel jumped 189% to total R305m, with export earnings climbing 211% to R161,1m. Copper exports improved 32,6% to R494m; lead production yielded R87,4m; zinc R35,2m; fluorspar R86,5m; and salt R59,1m.

Limestone and dolomite were the largest bulk commodity sold on the SA market after coal, aggregate and sand. Sales volumes increased 12%, and with a 6,2% price rise brought in R315,6m.

## Business sector urged to help shape SA's future

SA'S businessmen have good reason to be concerned with the future, as not all SA's possible scenarios are conducive to the survival of business, says Barlow Rand CE Warren Clewlow.

Clewlow spoke at the AGM of the Witwatersrand Chamber of Commerce and Industry (WCCI) yesterday.

A centrally-planned economy with little or no private property was not an environment in which the majority of business could operate successfully.

"Since the first duty of business is survival, it is therefore in our interest to take part in the process of shaping the future so that there is at least a chance that a congenial business climate can be created," Clewlow said.

Commenting on the current inflation rate, he said that when the EC was created, the elimination of internal trade barriers and creation of the biggest single market ever would give the EC the advantage of reducing inflation.

"This will mean that European prices

will reduce in relative terms, and countries and companies wishing to export to the EC would have this additional pressure on their prices."

Clewlow warned that inflation had to be tamed. At its present rate it represented a continuing and increasing disadvantage in SA's efforts to remain internationally competitive.

He said South Africans would be judged on how they used the considerable resources at their disposal to the satisfaction of all — Sapa.

# Shoprite turnover rises 42%

DESPITE highly competitive trading conditions, the Shoprite chain increased turnover by 42% to a record R350m during the past financial year.

In its preliminary profit announcement the company disclosed that after-tax profits of R6,8m and an increase in earnings of 33% to 23,2c per share for the financial year ended February 1989.

The group declared a final dividend of 6,25c per share, which together with the interim dividend represented a total dividend of 10c per share for the year.

*Cape Times 26/4/89 (30)*  
"Our stores in the lucrative Transvaal and Free State markets are now well established and all our new stores are trading ahead of budget," MD Wellwood Basson said this week.

Shoprite has 39 stores in the Cape, Transvaal and Free State and a client base of 3 000 000 per month.

"These factors, in addition to our clearly defined target market and expansion plans which include five new stores in the year ahead, makes me confident that we will sustain our profitable growth pattern," Basson said. — Sapa

Star  
26/4/89

Diagonal  
Street  
ANN CROTTY



30

## Jazz looks like blowing hotter

Metro management is taking no chances of not getting the all-clear from the minority shareholders of Jazz. The cash offer of 150c has been described by shareholders as generous and by analysts as exorbitant.

The move has been well-received by the market and even those who think the price is a bit high accept that as only 10.2 million shares have to be bought back, the cost to Metro will be minimal, while the potential benefits of the deal are considerable.

A few years ago Jazz looked like one of the jewels of the Tradegro crown — on the back of considerable acquisitive activity, turnover soared at each reporting period.

The performance at earnings level was dismal, but shareholders clung to promises of improved profits forecast to come on stream as soon as all the acquisitions had been bedded down.

In the first half of the current financial year, Tradegro chief executive Donald Masson said Jazz was becoming as serious a concern as Checkers.

In the six months to December, Jazz reported a 29.6 percent increase in operating income to R7.3 million, equivalent to earnings per share of 8.7c.

No break-down of the performance was given, but analysts believe that of the three divisions — Fairways, Dee Bee and Jazz — Fairways was by far the strongest contributor to profit, with Dee Bee chipping in with a few million and the Jazz chain itself (the largest contributor to turnover) reporting a loss.

If Metro can use a free hand to turn Jazz around, the benefits will be substantial.

If the chain had merely broken even in the first half, group earnings could have been 13c.

The key to any turnaround appears to be the implementation of effective management control systems to ensure that turnover converts into attributable profit.

While resignations can be expected, analysts are concerned at the resignation of Metro MD Cecil Smith, whom they regard as a good trader.

However Mr Masson, who has taken the Metro helm, has considerable operating experience, so it may be just a matter of time before Jazz finally comes right.

## **RIGHTS OFFER IN SPECIALTY ON THE CARDS**

**SHAREHOLDERS** in Storeco are being offered an opportunity to invest in a newly listed company which houses the specialty retail operations of the Storeco group.

It was announced yesterday that to facilitate the expansion of the Storeco group, which consisted of Milady's, The Hub, Mr Price and Footgear, all Storeco operations would be listed in a renamed subsidiary Specialty Stores and a rights offer in Specialty would be undertaken to raise about R17m.

Storeco will become the pyramid company of the group with its sole investment being its holding in Specialty. *M/10/11/12/13/14/15/16/17/18/19/20/21/22/23/24/25/26/27/28/29/30/31/32/33/34/35/36/37/38/39/40/41/42/43/44/45/46/47/48/49/50/51/52/53/54/55/56/57/58/59/60/61/62/63/64/65/66/67/68/69/70/71/72/73/74/75/76/77/78/79/80/81/82/83/84/85/86/87/88/89/90/91/92/93/94/95/96/97/98/99/100*

The newly announced rights offer terms involve one new Specialty share for one Storeco at a price of 325c a share with 5,217m Specialty shares being issued.

The relationship between the two companies will be that two Specialty shares will equal one Storeco share. — Sapa.

rest of the Western world. SA was the only country in the English-speaking world which did not allow accounting firms to advertise.

## INTERDICT FILED AGAINST CCAWUSA

9/Day 26/4/89 SIPHO NGCOBO

EDWORKS Stores yesterday filed an urgent interdict in the Rand Supreme Court against the Commercial Catering and Allied Workers Union (Ccawusa) requesting the strike by an estimated 1 000 of its workforce be declared unlawful.

Edworks Group MD Stewart Dodo said the application was filed at 2pm yesterday and Ccawusa's senior official Salim Vally confirmed court action had been taken against his union.

An estimated 80 Edworks stores in the PWV area, Bophuthatswana and the northern Transvaal have been affected by the strike. Ccawusa is demanding a minimum wage of R530 a month and an across-the-board hike of R125.

The hearing has been postponed until Friday, during which time Ccawusa has agreed its members will not interfere with or intimidate any of Edworks' employees or any temporary staff or any customers, distributors, or other persons entering the company premises.

10 MINUTE X-WORD 7322

Business Report

# Pepkor lifts profits by 49%

Financial Staff

THE opening of 68 new outlets under the PEP banner and 22 under the Ackermans banner has helped Pep Stores to lift turnover by 24% to R804,818m (R648,532m) for the year ended February 28, 1989.

Operating profit increase by a massive 46% to R102,316m (R70,262m) and interest paid decreased to R1,262m from R2,275m, a change of some 46%.

This helped to increase profit before tax by 49% to R101,054m.

Although there was a gigantic leap in tax of 216% to R28,571m effectively increasing the rate payable to 28% (13%) the increase in net profit reflected the rise in turnover.

Net profit went up by 25% to R73,329m compared with R58,867m for the previous year.

The increase in earnings per share were in line with the increases recorded in the turnover and net profit, going up by 25% to 160,7c (128,9c), while the dividend was increased by 21% to 58c (48c).

However, there is now an additional R7m on loan which will attract interest and may have a negative effect on earnings in the future in spite of plans to increase the number of stores.

The loan was taken to finance machinery and equipment for the new high-rise warehouse commissioned in February 1989.

The group is also budgeting to open an additional 40 Pep Stores and 20 Ackermans outlets.

Accordingly the group expects to maintain an acceptable rate of growth.

# Toyota sets out to recover lost ground

30

By Derek Tommey

Motor market leader Toyota is again on the offensive after having its wings clipped slightly last year.

Because it was unable to import from Japan all the components it needed, market share last year fell from 28 percent to 26 percent.

But this year it is out to recover lost ground.

Increased local content and a change in the model mix, which lets it bring in more components from Japan, will enable Toyota to exceed last year's production figures, says Brand Pretorius, managing director, Toyota Marketing.

Last year Toyota was producing 360 units a day. In the next nine months it plans to produce 415 a day.

Mr Pretorius says sales of cars has been quite steady, but there have been signs recently of a slight fall-off in demand.

## BACKLOG

However, demand has remained strong for commercial vehicles and there is a big backlog to be filled.

Sales of passenger cars by the industry this year are expected to reach 220 000, only slightly less than last year's 223 000.

Commercial vehicles sales are expected to be about 127 500 — the same as last year.

Provided inflation does not rise above 16 percent and the rand/yen exchange rate stays at its present level, the prices of most new cars should not rise more than 16 percent this year.

But the price of certain models with a low local



# Price controls

## on bread

### says SBDC

By Dawn Barkhuizen  
Star 27/4/89

The Small Business Development Corporation has called on the State to lift price controls on bread in order to combat spiralling prices and allow cafes a greater profit margin. Mr Johan Naude of the SBDC said: "The bottom line here is that price controls should be scrapped. Deregulation would make for more competitive prices."

Cafes — currently allowed a 3.4 percent profit on each white loaf and about 4 percent on a brown loaf — claim they are in fact losing money after forking out for plastic bags (1,8c each) and paying employees to package the loaves.

At the same time they are competing against supermarket chains which have vowed to sell bread at the old cost price of 82c until the end of June.

Trapped into selling State-subsidised bread — it comprises 20 percent of cafe sales and serves to draw shoppers to their stores — they are contemplating stopping sales for one day each week, lobbying the Minister of Agriculture or introducing "special bread days" highlighting non-subsidised bread.

#### LOSING

Executive director of the Catering, Restaurant and Tearoom Association, Mr Frank Swarbreck, supported the call for deregulation, saying the cafe owner was the biggest subsidiser of bread "and battling to scrape up the crumbs in order to survive".

"They are losing money with every sale — unless they sell something else like polony or cheese as well. They will be forced to increase prices on other items in order to offset their losses," he said.

Cafe owners, who sell 80 percent of the State-subsidised loaves, have had their profit margin narrowed dramatically over the past 10 years, he said. This was illustrated by comparing prices in 1978 — 26 cents with a 2 cent handling fee — to prices in 1989 — 87 cents with a 3 cent handling fee.

This could also be seen against the 15 percent mark-up on milk — also a major commodity.

Bread and paraffin are the only commodities subject to price regulation in South Africa.

Prices increases this week brought the maximum retail price for white bread up 5 cents to 90 cents and brown bread by 7 cents to 76 cents.

# M & A now wants new acquisition

81 Day  
27/4/89 CHARLOTTE MATHEWS

THE unsuccessful conclusion to the Waltons and Mathieson and Ashley (M & A) merger discussions last week left M & A holding R10m in short-term deposits and openly seeking further expansion.

M & A chairman Winky Ringo said M & A could afford to make a R50m acquisition with its ungeared balance sheet if the acquisition had a poor asset base, but he was not interested in merely acquiring assets.

"I'm looking for a business with quality of profits and cash flow, because without cash flow in inflationary times like these, you are dead."

He said there were various organic opportunities for M & A to expand, but they were not under pressure to make an acquisition.

"We are researching an opportunity that would use up R15m-R20m of capital in an organic area of the business, and spending management time and effort on a project studying opportunities for export.

"In the last seven years M & A has invested a lot of research and development in office furniture products, which we believe are comparable to anything in Europe."

Further developments in M & A included the launching of two new products in its range of fax and office equipment — a line splitter and a telephone management system.

The line splitter, aimed at the small business and home fax user, recognised a telephone line signal and sent messages to the user's fax or telephone. It would sell for around R500.

The telephone management system was intended to help businesses to budget when time rather than unit charges were introduced on telephone accounts. This package showed time usage on telephone calls, the areas called and offered direct lines to various branches of the user's company. The hardware and software would sell together for about R5 000.

Asked if he saw the office furniture market as possibly stagnant or declining, Ringo said: "Business is very brisk at the moment and as far as the future is concerned, 35 000 work stations will be equipped in SA over the next 18 months. There is a good 10-year growth ahead in the information technology support area of our market."



● RINGO

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810247  
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● RINGO

# BLACK BUSINESS ON SHOW

MATCHMAKER '89, industry. The deputy managing director of Get Ahead Foundation, Mr Japie Marope, said the Matchmakers' impressive growth demonstrated that there was a <sup>10</sup>zeal support for black economic empowerment.

Opening the fair, the president of the Witwatersrand Chamber of Commerce and Industries (WCCI), Mr Henry Viljoen, said the fair was one opportunity small business had each year to show the sort of goods and service it offered. <sup>11</sup>It also demonstrated that there were individuals in the business community who were prepared to show their support with more than rhetoric, he said.

The fair was a forum for interchange and integrating all South Africans as trading partners in business and <sup>12</sup>of the American Chamber of Commerce, Adriaan Botha, welcomed the Matchmaker concept and said it was designed to assist black-

owned firms to establish contacts with large American companies in South Africa. <sup>30</sup>

This year there are more than 100 stands at the Matchmaker Fair. Some small businesses are veteran exhibitors,

others are newcomers. Many who showed their wares at the previous exhibitions have become established and no longer need exposure. A few had faded away, according to director Mr Zuko Tofile.

### No confidence

A MOTION of no confidence was passed against the CP-ruled Carletonville Town Council on Wednesday night at a meeting of the Carletonville Chamber of Commerce and Industry and the Ratepayers Association Liaison Committee, attended by nearly 300 people.

The motion was adopted by a large majority. *Somen 25/4/87*

### New sponsor

THE South African Chess Federation has announced that a new sponsor, Sasol, has come forward for this year's South African closed chess championship.

The tournament will be known as the 1989 Sasol South African Closed Chess Championship and will be held in the Sasol Recreation Club, in Secunda from July 25 to August 6.

## Jazz Stores close Carletonville branch

*As 1 day 28/4/15* **PHO NGCOBO (30)**  
JAZZ Stores has closed its Carletonville branch and laid-off 50 workers as a result of the two-month-old consumer boycott of white-owned businesses in the town, Jazz marketing director Kruben Moodliar said yesterday.

He said the company's decision to close the store was the result of a daily 100% turnover loss since the boycott began on February 27.

Apart from the company's 50 workers who have become redundant due to the closure, 20 casual workers lost their part-time jobs, bringing the total of jobs lost since the boycott began to 449.

"We had to close our Carletonville store as no customers were buying from us. We are sad about the closure, but we had no

● To Page 2 →

## Jazz Stores close Carletonville branch

alternative because there was no turnover. No trading can continue to exist without a turnover," said Moodliar.

He said the company was discussing re-trenchment terms with the Commercial Catering and Allied Workers Union (Ccawusa).

"We have made representations to Ccawusa and we are presently waiting for them to come back to us. The staffers will then be made redundant after our final talks with the union," he said.

Moodliar said the laid-off employees had been with the company for an average of

*As 1 day 28/4/15* ● From Page 1 ← **(30)**  
10 years. "It is said that we have to re-trench them. They were certainly the best in the group and our Carletonville branch was one of our highly profitable stores."

□ Carletonville Chamber of Commerce president Annetjie Claasen said the chamber would present details of a "no confidence motion", passed in a meeting of the local ratepayers association on Wednesday, to Constitutional Development and Planning Minister Chris Heunis.

# Pep Stores plans to launch new retail chain

By TOM HOOD  
Business Editor

A THIRD retail chain is being planned by Pep Stores as part of a R100-million expansion.

This was disclosed today by managing director Basil Weyers, who said it would operate side by side and even below the Pep and Ackermans markets.

"It will probably be at a very basic level and we will see if there is a market that we might be missing."

The group also plans to open 68 new Pep outlets and 22 new Ackermans stores, Mr Weyers said.

"We are optimistic about the future. We are protected against the economy slowing. Our customers are cash buyers and not exposed to credit squeezes."

"Shops selling durables may be in for a hard time but when people cut back on these items they have proportionately more to spend on food and clothing."

The expansion will provide 500 jobs and increase the staff of Pep and Ackermans to 6 000 people.

"We have R100 cash available for expansion this year and we are trying to employ it as fast as we can in opening shops and acquisitions."

The Pep and Ackermans operations are to be split into two well-defined sets of management and higher growth is expected to follow the separate and focussed managements, he added.

Pep's turnover grew by 24 percent to R804-million in the year to February 28 and earnings jumped by 24 percent to R73-million after tax.

Other retail chains based in Cape Town are also stepping up their expansion plans, spending more than R250-million in developments which will provide at least 1 000 new jobs this year.

Mr Stewart Cohen, Cape-based joint managing director of Specialty Store Company (formerly John Orr Holdings), said the company was seeking R17-million from its shareholders to finance expansion.

All Storeco operations are to be listed in a renamed subsidiary Specialty Stores and Storeco will become the pyramid.

Shareholders will be offered one new Specialty share for each Storeco at a price of 325c.

Discussing prospects, he said: "We have minimum input from high interest rates in our business. The Milady chain has been opening one new store a month for the last five years, through good and bad years, and we intend to continue that."

The chain of Mr Price factory shops is also to be expanded from three to 50 in the next five years.

Pick 'n Pay plans to spend about R85-million in its largest expansion, which includes R59-million to build seven new supermarkets and other stores as well as well as renovations and extensions.

Another big spender is Wooltru, which is investing R95-million on expansion of Woolworths, Truworths, Makro and other group stores.

Shoprite is also on the expansion trail with five new stores in the pipeline to add to its chain of 39.

W/E AKA's 29/4/89 30

Clicks aims to add a new store to the group's chains every two weeks and is budgeting to spend R6-million on expansion.

for 29/4/59

# Carletonville ratepayers to petition Heunis on council

CARLETONVILLE — Carletonville ratepayers will present a petition to the Minister of Constitutional Development and Planning, Mr Chris Heunis, next week.

They will ask him to bar the Conservative Party-controlled Carletonville Town Council from using their money to defend the court action brought against it by local businessmen.

The ratepayers said they "objected strongly to the town council of Carletonville using ratepayers' money to pay for any possible costs which may arise from the court action instituted against it by the business community of Carletonville".

More than 250 people had already signed the petition last night, and many more were expected to do so before Monday, Carletonville Chamber of Commerce president Mrs Annetjie Claassen said yesterday.

## Application

The petition comes in the wake of an application recently lodged in the Pretoria Supreme Court by Carletonville businessmen, asking for the dissolution of the CP-dominated town council.

The businessmen said the town council had neither consulted people on its policy nor given them a chance to make representations.

A ratepayers' meeting at the Carletonville Technical College this week passed a motion of no confidence in the town council, and resolved to request the town clerk of Carletonville "to consider invoking the applicable provisions of the Local Government Ordinance with a view to a possible investigation in regard to maladministration".

Several CP supporters attending the meeting tried to disrupt proceedings

## KAIZER NYATSUMBA

by constant interruptions, and interjections" while some had walked out early, according to Mrs Claassen.

A tour of Carletonville by Saturday Star yesterday afternoon showed that blacks were still not buying in the town, despite the fact that it was a Friday at the end of the month.

"The overall picture is that business is still very bad out here," Mrs Claassen told Saturday Star.

She estimated that Carletonville businessmen had already lost more than R12 million in turnover as a result of the boycott, and close to 400 people had already been laid off.

The Carletonville ratepayers said in the petition to Mr Heunis that they "strongly objected" to the council's decision to reserve certain parks in Carletonville for the use of whites.

"The parks are seldom used by whites (and) there are no similar facilities (for blacks) in the business area of Carletonville.

"Black people regarded the decision as insulting and it has had an adverse economic effect, as they, who were the only users of the parks, are now forced at great cost and inconvenience to shop in surrounding towns.

"The decision resulted in a black consumer boycott with adverse economic effects on businesses in Carletonville, and a large number of businesses are facing insolvency. The decision is causing unnecessary friction between the race groups and is not in the interest of the community of Carletonville."

In his response, Carletonville management committee chairman Mr Koos Nel said: "If the ratepayers don't want us to use their money, then we are not going to use their money — because we are going to win the case."



# Homemakers takes stake in Milstan

ANN CROTTY

FSI's Homemakers' Group has taken a 27 percent stake in Milstan, the photographic and electronic retailer.

In a deal struck just before the close of trade yesterday, Homemakers' acquired Columbia Holding's 27 percent stake in Milstan. This is equivalent to 7,4 million shares which were bought at the market price of 115c a piece and puts a value of R8,5 million on the deal.

Homemakers has the right to acquire an additional four million shares from the Milstan management, which currently holds 13 million of the 25 million shares in issue.

The move is in line with Homemakers' stated objective of investing in specialist retailing and, given the nature of Milstan's activity, it seems set to enhance Homemakers' resilience to cyclical downturns.

## R10-million cash

Last year's re-organisation of Homemakers' furniture interests into the JD Group involved the release of R10 million cash which was to be used to enable Homemakers to move into specialist retailing.

Group CE, Hilton Nowitz points out that Milstan fits in well with Homemakers' strategy — management has an important ownership stake — and it is a retail group involved in consumer products.

The market is expecting about 20c eps for Milstan (which has cash resources of around R11 million) in the year to end-February and a dividend of 5c-7c. If this has been achieved then Homemakers will have bought into the company very cheaply, particularly as Homemakers will receive the dividend.

If the acquisition had been effective for financial 1988 it would have lifted Homemakers' eps (which were 18,6c) by 1c. This indicates that the earnings yield from Milstan would have been more attractive than the interest income from the R10 million cash.

# Exhibition an opportunity for important interaction

## But black businesses need more outlets

By **CONNIE MOLUSI**

THE annual Matchmaker exhibition - aimed at making black economic empowerment a reality to contribute to fundamental change - is being held at the Nasrec showgrounds this week.

The exhibition, sponsored by the US Foreign Commercial Service, was first held in 1986 with the object of assisting black-owned companies to develop fruitful business con-

tacts with the American business community in South Africa.

The exhibition provides an opportunity for exhibitors to negotiate with prospective buyers and exchange business knowledge.

Although Matchmaker has been successful in enhancing communications between major business organisations and black business it has not produced satisfactory results in the

form of increased procurement of goods and services from black suppliers.

However, Matchmaker events have succeeded in drawing company buyers and making introductions that have led to important business opportunities.

The exhibition has grown over the years to include more than 100 exhibitors, some of whom have developed their businesses beyond a need for a Matchmaker platform.

The character of the event has expanded to include South African and foreign companies. Their role, in addition to the extension of procurement possibilities, is to partner small entrepreneurs and provide merchandising expertise and other support to aid the effectiveness of exhibits.

The success of the exhibition is underlined by a number of large corporations mounting their own buyers' exhibits to invite black vendors to negotiate contracts for supply.

Matchmaker Services was formed after the 1988 exhibition to facilitate continuity in exchanges between buyers and suppliers.

Over the past three years exhibitor participation has doubled and now features businesses such as Polane Steel Manufacturing, Viva Industrial Chemicals and Dutel Paint Manufacturers.

There have been interesting interactions between small and big businesses in the wake of the exhibition. For example, Hoechst South Africa has launched a small business unit to work with five black chemical manufacturers.

The unit will assist with technology, marketing and the supply of raw materials, to be purchased from Hoechst at competitive prices.

Matchmaker believes that: "In order for black business to make a successful entry into the mainstream of the South African economy, government and the white business sector will have to reach out with positive programmes to help uplift the black private sector to its full role in the economy."

THE "support black business" concept, which was first mooted in the United States in the 1960s, was the subject of heated debate at the Southern Transvaal Chamber of Commerce and Industry's conference in Sandton last week.

The debate was sparked by reports of the mushrooming of white-owned supermarket-chain stores in areas such as Soweto and the threat they pose for small businesses.

These stores offer low prices - a result of their bulk buying power - which smaller businesses cannot afford. Consequently, black consumers from the townships prefer to patronise these chains at the expense of smaller businesses in the townships.

Township stores rely to a large extent on small item purchases by consumers who do not have transport to the chain stores, which are usually situated outside the townships.

The dilemma, the Sandton conference discovered, was that it was economic nonsense to call on township blacks to buy their wares from other blacks, regardless of prices.

Delegates noted that it did not make sense to call on black consumers to support black traders purely for emotional reasons. Economic freedom of choice had to be allowed to operate freely in a free

holders as well, many internal problems would solve themselves. Firstly, the perennial problem of pilfering and other forms of dishonesty would disappear overnight and all employees/share-

## Money Talk

with REVELATION  
NTOULA



## Heated debate on 'back black business' call

30 Owen  
30/4/89.

# 'Business must lead drive for wealth'

By SELLO SERIPE

SOUTH AFRICA'S future prosperity and the creation of jobs depends on businessmen – the government cannot fulfil this function, according to Southern Transvaal African Chamber of Commerce president, KJ Hlongwane.

"We are the pace setters in shaping the future. The wealth of Singapore and South Korea was created by business people, not politicians," he said in his keynote address during the organisation's 19th annual general meeting in Johannesburg this week.

He said SA's economy is being subjected to extreme external pressure, such as sanctions, disinvestment and restrictions on the availability of capital.

"The same goes to business franchises – why should the franchise come into the township? Why can't blacks be given franchises in towns to serve fellow-blacks working there?"

"For the same reason we are against the intrusion of supermarket chains into the townships. Too many whites demand to do business with blacks, just for the sake of black money.

"I am calling for the real opening of central business districts, not selective opening as is the case right now.

"Boksburg has classified many issues. We really want to know how these things add up in a so-called Christian country. The government must note that time is running out and we are tired of living with strikes, boycotts, sanctions, unemployment and the state of emergency," he said.

Hlongwane said all these are a result of the government's laws, which must be removed.

The Soutacoc president added that it would be better if big business were to find ways of sharing with blacks, rather than using them for its own benefit.

"I am sometimes overwhelmed by the sheer weight of the task facing us – the issues that need fresh thinking, planning, action, and hard work.

"I am calling for integrity in the way we spend money, in the way we use our time, in our relationships with our colleagues."

He also said in order to make black empowerment a reality, the Group Areas Act would have to go.

Hlongwane said because Soutacoc believed that SA has a much larger role to play in the world, it had also made an effort to establish overseas links, as well as links in Africa.

He called on black entrepreneurs to show the way for big business. He said they should be seen to be sharing in the wages they pay their employees.

# Ccawusa in wrangle with Trador

CP Correspondent *30/4/89*

THE dismissal for theft and incompetence of two Ccawusa members from Trador Supermarket in King William's Town, has been seen by the union as trying to frustrate the workers' demands for a living wage, the union claims.

Local spokesman for the Commercial Catering and Allied Workers' Union in the area, Mike Mnikina, said Gladile Baulla and Judith Ndwalaza had been accused of either theft or incompetence, and of misappropriating receipts involving R170, and then dismissed.

Trador management refuted the union's argument that the two had insufficient training.

This week, the King William's Town branch of the union was preparing to declare a dispute with management.

Meanwhile, Ccawusa members at World and Score Furnishers have reported that some fellow workers have been retrenched.

The retrenchment drive by World Furnishers is going to continue until 1991 and will involve a substantial number of workers.

Workers at the 31 branches of World Furnishers throughout the

country recently staged a sit-in protest to voice their opposition to the retrenchment drive.

At King William's Town branches of Score stores, notices appeared saying that workers were prohibited from associating with the sit-in and that such action was deemed unfair labour practice. The notice added that protestors would be liable for prosecution.

The local branch of the union feels that the retrenchment is a concerted effort by this group to frustrate their demands for an across-the-board increase of R250 per month. - Veritas



# Exhibition opportunity for important interaction

## But black businesses need more outlets

By **CONNIE MOLUSI**

THE annual Matchmaker exhibition - aimed at making black economic empowerment a reality to contribute to fundamental change - is being held at the Nasrec showgrounds this week.

The exhibition, sponsored by the US Foreign Commercial Service, was first held in 1986 with the object of assisting black-owned companies to develop fruitful business con-

tacts with the American business community in South Africa.

The exhibition provides an opportunity for exhibitors to negotiate with prospective buyers and exchange business knowledge.

Although Matchmaker has been successful in enhancing communications between major business organisations and black business it has not produced satisfactory results in the

form of increased procurement of goods and services from black suppliers.

However, Matchmaker events have succeeded in drawing company buyers and making introductions that have led to important business opportunities.

The exhibition has grown over the years to include more than 100 exhibitors, some of whom have developed their businesses beyond a need for a Matchmaker platform.

The character of the event has expanded to include South African and foreign companies. Their role, in addition to the extension of procurement possibilities, is to partner small entrepreneurs and provide merchandising expertise and other support to aid the effectiveness of exhibits.

The success of the exhibition is underlined by a number of large corporations mounting their own buyers' exhibits to invite black vendors to negotiate contracts for supply.

Matchmaker Services was formed after the 1988 exhibition to facilitate continuity in exchanges between buyers and suppliers.

Over the past three years exhibitor participation has doubled and now features businesses such as Polane Steel Manufacturing, Viva Industrial Chemicals and Dutel Paint Manufacturers.

There have been interesting interactions between small and big businesses in the wake of the exhibition. For example, Hoechst South Africa has launched a small business unit to work with five black chemical manufacturers.

The unit will assist with technology, marketing and the supply of raw materials to be purchased from Hoechst at competitive prices.

Matchmaker believes that: "In order for black business to make a successful entry into the mainstream of the South African economy, government and the white business sector will have to reach out with positive programmes to help uplift the black private sector to its full role in the economy."

ARGUS 2/5/89 (30)

# P'n P plan to cut R79-m stock excess

By TOM HOOD, Business Editor  
EXCESSIVE stocks were built up by Pick n' Pay in a gamble to beat last year's surcharges on imported goods and capitalise on its 21st birthday promotions.

Stocks of R327-million at the February year-end were R79-million more than a year ago and substantially reduced the interest earned last year, the company's annual report discloses today.

Action is being taken to reduce stock levels, with clear targets for all the decentralised operating regions, says Mr Raymond Ackerman, chairman, and Mr Hugh Herman, managing director, in their review.

"We are confident that within the next few months stocks will have returned to the desired levels with a concomitant increase in cash resources.

"With interest rates as high as

they are, an opportunity exists in the coming year to increase markedly our investment income."

Sales in the past year jumped by 27 percent to R3 869-million and pre-tax profit exceeded R100-million for the first time at R116-million, an increase of 27 percent.

The report shows the company paid R3 401-million for merchandise and expenses. Of the R468-million remaining, 68 percent went on employees pay and other benefits, 13 percent went on equipment and vehicles, 10 percent went on tax and eight percent was paid to investors in dividends and interest.

The chief executives say they are confident of a meaningful real growth in sales and profits and a good start has been made to the year.

The sharp increase in interest

rates and 1 percent hike in GST had the effect of diminishing the discretionary buying power of the public. In spite of this, there were many encouraging signs for business, including:

- The improved mood of confidence in the future of the country flowing from recent positive political developments.

- The rapid rate of urbanisation and the increased spending power of the black population.

- The improvement in the agricultural sector flowing from their widespread good rainfall.

- The growing strength of the informal sector of the economy and the job opportunities being created.

"We believe there is sufficient underlying strength in the economy to provide a platform for successful trading," added Mr Ackerman and Mr Herman.

# Tafelberg produces 34% higher profits

*Cape Town 2/5/89*

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Financial Staff

TAFELBERG FURNITURE STORES has lifted earnings for the year to February by 35%, to 7,4c (5,5c) a share. The final dividend is 2c a share, bringing the total payout for the year to 3,5c (2,6c).

Turnover for the group which, retails a wide range of household furniture and electrical appliances targeted at upper income groups, was up by 36% to R29,4m (R21,6m). This produced a 34% rise in profit to R1,7m (R1,3m) before a tax bill of R822 000.

Chairman Eugene Theron says the group's profitability is growing at a satisfactory rate, with the Bellville branch making the biggest contribution to turnover.

"Although our stores in Paarl and Cape Town continue to make valuable contributions, we find most of our business comes from the northern

areas in the Cape Peninsula.

"This is an important market for us, and in order to tap its full potential, we are increasing our warehousing and showroom space at Bellville.

"Construction on a site next to the existing store is already under way. When completed, this will increase our showroom and sales area from 1 600 m<sup>2</sup> to 2 300 m<sup>2</sup>.

"The additional warehousing facilities will enable us to build up stock levels and subsequently help contain pricing."

Theron says that, while there is still room for growth in the Western Cape market, expansion into other regions was possible.

Plans for the year ahead, he says, call for growth from expansion of existing market share, and improvements in asset management and administration.

# Township store profits from boycott

6/10/89 15/89 30  
SIPHO NGCOBO

A BLACK township supermarket is reaping huge profits from the two month-long consumer boycott of Carletonville's white-owned businesses.

Wedela Four Square, in the mining township of Wedela outside Carletonville, has more than doubled its turnover since the boycott began on February 27.

Store manager Kleinbooi Tukani says the store has become an alternative shopping centre for thousands of blacks who have said they will not shop in Carletonville until



● TUKANI

the council rescinds its racist by-laws.

"The boycott is doing wonders for us. Our suppliers sometimes cannot cope with the volume and variety of products required by our customers," he says.

Four Square is a corporation of 25 black owners based in townships in the Reef, Wedela and Ikageng near Potchefstroom.

It is offering a 5% discount on products as a result of an agreement between the boycott organisers and the store's management.

Tukani says before the boycott, most township residents did their shopping in the white-owned stores of Carletonville.

"Most of the local people were buying in Carletonville. As in most black townships, it is fashionable for people to go to a nearby town or city to buy necessities, especially during the weekends," he says.

He says there has also been an increase in the number of Four Square's white customers, but is reluctant to attribute this to the consumer boycott.

Tukani says he doubted the seriousness of the boycott at the beginning, but now he hopes it will continue for little longer.

"I hate apartheid and all other forms of racism. However if the boycott continues, that is fine with me in two ways. It will teach the racist whites the hard way and bring profits to us," he says.



# OK Bazaars going in right direction

Star 31/7/89

30

By Ann Crotty

Improved stock turn, increased operating margins and lower-than-expected interest charges enabled OK Bazaars to report results at the top end of most analysts' expectations.

Earnings per share were up 20,4 percent to 195c (162c) from which a dividend of 103c has been paid, 15,7 percent ahead of the previous year's 89c.

After the release of interim figures, which showed EPS of 55c, analysts were looking for a full-year figure of over 200c.

These expectations were revised downward after the introduction in August of stricter curbs on consumer spending.

Results show that despite a squeeze on furniture sales, OK managed to cope with the tougher trading environment better than most analysts had expected.

In the 12 months to March turnover rose 19,4 percent to R3,7 billion.

MD Gordon Hood says that allowing for inflation, this represents a volume increase of about 3,6 percent.

Operating income was up 25,3 percent to R67,1 million (R52,6 million), reflecting a slight improvement in margins from 1,7 percent to 1,8 percent.

But even a slight improvement in an operation the size of OK has a significant impact on profits.

In this instance, the 0,1 percent improvement lifted operating income by R3,7 million.

This is the sort of news that should hearten shareholders who are weary with the slow progress being made at OK as it highlights the benefits of slow and steady progress.

Interest payments were up 60 percent and cost R23,9 million for the full year.

The directors attribute this to higher rates and pre-December purchases.

But it seems there was an improvement in the debt situation in the second half.

At end-September, interest-bearing debt was R211,9 million. At end-March total interest-bearing debt was down to R177,6 million.

The apparent sharp swing away from long-term to short-term debt between end-September and end-March does not reflect a view on interest rates.

## Long-term debt

Mr Hood says that in the second half, R100 million in long-term debt came up for review and because of this featured as short-term debt in the end-March balance sheet.

But since the end of the review period this R100 million has been re-classified as long-term.

The improvement in the second-half debt position can in part be at-

tributed to tighter asset management, which saw year-end stocks up by just 6,8 percent, compared with the turnover increase of 19,4 percent.

Mr Hood says that at the interim stage, stocks were up 18 percent on the previous interim.

After a tax charge of R19,3 million (R18,7 million), taxed profit was up 19,3 percent to R23,8 million (R20 million) and attributable earnings up 20,4 percent to R23,9 million (R19,9 million).

He says the improvement in margins was helped by a slight change in product mix in favour of clothing and housewares at the expense of the low-margin food sales.

These accounted for 60 percent of turnover in financial 1989 (61 percent in 1988).

Also helping margins was the improvement in stock turn, up from 5,9 times to 6,6 times. In view of management's commitment to a high percentage of food sales (analysts believe in the region of 55 to 60 percent of total), it seems stock turn is crucial to profit performance.

The improvement reflects the initial benefits of computerised stock control.

Although analysts believe that performance would benefit from a significant reduction in food sales, OK management is emphatic that food sales "generate the traffic" and are crucial.

# OK profits rise by 19,3%

*OK 1989 3/5/89*  
*30*

JOHANNESBURG. — The fiscal measures introduced in August to restrict hire-purchase sales, coupled with major increases in surcharges on imported goods, as well as the general slowdown in the economy, had a negative effect on the OK Bazaar's turnover growth in the second half of the financial year.

Against this background, group turnover increased by 17,2% in the second half, against 22,0% in the first half, resulting in a growth of 19,4% for the full year.

The preliminary profit released yesterday, reflects an 25,3% increase in operating income to R67,1m (R53,5m), and a 19,3% increase in after-tax profit to R23,8m (R20,0m).

Attributable income is 20,4% higher at R23,9m (R19,8m), resulting in improved earnings per share of 195c (162c).

The final dividend was increased to 74c (65c), making the total dividend for the year 103c, an increase of 15,7%.

Although little or no increase in real disposable income of consumers is expected in the lower and middle-income groups, the board expects that trading performance will continue to improve, although at a lower rate. — Sapa

## Pricing system 'unfair'

Star 3/5/89

# Clash over 'subsidy' of State drugs

By Helen Grange

A dispute has arisen within the pharmaceutical industry over whether medicine costs should be reduced in the private sector.

The SA Association of Retail Pharmacists argued last week that patients could buy medicines at a much reduced cost if retail pharmacists were able to purchase their stocks at the same rates applicable to State purchases.

The association's national president, Mr Gary Kohn, pointed out that the State purchased medicine at tender prices (20 percent of overall price) while pharmacy retailers paid much more in order to sustain losses incurred at tender level.

He appealed to the Government to balance these price differences so medicines could be more accessible to private patients.

However, a spokesman for one of South Africa's largest pharmaceutical companies (who cannot be named) said he saw Mr Kohn's argument as a "simplification of a very complex problem".

"If the private sector was able to purchase medicines for less, State medicine would have to be subsidised another way, probably through higher taxes.

### No guarantee

"Also, if retail pharmacists could buy medicines for less, there is no guarantee these prices would be passed on to the patient," the spokesman said.

He added that many pharmacists purchased medicines for discount prices, but rarely passed these on to the customer.

"Because pharmacists are not allowed to compete in the price market, hundreds of pharmacists would go out of business if they had to reduce their selling price by 20 percent," the spokesman said.

Mr Kohn also argued that patients were often given generic brand name prescriptions when they could get a generic (patent expired) prescription at a reduced cost.

"Generic prescriptions are not always as good as brand name prescriptions. The best available treatment should be prescribed by a doctor," the pharmaceutical company spokesman said.

# CNA Gallo profit growth beats market expectations

B/Dem 3/17/89

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CNA Gallo, in lifting profit 55% in the year to March, outpaced growth in consumer spending and the rest of the market.

Coming off an already high base, the entertainment and retail group increased earnings to 112,9c a share (1988: 73,6c), surpassing both management and market expectations.

The board resolved yesterday to pass on the profit growth to shareholders with an increased final dividend of 36c a share (23c). This lifts distribution for the year to 45c — overed 2,5 times by earnings.

After a strong Christmas and better-than-expected first quarter, turnover topped the R0,5bn mark at R549,8m (R429,8m).

This, with improved operating margins of 9,6%, and a lower effective tax rate of 44%, contributed to the bottom line improvement.

However, CE Doug Band cautions growth in the current year will slow from the extraordinary high levels achieved in the past few years.

Nonetheless, earnings growth should be real, says Band, estimating an inflation rate in the region of 16%.

The group is liquid, with cash and bank

## CHERILYN IRETON

balances of R12,8m at the year-end, double that of a year ago.

In light of this, a number of acquisitions are likely. However management will the retain the group's present focus.



**BAND . . . locally made CDs soon**

During the year the group bought a 5,5% stake in Walhold for R8m. "The shares were available and we didn't want them to fall into hostile hands," says Band.

All three of the group's operating divi-

sions recorded significantly improved profits. However, an exceptional performance from the music, video and entertainment sector changed the divisional contribution to taxed profits of R32,6m (R20,6m) profits:

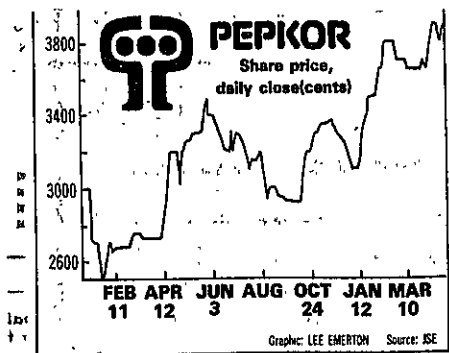
- Retail accounted for 50,4% (50,5%);
- Entertainment boosted its contribution to 31% (28%); and
- Support and associates chipped in 17% (21%).

The entertainment division's improvement was spurred by success of local music releases. In addition, the CD market — coming off a low base — improved noticeably. Band believes Gallo is within two years of producing CDs locally.

□ Listed subsidiary VIDEO LAB HOLDINGS ended the year on a pleasing note, even though the growth was marginal, with earnings of 9c a share (8,6c).

"We have finally turned the corner," MD Mike Smit said yesterday, after the board had declared a final dividend of 3c a share (1,5c).

He was referring to the problems linked to the merger with Toron Television which took longer than anticipated to bed down and resulted in to a 3% drop in operating profit.



B (Da 13/5/89)

## Pepkor's sales hit R1bn mark

30 SYLVIA DU PLESSIS

BETTER performances from core subsidiaries Pep Stores and Shoprite saw retail group Pepkor post improved results across the board for the year to end February, with sales topping R1bn for the first time.

Earnings a share rose 34% to 496,8c and a final dividend of 113c has been declared, bringing the total for the year to 158c (130c), covered 3,1 (2,8) times.

While turnover grew 27% to R1,2bn, operating profit increased 56% to R111,6m (R71,7m) in the period under review.

Chairman Christo Wiese said the climb in operating profit was due mainly to improved productivity at Pep Stores.

Operating margins improved from 7,6% to 9,4%.

In spite of a 165% tax hike — primarily due to higher tax paid by Pep Stores — taxed profit soared 50% to R68m and filtered down to a 48% increase in earnings to R58m.

Wiese said the group was expecting a higher tax rate in the current period, but this would still be lower than the marginal rate.

A strong balance sheet reflected an 11% decrease in borrowings to R12,7m, with the group maintaining R100m in cash at its disposal. Referring to the cash pile, Wiese said the group was on an expansion trail.

Pepkor was planning to open an additional five Shoprite stores and one more Hyperette store this year, and was also considering acquisitions in Europe, he said.

Pepkor's exports for the period under review totalled R7m and current prospects in this area were excellent, he said.

Overall, the group's prospects were positive, in spite of the expected downturn in the economy.

"As a group we're budgeting for sales growth in excess of 20%," Wiese said.

Pepkor shares closed unchanged yesterday at R38, after rising to a peak of R39 last week.

# OK Bazaars improves asset management

OK Bazaars' attempts to improve its profit margins by managing assets more efficiently appears to be taking effect in an environment of stringent fiscal measures and subdued consumer spending.

Since its management identified slow stockturn as a serious problem, arguing the way to improve profit margins was to manage assets more efficiently, the group has been tightening control of its stock.

OK Bazaars MD Gordon Hood said the key was to limit interest-bearing liabilities and fund growth through interest-free liabilities.

The retail group's balance sheet for the year to March 1989 shows that while the effect of the programme has been slow, results have started to emerge.

After over-stocking before December in anticipation of the Christmas rush and then paying dear-

ly as interest rates began to rise and demand to drag, the group tightened up its stock levels.

Hood said during the second half the overall increase in stock was contained at 6.8% compared with about 18.5% during the first half of the year when turnover grew by 22%. Stock was turned at a faster pace.

As a result, the gearing ratio improved from 50% last year to 41%, with closing interest-bearing debt down R13.4m to R177.6m, interest-free liabilities up R69m to R503m and year-end cash deposits, excluding cash floats, up R12.4m to R26.4m.

Hood was "happier" with the results but regarded the project as a long-term one. "There is still a lot of room for improvement and I believe it will come from improving the stock-turn situation."

The group has invested a great deal in a new

central distribution system to centralise the distribution of supplies and improve efficiency by reducing the number of deliveries to a particular store. The system has been implemented in about 100 of the group's 210 stores and is aimed largely at non-bulk food areas and housewares.

The central distribution system follows through into a computerised system which shows the minimum stock levels needed to achieve required levels of efficiency in grocery divisions. The group hopes to have installed the system in all its stores by the end of the year.

While Hood said the group had begun to feel some of the benefits of the programme — he attributes the 25.3% growth in operating profit to improved margins, faster stockturns and more effective expense control — it would take years for the full effects to filter through.

LESLEY LAMBERT

31/1/89

BIDAM 31/5/89

## DROPPING IN PUSHES TURNOVER TO R109m

DROP-INN Group Holdings' turnover surpassed R100m for the first time, rising from R86m to R109m in the year to February.

The liquor retailing and wholesaling chain benefited from buoyant trading conditions and also improved its margins. Operating income was up 36% to R6,8m from nearly R5m, an increase of 36%.

A lower tax rate of 41% (48% in the 1987/1988 year) resulted in a 54% leap in taxed profits to just over R4m (R2,6m).

A final dividend of 2,25c has been declared bringing total distribution to

30

LIZ ROUSE

3,25c from 2,60c. With earnings at 8,01c a share on the larger issued share capital, earnings yield is over 21% at the current market price of 38c, while dividend yield is 8,5%.

Drop-Inn directors are confident the chain will continue to reflect sustained growth in spite of the less certain economic environment expected this year.

Drop-Inn shares were issued at 75c a share 18 months ago but the price has stuck in a band of 47c-35c during the past year, reflecting investor lack of interest in consumer-oriented stocks.

## GRESHAM'S ATTRIBUTABLE EARNINGS HIT

ZILLA EFRAT (20)

WHOLESALE distribution group Gresham Industries' attributable earnings for the year to March were affected by reduced margins, an increased interest bill and higher payments to minorities. *6/10/89 315789*

But, chairman Gordon Utian said the group had been reconstructed during the past three years and was now well poised to take advantage of the two main areas in which it operated — pharmaceutical and tool and hardware wholesaling.

Attributable earnings, which rose 7,6% to R11,4m (R10,6m), did not match the 18% growth in taxed profits to R13m (R11m) because of an 180% increase in payments to minorities of R1,7m (R620 000).

Earnings improved to 21,6c (20,1c) a share. A final dividend of 5c has been declared bringing the annual total to 9c (8c) a share, covered 2,4 times.

The results are not strictly comparable with the previous year because they include the results of SA Pharmaceutical Development Corporation (SAPDC) from March 1 1988.

### Fierce

Turnover jumped 140% to R665m (R281m), but operating profits grew 42% to R23,3m (R16,4m) because operating margins dropped to 3,5% (6%).

A Competition Board investigation led to fierce competition between Pretoria Wholesale Druggists (PWD) and SAPDC, which were forced to trade as separate entities, retaining market share at the expense of margins.

The investigation resulted in the merger of the two groups only taking place at the end of the year, but great synergies had already been achieved.

A jump in the interest bill to R3,9m (R444 000) — a result of higher interest rates, the SAPDC purchase and high gearing at the start of the year — cut into pre-tax profits, which increased 21% to R19,4m (R16m).

Interest cover fell to six (37) times and the current ratio fell to 1,8:1 (2,0:1).

Towards the end of the year, cash and carry wholesaler Yudelmanns and the under-performing retail chain store suppliers Greatrex and divisions were sold.

Utian said the sale of these operations and certain immovable properties more than counteracted the R30m paid for SAPDC and resulted in substantially improved gearing.





COMPANIES

cap 71473 3/5/89 30 22 109

# CNA Gallo's profits soar to R32,6-million

**BOOSTED** by buoyant Christmas and back-to-school seasonal sales, CNA Gallo showed a 28 percent turnover gain to R550-million.

Profit after tax soared 58 percent to R32,6-million (R20,6-million). The final dividend has been increased to 36c to raise the year's total to 45c a share, 55 percent higher than last year.

Other features are:

- Cash and bank balances more than doubled to R12,8-million; and
- Other investments rose from R2,8-million to R11,4-million as a result of the purchase of a 5,5 percent stake in Walhold from Hortors.

The directors say: "Given political and economic stability, it is expected that earnings for the current year will increase in excess of the inflation rate.

"The rate of growth is, however, expected to diminish from the extraordinarily high levels achieved in the past few years."

Earnings have now more than doubled in the past four years, with distribution having followed a similar pattern.

CNA Gallo subsidiary Video Lab fared nowhere near as well as its parent.

Attributable taxed income rose 5 percent to R1,8-million on a turnover increase of 14 percent to R12,5-million.

The directors ascribe the dis-

appointing performance to the delayed achievement of certain merger benefits and non-recurring restructuring costs.

Real earnings growth in the current financial year is forecast.

- Improved stock turn, increased operating margins and lower-than-expected interest charges enabled OK Bazaars to report results at the top end of most analysts' expectations.

A dividend of 103c a share has been paid, 15,7 percent ahead of the previous year's 89c.

Results show that in spite of a squeeze on furniture sales, OK managed to cope with the tougher trading environment better than most analysts had expected.

In the 12 months to March turnover rose 19,4 percent to R3,7-billion.

Taxed profit was up 19,3 percent to R23,8-million and net profit up 20,4 percent to R23,9-million.

- Strong performances by the two major operations, Pep Stores and Shoprite, were behind Pepkor's 27 percent increase in turnover to R1,2-billion.

Operating profit rose 56 percent to R111,6-million.

A dividend of 158c a share was paid, 21 percent higher than last year.

- The Drop-Inn group's turnover increased to R109-million from R86-million, exceeding R100-mil-

lion for the first time, for the year ended February 28.

Pre-tax profit increased 36 percent to R6,8-million.

With a final dividend of 2,25c a share, the year's total was 3,25c, an increase of 25 percent.

- The Board of Executors net profit rose 145 percent to R1,8-million for the six months to the end of March.

A major boost to earnings arose from the Board's 40 percent interest in Mercury Trust, an unlisted strategic investment company managed by the Board.

Chairman Mr P W Wilson said the group had experienced a strong inflow of business and the outlook for the year remained encouraging.

- Altech's profit before tax in the six months ended February was R74,0-million, an increase of only 9,1 percent on last year and a rise of only R3,5-million (5 percent) on earnings in the six months to August.

Earnings before tax for the full year to the end of February were R144,4-million, an increase of 8,4 percent on last year.

Turnover rose to a record R745-million. However, this is not comparable to last year's figures as the sales of STC Business Communications and Altech Informatics are no longer included.

DICK USHER

# Pick 'n Pay opts for cash holdings

By Tom Hood  
CAPE TOWN — Excessive stocks were built up by Pick 'n Pay in a gamble to beat last year's surcharges on imported goods and to capitalise on its 21st birthday promotions.

Stocks of R327 million at the February year-end were R79 million more than a year ago and substantially reduced the interest earned last year, the annual report discloses.

Action is being taken to reduce stock levels, with clear targets for all the decentralised operating regions, according to chairman Raymond Ackerman and managing director Hugh Herman.

"We are confident that within the next few months stocks will have returned to the desired levels, with a concomitant increase in cash resources.

"With interest rates as

high as they are, an opportunity exists in the coming year to increase markedly our investment income."

Sales in the past year jumped by 27 percent to R3,87 billion and pre-tax profit exceeded R100 million for the first time at R116 million, an increase of 27 percent.

The report shows the company paid R3,4 billion for merchandise and on expenses.

Of the R468 million remaining, 68 percent went on staff pay and benefits, 13 percent went on equipment and vehicles and 10 percent went on tax.

Eight percent was paid to investors in dividends and interest.

The chief executives say they are confident of meaningful real growth in sales and profits.

They say a good start has been made to the year.

# Pepkor's problems left behind

Star 7/15/89  
30  
Although Pepkor seems to be a favourite with many retail analysts, its rating suggests investors are a bit wary and presumably have not forgotten the difficulties of recent years.

Results for the year to February indicate that these problems are behind the group and that the cleaning-up process of the last two years has left Pepkor a better-focused operation and one that is poised to benefit from strong demand in the low-income consumer market.

Strong performances by the two major operations, Pep Stores and Shoprite, were behind Pepkor's 27 percent increase in turnover to R1,2 billion (R939 million). Tighter asset management produced a sharp increase in operating margins from 7,6 percent to 9,3 percent, which was reflected in the 56 percent surge in

operating profit to R111,6 million (R71,7 million).

Earnings were up 34 percent to 496,8c (369,9c) a share, from which a 3,1 times covered dividend of 158c (130c) was declared.

In financial 1989, 40 Pep stores and 20 Ackerman stores were added to Pep Stores. Five Shoprite stores came on stream. This was achieved without putting pressure on performance.

Chairman Christo Wiese says the addition of 60 stores can be easily absorbed by a group that already has 620 outlets. The ease with which this is done highlights the simplicity of Pepkor's formula and the effectiveness of its control systems.

It has plans for another 60 Pep Stores to be opened in the current year, which will help it achieve its 20 percent increase in turnover.

Diagonal Street

ANN CROTTY



Mr Wiese says that to ensure the operation remains manageable, the reporting lines are kept reasonably short by continually divisionalising operations before they become unwieldy.

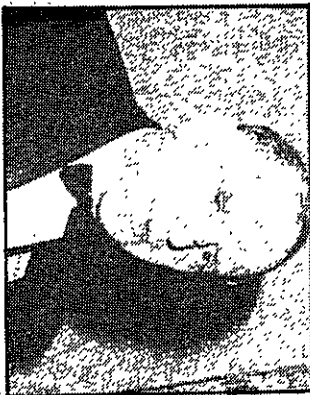
That the new outlets very quickly move into a profit situation and are no drain on resources is seen in the fact that at end of financial 1989 cash resources of R100,9 million were a little ahead of the previous year's R100,2 million.

COMPANIES

Monday 8/19/89

# Pick 'n Pay pushing ahead with scanning

30



● ACKERMAN... narrow margins

Pick 'n Pay will introduce bar code scanning at checkouts at every store in its largest supermarket region, the Western Cape, this year. Chairman Raymond Ackerman says in the retail group's annual report that overseas experience shows savings of between 0.5% and 1% can be made with this technology. The highly competitive nature of the supermarket and narrow profit margins

TANIA LEVY

on which we work, sophisticated business systems are required," he adds. Pick 'n Pay's plans to complete its scanning programme by 1991. The mass retail group has made a good start to the financial year and Ackerman is confident it will show real growth in sales and profits this year. Last year Pick 'n Pay celebrated its

21st anniversary with nearly R4bn sales and a 28.7% increase in earnings to 86.4c a share.

Ackerman says trading was assisted by an improved economy and a more settled political situation.

He adds market share grew to its highest level in December after a vigorous promotion campaign. Ackerman says the sharp increase in

interest rates and the additional one percentage point on GST will diminish discretionary buying power.

Pick 'n Pay is nonetheless encouraged by the positive signs for business. These include the rapid rate of urbanisation and increased spending power of blacks, improvement in the agricultural sector flowing from widespread rain, growing strength of the informal sector and the number of jobs being created.

# New clamps put squeeze on pay

By ZB MOLEFE

30  
Molefe

## Tight belt turning into a noose

7/5/89

SOUTH Africans, particularly blacks, face a bleak future from tomorrow following the government's announcement on Friday of tough measures against consumer spending.

The message to consumers is clear, emphasised Finance Minister Barend du Plessis: it is now time to spend less.

Broadly, his package means tighter hire-purchase terms, a one percent increase in the bank rate and a 10 percent loan levy on company tax.

He was more direct on the implications for the man in the street of his measures, announced at a

Press briefing in Cape Town: "Everyone who can get by for a bit longer with his harvester, planter, motorcar, bakkie, refrigerator or any other machine should do so."

At the same time, government insiders warned that if consumer did not stop spending, the government would "cut off his tail".

OK Bazaars managing director Gordon Hood said yesterday: "Our traditional customers rely on hire purchase for the purchase of big ticket items. They are seldom in a posi-

tion to purchase these items for cash."

He pointed out that when interest rates or deposit percentages rise, customers are unable to buy items which may be necessary. This places what can be termed as essential purchases beyond consumers' reach, Hood said.

Other organisations to criticise the government's clamp on consumer spending include the Small Businesses Development Corporation, the Consumer Council and the Housewives' League.

In reaction to the gov-

ernment's tight measures on consumer spending, three of South Africa's five major banks announced increases in their prime overdraft rates from tomorrow.

Among other things, the consumer spending squeeze apparently spotlights the admission that punitive financial sanctions lay behind the government's action. This is borne out by the lack of inflowing foreign currency.

"We must stay solvent, we must sell more than we buy," said Du Plessis as he pointed out the need

for South Africa to maintain foreign reserves.

The wide range of goods affected by the government's consumer squeeze include kombis, television sets, electrical and non-electrical goods, video machines and cassettes, jewellery, watches and clocks.

However, no changes have been made to hire purchase transactions on furniture, most of which has a high local content.

The latest government consumer curbs come hard on the heels of an increase of one percent in general sales tax announced in the Budget in March.

# CNA Gallo acquires 31% stake in Mast

RETAIL and entertainment group CNA Gallo has acquired a 31% stake in management training company Mast Holdings for R3.6m, Mast announced on Friday.

The deal, effective from April 1, includes the 26% stake previously held by Mercedes Datakor, and includes Mast's 100% acquisition of Gallo Vision, the education and training division jointly owned by PA Gallo and Co and the CNA Gallo group.

The Gallo Vision deal — also effective from April 1 — was concluded through the issue of an additional 2.4-million shares for a purchase consideration of R1.1m.

## Revenue

Mast CE Stephen Dallamore said the deal with Gallo Vision was in line with Mast's strategy of acquiring complementary businesses with cross-selling opportunities.

"Part of Mast Holdings' objective is to

SYLVIA DU PLESSIS

be leaders in the field of hi-tech educational products which will reduce our reliance on revenue earned from time-charging," he said.

CNA Gallo paid 53.0c a share for the 4.5-million shares previously held by Datakor.

"CNA Gallo has partnerships in many people-intensive businesses and it understands the requirements of a business like ours.

"We are confident the association will bring many benefits to Mast as CNA has a number of ventures in the education area," Dallamore said.

CNA Gallo MD Doug Band said the it had long been the group's stated strategy to expand into the education and training



• BAND

business. Mast was identified as a partner with whom CNA Gallo would like to be associated, he added.

CNA Gallo's association with Datakor — which at the time of its listing took a stake in Mast — had been beneficial in many ways.

However, it became apparent Mast and Datakor were pursuing different strategies, he said.

## Desirable

"Accordingly, we have moved out of the Datakor orbit — this was done in two stages," said Dallamore.

"Earlier this year Mast management purchased 8% of the Datakor shareholding. Following this the acquisition of Gallo Vision brought with it the opportunity for CNA Gallo to take up Datakor's 26% stake," he said.

Gallo Africa director Geoff Engel said on Friday the group saw it as "desirable" to increase its 31% stake in Mast in the long term.

S/Dam 8/5/89

# Is this not overkill, Mr du Plessis?



other factors which have an adverse influence on the consumer price index (CPI), it is regrettable that they will suffer the most.

The latest increase in interest rates and the rise in HP deposit rates (to a minimum of 20 percent of the purchase price) have come as a major blow to the country's domestic appliance industry.

Mr Richard Ferrer, chairman of the Domestic Appliance Manufacturers Association of SA, said domestic appliance sales could drop by as much as 15 percent this year.

"At the end of last year we forecast a downturn on major appliances of about 9 percent," he said.

"We had anticipated a cooling off in any event, but we did not anticipate further restrictive measures. HP deposits will now be set at 20 percent, and we believe this move will result in a market decline greater than our forecast because consumers will battle to raise the cash for a deposit.

The domestic appliance industry is surprised that the Minister of Finance included major appliances in the latest round of increases because our industry has a relatively high local content. We can only

assume he took the recent measures because of foreign exchange problems, but a decline in sales of major appliances won't help our country's Forex problem."

The new motor vehicle industry will not be hard hit by rising interest and HP deposit rates.

Mr Nico Vermeulen, chief executive of the National Association of Automobile Manufacturers of SA (Naamsa), said it is inevitable there would be some decline in the demand for new motor vehicles as a result of the tighter HP restrictions. But, he added, the industry did not anticipate a dramatic fall off because demand, as measured by orders on hand (which have not been fully satisfied), continued at a high level.

"Of course the increase won't help the new motor

Are the measures announced by Mr Bernd du Plessis likely to kill the goose that lays the golden egg? A top businessman interviewed by SUE OLSWANG warns as much.

vehicle industry, but Naamsa had already anticipated a modest downsizing in new vehicles sales, particularly in the second half of the year as the economy tends to cool down," Mr Vermeulen said.

"These latest measures will merely hasten our anticipated downsizing, but we do not believe the adverse effect will be dramatic. We were expecting new vehicle sales in 1989 to be between five and

10 percent lower than 1988 in any case, and we don't believe the latest measures will affect these forecasts."

Supermarket executives are among those who have deplored the measures.

Mr Gordon Hood, managing director of the OK, said his company's traditional customers relied on HP for the purchase of "big ticket" items.

"When interest rates or deposit percentages rise, they are unable to purchase items which may be necessary, and this places what can also be termed as essential purchases beyond their reach.

"Obviously, it also makes such purchases very much more expensive, and as these are people whose real disposable income has been most affected by inflation, increased import duties, and all

Mr Hood said the entire industry was sensitive to such increases. He said this was revealed by the severe decline in the sales of VCR's (down by 50 percent), television (down by 20 percent) and other audio equipment (down by 30 to 40 percent) experienced by the entire industry after the increases in import surcharges and duties in August last year.

Pick n Pay, said he believed Mr Bernd du Plessis had "done enough to cool the economy before these present announcements."

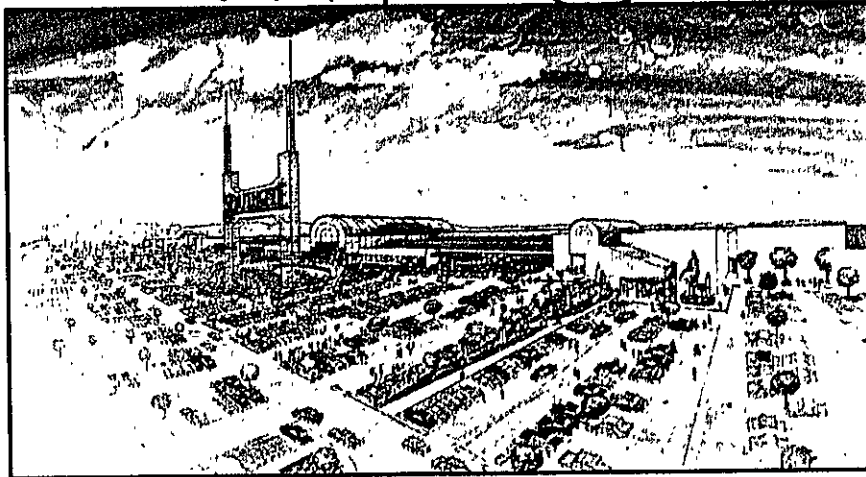
"I understand that Mr du Plessis is trying to curb spending because of our balance of payments problem, but I say he shouldn't kill the goose who lays the golden egg.

"The solution lies in other areas, such as reduced personal taxes, and not in an overkill situation."

## Retail development surges

Star 915189

30



Southgate Mall — the latest shopping complex south of Johannesburg.

Food will be the pivot around which the retail property sector will boom in the future on the back of increasing spending power among non-white population groups.

Mr Pat Flanagan of RMS Syfrets Transvaal, says: "Most centres will be largely food based as opposed to comparative types of complexes."

And he is decidedly bullish about prospects for city centre retail development following the change in emphasis in the old CBD retailing patterns.

This is seen in central Johannesburg where retailing has largely concentrated down the Smal Street Mall and the spine leading to the Carlton Centre and the traditional shopping avenues of Eloff and Pritchard Streets.

"Further nodes are developing in the area near the bus station and the Diagonal, Jeppe and Bree Streets junction, while the forthcoming Bank City

project is likely to produce more service-oriented retail," he says.

"Indeed, office buildings which are either being developed or to be developed in CBDs countrywide will tend to have limited retail accommodation built in."

While institutional funds will continue to be targeted at retail, management of centres is a prime consideration for the large finance houses.

"Because a retail centre today is management intensive, more and more developments are being funded either through the developer taking a head lease, together with a management contract, or at least, providing management services," says Mr Flanagan.

Investment yields in terms of retail centres today run from between 10 and 12 percent depending on the nature, location, size and financial structure employed in a development.



# Credit curbs hit furniture stores hard

SYLVIA DU PLESSIS

FURNITURE retailers will discuss Finance Minister Barend du Plessis's new credit curbs at a national council meeting in Cape Town next week.

Furniture Traders' Association executive director Frans Jordaan said yesterday: "We're not happy we've been discriminated against again."

The FTA represents about 90% of retail outlets in this sector.

Retail sales figures for January showed a 10,9% increase over sales in January 1988. Figures for February showed year-on-year growth of only 8,35%, Jordaan said.

He added: "HP sales particularly are taking a knock."

The picture during the last few months of 1988 was the same.

"Since August we have made constant representations to government to ease the plight of the industry.

*B/Dam 915757*  
Banks

"We're extremely concerned the situation has been made worse, especially in terms of electric and non-electric appliances, TVs and videos, as these form the bulk of some retailers' sales.

"We take little comfort from the fact that HP provisions on radio and audio are unchanged. They were already hard hit," Jordaan said.

He added hardest hit were those who did not qualify for credit cards with budget facilities and those who did not qualify — or did not wish — to borrow money from banks.

Dion financial director Mannie Chaimowitz said the measures would "definitely have an effect on the sale of big tickets".

He added: "I support the conditions to some extent but things are getting a bit out of hand."

Chaimowitz said there had been a decline in video machine sales over the past few months.

A retail analyst said yesterday the tightened HP requirements would hit all furniture retailers.

He added this would force retailers to pay even more attention to the quality of their debtors' books.

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## Everything's not OK

LESLEY LAMBERT

HIGHER interest rates and import surcharges took their expected toll on the second-half performance of OK Bazaars, subduing turnover growth to 19,4% for the full year to March 1989.

Turnover for the year amounted to R3,7bn, keeping the retail giant one step behind major competitor Pick 'n Pay, and a step ahead of Checkers' forecast turnover of R3,6bn for the year to June.

A final dividend of 74c a share was declared, a 15,3% increase. *810m*

● See Page 9 *7/1/89*



campaign."

Asked if he suspected right-wing elements to be responsible, Geldenhuys

strongest terms adding he had repeatedly expressed his opposition to violence in party politics.

Treurnicht said: "The CP has repeat-

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# ROUGH RIDE FOR SMALL BUSINESS

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**PRETORIA** — Consumers and small businesses were in for a rough ride following the shock announcement of further restrictions on HP deals, higher interest rates and forced company tax levy, International Trust Corporation CE Paul Edwards said yesterday.

He said a steep increase in bankruptcies and in the number of collapsing small businesses was likely in the months ahead.

He stressed small businesses tended to rely more heavily on bank overdrafts which could be 2% or 3% above the new prime rate of 20%.

They also had lower cash reserves than larger companies and were less able to weather downturns in demand.

Edwards said Finance Minister

**GERALD REILLY**

Barend du Plessis's "knee-jerk" reaction could lead to overkill. Consumers were being pushed to the limit.

The tremendous increase in bank advances and reduced savings showed they were borrowing heavily to maintain living standards.

Edwards warned existing restrictions were only beginning to bite and that the latest moves could throw the economy into reverse.

SA urgently needed a coherent political and economic strategy.

The alternative was a continual erosion of standards of living with all the adverse socio-political repercussions, Edwards said.

REILLY 7/17/87

Passon Altron strikes and

# 'Think big about small business'

By Frank Jeans

The whole world is thinking big about small business and South Africa cannot afford to be out of step in the advancement of the "small man" as it heads for reform.

This was the message carried by Mr Michael O'Dowd, chairman of the Anglo American and De Beers Chairman's Fund to a seminar on the Future of Black Business organised by the South African Property Owners Association (Sapoa) in Johannesburg yesterday.

He said it was wrong to imagine that small business was some kind of second rate substitute to employment in big business.

"It is a vital component of any economy and those who partici

pate in it are entitled to as much respect as anybody else," he said.

Mr O'Dowd pointed out that Dr Anton Rupert began his business career as the owner of a small laundry, while the original Marks and Spencer of British retail fame were poorly educated men with no wealth and rose from the disadvantaged of the working class to business eminence.

"What is remarkable is the com-

parative success of blacks in the face of all their disadvantages," said Mr O'Dowd.

"The fact is, that wherever blacks have been relatively free to enter business they have done so with considerable success.

Looking at the world scenario, Mr O'Dowd said that in line with the rest of the world, both in capitalist and socialist states alike, the US which, 30 years ago never mentioned the small business concept, has changed its thinking dramatically.

Over a 10-year period ending in the early Eighties, while employment in big business in America contracted by three million jobs, the small business sector created 14 million workplaces.

The spurt small business needed in South Africa, though, is deregulation "It tends to exist even when it is not allowed in the form of what is known as the 'black economy' which means not that it is owned by black people but that it is illegal," he said.

And the role of big business?

The most important thing is for it to do business with small business and to pay cash on delivery — "not after a red-tape delay of two weeks".

"People have to take the trouble to learn how to deal with small businesses so that they can take advantage of genuine economic opportunities which, dealing with these businesses, can provide," said Mr O'Dowd.



Michael O'Dowd

# Edgars sees earnings up 59 percent

By DEREK TOMMEY

30

JOHANNESBURG. — It is something of an understatement to say that Edgars has come up trumps again.

Figures for the 12 months to March show that its successful formula for selling clothing in South Africa's diverse and rapidly changing markets has brought it 2,1 million active credit customers (400 000 more than last year) and a 59 percent increase in earnings.

It has also brought shareholders a final dividend 53c, which is 15,5c more than a year ago. This brings the total payment for the year to 75c — an increase of 21,5c on last year's dividend.

This year's final dividend is only 0,5c less than last year's total payment.

Major cause of growth has been a sharp rise in Edgars' market share, says managing director Vic Hammond.

## DOUBLE THE GROWTH

He estimates that the national clothing, footwear, textiles and accessories market grew by nine percent in real terms in the year to March.

In the same period Edgars sales grew 34 percent to R1,6-billion, or by 20 percent in real terms, and double the growth in the market.

Edgars estimates that it now has 15,5 percent of the retail clothing market.

Both Edgars and Sales House, which sells quality classic goods to the black market, were star performers. Sales House has increased sales by 81 percent in the past two years.

Mr Hammond attributes Edgars' good results to a number of factors. "It is not just one thing that makes it a better operation. It's a combination of a number of things in a marketing strategy that is working at the moment."

However, Mr Hammond admits Edgars saw a gap in the market caused by the changing tastes of the emergent black middle class and set out to fill it.

## PAID OFF HANDSOMELY

This has paid off handsomely. Mr Hammond says while consumer demand in the white market grew by about 25 percent last year, it grew by 50 percent in the black market.

The black market cash chain is on the mend and sales grew 22 percent in the second half of the year.

The experimental Express group, which aims at the lower end of the black market, is showing progress, but has not yet reached a major expansion stage.

Express has 18 stores and plans to open another 20 in the coming year.

Mr Hammond says the group as a whole is still gaining market share. While he expects the rate of real growth to be well down on the past year's exceptional performance, the group is budgeting for a real increase in earnings a share.

In the year to March Edgars' operating profit rose 52 percent from R138,1-million to R209,7-million and its profit margin on sales rose from 11,7 percent to 13,27 percent. Pre-tax profit rose 61 percent from R115,3-million to R185,2-million.

A virtually unchanged 49 percent tax rate resulted in taxed earnings rising 61 percent from R58,1-million to R93,7-million. Earnings a share rose 59 percent from 139c to 221c.

# Fine feathers make fine results at Edgars

By Derek Tommey

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Edgars estimates that it now has 15,5 percent of the retail clothing market.

"We are still managing to give consumers a compelling reason to shop at Edgars," says Mr Hammond.

Both Edgars and Sales House, which sells quality classic goods to the black market, were star performers.

Sales House has increased sales by 81 percent in the past two years.

## Number of factors

"Both have a uniqueness in operation, which is not found anywhere else.

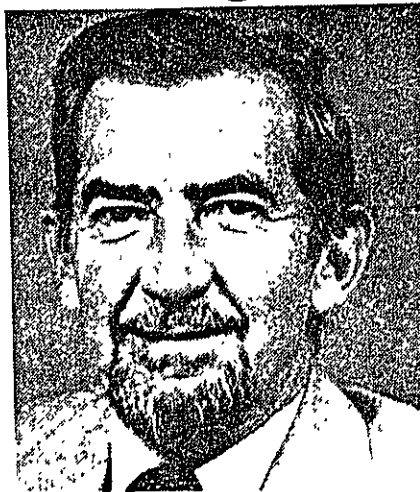
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"It is not just one thing that makes it a better operation. It's a combination of a number of things in a marketing strategy that is working at the moment."

However, Mr Hammond admits Edgars saw a gap in the market caused by the changing tastes of the emergent black middle class and set out to fill it.

"These people are becoming wealthier and their aspirations are becoming more like those of Europeans and we have managed to cater to their tastes," he said.

This has paid off handsomely. Mr Hammond says while consumer demand in the white market grew by about 25 percent last year, it grew by 50 percent in the black market.



Mr Vic Hammond

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A virtually unchanged 49 percent tax rate resulted in taxed earnings rising 61 percent from R58,1 million to R93,7 million.

Earnings per share rose 59 percent from 139c to 221c.

Capital employed increased by 32 percent from R351,3 million to R465,3 million.

This was financed partly by a R63,3 million increase in shareholders' capital and a R50,7 million rise in borrowings.

Gearing increased from a low 0,35 percent to a still acceptable 0,44 percent.

One reason for the increase in capital employed has been the decision to capitalise financial leases.

Mr Hammond says stocks are about 20 percent higher than last year, in line with sales trends.

Collections were good and had shown no signs of deteriorating.

FINANCE

# Higate's earnings likely to increase

LIZ ROUSE

HIGATE's earnings are expected to increase by the rental escalation rates which have now moved up from between 9% and 10% a year to 11% or more, says chairman Anthony Ardington.

Prospects for 1989/90 are good, bearing in mind the Higate portfolio is well leased at rentals which stand below market levels. About 9% of the portfolio falls due for renewal this year, he says in his annual review.

Rentals are not rising at the same rate as building costs. This limits the likelihood of significant new developments creating surplus capacity.

Higate's unutilised development potential is therefore a major asset. There are 55,6ha of land in the portfolio. The total floor area of buildings is 23,6ha.

The undeveloped land is mainly situated in prime industrial areas and most of it falls into long-term leases. This land will ultimately provide excellent development opportunities.

Future acquisitions will continue to be considered only in prime urban locations with sound growth potential, with a preference for the greater Johannesburg/Pretoria area.

Higate has a sound spread of tenants with more than 50% of its net rental income coming from JSE-listed companies. The remain-

ing tenants substantially comprise well-established businesses with proven success in their respective fields.

Although the company has few leases falling due for review in the next two years, it has a strong and fairly evenly balanced spread of reviews over the next three years from 1991 to 1993.

In the past year Higate committed R13,3m to new investments, leaving R8m for investment at the March year-end. Two new developments under construction at the start of the past financial year — in Industria, Johannesburg, and Jacobs, Durban — were completed at a total cost of R4,1m. These two properties were leased to major industrialists listed on the JSE on a fully repairing basis.

In addition, certain major developments totalling R9,8m have been completed or are in the process of completion at the year-end, the most significant being an office complex in Craighall Park at a cost of R6,2m.

In its first year of operations Higate's earnings totalled R14,35m compared with the prospectus forecast of R13,49m. This represented an interest payment of 58c a debenture compared with the forecast 55,3c. A dividend of 5,8c (5,5c forecast) was paid.



## Small business improvement competition launched

THE Sanlam/SBDC Most Improved Small Business Competition, which seeks to encourage small businesses to improve their management and to better past results, was launched in Johannesburg yesterday.

*bidum 10/1/57*  
The competition will be judged in three sectors — retail, manufactur-

THEO RAWANA

ing and service.

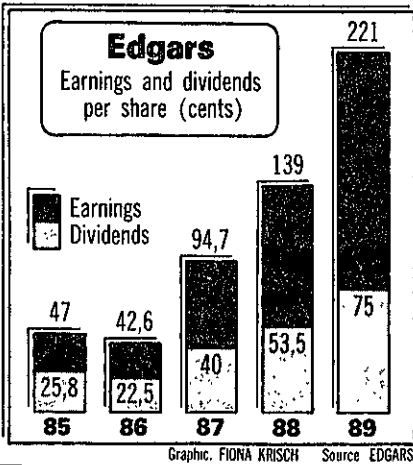
The three sector winners would each be awarded a cash prize of R5 000 by Allied building society. The overall winner would receive a further R5 000, a trophy from life assurer Sanlam, and an overseas trip

for two sponsored by Associated Tour Operators.

Entrants will be encouraged to improve their businesses according to set guidelines over five months, and the results then evaluated.

Entry forms are available from SBDC offices countrywide. Closing date for entries is June 30.

# Edgars surpasses all expectations with ease



B/Dam 10/5/87 30  
LESLEY LAMBERT

EDGARS has reported another impressive set of results, outstripping growth in the national clothing and soft goods markets and surpassing performance expectations with ease.

Turnover for the 53-week year to March grew by a nominal 34% to almost R1,6bn in a buoyant clothing, footwear, textile and accessories market, while real sales growth of 20% was more than double that recorded in the national market.

This boosted attributable earnings by 59% to R95,2m, or 221c a share.

A final dividend of 53c a share was declared, bringing the total for the year to 75c (53,5c) a share. Dividend cover was increased to 2,9 times in anticipation of the

dilution in earnings that would occur when the debentures were converted to ordinary shares later this year.

Group CE Vic Hammond said yesterday much of the group's success came from good merchandising and intensive marketing of its Edgars, Sales House and Jet chain stores, particularly to the upper- and middle-income black market.

Aggressive account opening programmes pushed the number of active account holders from 1,8-million in the first half to more than two-million by the end of the financial year, in line with the group's expectations, and helped it to increase its share of the market to 14,5%.

While Sales House reported the highest

● To Page 2 →

## Edgars surpasses expectations with ease

sales growth of the major stores at 43%, the lion's share of Edgars' 36% growth came from black consumers.

Jet Stores, which was rationalised last year, has been under new management for the past five months. While second half sales were up 22%, compared with about 17% in the first six months, Hammond said it would be some time before the full effects of the reorganisation were felt.

The group is still waiting for the Express "experiment" to prove itself a worthy new formula before expanding the new chain of stores. Essentially, a cash discount store

selling Sales House merchandise at a 25% discount, Express has been repositioned and has been showing sales increases of up to 40% in the last five months.

Fairly substantial growth in long-term borrowings on the group's balance sheet was attributed largely to the capitalisation of financial leases and adjustment of comparable figures to comply with a change in its accounting policy. As a result, gearing grew from last year's adjusted 35% to 44%.

B/Dam 10/5/87 30  
← ● From Page 1

Star 10/5/89

(3)

## New township in the offing

Bankorp Property Services and Schachat Cullum have concluded a R15,6 million deal which could result in the development of a major new black township north of Tembisa, near Kempton Park.

In the deal, 520 ha of residential land was sold to Schachat Cullum. The land is part of a 1 200 ha tract being developed north of Tembisa, to be known as Ivory Park. It is estimated that the total land available could provide over 22 000 residential erven.

Bankorp Property and Schachat Cullum might also develop the entire area to meet demand for housing on the East Rand. — Sapa.

# Bushveld town sold for R291 000 (30)

By Dirk Nel, *Star 19/8/89*  
Northern Transvaal Bureau

PIETERSBURG -- Buyers came from all parts of the Transvaal yesterday to bid for the tiny town of Tolwe -- the most unusual auction witnessed in the Bushveld.

Johannesburg broker Mr Chris Tattersall made the highest bid -- R291 000 -- and then caused a stir by announcing he would be turning the 8 ha property into a timeshare retreat.

But Mr Tattersall initially thought he had lost his chance when Mr Toet Viljoen of Potgietersrus got the auctioneer's nod ahead of him at R290 000.

Mr Viljoen however, failed to provide guarantees, and a quick phone call enabled Mr Tattersall to put in a firm offer for R291 000, which made him the proud owner of an hotel, post office, shop and butchery plus the 8,6 ha of land.

"I'm thrilled at having landed the deal and very excited about the potential of the place. With substantial improvements it can be turned into a real

attraction," said Mr Tattersall.

He believes city businessmen and overseas investors will definitely be interested in a timesharing scheme, but did not provide further details.

The previous owner, Mr Braam Lamprechts, said Mr Tattersall's plans would breathe new life into the area.

"There is no real buying power here to make this place viable, but an influx of visitors from the cities could make it tick again" he told The Star.

Mr Lamprechts was forced to sell up after being declared insolvent.

"The hotel and shop have never had so many customers before," said Mr Lamprechts nostalgically as the crowd increased yesterday morning.

While the auctioneer's voice droned on, the hotel did good business among thirsty onlookers -- until the deep freeze, icemaker and refrigerator were sold for R1 650, R1 200 and R1 000 respectively.

When it was all over, everyone seemed pleased that "their town" was not going to die after all.

CAPE TOWN 10/5/89 30

# Edgars earnings by 59%

From LESLEY LAMBERT  
JOHANNESBURG. — Edgars has reported another impressive set of results, outstripping growth in the national clothing and soft goods markets and surpassing performance expectations with ease.

Turnover for the 53-week year to March grew by a nominal 34% to almost R1,6bn in a buoyant clothing, footwear, textile and accessories' (CFTA) market, while real sales growth of 20% was more than double that recorded in the national market.

This boosted attributable earnings by 59% to R95,2m, or 221c a share. A final dividend of 53c

a share was declared, bringing the total for the year to 75c (53,5c) a share.

Dividend cover was increased to 2,9 times in anticipation of the dilution in earnings that would occur when the debentures were converted to ordinary shares later this year.

Much of the group's success came from good merchandizing and intensive marketing of its Edgars, Sales House and Jet chain stores, particularly to the upper and middle-income black consumer market, group CE Vic Hammond said in an interview yesterday.

Aggressive account opening programmes pushed the number of active account holders from 1,8m in the first half to over 2m by the end of the financial year, in line with the group's expectations, and helped the group to increase its share of the market to 14,5%.

While Sales House reported the highest sales growth of the major stores at 43%, the lion's share of Edgars' 36% growth came from black consumers.

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The group is still waiting for the Express "experiment" to prove itself a worthy new formula before expanding the new chain of stores. Essentially a cash discount store selling Sales House merchandise at a 25% discount, Express has been repositioned and has been showing sales increases of up to 40% in the last five

months, according to Hammond.

Fairly substantial growth in long-term borrowings on the group's balance sheet was attributed largely to the capitalization of financial leases and adjustment of comparable figures to comply with a change in its accounting policy. As a result, gearing grew from last year's adjusted 35% to an acceptable 44%.

Gearing is expected to grow further this year to accommodate ongoing expansion, but Hammond does not expect it to exceed 65%.

AR6US 11/5/89

# R500 000 fine mooted for JSE insider trading

Business Staff

**PENALTIES** for insider trading have been sharply increased — up to half a million rands in some case — in a new bill presented to Parliament.

Fines for various insider trading offences are increased fourfold for most offences, by the Companies Amendment Act.

The Act will also set by a Securities Regulation Panel to regulate securities trading and investigate insider trading.

A memorandum to the Act says that "to serve as a deterrent, a severe penalty is prescribed for any contravention of the provisions relating to insider trading, mainly because the profits to be made by dealing in insider information can be exceptionally high".

The highest penalty of a fine not exceeding R500 000 or 10 years prison or both is reserved for any company, director officer or person contravening section 440F (1) or (2) of the Act makes it an offence for any person in buying or selling securities to:

- Employ any device, scheme or artifice to defraud any person.
- Make any untrue statement of a material fact or omit to state a material fact in a statement to try to make it seem not misleading.
- Engages in any act, practice or course of business which operates or would operate as a fraud or deceit upon any person.

The clause states that any insider trading will be deemed

to be one of these above offences.

The Bill prohibits any any director, past director or officer of a company or any person connected with a company having knowledge of any information likely to affect the price of securities from dealing in such securities within 24 hours after the information has been publicly announced on the stock exchange or through the media or other means.

The Bill also sets up a Securities Regulation Panel to regulate take-overs and mergers of companies.

It says that at the moment there is nobody to do this and the lack of adequate regulation leads to several cases where minority shareholders and other persons involved are treated unfairly.

The new panel would protect their interests.

The principle upon which it would function was self-regulation by the private sector and so all the members of the panel, except the Registrar of Companies and the chairman of the Competition Board, will be nominated by the Johannesburg Stock Exchange and representative bodies engaged in the securities industry.

The panel, will be empowered to make its own rules regarding take-overs and mergers and will have the power to investigate any take-over or merger.

The panel will also exercise control over insider trading and to investigate cases of suspected insider trading.

It will act as a forum where complaints regarding insider trading can be lodged.

## Clicks directors get R2,5-million

Business Editor

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THE six executive directors of Clicks Stores have been given restraint of trade payouts averaging R433 000 and costing the company more than R2,5-million.

This is disclosed in the financial statements accompanying the group's annual report.

A spokesman said the one-off payments were made to ensure the continuation of the present

management team and were considered particularly important since the takeover by Score last year.

A number of other companies have made payouts to prevent the poaching of key executives by competitors.

In his review, chairman Jack Goldin said four new executive directors joined the management in the past year — Peter Green, financial director, Ben le Roux, operations director;

Robin Spengler, human resources director; and David Danziger, managing director of Diskom group.

They joined Trevor Honneysett, managing director and Raymond Godfrey, merchandise director.

"The performance and ability of the executive team, who have been with Clicks for many years, is reflected in the impressive results consistently achieved over a number of

years," said Mr Goldin.

Mr Honneysett, in his annual review, pointed out that although stocks are tightly controlled, they are running "a little high" as the government surcharges last year tended to inhibit consumer spending.

However, on the positive side, the group now had a wide range of merchandise with an average Clicks store offering 10 000 different items.

# 'Change the rules'

Sowetan 11/5/75

**SOWETAN  
REPORTER**

NATIONAL African Federated Chamber of Commerce president, Mr Sam Motsuenyane, has called on firms to find new ways of assessing the credit worthiness of black customers.

More emphasis should be placed on the efficiency of the entrepreneur and the viability and

growth potential of the enterprise to be funded, he called.

"Lack of capital to fund business development is without doubt one of the foremost problems confronting the black business community at the present time," Motsuenyane said.

"The vast majority of black entrepreneurs grappled with peculiar problems which make it inordinately difficult for them to acquire the necessary assistance from financial institutions," he continued.

There was a growing need for communication links to be established between black traders and the funding organisations.

## **Risks**

Black businessmen were often regarded as high risk when they applied for loans from financial institutions, he said.

The reason for the attitude was that the majority of black businesses, especially in the informal sector, did not keep records and books of account in the precise manner in which banks and financial institutions expected them to do.

COMPANIES

B/D 12/5/89 30

# Clicks directors get R433 000 payouts



● GOLDIN

CAPE TOWN — The six executive directors of Clicks Stores have been given restraint of trade payouts averaging R433,000 and costing the company more than R2,5m. This is disclosed in the financial statements with the group's annual report.

A spokesman said the one-off payments were made to ensure the continuation of the present management team and were considered particularly important since the takeover by Score last year. A number of other companies have made payouts to prevent the poaching of key executives by competitors. In his review, chairman Jack Goldin said four new executive directors joined

management in the past year — financial director Peter Green, operations director Ben le Roux, human resources director Robin Spengler, and Diskom managing director David Danziger. They joined managing director Trevor Homneysett and merchandise director Raymond Godfrey. "The performance and ability of the executive team, who have been with Clicks for many years, is reflected in the

impressive results consistently achieved over a number of years," Goldin said. Homneysett said, in his annual review, that although stocks are tightly controlled they are running "a little high", as government surcharges last year tended to inhibit consumer spending. However, he added the group now had a wide range of merchandise, with the average store offering 10 000 different items. — Sapa.



# TRADE INDABA

By JOSHUA RABOROKO

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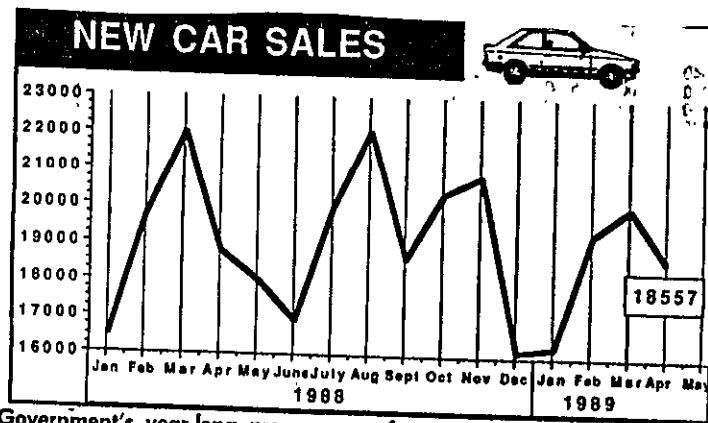
THE newly-formed Foundation for African Business and Consumer Services yesterday opened its two-day annual conference to highlight and review progress of the organisation and to plan for the future.

Mr Joas Mogale, the acting general secretary said the foundation wants to put black business in its rightful

place in the country's expanding economy.

Attending the conference were members of the Southern Africa Black Taxi Association, the National Black Consumer Union, the National Hawkers Association, the National Stokvel Association of SA, the Black Association of Travel Agents of SA, Sechaba-Sizwe Co-operative, The Natal Cane Growers Association and Madadeni Hawkers.

12/7/84  
Sondam



Government's year-long programme of economic curbs is beginning to impact on vehicle sales, writes SVEN LUNSCH. In April this year new car and total vehicle sales both declined by 8,2 percent to 18 557 and 28 813 units respectively and by and large the industry expects this trend to continue during the remainder of the year.

Figures released by the Association of Automobile Manufacturers of South Africa (Naamsa) show that total sales for the first four months of the year were down by 2,83 percent at 114 722 compared with 118 065 during the same period in 1988.

Naamsa commented that with the exception of the much lower truck and bus sales, new vehicle sales during the month had not provided much in the way of surprises.

"Local component shortages and the constant inability of manufacturers to complete vehicles had contributed to the sharply lower April sales of trucks and buses."

Heavy commercial vehicles recorded a decline of 22 percent to 657 vehicles in April compared with 843 units sold in March. Sales of light commercial units declined by 12 percent in April to 10 237, from 10 498 in March.

Naamsa said that while the high level of outstanding orders and strong demand by the corporate and car rental fleet sectors should serve to underpin car sales in the short term — the new car market remained vulnerable to any sharp slowdown in economic activity.

## Tractor sales fall sharply

Finance Staff

Tractor sales for April declined by 42,8 percent to 362 units. Sales for March were 517.

The South African Agricultural Machinery Association (SAAMA) said that April sales were traditionally down on those for March, but sales were much lower than the forecast of 430 to 450 units.

The April sales of 362 units were 16,3 percent down on sales of 421 recorded in April last year.

However, the Association states that sales for the year to date are 2,4 percent up at 1 804 units compared to 1 762 units sold during the same period last year.

The Association says the supply of components such as tyres and engines are effecting manufacturers ability to supply orders.

In spite of this, the association hopes the the total sales figure for 1989 will reach 6 500 units sold, provided suppliers of local components can meet manufacturers needs.

New-car market still vulnerable — Naamsa

# Passenger vehicle sales are steadily declining

30  
B/Den 12/5/89

MARC HASENFUSS

NEW passenger vehicle sales for April 1989 (18 557) showed a 1.4% decrease compared with April last year (18 822), according to Naamsa figures released yesterday.

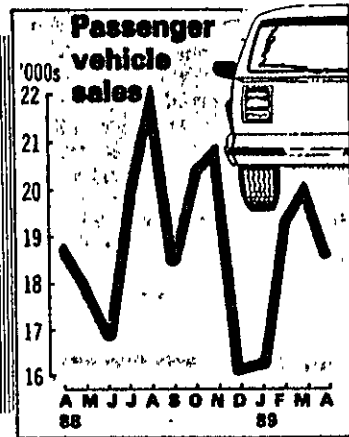
This is the fourth month in succession that the monthly vehicle sales figures have shown a year-on-year decline against the corresponding month in 1988.

The total vehicle sales during the four-month period January to April 1989 totalled 114 722, almost 3% lower than the 118 065 recorded during the same period last year, the Naamsa figures showed.

New passenger vehicle sales were 7.6% lower than March (20 082), while light commercial vehicle sales (9 237) increased 6.5% over April 1988 (8 672), but showed a 12% decline compared to the previous month.

Heavy commercial vehicle sales (657) dropped 22% compared with the 843 units sold during March, and 14% against April last year (768).

Naamsa director Nico Vermuelen said with the exception of heavy truck and bus sales, new vehicle sales for April were in line with industry expectations.



Vermuelen said local component shortages and the consequent inability of manufacturers to complete vehicles had contributed to the sharp decline in April sales of heavy trucks and buses.

Although the high level of outstanding orders and strong demand by the corporate fleet and car rental sectors should serve to underpin new car sales in the short term, the new-car market remained vulnerable to any sharp slowdown in the general economic activity, he said.

Vermuelen reported a definite

slowdown in new order intake during the first four months of 1989 compared to the last quarter of 1988.

"The recent imposition of tighter hire purchase restrictions, the further increase in interest rates, the rising tax burden and the upward revision of company car fringe benefit tax scales (effective June 1 1989) reinforced the industry's expectations of deteriorating prospects in the medium to longer term."

The impact of government's latest package of fiscal and monetary measures designed to cool the economy would be felt by the motor industry during the second half of 1989, resulting in lower demand for and sales of new motor vehicles generally, Vermuelen said.

Current Naamsa new vehicle sales projections provided for a modest decline of between 5% and 3% for passenger and light commercial vehicle sales respectively, with medium and heavy commercial vehicles remaining at the same level as last year.

In the light of increasingly negative fundamentals, Vermuelen believed the industry's sales forecasts could be revised downwards during the months ahead.

EDGARS

(30) Mail 15/89

# Chasing market share

Edgars' results for the 53 weeks to April 1 seem in sharp contrast to its forecasts in the announcement. After a spectacular year with sharply higher turnover and margins, CE Vic Hammond expects real growth this year to be well down though he is still anticipating a real increase in EPS.

Despite the slower growth, Hammond wants to expand market share, which was already sharply higher in the past year. In the period, the national market for clothing, footwear, household textiles and accessories climbed 9% in real terms, while that of Edgars leapt 19%.

Once again growth of the non-white market has been higher than sales to whites. Non-white purchases in Edgars climbed about 60% and traditionally black Sales House saw turnover 43% higher. Sales to whites grew only about 25%. "We have been chasing this market because the burgeoning middle class non-white is becoming more sophisticated," says Hammond.

It is this market which Edgars understands. Hammond confesses that the lack of success in Express, which started as a "me-too Pep", is partly because "we don't know how to sell to the lower income segment of the population."

Express has been changed to a discount operation, selling Sales House merchandise at discount prices for cash. Though this is in competition with Sales House, Hammond thinks that it is a niche which will be filled, if not by the Edgars group, then by someone else. In Express stores, sales leapt 45% in the last five months and it is planned to increase the number of stores from 18 to 38 this year and then to more than 100.

Another problem area was Jet. According to financial director Kevin Brewer, management was changed and the new team has been in place for six months. With the closure of the large store in Pretoria, figures were distorted, but Hammond says that on a comparable basis, sales were up 16% in the first half of the year and 22% in the second half. "The margin should be raised from 3% to 7% and we should achieve this in the 1991 financial year," he states.

As Edgars sell on six months revolving

credit, sales will not be affected directly by the hire purchase restrictions, but higher rates will affect interest payments. Brewer says effective interest rates are below prime and the group has considerably lengthened its borrowings. With the conversion of debentures taking place in July, more finance will be sought and the debt:equity ratio, now 44%, could rise, though Edgars has a self-imposed limit of 65%. Interest cover remains high at 8,5 times and Brewer says that rates and assets will be managed carefully and, if necessary, capital expenditure held back. Present plans are to increase selling space by 5% and refurbish a number of Sales House stores, as this is shown to increase turnover by about 60%.

Hammond points out that stock-turn has risen to 3,8 times and that stock is reduced as sales ease. The group now has systems which make collections easier and help reduce bad debts.

There is little doubt that Edgars is one of the retailers best placed to withstand the impact of recession, as evidenced by its high rating with a dividend yield of 3% against the sector average of 4,8%. *Pat Kenney*

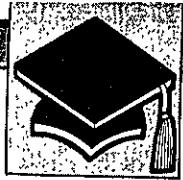
## EDGARS ACCELERATES

Year to April 1	1988*	1989
Turnover (Rm) .....	1 178	1 580
Pre-tax profit (Rm) .....	115,3	185,2
Attributable earnings (Rm) ...	59,8	95,2
Earnings (c) .....	139,0	221,0
Dividends (c) .....	53,5	75,0

\*March 26

# Driving into trouble

30 Fmell  
14/7/89.



Brian Kantor is professor of economics at UCT.

For a long time, South Africans enjoyed relatively cheap motor cars. Car prices increased no faster, and sometimes more slowly, than general prices.

But, since 1985, cars have become significantly more expensive and their prices have even increased faster than the prices of imported goods generally.

Judged by international standards, South Africans drove, and are still fortunate to drive, a reasonably wide range of technically advanced vehicles. Despite a complex web of local-content-by-weight regulations devised in Pretoria, local content by value remained relatively low on average and, in fact, tended to fall as more technically advanced components were imported.

The industry has remained sensibly and efficiently import-intensive. It was, therefore, seriously affected by the withdrawals of foreign capital leading to the collapse of the rand in 1985. Costs of producing cars accordingly rose and so did prices, though not nearly fast enough to prevent the industry from losing hundreds of millions of rands in excess inventory and capacity.

Real car price increases and a severe recession devastated the industry — which was also no longer able to look to foreign shareholders to replace lost capital. The urgent requirement to replace capital from internal savings helped keep vehicle prices high, even as the real cost of imports fell as domestic prices caught up with import prices.

By all accounts, the industry has become profitable again — profitable enough to invest in labour and plant for exciting new model development. There's no doubt this greater profitability, combined with intense competition between manufacturers, would have brought a desirable mix of better quality vehicles and lower real prices.

Unfortunately, this may no longer happen.

Pretoria has recently waived the rules, now stipulating import content by value, not weight, and combining this with incentives to set off imports with export earnings.

The new rules appear to demand additional investment — this, it should be emphas-

sised, in a country desperately short of capital. This investment will inevitably have a high import content. If so, planned forex savings (through reduced import content or greater exports of components) may prove illusory or, at best, long delayed.

Of more importance, the cost of such investment will have to be recovered. We must presume the forced investment will add to costs and prices (or taxes) because if it paid on merit, the industry would have needed no government mandate to invest that way.

This raises important questions. Do these new plans include an accurate estimate of how much additional scarce capital will be invested, how much prices will rise and how much quality will be reduced? Also, has government estimated the net forex savings over the next 10 years, allowing for the import content of the investment?

All South Africans will pay the price for more expensive or poorer quality vehicles, irrespective of whether they can afford to own them. The quality of life — or the standard of living — is a mixture of wages, salaries, taxes, prices and benefits from goods and services.

The supply of skills to SA increases or decreases as this mix becomes more or less favourable. The quality and cost of transport is an important element. Reduce the quality and/or increase the price of vehicles and compensation in the form of higher pay or lower taxes will have to be provided to retain vitally important skills. Higher pay will mean higher prices for all goods and services, so the consumer generally will pay the price for more expensive vehicles.

It may be possible to keep down the effective cost of motoring by providing tax concessions for vehicle use. If so, the extra costs will still have to be recovered in higher taxes or in prices of other goods and services.

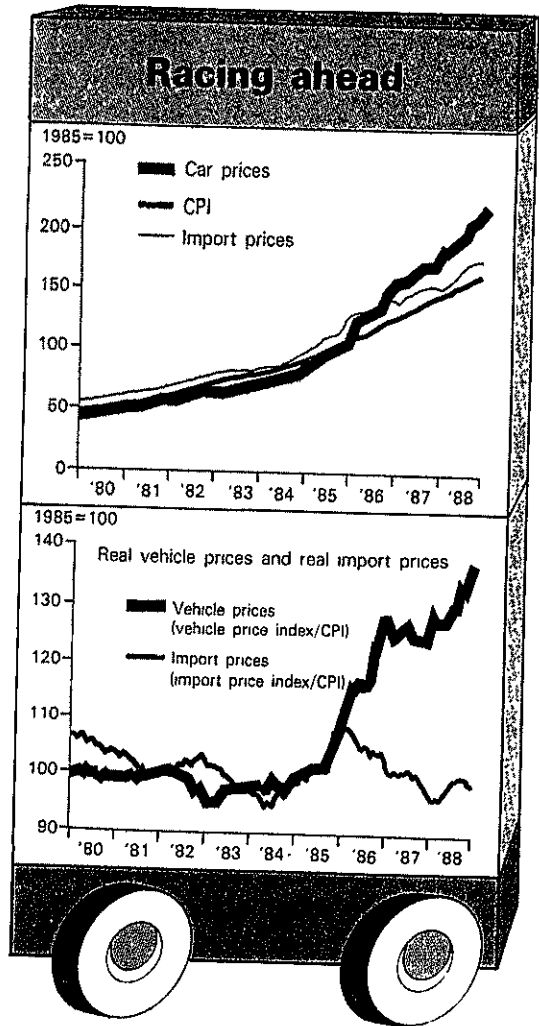
Such a mixture of regulation and tax concessions is of course ideally suited to make work in Pretoria. One cannot hope to persuade the Board of Trade & Industry's (BTI) officials to deny themselves the important role of ruling the industry.

My advice to politicians — who hopefully control what their officials do — is to drive

the motor industry very carefully indeed. The primary object of policy should be to hold down real prices of new vehicles and so promote a better standard of living to encourage a bigger supply of vital skills.

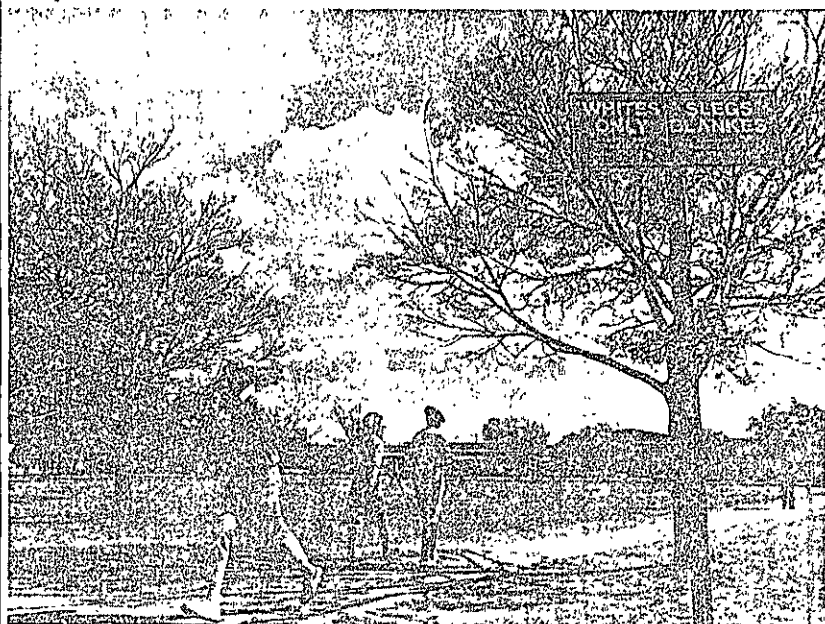
By so doing, salaries and wages will be generally lower, which will encourage exports. How much consideration has BTI given to the impact of transport costs and motoring quality on exports of gold, chrome, maize, and so on — that is, on products in which SA is competitive?

Good, internationally competitive motoring value is one of the great strengths of the economy and needs to be preserved. A glance northward at Zimbabwe indicates the dangers of underestimating the importance of



good-quality vehicles at reasonable prices for the morale of the management class. It's important politicians recognise the wide implications of undermining quality of life. ■

# Why Carletonville's still far from surrender



Blacks have to walk through the whites-only park, but they may not stop and relax

AT one of Carletonville's back entrances, there stands an ornate "Welcome" sign, decorated with two large, round, metal cogs placed next to one another. Their teeth do not fit.

The same could be said of the town its workings are inconclusively ruptured, almost three months after a black consumer boycott was implemented in protest against the Conservative Party's reintroduction of strict apartheid.

Inconclusively, because despite persistent doomsday predictions, Carletonville's economy has not collapsed, and it has not become a ghost town.

And equally because although the boycott has frayed at the edges, it is far from having run its costly course.

On either side of town this week, rival leaders are pondering the future of Carletonville — and in particular, the success of their very different tactics.

Their musings are given added urgency by the announcement that whites will go to polls once again in September, and deliver their judgement on the changes which have catapulted the medium-sized mining *dorp* to international notoriety.

In the chemist shop that he owns, Dawid de Ridder, popular townsman, distinguished graduate of the Potchefstroom Institute for Christian Higher Education, and latterly CP councillor for Carletonville, is not worried.

"There is no black boycott any more," he says with conviction. "I'm willing to pull out my books and show you my figures for this shop — turnover is as good as last year." De Ridder is a true believer, and a true son of white Carletonville.

He fixes you with a stern gaze and says: "I believe in this town." And then, if you aren't convinced, he gestures at the large-scale alterations taking place in the "Deejay Aptek".

"Why else would I be spending half a million rand on extensions to my shop?"

De Ridder will concede that the boycott bit initially — "you'd have to be stupid to deny that" — but says it is all over; the black people have come to their senses.

One who appears not to have done so is Hlubi Blyana, regional organiser for the National Union of Mineworkers. And he, too, is a believer.

Sitting in the small house that serves as NUM's local headquarters — situated, incongruously enough, in the middle of the white suburb of Oberholzer — he says the boycott is still "70 to 80 percent effective", and very much alive.

"Yes, we have had problems," he says, "but we have achieved a significant breakthrough. This whole thing has raised political consciousness in an area which is not comparable to,

**It would be nice to be able to echo the claims of East Rand business that the consumer boycott has bitten so hard that Carletonville will soon come to its senses. But the reality is that the boycott hurt only in the beginning, and is now in serious danger of running out of steam**  
By SHAUN JOHNSON



A rare casualty: Jazz stores, closed down by the boycott. But Jazz had a predominantly black market. The whites-only shops still survive ... even thrive

say, Soweto, and people have shown amazing determination.

"The whites have had to come to treat us seriously."

It is a Congress of South African Trade Unions local committee, formed in November last year, that has spearheaded the boycott tactic.

The estimated 50 000 unionised mineworkers in the region have formed the backbone of the campaign, and consultations have been held with a variety of groups from Khutsong township, home to some 50 000 more black people.

The result, according to the Carletonville Chamber of Commerce and Industry, has been a loss to shops of about R12-million, in a town boasting only about 30 000 white citizens.

But although parts of Carletonville are quiet and unicoloured, it is still operating and determined to continue doing so.

Increasingly, in recent days, township shoppers have begun to drift back. The miners appear to be hold-

ing firm. But Blyana knows it is by no means certain that the white burghers of Carletonville can be forced to capitulate.

His major problem is organisational. "We have tried and tried but have been unable to secure a venue for mass meetings in the township to discuss the boycott," he says.

"As soon as the police hear we are going to have a meeting, there is a roadblock. We are not allowed into the township, commuters in taxis are stopped and searched — the word gets around, and people are intimidated into not attending."

From the point of view of the security forces, Khutsong is South Africa's model township: there is only one way to get in, the same to get out. Choke it off and the township is sealed.

There are other difficulties for the anti-apartheid campaigners. Members of the Carletonville United Transport Association, who control the flow of taxis from township to town and beyond, have not lived up to their promise to carry boycotters to shop in other towns, at reduced rates.

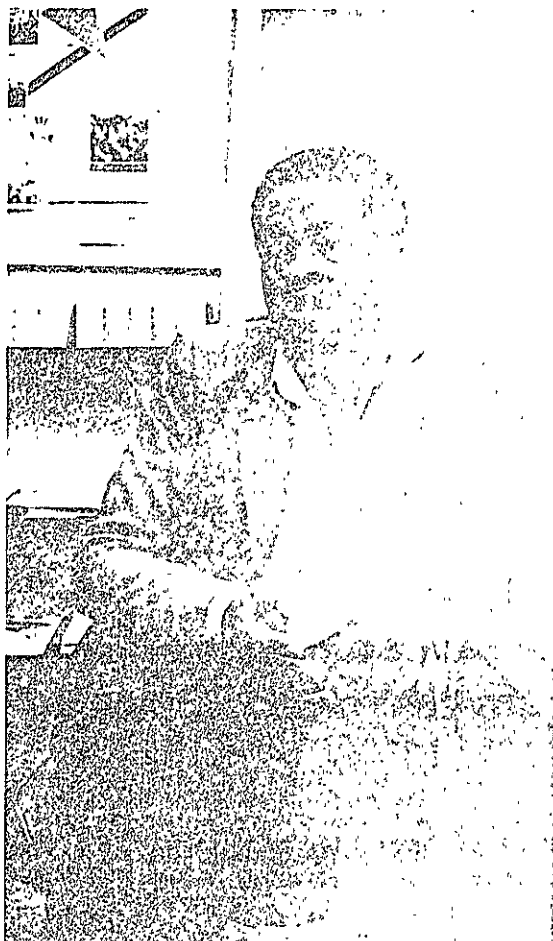
"They could have played a significant role, but haven't," says Blyana. "In some cases they've even overcharged." A mass meeting could prompt a change of heart ... but a mass meeting is not possible.

The emergence of serious problems has done nothing to weaken the resolve of the organisers, though. Blyana cites the way in which initial difficulties with Indian traders have been overcome. "At first, Indian-owned shops were boycotted too. Then, after consultation, we began to reverse that process. We explained to people it was politically important, as the traders are as affected, racially, as we are, by the CP policy."

"Now we have established a strong relationship with local Indian traders. There are interim structures, the traders are allowing their workers to join unions — it has created a whole new relationship."

Despite the hurdles, Blyana and his colleagues continue to work tirelessly to have the "Whites-Only" signs taken down again. All avenues are explored — a tentative alliance, unholly but strategic, is in the process of being forged with local (largely National Party-supporting) business. A meeting between the two groups is scheduled for next week.

There is encouragement to be drawn, too, from pressure exerted on mine-owners in the area. Blyana relates, with some relish, the demand from Blyvooruitzicht mineworkers that a CP-supporting boerewors supplier no longer be patronised by the mine kitchens.



Union organiser Hlubi Blyana ... the taxi drivers who promised to help by ferrying boycotters haven't been forthcoming

Pictures: CEDRIC NUIJK, ARIYAK

"Some of the miners even expressed the fear that he could poison their meat," he says. The mine's meat orders went elsewhere.

Dr Malcolm Tshupe, who runs Khutsong's only clinic, is also realistic. He is not convinced that the economic squeeze will be sufficient to change white minds when the time comes to give the CP another mandate.

"A large number of the voters are from the mines or farms," he says, and they have not felt the sting that the shopkeepers have. The sitting MP for Carletonville is, after all, right-wing white unionist Arrie Paulus.

"These sorts of people won't change because of the boycott, or the publicity," says Tshupe. "They're not shy about what the world thinks of them." Nevertheless, his support for the anti-CP action is resolute.

There is no doubt that Carletonville business has suffered from the passive resistance of its voteless patrons. The huge, boarded-up Jazz Supermarket complex in the centre of town bears silent testimony to this fact.

But De Ridder and his colleagues are unconcerned. "This talk of 98 shops about to close is just tripe," he says, "simple National Party propaganda." A local bank manager told him, he adds, that "black deposits" are better than ever before.

"First the people of Khutsong came back, and last week, here in this chemist, I had about 40 mineboys buying again. I had to open another till."

And, he claims, there is a good working relationship with black representatives on the local Regional Services Council: "They know exactly where they stand with us. Now we're working together."

He believes the "natural order of things" will reassert itself in Carletonville, once all the media attention has died away. And he is convinced that the CP will sweep the elections "with an enlarged majority".

He might be right. But the economic war of attrition will likely continue

to be waged until then, and possibly beyond. It may remain inconclusively inconclusive.

More sinking is the feeling, inescapable to anyone travelling through Khutsong and talking to its residents, that the September ballot in Carletonville will be like a tragic national experiment — using people's dignity as its major component.

For black residents, this is the central issue in the conflict. They know that their final fight is against the government, says Tshupe, not the aristocratic excesses of the far right. But that is not the point here and now.

"We don't really care about using their park," he says. "It has become a symbol, the very mention of it is an insult. They have their police participating to make sure we don't dare step on it — they even patrol in the rain. That's insulting."

And, says Tshupe, the black people of Carletonville are under no illusions about what their sacrifices can really achieve: "Look, the people have been shopping in other CP-controlled towns, like Fochville."

"The thinking is that at least they haven't introduced things (like whites-only signs) to publicly humiliate us."

There are deep principles involved here. But it is worth remembering that De Ridder's are no less firmly held. Blacks, he believes, must not share power, but wield it separately — and not in Carletonville.

History will judge him well, he is convinced. "Not only our people here, but the whole country will one day look to Carletonville and Boksburg as a shining example," he says.

"And they will entrust us (with power) again, for one simple reason: We did what we promised we were going to do."

Then he looks out at the street, where small knots of white shoppers, still outnumbered blacks. These are his people, and he knows them. It is white *Gemeinschaft* among the mine shills.

# Move to shift Sandton rates

30

5/12/79

## BRENDAN TEMPLETON

A PROPOSAL to shift the rate-paying burden from the residents of South Africa's "No 1 address" — Sandton — to the burgeoning business sector faces difficulties as current legislation does not allow for such a move.

Originator of the proposal, town councillor Mr Peter Gardiner, nevertheless says he believes that the proposal is justified as Sandton is unique in its growth rate which is placing an "intolerable" burden on the town's facilities.

But, despite strong support from both business and residents, the plan might not go through.

He will nevertheless be making strong representations to the Department of Finance and the Provincial Administration for an amendment to the existing rates ordinance.

Ratepayer Association representatives interviewed were unanimous in their support of Mr Gardiner's plans to shift the rate burden and to limit expansion of Sandton's office development by about two-thirds.

President of the Sand-



MR PETER GARDINER: a proposal to ease rate-payers' burden.

ton Chamber of Commerce Mr Warren Dale also approved of the proposed scheme, "even though I could get half of the Sandton business community jumping down my neck for saying so", he said.

Mr Gardiner believed the infrastructure of Sandton, one of the most popular business property markets in South Africa, had to be altered to deal with the increased burden the swelling demand for real estate had put on the town.

"We have been choked by our own success. Business premises are the largest users of the facilities provided by the Sandton council, but this is not reflected in the ratio of rates paid by

residents, compared to business premises," he said.

Sandton had become very attractive to developers who were responding to the decentralisation trend which was a normal stage of development for major cities like Johannesburg all over the world.

More than 60 percent of the entire office market outside the Johannesburg CBD had been located in Sandton.

In modelling Sandton's future office growth pattern, it was proposed that, apart from limited development on its periphery, the central business district would not be extended, he said.

## Quite fair

Mr Dale said it was quite fair not to expect residents to pay for added expenses caused by the growing business area, although the plan should be based on future development.

The increased traffic in Bryanston and surrounding areas resulted in wear and tear on the roads in the suburb which had contributed largely to a possible 30 percent rate increase, committee member of the Bryanston Ratepayers Association, Mr Jan Maas said.

"The CBD is already cluttered up with these ruddy offices, and the situation can't go on like

He approved of Mr Gardiner's proposal, and said he did not believe the increased rates would frighten businesses away from Sandton.

Mr John de Villiers, past chairman of the Parkmore RA, agreed with the proposal "in principle" as the council had previously been unable to address the increased traffic problem as the costs involved were too great.

It was right that the costs be passed on to businesses which had caused much of the increase, he said.

Other ratepayer representatives expressed strong support for Mr Gardiner's position, although Mr John Lambson of Ward 10 was worried that the proposed diversion of traffic from Sandton would mean the Field and Study Centre could again be endangered by road development.

# Move to shift Sandton rates

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IAN WATT

# Rents, land price rise in factory shortage

S/Times 14/1/89 (30)

**A BOOM in factory building is under way.**

Property experts expect it to continue for at least six months.

Some big institutions which develop mini-factory complexes on spec are experiencing a major take-up of space. An example is Sanlam's Strydom Park development in Randburg which is fully let.

There is a severe shortage of factory space not only on the Reef, but in other parts of SA.

As a result rents and land prices are rising. Vacant land is scarce and expensive in certain parts of greater Johannesburg.

## Declining

A study by JH Isaacs says property trust and investment companies with a strong complement of industrial space on short-term lease should benefit.

"Vacancies are steadily declining and land prices have escalated drastically in prime industrial areas," says group research manager Nickl Vontas.

He tips property investment companies and trusts such as Barprop, Pioneer, Tamboti and Capital to do well in the boom.

The study shows that since 1985 when the market was depressed, land prices and rents have increased by as much as 100% in some areas. Land availability has dropped considerably in others.

The scarcity is acute in industrial areas along the M2 East motorway. In Isando, Spartan, Wynberg and Eastgate-Kramerville where land prices have soared to R200/m<sup>2</sup> and rents to R10,50/m<sup>2</sup>. Land prices range between R140m<sup>2</sup> in Wynberg and R75/m<sup>2</sup> to R80/m<sup>2</sup> in Denver and Cleveland.

Top rents of R10/m<sup>2</sup> are being paid for premises under 500m<sup>2</sup> in areas such as New Centre and Denver, and R8,5/m<sup>2</sup> for small sites in Selby-Ophirton, Sebenza, Eastleigh and Heriotdale.

Mr Vontas says his study

By Udo Rypstra

involved only buildings that are structurally sound, with ground-floor loading access and where the office component is about 15%.

## Firm

Even for large sites of 5 000m<sup>2</sup> rents of R5,60/m<sup>2</sup> are being paid in Johannesburg itself.

In the northern suburbs close to Alexandra, rents are again climbing. Land availability is "very good" in Malboro, but fair in Kew. After the riots, many businesses moved to Strydom Park where rents are firm at about R10/m<sup>2</sup> for small sites.

Land is available at Midrand, but prices have risen by 75% since 1985 and rents by 38% to R9/m<sup>2</sup> for small sites.

On the West Rand, land in Amalgam is going for R150/m<sup>2</sup> and rents are R7/m<sup>2</sup>. Townships such as Industria are under slight pressure because of large areas on offer and limited access.

In East Rand areas such as Wadeville and Sibenza rents have increased by more than 50%, says Mr Vontas.

Rents have risen by about 40% in Pretoria. Going prices are R8/m<sup>2</sup> to R10/m<sup>2</sup> for properties under 500m<sup>2</sup> and between R6/m<sup>2</sup> and R8/m<sup>2</sup> for bigger sites. In Durban, the recovery has been between 25% and 50%. Top rents are R9/m<sup>2</sup> for small sites and R6/m<sup>2</sup> for bigger ones.

Cape Town has maintained stable growth of between 15% and 20%, small sites commanding R7/m<sup>2</sup> and bigger ones between R4/m<sup>2</sup> and R6/m<sup>2</sup>.

Some experts argue that new building projects would require rents of at least R7,50/m<sup>2</sup>. Mr Vontas says minimum rents vary from area to area and depend on size, land price, building cost, financing cost and profit margin, which generally runs between 15% and 20%.

## Pipeline

Ian Watt, Transvaal regional property manager of Old Mutual Properties, believes the strong recovery in the market and demand should lead to a new cycle of development of prime industrial space.

OMP has let more than 130 000m<sup>2</sup> in the Pretoria-Witwatersrand-Vereeniging and greater Durban and Cape Town areas in the past 20 months. Mr Watt says there is a 7 420m<sup>2</sup> deal in the pipe-

line which will result in the former Bluebell Wrangler factory in Durban being fully let.

"In response to demand, rents for large prime industrial space on the Witwatersrand are moving towards R7/m<sup>2</sup>. That is a point that makes new development attractive. However, it is unlikely that much new development will be speculative.

"It will be for committed tenants and largely tailored to their needs. An indication of this is that one broker has brought us proposals for the development of a total of 33 000m<sup>2</sup> for various firms.

"We also are considering requests from existing tenants, mainly in the City Deep and Isando areas, to extend their premises.

"We have had an increase in inquiries from property brokers looking for space for clients."

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JSB

# Elcentre - overlooked new star of the JSE

S/Times 14/1/89

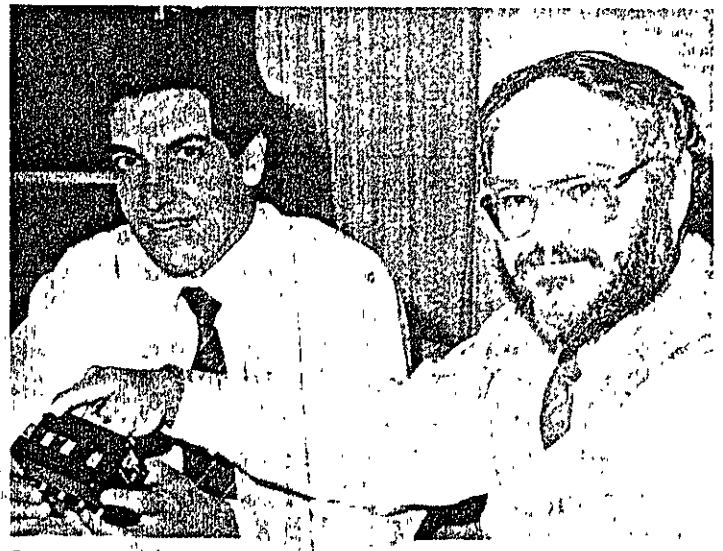
By David Carte

ELCENTRE, the Mowszowski brothers' little-known electrical group, draws the spotlight today with earnings that put it in the top 50 companies in SA.

The low-profile, high-performance group based in humble quarters in Doornfontein, Johannesburg, sold R500-million of assorted electrical goods in the year to August 1988. Sales have leapt from only R73-million in 1986.

In holding taxed profit by 61% to R48,9-million, Elcentre earned 70% more than Powertech, the Altron group company, which is much better known and more highly rated.

In the past three years, Elcentre has acquired compa-



# Vehicle sales on the skids

MEASURES to trim the economy are likely to hit vehicle sales in the second half of the year after the 9.2% decline in April.

The National Association of Automobile Manufacturers of SA (Naamsa) says forecasts have been revised downward. Car sales are expected to fall by 5% below earlier forecasts and light commercials by 3%. Medium and heavy commercial sales are expected to be much the same as last year.

Car sales fell by 7.6% to 18 557 in April from 20 082 in March for a four-month total of 74 293 against 77 192 last year.

Light commercial sales dropped by 12% on March figures from 10 498 to 9 237. The total for the year to date is barely changed at 36 367 compared with 36 323.

Business Times Reporter

A shortage of components reduced sales of medium and heavy trucks. Medium truck sales were 362 compared with 430, and heavy trucks were down at 657 from 765.

Totals for the year are 1 201 against 1 724 and 2 861 compared with 2 826 respectively.

Taxation, spending criticised

# Govt policies draw fire from Cape chamber

CAPE TOWN — Government was criticised by organised commerce yesterday for "persisting with policies and actions that are seriously undermining efforts by the business community to maximise efficiency and effectiveness in the marketplace".

Three significant issues were singled out by Cape Town Chamber of Commerce president Anthony Coombes in his outgoing address at the chamber's annual meeting:

- Government's inability to contain its spending within reasonable bounds;
- The increasing tendency by government to change the rules of business with "retrospective" legislative action; and
- Continuing and unwarranted criticism by Finance Minister Barend du Plessis of business efforts to minimise the tax burden by making use of legitimate tax avoidance schemes.

Coombes said business confidence was being demoralised and business people were losing faith over government's inability to contain its expenditure to within reasonable bounds.

"Despite the government's acceptance of the need to keep borrowing down to 3% of GDP, it has consistently failed to achieve this target. . . .

"The exposure of wasteful and inappropriate expenditure by the Auditor-General, and criticism of the cost inefficiency of own affairs administration by the Administrator of the Cape, are pointers to areas of proflig-

CHRIS CAIRNCROSS

gacy in state spending which this country can simply not afford."

Coombes called for an independent investigation into government expenditure in order to verify the need and efficiency of expenditure by the various departments and agencies.

It was incumbent on government not to add to business uncertainty, for whenever it did so it simply added to the cost structure — which meant higher prices for the man-in-the-street and reduced competitiveness in international markets.

Coombes took the Finance Minister to task for his continued criticism of tax avoidance schemes. Within a competitive business environment it was just as incumbent on businessmen to minimise the cost to the business of taxation as it was on them to make every effort to contain costs in other areas.

"The fact that taxes in this country have risen to extremely high levels has increased the opportunity for achieving cost savings on taxation, and shareholders expect management to use every legitimate means open to them to maximise their returns.

"If the Minister is concerned at the incidence of tax avoidance he should realise that it is a symptom of the high tax burden. Instead of castigating taxpayers for avoiding tax liability, he should rather ease their tax burden," Coombes said.

# CP's rigid policy strangles West Rand mine town

By DAN DHLAMINI

CARLETONVILLE'S once bustling Amethyst Street tells it all.

This once-thriving Western Transvaal "dorp" is falling apart and its residents, both black and white, are standing by and watching helplessly.

The Conservative Party, the cause of the problems, is still sticking firmly to its rigid apartheid policies and the result is that blacks are boycotting white businesses.

Amethyst Street, Carletonville's main street, has become a shadow of what it was before the boycott.

The seriousness of the situation is evidenced by the absence of shoppers in the central business

## Shopowners appeal to govt on trade drop

district; by empty shops and deserted streets in the town.

Before the 10-week-old boycott, Carletonville was lively every day of the week.

Shoppers - mostly miners - and shop owners used to exchange smiles and spoke "Fana-galo" - the common language of this town.

But this is no more. Anger is the order of day.

Friendliness on the part of Indian business-

men and even the display of "sale" signs and fancy new names such as "People's Cash and Carry" have failed to attract shoppers.

Businessmen have expressed their fears for the worst after Jazz Stores, in Amethyst Street, closed down last month.

The local chamber of commerce said about 89 businesses would close if the boycott continued for another month.

When one walks

**Joseph Kometsi was refused a meal at a local hamburger bar.**

along the once busy and throbbing streets, one is greeted by gloomy faces of both black and white residents.

Black workers visiting town bring their own food from home and eat on pavements - a common sight.

Joseph Kometsi, an East Driefontein mine administration officer, said he was barred from eating at the Wimpy Bar this week.

"The lady at the counter told me that no blacks were allowed to eat inside the Wimpy Bar," said Kometsi.

Another worker, Godfrey Mokome, who was having lunch on a pavement, said the parks were reserved for whites only, although they were not used by them.

Animosity is rife and many incidents of vigilante assaults on blacks have been reported.

A delegation led by Annetjie Claasen - chairperson of the local Chamber of Commerce - has seen Ministers Adriaan Vlok and Chris Heunis over the occurrences in the town.

Businessmen have filed papers in the Supreme Court against the council's reintroduction of petty apartheid.

Members of the local ratepayers' association have in their turn also

sent a petition to Constitutional Development and Planning Minister, Chris Heunis, informing him of their objection to the council's decision to use their money to defend the pending legal action instituted by the businessmen.

Hlubi Biyana - spokesman of the Congress of South African Trade Unions local action committee, which organises the boycott, said it would continue as long as the CP-controlled council persisted in enforcing apartheid.

He said the chamber and those presently reeling under the effects of the boycott did not object initially when the CP-controlled council put up "whites only" signs.

Biyana said they were merely reacting to the situation because they had been affected.

Claasen said that since February 27, when the boycott started, businesses had incurred a R12-million loss in turnover and more than 400 people had lost their jobs.

Carletonville management committee chairman, Koos Nel, said his council would not back down on its decision of putting up "whites only" signs in public places.



By Udo Rypstra

OK BAZAARS plans a clothing marketing campaign with new labels and refurbished in-store fashion departments served by IBM point-of-sale (POS) terminals.

Information Services Management (ISM) has won a R9-million order for the POS terminals and other hardware. ISM has signed a R7-million contract to equip the company's second computer centre in Johannesburg.

OK Bazaars branches in Alberton and Southdale will run a pilot study in their fashion departments next month. After July, installation of 430 IBM Model 4683 terminals will begin in 28 stores as well as at the Roodepoort and Menlyn Park, Pretoria, Hyperamas.

# OK keeps tabs on fashions

OK Bazaars POS project manager Rob Purden says: "We are seeking a more polished 'shop-within-shop' concept. Part of this operation is an information system giving us quick reaction to trends and sales in fashions."

In a first for South Africa,

## Information

OK Bazaars will use a double barcode label for its fashion goods. Both codes are scanned at checkout terminals. The first code contains merchandising information, such as colour and size. The

second contains the department number and selling price of the article.

Mr Purden says: "We will obtain merchandising information immediately. Now we rely on labour-intensive stock counts to gain this information. We tend to discover what lines have sold well only at the end of a season — far too late to do anything about it."

OK Bazaars has ordered a used IBM Model Q64 with performance improved features, an IBM Model 3990 controller and two 3745 communications controllers.

# Morkels pushes earnings up 24% in tight market

SYLVIA DU PLESSIS

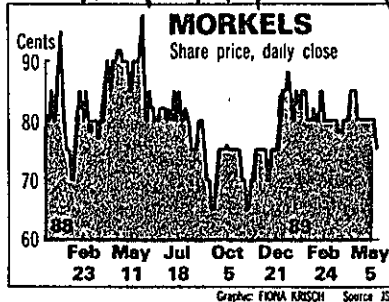
SPECIALIST furniture and sporting goods retailer Morkels has notched up a 24% increase in earnings a share to 23,5c (18,9c) for the year to end March, and has improved its gearing from 55% to 49%.

This was achieved against the backdrop of an overtraded furniture market hit by frequent government measures to discourage consumer spending.

The group, part of the Federale Volksbelegging fond, also upped its dividend distribution to 10c (8c) for the year by adding a final distribution of 7c a share to the maiden interim payment of 3c.

Creditable sales of R199,3m, up 27,3% from the previous financial period, were achieved in a 53-week trading year, while operating profit rose 28,9% to R22m.

Directors said furniture sales had translated into 26% growth on the R156,5m



earned in a 52-week trading period last year, five percentage points ahead of the 21% growth of the retail furniture sector.

Sporting goods chain Totalsports fared even better in the battle for market supremacy in its crowded retail sports sector, with turnover growth of 53% for the year compared with 26% in the retail sports sector, they said.

While higher deposits and shorter terms for instalment credit more than compensated for excessive stock holdings, these led to a 53,8% increase in interest charges to R3,3m.

Attributable profit of R9,4m (R7,5m) reflected an increase of 24,9% from the high base of 86% a year earlier, after the group provided in full for deferred taxation.

Eight new Morkels stores were opened in the period, giving the chain 82 outlets. Four new Totalsports stores and the closure of one brought this chain's tally to 15.

MD Carl Jansen said Totalsports has now spread its reach beyond the Transvaal and Western Cape origins into Natal and the Free State.

He said although the group foresaw a further slowing down in the economy in the year ahead, prevailing tight management prescription and retailing skills would enable it to continue with its planned expansion.

# Acrem to be listed via reverse takeover

30  
BIDAY 15/5/89  
**LESLEY LAMBERT**

COLUMBIA subsidiary Acrem Holdings, a relatively low-key retailer, is to become listed on the JSE by way of a reverse takeover of cash shell Dashaus, which recently sold off its furniture interests to Rusfurn.

According to an announcement released at the weekend, Columbia and certain Acrem minority shareholders have sold their 100% stake in the company to Dashaus for R18m.

The purchase consideration is to be settled by a cash payment of R11,25m and the issue of 13,8-million Dashaus shares valued at 49c each.

Dashaus will then be renamed Acrem Holdings and an application will be made for its listing to be transferred to the retailers and wholesalers sector.

As part of the transaction, Columbia is to acquire 16,6-million shares in Dashaus, representing 66,5% of the company, also for 49c a share.

Columbia has undertaken to extend a similar offer to Dashaus minorities to comply with JSE requirements.

The Acrem group is divided into two strategic operations.

A national general retailing operation trading through 12 retailing branches in the western Transvaal, Cape Town and Port Elizabeth, caters for a broad spectrum of family needs.

An up-market high quality range of kitchen units is manufactured, retailed and installed under the Dan Kitchen

trade name.

Unlike the rest of the stores in the group which operate within a framework of credit terms, Dan Kitchens is a cash business.

Had the transaction been effective from April 1 1988, the reconstituted Dashaus or Acrem Holdings would have earned R4,6m, or 12,1c a share, for the year to March 1989, 66% ahead of the 7,3c earned by Dashaus for the year ended February 1989.

In addition, Acrem's tangible net asset value at March 31 1989 amounted to R14,2m, or 37,2c a share — well ahead of 27,2c attributable to Dashaus prior to the announcement.

Acrem is projecting earnings a share of 14,1c for the year to March 1990.

# Talks on black economic drive

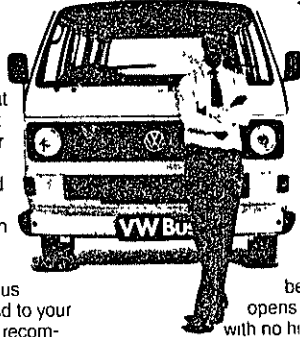
Sowetan  
15/1/89

## At last, a salesman who knows where you're going.

Joel Shongwe is a salesman at Lindsay Saker. He knows more about the Black taxi market than most other car salesmen.

If you're a taxi operator, go and meet him. He'll offer you a range of services which will keep your taxis on the road and in good running order.

And if you're looking for a minibus to start or to add to your fleet, Joel will recommend the "bigger" VW Microbus, especially re-designed for the taxi market.



It now comes as a 15 seater. The 1.9 l engine is more powerful and yet more efficient and economical because it is water cooled. The sliding passenger door has been improved and opens and closes easily with no hitches.

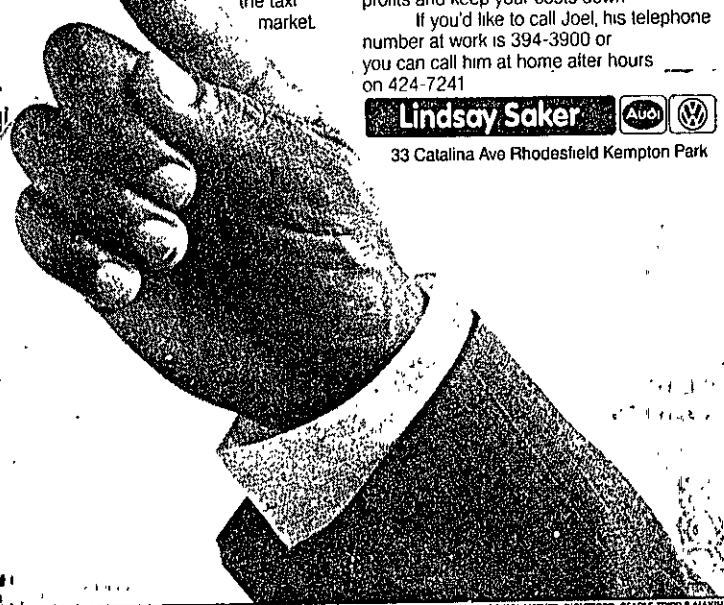
Meet Joel Shongwe at Lindsay Saker Kempton Park. And he'll tell you more about how the range of Lindsay Saker services can help you improve your service, increase your profits and keep your costs down.

If you'd like to call Joel, his telephone number at work is 394-3900 or you can call him at home after hours on 424-7241.

**Lindsay Saker**



33 Catalina Ave Rhodesfield Kempton Park



PROMINENT personalities will address a national conference on black economic empowerment organised by the Johannesburg-based Centre for Labour and Community Research (CLCR).

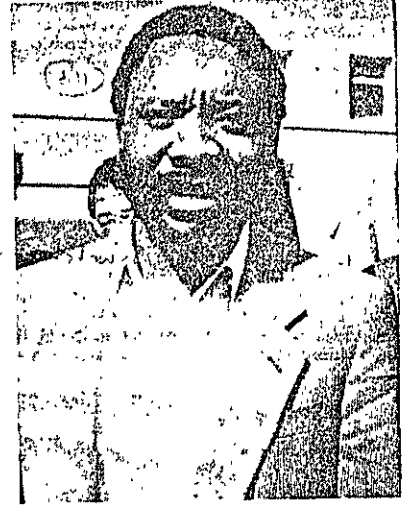
The conference, to be held at the Braamfontein Hotel on Wednesday at 8am, will have identifiable dominant themes within the concept of black economic empowerment, conference co-ordinator Richard Skele told the Africa News Organisation (ANO).

Among those invited by the CLCR to address the conference are: Cyril Ramaphosa, general secretary of the National Union of Mineworkers, Professor Gerry Coovadia, vice-president of the Natal Indian Congress, George Negota, a senior official of the National Federated Chamber of Commerce, Tertius Myburgh, editor of the *Sunday Times*, Bobby Godsell, group consultant, industrial relations and public affairs of the Anglo American Corporation, Aggrey Klaaste, editor of *Sowetan*, and Khehla Mthembu, chief executive of Active Financial Planning Services.

The name of another speaker, who will present an Afrikaans viewpoint, has "yet to be announced."

According to Skele, the themes to be touched on by the invited speakers will exhibit three viewpoints: the first is that economics, when treated outside political constraints, can yield political solutions, thus necessitating a need to liberate the economy.

The second envisages that economics and politics ought to be appreciated simultaneously in the context of a changing society, and the third asserts that, if blacks can be afforded the means, they will buy their way to power-sharing, thus peacefully ending apartheid.



CYRIL RAMAPHOSA



KHEHLA MTHEMBU

"Central to the matter of black economic empowerment is inequality in income and wealth distribution," Skele said, adding that one of a host of questions the conference will attempt to answer will be: "Does economic black empowerment pose a threat to white security?"

He said that, among others, business planners, trade union leaders, analysts, diplomatic observers and those concerned about South Africa's future should attend the conference.

Attendance will cost R225 a person. This amount includes the cost of tea and lunch.

Skele may be contacted at the CLCR by calling (011) 29-9055/6 for more information about the conference scheduled to start at 8am and to end at 5.30pm.

"It will be a unique event which will provide opportunities for communication between competing and cooperating participants in the socio-political process," noted Skele.



# PUSH ON, BLACKS URGED

FORMER African Bank chief executive Mr Gaby Magomola said black business often referred to as "the sleeping giant" had the opportunity to become South Africa's economic power.

Addressing the national meeting of Business Challenge held in Soweto, Magomola said blacks possessed a powerful collective bargaining power that could help them dictate the pace of a change in the country.

The economic development of South Africa's blacks should not be deferred to the post apartheid era.

"The time for economic development and



Gaby Magomola

political and economic liberation. "We have the power to do that because of our numbers," he said.

He urged members to team up with big corporations but warned that such a marriage should not exploit blacks.

Khumalo said blacks must learn to be job creators rather than to be employees, adding, "that could only be achieved if they flexed their economic muscle".

BC was, like stokvels, formed to enable blacks to rely on their own resources, he said.

By JOSHUA RABOROKO

making a greater contribution to the economic pie is now inspite of the tremendous odds that face us," Magomola said.

He said blacks still suffered from lack of access to capital, lack of expertise compounded by poor education and restrictive laws that stifle creativity. This discouraged many from pushing forward.

The managing director of BC, Mr Phil Khumalo said blacks must fight for

# Austerity poses threat to the small business

Star 15/5/89

30

By Sven Lünsche

A repeat of the 1984/85 collapse of small businesses is looming in the wake of the Government's austerity package.

The restrictions placed on hire-purchase financing, higher interest rates and the forced company tax levy could see the financial position of a number of smaller companies deteriorate dramatically once the measures impact on the economy.

All official indicators to this effect — statistics on liquidations and insolvencies, sequestrations and civil cases for debt — were still showing a downward trend in the first few months of this year.

But analysts confirm that first signs of a depression are already emerging.

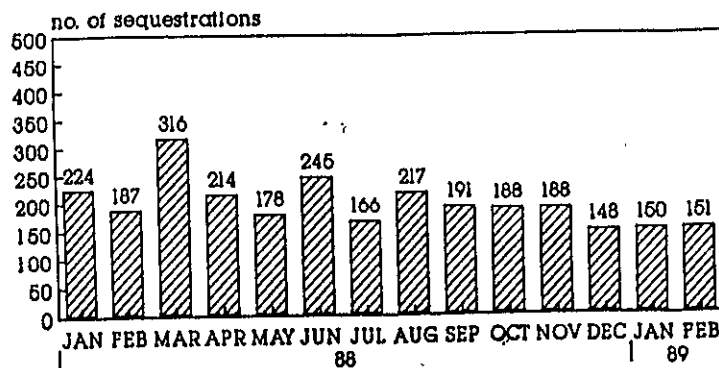
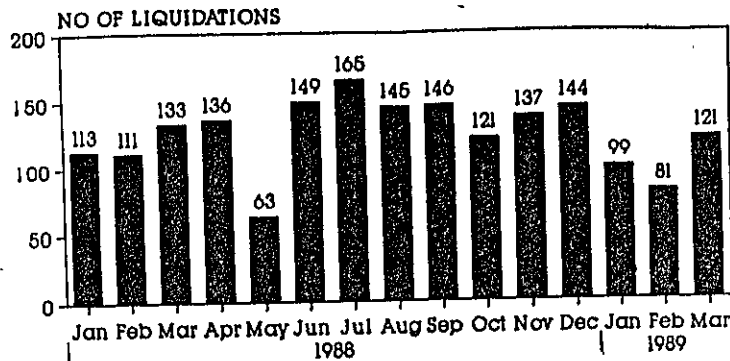
Paul Edwards, chairman of Information Trust Corporation (ITC), says bankruptcies are likely to increase substantially as consumers and small businesses are forced to the wall.

Due to the usual time lag, these will only become apparent by July or August in recorded statistics, although on a monthly basis a small upward trend is already evident.

Central Statistical Services figures show the number of summonses for debt for the last three months up to January this year increased by 3.3 percent, compared with the previous three months after seasonal adjustment.

This was an increase of 11.1 percent, compared with the corresponding months of the previous year.

The number of liquidations in March soared to 121 from February's 81 and the 99 liquida-



tions recorded in January.

Individual sequestrations held steady at 150 in the first two months of this year, after declining rapidly from a peak of 316 in March last year.

For the first quarter as a whole, business liquidations, however, fell by 15 percent over the same period last year, while the number of individual sequestrations fell by 25 percent, which Mr Edwards attributes to the strong position of consumers and businesses for most of 1988.

His concern for small businesses is based on the fact that they tend to rely more heavily on bank overdrafts, which may be two or three percentage

points above the new prime rate of 20 percent because of their higher risk profile.

They also have lower cash reserves than larger companies, which are better able to weather downturns in demand.

Criticising the latest move by the Minister of Finance as "knee jerk" and possibly "overkill", Mr Edwards warns that consumers are being pushed to the limit.

"The tremendous increase in bank advances and reduced savings levels indicate that consumers are borrowing heavily in an attempt to maintain their standard of living.

"There is every indication

that there will be a repetition of 1984/85, when a record number of bankruptcies occurred because of the credit squeeze and sky-high interest rates."

Mr Edwards accepts that the economy must be cooled, but believes that existing restrictions are only just beginning to bite, and that the latest moves may throw the economy into reverse.

He does, however, welcome the news that farmers and small businesses may be eligible for slightly lower interest rates under a subsidy scheme announced by the Reserve Bank.

● The establishment of a stabilisation fund similar to that for petrol has been suggested to help ease the plight of bondholders.

The suggestion has come from the Institute of Estate Agents (IEA), which next week will be holding an urgent meeting of estate agents to set up a crisis seminar on rising bond rates.

There have already been reports that many bondholders are struggling to keep up with their monthly repayments and that the foreclosure of homes is escalating because of recent rate hikes.

IEA national president Keith Wakefield says the aim of the meeting is to urge the creation of some kind of stabilisation fund to protect innocent purchasers in the face of rampant rates.

He says financial institutions such as banks and building societies, insurance companies and the Government could contribute to such a fund when rates go up and recover their money when they fall.

## Speciality <sup>20</sup> to be listed

New retail company Speciality Stores is to be listed on the JSE next month.

Specialty will house the specialty retail operations — Milady's, a national chain of 131 ladies' specialty stores, The Hub, a Natal-based super-specialty store group and the off-price specialty stores, Mr Price and Footgear.

Specialty is born out of a one-for-one rights offer to shareholders in the Specialty Store Company (Storeco). The rights will be priced at 325c a Storeco share and will raise R17 million for expansion of the group and will allow investors two vehicles in which to invest. — Sapa

## Morkels<sup>2</sup> earnings<sup>30</sup> rise by <sup>Star 15/5/89</sup> 24 percent

By Sven Lünsche

Government action to curb consumer demand reduced the rate of sales growth, but furniture retail chain Morkels still managed to achieve a credible 24 percent growth in earnings in the year to end-March.

Earnings per share rose from 18,9c to 23,5c while the total dividend was raised by 25 percent to 10c a share.

Sales were up by 27,3 percent to almost R200 million and despite the pressure on merchandise margins forced by the slowdown in consumer spending and the need to adjust stock levels, the operating profit ratio grew from 11 to 11,4 percent, which translated to operating profits of R22,2 million.

Furniture sales were up by 26 percent to R156,6 million, while turnover of Morkels' sporting goods and apparel chain Totalsports grew by 53 percent.

Managing director, Carl Jansen, said the group's gearing ratio had improved from 55 to 49 percent, while net asset value per share, incorporating the three-yearly revaluation of the group's property holdings, improved to 123 percent from last year's 106c.

He said that while the group foresaw a further slowing down in the economy in the year ahead, prevailing tight management prescription and retailing skills would enable the group to continue with its planned expansion.

## Furniture dealers <sup>Star 15/5/89</sup> whistle in the dark

Own Correspondent

DURBAN — Despite gloom on the retail side of the furniture industry in the wake of the Government's further clamp on credit last week, all is not lost it seems.

Smaller outlets are still experiencing good turnover, which, proprietors say, is because of the release of long pent-up demand for replacement white goods.

A financing scheme backed by a major manufacturer enables hard-pressed buyers to avoid the restrictions affecting hire-purchase agreements.

The scheme is offered by retailers on certain television, audio and video equipment.

It is funded by Barlows finance group, Barbroom Investments.

A loan to buy goods is made to the purchaser, who is required to make a 12 percent deposit and repay the balance over 24 months.

That compares with the HP requirement of a deposit of between 20 and 30 percent and repayments over 12 to 18 months.

Furnbea Group executive Mervyn Hackner says Beares furniture outlets are among those running the scheme.

Minister of Finance Barend du Plessis dropped the credit bombshell re-

cently when announcing an effective one percent hike in interest rates.

He raised minimum deposit levels on electrical appliances and other luxury items an average of five percent.

Repayment periods on many categories of goods were further reduced.

The tougher clamps came after belt-tightening only last August.

So concerned is the Furniture Traders' Association about the new clamps that it is meeting to discuss them at a national council meeting next week.

"We are not happy that we have been discriminated against yet once more," says Frans Jordaan, executive director of the association, which represents 90 percent of South Africa's retail outlets.

Particularly galling, he says, is the fact that the association has been making representations to the Government to ease the situation for retailers.

He believes a repeat of the 1984 recession is on the cards if relief is not imminent.

Association retail sales figures for January 1989 show a 10,9 percent increase over sales in January 1988.

Figures for February 1989 show a year-on-year growth of only 8,35 percent — well below the annual inflation rates for both months.

## TV1 outdoes all its competitors

By Malcolm Fothergill

TV1 is attracting far more viewers than its rivals TV4 and M-Net and is a far cheaper way for advertisers to reach potential customers, says ad agency Grey Phillips Bunton Mundle & Blake.

"One would have to search long and hard to generate a reason for including M-Net in 'prime time' — that is, 7pm to 8pm — if one has a mass-appeal product," says the agency in its monthly release *Grey Matter*.

"It is very expensive relative to the audience it provides, and TV1 walks away with well over 80 percent on average of the audience."

In more detail, 59 percent of the country's white, coloured and Asian adults who watch television in the 6pm to 7pm time slot watch TV1; 31 percent watch M-Net; and 10 percent watch TV4. In the 7pm to 8pm slot, 85 percent

watch TV1 while only 15 percent watch M-Net.

Looking into the cost implications for advertisers, the advertising agency lists what advertisers pay in rands for every one percent of the population reached by the various television stations.

In the 6pm to 7pm time slot, TV1 costs R439 for every 1 percent of the population reached, M-Net costs R498 and TV4 costs R700.

In the 7pm to 8pm time slot, TV1 costs R483 and M-Net costs R1 045.

"So not only does TV1 outperform its rivals on an audience base, but indeed proves to be the cheapest option available.

"Criticism for escalating TV rates has been levelled for an extended period at SABC — perhaps one should honestly query M-Net's rate structure and cost in the light of the above findings," *Grey Matter* concludes.

# Nats want Tzaneen open, but CP resists

Own Correspondent

TZANEEN — This town is torn between those favouring the council's decision to open the CBD to all races and those against the idea.

Tzaneen, for decades a whites-only town, and now 100 percent National Party-controlled in the midst of a Conservative Party-dominated area, is ready to take the big step despite a CP outcry.

Tzaneen Town Council recently held a meeting to which all organisations were invited. Speakers from as far afield as Johannesburg, including Assocom officials, addressed the meeting, and it was felt that opening the CBD could only benefit the town and its businesses.

No Conservative Party members attended.

It was thus presumed that there would be no objections raised, and it was accepted that the CBD area would be opened to all races.

At the monthly meeting last week it was unanimously agreed that the CBD be opened, and possibly the industrial area as well. Residential areas would not be included.

As far as Indians are concerned, there is scepticism in some quarters. Some have been trading in the town behind white nominees for decades, but have been barred from living within the precincts.

It was proposed some time back that an Indian township be built in Duivelskloof, but this was not acceptable to either Duivelskloof or Tzaneen.

May 15 1989

# COMPANIES

10  
10/04/1989

## Investors will get a Speciality chance on the JSE

INVESTORS will get the opportunity to invest in the new Speciality retail listing next month after a one-for-one rights offer to shareholders in the Speciality Store Company (Storeco).

Speciality will house the retail operations of Milady's, a national chain of 131 stores, The Hub, a Natal based Super-Speciality store group, and the off-price Speciality stores, Mr Price and Footgear. The rights are priced at 325c a Storeco

EDWARD WEST

The listing will have the effect of raising R17m for the expansion of the group and, by creating Storeco as a separate company and Speciality as the operating company, will give investors two vehicles in which to invest. Traditionally Storeco's shares have been tightly held and have not traded widely. The Board of Executors sold its in-

terest in Storeco to Mercury Trust in which the Board has a 40% interest. Mercury boosted the Board's earnings by R815 000 for the six months to March. The Speciality pre-listing statement shows the value in the company at 325c rights price. On a *pro-forma* basis for 12 months to February 1989, the 16.5-million Speciality shares would have earned 65c a share and paid a 24c a share dividend. The *pro-forma* statement shows an historic earnings yield of 19.4%, a dividend yield of 7.4% and a price earnings ration of 5.2 times. The directors forecast growth for the rest of 1989 with income attributable to shareholders showing continued growth while earnings a share will be diluted by the new shares issue for the rights offer. They anticipate a dividend of no less than 24c a share for 1989. The Speciality shares will be listed from June 8 1989.

# Buy Focus now rather than later, says report<sup>30</sup>

*By Day 15/5/81*

**ACCUMULATE** Focus group shares now rather than wait for the annual results to be published later this month, broker Kaplan and Stewart recommends in an analysis of the Focus group.

The report says Focus management is confident about the group's performance for the year to February and a dividend of 3c a share is forecast. Pro-forma earnings after the Cashworths' acquisition are forecast at 10.5c a share.

But, it says: "In current market conditions, shares such as Focus tend to be

**CHARLOTTE MATHEWS**

neglected by investors. Accordingly, one should not expect a spectacular performance in the short term."

Focus is a retail group specialising in bedding and men's clothing.

The group expanded quickly in 1988 but debt was contained because the speciality nature of the stores meant that low stock levels could be held while cash flow was rapid. Branches opened during the year soon reached profitability.

# Putting something extra-special into Storeco

By Dick Usher  
CAPE TOWN — Take two men with an idea, put them together at a time of changing retail trends — and you have the birth of Storeco.

For Joint MD's Stewart Cohen and Laurie Chiappini it all came together in Cape Town three years ago and yesterday they achieved a new milestone, when they announced the listing of Speciality Stores and restructured Storeco into a holding company.

In 1986, with financial backing from the Board of Executors, they bought the ailing Natal-based John Orr retail chain.

Thus gave them the John Orr department stores, the Miladys national clothing chain and The Hub operation.

Within a year of the purchase they had disposed of the John Orr department stores and were busy revivifying Miladys and The Hub in the direction

of their concept of the future of retailing — speciality stores.

"We felt that the days of the department store catering to a select affluent sector of the population were over," said Mr Cohen.

"Speciality stores make sense for a lot of reasons, mainly because they're a more efficient way to distribute merchandise. They can carry large stocks of specialised merchandise while a general store, for financial and space reasons, cannot carry the inventory to cater for all tastes within a special category."

Their backgrounds are both in retailing, but from different aspects.

Mr Cohen, with a BCom, IIB and an MBA is more based in administrative and financial affairs, while Mr Chiappini began business life with the famous Harrods in London where he worked as a management trainee

while studying retailing at London University.

"We have a very good partnership that works because it gives us a combination of skills," said Mr Chiappini.

After a spell at Ackermans helping to reposition it in the marketplace they decided to start their own business.

It began as a business consultancy but their thoughts were already turning towards specialisation in retailing and their consultancy moved up a notch into "retail business designing" — the creation of total concept stores capable of rapid multiplication for which they supplied a total business package.

The move into the "big league" of retailing, with control of a national chain, came in the trough of an economic downturn.

"We had three businesses, had to decide which of them had to go and the

least profitable, John Orrs, went," said Mr Cohen. E12

The sale resulted in a net cash inflow of R13.5 million, generating an extraordinary profit of R3.15 million for the 1987/88 financial year.

Since then it has been a time of continual progress and expansion, in both the numbers and size of stores in the group. The Hub chain now has six stores and Miladys has grown to 132 stores from 120.

In the year to February 1989 sales grew by 37 percent to R137 million and pre-tax profits by 47 percent to R33.3 million.

Miladys has been firmly positioned as selling up-to-date, moderately priced clothing for the woman shopper between 25 and 45, while The Hub's six stores aim at the middle income buyer of clothing and household wares.

"Growth has given us freedom of



Laurie Chiappini (left) and Stewart Cohen, the founding duo of Storeco.

The Star  
**Finance**

**Imperial Group**  
*1989/90*  
**lists its subsidiary**



Boycott falters in Carletonville

# Boksburg businesses

## are going bust

30

Stew  
14/1/84

STAFF REPORTERS

The strong consumer boycott against the re-imposition of petty apartheid in Boksburg and Carletonville is easing — but to differing degrees.

In Boksburg, where nine businesses have closed, the situation remains dire as the majority of black buyers continue to do their shopping elsewhere. But in Carletonville the Conservative Party council is claiming a great triumph as black buyers — stranded without transport and with no venues for their meetings — return to the shops.

**Businessmen pin hopes on new law**

Boksburg businessmen are pinning their hopes of survival on retroactive legislation that will prevent local authorities from closing amenities that have already been opened.

Otherwise, many more than the nine known businessmen who have already shut shop could be forced to close their doors, according to Mr Johan Viljoen, chairman of the Boksburg Chamber of Commerce and the Boksburg Alliance.

The legislation is reported to be in the pipeline, but the Bill has yet to be tabled in Parliament.

In the meantime the town's businessmen are still fighting for survival in the face of a massive boycott instituted by black and coloured residents after the re-introduction of petty apartheid by the Conservative Party-ruled city council at the end of last year.

STILL A 'BIG DISASTER'

While trade is up slightly from the period December to February (when turnovers dropped between 10 and 90 percent), many single outlet stores would not be able to sustain the effects of the current boycott for more than six months, Mr Viljoen said. "The situation has improved slightly, but is nowhere near back to normal. It remains a big disaster."

He said the town continued to die as businessmen, caught between two forces, were unable to act. Potential investors remained well clear. The only sign of growth could be found in the

"The solution lies with the council — or with the State. There is absolutely nothing more that business can do," Mr Viljoen said.

While a small number of black buyers have trickled back into the CBD, the coloured community (which is believed to have the bigger buying power) remains committed to their decision to "give the council the white town it wants".

Attempts by the Boksburg Alliance to draw trade by identifying their shops with stickers, had a slight effect initially, but this was withdrawn when the council went ahead with plans to fence off Boksburg Lake.

Reiger Park Management Committee chairman, Mr Butch Janjies said: "When they put up the last section of that fence it made us more determined than ever to stay out of the town. It is not a boycott. They put us out."

MEETINGS

Organised transport takes Reiger Park residents to shop in neighbouring towns; and residents meet regularly.

Mr Viljoen said clothing and hardware stores were the hardest hit. Checkers estimates it has lost 50 percent of its business in Boksburg and First National Bank has reported a noticeable drop in cash flow and turnover.

At Champions Clothing, where owner Mr Bob Bieher lost 60 percent of his Christmas trade, trade is down by 20 percent.

He continues to display his Boksburg Alliance sticker on his window.

"It is a matter of principle. I believe in free trade."

The results of a second survey by the Boksburg Alliance into the economic situation will be released on Wednesday night.

Cat Ballou's disco outfitters is the latest in a series of closing businesses in Boksburg resulting from the continuing consumer boycott. Workers Flora Tshamini (left) and Margaret Billa will be retrained at the end of the month after many years of service.

Picture by Sean Woods.



## Black economic empowerment conference

PROMINENT personalities will address a national conference on black economic empowerment organised by the Johannesburg-based Centre for Labour and Community Research (CLCR). *Blm/1/1987*

The conference will be held at Braamfontein Hotel on Wednesday.

Conference co-ordinator Richard Skele said the conference themes would em-

brace liberation of the economy; the simultaneous appreciation of politics and economics in a changing society; and the connection between black spending-power and the peaceful ending of apartheid.

Skele urged those concerned about SA's future to attend the conference.

For more information telephone (011) 29 9055/6. — ANO.

## Shoppers return

As the black consumer boycott in Carletonville loses momentum, the town's businessmen are slowly regaining their strength, with many of them more determined than ever to ensure prolonged CP rule.

Most shop owners in the mining town are experiencing increasing improvement in trade, with some claiming their turnover is "as good, if not better than last year".

Despite attempts by local black leaders to rejuvenate the three-month-old consumer boycott, shoppers from nearby Khutsong are trickling back into town.

But however satisfied shop owners may be by their apparent victory, they can not deny that the boycott has hurt. The Carletonville Chamber of Commerce and Industry estimates a loss to shops of R12 million, in a town boasting only 30 000 white citizens.

Mr Louis Rebeiro, a liquor store manager, says the liquor trade was initially "very badly hit" by the boycott.

"But I've heard rumours from business colleagues that black shoppers are returning at an increasing rate. I have noticed my black trade has got slightly bigger," he said.

Checkers manager Mr M Liebenberg estimates an overall loss of 5 000 black shoppers a week at his supermarket since the boycott began.

### UNAFFECTED

"Still, Checkers has been largely unaffected by the boycott," he adds.

Mr T Viljoen, assistant manager of Ellerines, says: "It's not like it was. Trade has been up for three weeks now and I'm sure it will improve further."

Mr Dawid de Ridder, a CP councillor who owns a pharmacy in town, says business has been so good that he is spending half a million rands on extensions to his shop.

"The boycott is all over, the black people have come to their senses. You can see them walking back from the mines carrying OK and Checkers bags," he says.

"There is an increasing support for the CP in this town and the party will become even more of an influence once our parliamentary candidate is elected in September."

Indian shops have emerged from the boycott in Carletonville almost unscathed as a result of the strong relationship forged between black leaders and Indian traders.

Says Mr Abel Coelho of Goldfields Cafe: "My store has hardly been affected during the boycott. We were never boycotted as such — people always bought from us."

The failure of the boycott appears to be the result of organisational problems. Mr Hlubi Biyana, regional organiser for the National Union of Mineworkers, says no venues can be secured to hold mass meetings and therefore the spirit of the boycott has diminished.

Also, members of the Carletonville United Transport Association had not lived up to their promise to carry boycotters to shop in other towns at reduced rates.

21 Dec 1987 ✓  
**All retailers  
well served  
by wholesale  
division**

A STRONG wholesale division is in place at Amshoe to support the manufacturing divisions, which are well placed to continue their upward organic growth.

The firmly established wholesale operation of Berbi and Falkow Bros will continue to service the growing demand from retail outlets, particularly the smaller retailers with cash flow constraints that do not permit the ordering of sufficient stocks to last several months.

Falkow Bros is based on an in-stock service and at all times carries a comprehensive range of footwear, comprising shoes produced by not only Amshoe factories, but also those of other manufacturers, together with imported lines.

Imported lines are undertaken when certain types of locally made footwear cannot be produced at competitive prices.

Berbi, which is the wholesale division of Puma, services the retail trade out of Durban, Johannesburg and Cape Town.

While offering a complete and comprehensive range of Puma sports and casual footwear, Berbi also offers an in-stock service with regard to the active sportswear and apparel ranges

**AN  
TORS**

# Focus

lifts

profits

CAL. TIMES 10/15/89  
30 32 34

BY BRUCE WILLAN

**FOCUS HOLDINGS** (Focus) has reported an increase in turnover for the year ended February 28, 1989 of 94%, to R21.9m compared with last year.

Pre-tax profit and after-tax profit both went up by 58% to R2.08m and R1.6m respectively.

Earnings per share increased by 35% to 8.5c, while the dividend declared was 3.25c compared with 1.75c last year.

The group is confident that the expansion undertaken in the latter half of 1988, together with the acquisition of Cashworths and other expansion plans for 1989, should enable it to achieve earnings per share growth in excess of 50% for the new financial year.

"The group is well positioned to maintain positive growth with all divisions," comments joint MD. Cohen.

# Blacks fear business Act change

*Sowetan*  
*17/1/84*  
*(30)*  
*(15)*  
*(15)*

BLACK businessmen fear that the Government's deregulation policy could lead to the penetration of their businesses by whites.

According to the president of the National African Federated Chamber of Commerce and Industry, Mr Sam Motsuenyane, black businessmen were concerned that the Conversion of Certain Rights to Leasehold Act might increase white penetration rather than free black business of legal restraints.

## SOWETAN REPORTER

The Act, which became effective in January, abolished controls on township businesses and allows whites to operate businesses in black areas provided that they form partnerships with blacks.

The Act further allowed the occupants of at least 300 000 township properties to acquire leasehold titles free of charge.

Details of problems facing black business are contained in the latest issue of the social and economic update, published by the Institute of Race Relations.

In terms of the Conversion of Certain Rights to Leasehold Act, whites may own a maximum of 49 percent in business ventures with blacks.

## Analyst opts to mark time on Milly's Stores 30

SYLVIA DU PLESSIS

SHARES in Milly's Stores should be avoided at this stage, Frankel Kruger, Vinderine analyst Grant Eckersley recommends in the firm's latest Development Capital Market newsletter.

However, a speculative investor could hold existing investments and evaluate the situation once the announcement for recapitalisation has been made, he adds.

Milly's, which retails processed and convenience foods and wholesales and retails bakery products, reported a loss for the year to June with earnings a share of minus 42,9c (minus 19,9c). The company made headlines last year after misstating its interim results.

During the current year Milly's added Western Cape fruit and vegetable distributor Mays to its rapidly expanding operations. The recently formed Kwikshop Holdings group and Metro Bakery

were also injected into Milly's stable.

If the JSE clears the group's recapitalisation and rationalisation proposals, Milly's will tend towards being a retailer rather than a manufacturer, Eckersley says.

"With the restructuring and rationalisation Milly's should be profitable by the year to December 1990." The company has changed its year-end to December.

"In order to ascertain the prospects of the group, it is necessary to wait for the proposal for recapitalisation to be approved and published.

"Until this is finalised it is not possible to forecast profits for the group," he says.

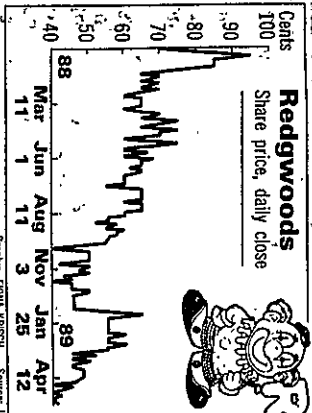
Milly's shares closed untraded yesterday at 20c, near December's low of 19c.

**COMPANIES**

# Redgwoods caught on hop by revamp costs

B/DAY 13/5/89

(30)



DURBAN-based retailer and wholesaler Redgwoods has reported disappointing results for the year to February with earnings a share down 16% to 51c.

Directors said the group's new manufacturing units, acquired during the past year, sustained losses because the moving and re-establishment costs were higher than expected.

Redgwoods manufactures, wholesales

**SYLVIA DU PLESSIS**

and retail toys and babywear.

A final dividend of 2c (24c) has been declared with cover maintained at 2.5 times because of high interest rates and the group's borrowings position, MD Bernard Akal said.

Turnover rose 24% to R67.6m (R54.7m)

and operating income from R6.8m to R7.2m in the period under review.

Attributable income fell 17% to R3m (R3.7m). This was due mainly to finance costs more than doubling to R2.4m (R980 000) though tax fell to R1.7m (R1.9m). This translated into taxed income of R3m (R3.9m).

Akal said the group's manufacturing

units were "now settled" and under proven management.

The businesses should trade profitably during the current year, he added.

The 152% increase in interest charges was due to overstocking in the group and increases in interest rates.

"All senior management are addressing this problem as a priority," Akal said.



# Wholesalers: mood of extreme caution

17/5/84 SYLVIA DU PLESSIS (30)

RECENT monetary and fiscal measures had put pressure on wholesalers and the mood in the industry was one of extreme caution, Max Pollack and Freemantle retail and wholesale analyst Martine Hickman said yesterday. She said, in addition, it was likely sales in real terms had reached a peak.

Hickman was responding to figures released this week by the Central Statistical Service (CSS), which indicated a slowdown in the rate of growth in wholesale trade sales.

Expected real wholesale trade sales for March (R2,81bn) showed a 2,1% decrease compared with the previous month in real terms (seasonally adjusted).

Wholesalers had definitely felt the effects of the slowdown, with January and February being "particularly bad" months.

Hickman said: "January sales are usually 15-20% down on December, but this year they were about 30-40% less."

## March better

March sales were better, but this could be attributed to Easter. "There is a mood of caution across-the-board."

In addition, the industry would continue to be hard hit by major food price increases this year.

However, the informal sector's contribution to the industry would "remain strong" and the sector could prove to be its saving grace.

Hickman said: "In fact, a lot of the booms experienced in the industry last year were due to the informal sector's spending power."

The introduction of VAT was sure to be welcomed by major wholesalers, since a lot of independent wholesalers were not paying GST.

Metro marketing manager Andrew Reitzer agreed the mood in the wholesale industry was one of caution, but added the CSS's figures were not a true reflection of the wholesale giant's cash-and-carry sales.

This was because the group measured its own inflation. Sales were showing year-on-year growth of 12-15% in real terms and had not reached a peak.

# Furniture retailers endorse Ringo's plan

THE MIDDLE sector of the office furniture market looks like a good investment as it tends to perform well in an economic downturn, furniture retailers said in response to Mathieson & Ashley chairman Winky Ringo's statement on Monday that he intended to invest R25m in this sector.

Ringo said the middle sector of the office furniture market was worth about R200m a year and he hoped to capture about R60m of this within the next two years.

Central Furnishers MD David Levin believed the middle sector was worth a lot more than R200m a year and was expanding.

"Our market is buoyant in depressed times because people who cannot afford to buy upmarket buy downmarket. We do well in bad times."

CHARLOTTE MATHEWS

Grant Andrews Holdings MD Mike Edwards said he would not personally invest R25m in a new venture in this market.

"I would rather make acquisitions than try to start from scratch," he said.

"I think the middle market is a growing market," said Furntech MD Clifford Gundle.

"In periods of slower economic growth the middle market expands faster because the upper market customers tend to economise."

Randworths sales manager Ivor Shekyls said the middle sector of the market was expanding because of new office developments in areas like Sandton and Halfway House, which required new furniture.

another court would  
other decision.

Ninja. I think it was R2 000 per  
month. — Sapa.

## Black business group 'has backing of R1bn'

81 Day  
12/16/79

ROBERT GENTLE

30

LONDON — The syndicate of black SA businessmen who wanted to buy Mobil's SA assets have financial backing of up to R1bn, with possible access to further funds from the Middle East.

This was revealed yesterday by syndicate spokesman Mangalpersaid Hariram, who departs for New York tomorrow on a lobbying mission.

During his 10-day stay there, Hariram will try to convince US companies expected to disinvest in the near future not to sell their SA assets at bargain basement prices to white-owned conglomerates like Gencor.

He said Mobil had already informed him that the deal with Gencor was contractually binding, but this would not deter him from putting across his message anyway.

Hariram suggested the Gencor purchase was not yet a foregone conclusion, and "certain factors" might put the deal into question, opening the way for his syndicate to make an offer.

The other companies he said he would be seeing during his US visit included oil giants Texaco and Chevron.

He was particularly interested in the real price Gencor was paying for Mobil's SA assets as this would provide a valuable pointer for future disinvestments. "If recent experience is anything to go by, we will see a lot more pullouts before the end of the year."

He said Standard Merchant Bank would have come in on the Mobil deal had Gencor not beaten his syndicate to it, and that Standard was the most likely backer for future disinvestments.

Shell said it was a side issue as foreign companies should not be leaving in the first place.

evictions.



Chief Mopeli

had no knowledge of the coup and hence did not commit treason.

The order to arrest all whites was not manifestly unlawful as to constitute an offence under the Internal Security Act. On neither charge then was he guilty, Kuny said.

The hearing continues.

*186584*  
**Businessmen meet**

THE Qwaqwa Chamber of Commerce is to hold its sixth annual conference at the Harrismith Holiday Inn on May 25.

The theme of the conference will be "Total community involvement in economic development of Qwaqwa" and

will focus on the black economic empowerment.

The Chief Minister of the territory, Dr T K Mopeli, will be one of the participants. 30

Other chambers of commerce are invited to attend.

## Twin policies run into problems <sup>30</sup>

The twin policies of deregulation and privatisation are running into problems, especially where transport is concerned, according to research released by the South African Institute of Race Relations.

In the latest issue of the Institute's "Social and Economic Update", it is reported that the Southern Africa Black Taxi Association (Sabta) has warned that deregulation may increase the trend to white ownership, pointing out that at least 30 percent of minibus taxis are owned by whites.

Another problem for the black taxi industry was the proposed tram system in Port Elizabeth for which it appeared a private company, Tramway Hold-

ings, would be given the sole right to run the scheme. If tram systems became widespread, they could limit the taxi industry's growth.

Deregulation was throwing up similar problems where black business was concerned. Black businessmen were uneasy about the fact that the removal of controls on township business allowed white business to move in.

Whites could hold up to 49 percent of such joint ventures and black business spokesmen like Dr Sam Motsuenyane, president of the National African Federated Chambers of Commerce and Industry, feared the Act could increase white penetration rather than free black business of restraints.

STA 78/5/69

## Pep Stores Peninsular does well

Finance Staff

Pep Stores Peninsula Holdings, formed 15 years ago by Pepkor as a joint venture between Pep Stores and the Coloured community, in which members of that community have a majority interest, has reported exceptionally good results for the year ended February.

The preliminary profit announcement published today reveals that turnover increased by 46 per cent to R43,3 million (1988 R29,6 million), while operating profit increased by 30 percent to R4,5 million (1988 R3,5 million).

The drop in the ratio of operating profit to turnover is attributable to the strong growth of Shoprite, a food outlet, where profit margins are traditionally lower.

Earnings growth of 27 percent to 265,1 cents (1988 208,6 cents) has resulted in a final dividend of 60 cents being declared (1988 — 40 cents) and giving a dividend 4,42 times covered.

Star 19/7/89

# Division can be bridged - Shell

5/11/67  
By Dan Side (20)

The consumer boycott that ruined many businesses in Boksburg was proof that divisions could be bridged by a common purpose, said Shell executive chairman Mr J G Kilroe in his annual report.

Having returning to the country late last year after four years at his company's base in the Netherlands, Mr Kilroe said he was amazed by the increased polarisation between people, which was not strictly along racial and ethnic lines.

Within white society, one big surprise was events in Boksburg after the Conservative Party took control of the municipality. After the CP began to enforce the National Party's apartheid legislation with renewed vigour, "disgusted and insulted blacks" banded together to boycott white businesses.

"The black community was as divided as anything else in South Africa."

This had brought about a growing accent on black self-improvement and more emphasis on the catchphrase "black economic empowerment".

Blow 18/5/75  
 (30)  
**COMMERCE CALLS FOR ARMY CAMP CHANGES**

CAPE TOWN — The recent announcement by Defence Minister Magnus Malan that part-time military service is to be effectively cut by 50% from July has been welcomed by organised commerce as a positive development likely to boost productivity levels throughout the economy.

But, following a manpower committee survey to identify issues which still cause concern, Malan has been requested to give further thought to his decision that Citizen Force and Commando Force members will in future be called up for a full 30 days a year spread over 10 years.

Cape Town's Chamber of Commerce says the survey once again reinforces previous concern that periodic camps spread over many years created mate-

CHRIS CAIRNCROSS

rial disruptions for SA business. The chamber adds that it was not the length of the annual camps but rather the disruption it caused to businesses in the absence of staff members on camps each year.

### Requirements

Most chamber members polled advocated a shorter period of commitment. Rather than the commitment to 10 30-day camps over 10 years, there was preference for six 60-day camps spread over six years — subject to the provision that the call-up was not longer than needed in any one year.

In developing the issue further

the chamber notes that the military has already taken into account the special requirements of specific trainee categories. It proposes that this principle should now be extended to accommodate seasonal fluctuations in business.

There is still criticism that certain vocational categories in the public sector enjoy blanket exemption from military service, a facility not extended to the private sector.

Organised commerce has raised this issue before and assurances have been given that this system would be phased out, but there is no sign of this. New representations are to be made to a committee of inquiry chaired by Lt-Gen Jan van Loggenberg, appointed to review the military's manpower needs.



# Black economic power needed for country's growth

THEO RAWANA

A GROWING, prosperous economy could not be sustained without black economic empowerment, JCI group economics consultant Ronald Bethlehem said in Johannesburg yesterday.

Addressing a Black Economic Empowerment conference, Bethlehem said sanctions would check the increasing black share of the total SA income.

If black economic empowerment was denied, frustration would be such that recurring cycles of unrest and sanctions would become unavoidable, damaging economic performance, he said.

There was an acute skilled manpower shortage in SA and "whites, coloureds and Indians together are not numerous enough to sustain a growing economy on their skills alone".

As blacks became participants in prosperity, their hostility to the established social and political order would logically decline, he added.

Bethlehem said black income, which accounted for about 20% of the total non-agricultural income in 1970, was around 30% in 1985 and indications were that it would exceed 35% by the end of the century, provided the growth of the economy was allowed to continue without interruption.

"The problem with sanctions is that it could check growth and, therefore, also check the increase in the black share of total income," he said.



● BETHLEHEM

## Whites back boycott <sup>32</sup>

A NUMBER of whites in Boksburg have pledged their support for the black consumer boycott of white-owned businesses in protest against the Conservative Party's decision to reintroduce petty apartheid in the town. *bowden 1/15/64*

At a crowded residents of residents held at the headquarters of Colgate Palmolive company, they vowed that they will use buses which ferry consumers to neighbouring towns to do their grocery over weekends, instead of buying in Boksburg. ~~1/15/64~~

They took the decision after the Save Boksburg Committee had challenged whites in the town to show their opposition to the CP politics in relation to the boycott and by attending future protest meetings.

# 'Nail the food price fixers'

19/5/89

30

19/5/89

Why do prices soar when price of petrol goes up, someone asked.

Mrs Morris "knew exactly" what he meant. Suppliers claimed petrol was a substantial part of their costs when any increase was applied, she said.

"Yet three or four years ago when we had a 19c decrease in petrol, we had absolutely no benefit from it whatsoever. When I asked about it, the answer I got was that distribution was such a terribly small portion of the costs ..."

Mr Ackerman replied that they "really tried". When the price of petrol went up he had personally issued an instruction to every buyer around the country to fight with suppliers and not to accept one price increase.

"We did do something because petrol is such a small percent of any increases.

"Then when the petrol price did go down, what we tried to do was say to the suppliers: 'Fine, now we're immediately cutting our margins on about 40 lines'. We told the suppliers: 'Now we expect you to bring your prices down immediately. And in fairness, about 20 of the suppliers did."

Mr Ackerman said when they tried "really hard" and took lines off the shelf, there were "enormous problems" from consumers who wanted their favourite brands.

"We don't get much joy from the consumers — so it's a tough one — when we really do take firm action, we have this reaction."

A *questioner wanted to know whether they couldn't take some joint action against manufacturers.*

"One of the reasons is we're petrified of talking together because of the accusation of price fixing."

However, he agreed it was "about time" for collectively try to fight with a stronger voice.

"There is so much more the government can do as well. We're dying to be allowed to cut the price of petrol — we're not allowed to. We'd love to bake government bread and not raise the price as much — we're not allowed to, to protect those bakeries.

"I think collectively if we went to the government on petrol, on bread, on other issues like that, we could definitely curb the inflation spiral," he said.

FOOD prices have rocketed in recent years ... and seem to keep soaring even higher every month. Some consumers blame the giant food chains for not using their financial muscle to keep the prices down.

Supermarket supremos Mr Clive Weil of Checkers and Mr Raymond Ackerman of Pick 'n Pay faced a critical audience, led by Mrs Lynn Morris, president of the Housewives' League, at a Cape Town Press Club lunch yesterday to answer the charges. This was how the debate went.

Report by ANDREA WEISS and JOHN YELD

MRS MORRIS criticised areas of supermarket operations in South Africa that were not "particularly efficient".

## DEBATE

She expressed concern about the "back door" where goods were received and distributed, and suggested that a form of consolidated central distribution should be considered. She also expressed concern about damages within stores as in "hawking and retreating situations" and "shrinkage" caused by staff theft.

Criticising the system of "confidentials" — where discounts are offered for delivery of goods above the targets required by stores — Mrs Morris argued that the manipulation of the market place was contributing towards the loss of the smaller manufacturer and to a monopoly situation.

But Mr Weil disagreed. "The supermarket industry is one of the most competitive and the margins among the lowest in the world. We don't claim to be as efficient as we might be, but the competition has to be an insurance policy for consumers in this country," he argued.

However, he conceded there were areas where savings could be affected — "if we had the confidence to discuss these problems on an industry wide basis."

"Food inflation is a national problem. We all have responsibility whether consumer, manufacturer, a representative of government or politician to address the problem," he said.

Mr Ackerman said Pick 'n Pay's figures showed a food inflation rate of 14 percent to 16 percent. Inflation was "critical" and he accepted there were areas in the retail trade which could be improved.

ling issues such as the rand-dollar situation," he said.

In many lines, suppliers had to pay for some of their raw materials in dollars, which meant a huge increase in price before the item got to the store.

"I believe we have an enormous role to play to keep food prices down ... the intense competition and animosity between food chains is a protection of the consumers in this country," Mr Ackerman said.

Questioned about Pick 'n Pay's profits, Mr Ackerman said that according to the group's latest results, the profit on turnover was 3 percent, and 1.5 percent after tax. On capital investment it was "about 28-30 percent".

Told that profits were 31 percent last year — the highest in the retail trade in the world — he replied to laughter: "But that's fantastic."

Mr Ackerman pointed out they had very little room to manoeuvre because margins were so tight. "If shrinkages go up 1 percent, we're blown," he claimed.

Questioned about supplier efficiency, Mr Weil conceded that South Africa didn't measure up to standards in the United States.

"The out-of-stock situation in the US is infinitely better than here as well as the predictability regarding time of delivery. Stock turns have benefited as a result of that. In the US, it is not unusual for a supermarket doing 20 or 25 stock turns a year. We don't do anything like that in this country which has major affect on the prices we have to charge," he said.

There are many problems with delivery structures, including the lack of decentralised depots, inefficient rail-ways and inefficient suppliers.

"We haven't been able to effect the savings they have in the US," he said.



Mr Raymond Ackerman of Pick 'n Pay: "Businessmen have stood up and been counted — we've fought a lot of issues in our time."



Mrs Lynn Morris, Housewives' League: "When we had a 19c decrease in the price of petrol, we had absolutely no benefit."



Mr Clive Weil of Checkers: "Supermarkets are competitive and the margins among the lowest in the world."

A *questioner wanted to know why prices varied from store to store in the same chain.*

"That's not the case and it's not a question of old stock," replied Mr Ackerman.

There was a "clear policy" in all his stores, including the convenience stores (traditionally more expensive), that prices were the same, except in the hypermarkets which were run as a separate chain.

"But — and there's only one but — when we have a particularly aggressive competitor right next to a store, we allow our managers a certain degree of flexibility," he added.

Mr Weil said the situation was complicated because none of the big chains marked up on the shelf.

"Some people are cynical about this, but it is a fact. If a store doesn't sell out a promotion as fast as another store, that stock will be sold at the old price where another store has run out. This often causes a lack of understanding. We are being castigated for being honest, in other words."

The *supermarket chiefs were then tackled about the poor quality of fruit and vegetables.*

"I don't pretend our fruit and vegetable operation is as good as it could be," Mr Weil replied. There were many reasons for this but it is improving.

"For my own chain, the fruit and vegetable section has been the fastest growing segment over the last couple of years. One interesting thing is that over the last year inflation on fresh fruit and vegetables has been much lower than the public gives us credit for."

Mr Ackerman agreed that fresh produce was the most difficult department to handle.

"We've had lots of problems over the years, but we really are improving."

Were the *supermarket customers prepared to tell their government, a questioner wanted to know.*

"With respect, businessmen have stood up and been counted — we've fought a lot of issues in our time," countered Mr Ackerman.

This had included tackling the government on issues like cartels, the wheat board, job advancement, group areas and home-ownership.

"I believe we've got a lot to do still, but I don't think we are guilty of sitting back and doing nothing," he argued.

Mr Weil was forthright in his views — South African politics had been "absolutely absurd" over the years.

"Bread and butter has never featured as an election issue and I think the politicians should take note of fact that this is likely to be the issue this time round. Until such

time that bread and butter is an issue in Parliament, we will not get a square deal for the consumer."

Mrs Morris said the League was very conscious that its members covered the whole political spectrum in South Africa.

"We have people to the left of the Democratic Party and to the right of the AWB with everybody in between," she said.

They had therefore always been wary of taking stands — "but there is a vast difference between party political and opposition to the government of the country."

Mrs Morris she had called recently for a stop to rule by cabinet decision and had appealed to members to talk "consumerism to all candidates for the September election."

"We want things like tax on petrol and an increase in GST brought into Parliament and discussed ..."

"It would be very nice if we got a true Minister of Consumer Affairs so at least the consumer's thoughts could get into the Cabinet room, even if they did get shunted aside and not acted upon."

Why was *South Africa importing products like wines with "moke money" when local products were superb, one of the audience wanted to know.*

"It's a good point," conceded Mr Ackerman.

"But consumers do demand a certain amount of imports. We try to get 94 percent South African goods. But to be a good retailer you have to interpret what the consumer wants."

Why *did diet softdrinks and soda water, which didn't use sugar, go up every time sugar goes up?*

"This is a hardy annual, we fight it every time," Mr Weil replied.

The cold drink manufacturers used to have a semi-price-control system. Since then, they had been saying it was convenient and there was less confusion in the corner cafes.

"I don't have direct access to their books but we have been given the assurance in writing this is the case. I'm a little cynical about it myself."

Enlarging on the theme, Mr Ackerman said some food manufacturers had reported profits of 95 percent, others 35 percent — these were "a little high. Many suppliers in this country are still price fixing in the dead of this land. The Competition Board should hammer them and hammer them hard," Mr Ackerman said.

Supermarket chains never talked, he added. "We never discuss anything. We're scared of being accused of price fixing. We would be put in jail."

facture only basic items with very long runs." If Pep reads the market wrong, it reduces supplies from outsiders and keeps its own factories going.

In 1981, management decided to diversify — and the IL Back (ILB) chain was up for sale, Rembrandt having failed to make a success of it. At that time Pepkor's pre-tax profit was R20m and it seemed ILB's losses of R2m could be handled until the company was turned around. However, says Wiese, "we ran into the same basic problems as Rembrandt and made the same mistake in thinking that we would get it right by making it bigger."

The factory covered 6,07 ha (15 acres), all under one roof, with constant pressure to keep busy. Unlike Pep Stores, this was all very capital-intensive and borrowings leapt as interest rates hit record levels. To contain those costs, Pep made the same mistake as scores of other SA companies: it went overseas for finance, just before the rand collapsed. To make matters worse, the new sales outlet in the US, which helped take some of the ILB production, had to be closed in the wake of sanctions.

To release funds, Pepkor placed its properties in a joint finance company. Unfortunately, because of the way it was constructed, rising interest rates forced Pepkor to take losses on to its income statement — which had an opposite effect to that intended. Finance charges shot from R5,9m in 1982 to R10,4m in 1983; to R23m in 1985 and R40m in 1986. The profit on foreign exchange transactions of R2,9m in 1983 quickly turned into losses of R6m, R40m and R52m in the following years. In 1986, they were more than the operating profit.

Other extraordinary items had a similar impact on net profit. A profit in 1985 became losses in the following two years, reaching R19m in 1987, as a number of ILB operations were closed and the rest sold off.

These sales alone could not stop the haemorrhaging. "Our saving grace was that the core businesses of Pep and Shoprite kept on track," says Wiese. "We had to list the two



Chairman Wiese ... core businesses stayed on track

top performing divisions (Pep Stores and Shoprite) so that the market could see the value in the group. This was done in 1986 and in 1987 we sold a percentage of Pepkor's holding to obtain the necessary spread."

That, as well as a rights issue, brought in new funds, with the result that debt fell from R129m in 1987 to R4,3m in 1988, while the problems in the joint finance company were resolved. By the end of February 1989, Pepkor had R101m in cash.

Another factor in Pep's rehabilitation was its refocus on the original businesses. Monatic was sold, as were other businesses which were profitable but not part of the core.

Benefits were seen in the year to end-February 1988. Operating profit climbed from R56m to R72m, taxed profit went from R6,5m to R42,3m and after extraordinary items, the turnaround was from a loss of R12m to a profit of R69m. In the 1989 year, taxed profits climbed another 50%.

In a big group, losses of this size would probably have meant a change in top management. With Pep, Wiese — who has control — remained at the helm. He may have sailed into the storm, but he also sailed out of it — and, to many investors, Wiese is Pep.

He joined in 1967, directly from university and stayed for seven years until after the listing. Then for five years he practised as an advocate, before returning to Pep and becoming its largest shareholder, with Van Rooyen's retirement in 1982. It is difficult to see Wiese sitting still now that everything is running smoothly again and his eyes, like those of many SA businessmen, are turning to neighbouring states as well as overseas — specifically the UK.

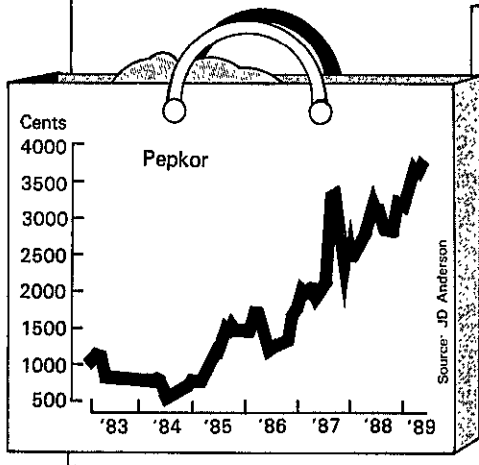
But won't Pepkor have similar problems there to those its competitors are experiencing in entering Pepkor territory in SA? Wiese believes not. He points out that chains catering to low-income groups already exist in the UK. A few changes — to the layout, for example — may be needed, but he believes the most important consideration will be to have a Pep executive in Britain running the chain.

"We are not sure whether we shall buy an existing chain, but this is very expensive through the finrand," he says. So, "we will probably establish a new chain." Apart from the hoped-for profits from the chain, there should be spin-off benefits for Pep from exports to a UK subsidiary. It may, however, have to face up to a new experience: that of stiff competition.

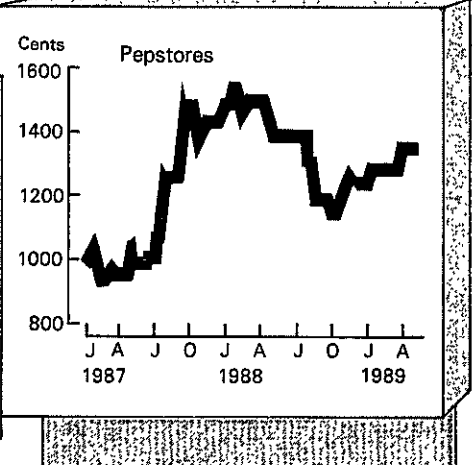
In SA, Pep's closest competitors are still concentrating on higher-income groups than its target markets. And management believes that in recessions consumers tend to buy down — while at other times the lower-income groups are always there.

But wherever it goes from here, Pepkor has come a long way in three years. It has had its distribution side in good shape for more than two decades. It has corrected its focus and its financial problems. It also appears to be about as recession-proof as a consumer company can be. Pat Kenney

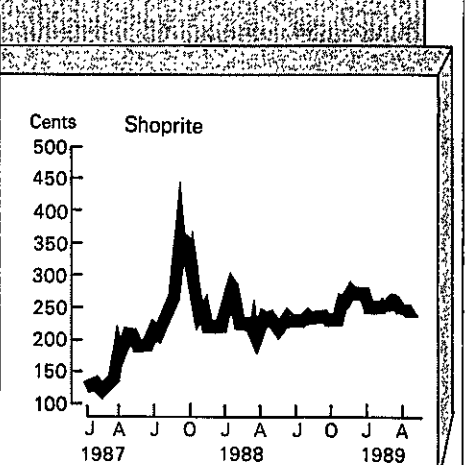
Sharply rerated



Rising again



Stable price



# Pick'n Pay switches to bar-coding<sup>30</sup>

Staff Reporter

M645 19/5/89

**BAR-CODING** — the practice of marking goods for automatic price scanning at tills — will be introduced in all Pick 'n Pay stores in the city July onwards, says supermarket chief Mr Raymond Ackerman.

He announced this during a Cape Town Press Club question-and-answer session at a city hotel yesterday. Also taking part were the head of Checkers, Mr Clive Weil, and president of the Housewives' League Mrs Lynn Morris.

Mrs Morris said she believed bar-coding would lead to "considerable efficiencies" and that 80 or 90 percent of food manufacturers now had their products suitably bar-coded for in-store scanning.

"Are we going to come to the 20th century in stores?" she asked Mr Ackerman.

## STAFF THEFT

"Absolutely — we've been working on this for five years," he replied.

He said he was worried that with bar-coding the price of a commodity would no longer appear on the packaging but only on the shelf. But the system would reduce staff theft by 0,5 percent.

Mrs Morris said she hoped savings on this system would be used to compensate for the benefit lost as the "gentleman's agreement" whereby old stock was not marked up at new prices would fall away with bar-coding.

● "Nail the food price fixers", page 13.

# Property sales in <sup>30</sup> Cape are booming

810m 1915787.  
EDWARD WEST

INTERNATIONAL property group Pam Golding Properties has reported a property boom in the Cape after achieving a record R16m property sales in the first week of May.

Record sales in January and February of R37,5m and R46,5m respectively came in spite of recent measures to cool the economy, said MD Pam Golding in a statement.

Properties sold were residential properties catering for the higher-income group, most of which were on the eastern seaboard of Cape Town.

Property economist Neville Berkowitz said yesterday the property market was in a schizophrenic stage with lower-income groups, reliant on bonds and mortgage rate payments, feeling the pinch of tighter economic measures.

Higher-income earners, flush with cash after two years of economic upswing, were investing in hard assets before their money depreciated further, he said.

A Camdons estate agent spokesman in Natal had told him they, too, were achieving record sales on the South Coast.

A Board of Executors spokeswoman said sales for residential properties for the upper income group were booming in Cape Town with property prices marginally lower in the Cape than the Transvaal. Many buyers were Johannesburg people buying properties for investment.

Pam Golding said properties on the eastern seaboard were fetching some of the highest prices ever paid in SA. They sold a bungalow on Clifton beach for around R1m. They had also recently sold a Sea Point apartment for R2m.

There was also a surge of interest from foreign investors. Pam Golding's London offices reported ever-increasing inquiries about SA property. The group's total sales to foreign investors came to R64m, of which R42m was sold this year.

30

# Business groups to form pressure front on the State

*Sowetan*  
19/5/69

SEVERAL black business groups have decided to ignore the National African Federated Chamber of Commerce and have pledged themselves to break through all business obstacles and provide a national front.

At its first national conference in Johannesburg, the newly-formed Foundation for African Business and Consumer Services declared that it will use all pressure, including co-operating with political and community-based organisations and trade unions to end apartheid in South Africa.

## Join

Addressing a Press conference after the summit, Fabcos' interim general secretary, Mr Jabu Mabuza, said they have decided to ignore Nafcoc because attempts at meetings to join hands have been unsuccessful.

He said: "We realise that Nafcoc is a giant business organisation and want to co-operate with them. However, we will continue to negotiate with them in the future."

Fabcos was formed last year to help provide the necessary political clout and co-ordinated approach to fight for business people's rights as well as to seek black economic empowerment.

Mr Mabuza said apartheid still remained a monster to be destroyed because it has humstrung development of black business and the community in South Africa.

He said they would use all sorts of pressure to

By JOSHUA RABOROKO

make the government to scrap apartheid. The organisation still has to decide on crucial issues such as disinvestment, sanctions and joining political organisation as means to end vexatious laws in the country.

"We accept that the liberation of blacks from the shackles of apartheid must be accomplished soon," he said.

"Fabcos thinks it is necessary for blacks to enjoy a meaningful stake in the country's economy if we are to prosper," he added.

He said for South Africa to prosper a clear strategy was needed to be developed which included buying, joint ventures, partnerships and share participation in white organisations and companies.

Organisations that form Fabcos are: the Southern Africa Black Taxi Association, the National Black Consumer Union, the National Stokvel Association of South Africa, the South African Builders Association, Farmers Association, the National Hawkers Association and Cottage Industries Taverners Association of South Africa.

## PROPERTY

# Amaprop says top CBD sites still thriving

EDWARD WEST

ANGLO American Properties' future depends on a general increase in rents, continuation of improvements to Johannesburg's Carlton Hotel, ongoing sale of township land and management of cost controls.

Amaprop chairman Gerald Leissner added in the company's annual report that demand for prime office and retail properties in the CBDs of major cities remained firm with rents continuing to rise.

Its CBD portfolio was 96,4% let in March and, in spite of ever increasing running costs, the well-let position should result in growing net rentals in future.

Profits for the year to March were R24,7m (R19,9m), an increase of 18,4% to 54,8c in earnings a share. A dividend of 35c a share was declared.

Its fixed property portfolio was augmented by Bryanston Shopping Centre and Sabel Centre in Bellville. Other centres in the portfolio include Sunnypark centre in Pretoria, Highpoint in Johannesburg and Gardens Centre in Cape Town.

Amaprop's first development at Johannesburg's Bruma Lake is 96,8% let. It is seeking to strengthen the Johannesburg office portfolio in the north-west of the CBD — the Exchange district — and two new office developments in Bruma.

Losses incurred by the Carlton Hotel in the past four years have impeded growth of the group's earnings. Amaprop has a 51% interest in the Carlton.

A marked upturn in demand for five-star accommodation in Johannesburg CBD, however, combined with policy changes at the Carlton, have improved operating results in the past few months, said the report.

Of the hotel's 600 rooms, 400 were upgraded and the temporary closure of 200 rooms contributed substantially to better results for the hotel.

Amaprop expects the improvement to continue.

The most significant improvement in the group was in the purchase, servicing and sale of township land. Turnover for this portfolio increased from R43,9m to R65,4m.

Sharply increased bond interest rates for homeowners would significantly reduce turnover in residential townships in coming months, the report says.

Amaprop was, however, satisfied its stock of residential and township land would generate profits in future.



● LEISSNER

30  
6/10/87



### APRIL VEHICLE SALES

#### CARS

April 1989	18 557	April 1988	18 822	Decline	1,4%
March 1989	20 082	March 1988	22 032	Decline	8,9%
Jan-Apr 1989	74 293	Jan-Apr 1988	77 192	Decline	3,8%
March to April 1989				Decline	7,6%

#### LIGHT COMMERCIALS

April 1989	9 237	April 1988	8 672	Growth	6,5%
March 1989	10 498	March 1988	9 977	Growth	5,2%
Jan-Apr 1989	36 367	Jan-Apr 1988	36 323	Growth	0,1%
March to April 1989				Decline	12,0%

#### MEDIUM COMMERCIALS

April 1989	362	April 1988	430	Decline	15,8%
March 1989	320	March 1988	462	Decline	30,7%
Jan-Apr 1989	1 201	Jan-Apr 1988	1 724	Decline	30,3%
March to April 1989				Growth	13,1%

#### HEAVY COMMERCIALS

April 1989	657	April 1988	768	Decline	14,5%
March 1989	843	March 1988	811	Growth	3,9%
Jan-Apr 1989	2 861	Jan-Apr 1988	2 826	Growth	1,2%
March to April 1989				Decline	22,0%

#### TOTAL SALES

April 1989	28 813	April 1988	28 692	Growth	0,4%
March 1989	31 743	March 1988	33 282	Decline	4,6%
Jan-Apr 1989	114 722	Jan-Apr 1988	118 065	Decline	2,8%
March to April 1989				Decline	9,2%

vehicle sales contribute less than 40% to corporate profits.

It's just as well. From 230 000 new car sales in 1988, marketers predicted at the beginning of this year that the 1989 figure could fall as low as 210 000. Now, even this figure is under pressure, according to some analysts.

Car sales in the first four months of 1989, at 74 293, were 3,8% down on the corresponding 1988 period. Industry officials say the gap will widen as the year progresses. Though order books remain strong for the short term, the level of new orders was diminishing even before announcement of the latest economic package designed to stifle consumer spending.

According to the National Association of Automobile Manufacturers, "Current projections provide for a decline of about 5% in new car sales during 1989, with a more modest 3% anticipated decline in new light commercial vehicle sales. In the light of increasingly negative fundamentals, the industry's sales forecasts could be revised downwards during the months ahead." ■

### VEHICLE SALES

30 Mail 19/5/89

## Throttling down

As predicted (*Business* May 12), the motor industry is rapidly revising its estimates of the 1989 new vehicle market, in light of government economic measures.

The recent rise in interest rates and the tightening of HP restrictions, are but the latest in a chain of obstacles for an industry that is still a long way short of recouping the billions of rand it lost during the market slump of the mid-Eighties.

Sharply rising fuel prices, a costly local content programme and higher GST are already causing concern. Tighter fringe benefits tax scales, coming into operation on June 1, add to the uncertainty.

No one's suggesting the industry is sliding back into the red. But officials would have liked a little more time to enjoy the industry's resurgence before being plunged back into defensive planning.

Fortunately, lessons learnt during the difficult years have reduced the impact of vehicle sales on most companies' bottom-line. After-market business for spares and accessories has become more important, as have exports. By some estimates, local

**Margin boost**

19/5/89

OK Bazaars faced a tougher environment in the year to end-March, including higher rates and curbs on consumer spending, but the group lifted operating margins and reported a 20,4% advance in EPS. However, turnover slowed markedly in the second half and the net interest bill for the year jumped 61% — and a few days after the results came news of government's latest austerity package.

The turnover trend shows the impact that previous measures have had on spending. Sales for the full year rose by 19,4% against 21,2% in 1988, and the growth rate dropped from 22% in the first half to 17,2% in the second half. Operating income rose by 25,3%, thanks to improved margins and stock turns, together with effective expense control. Stock turn was up from 5,9 to 6,6 while margins rose from 1,72% to 1,8%; had margins not increased, operating income would have been lower by some R3,2m.

Increased rates and higher pre-December purchases contributed to the rise in the net interest bill to R23,9m (R14,9m). However, at year-end the gearing ratio had been cut to 0,41 (0,50).

The group had previously indicated its intention to reduce dividend distribution to around 50% over some years, so it is not surprising the payout was only 15,7% higher.

FINANCIAL MAIL MAY 19 1

The decision must also have been influenced by an uncertain outlook.

Financial director Brian Borchers' main concern about the latest curbs is the potential effect on consumer psychology. Hire purchase (HP) sales could be particularly bruised: the minimum deposit of 20% required on HP sales since last August has been raised to 30% on certain lines. OK's sales of furniture and appliances have dropped about 30% since August, and Borchers notes that most of the second-half slowdown in group sales was attributable to furniture. But the curbs are not seen as a major blow because they directly affect only a segment of the business.

One reason the overall margin increased was that the product mix is changing, with the contribution from food slowly declining. Food accounted for 63% of sales in 1987, falling to 61% in 1988 and 60% in the 1989 year; the difference has largely been absorbed by higher clothing sales. Furniture and appliances are believed to account for about 20% of turnover.

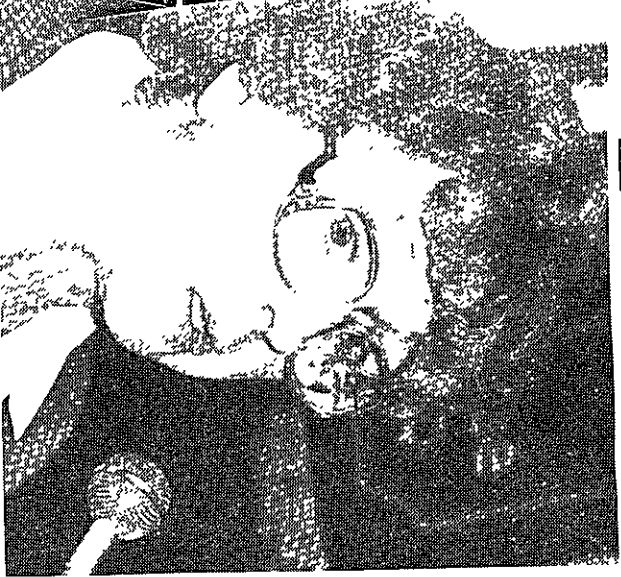
Given the changed product mix and tight cost controls, Borchers believes the operating margin should be maintained. The group is forecasting zero growth in consumer spending, but new store openings and strong sales at the hyperamas could bolster turnover, which Borchers thinks could maintain last year's growth rate.

The market continues to accord the share a cautious rating. At 1 450c, the stock yields 7,1% on dividend compared with the sector average of 4,9%.

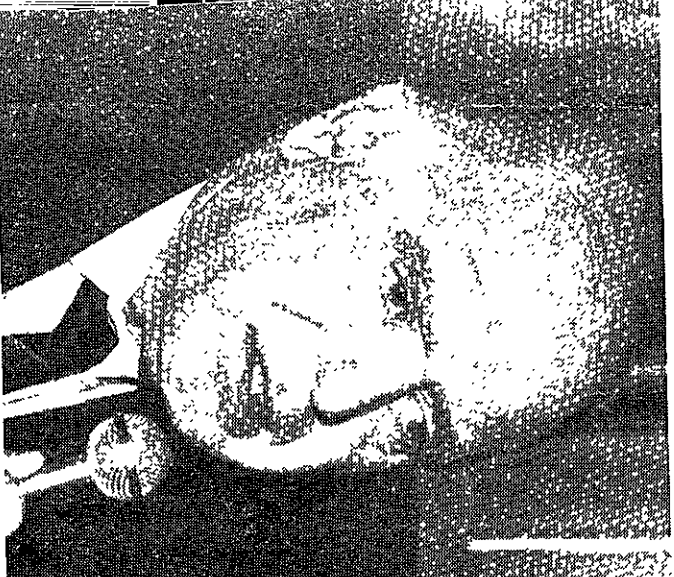
Andrew McNulty

# Square deal for consumers?

AM Tris 19/5/89



LYNN MORRIS ... notes that inefficiency adds significantly to prices.



RAYMOND ACKERMAN ... still on the war-path about petrol and bread prices.

## Call for public debate on all SA price rises

Staff Reporter

**SUPERMARKET** chiefs Mr Raymond Ackerman and Mr Clive Well yesterday found themselves, for once, on the same side as Housewives' League president Mrs Lynn Morris. All agreed that there would be no square deal for consumers unless "bread-and-butter" issues became the focus of the September election and a subject for ongoing parliamentary debate.

In contrast with their previous fiery confrontations, Checkers managing director Mr Well and Pick 'n Pay chairman Mr Ackerman also found themselves agreeing on problems with suppliers and of inefficiencies within their own organisations.

Mr Ackerman also added fuel to the inflation rate debate by throwing into the ring a third estimate — 18% to 20% as opposed to the official 13,8% or Natal mathematician Dr Karl Posel's 31%.

### 'Consumers have real voice'

At a debate organised by the Cape Town Press Club, Mrs Morris said she had issued a call to all members of the league to approach all candidates in the coming election, regardless of their political persuasion, to campaign on consumer issues.

She also called for a stop to "rule by cabinet decision". "For example, any increase in fuel prices, in GST or the introduction of VAT, must be open to parliamentary and, consequently, public debate. We would also like to see the establishment of a ministry of consumer affairs, so that, at cabinet level, consumers have a real voice."

Mr Ackerman said Pick 'n Pay had a long history of fighting at government level, over issues such as petrol price cutting and the right to bake "government" bread in its own bakeries. About 9c a loaf built into the cost of each loaf for distribution would be saved.

He said Pick 'n Pay was also fighting government "all the way" to stop the implementation of VAT on fresh produce, which is at present free of GST.

Mr Well said that politicians should take note that bread-and-butter would become an all-important election issue and that, until these issues were open to parliamentary discussion, there would be no square deal for consumers. In answer to a question about how a 2-3% fuel-



CLIVE WELL ... notes that consumers are protected by fierce competition in the 'toughest supermarket industry in the world'.

price increase could trigger a 10% increase in the cost of transported goods, he said many price increases borne by the consumer were apparently unrelated to specific increases in costs of raw materials or distribution costs. Most manufacturers, for example, revised their cost structures only once a year, taking into account all increases which had happened since the last revision.

He appealed for a close look at the structure of the national price increase mechanism. Mr Well also said that, though there was a "litany of accusations" against supermarkets, the industry in South Africa was the most competitive in the world, with margins among the lowest.

He said the best insurance for consumers was the fierce competition which existed in the industry. Mr Ackerman said the worst trigger for inflation would be if grocers were prevented from negotiating discounts from suppliers, called confidentialials, in a free market.

"These discounts make up our gross profit, and the worst blow to consumers would be if we had to operate without them."

He also said a closer look should be taken at the profits being made by food-manufacturing companies and the lack of competition in this sector. "There are still some who are price-fixing in the dead of night."

Mr Well said South African suppliers did not measure up, in terms of efficiency, to those elsewhere in the world, particularly the US.

Grocery Manufacturers' Association executive director Mr Jeremy Hele said yesterday that it was time for all players in the industry to stop blaming their inefficiencies on each other and expecting other people to pay for it.

He said there was room for further co-ordination on the lines of recent agreements between supermarkets and manufacturer on loading facilities and handling equipment.

# The hives are buzzing in the Cape

W/L 12/6/87  
20/5/87 By DICK USHER  
Business Staff

30

INDUSTRIAL hives sponsored by the Small Business Development Corporation are buzzing in the Cape.

Four are already in full swing at Paarl, Blackheath, the Strand and Athlone (which also has two satellites) and a fifth is scheduled for opening at Worcester later this year.

The hives aim to provide reasonably priced premises for fledgling businesses, a base from which aspirant entrepreneurs in the informal and small business sector can make a start and learn something about basic business principles before moving on to what the corporation hopes are bigger and better things.

They are designed to be flexible, both in structure and operation, so that tenants can expand within the hive and also work at hours convenient to them.

Tenants are charged a barely economic rental, subsidised by the corporation, for which they get a range of essential services plus back-up and training from the SBDC.

## Car repairs

At Paarl the hive opened in October 1987 and is fully occupied by 55 tenants running businesses ranging from making clothes to a pottery, car repairs and even an undertaker.

Beyond giving people a leg up into the business world, the hives also aim to create employment and total employment in the Paarl hive currently stands at 208 people.

Rents presently run from R2,50 to R3,00 a square metre and for this they get water and electricity, site security, rubbish disposal and even mail delivery for those who use the hive's post office box address.

Manager of the hive is Dave Overturf, a former US Marine Corps officer, who looks on himself as a "beneficent father" to the tenants and sees delivering their mail as one way of keeping informal contact with them.

With assistant Juliet Marinus, he keeps close contact with the business people in the hive and they all work towards the one aim of creating wealth through the efficient operation of small businesses.

## Other jobs

They see themselves as facilitators in this, setting up contacts for tenants with people such as bookkeepers and just being available if people need advice or assistance.

About one quarter of the tenants have full-time jobs elsewhere and the corporation strongly advises them to make sure that their business venture is going to fly before cutting loose from a secure economic base.

They use the hive at night and weekends so a 24-hour security service is provided.

Businesses at the hive also have access to the services of former executives such as Pat Evans-Watt who help with the SBDC's mentor advice programme.

Mr Evans-Watt, who was a regional manager of a CSIR department when he retired, described the programme helping others understand basic business principles such as cash flow, profit margins, costing, stock control, materials handling and others without which a business, whatever its size, cannot prosper.

# Bumper 172% profit hike for Milstan

CAF 7m/8  
20/5/89

Financial Staff 30/

MILSTAN Holdings has lifted earnings for the year to February by 150% to 95c per share and after-tax profit by 172% to R9.5m. The final dividend is 5c a share.

This was achieved on a 36% rise in turnover to R95.7m. Net asset value per share rose by 53% to 75c (49c).

The directors say growth was entirely organic and was due largely to sustained consumer demand for the electronic consumables sold by the group together with rigorous financial controls. The substantial increase in operating margins achieved last year was maintained.

Joint MD Milton Etkind said: "Overall growth has in addition resulted in an increase in buying power."

The other joint MD, Stan Etkind, said the group had benefited by the growth in office automation. "A large and grow-

ing proportion of the group's business is conducted with corporate clients.

"In the past year we introduced Stallion, our own in-house range of computers and related products. These products have been well received."

Since the year end Milstan has entered the Natal market with the acquisition of the five Clives outlets. A new company called CSL Electronics has been formed in which Milstan has acquired the entire issued share capital. CSL Electronics will acquire all assets at cost and finance both the acquisition and operations.

Although trading in the second half of the year is traditionally better than the first, the directors point to the anomaly that arose in trading patterns in the 1988/9 financial year as a result of the imposition of import surcharges. These caused a significant increase in sales in August.

# Black muscle a reality, says Barend

by MICHAEL MORRIS

Political Staff

BLACK economic and political muscle was a fundamental reality in South Africa and nobody, not the Conservative Party nor even the government with the machinery of state at its disposal, could suppress it.

This was said to the Conservative Party yesterday by Finance Minister Mr Barend du Plessis in a sharp attack on the official Opposition.

It was a fundamental reality, he said, which could not be effectively met by the outdated tenets of old National Party policy ... geographic, social and political segregation.

## Principles gone

He acknowledged coming to Parliament in the mid-1970s with a firm commitment to these principles. However, their time had come — and gone.

Mr du Plessis was replying to a wide-ranging debate on the Budget which saw attacks from the government to left and right — and against them

from both sides.

He rejected the Democratic Party's vision of the future, but conceded that the National Party shared certain points of departure and values.

He could not say the same for the official Opposition. Leader Dr Andries Treurnicht's address earlier in the day on the benefits of partition earned particular derision.

Economic integration, said Mr du Plessis, was an irrevocable fact and there was no undoing it. He said geographic segregation had been tried by the Nationalists, but abandoned as unworkable.

The National Party had had the wisdom to recognise the need for adaptation. It was now the Conservative Party which clung to unworkable and "racist" policies.

Dr Treurnicht said that while opponents described partition as an unworkable dream, experience elsewhere in the world and in South Africa showed it worked. The formation of Israel and the division of Western Europe had occurred on the basis of partition.

## Newspapers deny attacking Afrikaans

Weekend Argus Correspondent JOHANNESBURG. — Editors of two Argus Group Sunday newspapers have denied waging a propaganda campaign against the Afrikaans language, as alleged this week by Mr M J du Preez, acting-chairman of the Genootskap van Regte Afrikaners.

Both newspapers published reports last Sunday on the outcome of a study conducted by the University of Cape Town.

Written by respected educationist and former Robben Island prisoner Dr Neville Alexander, the view was expressed that in post-apartheid South Africa Afrikaans would be lost to obscurity and English would be the tongue of the new order.

The Sunday Star headlined a report "Afrikaans to take back

seat" and the Sunday Tribune used a cartoon of the Voortrekker Monument in decay with a tree growing through the roof.

Ian Wiley, editor of the Tribune, said yesterday that his newspaper merely "reflected" the survey.

Said Dave Hazelhurst, deputy-editor of the Sunday Star: "In publishing the article headed 'Afrikaans heading for back seat' we were merely factually reporting a survey, not making propaganda against the Afrikaans language."

Mr du Preez said the GRA had taken note "with shock and indignance" the way in which the two newspapers are making propaganda against Afrikaans.

Southern 22/5/87 (30) (30)

# Resource chief hits out at black business

THE Chief Executive of Black Initiative Resource Centre, Mr Kehla Mthembu, yesterday levelled criticism at black business, progressive organisation and trade union approach towards attainment of black economic empowerment.

## Economic

Addressing a seminar held in Johannesburg on black economic empowerment, he said there seemed to be scepticism between black leaders themselves on the issue.

He said: "Those in business, save for the public resolutions and utterances, do not seem to be committed to the black development, but to their own esoteric interests.

"The perceived failure of many black business ventures justifies my view. I do not want to mention names as it is obvious who they are.

"The leadership of progressive movements, both community and trade unions, generally display ignorance on how business operates."

## Illiteracy

He said that there was a high rate of business illiteracy among black leaders, adding, "most of the time they conceal their ignorance by being rhetoric and radical."

He said that had resulted in many lost opportunities for black advancement in business.

Black economic empowerment could be attained if these organisations co-operated. "Our people need to be conscientised and motivated to be involved in wealth creation programmes."

He also took a critical view at white organisations that were jumping on the bandwagon of black economic empowerment for the sake of exploiting blacks.

## Amazing

He said the involvement of "these strange bed-fellows" in black business after such a long time of oppression was "totally amazing."

They have infiltrated black business in fraudulent and self-defeating practices, he added.

He urged the organisations to seriously consider projects like pensions/provident funds to mobilise capital. By engaging these projects "we may develop blacks to have their own Sanlams and other big corporates in the country."

Blacks should also look into the possibilities of buying the disinvesting companies.

...to the and would have to be loyal to  
the Bill, it would whoever appointed them. —  
assistance to have Sapa.

...any examination of his tax  
matters would be free to make  
known any information concern-  
ing his tax matters. — Sapa.

# Boycott losing strength — Boksburg merchants

By Carina le Grange  
Nov 23 1989

Businesses in the central business district of Boksburg have been appreciably affected by the consumer boycott, which began late in November last year following the reintroduction of petty apartheid.

But most CBD merchants believe the boycott is losing momentum.

These facts were revealed in a survey conducted at random during the last week of April to gauge the business climate during the first three months of this year compared with the same period last year.

## STILL SEVERE

Black residents of Vosloorus and Reiger Park launched a boycott of shops owned by whites after the Conservative Party-dominated town council decided to restrict certain municipal amenities for the use of whites only.

The survey was done by the Boksburg Chamber of Commerce and Industries.

The president of the Boksburg chamber, Mr Johann Viljoen, said the effects of the boycott were still severe, al-

though it appeared that conditions had improved marginally since the previous December survey.

In reply to what extent businesses had been affected in the first quarter of 1989 in comparison to last year, almost 74 percent of respondents agreed there had been a substantial decline in turnover.

However, the Boksburg Chamber said that, seen against the inflation rate, those experiencing actual growth of turnover amounted to only four percent of businesses surveyed.

In spite of the effects of the boycott, only 59 workers were retrenched during the first quarter of the year and 76 percent of merchants believed the boycott was losing momentum.

Sixty-eight percent of respondents said they were convinced they would survive the boycott. The remaining 32 percent indicated a survival period of from one month to "don't know", due to the uncertainty of the duration of the consumer boycott.

Asked to give their opinion on whether business confidence in Boksburg had improved in April this year in comparison to the first three months, 80 percent of the respondents said "no".



# Shortage of shops pushes up rentals

Star 23/5/04

30

The increasing demand for shopping space in the greater Johannesburg area, particularly in the 80 to 250 sq m range, has pushed rentals in this sector to more than R60 a sq m.

A year ago the asking rental was in the R40 to R45 range for similar space.

Units in the black trading areas of the Central Business District are also at a premium.

These facts emerge from a market round-up by I Kuper which also reports "unbelievable demand" for suburban small shops, especially in northern Johannesburg.

"Retail premises in the greater CBD are becoming almost as rare as hen's teeth," says Mr Steve Grupel, of I Kuper's commercial and industrial broking division.

"Larger shops, too, are extremely difficult to get in the popular areas and when available, are fetching about R40 a sq m."

While the industrial market continues to be strong, I Kuper detects signs of a slowing down in the sale of industrial land due to the recent round of interest rates rises.

Property &  
Construction



FRANK JEANS

"The office market is still very active but is definitely adjusting to the early beginnings of downswing," says the group.

"Rents, although firm and relatively high at the moment, are under pressure.

"There are large pockets of office space available in the B and C grade segment of the market in the greater Johannesburg area which have become difficult to let.

"A grade offices, particularly in new buildings, are still very much in demand, so long as rents being asked are not above the market ceiling."

Rents in new office projects in the CBD area are running at about R20 a sq m net, which is a considerable increase on the levels early last year when R17 was about the norm.

banking opera-  
tions.

# Waltons Stationery

Star 24/5/87

## far from stationary

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Waltons Stationery lifted turnover by 66,2 percent to R547,9 million (R329,6 million) for the year to February, despite a higher interest burden.

Pre-tax operating income was higher at R67,7 million (R53,4 million), resulting in net attributable income of R36,7 million (R22,1 million).

This translates into a 41 percent increase in earnings per share of 55c (39c).

A final dividend of 12c (8c) has been declared, bringing the total for the year to 18c (13c). Cover has been maintained at 3,1 times.

The group's level of debt is a result of the acquisition of the Ozalid Group with effect from March 1988.

However, there has been a noticeable decline in the gearing ratio since that date and attention is being given to alternatives to reduce it further.

Waltons Consolidated Investment Holdings, whose sole investment is 50,2 percent of the issued share capital of Waltons Stationery, improved operating income to R6,4 million (R4,5 million), resulting in net income attributable to shareholders of R6,1 million (R4,3 million).

Earnings per share rose by 41 percent to 52,8c (37,8c).

A final dividend of 12c (8c) has been declared, making a total of 18c (13c), an increase of 38,5 percent. — Sapa.

ARGUS 24/5/89 30

# Big three may unite to tackle food manufacturers

## The Argus Correspondent

DURBAN. — Leading South Africa retailers — Pick 'n Pay, Checkers and the OK — are likely to join forces soon to take on the food manufacturers in a battle where the consumer is expected to emerge the winner.

The powerful retail opposition force with a combined food buying power of R9-billion a year will come into being as a result of high levels of profits being made by the manufacturers and because of the "sometimes dictatorial" attitude they have shown at a time of soaring inflation.

It has also been made possible by a softening in Mr Raymond Ackerman's opposition to

any form of joint discussions with his competitors.

The group's prime task will be to negotiate lower prices from the food giants and to bring about greater efficiencies to benefit the consumer.

### PROFITS

All the big food manufacturers have reported significantly increased profits, the latest being the Premier Group whose profits were up 38 percent on a turnover of over R4-billion.

C G Smith Foods profits were up 35 percent on a six-month turnover of R4,2-billion.

Turnover and profits of Unilever, the other of the trio of powerful food groups, cannot be determined as the company is not listed and is not required

to produce public financial accounts.

Mr Ackerman and Checkers director, Mr Sergio Martingengo, emphasised that any negotiations between them would not involve any collusion to create an enhanced power base, or to discuss pricing in any form but to oppose the "sometimes dictatorial attitude" of some manufacturers.

Chairman of Premier Foods, Mr Norman Fowler, said he was flabbergasted by the move and that consumers should be aware of the return on assets of the food companies compared to that of the retailers.

"Our return on shareholders' funds is 13 percent compared to certain retailers whose return is multiples of that."

THE National African Federated Chamber of Commerce yesterday said it regretted the formation of a rival body, the Foundation of African Business and Consumer Services, at the time when the unity of blacks was needed.

### Regretted

Nafcoc's communication's manager, Mr Gabriel Mokgoko, said it was regretted that certain organisations allowed themselves to be reduced into small ineffective units with diminished bargaining power.

Fabcos was formed by several business groups

## Nafcoc unhappy over rival

which are to provide a new front outside the framework of long established national

organisations.

Fabcos said it would ignore Nafcoc and continue with its agenda to unite black business people because talks to merge with the national organisation had failed.

Fabcos said it would continue to negotiate with Nafcoc to see if they could not join hands in fighting for the rights of blacks.

... after the in-  
... subsidiaries  
and associated companies reported strong  
performances.

Expectations were met yesterday and  
the share gained another 20c in fairly  
heavy trade to close at 395c.

Federale's 40% growth in attributable  
earnings of R127m for the year to March  
and the improvement in its operating  
margins, confirmed the success of the re-  
structuring programme, embarked on  
after losses in 1985 and 1986.

... of 200c  
... decided to raise capital by  
of a R102m rights issue shortly after  
release of its 1988 results. At the time  
market felt Federale was paying too  
a price.

The share rose gradually to a high  
440c in January this year but fell er-  
cally in the months preceding its year  
as signs of an economic slowdown bec-  
evident.

At the current level, the 20% increase  
the dividend to 21c a share places  
share on an historical dividend yield

## Red tape cut for business in 28 areas

CHRIS CAIRNCROSS

CAPE TOWN — Government has  
suspended a welter of red tape re-  
stricting small or embryo businesses  
from starting up and operating in 28  
areas in the four provinces ear-  
marked for the establishment of in-  
dustrial parks and training centres  
by the Small Business Development  
Corporation.

Details of the suspension of these  
laws and regulations and the areas  
affected are published in the Gov-  
ernment Gazette. The suspensions  
are carried out in terms of the  
powers granted the president in  
terms of the Temporary Removal of  
Restrictions on Economic Activities  
Act of 1986.

Regulations suspended include all  
wage regulating measures referred  
to in the Labour Relations Act, pro-  
visions of the Basic Conditions of  
Employment Act, the Machinery  
and Occupational Safety Act, the  
Factories, Machinery and Building  
Work Act, shop hours and licensing  
ordinances, National Building Regu-  
lations and Building Standards Act.

Areas involved are mainly outside  
white group areas. In Cape Town  
they include two sites in Athlone.  
Other Cape sites are in East London,  
Paarl, Port Elizabeth, New Brigh-  
ton, Uitenhage and Kuils River. In  
Natal, the sites are in Chatsworth  
and Inanda, and in the Free State in  
Bloemfontein's Hamilton district.

About 12 sites in the Transvaal are  
in Atteridgeville, Sebokeng, Soweto,  
Eldorado Park, Lensasia, Nance-  
field Township, Pennyville Town-  
ship and Wadeville.

## Expert tells of drama

# Marais econom

CAPE TOWN — Deputy Finan-  
Minister Org Marais is out of touch  
with harsh realities if he thir-  
South Africans are no worse  
today than they were 20 years ago,  
says Stellenbosch University's In-  
reau for Economic Research dir-  
tor Oekie Stuart.

He says Marais's claim is invalida-  
by hard facts.

One way of showing how much wo-  
off the average South African was  
day, was to look at the dramatic decl-  
in real disposable income, a proc-  
which started in the 1970s and had c-  
tinued unabated.

Real disposable income (RDI) w-  
total individual income after tax a-  
allowing for inflation.

From 1960 to 1969 RDI increased  
2,2% a year. From 1970 to 1979 it  
creased by only 1,5% a year and fr-  
1980 to 1988 RDI actually decreased  
0,5% a year. This meant that from 19-  
to 1988 RDI declined by 0,6% a yea-  
Stuart said these figures were bas-  
on Reserve Bank statistics.

Another accurate measurement of  
country's wealth was its gross domes-  
product (GDP).

"GDP by definition reflects t-  
wealth of a country. If it increases at  
rate less than the population grow-  
this indicates a process of impoveris-  
ment."

GROVE Property Fund (Groprop) earnings were up 14% for the year to February as a result of increased income from properties and higher rates of interest on cash investments.

The annual results released yesterday show the fund's net distributable income was R11,27m or 28,17c a unit against R9,89m (27,72c a unit).

Dividends distributed during the year totalled 28,15c a unit compared with 24,70c in the previous financial year.

## Higher rentals boost Groprop

During the 1989 year Groprop invested R3,78m in property acquisitions and improvements. A further R2,81m was committed for an office building to be acquired after the end of the financial year.

Chairman D J Kotze says the marked increase in demand for industrial and commercial buildings should result in satisfactory increases in rental levels with beneficial effect on Groprop's future earnings. — Sapa.

## Waltons maintains solid growth record

STATIONERY chain Waltons has maintained its steady, 11-year growth record in the year to end-February by chalking up a 41% earnings increase to 55c (39c) a share.

A final dividend of 12c (8c) a share has been declared, bringing the total for the year to 18c (13c), covered 3,1 times.

Sales hit the half-billion mark for the first time, with turnover shooting up 66,2% to R547m. Operating income before taxation

30

SYLVIA DU PLESSIS

was also higher at R67,7m (R53,4m).

The group's acquisition of Ozalid in March contributed to borrowings increasing more than threefold to R119m from R34,5m.

Controlling company Walhold's attributable income was R6,1m (R4,3m), and earnings rose to 52,8c (37,8c) a share. A dividend of 18c (13c) a share has been declared.

# Schwarz urges action over soaring car prices

Stv 25/5/87

\$ (30)

## Parliamentary Staff

Rocketing prices had put new cars far beyond the reach of ordinary citizens, who had no company assistance to fall back on, and even the smallest cars had become a luxury, said Democratic Party finance spokesman Mr Harry Schwarz.

"We need to take a harder look at the situation in regard to the cost of cars in South Africa," he said.

He also hit out at the Government's decision to reduce road

tolls, wondering how it was possible to do so now, during an election campaign, when it had been impossible before.

## LUXURY

Speaking in the debate on the Customs and Excise Amendment Bill, Mr Schwarz asked, on the subject of car prices: "What has happened to the price of cars in the past two years? A car which used to cost only R10 000 a few years ago now costs three or four times that

amount.

"It is becoming a situation where even the smallest car tends to become a luxury.

"More and more people find themselves in a situation where the only way they can buy a new car is with employer assistance."

The pattern emerging was that ordinary people were forced to buy second-hand cars because only companies, or company-assisted buyers, could afford new ones.



# Retailers begin to feel the pinch

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Stew  
2575789

By Derek Tommey

The Government's squeeze on consumer and company spending is starting to bite, especially in the retail sector.

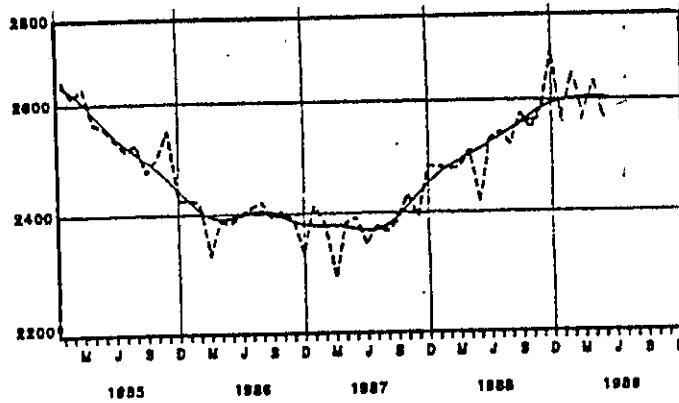
The squeeze was imposed to curb imports, trim inflation and put a floor under the rand's exchange rate.

Latest statistics from Central Statistical Services (CSS) show that increased taxes and higher interest rates are beginning to drain cash from consumers' pockets and this is starting to affect not only retail sales, but new building starts and manufacturing production.

Assocom's latest survey confirms this trend. It reports that business confidence has deteriorated in the past few weeks.

"Consumption expenditure is growing more slowly. Consumer durables in particular — cars, furniture, jewellery and white goods — are already showing declining trends.

The rise in interest rates is hitting consumers most, especially home owners who have to find extra cash to meet increased bond payments. To balance the books, they have to cut back on their spending and it looks as if the retailers will be the first victims.



Retail sales at constant 1985 prices in R-millions.

Companies have not gone unscathed. They have to find an extra R750 million by July 1 for the recently announced loan levy and make higher repayments on their overdrafts.

Import surcharges and the continuing rise in inflation are also adding to the load consumers and companies have to carry. Moreover, it seems likely that as the year wears on and profits and cash flow come under increasing pressure, the squeeze will intensify.

The comment this week by the Minister of Finance, Mr Barend

du Plessis, that no further restrictive economic measures are being considered, seems an overstatement.

According to CSS, retailers are expecting a drop this month of 1,7 percent in cash sales and 3,1 percent in real terms.

Retail sales since February have shown a definite levelling off in real terms.

Sales of cars and motor accessories have also lacked buoyancy in recent months, CSS figures show. Interestingly, this sector of the economy has been experiencing tougher conditions since Octo-

ber, last year.

Motor traders, who did R2,5 billion worth of business in March were expecting this to fall to under R2,4 billion in April.

The value of projected new residential buildings has also dropped significantly. In the first quarter of this year plans for houses, town houses and flats estimated to cost R802 million were passed by the various local authorities.

This was 14,6 percent down on the year ago figure, and the CSS estimates that in real terms the drop is 25,8 percent.

However, the value of non-residential buildings approved jumped 61 percent from R335,1 million to R539,4 million, which should help take up the slack in the residential side of the building industry.

An indication that manufacturers also have been experiencing tougher conditions is contained in the CSS latest figures for manufacturing production and sales.

These shows that for the first time for several years manufacturing output failed to spring back in January after the December shutdown — suggesting that manufacturers have been treading more warily.

# Shop owner alleges council 'irregularity'

AN Atteridgeville man who was in rent arrears totalling about R8 000 had his shop closed down by the council which did not take similar action against four other shopowners, including a councillor, who also owed rent, it was alleged yesterday.

Johannes Moshidi told

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**By MONK NKOMO**

a commission of inquiry that his shop was "given to another man without my consent" after summonses were served on him by the council's lawyers. He added that the shop and goods, some of which were still on hire purchase were

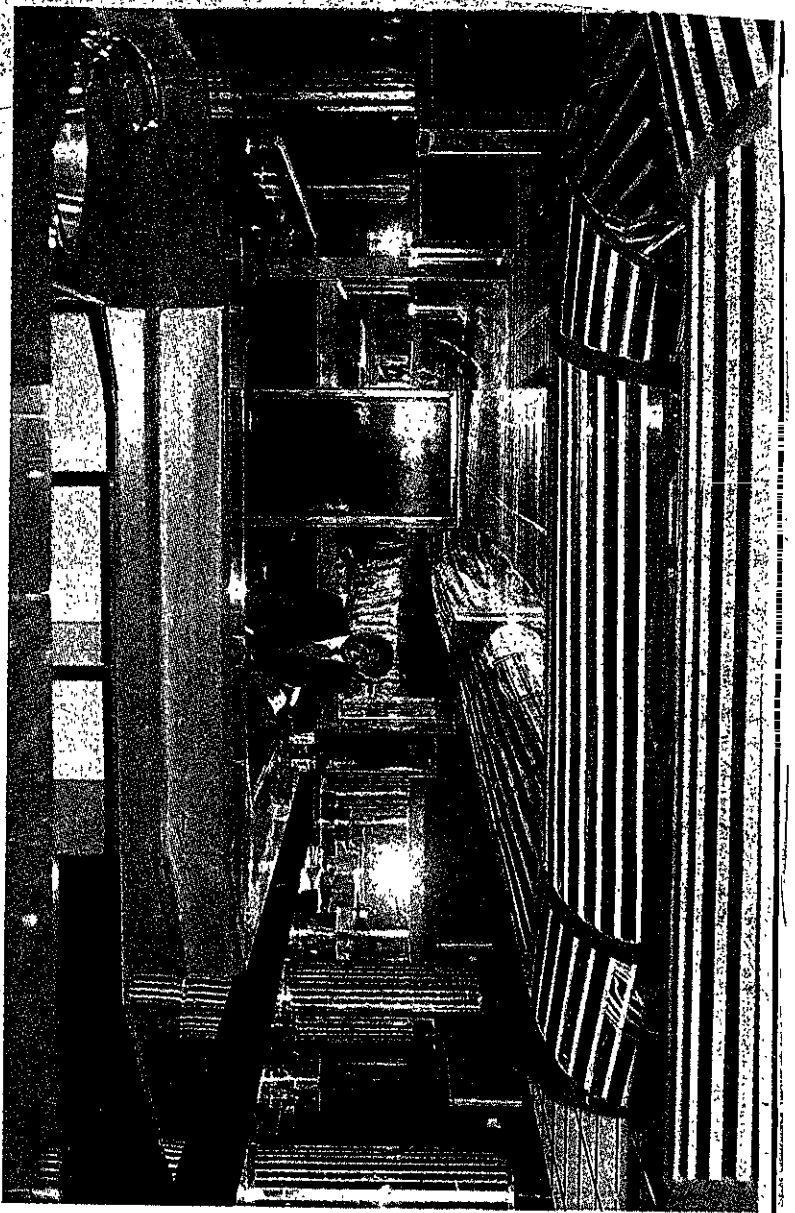
*Sovetan 24/5/89*  
sold by the lawyers despite an agreement he had with the council's attorney that he was prepared to make arrangements to pay the debt.

Moshidi said at the time legal action was taken against him, he was aware that four other shop owners were also in

rent arrears totalling a huge amount. The shopowners included the Reverend Enoch Sibanyoni, councillor and chairman of the management committee Mike Peta, manager of a hotel A Mokgathane and Mr D Lebala, he said.

Testifying before

advocate Willie Kriel, chairman of the inquiry, Moshidi said he also requested a recommendation from a council official, Noel Madiba, for a taxi licence but in vain. Madiba informed him that council recommendations to the Transportation Board had been stopped.



**GUGULETU GUTZ:** Marketing director Mr Zizulele Combi stands behind the glossy red bar counter in the Yellow Door nightclub.

Picture: WILLIE de KLERK, The Argus.

# Shebeen raids gave birth to new nightclub

*After 26/10/89*

By VUYO BAVUMA, Staff Reporter

WHEN Cape Town's shebeen-owners failed in their bid to acquire the leases of the townships' bottle-stores they did not regard it as the end of the world.

Instead, they each put R70 a week into a kitty with the aim of starting their own liquor outlet and nightclub.

Now, three years later, the taverners are partners in a joint venture with entrepreneur Mr Jan Pickard involving a glitzy R1,9-million nightclub which is to open in Guguletu on Sunday.

In December last year the partnership established Sivukile Liquor Wholesalers — an outlet that serves most taverns and shebeens in the townships.

Its second venture, the club simply known as the Yellow Door, is in the Guguletu shopping complex in the heart of the township.

With its sophisticated, spacious interior the club seems destined to set the social scene in the area.

## CASUAL DRESS

Mr Zizulele Combi, marketing director of Yellow Door, said the club would cater for a wide range of patrons.

"The standard of the club will be determined by the patrons. Their attire should be casual but no-one will be allowed in wearing jeans or tackets," he said.

The Yellow Door is fully licensed. "We are allowed to sell liquor at any time and plan to open from Monday to Saturday," he said.

"Maybe on Sundays we can have afternoon jazz sessions," he said.

The Yellow Door will be manned by a security staff of eight. Metal detectors will be used to search patrons. Admission will be under R10.

Sketching how the project started Mr Combi said: "The idea came about because shebeen-owners and taverners were being harassed by police when they bought their stocks of liquor."

"After bottle-stores were introduced into the townships we offered to buy them from the authorities but were unsuccessful because of red tape.

"So we decided to set up our own projects — a liquor outlet and a nightclub.

"The estimate for the project was R2,5-million. We started fund-raising by putting R70 a week into a kitty but as inflation bit deeper some of the partners dropped out. Only 30 remained."

By 1987 the taverners had raised about R200 000. They arranged a meeting with Mr Pickard and invited him to be a partner in the venture.

"We told him that he had the capital and we had the market," Mr Combi said.

"Mr Pickard agreed — and soon it was all systems go!"

# Govt backs down on Sunday trading

CMT  
7/11/89  
26/5/89  
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Political Staff

THE government has decided to remove all references to Sunday trading from a draft deregulation bill following heated protests from church groups.

Administration and Privatisation Minister Dr Dawie de Villiers said yesterday all references to trading on Sundays and religious holidays would be removed from the draft Business Bill, as the controversy over the issue was threatening to undermine larger and more important objects of the bill.

Dr De Villiers said the main aim of the bill was to remove restrictions on economic participation and simplify business licensing requirements.

Attention had also been given in the bill to developing a more effective control mechanism in respect of Sunday trading.

"It was never the intention to permit an increase or decrease in the nature of the existing system of Sunday trading, but merely to enable the administrators to arrange Sunday trading in an orderly fashion," he said.

The working group dealing with the bill had reported to him that there had been considerable misunderstanding over the references to Sunday trading.

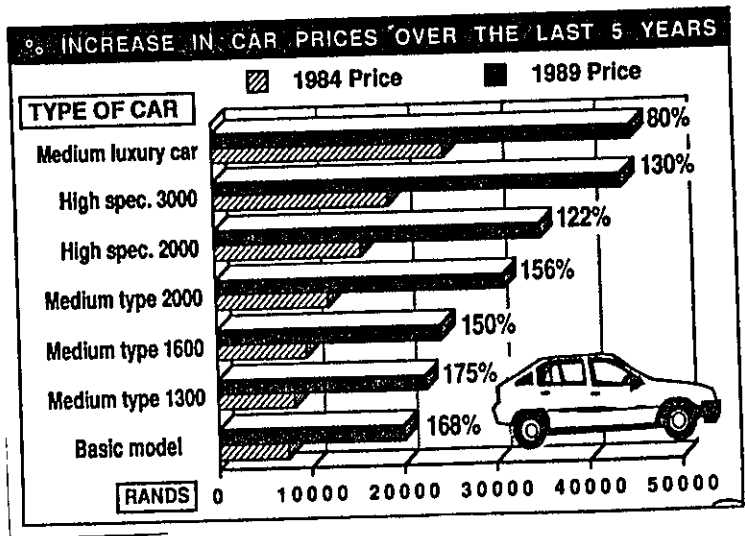
"The misunderstanding and confusion is unfortunately assuming such proportions that the working group is of the opinion that it may endanger the larger and more important objects of the draft bill," he said.

As it had never been the intention to effect changes to Sunday trading, he had accepted a proposal to remove all those clauses referring to Sunday trading from the bill.

Manufacturers fear fall-off in sales

# New car becomes more of an impossible dream

Star 26/5/87



A new car has now become an impossible dream for many South African motorists with the recent price increases pushing the cheapest model up to R20 000.

Even hire purchase is out of the question for most as steeper deposits, less time to pay and higher interest rates on top of sky-high insurance premiums mean an unaffordable monthly burden.

Now, despite the fact that 70-80 percent of cars sold go to the corporate sector, vehicle manufacturers are bracing for a 10 percent downturn in sales by the end of the year and a leaner 1990.

And the consumer looks like having to be more willing to enter the used car market and look after his existing vehicle to prolong its life.

Group managing director of Samcor and president of the National Association of Automobile Manufacturers of South Africa, Mr Spencer Sterling, said: "We had been forecasting a downturn in car sales since late last year and had planned accordingly so we have an order rate ahead of supply at the moment.

"I believe this has probably saved jobs and the lag effect won't be felt for a few months yet. Obviously, as supply catches up with orders then the fall-off in sales will be felt.

## Prices doubled

"As the price of a new car reaches further unattainable levels for the man in the street, I see a shift of possibly an even higher percentage of cars being sold to the corporate sector.

"Car prices have at least doubled in the last four years and when the industry is squeezed between imported inflation and domestic inflation, and a high rate of cost increase coupled with a falling market, then you can guess that car prices will rise by up to 20 percent again next year.

"We are in for two difficult years during which the Government must get to grips with the economy and the country must take the medicine necessary to get inflation down, preserve the balance of payments and halt currency deterioration."

On the question of the industry introducing a new smaller and cheaper models to cater for lower income buyers, Mr Sterling commented: "Manufacturers should look into this, but the costs of producing such a vehicle are not actually very different to larger cars, so margins would be reduced and the South African market is too small to subsidise such a course of action."

A spokesman for the Automobile Association said: "The average motorist is keeping his car longer and the emphasis for the private owner has shifted from new vehicles to used cars.

"A couple of years ago a vehicle was bought with a four to six-year life span in mind, now it is eight to 10."

# Infash acquires Dressking for R600 000

*21/02/84*  
INDEPENDENT Fashion Holdings (Infash) has announced the acquisition of women's and children's clothing retailer and wholesaler Dressking for R600 000. The purchase raises the number of stores in the Infash group to 27. Directors say: "The merging of the business will result in two major competitors in the ladies fashion market being grouped

*30*  
**CHARLOTTE MATHEWS**

together within a single entity. "It will give substantial synergistic benefits which will have a favourable impact on the group's future earnings." Infash released final results for the year to February on Wednesday, showing a doubling of earnings to 11,4c (5,6c) a share.

REDEVELOPMENT

30 26/5/89  
Email

# Newtown or no town

It looks as if Newtown, the sprawling development site to the west of Johannesburg's CBD, has missed the development boat — thanks largely to planning procrastination.

It's been more than 10 years since the redevelopment of the site was first mooted. But apart from the implosion of an old power-station cooling tower, nothing has happened. Proposals for Newtown's redevelopment have been drawn up and tossed backwards and forwards at city hall — but, presumably, only the planners and other consultants profited from the planning changes.

The delays could ultimately cost ratepayers and developers millions of rand through lost rates and escalating building costs. And, with the economy beginning to slow dramatically, few new city development projects are likely to be launched until the next economic upturn. Even if tracts of the derelict 10 ha site were sold off tomorrow, it's doubtful whether there would be a rush to start building.

Eddy Magid, Johannesburg's planning committee chairman since October, was hailed as the new broom who would sweep aside bureaucracy and any other obstacles to city planning.

The early signs were good. Within months of his appointment, he had the Newtown development proposals approved by the council and promised to bring the site to the market within months. He trimmed committee sizes, instigated negotiations with developers and presented some new ideas for the revitalisation of the CBD.

The question is: has the Magid locomotive run out of steam? As one developer put it: "He did and said some impressive things to justify his appointment. It's awfully quiet now that the time has come to deliver the goods."

However, Magid insists: "Newtown is on schedule and on course. We should go to tender in October for the first phase (Turbine Square)." At the beginning of the year (*Property* January 27) he said he expected it to be at least six to eight months before the council could begin selling off the land.

His response to criticism that the council has missed the current development cycle is that it was beyond the council's control. The council's priority now is to get the development going. "It's not like being out there in commerce where development can be timed. This is like a huge oil tanker heading in a specific direction and I'm trying to build up speed and get things done — I can't wait for the next economic upturn."

Speed would certainly be a new concept for Johannesburg's planning process. Newtown has already been 10 years in the mak-

ing — and the planning process is far from over.

There is an almost inescapable comparison between this and the few years taken to achieve the virtually complete redevelopment of Durban's 10 ha Workshop site (including parking, the leased area is about 3 ha).

Durban's city valuer and estates manager Wim van Heerden points out that offers are called for (rather than auctioning the land or putting it out to tender) when there is a "diverse type of interest" in the property, as in the case of the Workshop.

The invitation stipulates a council right to negotiate a private treaty with anyone who submits an offer. "That means the city isn't bound to take the highest financial offer or best development offer, it can select what it believes is best for the site. Any private treaty must be ratified by the provincial administrator.

"We try to advertise just once. If there is anything which is almost acceptable, we home in on it and refine it with the tenderer until it suits the council. This saves a great deal of time in the whole planning process. It normally takes us about 18 months from conception to getting a developer on site — that is through all the committees, approvals and rezonings."

Ironically, Van Heerden says he was recently carpeted by the Durban management committee because of the time taken to market sites. However, he says he proved 18 months was a minimum under the existing ordinance — the ordinance is being streamlined and could effectively reduce the minimum time to one year.

While the Durban recipe may not suit Johannesburg, it and other systems which take less time but still ensure against planning chaos, should be looked at. ■

30 *Final*

# STOPPING THE BUCK

26/5/89

The coming election campaign's fiercest battles between National Party (NP) reformists and Conservative Party (CP) supporters may well be fought in a Pretoria courtroom. So thinks Koos Nel, management committee chairman in Carletonville, whose CP-controlled council has been taken to the Supreme Court by three local businessmen for enforcing petty apartheid in the town.

Sollel Geoffrey Waks, a white businessman, John Billy Motsau, a tavern owner in neighbouring Khutsong township, and Abdul Rhaman Bhamjee, an Indian businessman, all claim Nel's council was not authorised to pass a resolution instituting the Reservation of Separate Amenities Act. Legal documents the three filed in Pretoria on April 15 add that the council "failed in its obligation to consult interested parties before passing the resolution," and "acted in bad faith" by placing the interests of the CP above Carletonville.

On behalf of Carletonville's Chamber of Commerce, they have asked that the council's petty apartheid resolutions be declared null and void.

Carletonville council filed its intention to contest the case on May 8. It has until June 7 to lodge its full arguments which will almost certainly draw on the CP belief that petty apartheid resolutions merely enforce existing law.

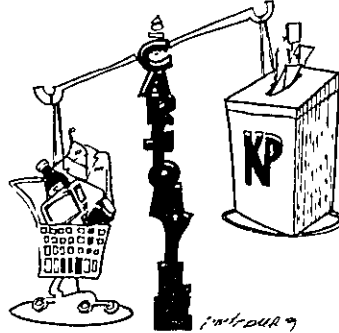
Nel believes that whatever the court's decision, political fallout from the case is bound to boost CP chances in September's election. "If we win the case, we know that town councils still have the authority to govern local affairs," he says. "If we lose, the court's decision will be as good as saying that there can be nothing that is closed. That is the question voters will have to decide on then."

SA voters will have to decide on then."

The Carletonville suit came three weeks after the Supreme Court decided that Potgietersrus's CP-controlled council could not ban a nonracial marathon in the town. Although CP supporters are quick to note that the Potgietersrus decision was made on the basis of traffic law rather than separate amenities, two judgments against petty apartheid could open the legal floodgates on other CP towns.

Explains one law expert: "Even if other councils are not brought to court, a decision against Carletonville's council would mean local CP government will have to be very careful to play by the book. They would certainly understand that every decision they make would come under close scrutiny."

Meanwhile, a 10-week-old consumer boycott, which the local chamber of commerce says has snatched R12m from Carletonville's white businesses, was reinstated at a meeting of Khutsong residents on May 18. The boycott appeared to be weakening early last week, plagued in part by the recent refusal of taxi drivers to provide cheap shopping trips to neigh-





SUPERMARKET GIANTS OK, CHECKERS AND PICK 'N PAY JOIN FORCES IN

# War on food prices

30

w/k ARGUS  
7/15/69

BY JANET HEARD

She was willing to take part in a joint supermarket venture, such as that proposed by

Turn to Page 3

## Inflation busters

From Page 1

the big three, but emphasised that she could not be involved in any form of price fixing. The league had convened a meeting on August 2 of retail-ers, distributors, manufacturers and all those involved in the food business to seek ways to stop the inefficiency in the industry which had resulted in the consumer paying higher prices. She said the supermarket industry was not blameless in contributing to this inefficiency.

Weekend Argus Correspondent  
JOHANNESBURG. — South Africa's three biggest food chains are to band together to help struggling consumers to fight escalating inflation.

This has been made possible because Raymond Ackerman of Pick'n Pay agreed this week to come in from the cold and to work with his two major competitors — OK Bazaars and Checkers. Checkers confirmed that they are right behind the move. Mr Gordon Hood of the OK was not available for comment but it is believed the OK will join the venture. Their decision comes as reports from around the country indicate growing hardship for more and more consumers, especially at the lower end of the scale, as the economic climate worsens. Mr Ackerman said the time had come for supermarkets to stop fighting prices individually and to join forces "to fight together against actions which are wrong for the consumer".

Such a merging of effort has previously been suggested but nothing came of it because of Mr Ackerman's opposition to joint ventures among competitors. He emphasised that the proposed alliance would not discuss price setting. He is to attend the Retail Distribution Committee meeting next month and will propose that the committee be "built into a powerful force to protect the consumer". "I realise I'm partly to blame because I have been paddling my own canoe at Pick'n Pay. But the time has come to beat this now." Mr Ackerman's decision comes in the wake of rising anger over the enormous profits reported this week by major food producers while the cost of living is rising alarmingly. He said the initiative, if accepted, would run on similar lines to the large retail units in the United States, acting primarily as a watchdog against rising prices.

**Act as watchdog**  
It would also encourage manufacturers not to disinvest from the country, which has resulted in the market being monopolised by fewer companies. Mr Ackerman said that in addition to the big three, smaller retailers and the Housewives' League could take part if they wished. "Most importantly, we will oppose any form of price fixing by manufacturers and cartels in an attempt to pave the way for a more competitive society." An additional problem was that local manufacturers were being forced to buy raw materials being produced in South Africa at dollar prices. "We will use our force to expose this and will approach producers of raw materials to ask them to keep prices down." Checkers director Mr Sergio Martinego said it was encouraging that the large supermarkets, "who usually steer clear from one another", had now agreed to embark on joint discussions.

**Stop spending**  
"The way things are now, we all do our own thing and don't want one to have an advantage over the other. This does not benefit the consumer." Mrs Lynn Morris, president of the Housewives' League, said the way to repair the economy was for the government to stop spending. "It must start being a good housewife and budget properly — just as the ordinary person has to."

## STAFF REPORTERS

SOUTH AFRICA'S three biggest food chains have decided to band together to help struggling consumers fight escalating inflation.

Mr Raymond Ackerman of Pick 'n Pay, who has previously opposed joint ventures involving rival companies, agreed this week to come in from the cold and work with his two major competitors, OK Bazaars and Checkers.

Checkers have confirmed that they are behind the move. Mr Gordon Hood of the OK was not available for comment yesterday, but it is understood that the OK is also in favour of the initiative.

In an interview yesterday, Mr Ackerman said the time had come for supermarkets to stop fighting prices individually and to join forces "to fight together against actions which are wrong for the consumer".

He stressed that the proposed alliance would not discuss price setting.

Mr Ackerman said he would attend the Retail Distribution Committee meeting next month and motivate that the committee be strengthened and "built into a powerful force to protect the consumer".

"I realise I am partly to blame (for the lack of combined effort) because I have been paddling my own canoe at Pick 'n Pay. But the time has come to beat this now."

He said the initiative, if accepted, would run on similar lines to the large retail unit in the United States. It would primarily act as a watchdog force in the interests of the consumer against rising prices.

"It will also act as a countervailing power to encourage manufacturers not to disinvest from the country," he said, adding that this had resulted in the market being monopolised by fewer companies.

The move towards co-operation follows reports from around the country of growing hardship among consumers, especially at the lower end of the income scale, as the economic climate worsens.

Among the worst hit are pensioners, whose fixed incomes have not kept pace with the rising cost of living.

White social pensioners get R251 a month, coloureds and Indians R200 and blacks R150. For many, this is their only income.

An important indicator of the state of the economy is the number of summonses for debt.

In the first three months of this year, summonses increased by 3,28 percent over the last three months of last year, according to the Central Statistical Service. They were also 1,3 percent higher than for the corresponding period in 1988.

● TO PAGE 2.

P.T.O

# Food giants' joint drive on inflation

Big Three band together to help consumer

SA 27/1/89

30

Star 1/1/87

# Advert under fire for 'flouting' Govt HP rules

CAROL MIDGLEY

A CONTROVERSIAL advertising campaign by the furniture giant Joshua Doore has been withdrawn after complaints from the Government and furniture traders that it flouted the new hire purchase regulations.

The full-page advertisement which appeared in The Star and other newspapers countrywide this week offered a hi-fi stand for sale at R599,90 with a music centre thrown in free.

This meant the company was effectively offering the music centre on furniture HP terms — 12 percent deposit and 24 months' repayments — instead of on the new terms relating to hi-fi equipment: 25 percent deposit and 12 months' repayments.

After the ad had appeared, the Newspaper Press Union was contacted by the Department of Commerce and Industry, the Furniture Traders Association and other media representatives who complained that it was in contravention of the spirit of current Government regulations.

## 'Good deal'

Managing director of Joshua Doore, Mr David Sussman, told Saturday Star: "The new regulations bear no cognisance of the fact that retailers are now stuck with stock ordered prior to the new ruling."

"The foreign exchange for those orders has already left the country and I still had an obligation on 1 600 pieces of equipment. So I was left with a choice of either reneging on the deal and losing credibility, or ending up with stock I couldn't sell.

"Nobody is suffering because of this offer. The consumer is getting an incredible deal — sets brought in now would cost them R200 more.

"We checked the legal implications of the advertisement and were told it was acceptable."

Said the executive director of the Furniture Traders Association, Mr Frans Jordaan: "Joshua Doore is a member of our association and we were extremely concerned about the ramifications of the advertisement.

"We seriously believe the Government would retaliate to this kind of marketing. We are happy the company agreed to withdraw the campaign."

by JULIE WALKER



THE rash of property loan stock companies listed in the property sector since 1985 has met with mixed fortunes.

The nine listed variable loan stock, or debenture, counters believe they have suffered an identity crisis in that investors don't really know what they are all about. Late last year the interested parties formed an association with a view to promoting the concept of investing in loan stock.

A presentation made to the Investment Analysts Society last week is one of the ways of self-promotion. It was intended for an already property-literate audience—I must have been the sole exception.

Loan stock has been issued by Amaprop, Arprop, Boardprop, Grothpoint, Highgate, Hypro, Pangbourne, Retprop and RMS Properties.

**DISCOUNT**

Of these, five are trading at a discount of up to 10% on the issue price. Barprop loan stock is the top of the feeble pops with 90c capital appreciation on 70c since 1985.

Association chairman Howard Schachat says loan stocks have more in common with members of the property trust sector than with some counters in the proper-

# Property loan stocks burnish their image

ty sector, whose income could be derived from many non-property interests.

Property shares also yield dividends to investors whereas loan stock pays interest in the same way as do property trusts.

Loan stocks seem to be poised between the staid, safe image projected by both property trusts and the very word debentures, and the riskier image associated with property dealing.

A property trust's income is not taxed in its hands. All earnings are distributed to shareholders as interest and are fully taxable in their hands.

Loan stock income is taxed in much the same way, depending on whether or not linked units were issued. A

linked unit can comprise ordinary shares and debentures. Either way, the tax is trifling.

On the other hand, a property trust company may not issue shares for acquisitions, whereas a loan stock company may do so in the same way as any other company.

**TRUSTEE**

Loan stock companies are allowed to borrow between 5% and 30% of the value of their property portfolios. But property trusts are strictly limited. The management company and trustee requirements are not governed by the same regulations as are unit trusts.

Uncertainty has surrounded the tax implications of

loan stock, especially since the Government announced it was to look at the position in December only to postpone the idea in March.

Loan stock companies have made provision for changes which might be precipitated by changes in the law. These could involve conversion to property trust status or to participating preference shares.

Nick Harris of Russell Marriott and Boyd Trust gave an overview of the property market. He said that capacity had been reached for major retail shopping centres in white areas, but scope existed in black areas.

**CLOSER**

Building in black areas presented difficulties which were being addressed but not necessarily resolved. He said development was now focused on satellite centres closer to black residential areas.

Shopping centres had been lucrative for their owners because in many cases rent was linked to turnover, which in turn had boomed because of inflation.

On office space, Mr Harris said that the trek north from

Johannesburg continued, but major corporations were staying and even returning to the centre of town. Big companies employed many who relied on public transport.

He said Johannesburg had 1.25-million square metres of office space, of which 9% was vacant. Another 136 000m<sup>2</sup> would come on stream this year. More than half was pre-let.

Rents in Johannesburg had risen by an average of 50% since 1986 and in Sandton the increase had been 40%. He believed rents in Johannesburg would rise by 15% this year. But in Sandton there was a potential oversupply and rents would flatten, perhaps rising 10% this year.

**CHEAPER**

Industrial rentals had followed the inflation spiral, rising in line with higher production. The huge oversupply of the last three years had been largely taken up in the newer and smaller premises. But in the traditional smokestack areas there was still space and low rents were common.

Land values had risen sharply, especially at coastal centres.

John Rayner of stockbroker Max Pollak & Freemanle demonstrated that loan stock was technically cheaper than property trust shares. The average forward yield on loan stock was 12.2% and on property trusts 11%.

He believed loan stocks were at a discount because they were relative newcomers and there was vendor overhang, managements had to prove they could deliver the goods, and there was uncertainty about the tax status of loan stocks.

Mr Rayner said loan stock would show good growth in earnings in the next few years as the recent rises in rent incomes flowed in. Higher interest rates also benefited the companies, which had income as cash until declaration.

## Market for millions

erential offerees will be entitled to 125 for 100.

Holders of SFS pefs will be entitled to a fixed dividend of 5.4% of the issue price in 1989, fluctuating thereafter with the percentage change in earnings an ordinary SFS share from the performance in 1989.

The dividend shall never

be less than 5.4% of the issue price. The complicated offer seems to be a way of dealing with tax implications.

Huntcor is to raise R107-million by the issue of 16 ordinary shares for every 100 at 1 550c to follow its own rights in Hunt Leuchars & Hepburn (HLH), which is seeking R148-million to buy 25% of Rainbow Chicken.

HLH's offer is also 16 for 100 at 775c. Huntcor is currently 1 550c and HLH 825c.

Springtex is to issue 15% unsecured subordinated compulsorily convertible debentures to its ordinary shareholders in the ratio of 88 debentures at 65c for every 100 ordinaries held. A total of R10.2-million will be raised.

**MANAGEMENT EDUCATION**  
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Project Management  
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**RATE INCREASE — 1st July 1989**

In order to recover part of escalating operating costs Mediterranean Shipping Co SA (MSC), Societe Mauricienne de Navigation Ltee (SMN), Societe Bourbonnaise Navigation (SBN) and Unicorn Lines (Pty) Ltd have announced a general freight rate increase of about 15 percent for all break bulk cargoes from the Republic of South Africa to Reunion, Mauritius and Madagascar.

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2/5/89  
Crew

# Nafcoc forging links with the rest of Africa

Finance Reporter

THE National Federated Chamber of Commerce and Industry (Nafcoc) reached another milestone this week when it forged firm links with the Lesotho Chamber of Commerce and Industry.

A South Africa delegation led by Nafcoc's senior vice-president and director of the African Bank, Archie Nkonyeni, met a the Lesotho team led by businessman Matsobane Putshe.

The one-day closed meeting in Johannesburg was the third between the two chambers. the first took place at So-shanguve, near Pretoria, last year while the second was hosted by Lesotho's King Moshoeshoe II at his Maseru palace last March.

In a brief statement issued after the latest meeting Nafcoc's public relations manager and a member of the joint

working committee, Gab Makgoko, emphasised that the central idea was to facilitate commercial as well as industrial interaction between the business communities in both countries.

Recent invitations for Nafcoc representatives to visit Lesotho and Malawi, and the renewed membership of the Namibian Chamber of Commerce and Industry follow a three-week familiarisation visit to Africa by a Nafcoc delegation led by the organisation's president, Sam Motsuenyane.

A Nafcoc spokesman said the African trip had enabled black South African businessmen to built valuable bridges with their African counterparts.

The importance of the role played by the black business community in South Africa seems to be amply demonstrated by the willingness of countries like Egypt and Ethopia to welcome visiting South African representatives.

# Timeshare buyers get time to think again

By Udo Rypstra

SOUTHERN Sun Timeshare (SST) has introduced a five-day "breathing period" during which buyers may nullify a contract. This is a step forward in sales procedure not only for timeshare industry, but other businesses because it matches established foreign practices. People are allowed to have "second thoughts" about a purchase after having signed a contract. SST's move comes ahead of a new and tougher code of conduct to weed out "shady" developers and bullying timeshare sales personnel. The code is being drawn up by the timeshare committee of the South African Property Owners Association (Sapoa). It also follows an announcement that



the Consumer Council is collecting complaints from timeshare buyers for submission to the National Business Practices Council, chaired by Wilfrid Louis Fager. This council is expected to be constituted later this year. SST's decision to allow buyers to rethink is likely to surprise other developers. SST managing director Brian Stocks, who also chairs the Sapoa timeshare committee, says that in America cancellations can be as high as 25% of sales. Brian Stocks says that the decision to stop the building of timeshare units is being taken by the Consumer Council. The council is collecting complaints from timeshare buyers for submission to the National Business Practices Council, chaired by Wilfrid Louis Fager. This council is expected to be constituted later this year. SST's decision to allow buyers to rethink is likely to surprise other developers. SST managing director Brian Stocks, who also chairs the Sapoa timeshare committee, says that in America cancellations can be as high as 25% of sales.

had publicity. Problems facing the industry include a controversy about sharp increases in fees, which, timeshare owners claim are imposed to cover rising costs of on-site hotel operations. Timeshare owners say they should not have to shoulder these costs. SST has taken a public hearing because of this. But it denies the allegations, saying the increases were made to meet a 100% wage rise in black labour and other costs. Reports of bullying tactics by European timeshare sellers have resounded in and are furnishing marketers here. Developers are worried because unscrupulous salesmen are using these tactics. They include mail shots offering cars and cash prizes for which the recipient will automatically qualify - but only if he or she attends a sales presentation. Mr. Stocks admits that the present lion often turns out to be a high-pressure sales demonstration where potential buyers are psychologically pressured to buy. Timeshare week instead of a car, a lottery is held and the buyer receives a booby prize - and a sales contract he does not want. The failure of some projects to come to fruition in the past, money paid into a trust account, is allegedly used illegally to pay the development and land cost. The scheme on the Vaal

But it has no clout over fly-by-night operators. It can only warn the public about schemes it regards as falling foul of the law. To overcome allegations that the committee "has no teeth", Mr. Stocks says a self-funding Sapoa timeshare division is being set up. It will be headed by an executive director who will be given power to police the behaviour of subscribers to the Sapoa ethical code of conduct for developers. These members who do not conform will be thrown out. Mr. Stocks says that although most developments are endorsed by Sapoa, some "peripheral" developers are carrying on with projects before gaining its endorsement. A project that is not endorsed by Sapoa should be looked at carefully, he says.

## AN INDUSTRY OUT TO PUT ITS HOUSE IN ORDER

Several people have bought units which they may never own. Some schemes allegedly do not comply with the law on interest rates set by the Sapoa committee in one case. Sapoa has to issue statements denying that it had addressed, as some sales agents claimed, a project.

Sapoa timeshare committees, which major developers like SST, Orlando airdrome, beachfront, Resorts Condominium International belong to, has made some progress by forming a group which lays down ethical standards. It has played an important role in helping to draw up legislation pending timeshare buyers and owners.

Mr. Stocks says that although most developments are endorsed by Sapoa, some "peripheral" developers are carrying on with projects before gaining its endorsement. A project that is not endorsed by Sapoa should be looked at carefully, he says.

# Councils clash

VAAL Triangle residents have threatened Vanderbijlpark with a black consumer boycott if it continues to block efforts to build a new township on its borders between Sharpeville and Boipatong townships.

day when a survey conducted by the Lekoa Town Council was presented to the Conservative Party-controlled Vanderbijlpark council.

The survey showed that a large number of residents were in favour

of a consumer boycott to support the establishment of the new Tshepiso township.

The vice chairman of Vanderbijlpark management committee, Mr G Smith, said no final decision had been made on the issue.

# Retailers predict VCR, TV and hifi sales slump

610m 29/5/89  
RETAILERS predict that sales of video cassette recorders (VCRs), TVs and hifi equipment will slump even further because of price hikes of up to 30% caused by the weak rand.

The impact of the rand/dollar exchange rate on VCR sales, already hard hit by import surcharges and HP restrictions, would not be immediately felt, they said.

Morkels merchandise director Irwin Rohrs said the rand's impact on heavy stock carries, such as VCRs, would be delayed for several months.

While Morkels did not import VCRs, retailers who did would probably be forced to lower prices in the short-term to get rid of excess stock. This could give the market an "artificial boost".

"But when stock is cleared, we'll see disappointing levels of VCR sales again," he said. Another retailer, who did not wish to be named, estimated that VCR prices would then jump 30%.

The effect on TV sales should be felt sooner, possibly within three months, because stock levels were not as high, Rohrs said. While the weak rand would probably encourage local manufacture, short-term demand for home entertainment goods had been effectively suppressed by government actions.

SYLVIA DU PLESSIS

"Ironically, the consumer has been heavily 'punished' with high interest rates, stricter HP terms and other clampdowns," he said.

VCR sales had already slumped 50% since August, and margins varied between 12% and 15%.

The chain's VCR overstock totalled about R500 000, with sales in January and February running at cost.

Dion financial director Mannie Chaimowitz said the impact of the weak rand on VCR sales would take about six months to be felt. VCR sales in particular had already been hit hard by import surcharges and HP restrictions, and Dion was planning to export unsold VCRs which were bought overseas.

Chaimowitz said the group had sold only 50% of the 3 600 VCRs imported from the East prior to August last year, when the 60% import surcharge was introduced.

The remainder — about 1 800 — were currently lying in bond, awaiting export overseas because of high holding costs.

Chaimowitz said the group made only R90 to R100 profit on each unit because of the weak rand/dollar exchange rate, GST and import surcharges.



Black capital at a disadvantage because of apartheid laws

# Why no township malls?

SKIN 2/11/82

30

South Africa has a wealth of shopping complexes in white urban areas, but there is a lack of similar developments in the townships. One property developer says this is due to restrictions and stumbling blocks created by vested interests. **SUE OLSWANG reports.**

The prerequisites to creating the "right climate" for the development of shopping centres in South Africa's black townships would be the scrapping of the Group Areas Act and the Separate Amenities Act, says Mr George Skinner, chief executive of Coreprop, Tradegro's property arm.

"We will see a positive outreach from black businessmen when these two Acts are removed from our statute books," he said.

One of the stumbling blocks presently preventing white business from developing shopping centres in black townships is the Black Communities Development Act, which basically restricts development by anyone other than blacks.

Another is the recommendation made by the Rieker Report in the late 1970s that black town councils "make their own recommendations on the admission of whites, colourists and Indians to trade in black urban areas".

## No credibility

However, black local authorities, some elected in a poll as low as 3 percent, frequently have no, or very little, credibility with township residents so it is difficult for property developers to become involved with them.

Also preventing development by white business is Natococ's (National African Federated Chamber of Commerce) defensive tactic of arguing that white capital should not be allowed into black townships unless blacks are allowed to trade in white CBDs.

White business may also be seen to be reluctant to participate in the 51-49 partnership concept produced by the Government in an attempt to foster township business without handing over control to whites, Indians or colourists.

These 51-49 arrangements are not governed by law, but there is an understanding that blacks must not have less than 51 percent and "non-blacks" not more than 49 percent of the interest in a partnership or shareholding of a company.

In addition, the black partners must be entitled to purchase full interests.

While bodies such as Natococ and the Small Business Development Corporation (SBDC) may perceive development by white property developers as a threat to the small black trader, Mr Skinner says a shopping centre environment would allow the small trader to "feed off the traffic generated by a centre's major or anchor tenant".

He does, however, concede that few small traders would be able to afford the rentals in



The scene at the opening of Blackchain in Diepkloof in 1980. Hundreds waited for hours before the ribbon was cut.

such centres.

One major supermarket chain, Pick 'n' Pay, shares Natococ's view about the threat to the small black trader.

Mr Hugh Herrmann, managing director, said his group would consider moving into black townships, but one problem is "competition from black traders who claim they would be disadvantaged by competing with the major chains".

"We believe in the free enterprise system so we would rather consider entering into co-operative ventures," he said.

Coreprop's Mr Skinner said the availability of suitable land does not pose a problem for property developers, but some may be reluctant to move into townships because they will often be

faced with the additional cost of developing infrastructure such as sewerage and electricity — a cost factor which they don't have to contend with when developing in white urban areas.

The fact that many black people can barely afford to purchase basics is another major factor preventing large scale shopping centre development in the townships.

"Township residents may have to 'mature' before we see any major moves into black urban areas," Mr Skinner said.

This basically means that there must first be a degree of affluence in the townships as the more affluent residents are the ones most likely to support a major shopping centre, especially with mobility being such a big problem.

While white property developers have been unable, or reluctant, to move into black townships, there are a number of black businessmen who have successfully overcome the handicaps of race, legal restrictions and lack of capital. Richard and Marina Maponya, for example, are a successful husband-and-wife team who own a neighbourhood shopping centre and supermarket, and other enterprises.

Another example is Mr Ephraim Tshabala, whose interests include shops and a cinema. In addition, a number of black traders have joined white-established co-operatives such as Spar and others receive support and service from Metro Cash 'n' Carry and other wholesale operations.

# Slight chance for talks in Boksburg

Star 30/6/67  
By Helen Grange

The shock election of Mrs Gloria Bosch as chairman of the Boksburg Town Council management committee on Friday has led to the first signs of a possible end to the six-month-old consumer boycott.

Mr Butch Jantjes, chairman of the Reiger Park Management Committee, has expressed the will to negotiate with Mrs Bosch, saying she is "much more open to discussions than Mr Gideon Fourie (the ousted management committee chairman)".

Until now, the coloured community of Reiger Park has steadfastly boycotted the town, and Mr Jantjes has been consistent in his call for a continued boycott.

Mrs Bosch said yesterday that although she had not been approached by Mr Jantjes, she would be "open for discussion". But any resolutions would have to fall within CP policy.

However, Mrs Bosch, elected in place of Mr Fourie during a special meeting called on Friday to remove a CP defector from the management committee, has already been threatened with suspension from the CP.

Mr Fourie said Mrs Bosch "might not be a member of the CP for much longer" as she has failed to act within the caucus guidelines.

## NO RIGHT

Said Mrs Bosch: "Mr Fourie has no right to speak on behalf of the CP."

"Neither has he any cause to make such a threat since I have acted, and will continue to act, within the framework of CP policy," she said.

Mrs Bosch also committed herself to the maintenance of the "whites-only" amenities in Boksburg, saying: "Anything that has been done by the CP council until now will not be changed."

## ME Stores group sold

30  
ZILLA EFRAT

CONTROL of DCM-listed ME Stores has changed hands for R1,3m, equivalent to 24c a share, and a similar offer will be made to minorities.

Cape Town-based Warwick Stevens has acquired the 70,1% stake in ME Stores on behalf of a company that is still being formed.

ME Stores made a loss of R54 000 for the six months to October in spite of a 17% increase in turnover. Stevens intends rationalising and expanding it.

The purchase consideration and offer to minorities will be reduced if the audited net tangible value at May 1 is worth less than 29,4c a share.

COMMERCE - GENERAL

1989

JUNE - AUG,  
JULY

# P 'n P seeks to expand through Africa

CPA/TM/5  
1/6/89  
30

THE CE of SA's most successful retail chain hopes shortly to see enough political change to realize his greatest dream — expansion northwards through Africa.

Raymond Ackerman, of Pick 'n Pay Stores, is confident that a new generation of leaders within the ruling National Party (NP) will break the apartheid deadlock and ease the strain on the isolated and struggling economy.

"The most natural expansion for us is to go up Africa because they need

food at our prices, they need modern marketing techniques. But we can't because of politics," Ackerman told Reuters in an interview.

"I'm busy making movements that way but it's a little bit in the future because of the political situation," he added.

Pretoria's apartheid policies prevent any large-scale economic assault on the vast undeveloped markets in neighbouring black states such as Zimbabwe and Zambia.

Ackerman said he pins his hopes for breaking the political deadlock on the man likely to succeed President P W Botha after September's general election, NP leader F W de Klerk.

Ackerman wants De Klerk to do a deal with the proponents of economic sanctions and disinvestment, setting a date for the final abandonment of apartheid in exchange for a resumption of normal trading links.

Pick 'n Pay is one of SA's most racially integrated firms, with blacks accounting for 40% of management posi-

tions, a proportion which continues to rise.

The company also sponsors an extensive programme of so-called social responsibility — financial aid and support for charities, community aid schemes and anti-poverty projects, aimed mainly at achieving racial harmony and equality.

"Foreign suppliers and organizations need to see there's another side to the coin," he said.

"The government is tightening up this economy much too tightly, as a retailer we feel it, money is being sucked out of the economy," he said.

Ackerman's first tentative attempt at foreign expansion has already foundered on the rocks of political dissent.

In 1984, a Pick 'n Pay hypermarket opened in Brisbane, Australia, but only four years later Ackerman was forced to withdraw because of heavy union pressure.

"Four years' work went down the drain, wiped out by the unions who would not let me open another store. We had to sell out in Australia," he said.

He criticises unions, foreign governments and SA civil rights leaders who call for tougher sanctions.

"I spend an enormous amount of my time going to see my suppliers overseas telling them not to listen to various church leaders and others. The black man does not want him to disinvest, as sure as I'm sitting here.

"I don't say we deserve the opprobrium of the world... I disagree with the over-moralistic view of people like the Swedish government," he added.

But Ackerman is unwilling to rest on his laurels, having taken Pick 'n Pay from four small stores in 1967 to a chain of more than 100 supermarkets with 26 000 employees.

Pick 'n Pay, which is controlled by the Ackerman family, had a 1988 profit of R67,7m on turnover of R3,87bn.

Now he aims to expand the cash-and-carry business, the smaller corner shop markets and the home improvement sector.

"We have to grow to survive, if we don't grow because we cannot expand in the right area we will just die," he said. — Reuter



Raymond Ackerman

# Rough economic ride ahead

By Lloyd Coutts (30)

Consumers and small businesses are in for a bumpy ride following the recent shock announcement of further restrictions on hire purchase, higher interest rates and forced company tax levy.

According to Mr Paul Edwards, chairman of Information Trust Corporation, a supplier of credit information, bankruptcies are likely to increase substantially as consumers and small businesses are forced to the wall.

He said these would become apparent only by July or August in recorded statistics. The latest bankruptcy statistics indicated that for the first quarter of 1989, business failures decreased by 15 percent over 1988, while the number of individual sequestrations fell by 25 percent.

Mr Edwards attributed this to the fact that the position of consumers and businesses was strong for most of 1988.

His concern for small businesses stemmed from the fact that they tended to rely more heavily on bank overdrafts, which could be two or three

percentage points above the new prime rate of 20 percent because of their higher risk profile.

They also had lower cash reserves than larger companies which were better equipped to weather downturns in demand caused by a faltering economy.

However, he welcomed the news that small businesses and farmers may be eligible for slightly lower interest rates under a subsidy scheme announced by the Reserve Bank.

Criticising the latest moves by Minister of Finance Mr Barend du Plessis as "knee jerk" and possibly "overkill", Mr Edwards warned that consumers were being pushed to the limit.

"The tremendous increase in bank advances and reduced savings levels indicate that consumers are borrowing heavily in an attempt to maintain their standard of living.

"There is every indication that there will be a repetition of 1984/85, when a record number of bankruptcies occurred due to the severe credit squeeze and sky-high interest rates."

SKD  
38  
RAN  
M.P.  
750

5/27/89

Import and manufacturing trends show spending slowing down

# Economy on way to soft landing

GRETA STEYN

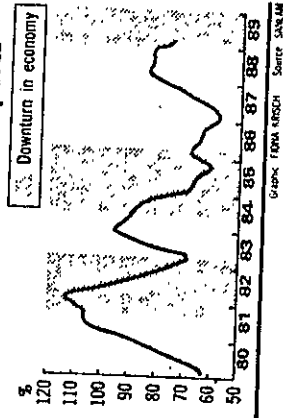
THE economy has started its descent towards a soft landing as more signs emerge that the downswing is in place.

The latest trend on imports, manufacturing, retail trade and motor vehicle sales shows the rate of increase in spending is slowing down. This is confirmed by latest Reserve Bank statistics on the business cycle.

The Bank's coincident indicator, an index which shows the current level of economic activity, is no longer rising at a dizzy rate. The index rose by only 1.7% between October 1988 and January this year, compared with a much faster increase of 6% between July and October last year. The indicator stuck at 132.2 in December and January, the latest figures available.

The indicator is derived by combining the trend on statistics which show

Imports as % of exports



the current point in the business cycle. These statistics, such as retail sales, manufacturing production and GDP, are grouped together to form a new index, but separately they exhibit the same cyclical trends.

Even if this indicator does not yet show a decrease — figures for more recent months are not yet available —

it does indicate some slowdown in the rate of spending growth.

An indicator showing the descent has probably already started is the ratio of imports to exports. In times of economic slackness, imports increase considerably more slowly than exports, and vice versa. Sanlam, drawing attention to the graph above, says in its latest Economic Survey: "By these standards the economy is already in the early stages of a downturn; the ratio of imports to exports should therefore decline further during the course of the year."

An area in which a slackening is apparent is manufacturing production. Latest GDP figures show the manufacturing sector registered a decline of 0.7% in the first quarter from the fourth quarter of last year, at seasonally adjusted annual rates. At constant prices, the contribution to GDP by the manu-

facturing sector was R7bn — down from R7.8bn in the third quarter last year and R7.3bn in the last quarter.

Retail sales shows spending has fallen back from the frantic levels seen a few months ago. Although retail sales are still at a high level, latest figures are a strong indication the top has been reached and a descent lies ahead.

CSS figures show real retail sales for May are expected to be 2.2% down from April. On a seasonally-adjusted basis, preliminary figures show a real decrease of 2.4% in the three months to May, compared with the previous three-month period.

The United says in its latest Economic Perspective that a rise in real spending in the second-half of the year is expected only from the government sector and foreign demand for SA exports.

# 50% tax leap if VAT replaces GST Ackerman

CAPE TOWN — Consumers will pay about 50% more in tax if GST is replaced next year by a value added tax (VAT) based at 13% or 15%, Pick 'n Pay chairman Raymond Ackerman said yesterday.

At the company's annual meeting here he appealed to government not to introduce VAT at those levels, but to reduce it substantially, as VAT would be added on to foodstuffs.

Ackerman said Pick 'n Pay wanted to be able to lobby government to bring VAT down to 9% or 10%.



"GST works out at only about 9% because many foods are excluded. To bring

<sup>18 Dec 11/6/87</sup>  
VAT on at these rates will add roughly 50% more.

"It would be highly inflationary and absolutely wrong," he said.

Ackerman said as part of the fight against inflation he had called for a Supermarket Institute, like the US Food Marketing Institute, to fight primarily on four fronts:

- Lobbying government on anything that affected the consumer;
- Aggressively fighting collusion by monopolies or cartels;
- Sharing knowledge with other supermarket companies of their operations to try and improve efficiency and techno-

logy, and    
 As a supermarket industry, to try and prevent international manufacturers from disinvesting as a collective voice — "and not just myself talking to American companies".

Inflation was really getting serious, he added. "If we hammer these four areas we will play a significant role in the country.

"But as competitors we will continue fighting each other tooth and nail on prices."

This year had shown it was tough. "Consumers are definitely spending less, more selectively" — Sapa.



## Vadek holds pay-out as earnings dip

B/Dy 1/6/87

30

TANIA LEVY

VADEK Paints suffered a decline in earnings after discontinuing its general contracting activities in the year to February.

A final dividend of 4c a share has been declared for the second year.

Earnings dropped 15% to 8c a share from 9,4c the year before, after Vadek terminated contracting activities acquired with the purchase of Master Coatings in 1987.

This offset profit growth from ongoing manufacturing, wholesaling and retailing operations whose turnover and taxed profits increased 45% during the period under review.

Taking the discontinued operations into account, turnover improved 27,5% on the previous year.

Discounting operations further necessitated a R304 000 loss which has been deducted as an extraordinary item.

Vadek's new Durban Decor Centre is included in the R2m increase in fixed assets, R1,6m of which has been financed by long-term borrowings.

Current assets rose 36,8% with the increase in turnover.

Chairman J Vadas attributes the 84% increase in short-term debt to non-recurrent losses incurred and to expansion.

He is confident the group should return to a more acceptable profitability during the coming year.

# Black businessmen on Malawi trade venture

Star 2/6/87



30

By Jabulani Sikhakhane

In an attempt to expand their share of the economic cake, black businessmen are exploring opportunities of getting into the import and export trade — mainly with neighbouring African countries.

Next Wednesday sees a group of about 100 black businessmen leave on a business tour of Malawi to explore opportunities of doing trade with their Malawian counterparts.

The tour hosted by the African Businessmen's Association of Malawi, comes soon after several business trips to Africa by delegations from the National African Federated Chambers of Commerce. Nafcoc has also twice visited Japan to explore business opportunities with Japanese firms operating in SA.

The Malawian tour organised by business consultant, Willie Ramoshaba, has

the support of the country's black business and professional organisations.

Leading the tour is Dr Samuel Motsuenyane, president of Nafcoc, who will also address a seminar on "the need for economic co-operation among blacks in the sub-Saharan region."

Other organisations backing the tour are Sabta, the Association of Black Accountants of SA, Achib and six other organisations who will each send a representative.

The rest of the tour will be spent looking at regulations on import/export of goods between Malawi and South Africa, possible areas of co-operation between Malawian and SA black business professionals, the available sources of finance for export and import trade between the two countries and visiting specific industries in Malawi.

The purpose of the tour, says Ramoshaba, is to expose black businessmen to trade opportunities in Malawi. They will also attend an all-Africa trade fair which will give them opportunities to identify goods for importing to South Africa.



Dr Samuel Motsuenyane

SAGE HOLDINGS

# Ready for next phase

**Activities:** Financial, investment and management services; property investment and construction.

**Major shareholdings:** Mines Pension Fund 31%, Rembrandt 28%, H L Shill 15%.

**Chairman and managing director:** H L Shill.

**Capital structure:** 21,8m ords; 5,5m var rate convertible prefs. Market capitalisation: R262m.

**Share market:** Price: 1 200c. Yields: 5,0% on dividend; 9,5% on earnings; PE ratio, 10,6; cover, 1,9. 12-month high, 1 400c; low, 1 100c. Trading volume last quarter, 80 000 shares.

**Financial:** Year to December 31.

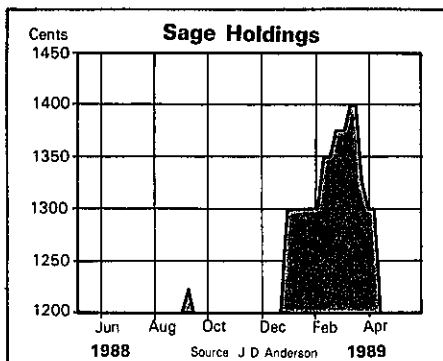
**Performance:**

	'85	'86	'87	'88
Return on equity (%) ..	18,1	20,4	28,7	35,0
Total assets (Rm) ....	647	1 014	1 245	1 535
Taxed profit (Rm) ....	21,2	20,7	26,3	34,4
Earnings (c) .....	84	86	100	114
Dividends (c) .....	48	50	58	60
Net worth (c) .....	462	421	349	325

As the Sage group enters the final phase of its rationalisation, with the impending listing of Sage Financial Services (SFS), shareholders could be wondering whether completion of this programme will herald a return to more acceptable earnings and dividend growth rates.

The annual report makes the point that attributable earnings since 1978 have increased at an average annual compound rate of 24% (it was actually 25%, but no matter). Not said, however, is that during the first half of this period (1978-1983) the growth rate was 36% a year, after which it slumped to 15%, while in the case of EPS the deterioration was even more marked due to the substantial increase in the number of shares outstanding — this resulted in the EPS growth rate over the two five-year periods falling from 35% to a miserable 5%, while the corresponding figure for dividends were 23% and 7% respectively.

Nor, for that matter, did the latest financial year bring any relief despite a generally buoyant corporate profit scene. Sage's at-



**Sage's Shill ... benefits from capital injection**

tributable earnings were up only 13,5% — below even the average for the latest five-year period — while the dividend total was increased 2c (3,5%) to 60c in line with a decision to rebuild cover to the level of the early Eighties.

Chairman Louis Shill, incidentally, points out that by its nature the group has a long-term history of moving in steps of roughly five years, that substantial capital has been (or will be) injected and the recent slow phase is ending.

The question as to whether the group in its restructured form will be able to improve on the above is relevant because the main fly in the ointment has in fact been the financial services division whose contribution to group earnings has grown by only 13% a year since 1985 against the 22% achieved by the much smaller property division. This could explain why SFS is being listed via an issue of convertible prefs, as there should be a positive gearing effect on the equity earnings of this division which, as in the past, will continue to accrue to Sage.

The mechanics of the listing are basically the same as those used for Sage Property Holdings (SPH) towards the end of 1987, other than the fact that SPH went for a straight rights issue of ordinary shares. From Sage's point of view, possibly the main consideration is that the rights issue route obviates the need to sell off any of its existing investment as the necessary spread of shareholders for the listing is obtained through expansion of the capital base of the subsidiary.

The same consideration means that the

income stream to the holding company is not adversely affected — in the case of SPH the contribution to group earnings in 1988 (the first full year after the listing) grew 23% compared with a 24% increase in 1987, while for SFS, as indicated above, there could even be an improvement due to the gearing effect of the prefs to be issued.

Part of the R100m which will accrue to the group from the rights issue will be injected into Sage Life. Though this company has become the most important single entity in the group since the merger of Ned-Equity and the SA operations of National Mutual in 1987, its disclosed equity earnings last year were up only 10%. This was decidedly sub-standard for the life assurance industry and could indicate that the company is operating from a too-narrow capital base. If this is the case, the injection could solve a number of problems as Sage Life accounts for more than 61% of SFS attributable income and 44% of total group earnings. An improvement here, therefore, say to the 20% annual growth rate normally achieved by other major life offices, would have a significant effect on the entire group.

Coming midway through the financial year, full benefits of the capital injection will not accrue until 1990 and, meanwhile, shareholders must live in hope of a return to EPS growth which at least matches inflation. The share, at a 5% historic dividend yield is a reasonable hold under present market conditions, especially considering the unquestioned quality of Sage's earnings.

Brian Thompson

PICK 'N PAY (30) *mail*  
*26/89*

## Stock to pick

Pick 'n Pay's (P 'n P) excellent performance has been well covered this year (*Leaders* March 17 and *Fox* March 31), but its solid growth still deserves praise. Long-term growth rates and the strong balance sheet show why the share is given a premium rating.

Maintaining consistent performance is difficult and in the mid-Eighties analysts believed P 'n P was ex-growth. The slowing, however, proved to be a time for the group to catch its breath and stretch its ideas: EPS growth picked up in 1986, the pace rising to 29% in the 1989 financial year, giving a compound annual rate of 15% in the past five years and 42% over 10 years.

"We won't equal last year's growth again this year," says MD Hugh Herman, "but we will maintain the average of the past five

u/g AGed 3/6/87

# Anger at 'food war' plan

## But Big 3 deny aiming at local manufacturers

By CHRIS MOERDYK  
Weekend Argus Correspondent

JOHANNESBURG. — Food manufacturers have reacted angrily to what they believe to be a plan by South Africa's three major supermarket chains to join forces in an effort to squeeze supplier prices.

However, the supermarkets have moved to allay the manufacturers' fears by insisting that any joint effort would have nothing to do with bringing pressure to bear on suppliers to lower their prices.

Pick 'n Pay chief Mr Raymond Ackerman said that only those suppliers who were monopolies or involved in price collusion or cartels could expect the combined wrath of the supermarket alliance should it get off the ground.

"The idea is certainly not to try to collectively negotiate price reductions from suppliers. That is something that only the individual supermarket chains can do," he said.

### Four-point plan

Mr Ackerman confirmed that earlier this week he had written to the other major supermarket chains in South Africa as well as local consumer organisations, suggesting a four-point plan to be implemented once the proposed alliance had been brought into being.

The primary objectives of any joint action by the major

supermarket chains and consumer bodies would be to:

- Lobby government on anything that affected the interests of the consumer;

- Fight against cartels, monopolies and price collusion in the manufacturing or supply sector;

- To send delegations backed with the combined power of all the groups concerned to overseas countries with manufacturing operations in South Africa to try and persuade the multi-nationals involved not to disinvest their South African interests; and

- To co-operate with each other in the interests of the consumer, in every way other than combined attempts to force suppliers to lower prices.

Mr Ackerman added that his plans for joint action would ensure that the supermarkets involved remained as highly competitive as they were.

Reacting to the supermarkets plans published last week, the national vice-chairman of the SA Institute of Marketing Management, Mr Ray Wood, said "It's fine and about time the giant supermarket chains combined efforts to look for ways to cut costs.

"However, they already have taken so much out of the food manufacturer's hides that they should think hard before tightening those particular screws."

Checkers MD Mr Clive Well said yesterday he had not yet received Mr Ackerman's letter, but confirmed that he would

welcome any joint venture as long as this did not encroach on any competitive element.

"For a long time, Checkers has believed that major retail organisations should meet to exchange information that will ultimately benefit the consumer."

"I am not talking about getting together to squeeze our suppliers for lower prices, that's something that must be left to the individual retailer. However, we need to look at jointly improving productivity as a means to make our products available to the consumer at the lowest possible price.

### Dishonesty register

"We need to look at ways of cutting down on shoplifting, getting together to reduce the incidence of bad credit cards and cheques, combating internal theft and fraud — perhaps by having a register of dishonest employees.

"We need to eliminate the growing tendency among local suppliers of pricing their products in dollars."

Mr Gordon Hood of the OK Bazaars said earlier he had not received any communication from Mr Ackerman.

He said however that the OK was well represented on Assocom's retail and distribution committee and already did as much as possible to promote the interest of the consumer, "but if anyone approaches me I would be pleased to join in."

■ See also Page 6.



Picture: BRENTON GEACH, Weekend Argus

After a long walk all that Mr Adi Behrend needs is to get his feet up with a cuppa — served by Mr Gordon Oliver, deputy mayor of Cape Town.

## BRAVING ELEMENTS ON FOOT FOR SCOUTS

By DENNIS CRUYWAGEN

Weekend Argus Reporter  
IT finished a week ago for Mr Adi Behrend but there was no fanfare, pomp or ceremony.

Today the city made up for it — the man who braved the elements and "crazy drivers" in

his walk from Windhoek to Cape Town was officially welcomed to the Mother City by deputy mayor, Mr Gordon Oliver.

Mr Behrend entered the city in a symbolic walk which started at the Good Hope Centre.

Waiting for him at the City Hall were scores of Boy Scouts, Mr Oliver, Mr Radish Radmore, deputy area commissioner of the Boy Scouts in SWA-Namibia, and Mr Garnet de la Hunt, the Chief Scout of South Africa.

The 1 500km slog was all part of a campaign to raise cash for the Boy Scouts in soon-to-be independent Namibia.

Mr Behrend, whose tanned, rugged face gave no indication that he is 51, covered the dis-

tance in 28 days.

His worst experiences were "crazy drivers trying to force me off the road", he said.

Generally, though, motorists were friendly, tooting their hooters at him as they passed.

"I walked at night for the

most of the time and the longest distance I covered was 134 kilometres in 22 hours, non-stop."

He was accompanied by Mr Roland Nick who drove his support vehicle and cooked his meals.

Pick 'n Pay in black Africa

# Ackerman looks to the north

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Star 3/6/89

CAPE TOWN — Mr Raymond Ackerman, head of South Africa's most successful retail chain, would like to do the unthinkable: expand north into independent black Africa.

He hopes that, as apartheid is eroded, economic sanctions against South Africa will be washed away, allowing his stores to set up food outlets in the region.

"The most natural expansion for us is to go up Africa because they need food at our prices, they need modern marketing techniques. But we can't because of politics," Ackerman said.

"I'm busy making movements that way, but it's a little bit in the future because of the political situation."

Pretoria's apartheid policies prevent any large-scale advance on the vast, untapped markets of such nearby black states as Zimbabwe and Zambia.

Ackerman, a fierce critic of apartheid, said he pinned his hopes for breaking the political deadlock on the man who will succeed President P W Botha after a general election in September — National Party leader F W De Klerk.

## Very impressed

"I'm very impressed with De Klerk. I think we have the ingredients of a man who is going to be a statesman, not just a politician."

Mr Ackerman wants Mr de Klerk to "do a deal" with advocates of sanctions and disinvestment — setting a date for the end of apartheid in exchange for a return to normal trade.

He practises what he preaches — his company, Pick 'n Pay, is one of South Africa's most racially integrated. Blacks, Coloureds and Indians make up 40 percent of its management, and the firm sponsors schemes with racial harmony and equality as their aims.

"Foreign suppliers and organisations need to see there's another side to the

## ANDREW STEELE

coin. We're not all white racists trying to hang on to white privilege," he said.

Hundreds of foreign companies pulled out of South Africa during the early and mid-1980s and banking and loan facilities were cut off, forcing the white government to maintain a balance of payments surplus to pay off foreign debt.

Pretoria responded by declaring a partial moratorium on foreign debt repayments and has recently announced a stringent austerity package and credit squeeze aimed at curbing consumer spending — another headache for Ackerman's retail empire.

"The Government is tightening up this economy much too tightly. As a retailer we feel it, money is being sucked out of the economy."

He also criticises the push for tougher sanctions.

"I spend an enormous amount of my time going to see my suppliers overseas telling them not to listen to various church leaders and others. The black man does not want him to disinvest, as sure as I'm sitting here."

Ackerman is unwilling to rest on his laurels, having taken Pick 'n Pay from four small stores in 1967 to a chain of more than 100 supermarkets with 26 000 employees.

Pick 'n Pay had a 1988 profit of R68 million on turnover of almost R4 billion.

To Raymond Ackerman, expansion into black Africa is a dream which must be realised if the giant group is to prosper.

"We have to grow even to survive. If we don't grow because we cannot expand in the right area, we will just die," he said. — Reuter.

Star 3/6/89.

# Food manufacturers hit lean times

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**ALTHOUGH** South Africa's supermarket chains have insisted that they are not banding together to put the squeeze on suppliers as such, consumers might well ask, why not? **RAY WOOD, an independent marketing consultant and National Vice-Chairman of the Institute of Marketing Management who was in the food manufacturing business for many years, looks at what the ramifications would be.**

IT'S FINE and about time the giant supermarket chains combined to look for ways to cut costs. But, they have already taken so much out of the food manufacturer's hides that they should think hard before tightening those particular screws.

Already the manufacturers pay for most of the chains' advertising. You can judge from the double page spreads in full colour and from the TV ads that a lot of money is already going into adverts that could otherwise be used to reduce costs. To price-compare you need only a

black and white column line! But for chain image, it seems, you need a blockbuster.

Already the chains take discounts and confidential (rebates) from the manufacturers which amount to many millions of rands. A lot of this goes straight into the profits of the chains.

And they operate mainly on manufacturers' credit so their returns on capital are outstanding — while food manufacturers in the main hardly beat the overdraft rate on their return on capital.

But, let's admire the chains for having done a brilliant job of innovation and in growing their businesses and for having negotiated the manufacturers into a hole. But let's ask them to focus on overall productivity now, not just a shift of profits.

## Survival tactics

The penalties of further pressure on manufacturers are going to lead to desperation/survival tactics, none of which are going to be good for a sanctions-beset South Africa. Here are some of the consequences of having our manufacturers with their backs to the wall:

● Takeovers and mergers — which reduce competition. Farmfare chickens is a recent example — now merged with Bokomo and Sacca. Goodbye Farmer Brown. And the biscuit manufacturers — Bakers now own Pyotts — and of course the Baumanns controlled Bakers — now all three under one roof. And the problem is not only South African — look at the multi-nationals — Nestle reaping the takeover of Carnation — what price condensed milk?

● Reduced or no research and development into new and better products. We all know the importance of good nutrition in basic food products in Third World countries. There is little incentive to do good things when you can't make a decent margin. It's hard enough to sell good nutrition anyway — white bread and white mealie meal are two monstrous examples of ignorant consumer preference wrecking its scythe through already malnourished people.

And to the convenience and pleasure foods: developments are cut back — and that eats into national productivity and that simplest of pleasures — eating enjoyment. Just think of the huge percentage of women working today — around half the population. Anything that can reduce their slavery to the kitchen must be well reaped in better cared-for children, in better productivity and in leisure en-

joyment. Roll on the day when the microwave is in 90% of homes and manufacturers have catered fully for this potential

● Reduced or eliminated quality control. In most foods there is a considerable health hazard if formula errors are not caught in time, if hygiene is neglected, if storage and protection are poor. All will be aware of the problems concerning perishable and frozen/chilled foods. But there is a huge unseen danger lurking in most foods

What we must urge the chains to do is to focus on the wasteful practices and the efficiency opportunities that exist — within the chains themselves, and in co-operation with the manufacturers. To list a few

● The long delays at receiving doors, where trucks can stand for hours.  
● The very wasteful practice of the chains compelling manufacturers to pass credits for all damaged stocks of their products in the store. Chains must absorb this themselves. Only at the receiving doors should they be able to throw damaged goods back at the manufacturer. After that it should be the chains responsibility. If there is no penalty for sloppy handling in-store — who cares about wastage!

● Central warehousing — at present the chains use their own warehouses for cut-price buying — which is a very competitive good thing, so they tend to resist giant central warehousing operations. There's room for a least three so it would be highly competitive.

● Merchandising — most manufacturers are compelled to pay for merchandisers to unpack and price-mark their products for the chains. The logistics of travel and the confusion of management roles makes this an utterly ridiculous system — but again the chains are so powerful that few manufacturers dare say no.

So all you supermarket: by all means get together. We look for great things from the mooted Supermarket Institute. Make it better for South Africa as well as yourselves. And do go for wine, malt and spirit licences. And complete freedom in baking your own bread. But don't monkey with strategic essentials for the sake of cheap publicity.

And don't kill the food manufacturing industry's ability to invest, to develop new and better products, to operate efficient giant distribution centres.

And do go for completely open trading — we can't have the emerging black traders at the end of the whip, where the place they get best prices is their competitors — the supermarket chains!



NEWS

# Black economic power seen as sign of hope, but not the answer

AS South Africa's seemingly intractable political problems grow in size and urgency the expanding economic power of black people is identified as a sign of hope.

The phrase "black empowerment" meaning primarily but not exclusively economic empowerment, is increasingly on the lips of key political actors and observers.

Professor Brian Kane, put to end the imbalance of wealth without the intervention of the State.

Mr John Kane-Berman, director of the Institute of Race Relations, says, may constitute as much as 40 percent of the informal sector which he identifies it as the backbone of South Africa's ill-fated economy.

His optimism is reflected in the title of a recent article: "The Hidden Hope" where he writes:

despite statute books piled six-foot high with apartheid laws," he says.

Mr Kane-Berman recalls only six years ago, in 1983, legislation was tabled to drive the minibus industry off the streets.

He readily acknowledges that greater black economic power does not automatically lead to increased political power.

"To translate economic power into political demands backed by economic power is a risky business," he says.

people who have to take the risks are the blacks." Ordinary black people have, however, taken risks before, he says; he refers to the settlement

of blacks in whole areas of Johannesburg in defiance of the Group Areas Act and their wholesale refusal to heed the now discarded pass laws.

Mr Kane-Berman, a strong opponent of sanctions and disinvestment, argues that black economic empowerment, and the potential political leverage which it gives blacks, is best advanced by economic growth.

The way to encourage it is not, as some American Congressmen seem to think, through financial donations; the way to kill black entrepreneurship is to create a "dependent

cy syndrome" in which blacks become dependent on foreign handouts.

"Economic growth is necessary but is not a sufficient condition for black empowerment," Mr Kane-Berman says.

"Black economic empowerment rides on the back of economic growth," he adds, recalling how economic expansion in the 1960s forced many companies to train black people to do skilled work because no whites were available.

and how those same blacks exploited their irreplacability to enhance their power still more.

Dr Duncan Innes, associate professor of indus-

trial sociology at the University of Witwatersrand and editor of the informative *Innes Labour Brief*, offers a different perspective.

No one can disagree with the principle that economic empowerment, given the fundamental imbalance of wealth between the white and black communities, he says.

"But a lot of advocates of black economic empowerment are overly optimistic about its impact," he adds, noting that there is often heavy reliance on spectacular black achievement in the informal sector of the economy.

He points to the black capitalists generating

wealth as they make their way up the economic ladder.

"Most of them work for white farmers."

Dr Innes contends that foreign companies and governments should be encouraged to make funds available for black empowerment. But these funds should be administered by trusts on which trade unions should be represented — and subject to strict auditing, he adds.

South Africa will not grow as long as there is apartheid; its immediate future is that of a third world country with little capital for growth.

In these circumstances, the arguments in favour of trust funds, even if owned by whites, says many black hawkers are not intransigent small capitalists, generating

# Chains link-up plan is still on move

CHRIS MOERDYK

PICK 'N PAY chief Mr Raymond Ackerman has shed further light on his plan to bring together the three giant supermarket chains to fight for the consumer.

But he has moved to allay manufacturers' fears about the plan by insisting that any joint effort would have nothing to do with bringing pressure to bear on suppliers to lower their prices.

Mr Ackerman told Saturday Star yesterday that only those suppliers who were monopolies, or involved in price collusion or cartels, could expect the combined wrath of the supermarket alliance.

"The idea is not to try to collectively negotiate price reductions from suppliers. That is something only individual supermarket chains can do."

● TO PAGE 2.

# Battle to help the consumer

● FROM PAGE 1.

Mr Ackerman confirmed that this week he wrote to other major supermarket chains and consumer organisations suggesting a four-point plan.

The primary objectives of joint action by major supermarket chains and consumer bodies would be:

- Lobby the Government on anything that affected the interests of consumers.
- Fight against cartels, monopolies and price collusion.
- Send delegations backed with the combined power of all the groups concerned to overseas countries with manufacturing operations in South Africa, to persuade multinationals not to divest.
- Co-operate with each other in the interests of the consumer in every way, other than combined attempts to force suppliers to lower prices.

Mr Ackerman added that his plans for joint action would ensure that the supermarkets involved remained highly competitive.

"We shall go on fighting each other tooth and nail on price and market share."

There has been angry reaction to the joint supermarket plan.

In Saturday Star last week, the national vice-chairman of the South African Institute of Marketing Management, Mr Ray Wood, said: "It's fine and about time the giant supermarket chains combined efforts to look for ways to cut costs. But they have already taken so much out of the food manufacturer's hides that they should think hard before tightening those screws."

## Shift of profits

"Let's admire the chains for having done a brilliant job of innovation, and in growing their businesses and having negotiated the manufacturer's into a hole. But let's ask them to focus on overall productivity, not just a shift of profits."

Checkers managing director Mr Clive Weil said he had not received Mr Ackerman's letter yet, but confirmed that he would welcome any joint venture so long as it did not encroach on any competitive element.

"Checkers has for a long time believed that major retail organisations should meet to exchange information that will ultimately benefit the consumer."

"I am not talking about getting together to squeeze our suppliers for lower prices, that's something that must be left to the individual retailer."

"But we need to look at jointly improving productivity as a means to make our products available to the consumer at the lowest possible price."

Mr Weil said some retailers, including Checkers, had formed a committee within the Association of Chambers of Commerce (Assocom) some time ago, but Pick 'n Pay had not agreed to be part of it. Mr Ackerman's change of heart was most welcome. He reiterated the proviso that joint action should not affect any competitive element.

He said he would be happy to join forces with Pick 'n Pay and any other interested retail organisation or consumer group.

Mr Gordon Hood of the OK Bazaars also said he had not received any communication from Mr Ackerman yet.

But he added that the OK was well represented on the retail and distribution committee of Assocom, and already did as much as possible to promote the interests of consumers.

"But if anyone approaches me, I would be pleased to join in," said Mr Hood.

● See PAGE 3 and PAGE 10.



# Clicks to open new store every 2 weeks

W/E 11/11/87 3/16/87

Business Staff

30

CLICKS the country's leading toiletry and gift store has embarked on an aggressive expansion programme and is to open a new store at a cost of about R200 000 every two weeks, chairman, Mr Jack Goldin said at the annual meeting in Woodstock yesterday.

He told shareholders that for every one rand spent in company stores only about two cents translated into the bottom line.

The chairman of the Shareholders' Association, Mr Issy Goldberg, said it was perhaps necessary for the staff at all levels to realise the tight competitive environment in which the company operated.

Mr Goldberg said the net asset value of the company at around 235c a share showed a "goodwill figure" of about 450c on the price quoted on the Johannesburg Stock Exchange.

Mr Goldin said the interest bill had risen as a result of the latest expansionary moves, but the return from this would begin to flow through in the years ahead.

MD Mr Trevor Honneysett said the expansion at Diskom stores was gathering momentum and contribution to bottom line from two of these stores equalled about one full Clicks outlet.

He said the stores were pitched at a different trading level, but nevertheless certain of the Diskom stores were showing remarkable turnover figures.

Mr Goldin said Clicks could begin to retail food if it so desired. "There is nothing to stop us."

He said the latest reporting period was for the eight months to end February and the interim dividend would take into account the shortened "year-end" figure.

The year-end was changed to tie in with the new controlling shareholder that of the Score Group and Mr Goldin said "we have been left to run Clicks as a fully independent operation."



Trevor Honneysett



Harry Goldin

# Cash on the nail keeps MAS happy

STimes 4/6/89  
By Ian Smith

SUPPLYING customers who spend practically every rand which comes into the household may appear to have its limitations.

But it does protect the dealer from many of the vagaries of the economy.

Marco van Embden, chief executive of SA's biggest mail-order house MAS Holdings, says: "We have a customer base which is not affected by higher mortgage bonds and soaring interest rates - our sales volumes keep increasing."

The group, listed in 1986, has produced consistent earnings growth in the past five years of about 30% a year, trebling earnings from 8,8c a share to 25,6c.

In the year to February Mashold scored a 34% increase in pre-tax profits from R4,6-million to almost R6,2-million. Taxed profit in-

creased 29% to R4,9-million and earnings per share showed 27% growth.

A total dividend of 12c (10c last year) has been declared.

Mr Van Embden says: "I would not say that we are totally recession-proof, but we fare a lot better than many other retail sectors in the bad times."

## Creditor

"We are almost entirely a cash business, selling non-luxury goods to a direct market. Our 'shop windows' are the millions of catalogues we mail every year throughout the sub-continent."

"Payment is either made with the order or by COD through the post office, which is our biggest creditor."

Last year Mashold took over Grolier from its disinvesting US parent. Grolier

sells books, encyclopedias, the Time-Life and National Geographic series and the Walt Disney range of children's titles.

This is the only company in the group which sells on short-term credit, but it is contributing to earnings, says Mr Van Embden.

"We have translated the Disney range of titles into Afrikaans and the response has been beyond expectations. Orders are streaming in."

Mashold keeps tight control of its operations, and Mr Van Embden says 95% of the 1,5-million orders a year are sent within 72 hours of receipt.

The current year has started well.

"We are looking strong after the first two months' profit figures and the turnover figure for May," says Mr Van Embden.

# Sappi farms it out

PULP and paper manufacturer Sappi, celebrating a year of record earnings after hugely improved output, strong world markets and acquisitions, is sharing its good fortune.

The group, which spends more than R4-million a day buying materials and services from outside suppliers, has introduced its own privatisation policy.

The annual report says Sappi has become a major job and wealth creator in its own right. Chief executive Eugene van As says Sappi concentrates on managing those things which are a core part of its business.

"We have, therefore, found it to our advantage to contract out activities which do not form part of our core business to specialist organi-

Business Times Reporter sations, some small and some large." Mr Van As says.

"We have a policy of assisting small organisations to start and this has led to the creation of numerous small businesses ranging from harvesting and haulage contracting to those providing security services, catering, fire-fighting, landscaping, cleaning and many other service activities."

But it does not end there. Sappi's expansion has also opened opportunities for large contracting companies and for small specialist organisations which can help in the manufacture or maintenance of specific equipment.

Sappi has developed three farming schemes to ensure supplies of its major raw material, timber, from farming communities and small growers.

Project Grow In KwaZulu

gives support and free high-quality seedlings to small farmers. More than 800 people are working on the project.

Through its Fiesta scheme, Sappi develops and manages plantations for investors who do not wish to operate them.

Project Map helps mixed farmers to plant trees on land unsuitable for other crops.

In the 14 months to February 28 turnover jumped to nearly R2,5-billion, an annualised 61,2% increase. Net income was R496,7-million.

All divisions achieved record results, including the Saiccor dissolving pulp mill acquired during the year.

Record earnings of 607c a share reflect a compounded annual increase of 26% in the past 10 years on a base that has risen from 28,6-million shares in issue to 86,4-million.

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# Differences threaten unity of organised black business

By Jabulani Sikhakhane

A new attempt to move the black entrepreneur into the mainstream of the economy and protect the interests of the consumer has been launched by 12 business, professional and consumer associations.

But Fabcos — the Foundation for African Business and Consumer Services — which was formed last October is already heading for a confrontation with the more established National African Federation of Chambers of Commerce (Nafcoc).

Today, according to its media liaison officer Terry Mphahlele, Fabcos has 12 affiliates with an overall membership of one million.

The South African Black Taxi Association (Sabta) and the National Black Consumer Union (NBCU), which alone have 50 000 and 600 000 respectively, were the founders of Fabcos.

Mr Mphahlele says Nafcoc had initially been approached to join forces with Fabcos, but negotiations broke down early this year when Nafcoc showed no interest.

However, Nafcoc's public affairs manager, Gabriel Mogkoko, says: "We have not been able to conclude negotiations with Fabcos because they said some of the things like the structure of the organisation were non-negotiable.

"It is regretted that while the

need for unity among blacks remains a matter of paramount importance at this time, certain organisations allow themselves to be fragmented and reduced to small, ineffective units with diminished bargaining power," Mr Mogkoko says.

He says that Nafcoc is quite prepared to affiliate members of Fabcos, "but will not as an older and better recognised federation sacrifice its identity and sense of history by joining a new established business body.

"Nafcoc has for more than 25 years addressed issues covering the entire spectrum of black socio-political needs, and will continue to do so with increased virility."

However, on a more conciliatory note, Mr Mogkoko says that Nafcoc views with appreciation the willingness of Fabcos to negotiate with Nafcoc in future.

In the meantime, Fabcos' plans, says Mr Mphahlele, include an intensified membership drive and the expansion of benefits such as sharing office facilities and discount-buying for its members.

The foundation intends computerising the registration of its members to establish a data bank along Sabta lines.

"Fabcos has developed a positive image and enjoys overwhelming support in the black community. Planning and execution of its projects will be

done in close consultation with the communities it wishes to serve.

"The foundation hopes to cement that relationship by forming what it calls its Black Community Advisory Council.

"The council is charged with the responsibility for keeping in touch with the sentiments, current perceptions and aspirations of the black community."

Fabcos hopes to form a Community Service Centre, which will operate under the auspices of the NBCU.

The centre will play a supportive role in investigating and monitoring corruption and protecting the interests of the black consumer.

Fabcos does not see black business in South Africa operating in isolation.

Says Mr Mphahlele: "Its philosophy of promoting black business runs parallel with encouraging joint ventures, partnerships and buy-ins. Partnerships between the corporate world and member associations are in the pipeline."

A Corporate Advisory Council will be formed as a forum for the corporate world to support by providing black business with the necessary skills and advice to ensure maximum success.

Some corporations have offered their expertise and management skills in developing black business, he says.

# Timeshare rules to be toughened

stay 3/16/81 By Frank Jeans 39 100A

The big stick is coming out to keep even stricter control of the timeshare industry.

Angered by the bad publicity surrounding timeshare at present, the South Africa Property Owners Association (Sapoa), which initiated the code of ethics for developers and assisted the Government in formulating the Timeshare Act, plans to take a much tougher line on irregularities within the industry.

"The Timeshare Control Act, along with the code of ethics, are considered to be among the best measures of their kind in the world," says Mr Peter Erasmus, Sapoa's executive director.

"Yet it has become necessary to tighten the screws on those developers who will not toe the line."

The Sapoa director believes the timeshare industry has reached the watershed mark and now needs tighter self-regulation.

For a start, the association will now be stricter when granting approval to developers.

"Now that developers have had time to sort out their teething problems, there is no reason why we shouldn't raise standards even higher for our own members in order to make membership more meaningful," says Mr Erasmus.

The Sapoa timeshare membership application form is now being revised and higher standards will be required.

"Those who do not meet our revised minimum standards will be asked to leave Sapoa and this will deprive them of using our logo," says Mr Erasmus.

"Sapoa is on the warpath against developers practising irregularities."

He says there are "only a few rotten apples around", but that they are giving the industry a bad name and his association intends to stamp out all unethical activities.

Sapoa criticises the Government for not imposing its own Acts of Parliament by prosecuting offending developers. Mr Erasmus sees little point in having a law if it is not upheld and if irregular developers feel free to flaunt it.

"To control delinquents in the industry, Sapoa is presenting to the Government a dossier of malpractices that have been reported to the association.

"It will be difficult for the Government not to take notice of hard, factual reports of irregularities and action is expected to follow," he says.

# Saficon (30) tops R1-bn sales mark

By Sven Lünsche

Leading motor vehicle trader Saficon's turnover passed the R1 billion mark for the first time in the wake of the surge in new car sales last year.

For the 12 months to end-March sales rose by 47,7 percent to R1,298 billion (R880 million) and earnings per share increased by 58 percent to 220c (139c), thereby surpassing its own forecast of 187c by a wide margin.

Saficon has declared a 46c final dividend, making a total of 63c (40c). The revised forecast dividend was 54c.

The group, which operates primarily in the motor retailing market, via its Cargo and Lind-say Sakers operations, also benefited from the housing boom through its buildings material subsidiary Boumat.

Boumat last week reported a 61 percent rise in attributable earnings for the year to end-March.

But it was the vehicle division which did particularly well.

Comments executive chairman, Sidney Borsook: "The group's share of the new passenger car market rose for the sixth consecutive year, and unit sales of new vehicles increased by 27 percent against a six percent rise in the national dealer market."

He estimates that Saficon now holds about 7,7 percent of the national dealer passenger market as against 6,6 percent a year ago.

Net operating profit was 57,5 percent up at R66 million (R41,9 million), boosted by an increase in margins from 4,77 percent at March 1988 to 5,08 percent.

Attributable earnings were R38,8 million — 58,8 percent higher than the previous year's R23,2 million.

Mr Borsook says the group managed its assets well, increasing its average net assets by R39 million to sustain sales, which grew by R420 million.

He adds that gearing at eight percent is low and well within the target of 75 percent, which means Saficon is in a strong position if the economy does head into a downturn.

Earnings of Saker's Finance & Investment Corporation, which has as its sole investment its 64 percent share in Saficon, increased to R23,4 million (R14,7 million). This translates into earnings per share of 245c (153c), while a final dividend of 50c, pushed the total for the year to 63c (43c).

# Edgars (30) expects slower growth

Finance Staff

Mr Myer Kahn, chairman of retailing giant Edgars, still expects a real increase in earnings per share despite an anticipated slowdown in sales.

Writing in the company's latest annual report he says that the rate of earnings growth in the current year will be well down on the past year's exceptional performance.

He believes that the expected slowdown in the economy is likely to impact negatively on sales.

Edgars, a speciality retailer of clothing, footwear, accessories and household textiles, attributes its success to its ability to select desirable merchandise in keeping with the changing lifestyles and aspirations of consumers.

Group sales rose 34 percent for the full year, from R1,2 billion to R1,6 billion, which, in real terms, is more than double the national sales growth of clothing, footwear, textiles and accessories.

Mr Kahn says that the share of black consumer spending continues to grow dramatically, aided by the vigour of the informal sector.

The long-term potential of this market and the opportunity for above-average growth is self-evident.

The Edgars group has focused on this sector and its black consumer accounts and sales per account are mushrooming.

The Edgars and Sales House chains were particularly successful. Edgars recorded 36 percent growth in sales and Sales House 43 percent. While '76 returned disappointing results for the first half year, the new management team took corrective action resulting in 22 percent sales growth during the second half of the year.

# Anglo gives black businesses a boost

for 7/16/84

30

By Jabulani Sikhakhane

Anglo American has ordered goods worth R1,2 million from black businesses over the last five months, with others worth R600 000 still being decided on.

The intention is to place R400 000 worth of new business each month, on a competitive basis, with black businesses.

Gareth Penny, co-ordinator of Anglo's small business unit, told the "Spotlight on the Black Market" conference in Johannesburg yesterday that Anglo had recently established the unit to make use of smaller companies to a greater degree.

"The philosophy behind the corporation's encouragement of small business is not one of philanthropy.

"It is based on sensible and rational business decisions aimed at improving profitability, at least in the longer term," he said.

Anglo's initial experience was that there were distinct benefits to be had by buying goods from and subcontracting services to small businesses.

"We estimate that cost savings of five to 10 percent on average are currently being achieved."

Problems occurred with existing major suppliers, he said, and one could not expect a flawless relationship with new small businesses, which may be crossing the threshold into formal busi-

ness.

"Small businesses, too, must rise to meet the challenges given to them. If they prove capable of doing so, within a short period of time we will attain in South Africa the kind of synergy which has been the basis for the economic success in the newly industrialised countries of the Far East," he said.

In dealing with smaller firms a number of problems had to be dealt with, he said.

Many entrepreneurs required assistance with costing and pricing.

Frequently they quoted prices too low to be viable.

The second problem was the purchase of raw materials.

Small businesses were at a disadvantage when it came to bulk-buying. To alleviate the problem, Anglo had established a fund to buy materials for businesses with which it had contracts.

Other problems included the storage of bulk items, transport of goods, lack of cash-flow to survive 60- or 90-day payment dates.

Another problem relating to payment was the need to teach entrepreneurs accounting procedures.

Anglo had standardised waybills, invoices and statements and provided contractors with specific instructions on what paperwork had to be completed before delivery and payments could take place, he said.

CP confident (30)

## in Carletonville

By Dawn Barkhuizen

The Conservative Party in boycott-beating Carletonville is confident of a resounding victory in the forthcoming general election after enrolling more than 2 000 new members.

"After the election we will show the outside world that people truly want segregation," CP MP Mr Arrie Paulus said.

He dismissed predictions that the CP would suffer heavy losses as a result of the consumer boycott which was called when the municipality decided to reintroduce petty apartheid. *Skw 216/89*

In recent months the CP had enrolled in excess of 2 000 new members.

The CP took the seat from the National Party by 98 votes in the 1987 general election.

There were strong indications that support had swelled when it beat the NP by 2 700 votes in the October municipal election.



# Metboard property offer

8 Jan 21/6/89  
Finance Staff

Trust company, Metboard, is offering the public an opportunity to participate in a Triple AAA tenant commercial property. The address is Picton Place, Parrow, Cape Town and the offer involves a total of 4450 share blocks at a price of R10 000 each.

According to Metboard this property, located in the prime business area, is an extremely secure investment. Sanlam and Santam occupy 77 percent of the space and their existing leases have another five years to run. The remaining part of the property is occupied by sound service and professional concerns.

Metboard, which handles the administration, rent collection and maintenance of the property has forecast that syndicate members could receive a cumulative return of 128,5 percent over the next five years. Of this, about 63,05 per-

cent would be capital growth and 65,45 percent income. (30)

In other words, investors can look forward to a compound return (capital and income) of nearly 18 percent a year for the next five years.

Mr Barry Kalkhoven, General Manager at Metboard says: "Property syndicates have become extremely popular in recent times as they allow the individual access to an investment which is normally beyond a private investor's reach".

"Since we entered this market in 1987 we have put together seven such property syndicates. All have proved to be extremely successful."

Although Metboard advises investors to have a longer-term perspective, they offer the assurance that withdrawing from any syndicate can be done with ease.

# NEW CRISIS OF CONFIDENCE IN BLACK BUSINESS

Sowetan 8/6/89

30

JUST when black business people should be undertaking big industrial and commercial developments in the townships to compensate for the dwindling opportunity in white areas, it appears their enterprises are collapsing.

Seemingly the reason is not political, but rather a growing crisis of confidence in the ability of black managers to run their concerns effectively in the townships.

The over-supply of retail space in white zones is driving developers and financial institutions to seek new investment opportunities in black residential areas.

So they are turning to previously neglected industrial and commercial areas. However, their development depends on finding the right partners or tenants to stimulate satisfactory returns on investment.

## Potential

There is doubtless considerable profit potential in providing convenient shopping centres close to the homes of black consumers who otherwise must spend money in distant central business districts.

There are also many businessmen willing to run such ventures. They have seen how successful

By JOSHUA RABOROKO



Reuel Khoza... entry point for blacks.

black entrepreneurs can be.

Unfortunately for some of these business ventures the path to success is littered with casualties.

An increasing number of black businesses are under liquidation with

the black liquor retail industry being the worst hit.

At least 15 of the 20 bottle stores in Soweto are reported to have closed because of financial trouble.

## Complex

One of the business ventures that has experienced financial problems recently is Shareworld — the largest multiracial entertainment centre in South Africa.

When local businessmen Jonty Sandler and Reuel Khoza launched Shareworld they felt they had done much more than develop a R38 million complex of educational, sporting and recreational facilities.

They also felt they had displayed a strong sense of social responsibility.

They said the multiracial centre, set halfway between Soweto and Johannesburg's CBD, would enable black and white South Africans to socialise.

This, hopefully would break down racial preconceptions and depolarise South African society.

## Spread

By setting aside 60 percent of Shareworld's ordinary shares for black ownership, they said they had enabled a wide spread of black individuals, associations and institutions to become involved in a major project at ground level.

"Apartheid is the economics of exclusion," said Khoza, executive director of Recreational International, the company which manages Shareworld. "But this is an attempt to provide an entry point for blacks into the mainstream of the economy."

But it has experienced consistent monthly operating losses and the

Standard Bank, financiers of the project, have called in their R45 million loan.

The bank has put Shareworld under liquidation and has offered to refund the subscription share of 50 cents to ordinary and preference shareholders in the project.

The refund offer has



Willie Ramoshaba... training is the key.

already been posted to them, although serious attempts are being made to save the project.

## Committed

Shareworld's new managing director, Mr Rene Lion-Cachet, is determined the entertainment centre will succeed.

Khoza says the location and the commitment shown by various companies is enough for the centre's survival.

Black businessmen are understandably reluctant to accept any blame because of the effect on their image in the community.

The managing director of the Small Business Development Corporation, Dr Ben Vosloo, says the heart of the problem lies in the poor black education, right from the lowest level.

Black people come out of school with qualifications which are not business inclined and indulge in business.

He says lack of

training, business skills and expertise seem to be the main reason for the flops.

Lack of capital and inability to handle finance can also be contributing factors. Most blacks go into business without experience.

## Adverts

Nafcoc's deputy president Mr Archie Nkonyeni says the failure of business is a result of marketing and education. "Bad marketing and reluctance to advertise have proved to be disadvantageous to many businesses."

He suggests that blacks form bigger groups to negotiate bigger orders and therefore better prices and terms of paying suppliers.

Business consultant Mr Willie Ramoshaba says business training schools for small businesses is what South Africa needs.

"Training must be



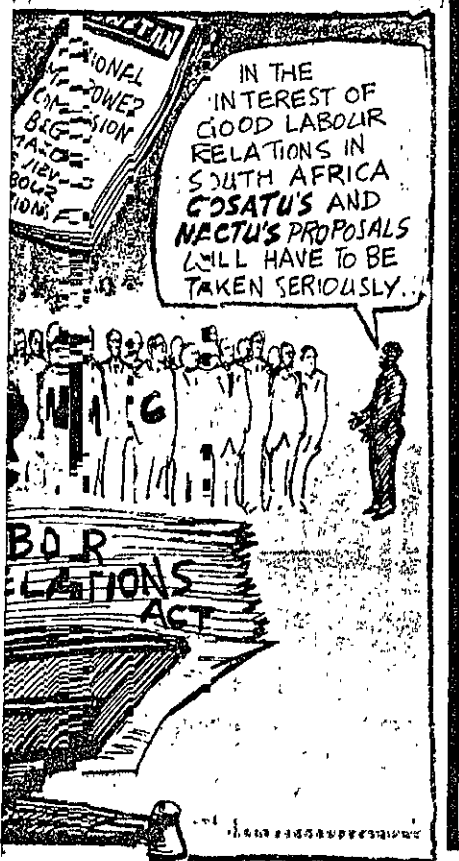
Don Mkhwanazi... perceptions are important.

drawn from existing businesses. Small entrepreneurs must send their staff to school to learn skills. They must fund the training," he says.

President of Black Management Forum Mr Don Mkhwanazi says management contracts can be another area black business can look into. He warns that management contracts depends on the perceptions of the community in which the business operates.

People have tended to perceive business which have management contracts suspiciously and as "fronting" for whites.

"The major element of the management contracts must be the training of people who will take over the businesses' operations," he says.



Political comment in this issue by Aggrey Klaaste and Sam Mabe. Sub-editing, headlines and posters by Sydney Mathaku. All of 61 Commando Road, Industria West, Johannesburg.

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# Newcomers take on clothing giants

Star 8/16/89

30



By Derek Tommey

The listing today of Speciality Stores has opened the way for two talented and dynamic 43-year-olds, Stuart Cohen and Laurie Chiappini, to make huge waves in the retail trade.

They are planning to increase the number of stores in their group by more than 100 in the next four years.

Edgars, Foschini and Truworthe, look out! There is someone out there treading on your tails.

The two are joint managing directors of Speciality Stores. They have worked in partnership for many years and between them have almost 50 years of retailing experience.

The excellence of this experience has been shown to advantage since they took operating control and a substantial financial stake in Speciality's forerunner, John Orr, three years ago.

In their second year with the group they lifted turnover by 37 percent, earnings by 61 percent to 90c and the dividend by 57 percent to 35c. They followed this up in the year to February with a repeat performance.

Operating from a bigger base, they increased turnover by another 37 percent, earnings by 40 percent to 126c (more than doubling earnings in two years) and raised the dividend by 37 percent to 48c.

Now, with R17 million in the kitty as a result of a rights issue (much of it subscribed by financial institutions

which have faith in the two men), with gross assets of R83 million and gearing below 10 percent, they are well positioned to weather any downturn and to continue with their rapid expansion.

Helping is the group's position in the market.

Overall, the group is aiming to meet the needs of the lower- and middle-income whites and, more importantly, of middle- and upper-income blacks and Indians whose spending power is increasing.

Mr Cohen said last night: "We believe our group is benefiting from the structural shift in wealth that is taking place in South Africa."

Planned expansion includes opening at least another 12 Milady's stores this year, bringing their number to more than 140. Last year Milady's sales grew by 37 percent and profits by more than 44 percent.

They are planning to expand the Hub chain, which sells men's, women's and children's clothing and home textiles and housewares until it dominates the Natal area, after which it will start opening in the Transvaal.

The big drive will be to open 50 Mr Price Stores and 50 Footgear Stores in the next four years.

Mr Price stores operate for cash and will be selling men's, women's and children's clothing, though aimed mainly at the 14-to-35 age group, at prices 30 percent below normal retail levels.

The concept had been highly successful, Mr Chiappini said last night.

Footgear, which sells shoes for cash at low prices, was also a sound and profitable concept, he said.

In addition to internal expansion, the group is planning to expand by acquisition.

"We know precisely the sort of businesses that would complement our group and we will wait until the appropriate opportunity arises," said Mr Cohen.

He said it was the group's objective to become the leading speciality store retailer in SA.

The R17 million was raised by a rights issue of Speciality Stores shares at 340c each.

Apart from raising new capital, the share issue gave management a chance to extend share ownership among staff, said Mr Cohen.

About a third of them would now have shares or share options.

"In spite of the reorganisation that has taken place, we have not lost a single manager. This is because our share scheme gives them a greater stake in the group," said Mr Chiappini.

Speciality Stores nil-paid letters were trading at 60c yesterday, suggesting that the shares will be trading at around R4 today.

Both men are forecasting a dividend of 24c for the year to February 1990, which means that at R4 the shares will be offering a potential yield of six percent.



# Indigenous lending scheme helps 'small' entrepreneurs

By Winnie Graham

The Get Ahead Foundation, which assists "small" entrepreneurs with loans to start new businesses, is using an indigenous lending scheme — the stokvel — for loan distribution.

It has already lent more than R1 million to 3 000 people, all members of stokvels. The recovery rate is estimated at 98 per cent but could be higher as no bad debts have been written off in the year the scheme has been operating.

So pleased is Get Ahead with initial results, it is looking at ways and means of involving First World banking institutions in stokvel loans schemes.

## RISK ENVIRONMENT

Mr Israel Skosana, deputy managing director of the foundation and head of the commercial division, said bankers did not regard small loans "in a risk environment" as a viable proposition. As a result, would-be entrepreneurs were forced to look elsewhere for assistance. Yet, once they had made the grade, they were wooed by bankers wanting their business.

He said South Africa's 500 000 "new" businessmen were increasingly asking "just how necessary are First World banking institutions which refuse to grant loans to emergent black businesses without com-

plexicated feasibility studies?"

"Unless the Third and First Worlds find a common meeting ground, bankers who remain aloof from grassroots customers are in danger of being dismissed as irrelevant."

The stokvel, Mr Skosana said, might provide the solution to the problem. The indigenous lending scheme involved groups of people who pooled a set amount each month. Members collected the lump sum in rotation.

"Some stokvels exist to help members buy cars, others to buy groceries and others to start businesses," Mr Skosana said. "Some put in R5 or R10 each, some R100 a month. They survive only because members have total confidence in one another. Members screen applicants wanting to join the stokvels themselves..."

With the aid of a visiting Brazilian, Get Ahead had determined techniques of perfecting a loan arrangement to members. "We will give two loans to any stokvel, but members are jointly and severally responsible for the debts," he said.

Mr Skosana has just returned from a pan-African conference in Kenya where he outlined the stokvel scheme to delegates from many parts of the continent.

"We stole the show with the presentation," he said. "Stokvels are an accepted form of financing throughout Africa and, in fact, many parts of the world, but our adap-

tation caused enormous excitement."

So popular has his talk been he has been invited to speak on the lending scheme in Tanzania and Uganda.

To illustrate the success of the stokvel lending scheme, Mr Skosana tells of the Ar-tendergelle mother who expanded her business fourfold within four months.

The woman was providing a tuckshop service to children at a neighbourhood school, but lacked the capital to expand. She applied for a loan through her stokvel and was now operating four "tuckshops".

Mr Skosana said that between 1980 and 1974 the formal sector created 160 000 jobs a year.

## UNDERGROUND ECONOMY

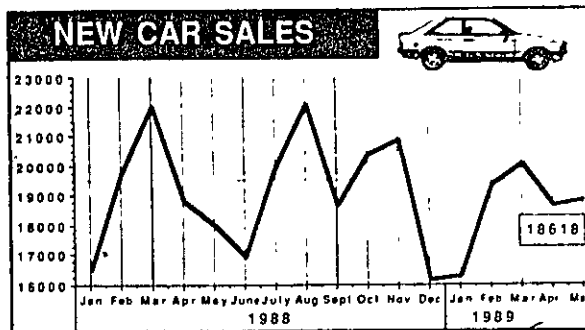
Since 1974, this figure had dropped to 60 000. On the other hand, experts estimated there were now 500 000 informal businesses employing 3.5 million. They were part of the so-called "underground economy".

Estimates of their contribution towards the gross domestic product varied from 40 percent to three percent, but the bottom line was that they were making a contribution.

"We don't want Government interference, but why is the State not providing tax incentives to big business to encourage assistance, or providing small business with, say, relief from GST?" Mr Skosana asked.



Created big impression... Mr Israel Skosana, deputy managing director of the Get Ahead Foundation, whose recent presentation outlining the Stokvel lending scheme stole the show at a Pan African conference in Kenya.



# Strong surge in sales of buses and heavy trucks

**By Sven Lünsche**  
 New vehicle sales in May showed a slight rise on the April figure, as corporate demand continues to offset dwindling sales to consumers.

Total vehicle sales during May were 29 297, a 1,7 percent rise on the 28 813 units sold in April and 2,5 percent up on the 28 563 recorded in May last year.

However, there is evidence that overall demand has tapered off, following the stringent economic curbs applied on credit finance in general and hire-purchase in particular.

Total sales for January to May were down by 1,7 percent at 144 018 units compared with 146 628 notched up during the same period last year.

### EXPECTATIONS

The sales figures are very much in line with industry expectations.

In a statement, accompanying the May results, Naamsa said: "The restrictive monetary and fiscal measures designed to cool the economy could be expected to retard the pace of domestic expenditure in the economy and the impact of the various measures will be felt by the motor vehicle manufacturing indus-

try during the second half of 1989".

Current new vehicle sales projections continue to provide for a decline of about five percent during 1989.

During May, new car sales were almost static, registering only a 0,3 percent increase to 18 618 compared with 18 557 sales in the previous month. For the period January to May the overall figure of 92 911 was 2,4 percent lower on the 95 206 recorded during the same period in 1988.

### STATIC TREND

The same trend was evident in sales of light commercial vehicles, which were almost static at 9 393 from April to May, while the 45 760 units sold during the first five months of the year was very close to last year's 45 648.

Naamsa forecasts a modest three percent decline for the sector's sales this year.

Medium commercial vehicles and heavy trucks and buses showed surprising increases of 23 percent and 27 percent from April to May, but Naamsa anticipates that sales in this category will remain at similar levels to those achieved last year.

30 11/6/89

## Nafcoc group jets off on Malawi safari

By REVELATION NTOULA

A HUNDRED-strong National African Federated Chamber of Commerce and Industry delegation this week jetted off on a business tour of Malawi.

The delegation, led by Nafcoc president, Dr Sam Motsuenyane, represents a broad business spectrum including the South African Black Taxi Association, Achib, Black Hair Association, Career Centre, Black Housewives' League, the Association of Black Accountants and the Transkei Chamber of Commerce.

Addressing a Press conference before leaving Jan Smuts Airport, Motsuenyane said the main aim was to exchange ideas with the Malawian business community and to find investment opportunities in that country.

A day has been set aside for talks between the South Africans and the Malawians on points of common interest, he said.

"We are thrilled at this opportunity of being able to meet with our black Malawian brothers to sit down and see how we can best serve our mutual interests," Motsuenyane said. The group was the "biggest" from South Africa to visit a black country north of the Limpopo River.

The Malawi trip follows a similar one by high-powered Malawian businessmen who were hosted by Nafcoc.

That group came to South Africa to examine ways of forging closer links with their local counterparts.

The trip is the latest in a series of business tours which have seen senior Nafcoc officials visiting Nigeria, Egypt, Kenya, Ethiopia, Zambia, Zimbabwe, Ghana and the Ivory Coast.

Important trade links with those states were established. And, according to Nafcoc sources, the new links could see Nafcoc as the main channel for trade links with South Africa.

## Italtile continues expansion

30 EDWARD WEST

IN SPITE of indications of an economic downswing in the new financial year, Italtile CE Gianni Ravazzotti says he is confident the group will continue to show real growth in turnover and profitability.

The opening of additional retail stores, the construction of a new R25m ceramic tile factory in Babelegi and the continued expansion of manufacturing facilities are evidence of continued growth in the group, he says in the annual report.

The excessively high rate of inflation has negative implications in terms of working capital and fixed asset requirements, particularly in fast-growing companies like Italtile. 8/Dec 12/6/89

He is, therefore, committed to make adequate re-investment of profits to ensure continued growth and long-term welfare of Italtile and therefore declared a conservative dividend policy.

Italtile attributable earnings increased by 61.2% after increasing turnover by 75%, the annual report says.

# Black syndicate opposes Mobil takeover

LONDON — A syndicate of black SA businessmen opposing the terms of the Mobil disinvestment has taken its case to US President George Bush.

Its members have written him a letter expressing their concern and asking that he appoint a Commission of Inquiry to investigate the matter.

The syndicate, which claims pledged funds of more than R1bn, seeks to overturn

31 Oct 12/6/87  
ROBERT GENTLE

Mobil's decision to sell its assets to Gencor. It has made a higher counter-offer which it feels should be seriously considered.

The letter says the black community is disappointed that the interest of disinvesting companies has always been passed over to whites, without making such interests available to all South Africans.

30



## Business Report

# Teljoy lifts income 24%

*App. 1mths 13/6/89* *30c* *2000*

JOHANNESBURG. — In a year which saw a record R38m investment in new TV and VCR equipment for its core rental business, Teljoy Holdings lifted after-tax income by 24% to R17,2m on a 32% increase in turnover to R90,2m, for the 12 months to March 31, it was announced yesterday.

A final dividend of 9c has been declared, making a total for the year of 13,5c — a 23% increase on 1988.

Earnings a share advanced 20% to 30c.

Operating income was 22% higher at R26,7m.

Executive chairman Theo Rutstein said the interest bill was 54% higher at R3,4m, largely as a result of the investment in new TVs and VCRs and rising interest rates.

“We spent the R38m to meet growing demand from new customers. The benefits of this capex will be felt for many years since investment in additional appliances provides an expanded base for ongoing growth.

He said that, while the rates of profit growth was, as predicted at the start of the year, lower than in 1988, the 1989 performance brings average annual compound growth in taxed profits for the two years since Teljoy's JSE listing to 58%.

“All divisions traded profitably. The core TV and VCR rental business produced almost 90% of group profit, while Mastercare and Tejoy Business Services exceeded budgeted expectations and showed strong growth,” Rutstein said. — Sapa

# Retail sales figures start to level off

30

By Derek Tommey

The monetary authorities must be overjoyed with the latest retail sales figures — even though retailers themselves are probably taking a different view.

Central Statistical Services (CSS) reports that retail sales are levelling off.

Sales in the five months to May and estimated for June have risen only 0.5 percent in real terms, says CSS.

The news should gladden the authorities' hearts for this is their intention.

Commenting on the slowdown, Dr Azar Jammine of Econometrix says that key components of domestic spending have been declining in response to higher interest rates and deteriorating discretionary spending power.

The measures of May 5 will simply amplify these trends.

Commercial bank credit to the private sector has declined after peaking in the fourth quarter of 1988.

Merchandise import volumes had also declined since the fourth quarter.

He says there is a possibility that import volumes could decline more rapidly than the increase in inflation, which would stabilise the real value of imports.

The adjustment process of lower spending, lower imports and lower credit demand required for an improvement in the trade surplus and lower interest rates is under way, he says.

# Black businesses flourish in CBDs

Weekly Mail Reporter

30  
W. Watt  
7-13/7/89

BLACK professionals and business people, barred from the central business districts of the cities until 1986, have been moving rapidly into city centre offices.

There's evidence of this in Old Mutual Properties' latest *Property Profile*, which reports that every second office lease signed in Old Mutual's Johannesburg CBD portfolio for the first four months of this year has been negotiated with a black professional practice or business.

OM's black tenants have almost doubled in number — from 57 in October last year to the present 108, according to Ian Watt, Old Mutual Properties' regional manager, Witwatersrand.

But the black tenants are, predictably, going into the relatively downmarket office space rather than the snazzy new office blocks. "The bulk of demand has been in secondary buildings, commanding rentals up to R10 a square metre," reports *Property Profile*. By contrast, top office rentals in the Johannesburg CBD are now up to R28 per square metre.

The average space leased by each black tenant has increased slightly, to 56 square metres from 50 square metres a year ago, Watt said. New tenants include building contractors, marketing consultants and attorneys.

*Property Profile* also reports that office rentals have been rising as a result of a shortage of office space in the CBDs of the big cities.

Johannesburg has 41 000 square metres of prime office space available, but much of this is in new office blocks which have already been let.

# Trolley for trolley, Cape Town is the cheapest city

Star 14/6/81

30

Own Correspondent

CAPE TOWN — Trolley for trolley, Cape Town consumers still pay the lowest prices for groceries, according to statistics derived from a price survey conducted by the Consumer Council throughout South Africa.

Of the 57 stores, hypermarkets and supermarkets tested in Cape Town, Durban, Bloemfontein, Pretoria and Johannesburg in May, Cape Town consumers paid the least money for a trolley of goods.

The prices of a trolley of 98 products comprising food, cleaning agents and toiletries were tested, and the national average price increased by 1,6 percent from R283,47 in April to R288,01 in May, according to the survey.

Checkers Warehouse in Parow — at R277,94 a trolley — was the cheapest in the country and Pick 'n Pay Supermarket in Bellville was cheaper than Pick 'n Pay Hypermarket in Brackenfell.

Other stores tested in the Peninsula charged the following for a trolley of goods: Pick 'n Pay Supermarket, Bell-

ville (R281,50); OK Bazaars Supermarket, Bellville (R281,65); Pick 'n Pay Hypermarket, Brackenfell (R281,84); Checkers Supermarket, Durbanville (R284,97); Hyperama, Parow (R289,19).

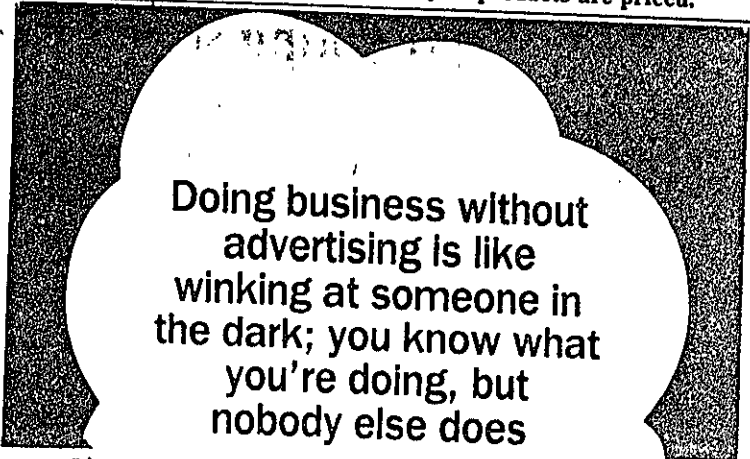
The most expensive trolley, at R300,03, was found at the Pretoria OK.

On average, the price of food at tested Pick 'n Pay Hypermarkets was the cheapest, but the price increase of 1,4 percent from R167,87 to R170,16 (per trolley, food items only) was higher than that of tested Checkers Warehouse branches, where the price of food items per trolley increased by only 0,7 percent from R169,18 to R170,32.

Checkers Supermarkets tested showed the lowest increase in food — only 0,3 percent — but, at R173,93 a trolley, food at Checkers Warehouse is still cheaper.

According to the Council, the price survey "is useful in reflecting price tendencies over a period of time".

The survey's limitations are that only 98 products are priced.



Doing business without advertising is like winking at someone in the dark; you know what you're doing, but nobody else does

# 94 on business safari

ABOUT 94 black business people and business organisations, and politicians including Malawian President, Kamuzu Banda. 30

Addressing a crowd of people after their arrival, co-ordinator of the trip, Mr W R Ramoshaba, said the journey was an eye-opener. They met with various people including community Sondra 14/6/87 He also announced that Nafcoc president, Mr Sam Motsuenyane who was due to arrive with them last night, has gone on yet another "safari" to Zambia.

# Drop in sales of costly items

Star 19/6/89  
By Sue Olswang

Sales of "big ticket" items, which many people can only afford through hire purchase agreements, have fallen substantially with the drop in the demand for credit.

Mr Arthur Solomon, the OK's marketing director for furniture and appliances, said yesterday his group's big ticket sales were down, with one category — audio and video — reporting a 30 to 40 percent drop in unit sales from August last year.

"The drop in the demand for credit is largely due to government legislation in terms of restrictions on the Hire Purchase Act," he said.

"It is not only the rise in interest rates which have had an effect on sales, but the change in the amount of the deposit —

from 12 percent to something like 23 percent, depending on the merchandise category — means the consumer is more pressed for cash. (30)

"The consumer, on top of his deposit, must also find cash to pay 13 percent GST on his purchase and he must have sufficient funds to meet the shorter repayment period," said Mr Solomon.

Mr Solomon said the additional HP restrictions introduced last month — increasing the deposit rate on video items from 25 to 30 percent and on major appliances from 15 to 20 percent — were "totally unnecessary" in a country already reeling from the effects of increased import costs, petrol hikes and rising interest rates.

Mr Richard Ferrer, spokesman for the Domestic Appliance

Association of South Africa, said he did not have the latest statistics to show the percentage drop in sales, but his association's own figures "do show a slow-down".

Added Mr Ferrer: "In real terms, we think the decline will be about 12 percent over the year. But it is not a disaster situation because last year was good for the industry."

● Reserve Bank Governor Dr Gerhard de Kock recently reported that credit extended by the five major banking groups, after rising by nearly R2 billion in March, fell by more than R1 billion in April.

"Banks all report an easing in demand for personal loans, consumer credit and housing loans though there is still strong demand from the corporate sector," said Dr de Kock.



# Lending scheme passes on R1-m to small businesses

The Argus Correspondent

JOHANNESBURG.—The Get-Ahead Foundation, which assists small entrepreneurs with loans to start new businesses, is using an indigenous lending scheme — the stokvel — for loan distribution.

It has already lent more than R1-million to 3 000 people.

The recovery rate is estimated at 98 percent, but could be higher as no bad debts have been written off in the year the scheme has been operating.

Get-Ahead is so pleased with initial results that it is looking at ways of involving first-world banking institutions in stokvel loans schemes.

Mr Israel Skosana, deputy-managing director of the foundation and head of the commercial division, said bankers did not regard small loans in a "risk environment" as a viable proposition.

As a result would-be entrepreneurs were forced to look elsewhere for assistance. Yet once they had made the grade they were wooed by bankers wanting their business.

South Africa's 500 000 new businessmen were increasingly asking: "Just how necessary are first-world banking institutions which refuse to grant loans to emergent black businesses without complicated feasibility studies?"

## Meeting ground

"Unless the Third and First Worlds find a common meeting ground, bankers who remain aloof from grassroots customers are in danger of being dismissed as irrelevant."

The stokvel might provide the solution to the problem. The indigenous lending scheme involved groups who pooled a set amount each month.

Members collected the lump sum in rotation — to be used for whatever purpose they wished.

"Some stokvels exist to help members buy cars, others to buy groceries and others to start businesses.

"Some put in R5 or R10 each, some R100 a month. They survive only because members have total confidence in each other. Members screen applicants wanting to join the stokvels themselves and admit only reliable people."

With the aid of a visiting Brazilian, Get-Ahead had determined techniques of perfecting a loan arrangement to members.

"We will give two loans to any stokvel — but members are jointly and severally responsible for the debts."

Mr Skosana has just returned from a pan-African conference in Kenya, where he outlined details of the stokvel lending scheme to delegates from many parts of the continent.

"We stole the show with the presentation."

"Stokvels are an accepted form of financing throughout Africa and many other parts of the world but our adaptation caused enormous excitement."

So popular has his talk been that he has been invited to speak on the lending scheme in Tanzania and Uganda.

To illustrate the success of the stokvel lending scheme, Mr Skosana tells of the Atteridgeville mother who expanded her business fourfold within four months.

The woman was providing a tuckshop service to children at a neighbourhood school but lacked the capital to expand. She applied for a loan through her stokvel and was now operating four tuckshops in different parts of the township.

Mr Skosana said that between 1960 and 1974 the formal sector had created 160 000 jobs a year. But since 1974 this figure had dropped to 60 000. On the other hand experts estimated there were now 500 000 informal businesses employing 3.5-million people.

They are part of the so-called underground economy.

Why is the State not providing tax incentives to big business to encourage assistance, or providing small business with relief from GST?



Pictures: ANDREW INGRAM, The A

**DITCHED:** It's the end of the road for this car after an unplanned trip into the Newlands Avenue wheeltrap. Inspecting the damage are Gary and Ryan Pomario.

## Newlands Avenue danger ditch could pose a peril for unwary

By ANTHONY DOMAN, Municipal Reporter

GAPING stormwater drainage channels along heavily travelled Newlands Avenue have provided some relief to an area plagued by flooding, but they are also wheeltraps that can gobble up unwary motorists.

And a driver whose car wandered into a channel last week encountered the added hazard of one of many driveway access "bridges" across the channels. The car was left a wreck.

But Cape Town city councillors and officials deny that the road is hazardous.

Council public relations officer Mr Ted Doman said the size of the channel helped prevent blockages by trees and other large chunks of debris.

### LOT OF MONEY

"Covering the channel for its entire length would involve a lot of money. Blockages would also be more likely and drainage more difficult."

Ward 12 city councillor Mrs Eulalie Stott, whose area includes this particular stretch of Newlands Avenue, said there was "a bit of a problem".

"We have had two terrible floods with enormous storm damage."

In the past, debris had blocked stormwater channelled to a pipe flowing under the road. The result had been that the water overflowed the channel and flooded the road and nearby properties.

She sympathised with motorists but said the channel was thought necessary to protect people lower down.

"This issue has never come to a ratepayers' meeting," said Mr Rupert Hurly, city councillor for the adjacent Ward 11 (into which the lower part of Newlands Avenue falls) for the past 10 years.

### COULD BE DANGEROUS

"I must admit that further up in Newlands Avenue you could get into trouble if you had to take

should be able to see the channel quite clearly during the day and night."

Mr Smit drew an analogy with electric poles. "It sometimes happens that somebody bumps a pole. Does that mean you have to move every pole in the city?"

He himself used the road "quite often".

"In fact, if you look at Kildare Road, which off Newlands Avenue, you will find what appears to be an even more dangerous situation.

"Kildare Road also has a drainage channel on one side but although the road is a lot narrower than Newlands Avenue I can recall only one accident there some years ago."

# Just

## SPECIALISTS

### PRE-ST

# CLEAN

Star 15/1/87

# Business back-up for black entrepreneurs

By Jabulani Sikhakhane

The Southern Transvaal Chamber of Commerce (Soutacoc), one of the biggest affiliates of the National African Federated Chambers of Commerce (Nafcoc), is to launch an incubator programme to provide business management back-up services for its members.

Soutacoc president Joe Hlongwane said yesterday: "We have talked for too long. Now is the time for action."

"The country's Gross Domestic Product has gone down because of the restrictive nature of the Group Areas Act, lack of incentives and assistance. But in a small way we can motivate our people."

Soutacoc had met 32 chief executives of financial, mining and industrial companies to solicit their support for its programmes, he said.

"We have received their support for the incubator offices, a concept which I experienced in the US. The offices, to

be spread in the five regions of Soutacoc, will provide management and secretarial services for our members. There will also be trained people to help members with preparation of business plans, provision of tendering services and general training in their various areas of business," said Hlongwane.

From its central office, Soutacoc will run a business procurement centre which will liaise with the incubator offices. The procurement office will compile a list of all manufacturers and their type of products and help them with marketing.

"The corporate world has been very co-operative. Some of the big corporations have given us a list of their needs. We have to locate the manufacturers who can produce those goods."

"We are also looking at the service sector," said Hlongwane, "The cleaning of offices, catering, printing can be done by the small black entrepreneurs."





# Helping black business

THE formal business sector was yesterday asked to help the growing black informal enterprises to prosper and contribute in the country's mainstream economy. Speaking at the launch

By JOSHUA RABOROKO

of a hawkers' clean-up campaign in KwaThema, Springs, Nafcoc public affairs manager, Mr Gabriel Mkgoko said the informal sector held

the key to South Africa's economy.

He estimated that hawkers and spaza shops contributed over R3 - R4 billion to the country's economy annually.

His association has pledged to work closer

with informal sector undertakings such as hawkers, spaza shops, street vendors and manufacturers to promote black economic empowerment. The aim of the campaign launched by

the African Council of Hawkers and Informal Business (Achib), is to help hawkers and spaza shops to operate their business ventures from clean premises in order to avoid harassment, arrest and confiscation of their

goods by local authorities.

The campaign started in Johannesburg.

"Nafcoc realises the need to talk to hawkers because most of its members started as hawkers.

# Furniture sales in doldrums <sup>(30)</sup>

By Kaizer Nyatumba <sup>stev</sup>

The furniture industry, which depends heavily on hire purchase agreements for survival, has experienced a marked drop in sales since the Government introduced certain credit restrictions last year, according to the executive director of the Furniture Traders' Association of South Africa (FTA), Mr Frans Jordaan.

Mr Jordaan said the industry was hopeful that some relief would be provided soon.

Retail figures for April showed a 7,2 percent increase over the April 1988 sales, while figures for March showed a year-on-year growth of 11,4 percent — well below the annual inflation rate.

Sales figures for the furniture

industry are based on a monthly survey of 1 150 members.

Mr Jordaan said HP sales were poor because of the Government's insistence on high deposits and shorter repayment periods.

"Many of our retailers are being hard-hit by decreased sales and by the fact that finance charge rates are pegged. The prime overdraft rate climbed recently by 2 percent which means the margins are squeezed.

"What makes the industry particularly sore is that furniture, appliances, TV and sound equipments have been singled out by the Government as a whipping boy and all sorts of strictures have been placed on deposits and repayment periods," he added.

# Business and enterprise. One totters, the other strides ahead

Two magazines aimed at the same market have taken entirely different routes. MZIMKULU MALUNGA looks at the future of Black Business and Black Enterprise

ONE of two major black business magazines is said to have run into serious financial problems, say sources close to the publication. But the other, *Black Enterprise*, appears to be thriving despite its early struggle for funds.

*Africa Now*, formerly known as *Black Business*, was last published in March this year.

The magazine's editor in chief and publisher, Eric Mafuna, said this week all operations had been suspended pending the outcome of "sensitive discussions" going on between the magazine and its backers. He would not comment on the magazine's financial position.

The magazine, aimed at black businessmen and entrepreneurs, was launched in November 1987 by *Finance Week*.

*Black Business* was a bi-monthly until April last year when it became a monthly magazine.

Its circulation was about 30 000 and most of the copies are said to have been distributed free.

In November last year, it was sold to Eric Mafuna by *Finance Week* though the financial publication retained a 20 percent interest.

Sources suggest it was sold to Mafuna in an attempt to generate more advertising.

After he took over, Mafuna changed the magazine from a primarily black business publication to a general magazine and named it *Africa Now*.

Under his editorship the magazine published only two editions, after which it is said to have run short of money.

Meanwhile the other black business magazine aimed at the same market appears to be growing strong after it struggled to raise capital in its first 18 months.

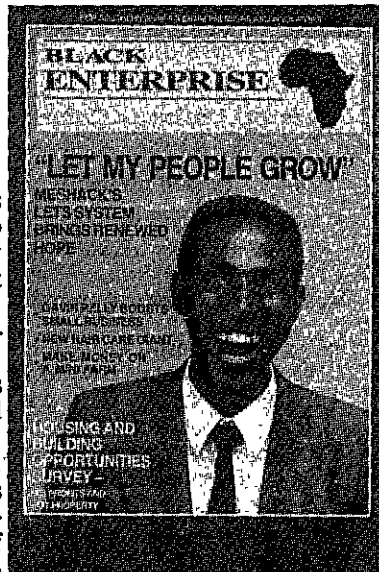
The editor and publisher of the magazine Ted Seales, attributed the losses which the publication made at the beginning to inexperience, which he said was the disease of almost all entrepreneurs all over the world.

He said most entrepreneurs become excited by the success they achieve whilst working for big companies and they do things wrong when initiating their own business ventures.

*Black Enterprise* started as an insert in *New Dawn* magazine in October 1985. In September 1987 it was launched as an independent bi-monthly magazine.

In February this year the magazine began publishing monthly.

Its circulation, according to Seales, rose from 7 000 in 1985 to between



*Black Enterprise* .. Struggling no more

20 000 and 30 000 this year.

As part of their subscription drive the owners of the magazine distributed unsold copies free to black business organisations such as the African Council of Hawkers and Informal Businesses and the Southern Africa Black Taxi Association.

These organisations later started buying copies for sale to their members.

Seales said *Black Enterprise* aimed to become a public company so it could sell shares to readers and staff members.

The company also planned to launch a family magazine within the next year.

"Its prime objective will be to entertain, inform and assist the urban black family to improve the quality of their lifestyles based on the universal successful 'family circle' formula," said Seales.

The new magazine will be funded by the current owners of the *Black Enterprise* magazine — Seales, African Life, Pepkor, and two other individuals, one of whom was a co-founder of the *Financial Mail*.

*Black Enterprise's* success may be a result of what Seales calls "strategic units" run by the magazine in conjunction with people and organisations who share its concept of a "new economy".

The magazine runs a unit to assist people in the formal sector who want to do business with the informal sector and to market their products in that sector, for example through township spaza shops.

Another programme is a joint venture with organisations such as the Urban Foundation, Get Ahead Foundation and Small Business Development Corporation (SBDC).

"The purpose is to encourage big business to sub-contract work to small manufacturers and suppliers," said Seales.

30 ~~2~~ wmail 15-22/6/89.

# The new and the old black business groups fall out

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www.ell  
15-22/89

ONE represents established black business. The other brings together the new, rapidly expanding black entrepreneurial classes. It is perhaps not surprising that the two organisations are at odds.

Relations between the 25-year-old National African Federated Chambers of Commerce and the Foundation for African Business and Consumer Services have been tense since Fabcos was launched 18 months ago. Now the tensions have come out into the open, with each accusing the other of undermining black unity.

Nafcoc had originally been approached to join forces with Fabcos, but, according to Fabcos public relations officer Jabu Mabuza, had shown no interest.

In a recent Nafcoc newsletter, the chamber's Gabriel Mokgoko described the rival organisation as "purely an attempt to reinvent the wheel" and regretted the fragmentation of organisations given the need for unity among blacks.

Nafcoc would be prepared to have Fabcos members as affiliates but would not "as an older and better recognised federation sacrifice its identity and sense of history by joining a new established business body", he said.

But now Fabcos appears to have decided it would rather go it alone. Mabuza said last week the two organ-

isations were pursuing different strategies and should remain separate.

"The unique aspect of Fabcos is that it represents the grassroots black organisations in the country while Nafcoc is also unique in that it represents black business," Mabuza said, stressing that his organisation did not want to take over Nafcoc or be taken over by it.

On the surface, at least, the conflict has been over structure. Nafcoc comprises regional chambers of commerce — although it has now said it is changing its constitution "to enable specialised business and professional associations to affiliate as members without sacrificing their autonomy".

Fabcos is made up of affiliates representing different sectors, such as the Southern African Black Taxi Association (Sabta) and the African Builders Association. It also includes organisations which don't represent business people as such — the National Black Consumer Union and the National Stokvels Association, for example. It claims its 12 affiliates represent one million members.

Meanwhile, however, lines of communication remain open between the two organisations. Mabuza said last week Fabcos applauded Nafcoc for the hard work it had done in promoting black business over the years. The newer organisation still wanted to hold talks with Nafcoc.

mail 16/6/89

## MAY VEHICLE SALES

### CARS

May 1989 .....	18 618;	May 1988 .....	18 014;	Growth .....	3.4%
April 1989 .....	18 557;	April 1988 .....	18 822;	Decline .....	1.4%
Jan-May 1989 .....	92 911;	Jan-May 1988 .....	95 206;	Decline .....	2.4%
April to May 1989 .....				Growth .....	0.3%

### LIGHT COMMERCIALS

May 1989 .....	9 393;	May 1988 .....	9 325;	Growth .....	0.7%
April 1989 .....	9 237;	April 1988 .....	8 672;	Growth .....	6.5%
Jan-May 1989 .....	45 760;	Jan-May 1988 .....	45 648;	Growth .....	0.2%
April to May 1989 .....				Growth .....	1.7%

### MEDIUM COMMERCIALS

May 1989 .....	447;	May 1988 .....	506;	Decline .....	11.7%
April 1989 .....	362;	April 1988 .....	430;	Decline .....	15.8%
Jan-May 1989 .....	1 648;	Jan-May 1988 .....	2 230;	Decline .....	26.1%
April to May 1989 .....				Growth .....	24.5%

### HEAVY COMMERCIALS

May 1989 .....	839;	May 1988 .....	718;	Growth .....	16.9%
April 1989 .....	657;	April 1988 .....	768;	Decline .....	14.5%
Jan-May 1989 .....	3 699;	Jan-May 1988 .....	3 544;	Growth .....	4.4%
April to May 1989 .....				Growth .....	27.7%

### TOTAL VEHICLES

May 1989 .....	29 297;	May 1988 .....	28 563;	Growth .....	2.6%
April 1989 .....	28 813;	April 1988 .....	28 002;	Growth .....	0.4%
Jan-May 1989 .....	144 018;	Jan-May 1988 .....	148 028;	Decline .....	11.8%
April to May 1989 .....				Growth .....	1.7%

VEHICLE SALES



## Waiting for the chop

Vehicle sales are still awaiting the inevitable axe. Manufacturers continue to predict that sales will fall off in the second half of 1989. Until then, they are making the most of a

resilient market.

May's new car market grew fractionally over April and 3.4% over May 1988 — the second month in a row that year-on-year figures have shown an improvement. The same trend is true of vehicle sales generally.

The National Association of Automobile Manufacturers (Naamsa), which compiles the figures, says higher May sales were the result of improved availability of local components and the beneficial effect of recent new model introductions.

This was particularly so in heavy trucks and buses where, largely as a result of improved component supply, sales showed a 28% improvement in May, compared with

April.

Overall, the backlog in supply has still to be fully satisfied, although the situation is gradually easing.

Naamsa adds that sales were largely in line with industry expectations, but warns that a cooling of demand is imminent, as recent restrictive economic measures slow domestic spending.

Naamsa says current industry projections for new vehicle sales still expect a 5% decline in car sales during 1989, compared with 1988, and a 3% fall in light commercial vehicles. Medium and heavy commercials, however, are expected to retain their 1988 levels.

**BLACK BUSINESS**

30 *Final*  
16/6/89

**CBD groundswell**

Every second office lease signed in Old Mutual Properties' (OMP) Johannesburg CBD portfolio in the first four months of 1989 was negotiated with a black professional practice or business.

And OMP's regional manager, Witwatersrand, Ian Watt, says the tempo of lettings to black business is still gaining momentum — in line with the growing recognition of the value of a city centre location.

Other CBD property owners also report increasing interest from prospective black tenants, but actual lettings have not been as marked as those experienced by OMP.

Watt says the number of black tenants on his books has almost doubled from 57 in October 1988 to the present 108. They account for 8% of office space occupied by tenants other than institutions, State, national or multinational corporations.

"This increase is even more remarkable when one considers that up to October 1986, black businesses were not permitted to lease space in central Johannesburg.

"The average space occupied by each tenant is some 56 m<sup>2</sup>. This is marginally up from the 50 m<sup>2</sup> a year ago."

New tenants include building contractors, marketing consultants, attorneys, a photographer and a dress designer. The space they lease covers a broad spectrum, from prime to older buildings.

"The bulk of demand has been in secondary buildings, commanding rentals up to R10/m<sup>2</sup> net," notes Watt.

Ampros says that while it has had a number of black tenants for some time, it does not keep separate records of black and white tenants. Interest seems to be fairly constant, but that may be because of its positioning at the top end of the market — it deals mostly in A-grade accommodation with a little B and C grade space and no D — although, it says, this need not be a limiting factor.

Sanlam Properties provincial manager, Transvaal, Eddy Dreyer, says his organisation has negotiated quite a number of leases with blacks, particularly since the beginning of the year, although apparently not to the same extent as OMP.

"In one or two cases black businessmen go for absolute up-market accommodation, but the greatest demand seems to be for middle-of-the-road space. The amount of space taken tends to be small, which would be in keeping with the start up of black businesses in the CBD.

"With growth and prosperity, these businesses will want to expand and upgrade their office accommodation," says Dreyer.

He adds he has found little or no difference in the level of defaulters among black or white tenants in the same phase of business development. "Because we have more white tenants we tend to have more problems, but, proportionately, I would say there is little difference." ■

THE coup by Waltons in grabbing a major rival in stationery has killed fears of a bloody war in manufacturing and retail.

Waltons is issuing shares to buy the stationery interests of CTP Holdings, headed by newspaper and printing tycoon Terry Moolman.

Speculation about a war between the two big groups began last year when Mr Moolman structured a deal for CTP to acquire the entire shareholding of the Fincord stationery combine, which was delisted in September.

## Vertical

CTP's interests in printing and paper conversion made the vertical integration into stationery manufacturing and retailing look attractive, and a fight for market share was likely.

Waltons managing director Frank Roberts says his group's acquisition is the answer. "It makes sense for all the parties. The assets we are buying lie in our field of operations."

## Players

The deal has, however, attracted the attention of the Competition Board. Chairman Pierre Brooks says the board has started a preliminary assessment to find out whether the deal is contrary to industry interests.

"The parties will give us their views next week and we will then decide whether an investigation is necessary," says Dr Brooks.

Mr Roberts says that even with the acquisition Waltons will barely have 50% of the market.

"There are many other players in stationery and we believe in 'live and let live'. Our manufacturers supply all customers even-handedly and our retailers have no un-

# Waltons-CTP deal heads off price war

S/Times 18/6/89

By Ian Smith

fair advantage."

CTP stationery interests consist of 12 retailers and four file and stationery manufacturers. Waltons is buying the assets for 3-million of its own and 3-million Walhold shares, putting a R36-million value on the deal.

CNA Gallo, which bought 1.5-million Walhold shares in February, will pay cash to CTP and take the shares, giving it about 10% in the combined Waltons operations. But it will have no say in Waltons operations, says Mr Roberts.

"Control is firmly in the hands of Waltons management, which has more than 30% of the company."

## Jumps

The deal has been struck on favourable terms. There is no effect on Waltons' gearing, and about R30-million of the price is represented by CTP stock and debtors, which will eventually translate into cash.

The price will be adjusted if the saleable stock falls short or exceeds estimates after an audit.

Mr Roberts says the deal will not have an immediate



FRANK ROBERTS

effect on earnings, but they will not be diluted in the year to next February. An immediate benefit is that net asset

value jumps from 138c to about 175c a share.

Waltons, twice Business Times 'top company and last year a runner-up, increased earnings last year by 41% to 55c a share and the dividend rose by 38.5% to 18c.

Mr Roberts says trading in the first three months of the current year was ahead of budget. The group is likely to lift turnover from nearly R550-million to about R700-million in the current year, with a 20% to 25% increase in taxed profit.

More acquisitions are in the pipeline.

Mr Roberts says details of a rights issue are being worked out — "we would like to settle them by the end of July".

## Duro-Link hives off

THE project finance division of Duros Merchant Bank is to go it alone as Duro-Link.

The division was left high and dry after Investec Bank bought Duros Merchant Bank for R15-million, but excluded the project finance and corporate finance divisions. 58

Duro-Link will structure finance transactions, undertake project feasibility studies and new project development.

While it was part of Duros Merchant Bank, it structured the finance for numerous projects, acting for banks and sponsor. It placed loans of R200-million, R180-million of interest-rate swaps and R130-million of preference shares. It was also appointed financial adviser to the SA-French consortium known as Metrail.

Duro-Link will be wholly owned by employees and headed by Mike Bolton.

The corporate finance division of Duros Merchant Bank, also left high and dry by the Investec deal with Duros, is also remaining independent under founder Charles Turner.

Duro-Link and DMB Services, as the corporate finance side has called itself, will retain informal relationships.

# Muslim symbol on food sparks church protest

St. Times 16/1/89

By GWEN GILL

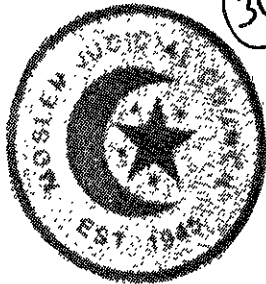
OUTRAGED conservative Christians have thrown food off Pretoria supermarket shelves and emptied fridges in Ermelo in a campaign to have the Muslim Halaal sign taken off consumer products.

The campaign has gained momentum since it was started a year ago by the Anti-Halaal Committee, headed by the Rev Soon Zevenster of Bellville, Cape.

"This sign indicates a Muslim ideological onslaught against Christians," the Evangeliese Gereformeerde Kerk minister claimed.

The Halaal sign (which means free, permitted and lawful) is an indication that animals have been slaughtered and food prepared in line with Islamic regulations.

Mr Zevenster has circulated a taped message which has led to subcommittees be-



**THE HALAAL SIGN  
Caused the outcry**

ing formed in many Transvaal towns, including Pretoria, Parys and Zeerust.

"We intend to get a million people to sign a petition to present to stores, producers and manufacturers to get these products off the shelves," he said.

"Our committee has members from the three Afrikaans Reform Churches and the Apostolic Faith Mission."

He said he did not approve of the violence that has occurred in some stores.

A spokesman for a large supermarket group admitted foodstuffs bearing the sign had been thrown off shelves and out of fridges in stores in Pretoria and Ermelo.

And a spokesman for Checkers said the company had received 70 letters opposing the Halaal symbol.

"The situation has become so controversial that we're now distributing a leaflet, drawn up by the department of Islamic studies at Rand Afrikaans University, explaining the background to the sign.

"We believe from the information given in the leaflet that no theological grounds exist for supporting the omission of the Halaal mark for religious reasons.

"But we subscribe to the

international code of consumer rights, which gives all consumers the right to choose.

"Checkers stores will, therefore, be stocking both Halaal and non-Halaal food."

Pick 'n Pay food merchandising director Mr Sean Summers showed the Sunday Times some of the many letters his company had received. These include one signed by 45 people from the Pretoria area and another from the executive council of the 500 000-strong Apostolic Faith Mission.

## Propaganda

Calling the Halaal sign "religious propaganda" and something which "affects basic human rights", the Faith Mission letter said the church believed the Halaal sign did not only indicate a slaughtering or manufacturing process, but an Islamic religious act.

"These people are our customers and they obviously object to the mark," said Mr Summers.

"We have taken it up with manufacturers, some of whom have already decided to make changes.

"One margarine manufacturer said the Halaal sign merely indicated that the product contained no animal fat."

Farm Fare Chickens regional marketing manager Mr Mike Sarour said his company had already responded to anti-Halaal campaigners by bringing out a non-Halaal chicken, under another label.

A Tiger Oats spokesman, whose company SA Oil Seeds makes Sunshine D and Golden Spread margarines, said the firm had been contacted by stores about the outcry.

"We're looking into the problem at the moment."

Mr Zevenster said he had received an assurance from pasta manufacturers Fattis and Monis that the sign would be taken off.

The Jamiat-ul-Ulema (the Islamic Body of Theologians) would not comment on the controversy.



# Cape Town office rents soar in face of massive demand

By Tom Hood

CAPE TOWN — Companies are being hit by soaring office rents in Cape Town as a result of an unprecedented scramble for offices by expanding businesses and the growth of government departments.

Landlords have doubled rentals in 18 months where some leases were renewed for top-grade offices and annual escalations have risen to as much as 12 and 15 percent.

Property people believe office rentals in most major centres could leap as the cooling of the economy fails to curb the take-up of space.

A major factor has been the take-up of office space by the bureaucracy — the House of Representatives boosted a flagging market by the complete take-over of a brand new foreshore building known as Project 166 and the transfer of work from Cape Provincial Administration to other agencies has also created a need for more offices.

Strong demand has left prime office vacancy in Cape Town's CBD at only 600 square metres — the size of one floor in a big building — says Robert Klinkhamer, regional manager of Old Mutual Properties.

He says Cape Town market conditions are similar to those in Durban and Pretoria, where prime CBD office vacancies have been slashed to 1 000 and 550 square metres respectively.

"The CBD market is buoyant following 1988's dramatic 35 percent increase in rentals, the largest rise in the country."

He believes the current low vacancy

and strong demand could see rental levels soon overtake those in Johannesburg. These are currently at R28/m<sup>2</sup> gross for prime CBD space, and lease escalation rates of 15 percent a year are becoming more common.

Mr Klinkhamer points out, however, that Durban has now displaced Johannesburg as the most expensive city for offices.

Durban's premier office address, The Marine, a block with panoramic views over the harbour and beachfront, now commands R33/m<sup>2</sup>, with two other developments, Kingsfield Place and Durban Bay House not far behind at R29/m<sup>2</sup> and R28/m<sup>2</sup>.

"It is unlikely that there will be any new building in Cape Town or other major cities unless rentals show the required growth. CBD office buildings need to show a minimum rental of R28-R30/m<sup>2</sup> to give an acceptable return on investment, but this could be higher in buildings with better finishes and services which impact on the operating costs."

With pent-up demand for space, no new prime developments under way and a lead time of two to three years before a project can be completed, pressure on current rental levels will continue, he says.

Mr Klinkhamer notes there are substantial decentralised developments and some major refurbishments under way in the greater Cape Town area. The three major life offices are extending their headquarters.

These may create a vacancy in the CBD area as operations move, he says, but overall expectations are that

pressure on existing prime space will continue.

Divaris Real Estate managing director Tyrrel Fairhead says, however, a lack of parking is still inhibiting the letting of otherwise acceptable offices and creative solutions to this problem are being investigated.

The company's latest survey shows 15 of the 22 top office buildings in the city centre are fully let at between R17 and R25/m<sup>2</sup>.

Little space is available but 15 000 square metres will come on stream this year from major refurbishment programmes at Southern Life Centre, Medipark and 51 Wale Street.

However, this will represent a vacancy factor of only six percent of A grade office accommodation.

The Castle Mews building in Sir Lowry Road, an old factory renovated by Divaris and converted into 8 100 square metres of offices at a cost of about R3 million was quickly let at about R9/m<sup>2</sup>.

The southern suburbs also have few vacancies, says Mr Fairhead, but the situation will ease tremendously when Sanlam's giant Sanclare block in Claremont is completed at the end of the year.

More space will come on the market when Southern Life gives up offices in Tannery Park in Rondebosch and in The Perm in Claremont and moves into its new headquarters.

Companies are also seeking offices in Wynberg and will benefit from the first phase of a new office park development in Brodie Road being ready by September.

30

Star 19/6/89

## Storeco rights offer 98%<sup>30</sup> subscribed

SYLVIA DU PLESSIS

STORECO's rights offer of shares in its new subsidiary, Specialty Stores, was 98% subscribed with 5,2m shares in Specialty at 325c a share taken up, BOE Securities announced at the weekend.

The underwriters took up the remaining 83 271 shares. *By Dan 19/6/89*

In the rights issue the company raised almost R17m for the expansion of its specialty retail concepts — Milady's, The Hub and its two off-price retail concepts, Mr Price and Footgear.

A wider spread of shareholders was simultaneously achieved by offering shareholders two investment vehicles in which to invest, the pyramid company Storeco, formerly the Specialty Store Company, and the trading company Specialty, formerly Orrco Retail.

Specialty, listed in the retailers and wholesalers sector of the JSE on June 8, closed at 400c on Friday.

Chairman Nic Labuschagne said in the group's annual report that income attributable to Storeco shareholders would be diluted as approximately 37% of the consolidated income after tax would be attributable to the outside shareholders in Specialty.

He added that income attributable to Storeco shareholders in the current year would be about the same as last year and dividends totalling not less than 48c a share would be declared.

The Specialty Store Company notched up a 40% increase in earnings for the year to February, with turnover climbing 37% to R136,9m from R100,3m on a directly comparable basis. Operating income increased 48% to R16m and a dividend of 48c, covered 2,6 times, was declared.

# Pepkor poised for further growth 30

By Lynne Peach

Pepkor's core businesses are not only strong and well-positioned, but continue to offer great potential, says chairman Christo Wiese.

He says continued growth of group businesses and the projected expansion around them will ensure that Pepkor is able to meet the ambitious objectives it has set for itself.

He says in the annual report: "Following the restructuring and the re-orientation of the preceding two years, the period under review saw Pepkor making purposeful progress along its planned growth

path." *Start 17/6/89*

In the year to February, turnover grew by 27 percent from R939,2 million to R1,192 billion. Improved productivity at Pep Stores pushed operating profit to R111,6 million — 56 percent higher than the previous year's R71,8 million.

Mr Wiese says these results reflect strong performances by Pep Stores and Shoprite. These retail chains contributed 67,5 percent and 29,4 percent respectively to group turnover.

Pepkor's tax bill increased by 165 percent, largely because of in-

creased tax at Pep Stores. Despite this, earnings per share climbed by 34 percent from 369,9c to 496,3c. The dividend payout was 158c (130c).

The group has R100 million in cash and a strong balance sheet. Gearing is only 5 percent.

Pepgro, whose income is derived solely from its 58 percent interest in Pepkor, had earnings per share of 271,4c (201,3c. The annual dividend was raised to 80c (60c).

MD Arnold Louw says Pepkor will pursue growth, either organic or by takeovers.

# Malawi offers export scope for black business

By Jabulani Sikhakhane

Provision for small businessmen to enjoy benefits from the trade agreement between Malawi and South Africa should be made in the new agreement to be signed soon by the two countries.

This is one of the proposals made during a business tour of Malawi by a group of South African black businessmen.

The tour was backed by 15 black business, professional and service organisations and led by the president of the National Federated Chambers of Commerce (Nafcoc), Dr Samuel Motsuenyane.

Willie Ramoshaba, the tour organiser and MD of WR Business Consultants, said that SA's black businessmen and their Malawian counterparts felt that the revised trade agreement between the two countries should accommodate small businessmen.

"Specific provisions must be made for the small businessmen in both countries to enjoy the benefits of the new agreement. For instance a certain portion, about 10 percent of the volume of trade between the two countries, could be set aside for small businesses in terms of the available foreign currency and product categories.

"A need was also identified for the financial institutions to devise schemes to finance export/imports by the small

businessmen. In SA one would be looking at the financial institutions, the Small Business Development Corporation and the Development Bank of SA to come out with tailor-made financial packages for import/export," Ramoshaba said.

There is also a need for simplified export and import procedures to make the entry of the small businessmen to the import/export trade easy. A directory of services and goods that both countries require would make life easier for the small businessmen.

Ramoshaba said five black businessmen had concluded 'meaningful' business deals with their Malawian counterparts during the tour and would be going back to Malawi to tie up further loose ends.

"The primary objectives of the trip were to expose SA black businessmen to potential business opportunities in Malawi, look at Malawi's business practices and see if there were any lessons for us, look at import and export regulations and explore possible areas of joint business ventures.

"Black businessmen in SA have developed to the level where something drastic and imaginative has to be done to save them. They service a small dwindling market which has limited business capacity. There is the growing need to look for something new and the import/export market is one possible area," he said.

## Assocom to join anti-inflation fight?

# Drive to cut food prices is widened

By Michael Chester

Supermarket magnate Mr Raymond Ackerman, chairman of the Pick 'n Pay chain, is aiming to recruit Assocom to back the drive he announced several weeks ago to counter the steep spiral in food prices.

The move to bring the muscle of the Association of Chambers of Commerce and Industry into the action shows Mr Ackerman now wants the whole retail sector to join forces to hold down increases in food bills.

Assocom has confirmed the issue will be discussed by its food technical committee.

The first announcement by Mr Ackerman about an anti-inflation campaign mentioned only supermarkets as potential supporters. But the news was greeted with bewilderment by rival giants who said they had not been consulted.

### Widen attack

Mr Ackerman said at the weekend he was still seeking support from all the main supermarket chains as a basic platform for the campaign, but now wanted to widen the attack on inflation, running at 14 percent at the latest official count and threatening to move higher inside the next few months.

He outlined the new strategies on the eve of his departure to London and Geneva to collate information on how western Europe had reduced food prices.

The data would be added to information already collected on how the US Food Marketing Institute had

countered the prices spiral. He said he regarded the institute as a basic model for a proposed Supermarket Institute for South Africa.

Insiders said the move to widen the campaign was a significant change in tactics by Mr Ackerman, who had normally insisted on go-it-alone strategies in the marketplace.

They added that by taking the issue to the discussion table at Assocom, the move also promised a solution to suspicions by rivals that Mr Ackerman was trying to reap all the glory for Pick 'n Pay as a champion of consumer interests.

However, they also forecast possible sharp conflicts inside Assocom, whose members come from the industrial as well as the commercial side of the retail business, if the big foodstuff manufacturing companies come under flak.

Assocom president Mr Sidney Matus has already warned that retailers could run into trouble with the Monopolies Act and the Competition Board if they attempted to negotiate agreements between themselves on price levels — an infringement of legislation on collusion.

But Mr Ackerman responded by stressing that he does not intend to propose all retailers joining forces to demand uniform price reductions by suppliers.

That assurance alone has prompted Mr Jeremy Hele, executive director of the Grocery Manufacturers' Association, to pledge full support to any anti-inflation campaign devised at Assocom discussions.

"In fact", he said, "we have been offering ever since 1981 to sit down

with retailers to thrash out inflation problems. Our association is still willing and anxious to co-operate."

However, Mr Ackerman says he believed supplier companies would still come under pressure about price levels as a whole.

Even though individual retail companies would negotiate their own price terms with suppliers, he said, investigations were still needed in broad terms into suspicions of price collusion among suppliers, monopolies, cartels and infringements of fair trade practices.

And, he argued, the investigations would be all the more effective if the retail trade as a whole instigated them, rather than leaving it to individual companies.

### Cartels

He intended to press Assocom to:

- Lobby the Government as a collective voice on all consumer affairs, with reviews of the role of control boards and talks on such issues as a better distribution of food items during surpluses
- Lobby suppliers to join the fight against cartels and monopolies; insist on retailers being allowed to offer discounts on petrol; to set up their own bakeries to produce such basic items as bread; and have more licences to sell wine.
- Form lobbies to discourage overseas sanctions and any disinvestment moves by multinational supplier companies.
- Solve inefficiencies inside the retail trade with new hi-tech systems and better productivity.

# Minorco to petition US Supreme Court

Star 2/16/84

Star Bureau

LONDON — Minorco is leaving nothing to chance in its attempts to end the US litigation which prevented it taking over Consolidated Gold Fields.

It has now petitioned the US Supreme Court to consider whether a US court should have jurisdiction over a private civil action brought by Consgold.

The Supreme Court will review the case in its next session, beginning in October.

The issue is separate from the anti-trust case brought by Consgold and its associate Newmont Mining which Minorco is contesting but for which no timetable has yet been fixed.

As a result of the injunction granted by the US court, Minorco's offer for Consgold lapsed, despite a 55 percent acceptance of

the £3.5 billion bid by Consgold shareholders and the clearance of the deal by the UK Monopolies Commission, the EEC Commission, the US Department of Justice and other regulatory bodies.

According to UK takeover law, Minorco can only make a renewed bid for Consgold early next year.

The settlement of cases in the US courts is an essential prerequisite to a new offer.

In a wider sense it would also clear Anglo American should it wish to consider major expansion in the US.

Minorco said it decided to petition the Supreme Court because there were substantial issues of public interest in which the court might be concerned.

It has requested the court to address three questions.

The first is to consider whether the target of a hostile takeover bid, such as Consgold, has standing to challenge the bid under US anti-trust laws, given that the management of the target is generally not motivated by concern for competition.

The second issue is whether a plaintiff must present evidence, rather than mere allegations of "injury of the type the anti-trust laws were intended to prevent" in order to have standing to enjoin an acquisition.

Finally, the court will be asked to consider whether US courts must, for reasons of international courtesy, exercise restraint before enjoining an acquisition of one foreign company by another on US anti-trust grounds, where the anti-trust authorities in all relevant jurisdictions have cleared the acquisitions.

## Cashworths has pile of cash

Star 2/16/84

By Lynne Peach

DCM-listed Cashworths could be taking on a whole new direction as far as the nature of its business is concerned.

Having sold its non-profitable operations and fixed properties, the group has a pile of cash looking for a new home.

Chairman Harry Spain confirms that Cashworths is on the lookout for new investments, probably not in the fashion industry.

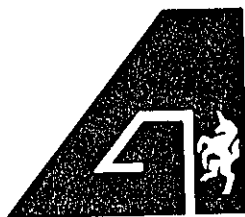
It has been suggested that the group could move as far away from fashion as banking. Mr Spain re-

sponded that the banking area is one possibility.

Cashworths is already a shadow of its former self as far as its level of activity in the fashion game is concerned. All that remains is its cut-and-trim and tie-making businesses which Mr Spain says are trading profitably but the group would also consider selling these if the price was right.

An informed source says that the cash holdings of Cashworths represent 60c to 70c a share.

The net asset value is estimated to lie between 70c and 80c.



Corporation Limited  
(Africa)

Rights Offers

# White managers slammed

30

THE president of the Black Management Forum, Mr Don Mkhwanazi, yesterday said white managers have been fed a superiority complex and "baasskap mentality" from cradle to grave.

Speaking at the opening of the annual

By JOSHUA RABOROKO

BMF/Kellogs Excellence in Achievement Awards in Johannesburg, Mkhwanazi said while white fears were understandable, they were a luxury blacks could no longer afford. *Government*

## Fears

He said: "If we continue entertaining these white fears this country is going to find itself in a worse situation, an economic wasteland and a banana republic."

He said top management must send their

lower and middle management employees to BMF sponsored and/or run courses.

BMF in conjunction with some reputable black consultancies were running courses to upgrade black managers.

Mkhwanazi appealed to the South African Government to train more blacks into management positions instead of spending millions of rands on defence and other unproductive areas.

"The country needs more than 970 black managers a month by the year 2000," he said.

23/6/89.

## Decelerating

There have been a number of companies whose forecasts for the present year are in sharp contrast to their latest reported results. One such is Edgars, which recorded a 59% increase in EPS in the year to end-March, but which, according to chairman Meyer Kahn, expects growth to be well down this year, though the company is still budgeting for a real increase in EPS.

The conversion of 7,7m debentures effective April 2 this year will have an impact on EPS. Edgars has provided for this by increasing dividend cover from 2,6 to 2,9 times (2,6 fully converted), making this the fourth consecutive year that cover has improved.

Another non-operational item which affected performance last year is the change to capitalising leased assets. SAB was recently voted in the top ten in the world for its accounting standards, and is obviously determined to stay there by conforming to international and latest SA standards on leasing — all its subsidiaries are following this poli-

81

P.T.O.



**Activities:** Retail clothing, footwear and accessories through three national chains: Edgars, Sales House and Jet.

**Control:** SA Breweries has ultimate control through Edcon.

**Chairman:** J M Kahn; managing director: V B Hammond.

**Capital structure:** 43,0m ords of 10c each; 150 000 6% prefs of R2 each, and 7,7m conv debts of R6,50 each. Market capitalisation: R1bn.

**Share market:** Price: 1 950c. Yields: 3,8% on dividend; 11,3% on earnings; PE ratio, 8,8; cover, 2,9. 12-month high, 2 200c; low, 1 375c. Trading volume last quarter, 68 000 shares.

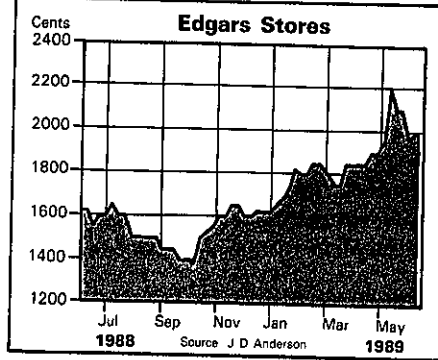
**Financial:** 53 weeks to April 1.

	*'86	*'87	†'88	†'89
<b>Debt:</b>				
Short-term (Rm) ..	21,6	3,4	28,8	20,8
Long-term (Rm) ...	55,6	43,4	63,2	121,9
Debt:equity ratio ....	0,51	0,21	0,34	0,41
Shareholders' interest	0,39	0,45	0,40	0,38
Int & leasing cover .	1,4	3,2	5,1	11,7
Debt cover .....	0,29	0,80	0,76	0,73
<b>Performance:</b>				
	'86	'87	'88	'89
Return on cap (%) ..	13,1	18,0	19,9	38,4
Turnover (Rm) .....	735	930	1 178	1 580
Pre-int profit (Rm) ...	51,9	90,2	128,4	202,4
Pre-int margin (%) ..	7,0	9,7	10,8	12,7
Taxed profit (Rm) ....	18,2	39,2	58,1	93,7
Earnings (c) .....	43	95	139	221
Dividends (c) .....	22,5	40,0	53,5	75,0
Net worth (c) .....	354	410	484,6	631,6

\* Adjusted for 1987 sharesplit  
† Leases capitalised

cy. For Edgars the change meant that 1988 borrowings increased by R59,1m (141%) over the originally reported figure and the debt:equity ratio climbed from 0,13 to 0,34. Fixed assets, depreciation and deferred tax were also adjusted, reducing EPS by 2,7c to 139c.

Comparing the 1989 figures with adjusted figures for 1988, there was a R50,7m (36%) rise in debt, partly because of R25m expenditure on computer hardware and the start to a R20m extension to Edgardale. Another cause was the withdrawal by the authorities of the GST debtors allowance, which increased borrowings R21m. Debt:equity re-



mains a comfortable 0,41 and interest and leasing cover is a substantial 8,6 times.

Star performer was the Sales House chain, with a 43% rise in turnover and no less than 91% increase in taxed profit. Sharply improved efficiencies are shown in a 44% increase in sales per employee and a 1% fall in the number of employees. Only one new store was opened in the year, bringing the total to 101, but new customers are more demanding and eight units have been modernised to international standards. Sales House also launched Express Stores, a subsidiary chain, selling the same goods as Sales House, but on a cash discount basis. With Express sales climbing over 40%/year, the intention is to increase the number of stores rapidly.

Sales House's turnover was only R270m compared with the Edgars chain's R1,1bn so it's small wonder that Edgars grew at a slower pace, though by a much larger figure in rand terms. Turnover was up 36% and taxed profit by 58%, while sales per employee was 27% higher. The number of stores also increased by one, making a total of 166. Edgars' growth was sharply higher than that of the industry average and market penetration has increased to more than 10%.

Edgars other chain, Jet, was a problem. Though sales rose 16%, taxed profit declined 33% to R2m. The closure of the Pretoria branch involved considerable expense, but CE Vic Hammond points out that Jet made a positive contribution and that the new MD and the help of four senior managers second-

ed from other retail chains should improve performance.

Despite the Edgars group's large non-white customer base, which now accounts for 50% of sales, and the expected sharp growth in this market, Kahn expects the rate of real growth to be well down on last year's performance, which he calls exceptional. The fact that the market still has high expectations is shown by the dividend yield of 3,8%, well below the sector average of 5,1%. In the long term, this share must prove a winner.

Pat Kenney



Edgars' Hammond ... modernising stores

30 mail 23/6/89

OK BAZAARS

# Working on margins

**Activities:** Operates 193 departmental discount stores, supermarkets and freestanding furniture stores and 19 Hyperama, House and Home and service station outlets.

**Control:** SA Breweries holds 69,9%.

**Chairman:** J M Kahn; managing director: G W Hood.

**Capital structure:** 12,3m ords of 50c; 240 000 6% 1st cum prefs of R2; 300 000 6% 2nd cum prefs; and 500 000 5% 3rd cum prefs. Market capitalisation: R163m.

**Share market:** Price: 1 325c. Yields: 7,8% on dividend; 14,7% on earnings; PE ratio, 6,8; cover, 1,9. 12-month high, 1 600c; low, 1 050c. Trading volume last quarter, 67 962 shares.

**Financial:** Year to March 31.

	'86	'87	'88	'89
<b>Debt:</b>				
Short-term (Rm) ..	111,7	131,4	136,0	124,5
Long-term (Rm) ...	58,2	46,1	55,0	53,2
Debt:equity ratio .....	0,30	0,47	0,49	0,40
Shareholders' interest	0,47	0,37	0,37	0,25
Int & leasing cover ..	3,2	3,0	3,6	2,8
Debt cover .....	0,45	0,31	0,35	0,46

	'86	'87	'88	'89
<b>Performance:</b>				
Return on cap (%) ..	4,9	4,4	5,4	4,5
Sales (Rm) .....	2 042	2 365	2 855	3 394
Pre-int profit (Rm) ...	41,7	52,1	53,6	67,1
Pre-int margin (%) ..	2,0	2,2	1,9	2,0
Taxed profit (Rm) ....	13,0	15,9	21,5	24,9
Earnings (c) .....	100,8	123,0	162,0	195,0
Dividends (c) .....	60	73	89	103
Net worth (c) .....	2 703	2 802	2 865	2 956

\* Includes effect of capitalising finance leases

If the economic trends are any guide, for OK Bazaars the rate of sales growth, a crucial ingredient in its profit performance, will be under pressure this year. Management's best hope of countering this trend will probably lie in its ability to produce more improvements in margins, building on what was achieved last year by changes in the sales mix and by asset management.

The turnover trend was clear enough during the latter half of the year to end-March. Turnover grew by 22% in the first half and by only 17,2% in the second half, giving an improvement of 19,4% for the year — a performance which chairman Meyer Kahn considers satisfactory compared with national retail sales statistics.

He says the extensive credit restrictions promulgated in August, coupled with sharp increases in borrowing and bond rates, led to a further erosion of the real spending power of consumers. He adds that the Budget speech in March contained little good news for the consumer, "who is likely to be even worse off through the continued impact of fiscal drag and the general sales tax increase to 13%." Since then, of course, there have been further clamps on consumer spending.



OK Bazaars' Hood ... faster stockturn rate

Operationally, the group has performed well. An important achievement, which had a significant effect on the trading result as well as on the balance sheet, was the improved stockturn rate. Largely because stockturn was increased from 5,42 to 6,03 times — the 11,3% increase was well below that of sales — net working capital rose by only 4,4% on the previous year. This in turn was the main reason for the reduction in gearing to 0,41 (0,51).

MD Gordon Hood says that, to help in improving stockturn and stock control, the OK has successfully introduced a centralised warehousing grocery distribution system in 50% of its stores. It is following up in those stores with a computerised space allocation system to further reduce branch stock holdings while improving the on-sale position.

While the number of branches rose to 212 (207) with the trading area up 4% at 742 795 m<sup>2</sup> (714 513 m<sup>2</sup>), the sales per square metre of trading space rose by 14,3% to R4 569 (R3 996). The sales per employee were up 19,4% at R135 581.

After last year's pickup in profitability the return on capital (as given by the company) is more than 50% up on the level of 1987, though only equal to the level of 1984. Similarly, the ratio of operating income to sales has risen annually since 1986, but, at 2%, remains well below the 1984 level of 2,9%. This presumably underscores the intensity of competition still faced in certain sectors, particularly food.

Part of last year's margin improvement resulted from progress made, though limited, with the plan to reduce the food component of sales. Hood notes that the food element of

59,8% of total sales, though down on the 60,9% achieved in 1988 and the 62,4% in 1987, "continues to exert a detrimental effect on gross margins."

Efforts to further reduce the food component are being focused notably on the clothing range. Following a consumer research programme, "stand-alone" clothing departments are being created in all the major stores; and The Gap range of merchandise, which Hood says is successfully marketed in the US to age groups from 11-25 years, is being introduced into major stores nationally and greater exposure given to national brands.

There are hopes that new store openings, including those of last year, will help keep some momentum in the group's turnover. This financial year a Hyperama will be opened in the Blue Route Centre in Cape Town, together with OK stores in White River and Westgate, Johannesburg. Replacement stores will be opened in Germiston and in Mogwase, Bophuthatswana.

With the qualifications that the group sees reasonable social and industrial stability, Hood says he expects further improvement in the group's trading performance, though at a slower pace.

At 1 325c, the share is well off the 12-month high, and the stock market is likely to maintain its cautious rating for a while.

Andrew McNulty

## REGIONAL DEVELOPMENT

# Evading the draft

30  
mail  
23/6/89.

Business on the Witwatersrand is to have another go at persuading government to reconsider its development plans for the region.

Economic and social realities are perceived to have overtaken government's *Draft Guide Plan for the Central Witwatersrand*, which seeks to discourage further industrial and urban development by means of decentralisation and other policies.

Marius de Jager, CE of the Witwatersrand Chamber of Commerce and Industry, says the question of regional development "is in the melting pot." Government is studying a report from the Development Bank of Southern Africa (*Business* April 28), which argues industrial decentralisation policies must be overhauled.

It argues that many areas selected for decentralised development are economically and socially unsuitable. In future, such areas must possess "suitable economic and social infrastructure necessary for a balanced socio-economic development process."

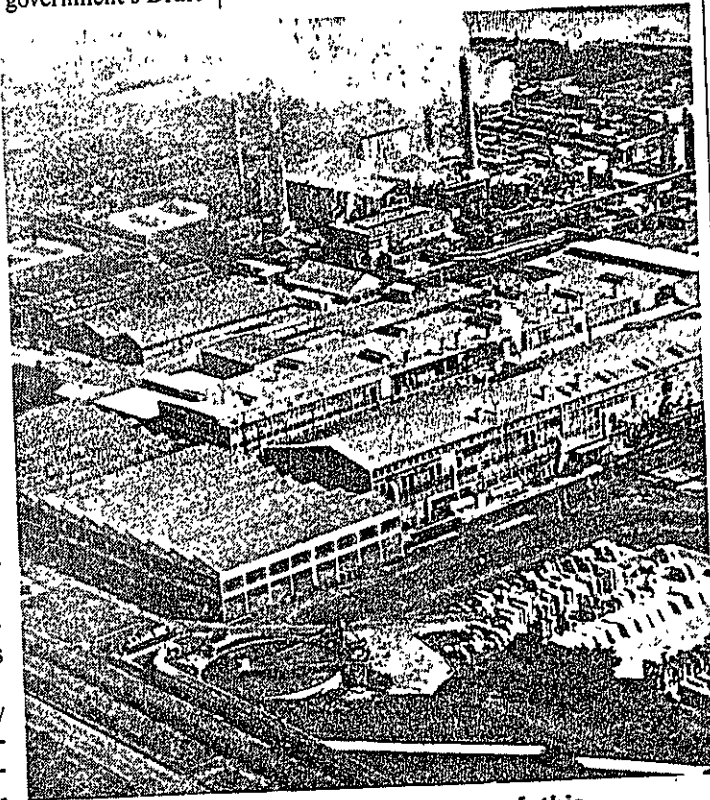
Proponents of further Witwatersrand development say their region has the necessary infrastructure. They add that the process doesn't require official policies. All government must do is stand back and let natural development take its course.

They add that the draft plan was devised before government apparently conceded black urbanisation was unstoppable. "We are telling them to forget about it, because the whole scenario has changed," says De Jager.

With urbanisation now a reality, the emphasis must be put on managing the influx, providing employment and creating wealth. Government's apparent willingness to reconsider regional development has encouraged the region's supporters to press their case

anew.

Official attitudes until now have been coloured by the view that the Witwatersrand is congested and "over-concentrated", Urban affairs consultant Nigel Mandy dis-



Witwatersrand wants more of this



De Jager

agrees. "By international standards, the Witwatersrand is under-concentrated," he insists.

He adds that many of the problems experienced in the region are not the result of development, but rather of government's inability to handle it.

"Congestion and pollution do not result from concentration. They are, instead, the result of misguided management and planning."

But he, too, sees a change in attitudes. He says there is growing acceptance that prosperity in southern Africa is largely dependent on the creation of jobs, housing, transport and effective local government systems for the millions of people migrating to the Witwatersrand.

The greater PWV region accounts for more than half SA's economic output. The Witwatersrand is responsible for an estimated 75% of that. However, other regions are likely to resist efforts to pack even more economic punch into an enclave covering barely 1% of SA's land area.

Many claim current regional concessions and incentives are insufficient. Far from let-

ting the Witwatersrand "poach" more development, they would like to see more done for their own regions. In Cape Town, for instance, some industrialists argue that transport and other policies already act as a disincentive to local industrial development.

Supporters of Witwatersrand development say they acknowledge the concerns of other regions. They add that they are not looking for favours, merely non-intervention.

The region and its growing population "must not be handicapped," says Mandy. ■

## TOURISM

mail  
23/6/89

### Banking on success

A new attempt to develop SA's inadequate tourism infrastructure is about to get under way.

The SA Tourism Board (Satour) and Development Bank of Southern Africa (DBSA) are preparing to start work on a long-term plan to improve the country's tourist potential. Officials say they hope to start putting the plan into effect by the end of next year.

They would need to. SA is now enjoying something of a boom in foreign tourism, partly induced by the depreciated rand. But the country's tourist infrastructure is unable to cope with demand.

It seems a bit odd having a regional authority like the DBSA assisting in restructuring tourism in SA. But Satour says it asked the bank for help because of its experience in advising TBVC and self-governing states on tourism.

The study will focus on available and potential tourism products, demand and services. It will also examine physical aspects such as travel and accommodation facilities.

It will identify the roles the public and private sectors should play and how they should be integrated. A steering committee, chaired by Satour and comprising members of both the private and public sectors, will recommend incentive schemes to encourage development.

Once the study's recommendations are ready to be implemented, the DBSA's role will be limited to financing development of infrastructure, if no other source of finance is available.

DBSA GM Nick Christodoulou says because it will be necessary to consult regional development authorities, the private sector and government, it is difficult to say exactly how long the study will take to complete. However, it has been agreed to set a limit of 18 months, in order to fit in with Satour's intention of starting to implement the plan

## SHOPPING CENTRES

# Under a sword of Damocles

30 Ruweil 23/6/89

A Midrand shopping centre, owned by a former town councillor and management committee member, could face demolition unless it is altered to conform with local planning requirements.

Bernard Tribe paid R2,4m for Midrand Mall, a shopping centre on prime land in the Halfway House CBD. He was a councillor until ousted in the October municipal elections, when he stood for the NP, and a member of the management committee which had battled unsuccessfully to force the previous owner to make the building conform with Midrand's town planning scheme.



Midrand Mall must shape up

Now the boot is on the other foot. The new management committee — controlled by independents — believes Tribe, through his company Tribal Properties, has dragged his heels. As inducement to speed things up the council has revived a demolition order, originally obtained by the management committee on which Tribe served.

"We will implement the order unless work is carried out to our satisfaction and on schedule," says Town Clerk Philip Botha.

Tribe is abroad, but a spokesman understands the work is being done to the council's

satisfaction.

Botha explains that there have been problems ever since the mall was built. Though the original developer, Gordon & Rich, had approved plans for shops and offices, the structure erected went far beyond these and contravened the town planning scheme.

The biggest problem related to the use of space, designated for basement parking, actually developed into shops and leased to about 10 unwitting tenants (the building's main tenant was the SA Police).

In October 1987, apparently after repeated warnings, the council authorised a demolition order. It decided against evicting tenants, though they couldn't be properly licensed for business, because some had invested considerable sums in preparing their premises. However, it did ban further letting until the building conformed.

Botha understands the developer ran into financial difficulties. The mall was taken over by the bondholder, the Board of Executors, with whom the council negotiated until Tribal Properties bought it early last year.

The council gave Tribe until the end of July to submit a programme of changes.

"We sent many reminders. We negotiated until April 18, when the council resolved that the programme for completion of the mall be agreed, based on a schedule submitted by Tribe. Failure to comply would result in reinvoking the demolition order."

Botha believes pressure is finally paying off. "I understand Tribal Properties has started renovation and it looks as though the matter will be resolved amicably."

Tribe's spokesman expresses surprise at the council's acquisition of a demolition order. "We knew of all sorts of problems, but

these have been overcome. Plans have been approved and builders are at work."

He says there can be no suggestion that Tribe used his council position to acquire the property.

The previous owner was in difficulty and nobody else wanted it. Tribe got the Board of Executors out of a nasty position, paying just about the offer price.

## FREE SETTLEMENT

30 Ruweil 23/6/89

### New horizons

Free settlement was never going to be easy but there are signs that even those who might have welcomed the concept as a step in the right direction are shying away. Ironically, they say the creation of small so-called racially integrated pockets will entrench rather than hasten the demise of apartheid.

Because of this, cities such as Cape Town are calling for the scrapping of the Group Areas Act within their boundaries. In the latest such move a racially integrated zone is being touted for the Transvaal, stretching from the southern edge of Pretoria to Sandton and from Hartbeespoort in the west to Kempton Park in the east — an area with a white voters' roll of 41 000.

Surprise is that the proposal is by Midrand Management Committee, which is opposing a free settlement zone within its municipal area, at Country View. This application, by Sage Schachat (*Property* May 12), is due to be considered this week by the Free Settlement Board. If chairman Hein Kruger sanctions it he will go against the wishes of the local authority, but his decision will prevail.

Midrand's approach, says management committee chairman Ian Bekker, is not as ambivalent as may seem. Opposition to Country View is based on both the details of the application and how it fits into the Free Settlement Act. "We don't want to be guinea pigs for a basically flawed Act," says Bekker.

Instead of becoming a home for middle managers and diplomatic staff, as originally envisaged, he fears Country View could degenerate into a black slum. "But more significantly," he says, "there are serious defects in the free settlement legislation, particularly with regard to voting rights of people moving into free settlement areas."

He adds that his committee believes the Group Areas Act should be scrapped altogether. "That would be the first prize, but is unrealistic at present."

Next best, or second prize, would be large regional free settlement zones such as this. "I am putting feelers out to see whether Ver-

## MORE OFFICES AT BRUMA

The next phase of Johannesburg's multi-million-rand Bruma Park is to be opened up for development.

The city council is inviting tenders for six prime sites involving up to 30 000 m<sup>2</sup> office space. They will be opened in public on August 16.

The stands, next to Allum Road extension and Marcia Street, south-east of Bruma Lake, form part of 1,2 ha of subdivided land owned by the council. Other

sites could be released in batches of five and six, if there is a demand.

Minimum prices for the six on offer range from R1,6m for 4 219 m<sup>2</sup> to R2,7m for 6 516 m<sup>2</sup>.

Bruma Park is a part of Bruma Lake development, including the retail complex, Fisherman's Village, now being built. Focal point of the development is the manmade lake funded by Ampros, which is developing three office blocks.



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# Whites swell the Boksburg boycott

## Packed buses ferry multiracial consumers to stores in Benoni

IT is the last Saturday of the month. In most of South Africa's cities, towns and villages, this is shopping time.

The streets in these centres are crowded with black and white shoppers. Some come to town to pay their HP instalments while others come to ply their trade in pickpocketing.

**By SAMKELO KUMALO** Most towns are packed — but not Boksburg on the East Rand. Only whites walk the empty streets and few black faces are to be seen.

Since the Boksburg Town Council was taken over by the racist Conservative Party in October, which re-imposed petty apartheid in the town, blacks have sustained a consumer boycott of white shops.

Meanwhile, the scene is very different in the neighbouring town of Benoni, a three-minute drive from the centre of Boksburg. Shoppers of all races cram the streets and stores.

The Boksburg boycott took an unexpected turn recently when some white residents joined after a meeting held at the headquarters of the American-owned Colgate Palmolive company.

A bus packed with boycotters from Reiger Park — Boksburg's coloured area — stops in the centre of Boksburg to pick up a white woman waiting outside a furniture shop.

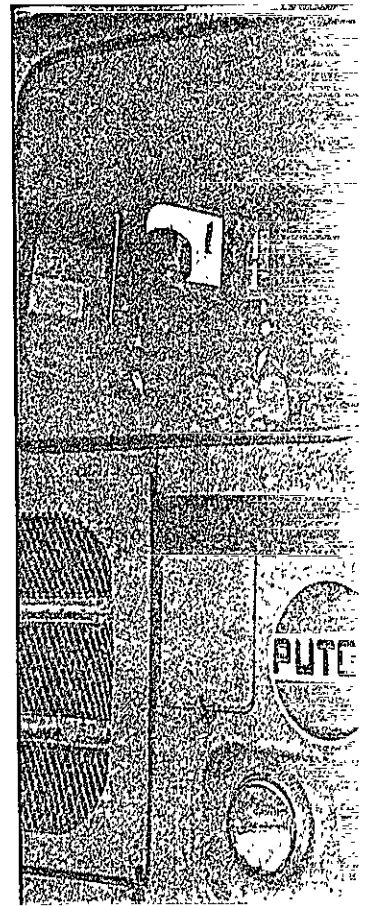
Every Saturday several buses are laid on by the Save Boksburg Committee for those wanting to shop in Benoni. Passengers pay R2 return and at the end of the month the ride is free. A look into the bus reveals people of all races, all showing their rejection of Boksburg's racist policies.

Draped across the buses and emblazoned on T-shirts worn by many passengers are the messages: "Save Boksburg for our Future" and "Boksburg! We demand one town, one town council".

Since the Conservative Party-controlled town council re-imposed petty apartheid in Boksburg late last year, a consumer boycott of the white town by black residents of Boksburg's Reiger Park and Vosloorus is growing, according to the Save Boksburg Committee which is co-ordinating the boycott.

More and more whites, disillusioned with the "verkrampte" mentality of the CP, are joining the boycott in increasing numbers, the committee claims.

*City Press* went along to investigate the situation.



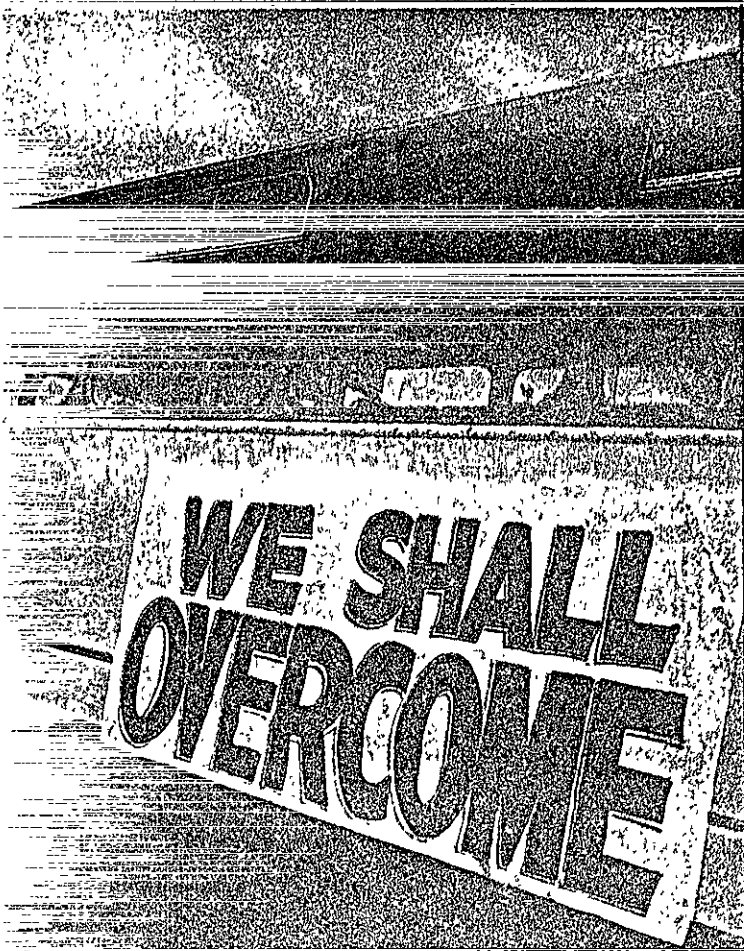
Buses lining up to take shoppers.



Boycotters from Reiger Park feel that pressure on cause them to reject the Conservative Party's decision.



Buses lining up to take shoppers from Boksburg to Benoni spotlight the town's consumer boycott. PICS: EVANS MBOWENI



People feel that pressure on shopowners in Boksburg will increase with the Conservative Party's decision to re-impose petty apartheid.



People of all races travel from Boksburg to shop in Benoni on buses organised by the Save Boksburg Committee.

CAPE TOWN

(30) *Amey*  
23/6/89.

### Second time lucky?

Permission is being sought to build a business village in Gardens, next to the Garden Centre. The development, called Hiddingh Village, is a delicate one since the site contains derelict residential properties and some have national monument status.

Last year an alternative proposal for the site, involving an extension of the Garden Centre, failed to get off the ground.

Owners Penthouse Properties want to redevelop the area bounded by Mill, Breda and Myrtle streets and Hiddingh Avenue. The proposal is for a business village with a residential component, all styled on existing

buildings.

(30)  
Ian Fife of development supervisors Newport Real Estate estimates the project, if approved, will cost about R15m. It will comprise about 2 400 m<sup>2</sup> of offices (probably in 24 units), 10 retail units totalling 1 000 m<sup>2</sup>, and 18 to 20 dwellings.

Negotiations have been held with the National Monuments Council (NMC), which is said to have felt the proposal "had many positive aspects, and that the concept has the potential to be developed to reach a reasonable compromise, which would satisfy the developer and the NMC." That augurs well for a successful rezoning application in a few months, although Fife cautions that there are still a number of hurdles to overcome — principally an objection from Ampros which owns the Garden Centre and does not believe the area can sustain further business development.

However, Newport claims its research shows that 55% of all office tenants in Cape Town occupy less than 150 m<sup>2</sup>. Many of these could be considered potential tenants for Hiddingh Village given the location of the site — 10 minutes walk from the city centre, on a main road to the southern suburbs and easily accessible from the Atlantic seaboard.

In recent years the site has been allowed to decay. This in turn gave rise to a vagrancy problem.

Redevelopment should solve both these difficulties as the scheme ties in well with the already mixed-use nature of the area. It also promises a balance between conservation and development. ■

# Furniture Fair buys Harmony, becomes largest independent

By AUDREY D'ANGELO  
Financial Editor

FAST-GROWING Furniture Fair (Furnfair) has bought its major competitor, Harmony Furnishers, for R11m in cash. The deal has made Furniture Fair, which bought Montana in July last year, into the largest independent furniture retailer in SA.

Announcing this yesterday, MD Ivan Hammerschlag said he would continue to run Harmony as a separate chain, competing with Furniture Fair and Montana, and there would be no loss of jobs.

Hammerschlag said the deal, effective from March 1 this year, had been under negotiation for about 18 months and would have a significant effect on earnings.

Results for the current year have not yet been announced. But Hammerschlag said that if the acquisition of Harmony had taken place at the beginning of the financial year, earnings per share would have risen by 10,5% to 63,5c, compared with expected earnings of not less than 57,5c.

In spite of the downturn, he expects attributable profits of more



Ivan Hammerschlag

than R20m on a combined turnover of R125m for the financial year to June 1990.

Furniture Fair had only two stores when it was listed in the Development Capital Market sector of the JSE less than three years

ago. Now it is on the main board and the seven Harmony stores will bring the total number in the group to 23.

Turnover has soared from R5,7m to an expected R55m for the current year.

Hammerschlag said it had been decided to pay cash for Harmony because Furniture Fair was un-gearred. "We have the capacity to borrow substantial funds comfortably."

"In addition, were we to issue paper we would have had to negotiate at the market price — currently in the region of R1,40 per share — which, I believe, is considerably below the true value."

He anticipates considerable synergistic benefits at corporate level as a result of the acquisition, which is subject to shareholders' approval. "But we have no intention of retrenching staff."

"On the contrary, our track record shows that we have grown businesses that we have acquired, resulting in the creation of additional jobs."

"And our focus will remain in the Western Cape. That is the market we know."



# Top menswear 'overpriced'

Financial Editor

TOP quality clothes sold by most men's outfitters are overpriced, says Sid Hurwitz, the former director of SA Druggists who has been appointed GM of Romens.

He intends to expand Romens into a national franchise chain, doubling its present 10 branches within a year, and is confident of capturing a major share of the market by selling "at prices which consumers find reasonable".

## Market share

Hurwitz, while at SA Druggists, built up the Link Pharmacy franchise chain of independent pharmacists, which now consists of about 2 800 pharmacies.

He said yesterday that this represented about 22,5% of all pharmacies in SA and had about 42% of market share.

"Its market share grows every year."

He believes that selling menswear is not very different from selling pharmaceuticals.

"There are too many independent outlets on the market.

"Good ones should get together in a chain with enough buying power to secure a good deal from the manufacturers and should pass this saving on to the consumer, relying on sales volumes rather than a high mark-up for their profit."

This, says Hurwitz, is what Romens is already doing successfully.

It sets maximum prices for its franchise holders and trains them in its way of doing business — which includes having a large stock available to give customers a variety to choose from.

It has already grown from two shops at the time of its listing on the JSE, in 1987, to 10, one of which is in Windhoek.

An 11th will open in Bloemfontein next month, followed by a 12th in Ver-eeniging.

Hurwitz is going to Durban on Tuesday to meet a would-be franchise holder. Romens prefers long established family firms, already doing well.

"The guy has to be right and so has the position," said Hurwitz.

Although it would prefer to own only its "flagship" store in Cape Town's Waterkant Mall, Romens will occasionally start an operation itself, for sale later to a suitable franchise holder, if it is offered premises too good to turn down.

This has happened in a shopping centre at Port Elizabeth.

"But we refused a very good site in the Checkers Warehouse shopping centre because it would not have given us the right image."

Hurwitz emphasises that Romens are "not discounters. We don't sell job lots, factory seconds or exports bought at the back door".

## A-desire group

"We sell good branded clothes but we believe that the prices recommended by manufacturers are too high.

We can sell at well below the recommended price, and the volume of sales still enables us to make a good profit."

These lower prices, he says, make it possible to sell "to the A-desire group as well as the A-income group. It enlarges our potential market".

30  
CMT Times 24/6/89

**Simple  
monthly  
payment  
will cover  
all bases**

By Don Robertson

*S/Times 25/6/89*

DELTA Motor Corporation plans to introduce a new fleet package enabling its dealers to meet the maintenance and finance needs of its customers.

Exec-U-Link, as it will be called, will offer a maintenance programme, fleet insurance, lease and rental financial agreements and full service lease operations.

The maintenance plan will be the first component to be introduced in July.

It entails the payment of a set amount against which all running costs of the vehicle are covered. The payment will remain constant throughout the period of the contract.

### Guaranteed

The maintenance programme will "stand alone" and will be able to fit any finance scheme. As with other schemes, it allows the fleet operator to establish a predetermined operating cost. This covers the effect of inflation, while cash flow considerations are simplified.

One monthly payment will cover all expenses, apart from fuel, tyres and insurance. Because maintenance is guaranteed, residual values are higher.

Delta is one of the few manufacturers which operates a maintenance programme for its dealers from within the company.

# Shed motor costs, free managers

SI Times 25/6/89

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RAMPANT inflation in vehicle prices, the cost of maintenance and all other fleet operating costs may make comparisons over the past few years difficult.

But one trend is very evident in fleet management — the growing trend towards relinquishing the cost and the management burden by opting for full maintenance leasing (FML).

One of the industry leaders, Prime Car Leasing (formerly Hertz), monitors industry trends. The company reports that in line with growth forecasts based on international figures, FML has tripled its share of fleet sales in the past three years, and looks set to meet expectations of a market share of 15% by the early nineties. In 1986, FML represented just 3% to 4% of fleet sales in South Africa.

In the UK, FML accounts for 23% of new car sales, showing to what extent the method can still be expected to gain in popularity.

Just what lies behind FML's appeal? According to Prime MD, Nigel Webb, the two main attractions for fleet owners lie in affordability (making replacement and good maintenance of the fleet a viable financial proposition) and fleet management (removing an immense man-

agement burden from the company). Says Mr Webb: "It can be financially very advantageous to relieve the fleet operator of the capital expense tied up in ownership of the fleet, a depreciating asset, as well as removing the administration burden of maintenance, of acquisition and of disposal."

## Gearing

"The fact that the deal is off balance sheet provided no ownership option vests with the lessor has a very favourable impact on gearing and on return on assets."

"The fleet buyer is looking for more than just a car. He's looking for a package that is optimally financed, and guarantees profitable road time for the fleet with the

## Trend towards letting the experts run your fleet

least involvement by management who are better employed on other tasks."

Full maintenance leasing schemes are designed specifically for the needs of the company car owner and the corporate fleet. The system is not intended to offer ownership, but cost-effective vehicle usage and as such, the system offers significant monthly and overall savings.

An average fleet valued at perhaps R1-million in 1985, now due for replacement, will cost R1.9-million to replace. FML not only waives the capital outlay but reduces monthly expenditure.

Says Mr Webb: "This sounds impossible until one is familiar with the way FML

works. How can you get more and more and pay less? The fact is, while you are paying for regular, high quality maintenance and usage of the vehicle, you're not paying for ownership and as a result, you pay less.

"The FML company bears the risk of resale. With excellent maintenance as part of the contract and considerable skill, the FML company can predetermine best resale values for the vehicle."

This anticipated resale value is deducted from the purchase price and the client pays only for the remaining portion (market depreciation).

New car prices have risen steeply. The lowest point of

entry for the tool of trade vehicle may be R25 000 by 1991. But a similar rise in value applies to the second hand car market, increasing resale values, and either stabilising or even decreasing market depreciation. Consequently, FML rentals succeed in beating vehicle price inflation.

Another area of saving is pegged maintenance costs in terms of the FML contract, at levels below anything the individual fleet owner could achieve.

Prime Car Leasing's average cost for maintenance achieved for clients currently runs at about 60% of the Automobile Association's figures

One reason, apart from expertise and buying power, is that the company has built up a database of historic records of maintenance costs incurred by various vehicle models. This information is built into rental packages.

## After-tax

Prime Car Leasing quotes total monthly cost for an FML rental on an average 2000cc vehicle at well below that for a straight financial lease. In terms of after-tax net present value, Prime says FML reduces costs by up to 18%.

And this calculation reflects direct costs only — lease instalment, maintenance cost and licence/registration. It doesn't take into account the less tangible savings FML offers in terms of reduced administration and vehicle management.

FML also minimises employee exposure to perks tax.

The fact that the company gains all these advantages, as well as a superior fleet that is always in tip top condition — without any crippling cash outlay — makes FML a ray of hope in the general vehicle affordability crisis.

# Metro has ambitious growth plans

By Ian Smith

30

ST. LOUIS 25/6/89

BIG plans for a group heading for R3.6-billion turnover in the fiercely competitive wholesale and retail sector may seem over-optimistic — but Metro Group's new managing director, Tony McDiarmid, has them.

He is the first to admit that his ambitions will not be realised overnight, but he is confident he can grow the group organically and return it to a high place in investors' popularity stakes.

By any standards the group is large. There are five Trade Centres, the huge hybrid wholesalers, 128 Metro and 39 Frasers, cash and carry outlets, eight Frasers conventional wholesalers and 49 Frasers mine stores.

Within the Jazz group, where Metro is trying to bring its 62% stake up to 100%, there are 36 Jazz

stores, 52 Fairways supermarkets, 50 Frasers general dealers and 23 Dee Bee stores.

With a spread like that, it's hard to envisage growth through conventional expansion. But Mr McDiarmid says there are opportunities to expand the pulling power of existing stores and there is room to improve the performance of Jazz Stores where earnings are expected to fall below last year's 12.9c a share in the year to June 30.

The Frasers group, which came into the Metro fold two years ago, has long experience in neighbouring states and Mr McDiarmid says the group is looking at opportunities beyond SA's borders.

Metro took no part in Jazz management while Clive Sachse re-

mained as managing director, but when he resigned last April over moves to bring the two groups closer together the way was opened to a more active role.

Mr McDiarmid says problem areas within Jazz have been identified, not so much in the trading operations but in administration, "where there probably was too much fat".

Steps are being taken to put this right and there will probably be some rationalisation and benefits from synergy.

Says Mr McDiarmid: "Jazz will be a leaner machine. It is already coming right and hopefully some of the improvements will be evident in the year-end results."

Frasers and Metro Cash and Carry are basically well-run companies, he says. "The established

systems are sound and they are run by very competent people.

"We also have a great deal of talent within Jazz and one of my major tasks will be to build up a total group team. This is very important."

Mr McDiarmid, who became Metro Group managing director in May when Cecil Smith resigned, is no stranger to the high-volume, low-margin business. He has worked for Frasers for 17 years and he was largely responsible for restructuring the company within the Metro Group.

Before the takeover he launched and built up Frasers' successful Smart Centre and Wanda chains.

A new responsibility, he says, will be to change investor perceptions of the group. "Too many people see us as a cash and carry operation with

little real competition. In fact, there is fierce competition — the giant supermarket chains are very strong competitors."

"They also believe that our gearing is high. That might be true if we were just a cash and carry operation, where one aims to turn the stock every five to six weeks.

"But in conventional wholesaling, which is a very large part of our business, stock turns in 12 to 14 weeks."

He says that at the end of the current financial year Metro's interest-bearing debt should be about 5.8% while Jazz will carry about 20%.

In the half-year to December attributable earnings were up 23.3% to 20.1c a share and there is every hope the growth will be maintained for the full year.

# Homemakers sees earnings growing despite credit curbs

Star 27/16/84  
By Lynne Peach (30)

Giant retailer Homemakers is set to achieve real earnings growth in the current year despite the recently imposed restrictions on consumer credit, according to chairman Jeff Liebesman.

He says in the annual report that the strength of the Homemakers group lies in its ability to adapt strategically to the business environment as well as in the composition of its portfolio which features largely non-cyclical businesses.

The direct sales, textiles and home improvement divisions had already demonstrated their ability to grow strongly.

With effect from end-April, Homemakers acquired 27 percent of listed Milstan and has an option to increase its shareholding to 42 percent by mid-1990. The acquisition adds a fifth division to

Homemakers — consumer electronics — which is also relatively unaffected by economic ups-and-downs.

In the annual report, the group also announced plans to consolidate its shares on a one-for-five basis. This will reduce the number in issue from 185.7 million to 37.1 million.

In its first full year of being in existence, Homemakers' earnings rose by 25 percent, which Mr Liebesman attributes to strategic developments within the group. He says that calculated planning to counter the anticipated effects of the economic downturn resulted in a more streamlined, efficient operation.

In particular, the furniture businesses were rationalised in order to equip them to trade successfully through all stages of the economic cycle.

# Against all odds, the Armstrongs thrive

By Stan Kennedy

Although it is possibly the largest stockist on the Witwatersrand of books prescribed by the University of SA (Unisa), Armstrong Bookellers is denied the right to advertise in its publications or be one of its official booksellers.

More than 20 other outlets — mostly owned by big business — which cater for the university's needs are given this preference, which leaves Armstrongs in a seemingly vulnerable position.

But that is only until one learns that the Armstrong brothers, James and Douglas, are no slouches at the book-selling game. They have what the work requires — flair and entrepreneurship and a great deal of intuition.

"We don't measure success in terms of money," says James. "We see that as rather hollow."

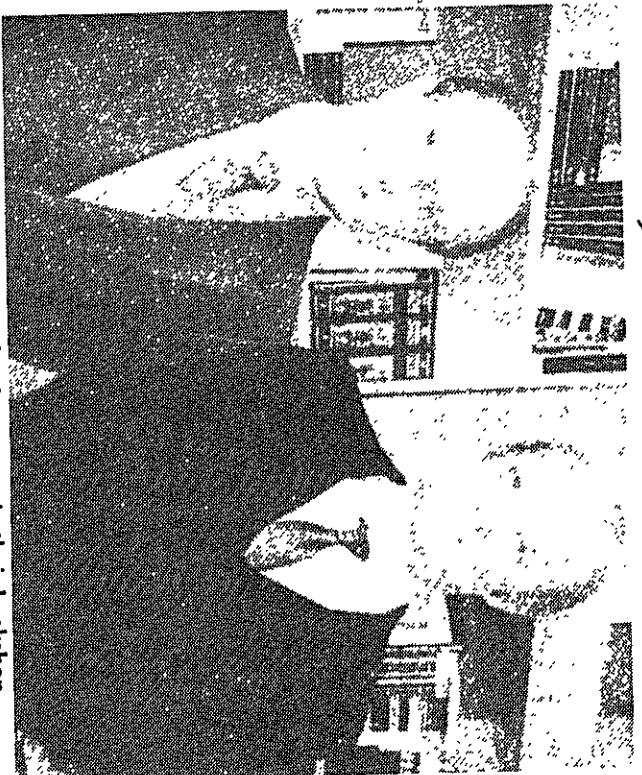
"We have achieved financial success, certainly, but it wasn't our objective. Our aim was to find personal fulfilment and that only comes from the enjoyment of the work, providing a service and knowing that you are doing it better than anyone else."

## Branch opened

In putting this kind of philosophy into practice, they have surmounted the odds stacked against them and in May last year they opened a branch and a library in Rosebank.

To be regretted, he says, are the signs of a drift towards oligopolism in the book market. "I see this ending in monopolism being in the interest of the consumer," he says.

The apparent raw deal they are getting from Unisa is not only frustrating to them but it is



James (left) and Douglas Armstrong in their bookshop.

also harmful to students, many of whom are unaware of the services Armstrongs provide, he says.

"Nevertheless, we have succeeded. Indeed, it has made us more determined and more creative in all spheres of our business.

"What might have been a devastating blow and one that could be considered a hindrance to our development has been turned to advantage.

"Generally, we have an excellent relationship with the Unisa administrative and teaching staff and regard Unisa as a fine institution," says James.

Unisa has an enrolment of about 100 000 students and if it is assumed that each student spends about R250 on books, it means that the academic book market for Unisa alone is worth more than R25 million.

Add to that the other universities and technicians and it reaches a staggering figure.

James started the business nine years ago in the Tony Factor In-town Centre in Johannesburg. Its rise from small beginnings to its present respected position in the market for academic books and general books for the professional examinations has been little short of remarkable.

But then James had a thorough grounding in the academic book world at Juba, one of the country's leading booksellers and publishers.

"I came into the book trade by accident. I took what I thought to be a temporary job, one that would give me enough money for my fare to England. I had been around the world a bit and tried many jobs but I found

that I really enjoyed working in a bookshop."

Starting as a junior salesman, he became manager of the academic department a year later. After seven years he was appointed managing director of a US firm Collier MacMillan SA. Shortly before the firm closed its South African operation, he was offered a similar post in Australia. But he decided to stay and open his own bookshop.

He says: "As a young man, I had a fantasy about writing books but having established that I couldn't, the next best thing was to sell them."

## 'Now or never'

"It was now or never. I was in my early 30s and I thought that if anything went wrong, I would have time to pick up the pieces and start again.

"There was very little money and for the first six months we worked out of money boxes. We had no tills. It was extremely gruelling working late into the night and at weekends."

Douglas left his job as a captain in the detective branch of the SA Police and joined his brother three years ago. Sharing the same enthusiasm, business philosophy and commitment to service and excellence as his brother, Douglas has done much to foster the bookshop's good name.

"I saw it as a challenge in a totally new area. I learned very quickly and I seemed to have the same natural flair for the business."

"Managing from the floor can be inconvenient and distracting but it is vitally important if we are to maintain our high level of service and keep in touch with our customers."

CNA GALLO

# Profitable medley

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 mail 30/6/89

**Activities:** Main business is CNA and Literary Group chain of retail stores, manufacturer and distribution of gramophone records, music cassettes and video-cassettes, music publishing and provision of video productions.

**Control:** Argus Holdings and Premier Group Holdings have joint control.

**Chairman:** H W Miller; managing director: D D B Band.

**Capital structure:** 31,9m ords of 10c; 500 000 5% cum prefs of R2; 150 000 6,5% cum prefs of R2; 33 690. "A" prefs of 10c; and 1,8m "B" prefs of 10c. Market capitalisation: R295m.

**Share market:** Price: 925c. Yields: 4,9% on dividend; 12,2% on earnings; PE ratio, 8,2; cover, 2,5. 12-month high, 975c; low, 530c. Trading volume last quarter, 65 982 shares.

**Financial:** Year to March 31.

	'86	'87	'88	'89
<b>Debt:</b>				
Short-term (Rm) ..	1,1	1,9	1,3	1,3
Long-term (Rm) ...	7,9	6,5	4,7	4,1
Debt:equity ratio .....	0,12	0,05	—	—
Shareholders' interest	0,54	0,50	0,49	0,48
Int & leasing cover .	1,69	5,4	11,9	19,5
Debt cover .....	1,56	2,4	4,9	8,1

	'86	'87	'88	'89
<b>Performance:</b>				
Return on cap (%) ..	15,1	15,3	18,7	21,0
Turnover (Rm) .....	309	353	430	550
Pre-int profit (Rm) ...	21,0	24,9	39,3	55,0
Pre-int margin (%) ..	6,2	6,8	8,6	9,7
Taxed profit (Rm) ....	8,2	12,2	20,6	32,6
Earnings (c) .....	26,2	42,2	73,6	112,9
Dividends (c) .....	12	18	29	45

Not too many years ago, CNA Gallo was lamenting the uncertain growth prospects in the market for reading matter in SA. Demand for these goods appeared stodgy and the situation was not being helped by soaring prices, which were being fuelled by rising import costs.

In 1985 EPS slumped from the previous 39c to 26,1c and remained static the following year. But a lot has changed since then, and not just economic conditions. Profits picked up in 1987 and have grown at a blistering pace, with the 1989 EPS of 112,9c,



CNA Gallo's Miller ... a list of acquisitions

more than four times the 1986 level.

Events since the mid-Eighties have included the continued bedding down of the merger between the CNA and Gallo groups, various acquisitions and the accession of new management. The image has been more dynamic since former Gallo executive Doug Band became group CE a couple of years ago.

Interestingly, the most rapid improvement in trading profits has been produced in the retail division, though this may have been moving off a relatively low base. Comparing the divisional trading profits reported for the 1989 year with that of 1987, the retail division rose by some 252% — remaining by far the largest operation — the entertainment division was up 164% and the support division 60%.

Profitability of the core businesses is now very respectable, as shown by last year's return on total assets of 21%. It's not surprising that the group has become increasingly active on the acquisition front — and looks set to continue that way — as it has developed into a strong cash generator. The balance sheet is carrying zero gearing, and cash and near-cash balances remain substantial at R31,1m (R35m).

Chairman Hal Miller lists a number of acquisitions: a 50% outside interest in Video Cassette Reproductions, a 50% stake in Pilgrim's Bookshop Group and Young Reading, an increased 13,9% stake in Video Lab Holdings, a further 30% interest in Swaziland News Agency, and 100% in Intech (Pty). Of the 4,3% interest taken in Walton Consolidated, Miller says the association is an important one which will, it is hoped, develop in scope and nature.

Since year-end, the group has sold its

interests in GalloVision to Mast Holdings and simultaneously acquired more shares in Mast, to increase the holding to 31,7%. The stake is seen as an important diversification in the burgeoning education and training market.

In the retail division, the CNA group opened 14 new outlets, resited or enlarged eight units, renovated and upgraded 28 stores, and closed 10. At year-end there were 300 operating stores trading out of a total 113 864 m<sup>2</sup>. The directors contend that while this represents a trading area increase of only 3,1%, new fixtures installed in a number of stores have enabled a far more effective space usage.

As part of the same effort, the chain is continuing to expand the number of video outlets in the stores. Last year saw the introduction of 59 Phase 2 video stores and further expansion of video outright sales.

The entertainment division, which is expected to do much to ensure the group's long-term growth, has been benefiting from what the directors describe as a renaissance of the music industry in SA. Gallo claims success with its investments in and promotion of local music. These efforts include the launch of a specialist record company focusing on local music, known as Umkhonto Records which, while not yet profitable, has produced well-publicised new acts. Research into the feasibility of establishing a local compact disc manufacturer in association with others in the industry indicates that such a venture may go ahead in the 1990 calendar year.

The video facilities interests were expanded with the partnership which took effect in April 1988 between Video Lab Holdings and Toron Television. Problems with merging the businesses resulted in an almost standstill earnings position, but with the issues now largely overcome, growth is expected.

Profits have moved to a high base and Miller says the group is budgeting for further real growth. The price has almost doubled since moving off the 12-month low of 530c, and probably fully reflects the immediate prospects, but the share should be seen as a solid investment worth holding.

Andrew McNulty

## CNA GALLO'S DIVISIONS

	Pretax profit		Sales	
	1988	1989	1988	1989
Retail division .....	19,8	28,8	322,8	402,9
Entertainment division ...	11,0	18,0	95,8	138,2
— Music & Video .....	7,5	14,3	84,8	125,7
— Video Lab .....	3,5	3,7	11,0	12,5
Support division .....	7,8	9,9	11,2	8,7
Holding company & financial services .....	0,5	0,4		
<b>Total .....</b>	<b>39,1</b>	<b>57,0</b>	<b>429,9</b>	<b>549,8</b>

## E W TARRY

### Clear stages

Details about the asset reorganisation which is about to occur in FS-Team, Natbolt and E W Tarry (Tarrys) should be finalised in the next few weeks, according to David Rosevear, joint MD of Tarrys.

**Activities:** Sells tools and equipment to the industrial and automotive markets; also sells motor vehicles and spares.

**Control:** Hunts holds 78%; FSI has ultimate control.

**Chairman:** I Posniak; joint managing director: L Ralphs and D Rosevear.

**Capital structure:** 11,6m ords. Market capitalisation: R57,7m.

**Share market:** Price: 500c. Yields: 6% on dividend; 18,2% on earnings; PE ratio, 5,5; cover, 3. 12-month high, 560c; low, 340c. Trading volume last quarter, 240 000 shares.

**Financial:** Year to December 31.

	'85	'86	'87	'88
<b>Debt:</b>				
Short-term (Rm) ..	—	—	—	—
Long-term (Rm) ...	3,7	6,5	2,3	5,8
Debt:equity ratio .....	0,17	0,27	0,06	0,15
Shareholders' interest	0,52	0,52	0,61	0,47
Int & leasing cover .	2,1	2,7	0,56	0,47
Debt cover .....	0,89	0,85	3,8	1,9

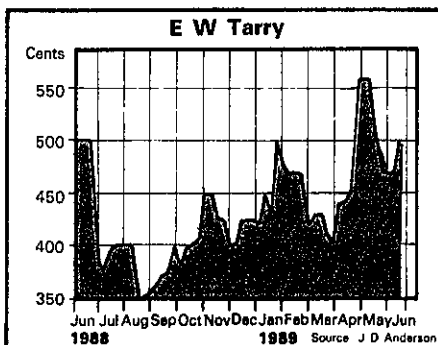
**Performance:**

	'85	'86	'87	'88
Return on cap (%) ..	11,1	13,9	17,6	19,6
Turnover (Rm) .....	68,1	170,5	204,7	284,9
Pre-int profit (Rm) ...	4,5	6,3	9,5	15,3
Pre-int margin (%) ..	6,7	3,7	4,6	5,4
Taxed profit (Rm) ....	2,5	4,7	8,1	10,5
Earnings (c) .....	22,8	42,4	70,9	91,1
Dividends (c) .....	7,0	14,0	23	30
Net worth (c) .....	190	213	286	315

The uninformed may not understand the restructurings of FSI companies. FSI asserts that there are two clear stages. The first, the corporate restructuring in July 1988, followed the takeover of W&A in September 1987. Now being addressed is rationalisation of the assets or managements of the operating companies, and expansion.

Historically, Tarrys developed into three divisions: the vehicle distributor Williams Hunt, WHID Power Distributors (primarily in engines) and Tarry M&G (primarily in tools and spares). Last year a fourth division, which supplies automotive equipment to garages and fast-fit outlets, was formed. This year Tarrys consolidated these four into two, each autonomously managed: the Williams Hunt motor operation and the industrial distribution division. In the process, distribution of motor spares has been transferred to the motor operation.

The mooted plans to take over Spectrum to hive off the industrial distribution division probably indicate Tarrys' direction. Though the Spectrum transaction came to nothing, assuming FSI persists with the rationale, Tarrys would retain the motor and motor



spares division and collect other spares operations in the group. The industrial distribution division would be "relocated" within the group.

The division of income between car sales and spares would then be important to the rating of the share. Vehicle distributors are not generally favoured by investors at present, unlike spares operations like Midas and Spareco. Rosevear, while not confirming these plans, is optimistic about Tarrys' Delta franchise despite the overall drop of at least 5% in car sales expected this year. He says that while new vehicles grew 16% last year, Delta's sales were 34% higher, and its market share continues to increase. Rosevear says Williams Hunt's operating profit has doubled every year for the past three years.

Tarrys' listing on the LSE has excited local investors. But FSI has long had AAF as a British cash shell and will surely use that first.

Rosevear is expecting real earnings growth for Tarrys this year but because of a rise in the tax rate from last year's 24%, it may not be reflected in EPS. EPS has grown 58,6% compound in the past four years, but that increase is hardly likely to be repeated this year.

Top companies in the FSI structure have been rerated since January. That wind has not blown with the same strength in other parts of the empire, such as Tarrys. The share is probably depressed because of the rising tax rate, but on prospects for motor spares it seems to have potential.

Teigue Payne

## CLICKS

### Still sanguine

One of the more optimistic scenarios for the coming year painted by any company at present must be that of Clicks, whose MD Trevor Honneysett says in the annual report that the group is forecasting "even more buoyant trading results in the 12 months to February 1990."

Since his report was written in April, however, there have been the curbs on HP sales and higher interest rates. While these measures do not directly affect Clicks' sales, they have affected consumer spending. Financial director Peter Green says sales were very buoyant in the past few months and Clicks has been trading above forecast; but he suggests that, in the longer term, the forecast should be toned down.

An indication of the extent of the buoyancy is the anticipated capital expenditure of R8m this year, up from R5,1m in the eight months to end-February. Of this R6m will be used for new stores — 13 Clicks and 16 Diskom, bringing the totals to 100 and 35 respectively.

The Diskom chain, which caters almost exclusively to the C and D income groups, has been growing at 40% annually without any increase in the number of stores. The

**Activities:** Subsidiaries retail toiletries, cosmetics and gifts on cash basis.

**Control:** Score-Clicks has just over 50%.

**Chairman:** H J Goldin; managing director: T C Honneysett.

**Capital structure:** 20m ords of no par value. Market capitalisation: R142m.

**Share market:** Price: 710c. Yields: 4,4% on dividend; 10,4% on earnings; PE ratio, 9,6; cover, 3,5. 12-month high, 785c; low, 525c. Trading volume last quarter, 794 000 shares.

**Financial:** Year to February 28.

	'86	'87	'88	'89
<b>Debt:</b>				
Shareholders' interest	0,39	0,44	0,41	0,42
Int & leasing cover .	2,8	n/a	n/a	51,4

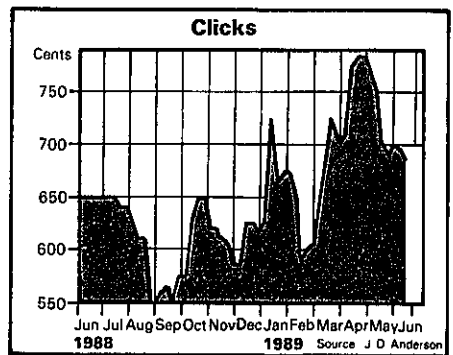
**Performance:**

	'86	'87	'88	†'89
Return on cap (%) ..	20,8	22,4	21,0	26,8*
Turnover (Rm) .....	183,1	227,7	282,2	246,4
Pre-int profit (Rm) ...	13,8	17,5	21,0	20,0
Pre-int margin (%) ..	7,5	7,7	7,4	8,1
Taxed profit (Rm) ....	6,9	8,8	11,2	9,9
Earnings (c) .....	34,7	44,2	56,0	73,7*
Dividends (c) .....	15,9	21,0	27,0	21,0
Net worth (c) .....	130	172	203	236

\* Annualised. † 8 months.

plan is to nearly triple the number of outlets and to take Diskom nationwide in the next three years.

Clicks also did well, helped by extended-



hours trading at nine stores, and turnover for the two chains together rose 29% for the eight months compared with the same period in the previous year. Pre-tax profit climbed 35% as pre-interest margins improved from 7,4% to 8,1%.

The balance sheet remains strong, though stocks at year-end were relatively high, having risen 25% in the eight months. This has been remedied and cash balances, which declined from R11m to R3m, now stand at about R8m, according to Green.

A rather controversial item is the restraint of trade payments amounting to R2,5m made to executive directors. Honneysett says that more than half is in the form of equity and is long term. It seems that with the takeover by Score there was some fear that the management team, on which Score was relying heavily, might leave and the payments were designed to prevent this. A certain amount of management movement may be expected after a takeover, such as that by Score; but in this case the management of Clicks has been left entirely in the hands of the old team, which analysts suggest is as



30/6/89.

But he adds the council now feels the market is turning and it will be making a much greater effort to develop its large Muizenberg land holdings.

Two schemes are being carried out by the council, one mainly residential and the other with a recreational/commercial emphasis.

The residential project involves a 450 ha site situated east of Prince George's Drive. The council sees it being developed primarily as a high-income housing estate.

The second focus is on the traditional heart of the area, Muizenberg Corner, which will be upgraded to provide recreational facilities, particularly around the beach.

Possibilities include extending the beach at the expense of part of the parking area and improving the pavilion, which has never really lived up to expectations.

The council also owns several prime but underutilised and dilapidated properties which could be exploited. Sats, which is upgrading Muizenberg station (including a private restaurant), also owns some prime land in the area and is willing to participate in some of the council's development plans.

The council will call for proposals from the private sector for the development of council-owned sites, and Riley expects a positive response.

The high level of activity in Muizenberg's private residential sector is also encouraging. Basil Davidson of Urban Design Services, which is conducting a detailed study of the area for the council, says: "There has been quite a significant regeneration and refurbishment of houses in the past five or six years. The hope is that once the council gets the ball rolling, it could catalyse the refurbishment of more private sector buildings."

Predictably, there is concern in some quarters that the revitalisation could go too far and that the improved recreational facilities

## MUIZENBERG

30  
Present

### Happy days

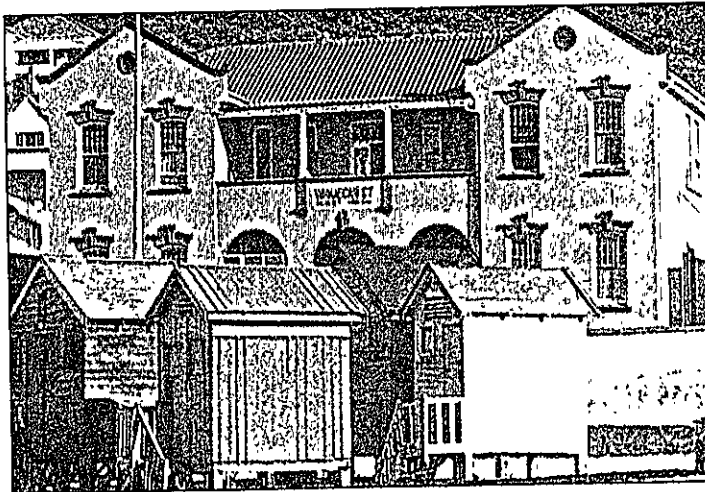
Failure to keep abreast of developments in the leisure industry has cost the Cape Peninsula resort of Muizenberg dearly.

Once a premier destination of holiday-makers, it has now all but disappeared from the holiday map. Business activity has declined and a general shabbiness has descended on the area — testimony to both public and private sector neglect.

But, there is evidence that the area is beginning to pick itself up by its bootstraps.

The process of upgrading is already evident in the private residential sector. And there are signs that the council is beginning to respond accordingly.

Cape Town city planner Neville Riley accepts that the area has been neglected.



Tide comes in for beachfront

53

30

could result in the area being swamped by tourists.

Davidson brushes objections aside, pointing out that most day-trippers use facilities remote from the residential areas.

RETAIL SALES (30) Ruape

## Looking worse 30/6/89

It was bad enough for appliance retailers before the May HP credit restrictions. Now embattled traders, who have seen turnover plummet since then, fear the situation could become even worse when TV prices increase on July 1.

Furniture Traders Association executive director Frans Jordaan says of the HP restrictions: "The measures discriminate both against certain commodities and a certain type of customer. Those companies whose customer profile doesn't have access to budget accounts and credit cards have been hit most. This certainly discriminates against black customers."

Sales were already falling before May. Retail Liaison Committee figures show that although sales of furniture rose 21% in rand terms in January compared with January 1988, by April the growth had been reduced to 6% and, in appliances, just 5.5%. In black-orientated chains such as Ellerines and the OK, rand sales had declined by 7%.

Upmarket chains like Russells and Morkels haven't been hit so badly and should show growth of 10%-12% when May figures are collated, after a 7% growth in April.

Black-targeted chains haven't been so

30/6/89 (30)

lucky. Says Ellerines MD Eric Ellerine: "There was no justification for the restrictions as sales were already coming down. Immediately after the new restrictions, our audio sales fell in volume terms by 60% and white goods by 25% year-on-year." He adds that audio sales are down 40%.

Now, traders are waiting to be hit by TV price increases. The extent of the increase isn't clear yet — predictions vary wildly from 5% to 25%. Behind the increases are a 15% surcharge on imported components and implementation of the first stage of the industry's local content programme.

National Panasonic MD Terry Millar says companies will "have to work harder to keep sales up." TV rental deals are also likely to flourish, although rental companies may have to increase their rates as well if they need to buy sets at the higher price to cope with demand.

Morkels strategic planning director Derek Russell says he doesn't expect unit sales of TVs to go down but believes customers will look for cheaper units.

"Manual televisions will be bought in preference to remote controls and the smaller screen sizes should do well," he predicts. ■

30

# Timeshare - an industry fights a battered image

By Udo Rypstra

THE SA Property Owners Association (Sapoa) is out to clean up the R500-million-a-year timeshare business.

Apart from introducing a code of conduct for developers, it will lay down rules for timeshare marketers and brokers.

It has already handed over two cases for police investigations through the Department of Trade and Industry (DTI).

## LEVIES

Timeshare's image has suffered because some operators have run into financial trouble, some brokers have been accused of unfair, high-pressure sales tactics, and because one of the biggest operators, Southern Sun Timesharing (SST), has hoisted its levies by up to 60%.

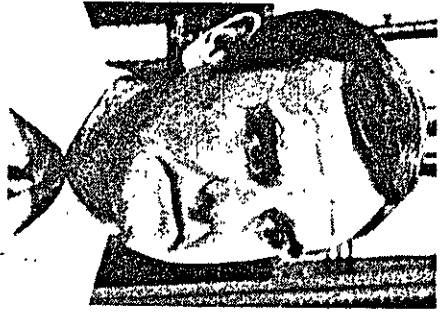
SST says it was forced to increase levies because it had to meet large wage increases.

Sapoa says the companies it objects to are mainly fringe operators or newcomers. It claims they give the business a bad name.

Sapoa is so "incensed" at bad publicity that it will introduce a more stringent code of conduct to stamp out unscrupulous developers and marketers. Screening of existing members will also be tougher and some may have to resign from Sapoa.

Peter Erasmus, executive director of Sapoa, says that only five of about 50 developers "are skating on thin ice". His organisation will not hesitate to report non-members who break the law to the DTI.

The DTI has received two com-



PETER ERASMUS . . . getting tough with shysters

plaints - involving one company using a timeshare exchange scheme different to that of Resorts Condominium International, and the other about the developers of Umkhloti Sands.

## CIVIL

A DTI spokesman says both have been referred to the SA Police for investigation.

Durban police confirm that they are investigating the Umkhloti Sands complaint, which has also been taken to the Supreme Court. Durban, in a civil action. The other complaint, says DTI, has been referred to the Johannesburg Commercial Stand.

Two timeshare broking companies in the Cape have been criticised for using high-pressure sales techniques -

virtually forcing people to sign contracts. One company would not allow the client to consult legal or financial advisers before entering a contract.

It is being investigated by the developers after a complaint to Business Times was forwarded to them.

Members of Sapoa complain that it lacks teeth. Sapoa in turn criticises the Government for not enforcing the law.

Sapoa's Mr Erasmus says dossiers have been compiled about two companies and handed to the police for investigation. He refuses to identify the two companies.

Mr Erasmus, chairman of Sapoa's disciplinary committee, says the new code of ethics may be used to expel some members unless they upgrade their standards and subject themselves to another test.

## STRINGENT

He says that although the Property Timeshare Control Act is one of the best in the world - as is Sapoa's code of ethics - more stringent self-regulation has become necessary.

"We have reached a watershed. We intend to be tougher and stricter before granting approval to developers. Now that SA developers have had time to find their feet and sort out their teething problems, there is no reason why we should not raise standards."

However, Mr Erasmus stresses: "There are only a few rotten apples around but they are giving the timeshare industry a bad name. We must stamp out all unethical activities."

Timeshare marketers - not developers - have also come under heavy criticism from Business Times readers. They complain about high-pressure selling.

It has been found that prizes offered

by marketers as an inducement to prospective buyers are becoming larger.

Pressure on potential timeshare buyers is also becoming greater. They are told to sign a contract before they are allowed to compete for a prize. One marketer uses a bubble-gum dispenser to allot prizes for timeshare buyers.

A few years ago, the inducement to attend a timeshare presentation was a free meal at a restaurant, usually Mike's Klidder.

## FORBIDDEN

But now new Opel Monzas, 10-day all-expenses-paid holidays in Rio, Telex miniaturized TVs and Vivitar 35mm cameras are offered to attract people to presentations.

Some offer petrol vouchers to pay for transport to the presentation or throw in a "special bonus gift" such as a Panasonic solar-powered calculator. Sapoa says that legally there is nothing wrong with incentives "as long as that what is being offered is really there".

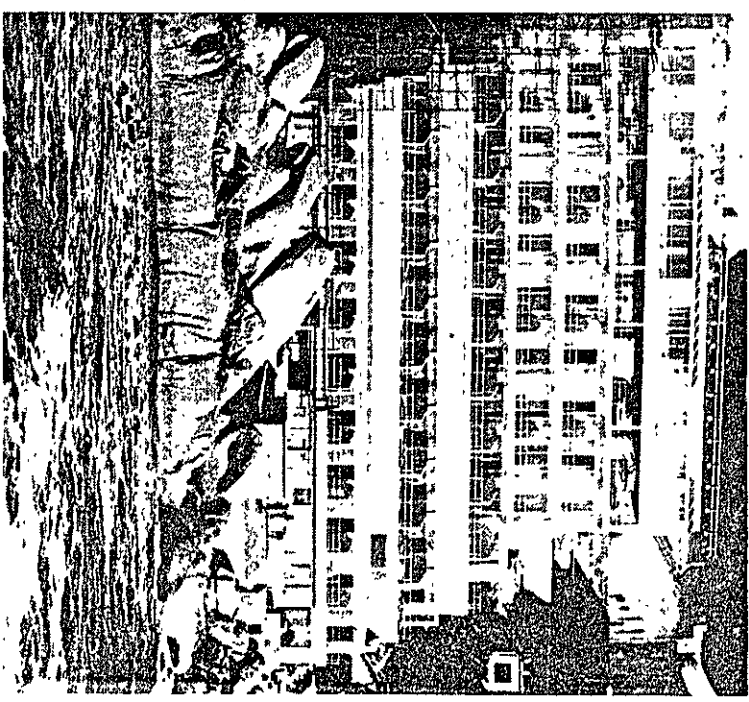
But forcing people to sign contracts without consulting their lawyers or financial advisers is forbidden.

"Such pressure is grossly unfair to the buyer," says Mr Erasmus. Sapoa's timeshare committee has commissioned Roma Commelli, head of the Syfers-associated developer Triaalgar Timeshare Resorts, to draft a code of conduct on marketing.

Miss Commelli says that the sales modules and programmes in use are usually bought from the US.

"There is nothing wrong with the modules if they are used by responsible sales staff. But irresponsible sales people could misuse them.

"The reason it is necessary to sell a timeshare complex as fast as possible



One of the better ones Ovlund's Bantary Bay project . . . one unit can cost as much as R60 000 for a high-season week

is that the developer pays for the levies on unsold units. If the developer sits with many unsold units, holding costs spiral and the individual units will have to be sold at a higher price."

## BREATHER

Southern Sun Timeshare has introduced a five-day breather during which buyers may cancel a deal. Ovlund has practised it for some time. Sapoa has no official view on whether it should be applied or not.

Owen Wiggins Trust, developer of the Port Owen complex and which sells direct to the public, has no such clause. Its view is similar to RCI's rival, Let-

surelle International, whose Sandie Quinn says:

"I do not believe any company which plans to be in the timeshare industry for a long time can expect to 'force' customers to buy units they do not want."

"A professional sales person will guide the buyer, ensuring that potential problems are addressed before a contract is signed.

"The mere fact that a recession period is being discussed suggests that some timeshare companies are not giving buyers all the facts up front."

Mrs Quinn was formerly marketing director for Leisureline's British opera-

# Car-buyers shift into low gear

30  
1989

*5 times*  
RISING prices and more expensive petrol are likely to change car-buying patterns in the next few years.

*217189*  
By Don Robertson

Bulk car sales, such as those to the Government, are also likely to change.

In 1981, the price of a car represented 61% of an average white South African's annual salary — today it is 90%.

As a result, the life of a car is likely to increase and owners will probably keep them for longer.

In spite of these trends, car sales should grow steadily to the end of the century after a marginal decline this year.

## Demand

Stephanus Loubser, managing director of Nissan Marketing, says the life of the average car will probably increase from about nine years at present to about 11. Owners, who in the past kept a car for two to three years, will probably extend the time to four or five years.

The effect of this will be to increase demand for spare parts as motorists will take more care of cars from the time of buying and a trend to buy down.

Nevertheless, Mr Loubser says SA has one of the highest ratios of luxury cars in the world in spite of price. But the price gap between big and small models will increase as Phase 6 of the local content programme becomes more effective.

It will result in the average motorist buying down, especially because performance and space use in small cars have improved.

This end of the market is being met by Nissan which will soon introduce the Fiat Uno. But Mr Loubser warns that although it will be competitively priced, "it will still cost a lot of money".

Mr Loubser expects that although there will be shortages cars in future, they will not be as severe as those now affecting the market. He believes the current stock shortage will be beaten by the end of this year.

A problem is that in many cases component manufacturing plant is ageing and could cost large sums to upgrade.

Mr Loubser is critical of some segments of the market and the Government tender system.

"The tender system is not conducive to a positive relationship between manufacturer and customer. We expect that in the future, the Government will have to decide specifically what type of product it wants and place an order like any other big customer.

"Obviously, there would be an advantageous discount structure applicable to bulk sales like these. But things would be a lot more equitable than under the current tender system."

Mr. Tink 4/7/89 (30)

# Liquor giants unhappy at govt move

Staff Reporter

**CONSUMERS** have welcomed a government order compelling producing wholesaler liquor merchants to sell off their retail liquor interests at the rate of 10% plus one outlet annually, to encourage more competition.

But several liquor industry giants are unhappy with the move.

Companies in the Cape to be affected include Gilbeys, which controls the 52 Rebel outlets, and Union Wine, controllers of the 50-store Picardi chain.

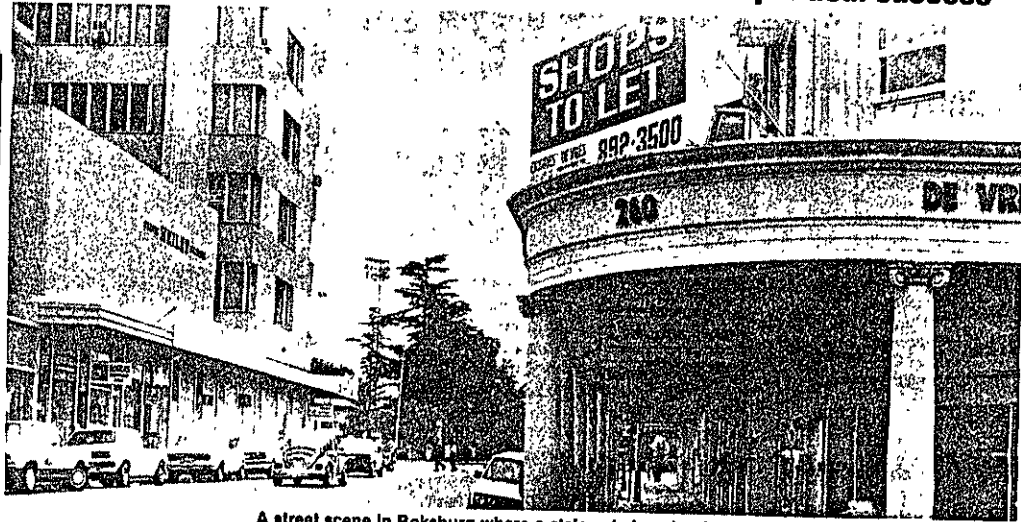
The assistant director of the Consumer Council, Mr Wander Hoon, said yesterday that the council welcomed any trends towards more competition.

An executive of the Distillers Corporation speculated that the government's decision was based on "the sound principle of keeping wholesale and retail divided".

Gilbeys' financial director, Ms Liz Shnugh, said the company was "terribly disappointed — Gilbeys will certainly be taking the matter further".

The financial director of Union Wine, Mr Chris Smit, said his company would also be carefully examining the new regulations.

**'Using consumer muscle not automatic guarantee of political success'**



A street scene in Boksburg where a stalemate has developed

**T**HE stalemate in Boksburg has shown that using consumer muscle is not an automatic guarantee of political success, according to a new publication released by the South African Institute of Race Relations.

The publication, entitled *The Boksburg Boycott*, written by institute researchers Mr Harry Mashabela and Mr Monty Narsoo, points out that if Conservative Party policies are to be defeated, stronger organisation and more sustained strategic thinking will be required.

"Some protest leaders see consumer action as a means of directly pressuring the council by reducing its revenue. But only a protracted withdrawal of buying power is likely to damage the council's finances.

"Even this would only have a limited impact as much of its revenue is

# NEW WAYS TO DEFEAT CP POLICIES

## FOCUS

collected from industry, which is relatively unaffected by the protest," the researchers write.

Others see the boycott as a short-term means of showing black anger and disconcerting white voters. But this may also require sustained protest as the council has been elected for five years and is not threatened by a short-term loss of voter support.

The publication identifies two areas that need countrywide attention if CP policies are to be defeated: the need to forge unity between black townships, and the need for a broadly based black consumer movement.

Nevertheless, the researchers argue that as black consumers begin using their power in a more organised way through trial and error, they will discover more effective strategies.

In the event, scope exists for sustained and successful political action.

For example, the CP does not control the security apparatus and cannot use it to suppress black resistance to its policies.

This, together with the National Party's reluctance to hinder the Boksburg protest, creates opportunities for organisation which are

unusual in the current political climate.

Black business, provided it grew further, would help sustain the protest by enabling consumers to do all their shopping in the townships.

A longer-term alliance between black business and organised black consumers could be in the interest of both.

Trade unions could play a significant role in the consumer action, because the East Rand is highly unionised.

There is considerable white support for the protest through the Boksburg Alliance (a coalition of business people, lawyers, sports associations, students and others) which has achieved some well-established successes on which it can build.

White business had been largely responsible for mobilising white opinion against the town

council and had also pressed the Government to intervene, "a strategy which might ultimately help decide the controversy's outcome."

But, said the report, the attempt by white business to forge an alliance with the black communities has failed, largely because business has not managed to influence the council.

"The vital question here is whether it could have done more than it did to reduce the effects of the council's policies."

There were at least two areas in which business could do this:

- Business controlled some facilities in Boksburg and could ensure that at least these were desegregated (the ERPM golf course was one example), and

- Business could use its resources to strengthen township business by providing it with capital, expertise and perhaps goods and services at special rates.

Mashabela and Narsoo pointed out that the Government could well have helped to set in motion forces which it could not control by failing to act directly, while at the same time seeking to use the protest to weaken the CP's support.

"If events in Boksburg indeed strengthen black organisation and weaken white commitment to segregation, this will have implications for local authorities controlled by the N.P. last week's report concluded



Political comment in this issue by Aggrey Klaaste and Joe Thloloe. Sub-editing, headlines and posters by Sydney Mathaku. All of 61 Commando Road, Industria West, Johannesburg

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(30) 6/10/89 577189  
**Midas issues a cautionary warning**

MOTORPARTS wholesaler Midas issued a second warning to shareholders to exercise caution in trading Midas shares today, after speculation that the fast-growing group was heading for another acquisition.

Speculation on the first cautionary announcement had a positive effect on the share price, Midas financial director Graham Walker said yesterday.

Climbing 7.5%, Midas shares rose from 1 325c at the issue of the first cautionary

EDWARD WEST

announcement on June 21, to a high of 1 425c yesterday.

Walker said the second cautionary was issued in terms of JSE regulations as the group was in the middle of negotiations.

Previous reports speculated that Fleischmans was ripe for a takeover bid by Midas — a claim which Fleischmans management subsequently denied.

# Reggies attempt to turn around

(30)

61 Day 5/7/84

SYLVIA DU PLESSIS

DURBAN-based toy retailer and wholesaler Redwoods — Reggies — would reverse last year's decline and establish itself on a firm growth trend, chairman Frank Robarts said in the group's latest annual review.

He said Reggies had had problems but the retail toy and baby stores performed well and expected to continue to generate profits.

The distribution of all products manufactured in the group's factories had been centralised into one division which traded under the name of Unimark Distributors. This rationalisation would bring greater control and more efficient service to its customers.

The manufacturing businesses had been brought under the direct control of proven management and were also expected to contribute to profits this year, he said.

Turnover grew 24% in the year to February, but attributable income fell 17% because of poorly performing manufacturing units acquired during the year. Robarts said moving

and re-establishment took longer than expected.

Operating income before finance charges increased by 6%, but interest charges increased substantially due to rate increases. Earnings a share were down 16% to 5,1c and a final dividend of 2c was declared.

## Problems

Robarts said the retail division, which accounted for the majority of turnover, grew from 69 to 83 outlets, and performed well in terms of turnover, which increased by 43%, and profit, which grew 27%.

However, the recently relocated baby softs factory proved more costly to establish than anticipated, and similar problems occurred in the Cape Town toy factory, which recorded losses because of poor sales and management problems.



30

**Top man  
leaves  
NBCU**

MR ELDRIDGE Mathebula, executive director of the National Black Consumer Union (NBCU), has resigned from the organisation, NBCU president, Mrs. Nonia

Ramphomane said. Mathebula has been head of the NBCU's administration since its inception about five years ago. According to Rampho-

mane, Mathebula has joined the Consumer Research Promotions Association. Mathebula could not be reached for comment.

## Nafcoc marks 25 years' effort with a look at issues of the day

8/10am 26/7/89 THEO RAWANA

30

BLACK business organisation Nafcoc's forthcoming conference marks 25 years of consistent pounding at the political system to get justice and more economic opportunity for blacks, says public affairs manager Gab Mokgoko.

Mokgoko says Nafcoc's 25th Anniversary Conference, to be held at Sun City from August 6 to 10, will focus on four major issues facing black business today:

- A national black insurance company;
- Privatisation — how it can benefit blacks;
- Manpower challenges facing black business in SA and how these can be overcome through black initiatives; and
- Promotion of a greater sense of unity among all SA's people.

Speakers at the conference will be drawn from within SA as well as Africa and the US.

"Nafcoc does not see itself in the next 25 years as only an SA chamber of commerce limited to the boundaries and isolation of SA, but rather as part of the broader thrust by the Africans in the Federation of African Chambers of Commerce to get their socio-economic act together," says Mokgoko.

81 Day 6 (7) 84

# Business Challenge makes major strides for black efficiency

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THEO RAWANA

BUSINESS CHALLENGE, the organisation founded to create a capital base, provide professional services and educate blacks to become efficient business people, has made major strides since its inception last December.

The Johannesburg-based national organisation is the brainchild of Phil Khumalo, a former Wits Business School lecturer and the first black to be granted a franchise by Nashua SA.

In six months BC can boast a R100 000 car-wash venture in Benoni, a R90 000 social club (Club BC), a membership of more than 2 000 and more than R1m in its bank account, says Khumalo.

A contribution from Allied involves matching every R1 it makes with R1, and assurer Metropolitan Life has invested R250 000 towards small business promotion.

Next Tuesday, at the Carlton Centre, BC and Playboy SA are to launch a range of toiletries and cosmetics designed to set up business opportunities and create employment.

BC membership entails a R60 membership fee and opening a transmission account into which R50 is paid monthly. This money goes into the BC trust fund and serves as collective collateral for loans.



● KHUMALO

Allied Bank has agreed to provide financial assistance to members even where they would, under normal circumstances, not qualify for such financing.

The BC constitution stipulates that no member will be granted a loan through the organisation until he has completed a six-month membership. Also, no member is allowed to withdraw his savings before the end of three years. However, a member is allowed to sell his shares to someone else before expiry of that period.

Khumalo says lack of proper financing is not the only problem facing blacks. "The fact that most retailers have not had the kind of training needed to function in today's business world has been another stumbling block to successful business management."

BC has set up its own retail training programme at Stellenbosch University. It has also set up a professional services team consisting of a legal adviser, a business strategist, a marketing consultant and an accountant.

Khumalo sees the joint venture with Playboy as "active participation", in terms of which big business assists small business development towards wealth and job creation.

Khumalo, as BC's CE, works closely with a 12-member board of directors.

## Morkels growing in spite of clamps 30

*12/10/84 6/7/89*  
EMPHASIS on productivity enabled Morkels to achieve 25.6% growth for the year to March compared with 20.5% for the retail furniture sector.

Morkels had a 27% compound annual growth in turnover between 1985 and 1989 in spite of clamps on consumer demand in 1984 and 1988, chairman Neville Organ said in the group's annual report.

"Against this background of disrupted trading patterns and artificially created trading terms, the Morkels furniture chain achieved a most creditable performance in 1988-89," he added.

Organ predicted operating efficiencies

CHARLOTTE MATHEWS

based on centralised service centres to store merchandise for chains in larger cities, better information systems, modernised merchandise presentation, organisational effectiveness and staff development would help further profit growth.

"But it is premature to evaluate the extent to which government's recent measures are likely to exacerbate the negative real growth already being experienced by the furniture industry as a whole, and to adversely affect profits," he said.

# Boksburg revisited



JOHNNY ISSEL.  
Inspiring visit

WESTERN Cape community leader Johnny Issel has come away from Boksburg in the Transvaal with a flood of memories of his early days spent there, not all of them pleasant.

But more than anything else he's been touched by how a community considered so apolitical has being able to sustain the consumer boycott.

Issel, not without reason, shares a special affinity for this conservative East Rand town which last year decided to reintroduce old-style apartheid — and lived to rue the day.

Boksburg is where Issel's parents lived for many years and where he

*Seventeen years after leaving conservative Boksburg where he lived for many years Western Cape community leader Johnny returned to find "old apartheid" still as alive as ever, and a community inspired by a consumer boycott which has given them new direction and hope. HENRY LUDSKI reports:*

attended school and matriculated before coming to Cape Town to study at the University of the Western Cape.

Recollections of a curfew bell at 10.00pm after which all blacks had to be off the streets and a close brush with death when he was nearly run over by a car driven by white conservatives while hitch-hiking to a Sunday church service are still fresh in his mind.

"It was a community totally leaderless and at the complete mercy of

people who were not representative.

"A big part of the old Boksburg apartheid is still there. In some cases it's even worse than before.

"However, one sees among that the growth of a new concern with the problems being inflicted on the community."

Although having left Boksburg more than 17 years ago Issel has retained his strong emotional bond with the town.

"I have never forgotten Boksburg

and two weeks ago it was such an emotional thing to return.

"It was so stirring that I was almost moved to tears," said Issel, who went to Boksburg to attend a reunion of the East Rand Secondary School Alumni Society.

However, what moved him more than anything else was the emergence of a new spirit of resistance in the community around a consumer boycott which has drastically affected the economy of conservative Boksburg.

He was also inspired by the work being done in the community by former UWC students who in the last few years have fought to expose the problems affecting residents.

His impressions of Boksburg is that there are "serious socio-economic problems coupled with a very serious housing shortage".

"Its a community which has never been allowed a very significant say in their own affairs. Management committees and town councils have always decided the fate of the people.

"Apathy seems quite rife and there is widespread criticism of the non-involvement of teachers in broader issues affecting the community.

### Groundswell

"The result has been that the community has been left at the mercy of opportunists."

Issel believes that it is out of this kind of depressed situation that the groundswell of resistance and frustrations of a very high level can be traced.

"Everybody is participating in the boycott. Not so much out of political conviction but because they feel humiliated. They are saying 'We built this town and how could they do this to us

"It's got to a point where people are saying enough is enough. We can take only so much of this blatant racism.

Issel believes that for many people its "quite strange" to understand how a community which is absolutely apolitical can sustain such a boycott.

A resident who works at Pick n Pay in town but yet doesn't shop there is Issel's example of the impact of the boycott.

His explanation for the boycott is that it is an open revolt against the most extreme form of racism and not what he describes as the "more sophisticated type of apartheid being presented as reform".

Issel has followed the Boksburg boycott with more than a passing interest.

However, his recent visit has revived more than memories of his earlier years in Boksburg.

### One Council

What has inspired him is how in the space of 12 months it has undergone an "amazing transformation" from being an apolitical and unorganised community to one that's become highly politically active.

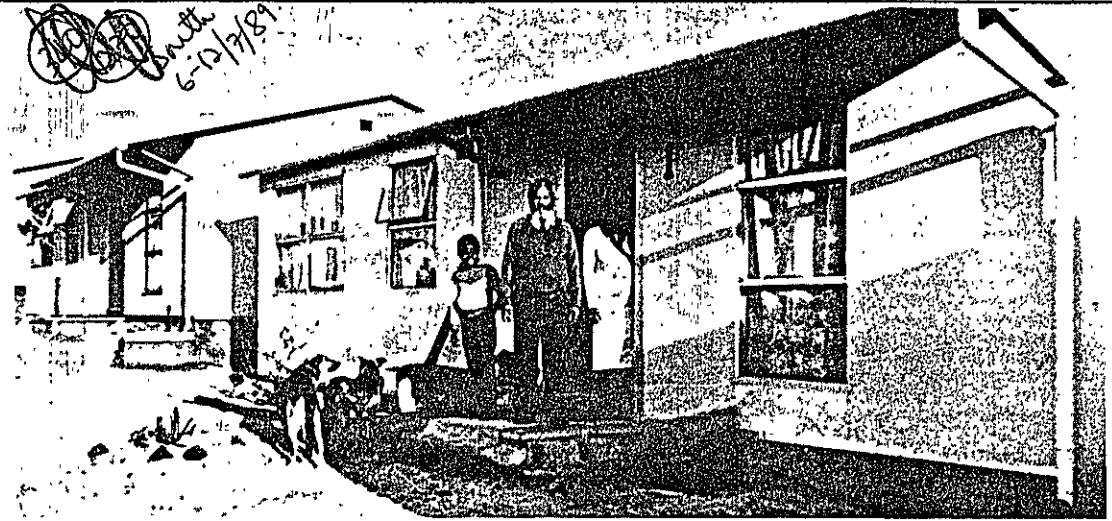
The boycott has at the same time created an awareness around issues such as the elections and a "One Town — One Council" campaign.

"The need for them to do something about the elections weighs very heavily with them and what they dread is seeing an exceptionally high poll like the 52 percent which was attained in the last elections.

"Besides having raised the coming elections as one of the problems confronting the community the question with what to replace the new petty apartheid is also a big question in Boksburg, hence the campaign for one town council."

Issel has come away from Boksburg with more than memories. He's come away with inspiration and hope.

"I've agreed to give them whatever assistance I can," said Issel.



Mr Milton Govuza, 56, standing with his son in front of his SATS home, which he claims is not value for money

## Sats' little boxes

By ANDILE XAYIYA

SOUTH African Transport Service (Sats) employees who were offered "cheap" housing in Guguletu claim they have been ripped off.

They say their tin houses, with their leaking roofs and rising damp problems, are not worth the "bargain" price of R36 000 each.

They also claim the initial purchase price of their homes was R16 000 but that SATS suddenly hiked up the price to R36 000 once they had taken occupation.

About 30 Sats "cluster houses" in Guguletu were offered to employees.

Each house comprises three bedrooms, a bathroom and an open-plan diningroom/kitchen. There are no demarcated yards.

A SOUTH inspection of the house of Mr Milton Govuza, 56, found the floors were uneven and cracked.

Govuza pointed out faulty doors with no keys and complained about leaking plastic taps and curtain rails held together with string.

"The quality of these houses is not consistent with their prices," he said.

"But the worst is that I don't know exactly what amount is being deducted from my wages towards payment," said Govuza, who produced pay slips showing differing deductions.

In addition, the houses were "very cold", said Mrs Aplein Mqhayi, 49. Rain water seeping through the

### R36 000 for a leaking tin house

floor has lifted the floor covering in her house.

Owners also pointed to damp stains forming on the ceilings which they said were caused by leaking roofs.

"These houses were not properly planned, they were just built on an open space and I doubt if they even surveyed the land," said Mqhayi.

When residents reported the defects in their houses to the builders, they refused to effect repairs, said Govuza.

"They told us there was nothing they could do about it. We were told to wipe the dampness from the wall with a cloth."

Residents also claimed Sats had not provided property deeds or any other form of proof of ownership.

"We are not clear what will happen to our relatives should the legal occupant die or lose his job," said one resident.

Sats refused to respond to the residents' claims when approached by SOUTH for comment.

Sats spokesperson Mr Jan Van Zyl said it was not Sats' policy to discuss staff problems with the media.

"But if our staff approach us with their problems, we will certainly look at it and try to rectify whatever is wrong."

He said Sats was continuing with its scheme to build houses for its employees "be they coloured, black or white".

"The standard of housing is the same for all," he said.



Mrs Aplein Mqhayi complains the houses are too cold

# Children handcuffed by OK security guards

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GRAHAMSTOWN. — Security guards working at a major supermarket here allegedly assaulted children to prevent them from standing outside the shop.

A youth claimed he was held by three security guards who handcuffed him to stop him kicking and screaming.

Bonakele Mpoli, 12, alleged he was standing outside the OK Bazaars store when a security guard tried to drag him inside.

Mpoli said he was assaulted with a baton by the security guards until an Indian man came and hit him with an electric wire.

He said he was kept in a storeroom until approximately 6pm.

The manager of the clothing department, Mr Rajen Ramlaken, admitted that they had held the boy for about two hours.

However, he denied the claim of

assault.

Ramlaken admitted that he had threatened the boy with an electric wire but said he never hit him with it.

The general manager of OK Bazaars, Mr George Jayes, confirmed that children were taken to an office by security guards.

He denied that the boys were assaulted. He said they were shouted at and spoken to harshly but not assaulted.

"They are brought in so that we can write down their names. We cannot hand them to the police because they are too young."

He said they were taking this action because customers complained that the boys pestered them.

It was necessary to handcuff them because they kicked and screamed, making it difficult for the security guards to get them into the office.

South  
6-12/7/89

**'Sales up but  
growth down'  
for furniture**

by Dan B. Smith  
CHARLOTTE MATHÉWS

SALES of furniture and appliances in May showed a 12.6% rise over the previous year but taking inflation into account this was negative growth, Furniture Traders' Association (FTA) executive director Frans Jordaan said yesterday.

"Retailers who depend heavily on the traditional type of HP selling are the hardest hit," he said.

Stores selling mostly to black consumers improved on April sales figures, which showed a negative 6.6% drop in turnover against the previous April. In May sales rose 3.6% compared to May 1988.

"But in real terms this is still about 12% negative growth," Jordaan said.

He said the figures showed that the lower-income black and white consumers, who did not have credit card access, were still suffering the most from government's HP restrictions, which the FTA felt should be relaxed to give retailers some relief.

"The high interest and bond rates impact negatively on spending as it is," he said.

# CP town loses R15-m complex

By Kaizer Nyatumba

A Sandton-based development company has cancelled a proposed R15 million shopping complex in Carletonville because of the consumer boycott there triggered by the reimposition of petty apartheid. (30)

In a letter written to the Conservative Party-controlled Carletonville Town Council, Commercial and Retail

Developments said the financial institution it had approached for funds rejected its application.

Because of "the present boycott of the town by the black consumers together with the adverse media publicity it (the boycott) had attracted", Commercial and Retail Developments decided against approaching any other financial institutions since similar problems "were bound to arise".



# Application to liquidate shoe giant

CHARLOTTE MATHEWS

AN urgent application for the liquidation of Edworks will be heard in the Rand Supreme Court on Tuesday. Edworks, a household name in shoe retailing, will defend the application.

According to various creditor sources, the company's liabilities total about R50m. Trust Bank is owed R5,7m.

Edworks, established in 1914, has more than 300 stores round the country and the group includes Dodo's Shoe Company and Boutiques, Marcello Shoes and Pick a Pair. The company has factories in Port Elizabeth and Botswana.

The company is 100% owned by the Dodo family. Total assets are not stated.

Between April and May about 800 members of the Commercial, Catering and Allied Workers Union (Ccawusa) went on a six-week strike. At the time Edworks MD Stewart Dodo said the losses resulting from the strike were substantial.

Jaguar MD Roy Eckstein, who is filing the application, said his company was owed between R4m and R5m.

## Option

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"We have done business with Edworks for 20 years," he said. "They are an old family name in the SA shoe retailing market, but without any warning two or three months ago they were unable to pay any more, and we found ourselves not being paid by one of our larger customers."

Bolwear financial manager Alan Fleetwood said his company had not been involved with Edworks for some time and the amount it was owed was "totally insignificant".

One option for Edworks that has been mentioned is selling off the business.

"They are a very big business," said Eckstein. "They have about 250 stores and a big manufacturing setup which makes more than 10 000 pairs a day. We are one of the few groups that could if necessary take over a part of it. But our main aim at the moment is to recover our debts."

Dodo confirmed yesterday that a summons had been issued against the company, but added: "As at 4.30pm today we are not in liquidation." He said it would be inappropriate for the company to comment at this stage.

BUSINESS CONFIDENCE (30) Fmail  
7/7/89.

### Down but not out

Assocom says the marginal decline in its June business confidence index (BCI) indicates businessmen do not expect the coming recession to be as serious as that which began in August 1984. "Most industrialists and traders still expect a 'shallow' recession or

Fmail  
7/7/89.

(30)

'soft landing' later in 1989." The index fell 0,4 points from 95,9 in May to 95,5 (1983=100). Its lowest level since inception in January 1985 was 76,1 that April.

According to Assocom, many companies believe their balance sheets are stronger than at the start of the previous recession. And many think interest rates have peaked.

Positive influences on BCI are:

- An increase in volume of merchandise imports, indicating continuing fixed investment expenditure;
- An improvement in the overall JSE index;
- A rise in the number of motor cars sold and seasonally adjusted retail sales;
- A decline in unemployment; and
- A rise in new company registrations.

The still-weak gold price had a detrimental effect, as did the rand/dollar exchange rate. A major concern among businessmen, says Assocom, is "steadily escalating costs," as shown in the upward movements of the price indices. Rising costs "will not only choke off imports, but economic growth as well."

Other negative influences:

- Declines in physical volume of manufacturing production, the real value of building plans passed, and exports; and
- "An increased number of insolvencies. ■

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such as JCI economist Ronnie Bethlehem, Wits Graduate School of Business director Andy Andrews and economics author Christo Nel, is that the most important aspect of their recent trip to Lusaka lay in introducing the ANC to hard economic realities and the shift in the ANC's position to one of greater ideological flexibility on economic questions. The interchange holds important lessons for future bargaining with the ANC, they add.

BUSINESS AND THE ANC (30)

Talking cents

While it may appear just another white pilgrimage to the ANC — the 71st and largest to date — with little new to add to the country's political stand-off, returning businessmen insist that the recent Lusaka indaba was important (see "ANC Talks").

The consensus among business people,

Bethlehem says he was able to expose to the ANC its weakness of approach to crucial economic issues, such as monetary policy, balance of payments problems, exchange rate management in a world of floating currencies, commodity price fluctuations and global economic realignments.

"The problem is that when the ANC thinks about SA they do so as development economists or political historians in a macro fashion, without considering the basic eco-

30 Email 7/7/89

conomic motivations which drive the country. This is a problem with developmental economics the world over," Bethlehem explains.

"They were surprised and grateful for the input we were able to make and there is no doubt in my mind that we made an important contribution to narrowing the gap between their position and people in business and administration back home, though it may take time for our experience to help shift the official viewpoint back home.

"I see the ANC and National Party as the key players, notwithstanding the importance of other groupings such as the CP and Inkatha. I think it is the patriotic duty of every South African to bring about a situation where these two can come to a negotiating position before the damage done to the country over time becomes irreparable.

"It is said trips like this give the ANC respectability, but I think this makes it more difficult for the ANC to justify hitting soft targets and helps move them away from violence."

It also seems that the international demise of collectivist economic policy in the socialist world has not gone unnoticed by the banned organisation.

Logic and economics, however, are still trumped by politics. The priority on the Left's agenda remains attending to the consequences of decades of black deprivation. That is understandable. Yet this balance is being reconsidered. Certainly there is greater realisation that a political victory without the economic fruits would be largely barren.

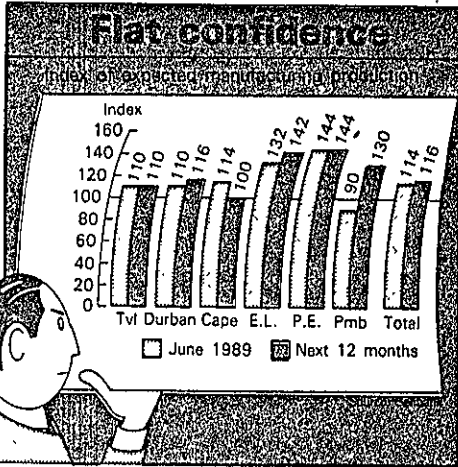
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## Hanging in there

There is a marked contrast between confidence among consumers and that in the manufacturing sector.

The latest Bureau of Economic Research consumer confidence report plunged by 12% to 88 points for the second quarter of the year, which is 12 points below the neutral point of 100.

The Federated Chamber of Industries (FCI) survey of manufacturers' expectations told a different story. Manufacturers who



were canvassed in early June registered 114 points for their expectations of the month ahead — two points more optimistic than their expectations for May.

FCI executive director Ron Haywood says the difference is understandable.

"Many manufacturers have been exporting to take up the slack in the local market, and they've also enjoyed a certain amount of

~~100~~ 30 Email 7/7/89

import replacement. Bond rate increases and HP restrictions have an immediate and perceptible impact on the consumer's pocket and mood. Manufacturers take a longer-term view," he notes.

But while manufacturers are still optimistic about the 12 months ahead, there has been a sharp fall from May. The index fell from 166 to 122.

There are considerable regional variations. Port Elizabeth (at 142 points) and East London (144) are more optimistic about the year ahead than the rest of the country. Haywood attributes this to growth in exports of pharmaceuticals and clothing as well as spin-offs from the Mossgas project.

The western Cape was most pessimistic as it most closely relates to local consumer expenditure. Its industries, such as clothing and textiles, are heavily orientated towards the local market. ■

# CNA-Gallo starts for Argus Group

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SW 77781  
No mention of the discussions among Argus, Caxton and CTP is made in the latest Argus annual report and the only news from Argus head office is that "negotiations are continuing apace".

Although some market talk suggests the deal could be significant, few analysts believe it will represent a major move for the Argus group.

There are no signs of the listing of the separate newspaper publishing company, Argus Printing & Publishing, despite the recent apparent strength of the JSE's industrial sector. But the Argus is in the comfortable position of being under no pressure to list its subsidiary.

In his chairman's statement, Hal Miller notes: "The economic climate has not been conducive to listing the company on the JSE and it is not clear at this stage when it might be."

He says: "It remains firmly our intention to list the company and we are and will remain in close touch with our merchant bankers, our auditors and stock-brokers in this connection."

The newspaper company increased its contribution to group pre-tax profit by 25 percent from R23,9 million to R29,9 million on a 21 percent hike in turnover.

But this performance is somewhat overshadowed by the excellent advance reported by 33 percent-held CNA-Gallo.

According to the annual report's five-year review, a breakdown of group turnover shows the contribution from retail and wholesale sales of merchandise (CNA-Gallo) surged 56 percent to R688 million (R440 million) in 1989 — equivalent to 51 percent of the total R1,3 billion.

This is up from 42 percent in financial 1988, but little changed from the 48 percent contribution in 1985.

Newspaper advertising and circulation revenue (which does not include associate TML) was up 18,6 percent to R365 million — 28,6 percent of total revenue. In 1988 these interests accounted for 31 percent of the group's total.

Diagonal Street

ANN CROTTY



The analysis of the R51,4 million earnings cannot be compared with the turnover analysis because of the different classifications used.

In addition, TML's contribution is not included in the turnover breakdown, but does appear in the earnings analysis.

Earnings contribution from metropolitan daily and weekend newspapers — which represent the newspaper company and the stake in TML — was up just 12 percent to R27,7 million and accounted for 54 percent of the total.

Commercial printing, magazine and community newspapers (Caxton and CTP) reported a 36 percent advance in contribution to R9,2 million — equivalent to 17,8 percent of the total.

Retail stores and other activities (chiefly CNA-Gallo, but also M-Net) chipped in with R14,5 million — a 64 percent advance on 1988 and representing 28 percent of the total.

Feeling among analysts is that in the absence of any significant improvement in the level of confidence among advertisers — which seems unlikely ahead of the September election — trading conditions in financial 1990 may again better suit CNA-Gallo and therefore lead to a further increase in its importance to Argus.

The balance sheet shows a 49 percent hike in stock, compared with a 29 percent advance in turnover, resulting in a sharp increase in working capital.

However, the year-end stock position largely reflects the Fincord acquisition by CTP, which was effected towards the end of the financial year and bumped up the stock holdings by just over R20 million.

# Japanese support for black business

By Jabulani Sikhakhane

Star 9/12/89  
Black businessmen could soon be exporting their products through a worldwide network of Japanese trading houses if current talks between the two groups are successful.

Japanese consul-general, Shin Horiuchi, said earlier this week: "We are willing to help black businessmen export their products to any country. We have had lots of contacts with black business. There are a number of exchange programmes with black leaders."

Mr Horiuchi said Japanese businessmen were still trying to identify what form their co-operation with black business would take.

Consultations have been held

with the two leading business bodies, the National African Federated Chambers of Commerce (Nafcoc) and the Foundation for African Business and Consumer Services (Fabcos).

Sanctions have posed a problem.

Japanese businesses operating in South Africa are under pressure from their government to cut the volume of trade with SA.

Unlike the US, Japan does not have any direct investments in SA except for trading houses.

Several Nafcoc officials, including its president Dr Samuel Motsuenyane, have visited Japan as part of an exchange programme between black business and Tokyo.

In turn, six general managers of Japan's top companies visited Nafcoc's head office in July last year.

Ashley Mabogoane, Fabcos client liaison manager, confirmed that his organisation had had discussions with Japanese businessmen.

"We have established a rapport with Japanese businessmen. The idea is to look for areas of mutual co-operation.

"The ideal situation would be the transfer of technology to black business and joint manufacturing ventures between the two groups."

Mr Mabogoane said Japanese businessmen already operating in South Africa needed the support of their SA counterparts to

stem the tide of pressure on them to cut the volume of trade with SA.

"The only price one can pay is to be seen to be doing business with black entrepreneurs. In terms of the 1986 US Anti-Apartheid Act, there is support for trade with and investment in black-owned businesses or those whose majority shareholdings are in black hands," he said

In terms of the Act, the Export-Import Bank of the United States — a US Government agency that facilitates the export financing of US goods and services — has to make available its two financing programmes to black-owned businesses or firms with a majority black shareholding.

# Forge links call

*Sowetan 13/6/81*  
BLACK businessmen must forge links with their counterparts in African states, the president of the National African Federated Chambers of Commerce, Mr Sam Motsuenyane, said in Blantyre, Malawi, yesterday.

Addressing a business conference during his visit in that country, Motsuenyane emphasised the need for co-operation among blacks in sub-Saharan Africa.

Motsuenyane, who is leading a delegation of South African businessmen, said: "This need must be seen against the long-term vision and dream which Nafcoc and other sister organisations have cherished."

He said Nafcoc has established close ties with chambers of commerce and industries in Lesotho, Zambia, Zimbabwe, Kenya, Tanzania, Botswana, Swaziland and Namibia.

The important factors which called for co-operation among blacks in the region could be summed as follows:

- Black businessmen in the region have a

## SOWETAN Correspondents

shortage of skilled manpower in technical and managerial areas and lack capital.

- Although blacks formed the dominant consumer market, they played a relatively subordinate role in meeting the needs of a

rising consumer market both in the distribution and production levels.

- The economy of the countries of sub-Saharan Africa have a certain degree of interdependence, and new linkages were being forged to ease the blow of inter-state trade and travel.

- The greatest challenge facing the African countries in the region was the promotion of trade and exports.

The delegation returns this week.



SAM MOTSUENYANE

By Julie Walker

SPANISH beat-music group Gypsy Kings could herald a change of fortune for World Of Music.

WOM has been through a torrid time lately. Low expectations and talk of financial difficulties led to bad press and a sunken share price — it is at a low of 9c.

Overdue annual results to February 1989 have not helped. Shareholders should not expect too much — there will be no dividends," says new director Patric Van Blerk. "but things look brighter for the future."

WOM was listed in 1987 and did reasonably well. In June 1988 the wheels started to come off when it bought 51% of Blue Marlin through a

# Sweet beat for WOM

*SITues*  
share swop. Blue Marlin was renamed World of Leisure, but it has been anything but a holiday for WOM.

Mr Van Blerk says the management expertise Blue Marlin boasted about did not come up to scratch.

Three weeks ago WOM and WOL announced a major restructuring of the groups. WOL sold its retail electrical and electronics goods operations to Sterns for R1,3-million, subject to adjustments and warranties.

It also conditionally sold

*9/2/89*  
75% of Timeshare Dynamics to a management consortium for R3,36-million cash.

WOM sold all its retail outlets — World of Music Retail and Rag Records — to Musica Holdings for the net asset value of R235 000, much less than was paid for them.

WOM also sold Top 40 and Jive magazines to a Publico consortium and former director Joe Theron, for R1-million cash.

WOM then sold its 25% investment in Protea Hospital-ity to WOL for R8,5-million to

be settled by the issue of 24-million WOL shares of 25c and R2,5-million cash.

WOL sold its second-channel television business Memory Media to WOM for R750 000. After all these deals, both WOM and WOL aim to consolidate their shares.

WOL now owns the Blue Marlin hotel, and 25% each of Protea and Timeshare WOM owns 72% of WOL as well as Memory Media and the new digital recording studio.

The net asset value of WOL after the reshuffle is given as 18,1c and that of WOM 34,5c. WOM seeks to sell part of its holding in WOL to improve the balance sheet. It hopes to reduce gearing to about 25%.

Mr Van Blerk says that the Gypsy Kings group is the hottest property in Europe and WOM will distribute its music in SA.



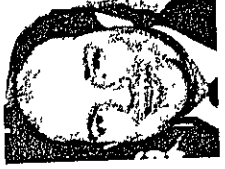
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# Property unit trusts on the march

By Udo Rypstra

INVESTMENT in property unit trusts is increasing and could lead to the formation of more listed and unlisted portfolios.

Those who invested in property units can expect yields of more than 10% in the next few months as well as capital gains, say analysts. The market capitalisation of these units is now more than \$2-billion. The figure is expected to rise because of the changes in prescribed asset requirements for financial institutions. The requirements were that 33% of the net liabilities of life offices and 53% of pension funds had to be invested in government and semi-government stock or cash. Now institutions may



Niki Vontas, who opposes short-term capital gains

Property trusts, originally introduced for individuals, are popular with institutions. A survey by stockbroker Max Pollak & Freeman shows that 65% of the units are in institutional hands, including 35% with insurance companies and 18% with pension funds. Only 15% is held by individuals.

A survey by property trust adviser Niki Vontas of stockbroker Frankel, Kruger, Vunderintz, says that in the short term property trusts and variable loan stock companies will benefit from the strength of the property market in the past 18 months and will generate higher earnings. Mr Vontas believes that the new prescribed investment requirements constitute only one factor, which will boost direct and indirect property invest-

ment. Another factor is that property portfolios are no longer assessed at the cost of purchase, but at market-related values. This means there are opportunities for short-term capital gains.

Mr Vontas says rents have increased since the third quarter of 1986, but have now peaked and are on a plateau. The quality of leasing inquiries and their frequency has declined since May 1989. However, the growth in rent returns and the decline in vacancies in 1988-1989 should lead to increased dividends, he says. In many cases dividends should translate into earnings

that exceed the historic rent escalations of 10%. "Most property unit trust and variable loan stock companies will soon declare interim or final dividends for June to September 1989 and they will confirm the growth expectations. This will result in stronger sectoral and individual indices."

Mr Vontas is so confident about the performance of property trusts that he expects the current gap between them and the rest of the industrial market to close in the fourth quarter of this year. Like unit trusts, property trusts invest their income from big and small investors in prime commercial, industrial and sometimes residential prop-

erties, mostly in cities. There are 14 listed property trusts, each with a particular make-up. Unit holders are taxed on income according to their tax category. As a result, life offices pay 35% tax of gross investment income, but pension funds are not taxed. Income to the individual is taxable at his or her full marginal rate.

The major advantage of property unit trusts, says Mr Vontas, is that they offer virtually the only way for an individual to invest in commercial and industrial property.

Property trusts are subject to regulations. They are designed to protect individual investors from exposure to the risk of direct property investment. Another advantage is they are professionally managed. They offer access

to a diversified portfolio — one can have a geographical, commercial or industrial spread which, generally, yields steady income. So far, yields have kept pace with inflation. Like unit trusts, they are easily marketable.

A disadvantage is that income is regarded as interest by the Receiver of Revenue. Anyone who is already taxed to the hilt will not benefit much from them.

Another disadvantage is that because they are listed, quoted prices rise and fall with the rest of the market, irrespective of the value of the properties concerned.

Mr Vontas says it is possible that some of the next batch of portfolios will not be listed, a trend now evident in Australia.

## SPOTLIGHT ON A R2bn SECTOR

# Morkels weathers clamps on credit

**TWO** Government-imposed spending squeezes in five years have taken their toll on consumer durables.

Buyers of big-ticket lines in furniture, appliances, TV sets and VCRs have been punished by higher deposits, rising interest rates, shorter HP repayment terms and surcharges on imported goods.

But the strategic plan developed by furniture and sports goods retailer Morkels to help it through the hard times seems to be paying off, according to the annual report.

## Compound

Turnover in the year to March 31 at R199,3-million — a 27,3% improvement on the previous year — set the seal on compound annual growth in the past five years of 27%. Operating profit of R22-million (28,9% up) gave the group compound annual growth in top-of-the-line earnings of 30%. The 25% increase in taxed profit to R9,4-million last year led to earnings jumping to 23,5c a share from 18,9c in 1988 and just 6,4c in 1987.

## By Ian Smith

The share price, hit by the poor view of the furniture sector, is languishing about 70c — well off the 1987 listing level of 95c. But the increased dividend, up from 8c to 10c, is some compensation.

## Underpinned

The tables in the report show that the financial advances are underpinned by trading improvement, whatever measure is used.

Sales ratios a store have improved every year since 1985 — from R973 000 to slightly more than R2-million last year. Sales an employee have more than doubled — from R81 000 in 1985 to R90 000 in 1986, R115 000 in 1987, R147 000 in 1988 and R164 000 last year. Similarly, sales a square metre rose from R1 600 in 1985 to R4 100 last.

The past year started on a bright note, says chairman Neville Organ, with consumer confidence at its highest since 1983. By the end of the first quarter stress in the economy was evident, culminating in moves to curb spending in May and in August.

Mr Organ says: "The im-

pact of these measures on the retail furniture sector, following a brief period of pre-import surcharge buying, was dramatic."

Month-on-month nominal growth declined from 38% in April 1988 to 12% in March this year.

"The credit chains were particularly hard hit and research reveals that middle- and upper-income consumers were attracted to the cash chains who, supported by extended bank credit not affected by the new regulations, were reporting post-restriction nominal growth of some 37% compared to the credit chains' real declines in volume."

## Selective

Mr Organ warns about the effects of the dampening measures introduced this year. Although they are more broadly based than previous moves, they "once again selectively impact on the consumer durable industry" in spite of the Government's acknowledgement that the sector demands a relatively small part of imports.

"It is to be regretted that despite frequent appeals to the contrary a single industry has once more to carry a bur-

den which should equitably be more widely spread across the economy."

There is also concern that "no action has been taken to curb the consumer's ability to buy on bank credit with no minimum deposit and extended repayment periods".

## Drastic

Mr Organ says similar action in 1984 led to a drastic reduction in the number of suppliers to the trade and to liquidations.

"It took four years to recover from those restrictions and a protracted continuation of the current regulations could lead to similar results."

In spite of the difficulties, Morkels lifted sales by 25,6% compared with market growth of 20,5%.

The credit restrictions and surcharges appear to have a direct bearing on spending in other sectors, sales of clothing and footwear growing by 26,4%.

Mr Organ says this benefited the group's Totalsports chain, which consolidated its move to profitability in the previous year. Sales jumped by 53,2% last year.

By Julie Walker

# Plea for partnerships

THEO RAWANA

BLACK businessman wanted to be granted franchises to operate in city centres, and not only in townships. Southern Transvaal African Chamber of Commerce (Soutacoc) president Joe Hlongwane said in Johannesburg on Friday. (30)

Hlongwane, also vice-president of Nafcoc, said clothing and other retailers could either grant franchises or use the budding black manufacturing sector as their suppliers.

"We want to trade where our market spends most of its time — in the city — instead of just in the townships," he added.

Hlongwane said Soutacoc was engaged in talks with some white business concerns and had stressed to them they needed to help blacks to

trade in city areas before trying to penetrate the black market in the townships.

6/Day 10/7/89  
"If I can run a fried chicken franchise in the township, what stops me from doing the same in the city centre where the bulk of the market is during the day?" Hlongwane asked.

He said black manufacturers, with their intimate knowledge of what the market needed, could be a boon to any prospective white undertaking.

"What I am talking about is a meaningful partnership. We want to do business with these people, but not only in some faraway township, while the bulk of the market is right here in the city," he said.

# Mashold ahead of budget

6/10/1989  
MAS Holdings (Mashold) is making the most of its synergistic opportunities and trading for the first three months of the new financial year is ahead of budget, says CE Marco van Embden.

In the mail order group's annual report Van Embden says the past year has shown strong growth in consumer demand at all levels, and the company once again achieved solid growth in all key areas.

Mashold reported a record after-tax profit of R4,9m for the year to end-February and a 27% rise in earnings a share to 25,6c (20,1c). The dividend was 20% higher at 12c (10c).

He says the group is entering a period of uncertainty and concern over the economy's ability to sustain growth.

However, it is confidently placed in two key areas — the direct marketing industry and the black market, which, coupled with Mashold's market leadership position, augurs well for the coming financial year.

An important feature of the year was the acquisition of direct selling and mail

order operation Grolier Enterprises from its disinvesting US parent.

"Inhibited for some years by the growth-restricting policies of its parent company, the management team, who are 10% minority shareholders, have started a rejuvenation process and, as a result, the trading activity plus growth prospect have been enhanced considerably."

Van Embden says the group decided to invest more money in finished-goods stock as a result of continued difficulties in securing timely deliveries and uncertainty over surcharges and mill capacities.

"The decision has proved to be correct, borne out by our February to May trading, which has been excellent with fewer non-delivery problems."

He says the group expects borrowing levels to drop substantially in the year to 1990 as a result of stringent asset management and maintenance of profit levels.

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SYLVIA DU PLESSIS

# Furniture trade hit by credit restrictions

GOVERNMENT restrictions on credit which were imposed last August had a detrimental effect on retail trade.

The furniture trade continues to be especially hard-hit.

Figures released by the Furniture Traders' Association (FTA) indicated that retail sales figures for April this year showed a 7,2% increase over sales in April last year, and figures for March 1989 showed a year-on-year growth of only 11,49%, well below the annual inflation rates for both months.

The FTA said that because of higher deposits and shorter repayment periods, hire purchase sales continued to do poorly. FTA executive director Frans Jordaan said increased bond instalments meant that the man-in-the-street's buying power was also diminished, and many retailers were thus hard-hit by decreased sales.

## Luxury items

A Pretoria Chamber of Commerce spokesman said there had been a definite decrease in hire purchase sales and an increase in repair work carried out by businesses, as consumers preferred to have repairs done to washing machines, video recorders and other equipment, instead of buying new items.

Pretoria Afrikaanse Sakekamer chairman Japie Jacobs also said that the demand for items bought on hire purchase had decreased, especially in the case of luxury items. There was also a decrease in the demand for bank credit facilities. — Sapa.

# New vehicle sales rise marginally

PRETORIA — New vehicle sales for the first six months of the year, 175 912 units, were only marginally (0,8%) greater than January-June figures last year, according to Naamsa. *Blom 11/7/89*

In all categories, however, June sales figures increased compared with May — new cars by 7,3% to 19 973 units, light commercial vehicles by 12,4% to 10 563 and heavy trucks and buses by 9,2% to 916.

New cars sales in June increased by 17,6% over the 16 981 sold in the same month last year. *(30) (1982)*

Naamsa's director Nico Vermeulen, however, cautioned against reading too much into the higher than expected June sales figures.

The introduction of the new local con-

GERALD REILLY

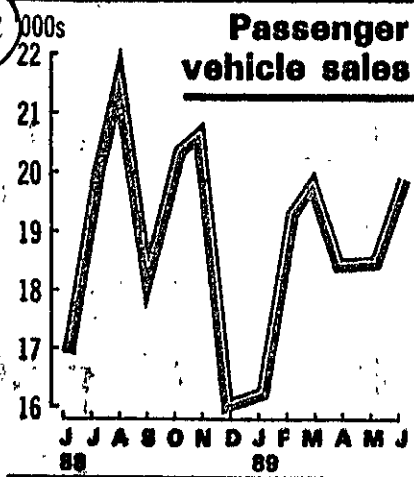
tent programme from June contributed to higher sales.

A large proportion of new car, light commercial vehicle and heavy truck sales was due, Vermeulen said, to manufacturers holding back units, particularly those with a high local content value during the latter half of May.

This brought them into account for local content and excise purposes after June 1.

The increase in supply during early June, therefore, contributed significantly to the higher monthly totals.

Another reason was the pre-emptive buying ahead of the expected July round of new vehicle prices.



Graphic: FIONA KRISCH Source: NAAMSA

# Retailers take sharp knock as curbs bite

By Sven Lünsche

The rate of growth in retail sales is decelerating rapidly in response to the government's austerity measures.

Sales statistics emerging from various retail sectors show that over the first six months of the year the measures to curb consumer expenditure have effectively halted the increase in spending, which soared to record highs just six months ago.

Spending on motor vehicles and total durable consumption in particular has been hard hit and economists expect these sectors to show a negative rate of growth by the end of the year.

Mike Brown, economist at Frankel, Kruger, Vinderine writes in a recent economic report that durable consumption expenditure is likely to bear the brunt of reduced consumer outlays.

"Higher tariffs, the weaker rand and costlier credit are all factors directly influencing spending on durables," Mr Brown said.

For the year he forecasts that

private consumption expenditure will average a mere 1,6 percent for the year.

Mr Brown expects spending on non and semi-durables to improve slightly on last year's levels, but adds that total durable consumption will fall by 9,4 percent and the number of passenger vehicles sold could plunge by 11,1 percent.

First half statistics seem to bear out his forecasts.

Recent figures by the Central Statistical Services show that expected real retail sales (at constant 1985 prices) for the first six months of the year showed only a slight 0,5 percent increase compared with the second half of 1988.

In the June quarter this year sales actually declined by 0,1 percent on first quarter 1989 sales.

In the durable sector furniture sales seem to have been hardest hit, with restrictions on hire-purchase finance and rising interest rates stalling consumer spending on these items.

Figures released by the Furni-

ture Traders Association (FTA) indicate that furniture retail sales for April this year showed a 7,2 percent increase over sales in April last year, while figures for March 1989 show a year-on-year growth of only 11,49 percent, well below the inflation rates for both months.

A similar trend is evident in the motor sector.

The National Association of Automobile Manufacturers (Naamsa) reported yesterday that total new vehicle sales for the first six months of 1989 at 175 912 units had only marginally exceeded sales during the January to June period in 1988 by 0,8 percent.

And for the remainder of this year, Naamsa anticipates slower growth in the economy, a reduced level of aggregate domestic spending, increasing inflation and lower levels of real disposable income.

Consequently, new vehicle sales are expected to weaken modestly and unit sales comparisons will probably be negative during the second half of 1989 and early part of 1990.

New car sales jumped by 7,3 percent in June to 19 973 units compared with May, a figure which was also up by 17,6 percent on the new car sales achieved a year ago.

Naamsa also reports that sales of new light commercial vehicles during June increased by 12,4 percent to 10 563 units, while sales of heavy trucks and buses have rebounded further during the course of June recording a monthly rise of 9,2 percent to reach 916 units.

Naamsa warns, however, that not too much should be read into the higher than expected sales during June.

The introduction of the new local content programme with effect from June has contributed mainly to the higher than expected sales — manufacturers held back completed units, particularly those with high local content value achievement, to bring such vehicles to account, for local content and excise purposes, after June 1.

"The increase in supply during the early part of June therefore contributed significantly to the higher monthly sales totals achieved", Naamsa stated.

"Moreover, pre-emptive buying in advance of the expected July round of manufacturers' new vehicle price reviews would also have contributed to the higher than expected sales during the month," the Association added.

## Focus 'severely underrated' shares

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FOCUS Holdings is a severely underrated share at present, says an analyst for brokers Max Pollak and Freemanle, recommending "aggressive accumulation".

Focus shares closed at 45c yesterday on a p/e ratio of 5,5 compared with 5 for the clothing sector. Max Pollak's analyst recommends shares be bought up to 65c.

Focus, which has been tipped as a possible buyer of Edworks, has 76 stores that

CHARLOTTE MATHEWS

sell bedding, and men's and women's clothing. It also has wholesale, marketing and mail order divisions.

Results for the year to February showed a 94% rise in turnover to R21,3m (R11m) and a 58% rise in after-tax profits to R1,7m (R1m). A dividend of 3,25c (1,75c) was declared.



# Carletonville boycott eases

By Kaizer Nyatumba 30

A Carletonville store which had closed because of the black consumer boycott will reopen this month as the boycott begins to ease, The Star has been told.

A spokesman for Jazz Stores in Carletonville said that after being closed for four months the shop would open again on July 27 and members of staff who were retrenched had been given their jobs back.

The vice-president of the Carletonville Chamber of Commerce, Mr. Jan Holtzhausen, said although the consumer boycott was still on and business turnover was between 20 and 25 percent down, the situation in the town had improved drastically.

## As the economy slows down

THERE has been an earnest welcome for Kreditinform's range of consumer credit information services, and demand is expected to increase as the economy slows down further in months to come.

MD Ivor Jones says: "The on-line concept has cut the cost of credit information and expedites the credit monitoring process, replacing costly and time consuming telephonic checking." *15/04/89 12/7/89*

Where credit applications are concerned, combining an on-line system and Kiss (Kreditinform information sharing system) means clients can process information accurately — and in a standardised format.

"Because all information is on one database, credit managers can check references and see judgments against consumers immediately.

"The Kiss concept allows users to monitor debtors against a vast database with monthly printouts — exception reports —

identifying those falling behind in payments. Remedial action can be taken quickly to cut exposure to loss.

"Computer tapes on consumer/debtors current credit accounts are merged against a masterfile before being introduced to the database," he explains.

Kiss complements the company's other consumer credit information packages, which comprise:

- KreditScore, a consumer credit-scoring software package to vet credit seekers;
- KreditCheque, which gives retailers and wholesalers up-to-date information on buyers who have issued dishonoured cheques;
- Judgments file — data collected from courts throughout the country on judgments taken out against consumers; and
- The consumer credit collection and tracing system is a collection system to speed up slow payers, collect delinquent accounts efficiently and economically, and to trace debtors.

6/04/13/1/89

## Two divisions of Edworks liquidated

Own Correspondent

PORT ELIZABETH — Two retail divisions of footwear company Edworks — Dodo's and Marcello Shoes — were also placed under provisional winding-up in the Grahamstown Supreme Court yesterday.

The application for provisional winding-up orders against the companies was brought by the joint provisional liquidators of Edworks, which was placed under a similar order on Friday.

The applications against Dodo's and Marcello Shoes, which operate from 1-5 Somers Road, Sydenham, were granted separately by Mr Justice van Rensburg.

The provisional liquidators are Neil Bowman, John Carter Fourie, Basil Spengler van Zyl and David Alexander Morris.

They alleged in court yesterday that it was inconceivable that the two companies, wholly-owned subsidiaries, could continue to trade while Edworks, their holding company, was under a provisional winding-up order.

Both companies were "integral and indivisible" parts of the Edworks group of companies.

As a result of Edworks's bank account being suspended, the companies were unable to pay trade creditors and employees.

The provisional liquidators alleged the companies were indebted to their holding company for loans and advances.

Dodo Shoe Company, which operates 17 retail outlets throughout the country, owed

□ To Page 2

BIDAM 13/1/89

## Edworks

Edworks R1.3m and had further current liabilities of R1m, divided almost equally between trade creditors, long-term loans and bank overdrafts.

Marcello Shoes, which operates seven retail stores, owed Edworks R828 000 for monies lent and advanced.

Marcello also owed R946 000 in current loans; R232 000 to trade creditors; and

R83 000 on a bank overdraft.

Granting the provisional winding-up order, Mr Justice van Rensburg ordered that the claims of Edworks against Dodo's and Marcello Shoes be immediately vested in the provisional liquidators.

He further called on all interested parties to show cause by August 17, why final winding-up orders should not be granted.

From Page 1

# Cape Town property boom

*Bidam 12/7/89*  
CAPE TOWN — Property developers are showing renewed interest in Cape Town's municipal area.

The council is considering proposals for projects worth about R300m over the next two years, in addition to R600m in developments already underway.

The proposals exclude the waterfront project — which the private sector estimates could cost up to R3bn by the end of the century — and two other substantial projects near the station and in the CBD, because the council has not yet determined the cost of these.

Assuming that some of the projects go ahead during the next two or three years, the value of development will be well ahead of projects completed between 1986 and the beginning of 1989, at a value of about R700m. Cape Town could overtake Durban in terms of actual growth.

According to city planner Neville Riley, the council has been receiving inquiries about property, including the power sta-

tion site near the waterfront, which it will soon be able to make available to developers. He says the new projects under discussion cover a wide range of developments, with an emphasis on tourism.

Over the past two years the council has implemented procedures to deal with major development proposals on what it refers to as a "fast track" basis, in partnership with the private sector. Emphasis is placed on major development areas like electronics and tourism.

Of the R600m under development, many major projects are in Claremont, including Sanlam's Sanclare office building, with an estimated development cost of R46m, the Pro-group's estimated R45m Proclare development, and Woolworths' estimated R28m store development.

Other big projects scheduled for comple-

□ To Page 2

## R300m boom

*12/7/89*  
tion this year and next include extensions to Southern Life's head office in Newlands and Equikor's CBD office development, both with an estimated development cost of R40m.

The council hopes that its Muizenberg leisure centre development will activate more developments in the area, and encourage holidaymakers back to what was once a leading holiday resort.

The council has also approved in principle a submission by Sats to develop 10 parcels of property between the station and Civic Centre. It is expected that much

*30* □ From Page 1  
of this space will be used to accommodate burgeoning kombi taxi ranks and long-distance buses.

Sats is also expected to make a proposal call late this year for the development of a tower block, similar to the Golden Acre, near Strand and Adderley streets.

Although many companies decentralising to Cape Town are moving into existing office blocks, property analysts feel that a shortage of office space could put pressure on rentals and encourage more development in the CBD.

## Car price rise on the cards

*Star 12/7/89*  
DURBAN — The motor industry is gearing up for a further price increase which is expected to add about R1 000 to the cost of the lowest priced runabout.

This means that the most humble new car will cost close to R25 000 with GST and insurance. ~~25000~~

And pressure on the Deutschmark could force German manufacturers to increase prices at a higher rate than Japanese-sourced suppliers. ~~30~~

The increase is blamed on rising local costs caused by inflation and the weakening rand. ~~1989~~

The National Automobile Manufacturers' Association states that higher sales in the past month could be construed as pre-emptive buying in advance of the July price reviews — Own Correspondent.

Argus 12/7/89

## Strike put shoe firm on road to liquidation

### The Argus Correspondent

DURBAN. — The Edworks strike from late April until June cost the company about R3-million in turnover, according to company secretary Mr Donald Hedge.

This contributed "significantly" to cash-flow problems leading to an action in a Grahams-town court last week when the long-established shoe manufacturer and retailer was placed in provisional liquidation.

But the company had financial problems before the strikes. The last set of accounts for the year to June 30 last year reflected an operating loss of R2,5-million on a turnover of R112-million. In the previous year the company had shown a profit of R2,7-million. Gross assets were shown as R56-million.

Mr Hedge said sales had fallen off during the strike. He cited intimidation of shoppers by the strikers, graffiti on shop walls and "distorted statements about starvation wages".

This tipped the scales against the company's ability to meet its commitments and when accounts were frozen last Friday an "embarrassing" situation arose where no bills could be paid, including the Port Elizabeth offices' telephone account.

Four provisional liquidators have been appointed: Westrust, Syfrets, Arthur Young and Eastern Cape Trustees.

# Businessmen starting to act on importance of black consumers

By Ann Crotty

The growing sense of socio-political awareness on the part of businessmen has little to do with altruism and lots to do with the realisation that blacks are an increasingly important segment of most consumer markets.

On the production side there is an awareness of the importance of blacks in the workforce and the need to avoid an antagonistic environment if production is to run smoothly and profitably.

On a wider front, hostility towards the socio-political situation has made trading with the international market a difficult task, both in terms of sourcing raw materials and selling locally produced goods.

The absence of foreign capital has also placed constraints on growth potential.

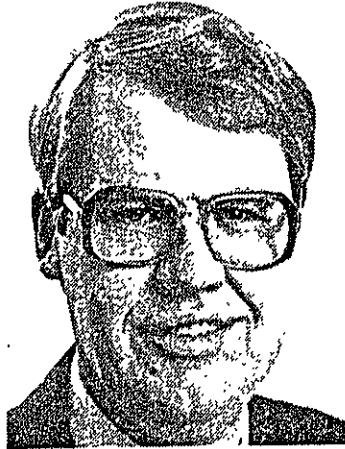
Only executives with a corporate death wish would dare to ignore developments on the socio-political and economic fronts.

## Keeping tabs

But attempting to keep tabs on trends is far from easy. Few political analysts, let alone businessmen, would have predicted the recent meeting between PW Botha and Nelson Mandela, a meeting that seems bound to have some impact on sentiment both within SA and towards SA.

Like so many other developments, it may not have an enormous or immediate impact, but it helps form attitudes.

Sankorp chief Marinus Daling accepts the need for businessmen to look beyond their own economic environment at socio-political issues, but stresses the need for executives to be flexible about strategic planning:



Marinus Daling

"The world is changing so fast it is impossible to make accurate predictions."

He questions the extent to which predictions made by chief executives five years ago have materialised and suggests that the most appropriate approach for businessmen should be "informed opportunism".

This requires businessmen to be well informed on a broad range of issues and "be able to act and react in a flexible manner and without delay".

As Mr Daling sees it: "The better informed businessmen are, the better the quality of the decisions they make."

But he warns about the danger of making assumptions because of the extreme unlikelihood of these assumptions being on target: "Businessmen must always keep their minds open and not fall into the trap of believing their assumptions."

Having acknowledged these pitfalls, he says his own broad view about the future is optimistic. "Privatisation is a fact; deregulation will happen sooner or later; the informal sector will become increasingly important,

but there will be a continuing need for big corporations so that large investments projects can be undertaken."

At Anglo Vaal Industries, Bill Keen, executive director of finance and planning, says AVI's strategic plans are based on the following assumptions: the industrial relations environment will remain positive; privatisation will continue at an increasing rate; there will be a continuation of the freeing of the economy to all population groups and a more market-related economy with reduced government intervention will be achieved.

## Demographic trends

Jan Pickard of Picbel stresses the importance of blacks in consumer markets and the need for awareness of demographic trends.

He highlights the need for greater participation of blacks in the economy: "It is not acceptable for blacks to be used as fronts for white businessmen. Greater real participation by blacks at ownership/control level will lead to far greater acceptance by the black community."

Next week's Mega-Trends conference will bring together speakers from a wide variety of social, political and economic backgrounds, including Aggrey Klaaste, editor of Sowetan, Dr CJ van der Merwe, Minister of Information, Frank le Roux chief whip of the Conservative Party, Mark Orkin, director of the Community Agency for Social Inquiry and Bob Tucker, managing director of the Perm.

It will provide delegates with opinions on issues that are crucial to strategic planning.

# Pick 'n Pay speeds up expansion

(30)

13/7/87

LESLEY LAMBERT

CAPE TOWN — Pick 'n Pay has accelerated plans to expand its fast-growing Price Club cash and carry stores from the existing three stores in the Transvaal to about 20 nationwide over the next five years.

The stores which sell bulk goods to smaller shopowners, including spaza owners and hawkers, have grown at a compound annual rate of 28% since the first store was opened at Vanderbijlpark two-and-a-half years ago.

Turnover has grown from about R20m in the first year to R150m for the existing three Transvaal stores this year. The stores have overcome staff-related teething problems and widened their collective customer base from 1 200 to 7 500 customers.

Chairman Raymond Ackerman says stores were originally intended to expand at a rate of two a year.

Now, the group is looking at expansion of three or four a year to accommodate growth, especially in the informal sector which is estimated to be taking in between R3bn and R4bn in annual sales — as much as OK Bazaars and not much less than Pick 'n Pay.

The group has been experimenting with the stores for two years and, having overcome the major problem of having to retrain retail staff, felt it was in a position to implement the expansion programme immediately this year by opening three new stores. But, difficulty in access to development property limited to one new store in Pietersburg.

## Profits

The stores require less trained staff and shelf space than supermarkets and the lower overheads and other related costs allow them to keep their profit margins tighter.

They are currently yielding about 2% bottom line profits and it is estimated they could contribute about 10% to group profits by the time their complement has reached 20.

Price Club's major competitors are Metro Cash & Carry and Trador Cash & Carry.



Sowetan 13/7/89

# Cost of cars, petrol go up

THE cost of motoring is set to soar with another hike in the petrol price now virtually certain and the motor industry gearing up for a further increase in the price of vehicles.

But a decision has not yet been taken either on the extent of the petrol price rise or car price increase or the effective date of the hikes.

However, a decision on the petrol price will only be taken after the National Energy Council has submitted its latest report on petrol sales, the under recovery on the petrol price and other data pertaining to the petrol price to Minister Of Economic Affairs and Technology, Mr Danie Steyn.

## Report

A National Energy Council spokesman confirmed yesterday they hoped to finalise the report this week.

The spokesman said the monthly report they released to keep the public informed about the petrol price structure and the monthly shortfall or overpayment on the petrol price would be published by the end of this week or early next week.

However, the spokesman said and under recovery on the monthly petrol price in May of 7 cents a litre had increased to 12,157 cents a litre in May.

## Petrol

"We are currently awaiting the final figures for June but it appears that the under recovery will be approximately the same as that for May," the spokesman said.

There has been speculation that the petrol price could increase by as much as 20 cents a litre but informed sources have indicated that this was highly unlikely.

Increase in new car prices are widely expected to add about R1 000 to the cost of the lowest priced runabout, which will mean the cheapest new car will cost close to R25 000 with GST and insurance.

In addition, pressure on the Deutsche Mark could mean German manufacturers could be forced to increase prices at a higher rate than Japanese-sourced suppliers.

The increase is blamed on rising local costs caused by inflation and the weakening rand, which has pushed up the prices of imported components.

Mail 14/7/89.

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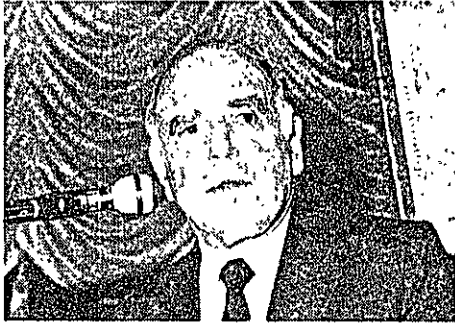
SUPERMARKETS

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### Institutional stunt?

Pick 'n Pay chairman Raymond Ackerman has returned from a tour of Europe and America with more concrete proposals for a supermarket institute.

Before he left in May, Ackerman proposed that Pick 'n Pay, Checkers and OK Bazaars, as well as smaller grocery chains, lobby government to remove restrictions on supermar-



Ackerman ... will joint action benefit consumers?

kets. Allowing them to bake government bread and to open more wine outlets, are examples of the restrictions they labour under.

Now he says the institute could go even further. The British supermarket institute, he notes, would be a better model than the American Food Marketing Institute (FMI) as it operates on a smaller scale.

"The FMI has 120 permanent lobbyists in Washington; the local industry can't afford to operate on that scale.

"But the British supermarket institute, which doesn't have that kind of staff, has managed to keep VAT off food through its efforts. I am sure that we could get a zero rating of VAT on food here if we worked

together."

Ackerman says the institute need not be concerned with "nitty-gritty" issues, such as deposits on trolleys: "The more mundane issues should still be handled individually."

Up to now, Pick 'n Pay has boycotted joint initiatives on trolley deposits and recently pulled out of a joint advertising campaign on security at the last minute. Understandably, the other chains are sceptical of Ackerman's motives. The move to form an institute has been privately described as a "huge publicity stunt."

But manufacturers are pleased to see a national supermarket retailing body emerging.

Says Grocery Manufacturers' Association (GMA)'s executive director Jeremy Hele: "I look forward to discussing matters of common concern with the Supermarket Institute. Issues like centralised distribution, joint back-door security and food legislation need to be tackled. There'll be enormous potential for improving efficiencies and serving consumers better."

All this, of course, assumes that such issues aren't among those that Ackerman dismisses as "nitty-gritty."

Checkers deputy MD Serge Martinengo maintains the industry should build on the existing framework within Assocom. There is already an Assocom Food Retailers' Technical Committee, chaired by Raymond Parsons, as well as a Grocery Distribution sub-committee. He says it's unlikely a retailing organisation equivalent to the GMA will emerge.

But Ackerman says the institute wouldn't constitute a breakaway from Assocom and wouldn't supersede the existing structure. He points out the FMI and its equivalents in Europe all work in co-operation with chambers of commerce.

The chains are meeting at the end of the month to decide the way ahead. OK Bazaars

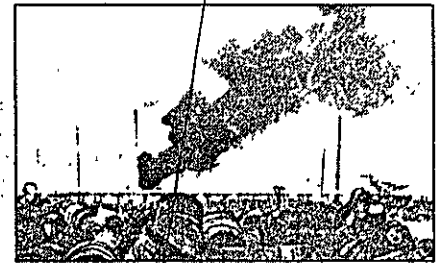
### POLLUTION PROBE

Eskom, often accused of being the major cause of the Transvaal Highveld's serious air pollution problem, has decided to clear its name.

A task force, consisting of representatives of industry, official bodies and interest groups, is being formed to investigate the "total effects of pollutants released into the atmosphere in SA."

Eskom assistant GM (generation) Jac Messerschmidt says Eskom burns about a third of all the coal consumed in SA. And, though Eskom went to great pains to reduce harmful emissions, "the cumulative effects of industry, road vehicles and domestic fires is causing concern."

A "national forum" on air quality management will be convened on August 10 and all interested parties will be invit-



ed to participate.

"It is vital to speed up electrification of the townships, as these are a major source of coal fire pollution in winter. Eskom's own power stations deposit their smoke above the cold inversion layer that depresses the dispersion of smoke in winter," says Eskom chief PR Lactitia van Staden.

And, as Eskom alone cannot solve the Highveld's serious winter pollution problem, it is calling on experts in all fields to contribute towards a solution. "Industries, research bodies, educational institutions, State departments and other interest groups are invited to contribute," she adds.

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advertising and PR director Allan Fabig says he will go to the meeting "with an open mind." But whether the bitter retail rivals can bury their differences and work together remains to be seen.

Mail 14/7/89

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# This Christmas will be tougher than the last

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wmail  
14-20/7/89

Weekly Mail Reporter

SOUTH AFRICANS will be worse off, on average, at the end of 1990 than they were at the end of last year, with domestic spending per capita expected to fall both this year and next, says the latest Standard Bank Review released this week.

The Review forecasts private consumption expenditure will rise by 1,9 percent in real terms this year and 1,5 percent in 1990 — much lower than last year's 4,8 percent and lower than the population growth rate (so that people on average will be spending substantially less). Consumers are likely to be spending much less on items which depend on credit finance, so that expenditure on durable goods is expected to fall in real terms by about four percent this year and by up to eight percent in 1990, according to the Review. Particularly affected will be spending on items such as furniture, domestic appliances and new cars.

Investment spending is also expected to fall further — already in the first quarter growth in real gross domestic fixed investment slowed to 5,1 percent from the 6,4 percent last year.

But the impact on the economy will be uneven, the Review says. While overall domestic spending will fall, government consumption expenditure will continue to rise so that "government's role in the economy will increase despite the stated objective of reducing its share of economic resources through privatisation and deregulation".

Interest rates are likely to remain higher for longer because, as government spending continues to grow, the burden of curbing domestic demand falls on monetary policy.

But the Review says economic activity is certainly beginning to slow down in response to measures such as higher interest rates and other restrictive measures implemented by the government in August last year and May this year.

Standard Bank economist Nico Czyplonka says in the Review that economic growth cannot be sustained at higher levels than those achieved in the recent past as long as South Africa is a capital exporter and must maintain a large surplus on the current account of the balance of payments to repay foreign debt.

But, he argues, "if the situation were alleviated only partially, to the point where the pressures become more manageable and where forced repayments that leave no economic latitude can be avoided, then the restraints on domestic economic growth would diminish".

The "guarded optimism" about South Africa in European financial and business circles is therefore encouraging, the Review says.

# Nafcoc indaba

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THE National African Federated Chamber of Commerce (Nafcoc) is to launch an offensive on laws which inhibit the growth of black business during its 25th anniversary conference at Sun City Bophuthatswana, on August 25.

The theme of the conference will be "Nafcoc 25 years on ... rededication towards hastening a new socio-economic order in South Africa".

Nafcoc's public affairs manager Mr Gabriel Mokgoko said the issues to be addressed will include:

A national black insurance company, a pillar on which black economic empowerment could lean.

Manpower challenges facing black business in South Africa and how these could be overcome through black initiatives.

Privatisation - how it should be shaped to benefit the black community.

Promotion of greater sense of unity among all the people of South Africa, irrespective of race, creed and colour.

Mokgoko said that this year's conference marks a quarter century of consistent pounding at the political system; and of knocking at the door for justice and more economic opportunity for black businessmen.

"The 25 years have been very difficult and challenging for Nafcoc and so were they for the entire black community since the viability of a nation could best be seen through the window of its business community," he said.

# Motor dealers go to Doornfontein

30 107 S/Twe 16/7/87

By Don Robertson

THE Doornfontein area of Commissioner Street is rapidly becoming Johannesburg's new motor town.

The planned establishment of a R9-million Delta dealership will take the number of dealers in the area to six. Together with gearbox exchanges, car-radio shops and spare-part centres, the area will soon challenge Eloff Street as a major motor complex.

Business has boomed in the area because major commercial and industrial developments are being established in Doornfontein, Ellis Park, Benrose and further away at Bruma Lake near Bedfordview...

The Delta franchise, awarded to Motorforce, will be opened early next year. It will join Imperial's new Toyota franchise which is in the final stages of construction.

In addition, there are Ford, MMI, Nissan and BMW dealerships in the area. It is expected that the Mo-

torforce dealership will sell about 800 Opel, Isuzu and Suzuki vehicles a year as well as 500 used vehicles from the 3 500m<sup>2</sup> site, which will also incorporate service and spare-part centres.

The Delta dealership is expected to increase four-year-old Motorforce's turnover to R90-million in 1990 from R55-million last year.

In the three years since

Delta bought out the General Motors operation, sales have risen from 24 000 to 40 000 units. Plans are to produce 43 000 vehicles this year.

The Imperial Group's 5,500m<sup>2</sup> site will cost R10-million to develop and will house the company's Transvaal head office.

Stephen Abelkop, joint managing director of Imperial, says that in spite of high interest rates and the fact that motorists are not replacing their cars as often as before, demand remains strong.

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# One-off lift for new-car sales 30

NEW-car sales in June rose to 19 973 from 18 618 in May, says the National Association of Automobile Manufacturers of SA (Naamsa).

This brings the total for the first six months to 112 883 compared with 112 187 last year. *S Times 16/7/89*

Nico Vermuelen, director of Naamsa, says that the higher sales in June resulted from the introduction of the Phase 6 local content programme.

Many manufacturers held back vehicles, particularly those with a high local content, towards the end of May to bring them into account

for local content and excise after June 1.

As a result, not too much should be read into the higher June sales, he says. Sales are expected to decline in the second half of the year.

Light commercial vehicle sales rose to 10 563 from 9 393 in May for a total of 56 324 compared with 55 148 in the first six months of last year.

Medium commercials declined to 442 from 447. The total for the first half of the year was 2 090 compared with 2 746.

Heavy commercial sales were 916 against 839, with a total for the first six months of 4 615 compared with 4 319.

SI Times 16/7/89

# Strike wave builds up as OK workers wait

RETAILERS have been hit by a wave of strikes, costing workers and companies hundreds of thousands of rands.

A national strike could start at OK Bazaars tomorrow. A six-week strike at Beares ended last week, Joshua Doore is entering its fourth week of disruption and a stayaway at Multisorvo continues.

Creditors of Edworks claim that the two-month strike, at the company this year played a part in causing it to be placed in provisional liquidation.

The strike involved about 800 workers protesting against a wage offer of R105 compared with a union demand of R125. The strike was settled in June, but the company suffered severe damage.

## Largest

The Commercial, Catering and Allied Workers Union (Cawusa) is involved in all the strikes. Workers are striking not only because of wage disputes, but over recognition agreements and retrenchments.

By Robyn Chalmers

The estimated loss of 12 000 mandays at Beares is believed to have been the largest in the retail trade this year, but it could be overtaken by OK Bazaars if workers walk out.

Cawusa held a strike ballot last Friday after a Rand Supreme Court ruling which ordered the union to call another poll of members. The original ballot was challenged on the grounds of its alleged irregularity.

## Tutu

The court confirmed an agreement between OK and Cawusa that the union would not initiate a strike before July 14. Between 56% and 58% of workers voted in favour of taking industrial action against the OK in the new ballot.

OK is offering a R100 pay increase across the board. The union, after having an initial offer of R105 rejected, now wants R125 a month more.

If workers do decide to go on strike tomorrow, the OK could experience a repeat of

the bloody 1986-87 action which cost it about 432 000 manhours and each striker an estimated R1 000 in wages.

Joshua Doore employees are striking in protest against the retrenchment of almost 500 workers. Cawusa organiser Mike Tsotetsi says 2 000 workers are on strike, but Joshua Doore managing director David Sussman puts the figure closer to 700.

Earlier this week the union came out strongly against the company for using Trevor Tutu and Yusuf Surtee as intermediaries in the strike.

Joshua Doore has denied that it gave a mandate to the two to mediate, and Mr Tsotetsi says the union has refused to talk to them.

OK and Cawusa have not met for six days. No meeting is scheduled.

8/Day 17/7/89

# Shoe retailers feeling the pinch

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GLOOMY predictions by shoe manufacturers that imports are likely to increase this year could be another attempt by inefficient local factories to obtain more protection, say footwear retailers.

They point out that the predictions, reported in Business Times, precede a government report later this year on structural adjustment for the industry. Footwear manufacturers were quoted in the report as saying that, although they expected sales to rise 10% this year, they would be squeezed by reduced margins, higher costs and increased imports.

Various shoe retailers say increased imports of shoes are highly unlikely this year in the face of heavy import duties and the weak rand. Footwear Manufacturers' Federation (FMF) executive director Dennis Linde predicted "a substantial increase in imported footwear".

CHARLOTTE MATHEWS

"That's ridiculous," says Treets Clothing MD Jack Katz. "Imports are bound to drop drastically because of the exchange rate and the surcharges, but local manufacturers simply can't cope with local demand."

"Orders I placed with a local manufacturer in October last year are being delivered now. It is the small, independent shoe retailer who is the worst affected by this situation."

Edgar Seaman, director of Cape-based importer and wholesaler Republic Shoes, says the effect of import duties is both severely inflationary and fails to stimulate competition. "The percentage increase in prices of locally manufactured shoes since the introduction of the new duties has been totally ridiculous. Imports fell by 46% last year

with the rand at 50c to the US dollar. They will hardly rise now that the rand is at 35c."

A spokesman for footwear retailers says the interim duties of 1987 forced importers into a very limited range of footwear and prices had jumped 30% to 50% as a result.

Footwear International MD Stan Rabinowitz says: "A substantial decrease in imports will result from the tariffs imposed 18 months ago, plus the surcharges in the middle of last year and the devaluation of the rand."

Linde responds that figures published by Customs and Excise already show a significant increase in rand terms in imports for the first four to five months of the year, but this could be related to the depreciation of the rand. Volume figures are not available, he says.





# Mediation plan to end 30 Nafcoc and Fabcos dispute

By Jabulani Sikhakhane

A group of top white businessmen is to mediate in a dispute between the National African Federated Chamber of Commerce (Nafcoc) and the Foundation for African Business and Consumer Services (Fabcos).

Unity talks between the two black business organisations collapsed early this year over the use by Fabcos of Nafcoc's name in its correspondence with prospective sponsors.

Nafcoc's name, according to Fabcos public relations officer Jabu Mabuza, was used once but all references to Nafcoc have since been removed.

Mr Mabuza said: "We still hope that we can work together with Nafcoc without any formal structures."

However, Nafcoc public affairs manager, Gabriel Mokgoko said Nafcoc was not aware of any mediation attempts. "If there is to be any reconciliation between black people of this country, it must involve only blacks. Nafcoc stands for unity and was founded on that basis 25 years ago."

At issue is the structure of Fabcos and Nafcoc's role in it. It is clear from what the two organisations say that neither wants to merge with the other.

The Fabcos proposal was that Nafcoc would play only a non-voting, advisory role in Fabcos. This, Mr Mabuza said, was a mere proposal subject to negotiation.

He adds: "It would have been impossible to accommodate Nafcoc in any manner in the Fabcos structure. Membership of Fabcos is through an association via an economic market segment, eg Sabta in the transport segment or the Transvaal African Builders Association in the construction segment. Individual members of Nafcoc would automatically be catered for in the various economic market segments in the structure of Fabcos."

Nafcoc on the other hand rejected Fabcos' proposals on the grounds that it was not prepared, as an older and better recognised federation, to sacrifice its identity by joining a newly established business body.

Adds Mr Mabuza: "Fabcos does not want to take over Nafcoc or be taken over by any other organisation. The unique aspect about Fabcos is that it represents the grass-root black organisations in the country, while Nafcoc represents black business."

## SBDC COULD HELP MOZAMBICANS

A RECENT trip to Mozambique showed that SA's Small Business Development Corporation (SBDC) could introduce the country to a development model, SBDC MD Ben Vosloo said yesterday.

Vosloo and SBDC GM (Central Region) James Scott held talks with the Department of Trade and foreign investment units there three weeks ago.

"We found we could help the Mozambicans — who have always had state-based development — to see a model based on private enterprise practised at small business level," he said.

Vosloo added that the SBDC would visit Mozambique again soon. "This time

THEO RAWANA

we will be looking at specific possibilities of development.

"We have made useful contacts, but it will be some time before we embark on development programmes. Our priorities are still with our own people in SA."

Any project funding injected by the SBDC would come out of its own capital, he said.

During the past year the SBDC had looked at development projects and exchanged ideas with sub-Saharan countries on an *ad hoc* basis, Vosloo said.



## Lucem Holdings Limited

(Registration number 68/14749/06)  
("Lucem")

### Cautionary announcement

Negotiations are in progress which, if successfully concluded,

# Bankers, police defend secrecy

**BANKERS** and police have jumped to the defence of a new policy not to reveal to the public, through press reports, amounts stolen in bank heists.

Police public relations chief Major-General Herman Stadler has denied that the authorities are shirking their duty in this regard and said publishing details of methods used to rob banks inspires robbers and tells them how to do it.

First National Bank's divisional general manager for internal audit and security, Mr Gerry Christy, said more publicity should be given to solving of cases than to the incidents themselves.

The decision was made after a meeting on July 10 in Pretoria between bankers and the Minister of Law and Order, Mr Adriaan Vlok.

In a letter to Johannesburg's Business Day, Gen Stadler said: "The SAP, however, realise that robberies of this nature are newsworthy and we will continue to disclose particulars of when and where the robberies occurred, persons injured or killed, firearms used etc ..."

But, he said, experts agreed that the "copy-cat" syndrome could not be ignored.

Mr Christy said the press, bankers and the police needed to join hands to fight the high incidence of bank raids.

"Media reports such as those that have told how easy it is to rob a bank are irresponsible."

Mr Gareth Richards, group spokesman for Standard Bank, said reports of huge amounts stolen from banks could "well often be the spur that some other robber needs to perpetrate his deed".

## Armed robbers arrested

**DURBAN.** — Police have smashed a gang of three alleged armed robbers and have linked them to a series of armed hold-ups in Pinetown, Westville and Stanger, involving more than R500 000.

The breakthrough came at the weekend when detectives arrested a man as he was using his share of the robberies to pay lobola to his future father-in-law at Scottburgh.

Police say they have positively linked the three men to 11 armed robberies. — Sapa

## Masked men rob bank

**JOHANNESBURG.** — A gang of masked bandits yesterday morning raided a branch of First National Bank in Rosebank, Johannesburg, taking a large amount of money, police said.

The Clearing Banker's Association is offering a R10 000 reward for information which will lead to the arrest and conviction of the robbers and the recovery of the cash.

Police said four gunmen held up staff and clients at the bank before escaping with the cash. They sped off in a BMW 5-series car, which may be stolen. — Sapa

Managing director of Trust Bank Mr Kobus Roetz acknowledged that whether an amount was disclosed or not did not necessarily mean robberies would drop.

"We can only hope that it will help in cutting down the robberies," he said. — Staff Reporter and Sapa

... kosher, and on a stick  
... please."

## Carletonville boycott eases

Own Correspondent (30)

### CARLETONVILLE

*Star 19/7/62*  
The 20-week-long consumer boycott gripping Carletonville appears to be lifting, with local shop owners reporting as much as an 80 percent rise in trade.

Although the increase is not as great in all instances, most traders are happy to report between 45 and 60 percent improvement in turnover and are confident that the upward trend will continue.

The boycott was called on February 27 in a bid to force the Conservative Party-controlled town council to remove signs from parks which state that these amenities are reserved for members of the white race only.

# Retailers to defer sugar price hike

RETAILERS hoped to defer the 4% sugar price rise scheduled for August 1 as long as existing stocks lasted, spokesmen from three of the major chains said yesterday.

"Checkers will hold the price of sugar on the two major lines (the 2.5kg and the 12.5kg bags) for as long as possible," group deputy MD Sergio Martinengo said.

"Although 4% might seem minimal, consumers will feel the pinch as they tighten their belts yet again to accommodate the probability of an increase in the prices of confectionary and other sugar-based products."

A Checkers spokesman added that manufacturers of sugar-based products had mostly included this rise in their price calculations, but that the price of cordials would increase at the end of July.

B/Dag 20/7/84 (S) 30  
**CHARLOTTE MATHEWS**

"We will not increase our sugar price until we buy sugar at the new price," a spokesman from OK Bazaars said. "We are trying to fill our stores so as to hold the lower price for as long as possible."

He said the OK would try to absorb some of the price rise, and its sugar price would only rise about 3.4%.

Pick 'n' Pay Supermarkets Food GM Alan Baxter said they would also hold the price down as long as stocks lasted. That would depend on the demand for sugar.

"Our price will go up 4%," he said. "We sell sugar at just above cost as it is."

# Saficon improves share marketability

~~SAF~~ Finance Staff  
Motor retailing group, Saficon,  
is to have a 50 for 100 capital-  
isation issue to improve the  
marketability of its shares.

This follows on a good fi-  
nancial year to end-June in  
which earnings well exceeded  
forecasts. *Star 21/7/89*

Executive chairman Sidney  
Borsook says that in the past

30  
few years management has set  
out improve the marketability  
of the company's shares.

"Our decision to capitalise  
R2.093 million of our share pre-  
mium account and issue  
8.37 million new shares is the  
next logical step in the market-  
ability exercise," he says.

The capitalisation issue will  
have the effect of adjusting all

published net asset values,  
earnings and dividends per  
share to two-thirds of the pub-  
lished amounts and should also  
reduce the Saficon share price  
to two-thirds of its price prior  
to the capitalisation issue.

After the issue shareholders  
who hold shares at 460c each  
will hold 1.5 times the number  
of shares they hold now.

# Saficon prepares its capitalisation issue

AFTER exceeding forecast earnings last year, motor vehicle trading group Saficon has gone ahead with the proposed capitalisation issue to increase the marketability of its shares.

Saficon will utilise R2.1m of its share premium account to pay for the issue of 50 new shares for every 100 held. The capitalisation issue will reduce published net asset values, earnings and dividends by a third.

After the capitalisation issue, shareholders holding shares of R4,60 each will hold 1,5 times the number of shares prior

EDWARD WEST

to the issue.

Saficon chairman Sidney Borsook said yesterday the group looked for ways of allowing institutional investors to accumulate sizeable holdings while at the same time making the shares more freely available.

To this end Saficon had implemented a share split and a rights issue in the past two years, said Borsook. Shares dropped in value with a capitalisation issue, but the

latest issue would hopefully keep the share price above 500c, he said.

Saficon's annual report said as a result of the capitalisation issue, there would be 31 090 647 ordinary shares in issue after June 1991 instead of the 20 726 698 shares had there been no capitalisation issue.

Saficon's earnings a share increased 58% last year. Earnings were expected to increase 2% in the current year on a forecast 55% increase in turnover. Saficon shares remained untraded yesterday at 850c.

B/Dcom 21/7/89



## Wholesale sales improve in June

Finance Staff

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Real wholesale trade sales are expected to show a surprising jump in June after they have been falling for most of the year in the wake of slower economic growth.

Central Statistical Services figures released yesterday show that expected wholesale trade sales (excluding diamonds) in June will pick up by a seasonally adjusted 1,9 percent to R2,82 billion compared with May.

In January wholesale sales peaked at R2,86 billion but since then have declined steadily to R2,77 billion in May.

However, economists said that not too much should be read into the "one-off" rise as July retail sales fell by 0,8 percent compared with June.

# 'Trek mentality must be dropped in Carletonville'

(30)  CARRIE CURZON

AS election fever grips the nation, nowhere is the tension higher than among the white shopkeepers of Carletonville whose businesses have been knocked for six by the five-month old black consumer boycott.

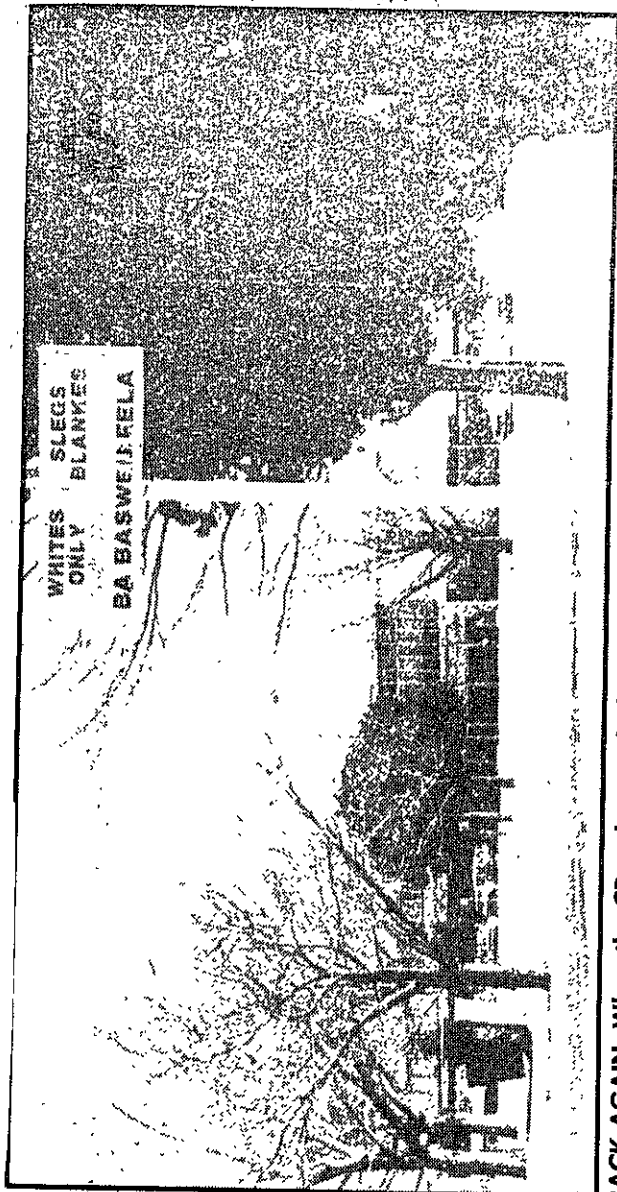
Whether the CP will maintain control of the town is a question of heated speculation — especially among traders who depend on black patronage. Although there has been some improvement in turnover in the past couple of months, there is a general feeling of insecurity.

"As long as those signs stay up, our businesses will never improve," said Mr Carlos Manazas, despondent proprietor of the "Good Luck" Cafe, pointing to the symbols of apartheid in the nearby park.

The buying power in this town which is populated by 200 000 blacks and only 40 000 whites speaks for itself, and yet in the centre of the shopping area is a green park where blacks are not allowed to set foot.

"Things are getting a little better, and I am now 50 percent better off than I was in February," said Mr Manazas who has run his cafe for two years and previously had a thriving business.

"Most of my trade is black and I have lost plenty of money."



**BACK AGAIN: When the CP took control of Carletonville, the apartheid signs went back up, like this one at the town's park.** © Photograph: Carrie Curzon.

"The Carletonville Hotel and off-licence next door have also suffered, and I don't feel very optimistic for the future."

Although the black boycotts have bitten hard, they have not taken the toll they did in Boksburg and vice-chairman of the town's chamber of commerce, Mr Jannie Holtzhausen, explained why.

"Business went down 100 percent in February, and I know of at least one clothing shop that was forced to close. But since May things have improved and I think it's because our surrounding towns are so far

away. Shoppers now have to go a long way to get their goods and this has made it difficult for the consumer. In the end they basically have no option but to shop here."

He said because of township intimidation blacks were buying small goods and doing most of their shopping in other towns or the townships.

"All of us have had a really hard time and things are still not going well here."

The town had lost a R15 million business complex which was earmarked for the city centre next to the black bus stops and taxi ranks

"The developer couldn't raise the money because of the boycotts and had to scrap the building plans."

Mr Holtzhausen has run the flat for a store in Harte Street for the past 15 years. He said when the CP took control in February, he had a pile of furniture and a piano that he had put down 20 percent. "I have only survived thanks to my white trade."

The most positive event in the town this week was the reopening of the Jazz Supermarket. The store was forced to close three months ago when trade plunged from an average monthly turnover of R800 000 to a catastrophic R8 000.

"It was like a knife cutting through butter, and happened almost overnight," said Mr John Morganrood, operations director of jazz.

"We have reopened because of public demand and managed to keep our staff on during closure on almost full pay."

"I think there are various reasons for the improvement now. People feel they have now exertion with the local CP government, they have also found they have had to pay more and travel further for their goods. Jazz reopening its doors should have a beneficial effect on the rest of the town," he said.

"We appeal to the people of Carletonville to show humane tendencies and open their facilities to everyone," added Mr Morganrood. "We are living after the Trek now."

Report by Carrie Curzon, Johannesburg.

Day 21/7/89

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# June wholesale sales highest since January

REAL wholesale trade sales picked up sharply in June after a slow-down for most of this year, to reach the second highest level in 1989, according to Central Statistical Service (CSS) figures released yesterday.

The CSS figures show real sales for June are expected to register an increase of 1,9% over May after seasonal adjustment.

June sales are expected to total R2,82bn after dipping to R2,77bn the previous month. Sales in January topped R2,86bn before decreasing steadily.

However, economists do not believe that the sharp increase points to a renewed upswing in the economy.

**SYLVIA DU PLESSIS**

Rand Merchant Bank economist Rudolf Gouws described the statistics as "fairly volatile" and said they did not indicate the start of a new trend.

"The economy is certainly in a slowdown and I wouldn't attribute too much to this upturn," Gouws said.

## Momentum

Old Mutual economist Riaan le Roux said such a "rebound" indicated that demand remained "pretty strong", although the momentum had slowed down somewhat.

"The figures indicate that up to the second quarter the economy still had

strong momentum, but I don't expect real wholesale trade sales to grow very strongly now.

"One would expect sales to slow down, given high interest rates and tightened fiscal policy," Roux said.

He added that it was important to bear in mind that there was no "hard evidence" yet of the increases.

The figures were those of expected sales, which often differed substantially from the final figures.

Expected real wholesale trade sales show a 6,9% increase compared with June last year.

Real retail trade sales figures at constant prices for July, released this week, show an increase of 1,5% compared with July last year and a slight decrease of 0,8% compared with June after seasonal adjustment.

# Pepkor on expansion trail

Financial Editor

THE diversified Pepkor group is expanding faster than planned in the current year, shareholders were told at the annual general meeting yesterday.

Acting chairman Jim Fouché said that in spite of measures to cool the economy the group was "still maintaining the pace of its financial performance of the recent past".

Group turnover for the current year was on target and it was performing satisfactorily.

"The store expansion programmes of our listed subsidiaries Pep Stores and Shoprite Holdings are

ahead of budget. Pep Stores and Ackermans will have opened 43 new shops by the end of July and indications are that Pep Stores will open more stores this year than originally planned.

"Shoprite has already opened three new outlets in the current financial year.

"The growth in existing business together with the store expansion programme guarantees the group's real growth and increasing market share."

Shoprite MD Wellwood Basson said it will open

six new stores this year instead of the five originally planned.

Basil Weyers, group MD of Pep Stores, said it was looking into the possibility of listing a separate company in Botswana, where it already did considerable business, with local shareholders. Botswana now had its own stock exchange.

The group was also building up Pep Reef, the company in which the majority of shares were held by black people.

"We want to build up a good track record of business in partnership with

black investors which will stand us in good stead when the time comes to cross the Limpopo," said Weyers.

"I see our future in the whole region of Southern Africa and I am reasonably optimistic."

● Pep Stores Peninsula is on target with its budget and has already opened three new stores in the current year, acting chairman Basil Williams told shareholders at the annual general meeting yesterday.

They are in Gatesville, Morgenster and Athlone.

*CHE Times 22/7/89 (30)*

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# 'House shop' owners in battle over licences

By MICHAEL DOMAN, False Bay Bureau

MITCHELL'S Plain "house shop" owners, who have recently been warned or fined by the city council's business licensing division, have voted unanimously that the Western Cape Informal Traders' Association (WCITA) should represent them in any further negotiations.

The WCITA was formed two weeks ago in response to the blitz by council officials.

Warnings and fines were issued by the council to proprietors of non-mobile shops in houses. Those at fault had either a hawkers' licence — a general dealer's licence is required — or no licence at all.

## Fines postponed

The council's action was prompted by formal general dealers who felt it was unfair that they had to go through more red tape than informal traders for basically the same type of business.

It is estimated there are about 700 informal shops in Mitchell's Plain.

At the Westridge Civic Centre last night, a meeting of about 150 proprietors heard that the city council would postpone all fines to give the offending house shop owners the opportunity to apply for the correct licence.

However, Mr A J Naude, the senior manager of development services in the Small Businessman's Development Corporation, cautioned that he and the WCITA steering committee would have to persuade the council that informal traders should be given a special dispensation with regard to certain preconditions which had to be met before a general dealer's licence would be issued.

## Health requirements

"You will have to meet certain health requirements and the present town planning scheme does not allow for retail outlets from houses," Mr Naude said.

"The health department will require that you have running hot water, facilities for employees and rodent-proofing measures.

"Many of these are not practical for you and we will ask for these to be relaxed.

"And we will urge the council to allow retail shops from homes in terms of the town planning scheme since it has been allowed in other communities."

Traders were handed petition forms at the meeting, on which they intend to collect names of customers who are prepared to support their applications.

Said Mr Naude: "The council will consider objections from your neighbours, but we will investigate these to see if they are reasonable objections."



Picture: HANNES THIART, The Argus.

## Pepkor on target <sup>(3)</sup>

DESPITE the measures implemented by the government to cool down the economy, the Pepkor group is still maintaining the pace of its financial performance of the recent past, chairman Christo Wiese said in a statement at the annual meeting yesterday.

Group turnover for the current year is on target and the group is performing satisfactorily. Growth in turnover and profit is also satisfactory.

The store expansion programme of listed subsidiaries Pep Stores and Shoprite is ahead of schedule.

Pep Stores and Ackermans will have opened 43 new shops by the end of July.

The growth in existing business together with the store expansion programme should ensure real growth and increased market share.— Sapa.

30

# Pepkor on expansion trail

CME Times 22/1/87

**Financial Editor**

THE diversified Pepkor group is expanding faster than planned in the current year, shareholders were told at the annual general meeting yesterday.

Acting chairman Jim Fouché said that in spite of measures to cool the economy the group was "still maintaining the pace of its financial performance of the recent past".

Group turnover for the current year was on target and it was performing satisfactorily.

"The store expansion programmes of our listed subsidiaries Pep Stores and Shoprite Holdings are

ahead of budget. Pep Stores and Ackermans will have opened 43 new shops by the end of July and indications are that Pep Stores will open more stores this year than originally planned.

"Shoprite has already opened three new outlets in the current financial year.

"The growth in existing business together with the store expansion programme guarantees the group's real growth and increasing market share."

Shoprite MD Wellwood Basson said it will open

six new stores this year instead of the five originally planned.

Basil Weyers, group MD of Pep Stores, said it was looking into the possibility of listing a separate company in Botswana, where it already did considerable business, with local shareholders. Botswana now had its own stock exchange.

The group was also building up Pep Reef, the company in which the majority of shares were held by black people.

"We want to build up a good track record of business in partnership with

black investors which will stand us in good stead when the time comes to cross the Limpopo," said Weyers.

"I see our future in the whole region of Southern Africa and I am reasonably optimistic."

● Pep Stores Peninsula is on target with its budget and has already opened three new stores in the current year, acting chairman Basil Williams told shareholders at the annual general meeting yesterday.

They are in Gatesville, Morgenster and Athlone.

30

SITTING 23/7/89

# Car prices set to rise in August

THE increase of about 8% in car prices so far this year does not spell the end of the motorist's problems for 1989.

Additional price rises of about 10% can be expected by the end of the year, manufacturers of German-sourced vehicles facing the biggest pressure to charge more.

The next round of price increases is expected by August 1, according to industry sources. Manufacturers are watching the continuing weakness of the rand and the effects of the Phase Six local content programme which came into effect on June 1. Increases of this order will lift the price of the cheapest cars to more than R20 000. Price increases of between 15% and 17% are likely by December.

## Timing

Toyota, which leads the field in price moves, is watching the position carefully, but has not yet decided on the timing or extent of the car-price increase.

Toyota lifted prices by between 3% and 4% last December and by 4% in April.

Another 10% rise could lift the price of Toyota's cheapest models, the Conquest

By Don Robertson

1,3S and the Corolla 1,3 to R23 824 from R21 675 by the end of the year. The smallest Cressida could rise to R34 310.

Volkswagen expects an increase in prices soon. A 10% increase would take the price of the cheapest car on the market, the Citi Golf 1,3, from R18 940 to R20 835. The Fox would cost R21 180, and the Audi 400 R53 610 — from R47 830.

Nissan raised the prices of its cars and light commercials by 3,8% in February and by 3,6% in April.

Samcor raised prices of all its models by 4,6% in January and by 4,2% in April. In June, the Sierra and the Sapphire — launched in April — cost 4,2% more. The next increase could be about 4% says Samcor. For the year, price rises could be 18,5%.

A 10% increase for the rest of the year will mean that a Ford Laser 1,4L will cost R21 970 and a Mazda 1,3L R21 510.

BMW, which is usually a month behind other manufacturers, increased prices by 3,7% in March and 3,9% in June. It does not expect its cars to cost more until September. Mercedes-Benz will raise price in August.



# Shops for blacks

BIG shopping complexes are planned to serve thousands of blacks in the Pretoria and East Rand townships.

Store Owner magazine reports that a R5-million Bestbuy Cash and Carry is to be opened near Mamelodi soon. In addition, businessmen plan a R50-million shopping centre at Spruitview between Johannesburg and Heidelberg.

The group hopes the centre will attract other developments to turn the site into one of the first black central business Districts.

Construction should be completed by the middle of 1992.

8 Times 231 7189

By Ian Smith

**SUPERMARKET** giant Checkers has hived off its fresh produce division in a multi-million-rand management buy-out.

Eight former members of the staff, backed by Standard Merchant Bank, now control independent company Freshmark, which is on course for turnover of R150-million to R200-million in its first year.

Its biggest customer is Checkers. Freshmark supplies and stocks the fresh-fruit and vegetable departments of the 172 supermarkets in the chain.

Freshmark deputy managing director Brian Kusel says: "But we are free to supply other organisations."

Mr Kusel was general manager, fresh produce, at Checkers.

### Equity

Freshmark managing director Danie Kieviet was on the main board as group director, service companies, and he was managing director of Checkers Meat Market until the takeover on July 1.

Standard Merchant Bank structured the deal and financed the management consortium. The bank has retained a stake in the new company, but it can be diluted when debt is reduced. Control remains with the consortium.

Checkers deputy managing director and chief operating officer Sergio Martinengo says the move is in line with the group's decision to "stick to its knitting".

"We are in the supermarket business, but we inevitably became involved in other operations which provided essential services for our stores. It is our policy to let these go free wherever possible, but we can still buy the

# Checkers sells veggie arm to ex-managers

5/Time 23/7/89

30

services we need from them.

"This policy enables us to remain dedicated to our core business and gives us more flexibility. At the same time it enables the management and staff of the 'privatised' companies to become more motivated. They can break out into the big wide world."

The first division to be taken over by a management buy-out was a small shop-fitting division established by Checkers and operated in the group before going on its own in 1987.

### Depots

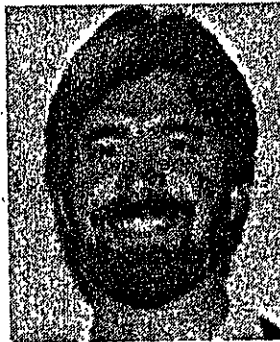
It was followed by a small ice-cream manufacturer. Both operations still supply Checkers supermarkets.

"We are pleased with our relationships with all the MBO companies," says Mr Martinengo. "Freshmark has started well. We hope to have some preferential service from them, but they are free to do their own thing."

The early MBOs were much smaller than the fresh-produce division.

Freshmark has a staff of more than 600 and six depots — in Johannesburg, Durban, Port Elizabeth, George, Cape Town and Bloemfontein — from which it will supply customers.

Mr Kusel says: "We will buy, package and distribute fresh produce to retailers



BRIAN KUSEL

and any other organisation that will deal with us."

The company will concentrate on the catering industry and the institutional market, including mines and canteens.

Freshmark rents its premises, but it has taken over about 100 trucks, most of

them refrigerated or insulated, to handle distribution.

"We are backed by 350 farmers and co-operatives who supply us direct, and we have buyers at all the main produce markets," says Mr Kusel.

The company's buying policies are already showing dividends, with a negative inflation rate over last year in the early weeks because of much bigger volumes.

"The response to the takeover from the staff has been tremendous. Fruit and vegetable consumption in SA is not high by world standards, but it is increasing.

"Good buying, packing and fast, efficient distribution should increase this trend and open up new opportunities for us."

## FSI in Edworks bid

JEFF Liebesman's FSI Group has made an entrepreneurial swoop on the shares of Edworks, which is in provisional liquidation.

It has agreed to buy the shares of the Dodo brothers even though they do not appear to have much value.

As a shareholder, FSI would have considerable say in the fate of Edworks. Shareholders, as well as creditors, vote on schemes of arrangement.

FSI director Terry Rolfe says FSI would be interested in Edworks manufacturing and retailing interests "at the right price".

Analysts say FSI's approach to the Dodos must be conditional because if offers of compromise from other parties, such as SAB, Amshoe, Jaguar or Focus were to succeed, the shares would be virtually worthless.

5/Time 23/7/89

# More charges <sup>(30)</sup>

<sup>Sowetan</sup>  
FORMER chairman of the Consumer Boycott Committee, Mr Jabu Ngwenya, who is facing three charges of contravening his restriction orders, has had his charges increased to six, his lawyer confirmed yesterday.

Ngwenya is alleged to have contravened his orders by being absent from his Senaoane, Soweto, home on December 20, 24, 25, 26 and on January 4 and 20.

Restrictions imposed on him in terms of emergency regulations prohibit him from being away

<sup>24/7/87</sup>  
from his home between 6pm and 5am daily. He may also not leave the magisterial district of Johannesburg.

Ngwenya's restriction order was signed by Minister of Law and Order, Mr Adriaan Vlok, on June 6 last year. He has been restricted from participating in any activities of several organisations including the UDF, Release Mandela Campaign and Soweto Youth Congress (Soyco).

This week he appeared in court and his case was postponed to September 12.

# Industry in state

## Cape Town market remains buoyant

THE Cape Town property market has grown substantially over the past few years and is still buoyant, but it has reached a plateau and developers expect the area to be affected by the general economic downturn predicted for the next 18 months.

However, it will be moving off from a satisfactorily healthy level. An increased demand for space resulted in a substantial drop in vacancy levels, and less than 5 000 m<sup>2</sup> of A-grade space is currently available.

A number of projects currently under consideration will improve the situation, with about 3 500 m<sup>2</sup> of A-grade space — most of it pre-let, due to come on stream next year.

Vacancy levels for B and C-grade space have also dropped, and rentals have risen substantially.

Southern Life Properties property investment manager Chris Hyland says: "The retail market has also seen substantial rental growths in well-located developments."

### Double

"Turnovers have grown significantly for most tenants, vacancy levels are virtually non-existent and demand still remains high."

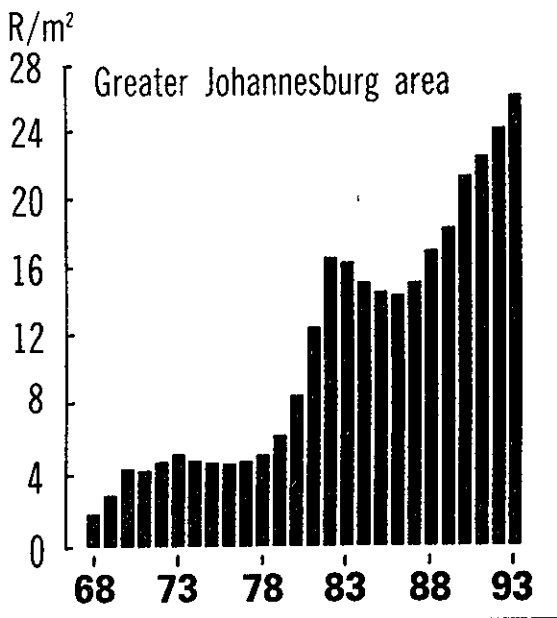
The industrial market has seen rentals in certain areas more than double in two years — the greatest increases ever experienced in the area — and demand, especially for mini-units, is still strong.

"The rapid increase in rental rates was unavoidable and the fiscal and monetary measures introduced by government to cool down the economy have begun to make themselves felt."

"This has filtered through to the property market and demand has declined from its former peaks."

An oversupply situation could develop in Cape Town, since a number of developments are not pre-let. Some additional developments could worsen the situation.

### Trends in office rentals



Graphic: FIONA KRISCH Source: RMS SYFRETS

agreements because they believed rentals were going to continue to go up, and they wanted to assure themselves of space at a lower rate."

Economic factors are clearly the strongest in determining which way the market is going to jump, and Arenson's view is that the political situation is having a limited effect on the mood of tenants and investors alike.

### Positive

"People are waiting for decisions from government."

"Any positive movement by government almost immediately causes a strong positive reaction," comments Arenson.

On the industrial scene the mood is still relatively positive.

By contrast, the office market is already starting to slacken off in the Johannesburg area, although Better predicts rentals of R30/m<sup>2</sup> for the CBD by the end of this year.

Demand remains strong in Cape Town and Durban, while in Pretoria rentals are lagging at about R20/m<sup>2</sup>, probably as a result of pressure exerted by government tenants.

The vacancy situation is

## has it all

with tremendous refurbishment potential."

Corby says the area offers tenants numerous advantages over both the CBD and the more decentralised nodes.

Braamfontein provides a pleasant working environment in terms of low-rise development and shopping.

Gaining ground as an alternative to Braamfontein is the Richmond area.

Group Five Developments MD Chris Drummond says: "Richmond is especially appropriate for service and professional companies which need to be close to town but want a better working environment at affordable rentals."

"And the area contains many B-grade properties

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152	16,48	16,40	16,30
168	16,55	—	—
158	16,57	—	—
165	16,58	—	—
167	16,60	—	—
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7.26	017.26	000.00	016.80
7.24	017.23	000.01	016.80
7.21	017.20	000.01	016.80
7.18	017.16	000.01	016.70
7.16	017.14	000.02	016.70
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- 415 Road Passenger Transportation Trade, Certain Areas
- 416 Ceramics Industry, Certain Areas
- 417 Stonecrushing Industry, Republic of South Africa
- 418 Glass & Glassware Manufacturing Industry, Republic of South Africa
- 419 Civil Engineering Industry, Certain Areas

1982

- 420 Hotel & Liquor Trade, Certain Areas
- 421 Milling Industry

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BUSINESS DAY, Tuesday, July 25 1989

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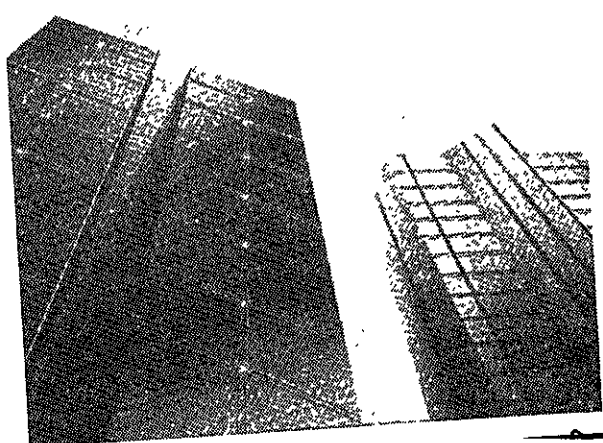
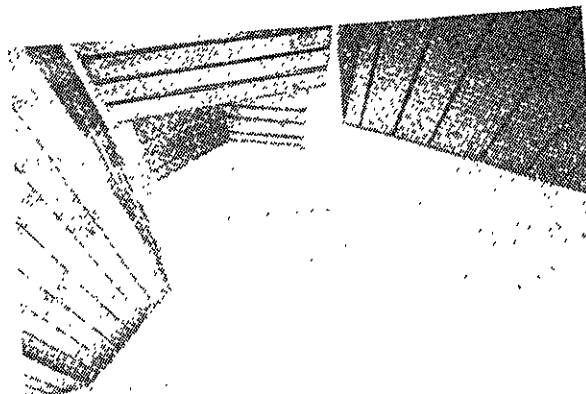
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# Business Day SURVEY

## COMMERCIAL AND INDUSTRIAL PROPERTY

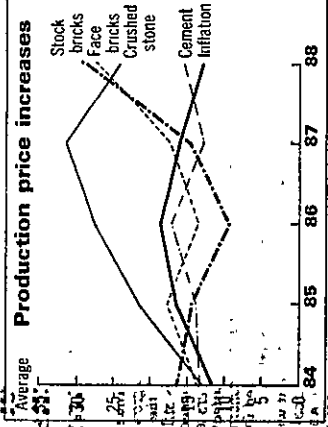
remains a buoyant arena, but "price increases will again outstrip inflation this year," warns Bifsa executive director Neil Fraser. There is also consensus that the biggest problem facing developers is government's unwillingness to rezone fresh land for industrial development. Some predict continued rental growth, others believe rentals have reached a plateau and could dip in the medium term, while the general feeling is that there is an oversupply of retail facilities. This report by VAL PIENAAR.



RETAIL & SUGAR SPACE

LABOUR ORDERS

### Going gets tougher



There is no relief in sight for developers pressured from one side by high interest rates and spiralling costs, and from the other by tenants who believe rental rates should reflect the expected downturn in the economy.

Price increases will again outstrip inflation this year, says Neil Fraser, Fraser's executive director. Neil Fraser — but not the other tenants — says that it is time for suppliers and contractors to tighten their belts.

Over the past five years, they've escalated at an average of 20% a year, and rentals have failed to keep pace over the longer term.

Fraser maintains that average material price increases must be at least 18%, inflated further by petrol price increases, which he expects this year.

Some of the reasons for the increases are quite legitimate — such as labour cost increases and declining raw material values impacting on imported goods, while others are less acceptable, he says.

Exchange rates have had a significant effect on costs, according to Gavin Maister, director in charge of shopping centres at Rapp & Maister.

Fraser predicts that builders will have to slash profit margins. Bester believes office tenants will have to lower their standards of requirements.

"We cannot afford to keep on building triple-A-grade buildings. Tenants are unable to pay the necessary rentals, and landlords cannot keep them empty." He confirms that the industry is cooling off.

"The government has taken to cool down the economy in general, are working. Fewer projects have been announced, but recovery is likely to be quicker than in former downturns."

Despite the high level of interest rates, the industrial leasing market remains reasonably buoyant, with enquiries still running at the level of some months ago.

This is the experience of the industrial leasing division of J.H. Isaacs, whose director, Wayne Wright, notes that the ratio of deals to enquiries has remained constant.

There are also a number of speculative developments in the pipeline, with smaller companies and even individuals seeking to deploy funds in industrial property.

"This is particularly the case with mini factories ranging in size from 120m<sup>2</sup> to 450m<sup>2</sup>," says Wright.

"The risk is high, particularly in turnaround of tenants, but the premises are always lettable, particularly for warehousing and small engineering firms engaged in the import replacement field.

"It is still possible to obtain a factory with a drive area, three-phase electricity, offices and an abutment block for about R2 000 a month."

J.H. Isaacs' industrial leasing division has also been active in the leasing of larger factory premises.

One of the most significant has been the leasing of 8 200m<sup>2</sup> of the North Street, Eldonfontein factory buildings.

### Leasing is holding its own

AN ASSESSMENT of the returns on an investment in property in relation to the current inflation rate can give only a short-term view, maintains Will Isaacs.

The doyen of the Johannesburg property scene, Isaacs has seen the extremes of the industry at both ends of the scale, and maintains that over the long term, property remains one of the most favourable investments available.

"Poor rand values mean that many people would rather invest in property than retain their money as cash," he comments.

"For example, many smaller investors with R500 000 to R1.2m to play with are eager to own a small block of shops in a good area. Such properties, if well chosen with good tenants, can yield returns of up to 12% — and their popularity has grown to such an extent that they have become quite rare."

The equations work as for the large retail investment as for the small one. And, comments Rapp & Maister shopping centres director Gavin Maister, one of the biggest advantages of such an investment is the potential for greater returns than those offered by an office or industrial property.

"A well designed shopping centre will be profitable for the tenants — and the institutional investor gets a share of its retail tenants' profits," he explains.

Taking Sandton City as a classic example of outstanding success, Maister points out that the original cost of the total development was about R240m, and today its capitalised value is in the region of R600m.

Having been intimately involved with the industry since 1935, Isaacs has seen the viability of various areas around the Johannesburg CBD ebb and flow in response to the tugs of a fluctuating economy.

Southern Life property investment manager Chris Hyland is also strongly in favour of property investments.

"Property should form part of any balanced portfolio. While shares do outperform fixed property at times, property is far less volatile.

"With the abolition of prescribed assets, the demand for property as an investment avenue could well increase, which would have the effect of driving down yields and increasing values," he says.

# Controversy surrounds retail shopping centres

THE controversy continues: is SA over-shopped, and if it is, what is the basis for the continuing high level of shopping-centre development?

The general consensus appears to be that yes, there is an oversupply of retail facilities — but only in certain areas, and then in many cases only if one discounts the vast and growing black market.

The southern and western suburbs of Johannesburg, for instance, could be perceived as overshopped and Soweto comprises a huge market.



GEORGE SKINNER

and white investors would also pose a problem. Although in the long term it will have to be crossed, he points out that it will be a long time before even Soweto has a big enough shopping infrastructure to meet the needs of its 2m population.

But Skinner is clearly optimistic concerning the potential of black retail development.

"The future of retailing lies with the C to E income groups, which are becoming more affluent while the A and B groups are experiencing minimal growth and are increasingly financially hard-pressed," he says.

Group Five Developments MD Chris Drummond however believes the retail sector also has a strong future within the smaller urban centres, and cites Port Elizabeth as a case in point.

"The main urban areas have gone through a period of renewal, but the tendency to develop for the sake of developing often at the cost of other centres in the area, is a dangerous one," he says.

### Durban is looking up

DEMAND for industrial, office and retail space remains strong in Durban, where the potential for development has at last been acknowledged.

After the oversupply situation that existed at the end of the last market upturn, developers were cautious of the Durban area.

But with the boom in the sugar and shipping industries and strong growth in the financial sector, the city has regained status in the eyes of investors and about 60 000m<sup>2</sup> has been put onto the market recently.

The biggest developers have been government and quasi-government, with the new Reserve Bank building of the House of Delegates.

But now Sanlam Properties is considering a 10 000m<sup>2</sup> to 20 000m<sup>2</sup> speculative development on the old Embassy site, and MD Hendrik Bester says construction could start as soon as September.

In all, six developments are currently coming on stream. They are the three government buildings, the 19 000m<sup>2</sup> new Daily News and Natal Mercury head office, and a development by the Standard Pension Fund in conjunction with Liberty Life.

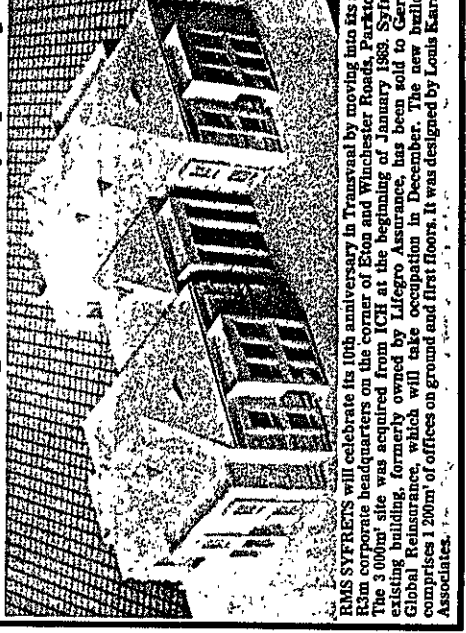
On the drawing boards are the 4 000m<sup>2</sup> old station building, the 20 000m<sup>2</sup> NBS headquarters, Malpoint — a 6 000m<sup>2</sup> speculative office building — Sanlam's development, the 5 600m<sup>2</sup> Radio House and a 7 000m<sup>2</sup> speculative development by Murray & Roberts.

In addition, the town council is considering putting the two Centurion sites, totalling 31 500m<sup>2</sup>, out for tender.

Ampry's national leasing director Graham Lindop says: "In total Durban has 575 000m<sup>2</sup> A, B and C-grade space available in the Durban area, with a vacancy factor of only 4.8%."

"Demand is such that rentals are greater than in Johannesburg, and the next 12 months will see them continue to rise. Thereafter, as more space becomes available, rentals will decline and the vacancy factor will probably go up."

### A moving birthday party



RMS SYRETS will celebrate its 10th anniversary in Transvaal by moving into its new R3m corporate headquarters on the corner of Eton and Winchester Roads, Parktown.

The 4 000m<sup>2</sup> site was acquired from CHA at the beginning of January 1983. Syrets' existing building, formerly owned by Luagro Assurance, has been sold to Gerling Global Reinsurance, which will take occupation in December. The new building comprises 1 200m<sup>2</sup> of offices on ground and first floors. It was designed by Louis Karol & Associates.

### West Rand gaining in popularity

THE West Rand, traditionally regarded as such as Crown and Amalgam, do very well in a poor relation of more favoured industrial areas, is gaining ground with the development of new townships such as Robertville.

Of Crown Extension 3 he says: "We have sold all 34 stands in the area in under a year, at prices of around R110/m<sup>2</sup>." He made a point of creating smaller stands, down to 1 200m<sup>2</sup> in size — which is about half the minimum size we would have sold in the past."

Two developers, at least, are showing an interest in Industria. Hekro recently razed the buildings on an 11 000m<sup>2</sup> site where it plans to erect mini-factories, while Oakwood recently launched Golf Club Terrace, a mini-factory development just off the western bypass.

### The 'doyen' speaks out

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**PUBLIC AUCTION**

**2 INDUSTRIAL PROPERTIES IN SELBY AND STAFFORD**

(1) STAND 255, SELBY — No 14 Regor Street  
Site area 689 sq metres. Improvements comprise 4-storey industrial premises measuring 2 317 sq metres. Served by lift. Ideal for printing or light manufacturing. Upset price R495 000.

(2) STAND 13, STAFFORD — No 6 Stavens Road  
Site area 1 653 sq metres. Improvements comprise workshop under 3-ton crane, offices, ablutions and stores. All measuring 880 sq metres. Ideal for steel fabrication and engineering. Upset price R195 000.

Occupation of both properties on date of transfer or earlier by negotiations. Highest bid above upset price will be outright sale. Highest bid below upset price will be subject to confirmation within 7 days.

TERMS: 10% deposit. Balance within 30 days.

For full details and copy of Auction Conditions of Sale contact the Auctioneers: DONALD & RICHARD CURRIE (PTY) LTD, 789-3776/789-3247, A/H Stearn 787-8849.

**DRC**  
DONALD & RICHARD CURRIE

# Amrel streamlines operations

AMALGAMATED Retail (Amrel) is totally out of favour among investors. But management appears to have streamlined operations, which should allow the group to avoid similar problems to those experienced during financial 1986.

Amrel's operations are divided into three main divisions: furniture retailing, footwear and apparel retailing, and services. Investors are obviously unsettled by the fact that Amrel earns more from its furniture activities than all the others combined.

This emphasis on furniture sales seems to be the primary factor behind the earnings plunge in financial 1986, when the bottom line was flowing with red ink. At that time, interest rates had risen to extremely high levels, which hurt consumer durable sales.

Consequently, it seems investors are now worried that Amrel's profitability is in danger of collapsing once more, given the high interest-rate levels. The share price is currently trading near its yearly lows, which is in sharp contrast to the bullish tone existing on the industrial board.

But the present price level would seem to present a possible buying opportunity to patient investors looking for undervalued stocks. The share price is now sitting at similar levels to 1985, but Amrel never slipped below 800c, even after financial 1986 figures were released.

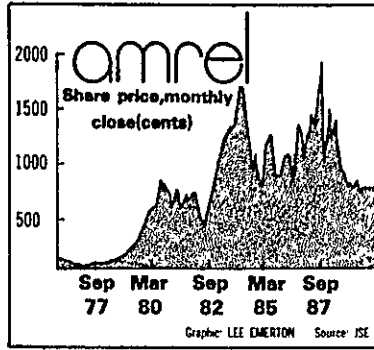
Management indicates Amrel will produce earnings significantly better than during the financial 1986 debacle, and this factor alone should create some buying interest in the share. It is difficult to determine how well the group is coping with the tough economic conditions until the release of interim results covering the six months ended September.

MD Stan Berger says since the group's poor performance three years ago, management has been streamlining operations, which has made Amrel a more efficient organisation.

Consequently, Berger is highly confident Amrel is adequately poised to cope with the current unfavourable environment.

He makes specific reference to the balance sheet, which shows that for the past two years interest-bearing debt has been reduced. This contrasts with the financial 1983 to 1987 period when interest-bearing debt continued to rise.

Berger also says various activities within the group's shoe and apparel division were showing losses during finan-



## ANALYSIS: STEPHEN RICHTER

cial 1986. So, in order to place the furniture, shoe and apparel divisions on the right path, management looked for ways to make these operations more efficient.

They began to clear out old stocks, consolidated management efforts where appropriate and reduced overheads. In addition, not only did more popular product lines begin to make their appearance in the stores, but the stores themselves were modernised and in some cases relocated to satisfy customers. This has eliminated the need for costly acquisitions when management can successfully capitalise on various organic growth opportunities.

But with the balance sheet in better shape, Amrel would consider looking at an attractive acquisition prospect if one did present itself. Berger says an offer will be made this week for Edworks and Pick A Pair. If Amrel's bid is accepted, Berger feels both operations will fit in well with Amrel's existing businesses and their names would remain unchanged.

Berger would not venture a guess on financial 1990 earnings since the December holidays alone account for nearly one-third of Amrel's earnings. But it would seem that with its impressive range of specialist retailers, and the stronger balance sheet, earnings could range between 150c and 200c, taking into account the tougher conditions.

This would suggest Amrel's share price is near a bottom, especially considering that it is changing hands at a substantial discount to net asset value, which was 1 336c according to the latest annual report.

# CBD-linked land in short supply

5/Day 25/7/89 30

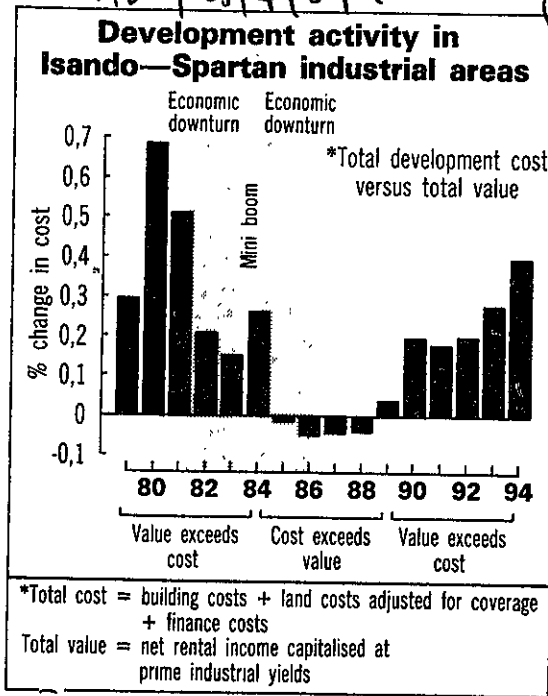
INDUSTRIAL property is very strong countrywide, with rentals pushing R10/m<sup>2</sup> in some newer areas with good access to the Johannesburg CBD.

Sanlam Properties MD Hendrik Bester comments: "Rates over the past year have increased 30% and more. A big market is still being created by the need for import replacement, while the weakened rand makes export an increasingly attractive proposition."

## Pressure

At this stage, the biggest problem facing developers — particularly in areas surrounding the CBDs — is government's unwillingness to rezone fresh land for industrial development.

"The policy of decentralisation of industry was designed to take the pressure off existing urbanised areas, but government seems to be realising that it can't go through life wearing blinkers," comments Eduard van der Linde of Rand Mines Properties.



Source: J H ISAKS  
Graphic: FIONA KRISCH

these still remain in short supply.

Even the surge in interest rates, which would have been expected to put many small industrialists out of business, have had only a limited effect.

"Even during the last downturn, when every day brought news of yet another insolvency, our industrial tenants coped very well.

## Resistance

"I believe this is because we are very selective about accepting tenants," comments Sage MD Norman Whale.

Yet according to Group Five Developments MD Chris Drummond, institutional investors still have some resistance to developing mini-factory properties, because they are considered too management intensive.

"At the moment, a number of institutional investors are seeing their big, inflexible developments falling vacant as leases expire and tenants can't be found to occupy them."

"Some changes have been made to the Physical Planning Act, making it easier to retain service industries close to the CBD, but developers still lose money waiting too long for rezoning applications to be

approved."

By far the greatest demand is for small space — and despite the number of mini-factory developments mushrooming all over SA on both speculative and owner-occupier bases,



St 25/7/89

30

# Sandton to make 3 'community' awards

By Winnie Graham

Sandton Chamber of Commerce, in co-operation with the Mayor of Sandton, will make Community Investment Awards in recognition of "contributions to the development of human skills and resources in business and community life".

Nominations are being called for.

Mr Warren Dale, chairman of the organising committee, said this week three awards would be made this year.

The first would be for company commitment to developing human resources. The judges would evaluate the company's time and resources spent on training, educational and advancement programmes.

"The nominated companies are free to offer reasons why their projects are meritorious."

The second award would be for innovative schemes to develop human potential. It would go to the organisation which had shown the most imagination, flair and dedication in creating opportunities for all employees.

The third award would be for projects that materially improved the cultural, educational, financial or environmental standards of the community, especially the under-privileged.

The deadline for nominations is Monday August 28. The names of six finalist organisations will be selected and the winners announced at a banquet at the Sandton Sun hotel on September 13.

Mr Dale said both the Sandton Chamber of Commerce and Industry and the mayor of Sandton were recognising the effort companies and organisations were making in uplifting the community.

## Encourage

"We hope to have two or three times as many nominations this year as last. We believe the Community Investment Awards will serve to encourage business to get involved," he said.

If the same type of innovative awards were instituted country-wide, much could be done to help different communities.

Nominations from all Sandton-based firms and organisations will be accepted.

The first Sandton Community Investment Awards were made last year.

For further information, telephone Sue Dickerson of Sandton Chamber of Commerce and Industry at (011) 893-7680 or write to P O Box 1614, Rivonia, 2128.

## Marked increase in SBDC finance applications

CAPE TOWN — The Western Cape region of the Small Business Development Corporation (SBDC) has reported a marked increase in applications for finance since April.

SBDC regional GM Wolfgang Thomas said in a statement yesterday that 469 applications were received in the three-month period — 42% more than during the previous quarter. Thomas said much of the interest had come

30  
LESLEY LAMBERT

5/0am 26/7/89  
from businesses in the service sector.

Another trend which emerged during the six-month period between December and May was that while a number of larger loans of up to R500 000 had been granted, the majority were for less than R50 000, he added.

# Controls bite <sup>(30)</sup> into retail sales

B/D ay 26/7/89

SYLVIA DU PLESSIS

TIGHTER economic policy is taking its toll of retail sales with super-groups reporting declines in real terms.

A survey of Milstan, Foschini, Checkers and Woolworths showed real sales were slowing down significantly — but there is no question of a slump and retailers remained cautiously optimistic about prospects for the year.

Milstan financial director Laurence Et-kind said the photographic and electronic retailer's July sales figures were slightly lower than in July last year if inflation-adjusted. Sales had remained flat in July.

"Consumer spending has obviously dropped, especially as far as our operations in the PWV area are concerned, and it's tight out there," he said.

Milstan, a cash business aimed at the A and B income groups, reported between 20% and 30% expansion in terms of turnover and profits over the past two to three years, but it would be "tough" to maintain this record in the current year.

Stock levels were comparatively low, in line with poorer demand. Sales of TVs and video cassette recorders were "definitely down", but this was compensated for by

sales of computers and office automation. These were fairly new areas for the group and showed the most potential growth.

"We don't foresee things becoming worse, but some of our stores are battling to maintain budgets."

Foschini financial director Roy Norman said he expected a "slight softening" in July sales, which were certainly not up in real terms over June sales.

Checkers deputy MD Sergio Martinengo said July sales had not been disappointing, but were "exactly on line" with June sales in rand terms.

The Tradegro subsidiary reported a 132% increase in pre-tax profit to R7m for the six months to December, but growth for the full year would not match this.

Woolworths MD Syd Muller said July sales would probably be slightly less buoyant than those of June.

Real retail trade sales for July are expected to show a 1,5% increase compared with July last year and a slight 0,08% decrease compared with June this year, after seasonal adjustment, Central Statistical Service says.

# Private motorists put brake on buying new and used cars

PRIVATE motorists, now much rarer in the new-car market, are beginning to desert the used-car sector because they are squeezed by mortgage rate increases and credit restrictions.

Standard Bank economist Nico Czyplionka said yesterday. "Individuals are responding in the way the authorities wanted them to."

He added the sales plunge — from about 27 000 units to just more than 23 000 — in used-car and minibus market in the first quarter appeared to have been caused mainly by lighter HP rules.

Czyplionka said: "In addition, in the

## BRUCE ANDERSON

course of last year second-hand car prices increased as much as new car prices.

"There is no doubt used-car sales are now one of the worst affected areas of consumer buying.

"After one last buying splurge at Christmas people are now finding that buying a car is way down in the priorities. Paying the mortgage, rates and taxes come first," he added.

Czyplionka said the three main pressures on motorists were mortgage rate increases, a rise in general interest rates on

HP agreements and a tightening of credit conditions.

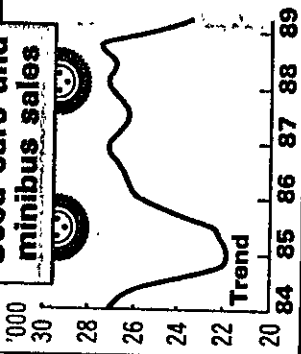
Against this trend sales of new cars are relatively buoyant.

This can be attributed to the fact that about 80% of new units are bought or leased by companies.

Sales of new cars in May grew by 3.4%, compared with the same month last year, but motor industry sources have been predicting a fall in the second half of this year.

The National Association of Automobile Manufacturers of SA said the higher sales in May were the result of improved availability of local components and the recent introduction of new models.

# Used cars and minibus sales



Naamsa added it expected a 5% fall in car sales this year.

Czyplionka said that, because companies were in a better cash position than individuals, they could better afford to buy new cars.

He added that, to a certain extent, companies were bound by their own rules and agreements reached with staff over company cars.

Given the shortage of skilled staff at the upper end of the employment market, said Czyplionka, it would be difficult for companies to stop buying company cars for fear of losing valuable people who insisted on fringe benefits.

Graphic: FIONA KRISCH

Source: STANDARD BANK

PROPERTY/Edited by Terry Meyer

# Commercial sites for blacks need funding

6/1 Day 26/7/87 - 30

SOME progress has been made in addressing the housing shortage, but attempts to create integrated communities have been unsuccessful, according to a recent report from the Family Housing Association (FHA Homes).

Very few new black townships have access to well-developed commercial areas, and the provision of community facilities has also lagged.

One solution to the problem, according to the report, would be for large developers — such as insurance houses — to assist small operators financially, in the same way as oil companies help finance the construction of filling stations.

In addition, the size of commercial sites should be reduced to make development more affordable.

"This problem is urgent. Providing homes is only one ingredient in solving the housing crisis. Only when fully inte-

## VAL PIENAAR

grated communities have been created will houses have been turned into homes," says the report.

The origins of the problem go back a long way. Prior to 1978, it was government policy that housing blacks in and around urban areas was the responsibility of the public sector.

The private sector did not enter the arena until the Black Communities De-

velopment Act was passed in 1984, by which time it was fully accepted that 99-year leasehold rights were tantamount to black home ownership.

Prior to the involvement of the private sector, black townships were essentially appendages to existing white townships, and there was little provision for the creation of viable business centres and community facilities.

Regulations governing the establishment of townships, passed in 1986, pro-

vided for more scientific planning. Developers are now obliged to set aside parcels of land for future development as business centres and for community facilities.

At this stage, however, few of the stands set aside are being developed, and the only real demand is for filling station sites.

The reason for this, according to the report, is that only "competent per-

sons" — as defined in the Black Communities Development Act — can own property in a black township.

This limits development to companies controlled by black investors and developers who have successfully applied to the Minister of Constitutional Development and Planning to be declared competent persons.

Since it is unclear what criteria the Minister uses in judging whether to declare people competent, and the only alternative is for a developer to incorporate a new company in which he will not hold a controlling interest, many potential investors are lost.

In addition, many developers of commercial properties have a negative perception of black townships.

Although black entrepreneurs have shown strong interest in acquiring and developing commercial sites, they are blocked by a lack of finance, since commercial stands can be as large as 10 000m<sup>2</sup> in size.

# Private motorists put brake on buying new and used cars

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PRIVATE motorists, now much rarer in the new-car market, are beginning to desert the used-car sector because they are squeezed by mortgage rate increases and credit restrictions. *By Paul Kellogg*

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## BRUCE ANDERSON

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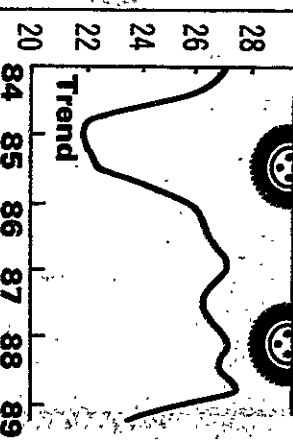
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Used cars and minibus sales



Graphic: FIONA KRISCH Source: STANDARD BAN

# Whites beat up shoppers in Vaal

By **THEMBA MOLEFE**

TWO black shoppers claim they were assaulted and locked in a room for three hours after they objected to a racist remark made by a white teenage employee at the OK Bazaar in Vereeniging at the weekend.

Mr Aubrey Motsoari (35), a teacher in Sebokeng, and his friend Mr Moeketsi Matsabu (31), a salesman, were allegedly beaten up by the security manager and a group of whites on Sunday. They said they were locked inside a small "detention room" whose entrance had the words, "Cawusa members, think before you strike" and "Viva ANC, Viva PAC".

A white woman employee, whom they identified as Marie, and who was allegedly among the group who assaulted them, shouted that they should not forget the Wit Wolwe were still alive.

The men have briefed their attorney, Mr Molefi Ramotsehoa, who said civil action would be considered after a criminal hearing had been finalised.

Matsabu said the assault followed an incident which involved his wife, Mrs Manana Matsabu, and the white boy aged about 13.

The boy had allegedly addressed Matsabu's wife in a derogatory manner and when he objected the boy retorted in Afrikaans: "Do you want me to call her Missus — *Mevrou*."

Marie, who came to the scene later, allegedly said the boy was right as he could not be expected to call a "kaffir" woman *mevrou*. The security manager, Mr P Rocher, later called Mat-

sabu to discuss the matter in an office but allegedly started assaulting Matsabu on the way. Some white OK employees allegedly joined in the assault. Motsoari was also beaten up as he went to Matsabu's rescue.

OK Bazaar spokesman, Mr Ian Harrison, confirmed the incident which he said had racial overtones. The boy, Harrison said, was a casual employee and had offended Mrs Matsabu when he said "hey you" to her when she asked for an extra bag for her groceries.

He said the fighting began after an unknown man attacked Rocher as he was leading Matsabu to his office. Harisson identified "Marie" as a member of the security staff whose full names were Marie Willemse.

Harrison said Matsabu was free to go to the shop to discuss the matter with the manager.

He said it was not OK's policy to allow its employees to treat customers shoddily and that it did not tolerate such behaviour. The boy would not be dismissed but would be taken for training.

# Ackerman angry at veto of supermarket plan

PICK 'n Pay chairman Raymond Ackerman yesterday lashed out at Assocom for not deciding to adopt his plan for an independent supermarket institute.

Ackerman said the plan for an independent body had been "turned down" by Assocom.

"It really astonishes me that a body like Assocom can turn this concept down, especially in these times when many of our consumers are living below the breadline and inflation is running rife," he added.

Assocom CEO Raymond Parsons said yesterday that there was a serious difference of opinion among major food retailers as to whether a separate

BRUCE ANDERSON

supermarket institute should be formed or whether the role of the existing committee within Assocom should be strengthened.

After sketching the advantages for the latter option, Parsons said that no final decision on the issue had been taken and there would be further discussion at the organisation's next meeting at the end of August.

Ackerman said he was very disappointed in the outcome.

"We believe it to be imperative that an independent body be formed. Under the auspices of a body like Assocom, where every decision has to be re-

ferred back, we cannot operate effectively."

Parsons said there was substantial agreement among food retailers at the meeting in Johannesburg yesterday to be more pro-active in fighting inflation.

Those attending included OK Bazaars, Pick 'n Pay, Checkers, Woolworths and Spar.

All those present believed it was essential to keep distribution costs as low as possible and they remained committed to cooperate wherever feasible to that end.

It was also agreed that there was no quick fix for the problem of inflation in SA, Parsons added.



## Tsikang (30)

SOWETO shopkeepers are urged to close their businesses between 11am and 12 noon as a sign of respect to one of their colleagues, Mr Leonard Tsikang, who will be buried today.

Tsikang was ambushed by armed men at his Klipspruit shop two weeks ago who fired several shots were fired at him. *Soweto*

His funeral service will be held at St Andrew's Anglican Church in Klipspruit from 10am. The cortege will proceed to the Avalon Cemetery at 12 noon.

# Good performance from Dukel

310am 271 7189  
DUKEL Holdings has once again turned in an exemplary performance.

30 & 122  
REINIE BOOYSEN

In line with the happy fortunes of most motor retailers, and more particularly the apparent boom in the East London/Transkei/Ciskei region, Dukel lifted earnings a share 50% to 12c (8c) in the year to June.

The East London-based company is primarily involved in motor vehicle retailing, with subsidiaries holding Ford and BMW franchises in East London, King Williams Town, George and Cape Town.

With its share trading at 45c, earnings yield is 27% and the dividend of 4,5c (3,2c) gives a yield of 10%. This compares with the motor sector average of 23% (earnings) and 5,3% (dividend).

In the year to June total new vehicle

sales rose to 1 284 (1988: 993 units). Turnover rose from R25,5m to R39,7m. Used vehicle sales also rose, from 524 to 718 — or, in turnover, from R10,9m to R17,9m.

These are the main reasons for the 47% rise in group turnover to R71,7m (R48,8m). With improved profit margins, operating income rose 55% to R3,2m (R2,1m).

The company's strong balance-sheet enabled it to make two acquisitions during the year: a new Ford dealership in the Bellville/Kuilsrivier area; and an independent used car operation in East London, which, say directors, should make a substantial contribution in the 1989/90 year.

**BLACK** business, which like the black community has been at the receiving end of apartheid, is still faced by formidable challenges despite the relaxation of many of the laws which stunted its growth.

The focus will be on these challenges at the 25th annual conference of the National African Federated Chamber of Commerce at Sun City from August 6 to 10.

"Nafcoc 25 years ... rededication towards hastening a new socio-economic order in South Africa" will be the theme of the conference.

The history of black business is one of controls and discrimination. Black traders were denied resources and were barred from exploiting avenues and opportunities available to their white rivals.

**Regimes**

Nafcoc, which started as the Orlando Traders Association in 1945, has gone through various regimes of the National Party, one differing from the other only in the severity of the controls imposed on black traders.

The only different type of government it fell under was that of General J C Smuts who was Prime Minister from 1939 to 1948.

But his so-called enlightened reign did nothing for black traders. The Orlando Traders Association was formed to champion the cause of the black trader during this period.

Later policies flowing from Dr D F Malan (1948-1954); J G Strydom (1954-1958); H F Verwoerd (1958-1966); B J Vorster (1967-1978); and P W Botha (1978-1989), all National Party Prime Ministers, never gave the black

**Looking at the tough road ahead**

*Journalist 27/7/89*



Mr Sy Kutumela... one of the stalwarts of Nafcoc.



Dr Sam Motsuenyane, president of Nafcoc.

**BLACK TRADERS WATCHDOG... 25 YEARS ON**



**By JOSHUA RABOROKO**

freedom had begun. They mobilised themselves into the OTA and persuaded people in the townships to keep cash in the townships.

Mr S J J Lesolang was one of the stalwarts and early pioneers of this struggle with a reputation of being a workaholic. Next to Nafcoc president, Mr Sam Motsuenyane, Mr D P Poole, the late Mr J C P Mavimbela and A N Gadi, Mr P G Gumedede, Mr Richard Maponya, Sy Kutumela and many others featured prominently in fighting for their survival as entrepreneurs.

Our early traders saw the danger lights start flickering when the Nationalists came to power. It was time for action and meaningful action. The struggle for economic

the struggle for economic emancipation. This year's conference marks a milestone in the history of the organisation.

For 25 years the founding fathers of Nafcoc have pounded on the doors of officialdom seeking justice and equal opportunities in the economy for blacks.

**Difficult**

According to Mr Gabriel Mkgoko, Nafcoc's public affairs manager, the viability of a nation can best be seen through its business community.

The past 25 years were very difficult and challenging for Nafcoc, just as they were for the black community," he said.

Nafcoc has 18 affiliates representing more than 20 000 members and Mkgoko has been at the helm of this organisation through thick and thin. It has walked a political tightrope which saw it loved or hated, depending on the issues at the time, by government, white business and township activists.

Mkgoko says black business has begun to flex its muscles. "But the road ahead is full of challenges and we believe that six points must be looked at urgently if it is to make an impact.

These are: Nafcoc

must ensure that it remains united, it must recognise the challenge to promote the total acceptance of business as an essential component of the liberation struggle; it must train blacks to acquire skills; it has to upgrade the services it gives to its members; development strategies to compete against white rivals; and develop its members because in doing so it is developing itself," he said.

According to him although many of the hurdles they faced have disappeared there are more challenges to be faced and these include the formation of a national black insurance company - a pillar from which black economic empowerment can lean against.

Nafcoc must also challenge the discrimination that blacks' now experience in the Government's privatisation programme. He insists it must be shaped to benefit the black community.

Mkgoko said: "We must be a catalyst in the promotion of peace and a greater sense of unity among all the people of South Africa, irrespective of race, creed or colour."

"Nafcoc will continue to challenge poor quality housing in black residential areas, unequal education and the ban on organisations and community leaders. "We will challenge the Government to dismantle apartheid and negotiate a settlement with our organisations.

"But our major fight will be to fight laws designed to perpetuate black economic subjugation.

"We have to rededicate our efforts towards a new socio-economic order in South Africa."

The organisation is to forge links with chambers of commerce in African states and other business organisations in the world. It has held talks with community-based organisations, including the African National Congress and other exiled bodies.



Delegates at the 24th national conference of Nafcoc held at Sun City, Bophuthatswana, last year.

Our political cartoonist is still on

... sport with a huge following in the remoter areas where many Sparletta plants are situated.

CAPE TOURISM

(30) ~~28/7/89~~ ~~28/7/89~~ ~~28/7/89~~

To the rescue

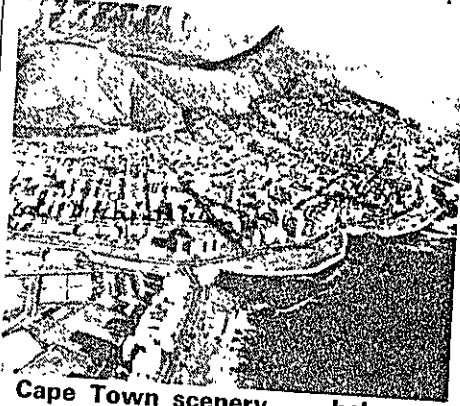
An upsurge in tourism appears to be underpinning the retail sector in the western Cape and could help shield it from the worst effects of the economic downturn.

The second-quarter report on retail trends in the Cape Peninsula by Stellenbosch University's Bureau for Economic Research (BER) says the level of business activity in the region "suggests that retail confidence is higher in the Cape Peninsula than elsewhere in SA."

While business conditions have deteriorated in the rest of SA over the past year, the downturn in retail activity is only expected to manifest itself in the Cape Peninsula in the third quarter. "The durable goods sector in particular may find the going tough in the quarters to come," says the BER.

Alan Lighton, executive director of Cape Town's chamber of commerce, does not expect the region to be hit as hard as the rest of the country. This is due to an upsurge in tourism which has had a "considerable" impact on local spending.

The Cape has been attracting a high percentage of international tourists and this is expected to continue. The new-look Cape



Cape Town scenery ... helps to underpin the economy

Festival from September 23-October 10 is part of a campaign to attract more tourists to the region and will no doubt further assist the retail sector.

"Retail sales have increased considerably during the past 12-18 months, so the decline is coming off a very high base and may not be as bad as it seems."

Tourism is the fastest-growing "industry" in the western Cape. Last year, there was a 20% growth in the number of tourists to the region. Captour is actively working to in-

(30) ~~28/7/89~~ ~~28/7/89~~ ~~28/7/89~~

crease Cape Town's share of the national tourist market from 15% to 30% by 1992. If this target is achieved, it should ensure continued growth of the city's retail sector.

A majority of respondents interviewed by the BER for its latest report said their volume of sales for the second quarter would be higher than the corresponding period last year, though they anticipated a slowdown in sales in the third quarter.

Non-durable goods performed best during the quarter under review and are expected to do well again in the third quarter. Durable goods sales were the poorest and should remain sluggish in the coming months.

30 final 28/7/89

# SHOPRITE 30

## Looking northwards

**Activities:** Supermarket chain. Markets food and nonfood products to the broad lower to middle income group.

**Control:** 79,1% held by Pepkor.

**Chairman:** C H Wiese; managing director: W Basson.

**Capital structure:** 29,6m ords of 4c each. Market capitalisation: R62,06m.

**Share market:** Price: 210c. Yields: 4,8% on dividend; 11% on earnings; PE ratio, 9,1; cover, 2,32. 12-month high, 290c; low, 200c. Trading volume last quarter, 95 400 shares.

**Financial:** Year to February 28.

	'88	'89
<b>Debt:</b>		
Short-term (Rm) .....	0,322	0,292
Long-term (Rm) .....	—	—
Debt:equity ratio .....	nil	nil
Shareholders' interest .....	0,22	0,20
Int & leasing cover .....	8,7	6,2
Debt cover .....	19	27

	'88	'89
<b>Performance:</b>		
Return on capital (%) .....	12,8	12,2
Turnover (Rm) .....	246	351
Pre-int profit (Rm) .....	7,6	10,2
Pre-int margin (%) .....	3,1	2,9
Taxed profit (Rm) .....	5,1	6,8
Earnings (c) .....	17,3	23,2
Dividends (c) .....	8	10
Net worth (c) .....	44,3	57,5

In the highly competitive supermarket business, if you don't hold your margins it could spell trouble. And last year, Shoprite's pre-interest margin fell, though only slightly, from 3,1% to 2,9%. Turnover, on the other hand, was up by a healthy 42% and pre-interest profit rose by 34%, with taxed profits and EPS showing 33,3% growth.

Two other indicators lead to different perspectives. Turnover per staff member over the last five years shows only small growth, less than the inflation rate during the period. Because one would have expected to see economies of scale appearing in this area, the trend either suggests that staff efficiency has not improved or it indicates a better level of customer service.

Another indicator, average turnover per store shows growth well ahead of the inflation rate over the five-year period, implying more efficient utilisation of available floor space. Seen together, these two indicators go some way to explain Shoprite's success.

### Lower stock turn

However, a negative in the picture is the relatively low stock turn which has dropped from 5,9 to 5,6. Comparison against Pick 'n Pay, which turns its stock over almost 12 times a year, suggests this ratio could be higher.

From a financial viewpoint, the organisation is soundly based. It has no long-term debt and the only interest-bearing debt on the balance sheet is the bank overdraft, which is covered 16 times by bank balances and cash. The net current asset ratio is positive, and the interest and leasing cover is high enough at 6,2, though it has fallen from last year's 8,7.

Return on shareholders funds is high at 40%, but return on capital employed is relatively low — and falling — at 12,2%. The low return on total capital employed is not altogether surprising given the nature of the business and the small margins that exist in the trade.

MD Wellwood Basson says the group is commanding the second highest market share of food retailers in the western Cape and is getting a firm foothold in the lucrative Transvaal and Free State markets. He expects the current year to be better than last year.

The group can boast compound earnings growth of more than 36% a year over the past five years and a commandingly strong financial position. The shares look worth holding.

Gerry Hirshon

*Handwritten:* 30 28/7/89

**More focus**

Pep Stores' profitability continues to rise in convincing fashion. A pinpoint focus in the marketplace is a management objective and, to this end, the main operating division has been restructured into two autonomous units — Pep Stores and Ackermans Retail.

The restructuring enabled management in each area to tighten cost controls and improve productivity. This helped towards the increased pre-interest margin of 20%. Turnover rose by 24%, pre-interest profit by 51% and EPS by 25%.

A total 741 outlets operate all over the country and in neighbouring states. Last year, 90 branches were opened by the group; 56 by Pep Stores, 22 by Ackermans and 12 by associated companies (4 Pep Stores branches closed). Trading area rose 9,9%.

A negative ratio was the stock turn, which dropped from 3,14 to 3,03 times. MD Basil Weyers says this came about because of

*Handwritten:* 28/7/89

**Activities:** Retailing of clothing, footwear and household soft goods as well as manufacturing of clothing and household softs.

**Control:** 88,9% held by Pepkor.

**Chairman:** C H Wiese; managing director: B Weyers.

**Capital structure:** 45,64m ords of NPV. Market capitalisation: R559,1m.

**Share market:** Price: 1 225c. Yields: 4,7% on dividend; 13,1% on earnings; PE ratio, 7,6; cover, 2,8. 12-month high, 1 350c; low, 1 125c. Trading volume last quarter, 8 491 shares.

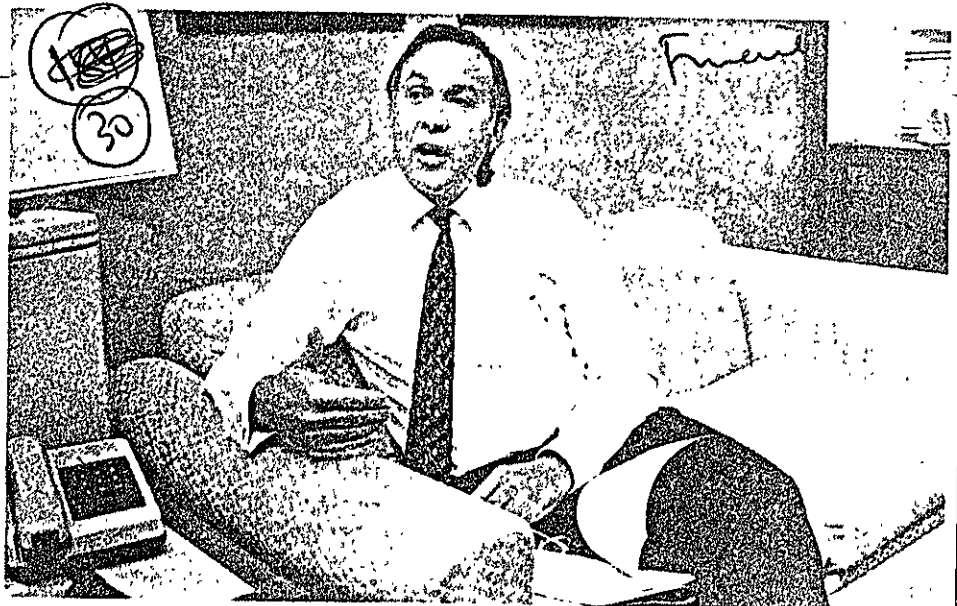
**Financial:** Year to February 28.

	'86	'87	'88	'89
<b>Debt:</b>				
Short-term (Rm) ..	70,79	16,64	—	—
Long-term (Rm) ...	0,26	0,49	—	7,0
Debt:equity ratio .....	0,56	n/a	n/a	n/a
Shareholders' interest	0,47	0,52	0,52	0,49
Int & Leasing cover	4,5	9,4	N/A	N/A
Debt cover .....	0,51	2,80	N/A	13,5

**Performance:**

	'86	'87	'88	'89
Return on cap (%) ..	19,4	21,5	20,2	23,5
Turnover (Rm) .....	405,8	507,6	648,5	804,8
Pre-int profit (Rm) ...	46,8	52,6	64,0	96,4
Pre-int margin (%) .	11,5	10,4	10,0	12,0
Taxed profit (Rm) ....	30,9	40,8	58,9	73,3
Earnings (c) .....	67,6	89,4	129	161
Dividends (c) .....	—	40	48	58
Net worth (c) .....	208	257	338	441

anticipating the substantial increases in import duties by bringing forward large volumes of imports. The group says it faces a continual struggle against protection given



**Pep Stores' Wiese ... rapid physical expansion**

to local textile manufacturers.

Pep claims to be the largest SA clothing manufacturer in terms of units produced. Local output of materials and hence supply is inadequate for the group's needs and import permits are obtained with "extreme difficulty." Even so, the manufacturing division now accounts for 22% of pre-tax profit.

The balance sheet shows bank balances and cash of R62,8m — well in excess of debt. After investing these funds there was net interest income of R4,7m. Return on shareholders funds was a satisfactory 36%.

There is no long-term debt other than

R7m, which was recently raised at favourable rates to finance the equipment in the new high-rise warehouse in Elsie's River in the Cape. The group is in a favourable position should it want to use more debt for expansion.

For the past five years after tax profits have grown at a compound growth rate of 35%. With management as focused and attuned as it is to the requirements of Pep's growing customer base, there is nothing visible to suggest that the trading results will not continue to improve at a similar rate. The caveat is the tax rate — finance director

*Handwritten:* 18/4 30 Fruent 28/7/89

Hennie Roelofse says it's bound to rise, but he offers no estimate of the future level. But he does contend profit growth will stay within the levels of the past five years.

Gerry Hirshon

# 'Drivership' supplants old-fashioned ownership as car prices accelerate

**DEREK TOMMEY**

IT IS extremely difficult for the ordinary man to buy a new car these days.

Soaring prices and tough financial restrictions, on the one hand, and salary and wage erosion as a result of higher taxes and inflation, on the other, have made it almost impossible to find the 15 percent deposit, let alone meet the high monthly repayments.

However, banks and financial institutions, whose livelihood depends on helping people buy cars, have been putting on their thinking caps and decided that if people cannot afford to buy a new car, they should be at last be enabled to drive one.

This has resulted in a number of schemes aimed at helping people with little cash to take possession of a new car and use it as their own.

Because of the poor financial position of the average South African, there is a growing acceptance of the "drivership" concept, as opposed to ultimate ownership, a banker says.

Schemes now available give people two choices.

One is to pay less while using the vehicle, but giving up the right of ultimate ownership at the end of the agreement.

However, most schemes enable the user to obtain ownership after negotiation.

The alternative is to pay a lot more every month and retain full possession when the agreement ends.

Currently buyers have to put down a deposit of 15 percent and repay the balance over 42 months.

McCarthy's, one of the biggest dealers, has launched a "drivership" scheme, which enables users to obtain a car with no deposit and a payment period of more than 42 months, if required.

The scheme enables a private motorist to acquire the use of a Mazda 323L, a Toyota 1.3L or a VW Citi Golf 1.3, all which cost just under R20 000, for a payment of less than R600 a month



You pay your money and you take your choice . . . sort of

over 42 months.

A Nissan Sentra 1.3L, which costs slightly over R20 000, is available for a monthly payment of R652.

The scheme is entirely legal and does not infringe either the Usury Act or the Credit Agreement Act, says Theo Swart, joint MD of McCarthy's.

It is based on the joint-ownership principle, the user and the bank supplying the finance both having a stake in the car.

The bank's stake, normally 30 percent to 40 percent of the selling price, is determined at the time of the agreement.

The R600 a month payment covers interest and the repayment of capital on the user's stake and interest on the bank's share.

At the end of the 42-month period the user has the choice of handing the car back to the bank or buying the bank's share in the car and retaining it.

To run a Mazda 323L costing

R19 850 for 4 months would cost the user 2 payments of R594,75 — a total of R24 979,50.

Should one acquire the bank's stake in the car and obtain ownership one would have to pay a further R9 925 — a total of R34 904,50.

But banks point out that as things are going the bank's value could well be much less than the car is worth.

By taking ownership the user could sell the car for a profit.

Stannic, the motor financing arm of Standard Bank, has a similar scheme called MotorDream, aimed primarily at the up-market user with company car allowance.

It enables a person with no deposit to acquire a car and make repayments for up to five years.

One can then return the car, buy it from the bank, or negotiate a further agreement.

MotorDream enables a mo-

torist to acquire a car costing R31 858 before GST for R857 a month over four years.

The transaction includes a full maintenance lease costing R130 a month, of which the motorist gets back 85 percent of the unexpended portion.

Over the 48-month period the monthly payments, excluding the maintenance lease, amount to about R41 000.

Should the motorist want to buy the car, a further R15 000 will have to be laid out, depending on the size of the bank's share in the car.

The Government wants to crack down on domestic spending and may not like these schemes.

But there is no doubt that they will help to get new cars out of the showroom, keep the industry going, help banks lend money and enable motorists to drive mechanically reliable vehicles — all reasonably worthwhile objectives.

# Basic foods set to rocket — chain chief

OWN CORRESPONDENT

DURBAN — Basic food prices, which rose an average of 12 percent in the past six months, are set to rocket further with major increases in the pipeline, Spar marketing director Mr Mike Forsyth said yesterday.

These included rice, which had already gone up 18 percent this year and was set to rise further, cooking oil, which threatened to break the R2 a bottle barrier after being R1,49 in January, margarine (7 percent), pet food (15 percent) and toilet paper (12 percent).

"Items like candles have been hard hit with a pack, which sold for 89c last year, now going up to R1,29 wholesale," said Mr Forsyth.

"While the sugar price increases has been held below inflation, biscuits rose 15 percent while general cleaning materials went up 12,5 percent this year."

Mr Forsyth said other products due to increase were cheddar and gouda cheese by between 10 and 11 percent after going up 4 percent in March, and frozen vegetables which went up 6 percent in April and another hike was expected soon.

## Christmas

While chicken prices were stable and well priced at the moment, they were susceptible to supply and demand and could be expected to go up sharply at the end of the year over Christmas.

"In the first six months of the year, the average cost of basic items went up 12 percent and we expect it to be between 18 and 20 percent by the end of the year," he said.

## Up 12 pc in six months and 20 pc likely by year-end

"By buying forward and using warehousing we try to act as a buffer between price increases and the consumer but with tight money and high interest rates, it is increasingly difficult."

The Democratic Party has announced that it stands for the greater mobilisation of consumer power, for more effective legislation and for a Ministry of Consumer Affairs, reports Sapa.

This was said by Mr Harry Schwartz, DP finance spokesman, in Pretoria yesterday.

Addressing a meeting



DP HAS A PLAN:  
Mr Harry Schwarz.

● Ensure that the public service is efficient, better paid, but leaner.

● Give incentives to productivity.

● Eliminate duplication.

● Ensure the money supply is under control.

The party would also improve economic growth by restoring confidence, giving incentives to save and so encourage investment and implementing its policy of creating work to improve the quality of life.

A Minister of Consumer Affairs would be appointed whereas at present consumer affairs are part of the Ministry of Trade and Industry.

The Minister, with his varied responsibilities, has conflicting interests to care for and consumer affairs play a very small part in his portfolio.

## Lack of will

There is no one in the Cabinet who speaks specifically and solely for consumers.

He said legislative protection of consumers in South Africa was "totally inadequate" and where such legislation exists due to staff shortages and sometimes a lack of will, the laws are inadequately administered.

"Though we have laws intended to prevent price fixing and ensure competition, all these conditions still exist in many spheres to a greater or lesser extent.

"A Minister of Consumer Affairs would devote himself not only to a review of these laws, but ensure their application."

He said consumer protection was needed for another reason. "Exploitation and its impact on living standards can affect race relations.

"This is another ground for the greater mobilisation of consumer power ... and for a Ministry of Consumer Affairs."

Star 29/7/84

30



because more space was needed.

The directors believe the steel division will be a major growth area and despite the accumulation of debt they are confident that, by year-end, the group will return to previous levels of profitability. Wilson says certain areas of contract work and products recently introduced have been rationalised, some labour-intensive areas automated and non-profitable subsidiaries sold.

At 30c, the share is close to its 12-month low and does not appear attractive.

Jacques Magliolo

## METER SYSTEMS

### Chasing share

**Activities:** Manufactures and supplies fluid handling equipment and systems to the petrochemical and general industry, the mines and parastatals.

**Control:** Directors hold 78,2%.

**Chairman and managing director:** Graham Nel.

**Capital structure:** 9m ords. Market capitalisation: R4,95m.

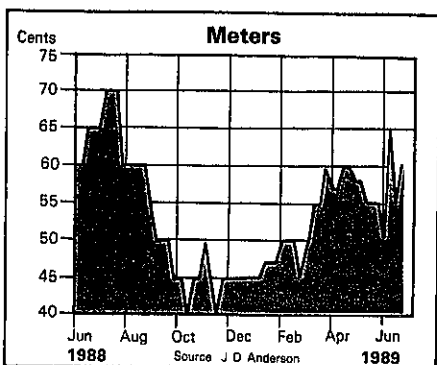
**Share market:** Price: 60c. Yields: 5,0% on dividend; 17,2% on earnings; PE ratio, 5,8; cover, 3,4. 12-month high, 70c; low, 35c. Trading volume last quarter, 89 600 shares.

**Financial:** Year to February 28.

	'88	'89
<b>Debt:</b>		
Short-term (Rm) .....	0,1	1,1
Long-term (Rm) .....	0,08	0,3
Debt:equity ratio .....	0,13	0,84
Shareholders' interest .....	0,49	0,33
Int & leasing cover .....	43,9	8,0
Debt cover .....	2,96	0,67
<b>Performance:</b>		
	'87	'88
Return on capital (%) .....	43,36	24,29
Turnover (Rm) .....	5,4	9,6
Pre-int profit (Rm) .....	1,1	1,2
Pre-int margin (%) .....	20,37	12,76
Taxed profit (Rm) .....	0,6	0,9
Earnings (c) .....	7,43	10,34
Dividends (c) .....	2,25	3,0
Net worth (c) .....	14,49	18,63

After transferring to the JSE main board, Meter Systems (Meters) made an effort to increase its share of the fluid equipment market. Various acquisitions made in the year to end-February contributed to the 79% rise in turnover to R9,6m, with taxed profits up 45,3% to R918 000.

Last June, Meters entered the general



## DATES TO REMEMBER

**Last day to register for dividends:**

**Friday Jul 14:** Adonis 9c; CMI 80c; Cons Murch 30c; Contrav 3,5c; Dabi 65,5c; Lucem 4,5c; Manserv 8c; MJM 4c; Otis 17c; Pride 5,5c; Randfontein 900c; Sen-trachem 15c; Trimtex 6c.

**Meetings:**

**Monday Jul 10:** Gentyre; Suthsun (Sand-ton).

**Tuesday Jul 11:** ABI; CNA Gallo; Drop-Inn (Diep River); Lebaka (Chuenes-poor); Vidlab.

**Wednesday Jul 12:** Safimed.

**Thursday Jul 13:** Afpac; Amrel.

**Friday Jul 14:** Altron (Boksburg); Cru-hold; Crulife; Lithosaver (Maraisburg); Midas (S) (Midrand); Premier Group; Twins (Isando); Ventron (Boksburg).

All meetings are in Johannesburg unless otherwise stated.

S = Special meeting.

combustion market by buying the Niel Passet group for R1m, paid with the 500 000 ords issued at 70c a share and R650 000 cash. The intention was to expand services to users, instead of only suppliers of fuel.

The next move was to buy Niel Passet's main competitor, the Hotwork group. Combustion Holdings, a new company of which Meters controls 51% while the previous directors of Hotwork hold the balance, has been formed with Niel Passet, Bobset (the manufacturing arm) and Hotwork as wholly owned subsidiaries. Chairman Graham Nel says the group intends increasing local and export businesses through items manufactured by Bobset.

However, of concern is the group's willingness to lean heavily on debt to fund expansion. Bank borrowings rocketed to R1,1m (R115 000), the interest bill jumped to R154 000 (R25 000) and gearing to 0,84 (0,13). Most of the R1,2m cash generated by operations was also used for the expansion. Nel contends that these borrowings constituted no risk, as Woodrow (the holding company) has no gearing. The past year's increase in the bank overdraft is for a short period only, he claims.

The rise in short-term borrowings cut the return on capital, but the directors believe that, by year-end, the situation will turn around as benefits expected from the acquisitions would improve profitability.

The export business also improved, boosting taxed profits through trade incentives, which were largely responsible for the 35% reduction in the tax bill to R157 000 (R441 000).

Two companies, Redeye and Control & Count, were sold for a net loss of R42 000, shown as an extraordinary item in the balance sheet. The directors say these companies were considered unprofitable and did not fit in with Meters' business.

Since publication of the annual report "the group has experienced an exceptionally fine few months of trade, which has strengthened the balance sheet and reduced gearing," says Nel. He believes that by year-end, taxed profits will climb by 40%, gearing will fall below 0,50 and, based on a price of 60c, the p:e should be close to 3,8.

At 60c, and on a historical p:e of 5,8 and a dividend yield of 5,0%, Meters' share seems to offer reasonable returns but investors can choose from many others which do not have such high borrowings.

Jacques Magliolo

## SCORE FOOD

### Grand's problems

**Activities:** Distributor of groceries and other consumer goods, both wholesale and retail.

**Control:** Score Discount Food Holdings has ultimate control.

**Chairman:** D Tabatnik; managing director: C S dos Santos.

**Capital structure:** 20,7m ords of 1c each.

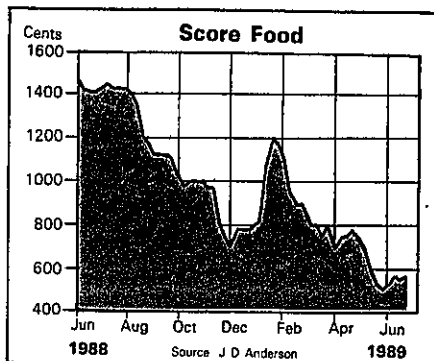
Market capitalisation: R118m.

**Share market:** Price: 570c. Yields: 6,5% on dividend; 14,2% on earnings; PE ratio, 7,0; cover, 2,2. 12-month high, 1 450c; low, 500c. Trading volume last quarter, 124 000 shares.

**Financial:** Year to February 25.

	'86	'87	'88	'89
<b>Debt:</b>				
Short-term (Rm) ..	—	—	—	20,7
Long-term (Rm) ...	2,5	4,6	7,1	7,1
Debt:equity ratio .....	0,18	0,13	0,09	0,54
Shareholders' interest .....	0,15	0,34	0,29	0,26
Int & leasing cover ..	2,6	2,3	5,8	2,7
Debt cover .....	3,1	3,2	2,7	0,6
<b>Performance:</b>				
	'86	'87	'88	'89
Return on cap (%) ..	12,5	12,1	16,8	12,7
Turnover (Rm) .....	420	745	923	1 099
Pre-int profit (Rm) ...	11,8	20,7	28,5	25,0
Pre-int margin (%) ..	2,8	2,8	3,0	2,3
Taxed profit (Rm) ....	5,9	10,8	15,4	12,7
Earnings (c) .....	44	75	100	81
Dividends (c) .....	16,0	27,5	37	37
Net worth (c) .....	102,4	269,5	269	308

There is no question about the market's disillusion with its previous blue-eyed boy, Score Food. The graph shows a massive downrating of Score in the past year, broken only in December and January. Is this justified? Suggestions after the announcement of the interim results that the market had overreacted seemed premature when Score recorded a decline in EPS for the year of 19%





# Import-export plan

WELCOME Msomi, National African former director of the Federated Chamber of now disbanded Commerce and the Umabatha, has announced Foundation for African plans to form an export Business and Consumer and import company Services. He will also aimed at empowering meet independent South African black manufacturers, the businessmen informal sector and economically. Artists. (30)

Speaking on his arrival at Jan Smuts Airport he said the company will export African products to the international community. According to him the company will distribute products manufactured by blacks to overseas companies. These include beads, thatched mats, traditional garb, hand-sewn sandals, sorghium beer and mageu.

During his stay in South Africa, Msomi, who now lives in the United States, will meet various business organisations such as the He stressed that his venture will also assist in the creation of jobs.

## World of Music suspended

By Ann Crotty (30)  
World of Music and World  
of Leisure were suspended  
this morning.

Following last month's  
announcement about a re-  
structuring of the com-  
panies' interests, the two  
shares enjoyed a brief re-  
covery in price levels from  
their 12-month lows.

But the market seems  
to have got wind of prob-  
lems on the horizon be-  
cause on Friday, World of  
Leisure was down 5c on  
the week to close at 5c  
and Wom shed 2c to close  
at 9c. *Star 31(7)89*

According to today's an-  
nouncement: "It has been  
found that certain obsta-  
cles exist to the achieve-  
ment of a restructuring  
along the lines contemplat-  
ed."

The companies have re-  
quested Rand Merchant  
Bank to review the means  
by which a restructuring  
of the affairs of WOM and  
World of Leisure may be  
achieved.

"RMB is accordingly  
conducting an investiga-  
tion into the affairs of both  
groups."

30 mail 4/8/89

to three other black townships, Katlehong, Siluma View and Vosloorus. Hattingh believes it could also attract shoppers from the nearby white suburbs of Leondale and Roodkop Extension Two across the N3.

The centre, to be known as Brickgate City, could be the first major institutionally funded shopping centre in a black area. "I believe the various pension funds will be more than willing to finance the project," he predicts.

However, major financiers — such as life offices and pension funds — have to date been reluctant to risk any significant capital investment in black areas.

Though there's clearly a massive market to be serviced, the attraction has been outweighed by the risks of damage to property through violence, fears of mismanagement and concern that major white-owned shopping chains in black areas will be seen as exploitive.

However, Hattingh is confident construction will begin in November and the centre should be completed by 1992. It will cover 5,5 ha of the 33 ha site. A minimum of 2,28 ha will be reserved for future expansion. Matrix Projects, the firm overseeing the development of the Southgate shopping complex near Nasrec, will handle the construction. A centre design and feasibility study being carried out by Doug Parker of Parker & Associates should be completed in four weeks. ■

SHOPPING CENTRES (30)

**In quest of funds**

Though all-white Boksburg may be denied a R50m shopping centre because of its pro-apartheid stance, there's just a chance that the East Rand may get a new regional shopping centre — through the black door.

Spruitview, the black equivalent of Sandton, is in line for a R50m, 25 000 m<sup>2</sup> centre, 1,5 km south of the N3 near Alberton — provided brick manufacturer and developer Chris Hattingh can find a financial backer. The scheme's location makes it accessible

# Growth from firm foundations

They supply different areas in black housing, but competition is looming

Two listed building materials supply companies, Cashbuild (CB) and Pennypinchers (PP), offer an entrance to investors attracted by the potential of the black building market. Both have grown fast — but whether they can continue doing so will be decided by strategic moves they are now making. Both will publish results in August — PP its interims and CB its finals.

CB is primarily a wholesaler, strictly for cash, of a restricted range of building materials to traders and builders mainly in the rural areas of southern Africa except the western Cape. Its customers are almost entirely black. PP (and Pennypinchers Boards), both controlled by the founder, Fasié Malherbe, are retailers for cash and credit (in a ratio of about 55:45) of a large range of building materials, hardware and homeware, mainly in the Cape Province, with a multiracial customer base.



CB's Haumant

In its latest financial year (to June 25 1988), CB's turnover rose 64% to R192m. Attributable profit rose 41% to R3.3m and EPS 32% to 15.6c; pre-interest margin declined slightly to 3.9%. This followed 42% EPS growth in the 1986-1987 year — CB was listed in June 1986 and had net cash of R14.5m at year-end.

PP's turnover in its year to end-December 1988 rose 71% to R110m; attributable profit was 78% higher at R2.3m. EPS rose 48%, to 16.2c; pre-interest margin rose 17% to 4.9%. But gearing rose to 0.73 (from 0.17). PP was listed in October 1986 and EPS grew 152% in 1987.

Though the companies say there is little comparison between them, they are heading towards closer competition. CB's growth will continue to be derived from wholesale, medium-term. Beyond that, it will be from retail and franchising, primarily in urban areas. PP

has recently expanded into the Transvaal and will move increasingly into the black market.

Originality in operating methods characterises both. CB is famous for the participative management methods infused by Albert Koopman. Historically, PP grew by a system of partnerships.

CB's share dropped from over 400c (on a p/e of around 40) before Koopman left in early 1987 to below 150c in early 1988. It has recovered post-Crash somewhat to around 205c. PP, like CB, was started about 10 years ago. Its share, at 160c, is around its pre-Crash high.

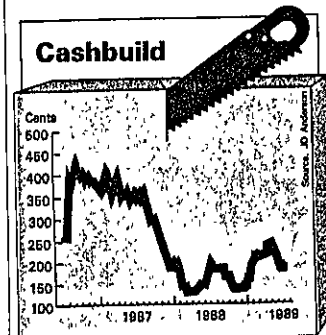
CB's recent performance shows that co-founder and present MD Gerald Haumant lives in no man's shadow. He has remarkable discipline and clarity and the human relations system started by Koopman is still in place, though modified.

Last year, CB acquired building supplies retailer Buy & Build (B&B) from Tradeagro. The shares in consideration raised Tradeagro's effective stake (including Frasers' holding) to 77%. The acquisition marked CB's launch into retailing, though it has

rationalised the number of B&B outlets from 24 to six (12 were converted into Cashbuild outlets). Typical of Haumant, the waters of retail will be exhaustively tested before venturing in further. The move will be according to a standard formula incorporating tight control.

Two thirds of CB's profits come from wholesaling and CB says it is the only major player in its market. Haumant says cash and carry comprises only 10%-15% of the wholesale building materials market. CB also restricts itself largely to the heavy, dirty building materials. It is SA's largest distributor of cement and corrugated iron and it provides no transport because this is an uncontrollable cost.

Rural areas were targeted because in the cities retailers and builders, mainly white, got most of their materials from the producers. Increasing black urbanisation and development of black entrepreneurs prompted the opening of four CB outlets in urban areas (two on the Witwatersrand). Haumant believes urban outlets now have more potential



— though establishing and running them costs much more. CB has projected growing from its current total of 57 outlets (51 CB and six B&B) to 100 in 1993.

Another fundamental step is CB's probable launch into franchising in a new chain handling basic building materials and hardware. It hopes to launch the first franchisee in early 1990.

CB began as a subsidiary of Metro. PP started as an independent and has stayed

that way — Malherbe owns 45% of PP; PP owns 84% of Pennypinchers Boards. In 1979, Malherbe bought a job-lot of redundant used building materials and started a materials yard. Later, he took on 50-50 partners, who financed openings of their own branches, while he contributed supplies. In 1983, the group switched to selling only new building materials. Malherbe says PP was the first new-generation discount building materials retailer in the Cape, a mar-



PP's Malherbe ... from one job-lot

ket now highly competitive and sophisticated. In contrast, the Transvaal market is wide open, he says.

Malherbe's major strength is apparently in human relations and the policy is to employ people with the calibre to advance to management. All the black managers in branches on the Cape flats were originally labourers, he says, and his former housemaid is the bookkeeper at the Retreat branch. In PP's listing, many former partners received shares for their stakes; some subsequently strengthened the Cape head office team.

Both PP and CB apply decentralised profit-centring at outlets. But PP divides its outlets into various shops (primarily building materials and board, but also tiles, Jetmasters, sanitaryware and more), each a profit centre. CB outlets are one unit. Accordingly, comparison of outlet numbers is not valid.

PP has 84 outlets. It entered the Transvaal market through the acquisition of Craig Hardware last November. Since then, it has acquired more businesses and currently has 23 Transvaal outlets. CB, in line with its designer approach to the structure of outlets, plans no acquisitions, but all-organic growth.

By circumstance, all of PP's Transvaal acquisitions have been in white and central areas, but Malherbe is determined to direct future expansion into black areas. Black buying accounts for about half of Cape turnover, he says. This year, he projects PP's turnover will rise 73%, to R190m — R45m of it from the Transvaal. Despite the fast expansion, he predicts a further rise in margins. By 1992, Transvaal turnover is projected to exceed that of the rest of the group.

Malherbe says the limitation on growth of outlet numbers is not capital but skills. He will not make a new start until suitable staff is available. He says development in the Cape was cautious. Branches started off selling almost exclusively for cash — credit sales were increased once branches were profitable. In the Transvaal, policy was that initial sales were almost all for cash and Malherbe believes Transvaal sales will remain predominantly cash.

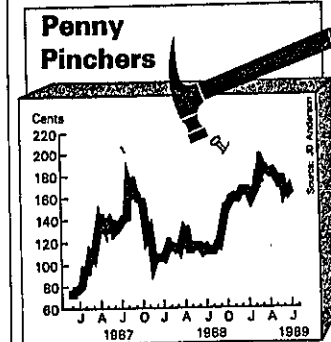
PP also supplies large contracts, some in Namibia and Botswana. Malherbe says there has been a "breakthrough" into Mozambique, where PP is supplying materials for a major housing development near

Maputo. It has also entered Malawi and the Ivory Coast with an SA contractor, Topkor.

Advanced group computerisation from Cape Town updates figures daily to keep managers and the group on track. Malherbe says only four people in the group sign cheques. Branch turnovers have declined slightly recently, ahead of an economic downturn. CB also reports a marginal turnover decline, but believes it will benefit from recession because it encourages cash buying.

PP's higher gearing is at least partly a reflection of the threshold on penetration into the Transvaal. PP is negotiating a lease-back deal on properties acquired with the Transvaal businesses. Malherbe says this will result in a R3.5m profit on their acquisition costs and a R5.5m inflow. That inflow would reduce year-end gearing to 0.37.

PP is projecting diversifying into larger warehousing outlets. A pivotal philosophy is internal self-sufficiency. PP has diversified into construction, but only for its own outlets, Malherbe says, though it has built a



small shopping complex at Parow. Now it is entering manufacture of building materials and accessories by buying partnerships in existing manufacturing firms and PP provides the market for their products. Other diversifications are possible.

In November, PG Bison took a 25.1% stake in PP. Malherbe says PG Bison has no hand in running the business and it is not the wolf at the door. The leasebacks will provide funds until about 1992, when he envisages the need for another cash injection.

Both PP and CB foresee high EPS growth ahead and Malherbe believes it will be 42% this year, while Haumant has projected 40%. The shares are remarkably close in investor ratings. PP is on a 9.9 p/e and earnings and dividend yields of 10.1% and 4.4%; the equivalents for CB are 10.1, 9.2% and 3.7%.

PP has a stunning record of expansion, having become by far the largest in its field. Investors may wish to wait for evidence that PP is reducing its gearing and repeating its success in the Transvaal and with other diversifications. They may be richly rewarded. CB, which is cash-flush and has Tradeagro's backing, is more structured and seems an excellent investment.

Teigue Payne

# Growth from firm foundations

■ They supply different areas in black housing, but competition is looming

Two listed building materials supply companies, Cashbuild (CB) and Pennypinchers (PP), offer an entrance to investors attracted by the potential of the black building market. Both have grown fast — but whether they can continue doing so will be decided by strategic moves they are now making. Both will publish results in August — PP its interims and CB its finals.

CB is primarily a wholesaler, strictly for cash, of a restricted range of building materials to traders and builders mainly in the rural areas of southern Africa except the western Cape. Its customers are almost entirely black. PP (and Pennypinchers Boards), both controlled by the founder, Fasié Malherbe, are retailers for cash and credit (in a ratio of about 55:45) of a large range of building materials, hardware and homeware, mainly in the Cape Province, with a multiracial customer base.



CB's Haumant

In its latest financial year (to June 25 1988), CB's turnover rose 64% to R192m. Attributable profit rose 41% to R3,3m and EPS 32% to 15,6c; pre-interest margin declined slightly to 3,9%. This followed 42% EPS growth in the 1986-1987 year — CB was listed in June 1986 and had net cash of R14,5m at year-end.

PP's turnover in its year to end-December 1988 rose 71% to R110m; attributable profit was 78% higher at R2,3m. EPS rose 48%, to 16,2c; pre-interest margin rose 17% to 4,9%. But gearing rose to 0,73 (from 0,17). PP was listed in October 1986 and EPS grew 152% in 1987.

Though the companies say there is little comparison between them, they are heading towards closer competition. CB's growth will continue to be derived from wholesale, medium-term. Beyond that, it will be from retail and franchising, primarily in urban areas. PP

has recently expanded into the Transvaal and will move increasingly into the black market.

Originality in operating methods characterises both. CB is famous for the participative management methods infused by Albert Koopman. Historically, PP grew by a system of partnerships.

CB's share dropped from over 400c (on a p/e of around 40) before Koopman left in early 1987 to below 150c in early 1988. It has recovered post-Crash somewhat to around 205c. PP, like CB, was started about 10 years ago. Its share, at 160c, is around its pre-Crash high.

CB's recent performance shows that co-founder and present MD Gerald Haumant lives in no man's shadow. He has remarkable discipline and clarity and the human relations system started by Koopman is still in place, though modified.

Last year, CB acquired building supplies retailer Buy & Build (B&B) from Tradegro. The shares in consideration raised Tradegro's effective stake (including Frasers' holding) to 77%. The acquisition marked CB's launch into retailing, though it has

30 mail  
4/8/89

sentation.

Last week's meeting of the Assocom Food Technical Committee rejected Pick 'n Pay chairman Raymond Ackerman's suggestion that an independent body be formed on the lines of the American Food Marketing Institute. An angry Ackerman maintains Assocom "vetoed" his proposal.

Other chains at the meeting — Checkers, OK Bazaars, Spar and Woolworths — opted to build on the existing Assocom infrastructure.

Checkers MD Clive Weil says it's vital to prevent duplication. "We all believe it's important to co-operate on non-competitive issues, such as trolleys and less wasteful distribution. But it makes more sense to use the existing Assocom infrastructure than trying to create our own expensive administrative and research facilities.

"But we could ensure that such a body would be autonomous and wouldn't have to go to the Assocom executive to ratify every decision."

The OK originally wanted a supermarket body as a sub-committee of Assocom but later agreed with Checkers that an autonomous body, affiliated to Assocom, should be formed which could express points of view different from Assocom.

Says OK PR and advertising director Alan Fabig: "For example, we can't accept



**Checkers' Weil ...  
talking turkey?**

Assocom's view that there must be a single rate of VAT. If VAT was put on all food, it would create considerable hardship for lower-income groups."

But Ackerman still sees several areas of potential conflict: "It would be an anomaly if our organisation disagreed with its parent body on an issue as important as tax. And, as there are manufacturers in Assocom's ranks, they can't always take the same line as the food retailers. Besides, the food industry is grown-up and can look after itself."

But Weil says there is still plenty to talk about: "We had a very constructive discussion; nothing has been vetoed and certainly not by Assocom, which wasn't even represented at the meeting."

There is also some disagreement about the profile the proposed body should adopt. Ackerman believes it should use the media extensively to convey the industry's views on issues such as VAT, discounts on petrol and dere-

SUPERMARKETS

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**Still at loggerheads**

The retail trade has rejected the formation of a fully independent supermarket institute, but is still seeking stronger national repre-

30 mail

gulation of wine licences. The OK and Woolworths, though, want the body to take a low key approach. Says Fabig: "We must work hard rather than shout loud."

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COMPANIES

# Homemakers takes over Edworks assets for R39m

By DICK USHER, Business Staff  
ASSETS of the Edworks group have been taken over by Homemakers Holdings for R39,6-million.

The company was recently placed under liquidation.

Mr Ivan Posniak, group operations director of F S I Corporate, said his group, of which Homemakers was the major company, had acquired all Edworks voting shares shortly after the company was placed in liquidation.

He said the company was confident of restoring Edworks to a profitability basis and then developing it for the benefit of its staff and customers.

"It achieves a strategic widening of the activities of Homemakers, adding a fifth dimension to the existing ones in direct-selling textiles, home improvements, furniture and consumer electronics," he said.

He said it would take time to formulate and implement policies to restore Edworks to profitability.

Homemakers reported a turn-

over of R507-million in the 12 months ended December last year.

tween the first and second half of the financial year to R580,7-million.

# Open all of Joburg

## BLACK TRADERS DEMAND

THE president of the newly-formed Greater Johannesburg Chamber of Commerce, Mr. L. B. Mhomakhulu, yesterday said blacks found it

unacceptable that the city's Central Business District was the only part which they were allowed to trade. Speaking after the launch of the chamber,

Mhomakhulu said blacks felt that the existence of Johannesburg was the result of the joint efforts of blacks and whites.

Furthermore, he said, blacks felt that they contributed to the prosperity of Johannesburg through their labour and as customers.

They felt that they were not only entitled to trade and reside in any part of the city, but that they also had to benefit from rates and taxes paid by property owners and businesses.

BY JOSHUA RABOROKO

"Blacks feel that the city belongs to all who live and work in it. Evidence of this is provided by the ever growing numbers of blacks living in areas like Hillbrow and the more affluent suburbs of the city," he said.

He was explaining why the Johannesburg CBD Chamber of Commerce changed its name to Greater Johannesburg Chamber of Commerce. The reason for the

change was the fact that many black traders were drawn from outside the Johannesburg CBD area.

"This he said, "is in line with our mother body. Naledoo's policy that entire preneurs may join any chamber of their choice."

The new chamber's objective was to serve the interests of black business and the community as a whole. Towards that end, he said, the chamber will set up committees to address the needs of specific sectors like transport,

retailing, property development, training and community affairs.

"We will also reach out to community organisations with a view to working closely with them. We will arrange training programmes and courses in administrative skills that will help our members. In this line we will talk to trade unions and community-based organisations," he said.

He said the chamber would start a bursary fund.

## GROUP HOUSING CORPORATION (PTY.) LTD.

IT IS JUST GREAT WHEN WE CAN RELATE TO BEAUTIFUL HOMES. FANTASTIC REDUCTIONS IN PRICES

# Who rules the roost?

Johannesburg is simply not being run like a major city



Is Johannesburg being properly run? The starting-point for an answer has to be the latest municipal budget.

It wasn't popular. As if to delude criticism in advance, the wretchedly named Jan Burger, chairman of the management committee, conceded that the increases were substantial — and suggested that had taken a good deal of courage to present a budget of "this nature." Opposition critics have alleged that if the Nat-controlled management committee hadn't kept the rates at a historically low in 1988, with an eye on the municipal elections, a little less "courtesy" would have been necessary.

Pressure for increased accountability is non-existent — the Nats have lost their overall majority with the

Limba by-election and the Democratic Party (DP) and Conservative Party (CP) seem prepared to co-operate when it suits them both in outwitting the Nats.

Representing an average increase of 20%, the R1,80m budget provides for hikes in all major services, sewerage tariffs up 50%, water 45%, gas 15%, bus fares 20%, electricity 10%-15%, assessment rates 14%. Nevertheless there will still be deficits of R6.6m in the sewerage department, R12m in water, R28m on the buses.

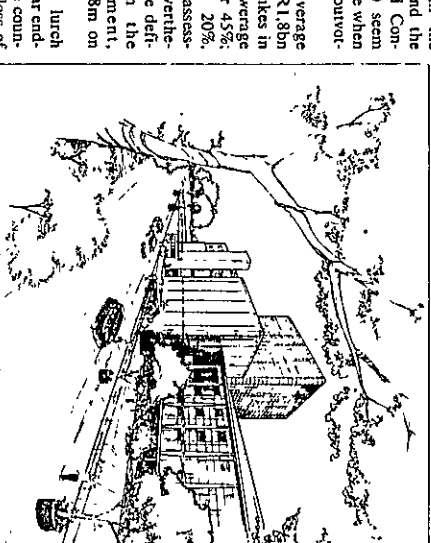
This is no sudden lurch introduced. In the year ending June 30 1989, the council had an operating loss of R349m; in 1989-1990, it expects an operating loss of R145m. The argument is that without tariff increases, the loss could reach R200m. Deficits are met from "savings built up over the years" when there was no loss.

Clearly, if the deficits continue, "savings" will dry up and Johannesburg could face a financial crisis which would trigger sharp increases in rates for present ratepayers and burden future generations with debt. Yet Burger insists the budget is "eminently sound." He attributes the harsh increases to the general economic malaise — spiralling inflation, an increase in GST, the poor performance of the rand, the high prime rate, fuel price increases, and so on.

The biggest questions are: The budget's

average increase of 20% is still ahead of inflation, estimated by the council at 15%-16%, and some of the sectoral increases are right off this scale. It is true that inflation will add about R170m to the operating budget this year — but the council has been spending, particularly by the DP, of overspending, of failure to budget properly or to keep proper controls — and generally poor business management.

Certainly, given the "climate" which Burger adduces as a reason for stringency, it is disquieting that R400 000 has been earmarked for civic functions and entertainment — and an additional R103 000 for floral decorations. At first glance, these amounts may seem reasonable for a city like Johannesburg. But consider Cape Town: they carried only R191 225 for entertainment, while Durban set aside R170 000. Possibly the most controversial expenditure



How the new Civic should look... costly splendour

trips around the country.

Burger and his colleagues claim that these visits are invaluable to SA in forging links with the rest of the world — a function one would have thought rested, if anywhere, with Foreign Affairs. And the programme has failed to attract anyone of particular stature. If the Department of Foreign Affairs is convinced that Johannesburg has a diplomatic role to play, it should at least help to foot the bill for these visits. As it is, the council passes costs on to already burdened ratepayers.

These visits could be justified if they promoted capital investment in the city or raised money to cover the deficits. However, it can be safely argued that the management committee has a duty to report back on achievements of the programme. It hasn't done so. The massive bureaucracy on Civic Hill seems secure. Of the R1,45m operating expenditure in the budget, a third — R34m — was set aside for salaries and allowances. DP council leader Tony Leon suggests that, in view of the council's earlier decision to drastically streamline staff, the increases must be attributable to "across-the-board salary and benefit increases of alarming magnitude." The budget also provides for an additional R30m in special contributions by council to the pension fund and Joint Medical Centre.

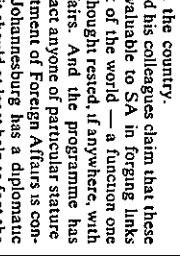
Cape Town has a larger municipal population than Johannesburg — it provides services for 1.1m people as opposed to Johannesburg's 871 000 — and interestingly, by Cape Town City Council has a maximum staff allocation of only 15 500 positions (of which only 15 500 are now filled). The Johannesburg bureaucracy stands at 23 000. The total Cape Town budget is R1,35m as opposed to the R1,85m of Johannesburg. Nor is there any discernible scaling down of staff in the newly created Directorate of Public Safety, headed by ex-traffic chief John Pearce. The directorate provides an umbrella body for the old Traffic & Security departments, but little is known about its activities. Details of its operating budget are not available to the public on the grounds of "public safety" or for "security reasons."

The total budget of the Directorate of Public Safety is said to be about R77m, with R25m allocated to the Security Department and the remainder to Traffic. This represents



# Where it comes from

How every R1 operating income is obtained



50% increase on last year's allocation. Concern has regularly been expressed by the opposition that an inordinate amount of power rests in the hands of one man, Pearce. He is known to have taken paid leave to coordinate traffic at the Rand Show in the past, earning himself an estimated R100 000 for the fortnight. Though Pearce obtained permission from the council and is not prohibited from doing such work by local ordinances, many council officials as well as councillors feel there are moral and ethical considerations at play. The operation is now run by a corporation whose chief director is Pearce's wife. It must be assumed that the award of this contract was done by the appropriate body at arm's length — and its merits or otherwise considered carefully.

A glaring symbol of Jo-burg's alleged spendthrift ways is the R37m set aside for the renovation of the Civic Theatre. It has been raised again and again by critics such as Leon. The amount represents 10% of the entire capital budget of R382m.

Burger argues that this amount will be funded from the Fixed Property Fund (profits realised from the sale of the council's fixed property) and not from rates. Leon counters this: "The operating account would benefit to the tune of at least R7.5m a year in finance charges." If the money had been differently apportioned.

The issue of the Civic poses questions related to efficient business management. In 1986-1987, the city council allocated R27m for the renovations, meant to place the Civic on a par with the Pretoria State Theatre. Of this R27m, the State was to contribute R10m. But then, two years later, the renovations are not finished and another R37m is required. The total cost could end up exceeding R100m, according to DP sources and a senior council official.

While increased surcharges on stage equipment do account for some cost rises, it seems likely the original estimates were either badly budgeted, unrealistic, or poorly researched. In any case, all the other large State theatres have been funded by the province concerned, or directly from government coffers.

What exactly is the management committee? Put simply, it is drawn from the elected 51 councillors to oversee the administration of the city. It is the "Cabinet," which is responsible for the work of the professionals and career civil servants.

But it seems the Johannesburg management committee no longer runs the city. Rather, initiatives are

screened and often taken by a management advisory committee, consisting of town clerk Mame Venter and other senior officials. Thus the management committee primarily considers issues placed before it by the advisory committee — at the discretion of the committee's discretion. This is not to imply that the committee is malicious or corrupt — but is the management committee fully in touch with the nuts and bolts?

This dilution of power apparently began when Francois Oberholzer was acting; he effectively delegated many of his powers to council officials. An important question here is whether the present management committee has the expertise to manage its officials. Oberholzer — "Mr. Jo-burg" — certainly did; he was reputed to know every paragraph in every by-law and he probably wrote a few of them. His successor, the late Danie van Zyl, was experienced in local government; so were many of the old United Party councillors. But do any of the latest batch of elected councillors know enough to control the civil servants?

Civic officials are quick to defend expenditures by drawing analogies with business — and the rights and perks of company directors. On the face of it, this is reasonable — presiding over an annual budget of R1,85m is a full-time business requiring efficient administration. That's the point. Directors are judged by their profit performance and don't have security of tenure.

At this stage, Johannesburg's top priority should be the rationalisation of staff and services, coupled with the privatisation of some existing services. For example, the

And where it goes

How every R1 operating expenditure is spent

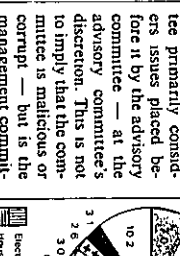
Approximate result 1988/89 (R1 200m)

Category	Percentage
Electricity	32.4
Water	23.3
Gas	2.8
Other	2.8
Assessment rates	38.7



# Where it comes from

How every R1 operating income is obtained



Durban City Council has partially privatised bus services; in the first year, the scheme saved R250 000. In the US, privatisation of local services is both commonplace and cost-effective.

The Johannesburg business community also needs to be involved in the affairs of the city. In its recent involvement with the planning of the CBD, business proved it has the skills and financial resources the city desperately needs. "It is clear business will get involved, given the opportunity," says newly elected Johannesburg DP leader-in-waiting, stockbroker Ian Davidsen.

However, while Johannesburg is run by the present management committee, it seems that rationalisation and privatisation are not likely to succeed — if they ever occur. To make matters worse, the strange provisions of the Remuneration of Town Clerks Act seems to enshrine and further encourage bureaucracy. In terms of this Act, authorities which divert themselves of their asset base — privatised them, in other words — are penalised; all wages and salaries are determined according to a number of variables which include the amenities and facilities controlled by the municipality. Leon describes this as a "hindrance to efficiency and productivity which needs to be rethought."

The city still runs — and lots of professionals do their jobs well — there's no doubt about that. The problem is the principle of control. Pressure must be put on the management committee to involve businessmen more — they would promote privatisation from a knowledge of how it should work — and to ensure that petty officials have no more power than they should have.

This, of course, places a responsibility on business. Like Jo-burg's citizens generally, they have avoided local politics. In this sense, the city has the running. But, as disquiet over the functioning of the current leadership mounts, this should change. Johannesburg, after all, is a major city — and the home of great sections of SA business. That it should be properly run is of signal importance to all its citizens.

And where it goes

How every R1 operating expenditure is spent

Approximate result 1988/89 (R1 200m)

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And where it goes

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# AID FOR SMALL TRADER

Soweto  
8/8/89

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AN organisation which aims to improve the financial position of hundreds of small entrepreneurs in the townships is to be launched in Soweto today.

Organiser of the South African Small and Informal Businesses Association Mr Ntsiki Mbundu yesterday said the organisation would bring the informal sector under an umbrella that will protect their rights and shield them from harassment by local authorities.

He said the aim was to bring all spaza shops, street vendors, shoe repairers, panel beaters, dressmakers and other informal businesses under one wing.

Organisations such as the African Council of Hawkers and Informal Businesses, Get Ahead Foundation, Business Challenge, Small Business Development Corporation and chambers of commerce have been invited to participate and give advice to the emerging black business.

He said: "We want to assist in developing and stimulating a sound, efficient and balanced small business sector with the aim of maintaining it as one cornerstone of a free market economy and to

By JOSHUA RABOROKO

assist in its growth."

The informal sector contributed millions of rands to the South African

economy and it was vital that its presence should be appreciated by the formal business sector.

The association will help the informal sector acquire money.



# Sowetan to launch business section

Sowetan  
9/18/89

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The hour you have waited for has come. Sowetan is to launch a business section every Thursday from September 28.

Sowetan Business, as this section will be known, will be edited by senior assistant editor Thami Mazwai. He has just returned from an eight month course at Harvard University, with part of the time spent studying at the business school.

Mazwai has been a journalist since 1969 and with the Argus Company,

owners of the Sowetan, from 1972.

A significant feature of Sowetan Business will be sponsored advertising. Entrepreneurs from black townships will be able to advertise in the Sowetan at half the normal rate. The other half will be paid by major corporations. Several approached by Sowetan have already committed themselves.

Those directly affected by this bonanza are township artisans and manufacturers. These include dressmakers, welders, dealers in gas, carpenters, plumbers, glaziers, laundrette operators, washerwomen, gardeners, cleaners, handymen, upholsterers, electricians and panelbeaters to name a few. If you run your business from home or the industrial park the possibility is that you may qualify.

Unusual undertakings such as florists and many others will also be accommodated.

Although major undertakings in the townships such as

By THAMI



MAZWAI

Blackchain, Maponyas, wholesalers, supermarkets and construction companies will not qualify for sponsored advertising, they will be able to advertise in our pages at our normal rates as usual.

To give you an idea of what is in it for you for instance a 5cm X 2 column advert that normally sells for R192,10 (GST inc) will be available at R96,05. For this amount the trader will be able to inform thousands of people in the townships, his potential customer base, where and when to find him.

While many of our traders know the value of advertising, they do not have the resources. They will now have the assistance - thanks to the Sowetan.

For those who do not as yet know the value of advertising ask major businesses why they use our pages. They will tell you it makes them smile all the way to the bank.

In a nutshell advertising tells the consumer where he can get what he wants. If at the time of reading the consumer did not need your product, he will know where to find you when does. Advertising also arouses desire thus creating demand.

Obviously many small operators will want to know more about our scheme and if they qualify. Just phone us at 673-4160

# Nafcoc Conference '89

## 5-year plan 'does not go far enough'

# Govt is told to scrap apartheid

THE president of the National Federated Chamber of Commerce, Dr Sam Motsuenyane yesterday warned the Government that attitudes against it will harden if it did not take steps to dismantle apartheid.

Delivering his presidential address to the 25th annual conference of Nafcoc in Sun City, Motsuenyane said the government must create a climate which will make honest negotiations possible such as in Namibia.

He said the National Party's five year plan, while advocating certain constitutional changes and a new political dispensation, did not go as far as destroying the

By JOSHUA  
RABOROKO

basic structures of apartheid.

"The wide majority of black people would like to see apartheid completely nullified. The Bill of human and group rights which the plan envisages, should form a desirable component of policy, in a future non-racial and democratic South African community," he told about 1 000 delegates

attending the conference.

"The truth must be accepted that no serious negotiations about the future of South Africa can be entered into until the representatives of the mass democratic organisations like the ANC, PAC and others are directly involved."

"The 25th conference of Nafcoc is taking place in a climate of heightened expectations for peace and radical political changes, not only for South Africa, but throughout the entire sub-continent.

"The prevailing mood of expectancy was

sparked by the positive peace initiatives which began in Angola, ending in the signing of an accord between South Africa, Cuba and Angola. These peace initiatives have led to the Namibian independence process," Motsuenyane said.

Large numbers of prominent South Africans, of all racial groups, have travelled to Lusaka to hold meetings with ANC and exiles. Inside the country Cosatu, UDF and Inkatha finally started peace talks about the Natal massacres.

Motsuenyane said of even greater interest in

South Africa was the enormous speculation that had arisen in the wake of the recent meeting between President Botha and imprisoned ANC leader Mr Nelson Mandela.

Referring to the country's economic climate, he said the reimposition of the state of emergency coupled with international pressures on the economy had created conditions which militated against growth and the restoration of investor confidence in the South African economy.

# Nafcoc role to <sup>30</sup> <sup>Some term 9/18/89</sup> 'seek black unity'

The National African Federated Chamber of Commerce has a vital role to play in unifying black community organisations, consumers, workers and business interests towards the goal of black economic empowerment in South Africa.

Addressing the 25th annual conference of Nafcoc in Sun City yesterday, American Professor Prakash Sethi said a similar role could be taken up by foreign multinationals currently in South Africa and those who were thinking of investing in the country.

He said other companies that were good potential targets for that approach included local supermarkets, hotel chains and departmental stores.

Companies in the process of disinvesting could set up trust funds to manage their South African operations during the transition period, he

said.

"The South African government can also play an important role through its tax policy to help in buying these companies for transfer to black ownership.

"Blacks must be allowed to take senior positions on the boards of such companies. They should also take future leadership roles in all major social, political and economic institutions in South Africa," he said.

Companies that resist having blacks on their boards should be brought to the attention of black communities and trade unions who could express their displeasure through their buying power. They could also show their discontentment by re-directing their savings.

Since blacks in South Africa represented almost 75 percent of the total population, it would seem eventually they must also account for 75 percent of the nation's disposable income.



# 'Govt at fault, not ANC'

APPALLING government overspending and financial mismanagement had brought SA's economy to its knees, not sanctions or disinvestment, Premier Group chairman Peter Wrighton said yesterday.

Addressing Nafcoc's 25th anniversary conference at Sun City, Wrighton said business people should play a role in formulating an economic vision for SA after apartheid was dead and buried.

"We might not be very good at designing constitutions, but it is our job and our duty to set the economic scene. Politicians of all persuasions are notoriously bad in this area — just look at the state of our economy after 40 years of National Party rule.

"It is not sanctions or disinvestment that has brought our economy to its knees as the government would dearly like us to believe, but appalling governmental overspending and financial mismanagement.

"Ideology has superseded common sense and so we should not blame the ANC for attempting to create an economic wasteland, as the answer lies much closer to home. And, let's face

THEO RAWANA

it, our neighbouring states who have experimented with the ideology of Marxism have done no better."

Wrighton added: "It is, therefore, up to us as business people to create an economic vision which will ensure that our country will grow, which will encourage overseas investment and confidence so that our young people can have jobs and create wealth for themselves."

## Imbalance

He added: "Liberation must mean much more than merely giving everybody equal political rights, even if that is important in itself.

"Put it at its most simplistic: there cannot be liberation if we have so many people and so few rich people. It is an imbalance that is unjust and dangerous — unjust because of the rank discrimination it entails and dangerous because, if the imbalance remains, instability will follow, even under a majority government."

● See Page 7

9/8/89  
Benny  
30  
[scribble]  
[scribble]

# Nafcoc plea to govt

PILANESBERG — An appeal to the government to give "urgent attention" to the unbanning of black political organisations, including the ANC, was made yesterday by Sam Motsuenyane.

Addressing the National African Federated Cham-

ber of Commerce (Nafcoc) conference at Sun City in his 21st year as president of the organisation, he said such a move — combined with the release of black political prisoners — had to be made before "any serious negotiations" could take place.

The SA government was undoubtedly seeking ways of entering into dialogue with black leaders to resolve the country's political and economic problems, Motsuenyane said.

## Negotiations

"But the truth has to be accepted that no serious negotiations about the future of SA can be held until representatives of the ANC and other mass democratic organisations are directly involved."

He criticised the National Party's new five-

year plan for not going far enough to destroy "the basic structures of apartheid".

Government now had to create a climate "which will make honest, sincere negotiations possible, as in Namibia", he added.

On the business front, Motsuenyane said Nafcoc was being restructured to give representation to other specialist national business organisations and discourage the fragmentation of black business.

He was pleased with the increasing awareness of black business people responding to new business challenges and opportunities, he said.

The fertile contacts being forged between black entrepreneurs and the "corporate world" were also to be encouraged, Motsuenyane said.

News by G van Oudsthoorn, 141 Commissioner St, Johannesburg

# Nafcoc chief to seek FW meeting

By JOSHUA RABOROKO

PRESIDENT of Nafcoc, Dr Sam Motsuenyane, has been delegated to urgently meet national party leader, Mr FW De Klerk, after elections to discuss, among other things, the scrapping of apartheid.

This formed part of several resolutions adopted by delegates at the 25th annual conference of Nafcoc at Sun City yesterday.

Motsuenyane said following utterances made by Nationalist Party leaders it was believed that the Government had not moved any closer to the point where honest negotiations with the Mass Democratic organisations, including the ANC and PAC could begin.

No meaningful negotiations regarding the future of South Africa could be entered into without the direct involvement of some prominent and credible black political leaders who are now in prison.

He said the purpose of the meeting with De Klerk would be to demand the release of political leaders, the lifting of the state of emergency, the unbanning of political organisations and negotiations for a new constitutional dispensation.

Nafcoc would be happy to support a negotiated settlement if these preconditions were fully met.

Some of the resolutions taken at the conference include:

- \* The review of Nafcoc policies related to sanctions and foreign investment;

- \* The review of the impact of the opening of the central business district of certain cities to black entrepreneurs and what problems they were presently encountering;

- \* Overview of funding policies relating to black business.

- \* Discussion of the strategies to be adopted to facilitate the training of managers.

- \* Discussion of strategies for marketing the Nafcoc business charter both in South Africa and abroad.

- \* Discussion of strategies to protect the black entrepreneurs from possible exploitation in black white partnership undertaking and franchising of export import business.

- \* Discussion of the role of black entrepreneurs in the promotion of export import business.

# Shops too small, say traders

THE GATESVILLE Traders Association is a voluntary association of traders affected by the provisions of the Group Areas Act and relocated in the shopping complex constructed by the Department of Community Development on Klipfontein Road, Gatesville.

The Association came into being as a direct result of the problems experienced by the traders who decided to form an organisation to articulate their problems to the relevant authorities.

The main problem experienced by the traders is the inadequate size of the existing shops, the average being about 65 square metres.

The shops are hopelessly inadequate when it comes to storage space, displaying goods and also trading.

The only way in which the premises can be enlarged is for the vacant sites behind the shops to be sold to the existing traders who can then make the necessary alterations to enlarge their shops.

For many years now, the traders have been frustrated in their attempts to obtain ownership of these vacant sites.

Building costs have rocketed but what is worst, is that a large amount of goodwill has been lost in view of the congested trading facilities in the area.

We wish to point out the following:

- The present buildings do not strictly comply with the building regulations of the Cape Town City Council.
- The former Department of Community Development intended subdividing the vacant property in such a way that the existing shop

## LETTERS

Address all letters to The Editor,  
P O Box 13094, 7900 Sir Lowry Road

owners could acquire the vacant sites behind their shops to enlarge trading space while complying with present building regulations.

- The subdivisions, we believe, were approved by the relevant authorities. We also understand that the City Council supports the idea that the vacant land immediately behind the shops be sold to existing traders.

- Shop owners were informed that the Department intended offering for sale to each shop owner the piece of land behind his property. However, the deal could not be concluded in view of certain outstanding issues such as subdivision and price.

- Each trader informed the Department that he intended acquiring the vacant land behind his property.

- Although the subdivision has long been approved and the traders have indicated a willingness to acquire the property in question, there

has been no progress on this matter.

- Various meetings have been held in the past with members of the office of the Regional Representative in Cape Town but there has been no progress.

Rumour now abounds that the Department no longer intends selling the properties to the existing traders, but to other persons.

If this is so, the traders' position will be seriously prejudiced.

These traders were relocated under the Group Areas Act, and it is only fair that they be provided with the necessary space so as to develop.

The nature of the development sought is not elaborate. The traders want to understand the wisdom in wanting to sell to persons other than those already there.

If the properties were to be sold to other people, the traders will insist that building requirements be complied with and the necessary building setbacks be maintained.

Should this happen, and we believe the traders have the support of the local authority in this regard, it can be taken that no further viable development is possible.

Many months have been lost

through meetings and correspondence with the Department, all of which seems to have been a waste of time and energy.

AW BARDAY  
CHAIRPERSON, GATESVILLE TRADERS ASSOCIATION

# American culture slammed

AT THE recently held Teachers' Cultural Festival a major concern expressed by many was how to counteract the influence of American culture with all its values of individualism, competitiveness, violence and glamour, to which pupils are constantly exposed.

Various ways were suggested whereby the teachers can both make pupils critically aware of the content of the movies, TV programmes and magazines, and to encourage alternative progressive values, including non-racialism, non-sexism, co-operation.

An alternative newspaper such as

# Another anti-CP consumer boycott

Star 1118/27  
Political Correspondent

A new black consumer boycott against Conservative Party businesses has erupted — this time in Parys.

Though Parys is not CP-controlled, boycotters have identified CP businesses and begun to withdraw their custom.

A list surfaced in Parys this week identifying about 36 businesses — including a medical practice and two or three legal practices — as

owned by CP supporters.

Residents say the list has been circulating in the black areas of Parys.

Managers of a pharmacy named on the list said yesterday that several black account-holders had this week closed accounts.

The managers were convinced the NP was responsible for drawing up the list. NP election workers denied this. But one said: "That's what should happen — boy-

cott the Right people."

Officials at the CP election office said the boycott was "a clear sign that the CP was winning the election in Parys and that 'certain instances' were trying to disadvantage the CP".

NP sources said they had heard that black taxis "had not bought a drop of petrol" from one garage after it had been named on the list.

(Report by P. Fabricius, 216 Vermeulen Street, Pretoria.)

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30/11

OFFICE VACANCIES

# Defying economic gravity

30 mail 11/8/89

In spite of the cooling economy, there seems to be little let-up in demand for prime office accommodation in the country's main business centres. Johannesburg's high-grade vacancies, for example, dropped below the 100 000 m<sup>2</sup> mark for the first time this year.

This emerges from the SA Property Owners' Association (Sapoa)'s August quarterly office vacancy statistics, which indicate that, if anything, there is less A and B grade space available in Johannesburg than there was four months ago. Vacancies fell from 8,91% on May 1 to 7,39%. This means that nearly 20 000 m<sup>2</sup> more of the city's 1,2m m<sup>2</sup> of prime office space has been let.

Furthermore, although there is another 177 500 m<sup>2</sup> of new prime accommodation coming on to the market in the city in the next year, most of it is already spoken for.

Nevertheless, the survey, compiled by committees of leading brokers and which includes data from Pretoria, Johannesburg's suburbs and Durban and Cape Town for the first time, indicates that vacancies in Johannesburg's CBD are second highest in the country. Only Durban, with 15,63% out of a total 616 100 m<sup>2</sup>, tops it. Cape Town comes in at 6,89% of its 655 600 m<sup>2</sup> and Pretoria's usually low vacancy level stands at 2,2% of 449 499 m<sup>2</sup>.

In the decentralised areas, Sandton's vacancy factor is similar to Johannesburg's at 7,14%, followed by Pretoria's Hatfield at 4,3%, Arcadia at 4,05% and Braamfontein at a healthy 3,22%.

What is clear from the statistics is that it is likely to be a while before vacancies start rising and rentals soften as a consequence.

One anomaly is the Durban market. Despite the high percentage of vacant space — more than double most other centres — developers report exceptionally high rentals of up to R30/m<sup>2</sup> gross for top-quality space.

This could be, and probably is to some extent, a case of talking the market up. At the same time, it is possible that some of the city's highest rentals could be at those levels because there is very little A grade accommodation in the city. Only 78 300 m<sup>2</sup> of the total is A grade and, of this, Sapoa says the vacancy level is only 5,19%, which brings it a lot closer to the level for A and B grade space in other centres.

An indicator that developers aren't that optimistic about growth in demand for office space in Durban is that only about 14 000 m<sup>2</sup> (B grade) is coming on stream in the next year and 94 000 m<sup>2</sup> thereafter.

Sapoa's Peter Erasmus says the figures, overall, contradict the general economic trend. "We all believe the market has come off the top and is now on a downslide, though a

fairly flat one. But these figures seem to indicate that there is still a healthy demand for good space in CBDs."

Erasmus believes the new space coming on stream in Johannesburg, mostly through Old Mutual's 1066 building topping out next year, and a further 143 000 m<sup>2</sup> in the future (mostly from BankCity), will probably dent the C and D grade markets rather than result in a surplus of prime accommodation in the city. This, he says, will occur because firms moving into the new buildings will be upgrading, rather than moving sideways from other A or even B grade space.

Stanley Arenson, a director of Russell, Marriott, Boyd Trust, one of the firms which participated in compiling the statistics, reiterates that the survey shows there is still a demand for office space. Organisations, he says, are always looking at new developments, as well as upgrading or changing their image.

The same message comes from Cape Town. John Pistorius, manager of Pam Golding Properties commercial and industrial division, says A grade office accommodation is in short supply largely because there is a strong demand in the western Cape for good commercial property for investment. ■

## Still growing

An increase in loan applications to the Small Business Development Corp (SBDC) has strengthened suggestions that the current economic downturn may not be as serious as initially expected.

But, while it may signify business confidence, the swing to SBDC financing could also evidence an escape from the hardening business climate.

"It definitely seems as if the small business sector is now gathering momentum," says SBDC spokesman Naas Meyer. "Import substitution, industry supply, construction and retail activities are among the healthiest activities within the sector," he adds.

FINANCIAL MAIL AUGUST 11 1989

*Small 11/8/89 (30)*

Small businesses are usually the first to crumble in the face of a recession. But the level of SBDC loan applications, coupled to a half-point increase in Assocom's July Business Confidence Index after two consecutive declines, has some SBDC officials predicting a mere "dip in the business cycle" rather than a full-blown recession.

Western Cape SBDC GM Mike Klopper is particularly optimistic. His office received 469 loan applications between April and June, 42% more than during the preceding three months. Most applications were for loans below R50 000.

Explains Klopper: "The mood of pessimism that has hit many large firms is not really affecting the small business sector. Small businessmen recognise the enormous opportunities in areas like export development and import replacement. And they often operate on a very low scale, like home knitting." Many "cottage industries" are applying for loans to consolidate and expand into small factories, he says.

But his buoyant mood is not shared by all SBDC officials. Some say the increase in



**Small business ... making big profits?**

loan applications in the western Cape may be misleading as a number of the loans were simply to finance a scheduled refurbishing of the area's ageing fishing fleet.

Other SBDC offices receive many applications for "crisis loans", though Meyer says that the number remains lower than it was before the last recession in 1985. But, he warns that, even in the western Cape, that figure — described as "infinitesimal" at present — could explode overnight.

Economists note that the SBDC often experiences an increase in loan applications when prime interest rates rise. Because SBDC is shareholder-financed it can offer rates as low as 12,5% — against a prime rate of 20%.

Nevertheless, says Assocom economist Bill Lacey, a growth in small business would be consistent with the "slight improvements" in SA's economy, though it is still unlikely to encourage many business leaders.

"Confidence in the large business sector will remain fragile until the serious problems of inflation and the balance of payments are solved," he says. ■

FINANCIAL MAIL AUGUST 11 1989

## BUSINESS

# Grab-a-bite meals the fastest growing industry

GONE are the days of packed lunches and thermos-flasks: the "grab-a-bite" fast food era is upon us.

Just mill about town any time of the day and witness the hordes who flock around take-away outlets clamouring for instant food. Some manage the fine balancing act of eating their lunch while dodging traffic, others shop with a greasy paw poised as they distractedly flip through rails of clothes. Then there are those who sit on street corners, perch on spikey walls or pause in mid-stream pedestrian traffic to consume their favourite delicacies. All are munching on the move.

It is hardly surprising that this "grab-a-bite" industry is one of the fastest growing in the country.

## Fast food's best seller: it's finger lickin' good

By PHILIPPA GARSON

BE it crispy, crumbed, deep-fried or pressure-fried, fast food chicken is the craze these days. And not surprisingly, chicken outlets are the fastest growing in the take-away food industry, says Audrey Hopton, editor of *Fast Food and Family Restaurant* magazine.

In the last few years new outlets have sprung up countrywide, as families flock for their Sunday bucket-specials, and teenagers on the make spend hours hanging around the hip-pest chicken joint.

The overriding reason for take away chicken's new found popularity, is its relatively low cost in comparison to red meat. The fast food industry has taken off and the cheapest instant food sells best.

But, says Hopton, there are other reasons behind the growth in this particular section of the industry: "Firstly, most people think chicken is healthier than red meat, because of its lower cholesterol count; secondly, the companies involved usually launch aggressive, highly successful advertising campaigns."

Kentucky Fried Chicken, the leader in the market, "spends millions and millions on its advertising budget, and in fact is the biggest advertiser in the food industry as a whole".

Roosters and Chicken Licken complete the big three in the take-away chicken industry, followed by scores smaller companies like Road Runner, Nando's Chicken Land, Southern Fried Chicken and Yankee Fried Chicken. But, according to Hopton, even these smaller ventures are expanding at a rapid rate.

Rainbow Chickens has a monopoly over this portion of the market. It provides only two cuts, determined by the two largest companies: the

Its estimated growth rate is between 15 and 20 percent a year, according to the University of Natal's Trade Union Research Project, which recently conducted a survey on the fast food industry.

"The most up-to-date market research figures show that there are over 8 000 fast food outlets nationwide, with a total annual turnover in excess of R1-billion. These outlets serve more than 630-million meals annually, spending over R420-million on food purchases and over R15-million on packaging", says the report.

Urbanisation, the movement of black people into new kinds of jobs and increased black buying power

**South Africans eat 630-million instant meals a year served from more than 8 000 outlets. And with a turnover of more than R1-billion, the fast food business is a rapidly growing industry.**  
By PHILIPPA GARSON

have contributed to the rapid expansion in the fast food market over the past five years.

In its 1988 annual report, the Pleasure Foods group, which includes fast food brand names such as Wimpy and Juicy Lucy, says socio-economic changes point to a continuing boom in the industry.

"South Africans are eating more

ready-to-eat meals than ever before — and this is a trend which is poised to accelerate, as usage of food service outlets increasingly becomes part of the way of life. This trend is growing along with population, urbanisation and greater affluence among black consumers whose lifestyle is changing to make our fast food proposition even more attractive," said the report.

Kentucky Fried Chicken marketing director Howard Allenberg says the growth in the industry is in line with world-wide trends.

"What is fuelling the growth is the change in urban life-style: people are using their leisure-time more selectively. They don't want to spend unnecessary hours slaving over hot stoves. And, with regard to the black population, where both parents are usually working, no-one wants to come home after a hard day's work and cook a meat-and-three-veg meal," he says.

Alenberg says Kentucky Fried Chicken patrons consist of a "very equal mix, a broad consumer base in line with population statistics".

But the fast food industry's relatively recent tapping of a large potential market — black workers who cannot live near their place of work — appears to have been a major factor in the industry's growth.

The Commercial Catering and Allied Workers Union's Jeremy Daphne says conditions in this country are conducive to "grab-a-bite" eating:

"Most workers live in townships, far from their workplace, and this commuter life-style means leaving early for work, with no time to eat breakfast or prepare a packed lunch. The whole working class practice of bringing in the biscuit tin is a dying phenomenon."

Fast food industry advertising is increasingly directed at the black consumer — the young black consumer in particular.

Says Mike Hall, managing director of Pleasure Foods' Wimpy division, "More and more blacks are becoming office workers or shop assistants and it is people in these vocations who frequent fast food outlets. Thus the more Westernised African is becoming more of a target market.

"You cannot change eating habits of the older generations, but the younger generation is ready for change: the young teenager mixes in the city centre, sees adverts on TV and becomes susceptible to the exciting full-of-fun lifestyle of fast food eating."

Editor of the trade bi-monthly, *Fast Food and Family Restaurant* magazine, Audrey Hopton, says that while fast food advertising is not directed at either a black or white market, it is undoubtedly targeted at the 16-24 year-old younger generation — the "yuppie" generation.

Since the white population is an

ageing one, with a near static growth rate of 0,5 percent, and the black population a relatively young one, with the majority under 24, the young black teenager is the target market.

Figures for Soweto bear out the trend. In the 16 to 24 age group, 27 percent of male Sowetans and 21 percent of females purchase takeaways, according to research conducted in 1987 by the market research agency, Statbank. By contrast only nine percent of males and 15 percent of females over 50 years old do so. Take-away consumption is also high among men aged between 25 and 35.

Statbank's figures show it's the more affluent Sowetans who tend to buy takeaways. Consumption is highest among A-income earners — over a third buy takeaways, while the figure for D-income earners is only 16 percent.

But the socio-economic factors aren't the only reason for the industry's growth. Fast food has been discovered by big business — and mergers and takeovers have provided further impetus for expansion.

In the past two years two major groups have emerged, Pleasure Foods in the Anglovaal group and Interfare, the food division of Interleisure which is controlled by Federale Volksbeleggings and Kersaf. The two groups have swallowed several existing independent outlets and

The two large groups together control 561 of the estimated 8 000 outlets, dominating the industry.

Both food groups are relatively young, having been formed in 1987. Interfare owns 180 outlets and is now the umbrella company for Squires Loft, Mike's Kitchen, Porterhouse, RJ Steakhouses, Cattleman, Bimbos, Captain Dorego, Pizza Inn, Combined Caterers and Team Pubs.

Pleasure Foods, the largest food service group in the country, includes Juicy Lucy, Wimpy, Golden Egg, Golden Grill, Milky Lane, BJ Pantry and Pizza Hut.

The third big player in the market is Kentucky Fried Chicken, owned by Devco. Kentucky has an estimated 190 stores nationwide, and has opened six new stores this year. Both Interleisure and Pleasure Foods attempted unsuccessfully to take over Kentucky in 1987. There is talk that a third force — consisting of Kentucky and a number of independents — will unite to resist the acquisition drive of the two existing monopolies.

Both the large groups have complete control over some of their stores but franchise others. Franchised stores receive backup such as advertising, central kitchens and training services, in return for roughly five percent of annual turnover.

According to Hopton, because the two monopolies formed and expanded rapidly with a "buy and grow as fast as we can" attitude, they suffered



Kentucky assistant Lydia Ledep packs another box to satisfy the conveyer-belt craze for take-away fried chicken

"Kentucky" cut and the "Chicken Licken" cut.

When a disease hit Rainbow's chickens last year and wiped out an entire flock, the fast food industry suffered a 12-week shortage in supplies, says Hopton.

She says the notion that fast food chicken is a healthier option is probably a myth: "Though chicken is by and large healthier than a big lump of red meat, the cooking methods used in frying chicken and the ingredients

added, may render the product far less nutritious than we think."

The biggest health hazard is the high salt content in fried chicken. Added to this is the fact that cooking oil, the most expensive product in the preparation process, tends to be used over and over again.

And food experts say that preservatives, artificial flavouring and colourants used in most of these take-away products undoubtedly detracts from their nutritional value.



# 'Numbers ensure blacks' power'

THEO RAWANA

NUMERICAL superiority ensured that black empowerment had a strong foundation, SA Institute of Race Relations president Stanley Mogopa said yesterday.

Speaking at Nafcoc's 25th anniversary conference at Sun City, Mogopa said the fatal blunders that had caused the boycotts leading to Boksburg's "white Christmas" had helped to underline the truth that the Sphinx, which had been sleeping for a long time, was rising.

"We are a poor people, but we have the numbers. In that lies the inevitable fact that black empowerment has a strong foundation," he said.

Mogopa added: "A survey conducted by the Zikhuliseni Community Project of the Methodist Church of Southern Africa has shown that empowerment projects are urgently required and that there is immense potential and power even in our burial societies, mogodisano and stokvel clubs.

## Emergence of power

"The task before us all is that of educating our people and here institutions like the Church, the educational sector and black business, both the formal and informal sectors, should all be involved and co-operate where this is possible," he added.

Mogopa said blacks should guard jealously projects like the African Bank because it heralded the emergence of black economic power. "It was and is an important development because black people have been subsidising and perpetuating their oppression for too long."

He warned against "suicidal tendencies" such as the burning of houses, schools and shops in the townships in the heat of the uprisings. "... the violence that went with it, no matter who perpetrated it, only made things worse. After two days there was no food in many of the townships and the order was that no-one should go to town to replenish supplies.

"A loaf of bread does not go far enough. One can't theorise on hunger. It can be a motivating force but it can be a useful tool of manipulation," Mogopa said.

# OFS CP boycott

Sowetan 11/8/89

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A NEW black consumer boycott against Conservative Party businesses has erupted - this time in the small Free State town of Parys on the Vaal River.

Although Parys - unlike Boksburg and Carletonville - does not have a CP-controlled town council, boycotters have identified CP businesses in the town and have begun to withdraw their custom. A list surfaced in Parys this week identifying about 36 businesses - including one medical practice and two or three legal practices - owned by CP supporters.

According to residents of the town the list has been circulating in the black areas of Parys.

The managers of a pharmacy named on the

list said yesterday that several black customers holding accounts with them, had been in this week to close them.

They were convinced that the National Party was responsible for drawing up the list.

NP election workers denied this. However, one said: "That's what should

happen - boycott the right people."

Officials at the CP's election office said - without naming the NP - that the boycott was "a clear sign that the CP was winning the election in Parys and that certain instances were trying to disadvantage the CP."

# Motor industry runs into supply problems

Star 11/8/89

Finance Staff

The motor industry's ability to meet the demand for new vehicles is coming under further pressure as a result of industrial action in sectors of the component supplier industry and at various vehicle manufacturing plants.

Outstanding orders continue at a high level and the National Association of Automobile Manufacturers (Naamsa) warns that recent production losses will aggravate an already precarious dealer inventory position and result in lower new vehicle sales during August, 1989.

New car sales in July declined marginally by 0,6 percent to 19 847 units from the 19 973 units sold during June.

Compared with the corresponding month of July last year the year-on-year decline was 171 units or 0,8 percent.

January to July new car sales increased marginally by 0,4 percent to 132 730 units (132 205).

Total new vehicle sales for the seven months to July were 0,9 percent up at 207 745 (205 904 for the same period in 1988).

Sales of new light commercial

vehicles during July, 1989 increased by 2,3 percent to 10 810 units from the 10 563 units sold in June, 1989.

July sales of medium commercials and heavy trucks and buses declined by 11,3 percent and 14,4 percent compared to June sales.

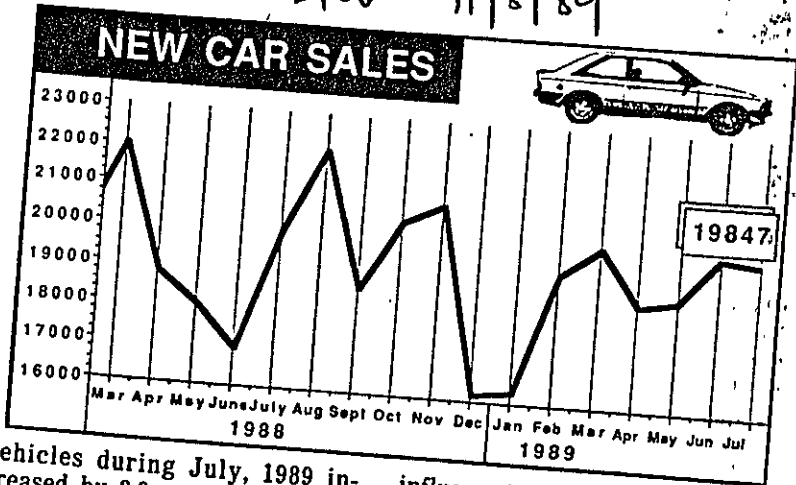
Naamsa said that July normally represented an above average sales month and that vehicle sales totals for the month had been in line with industry expectations.

The organisation said replacement demand by the corporate fleet sector and car rental sector, underpinned by strong corporate earnings, remained the dominant

influence in the market.

Naamsa went on to state that many corporations had resorted to forward buying to pre-empt expected new vehicle price increases and this trend had been reinforced by the uncertainty about the impact of the new local content programme on future vehicle pricing.

Whilst continuing strong demand would underpin new car and light commercial vehicle sales in the next four to five months, the market remained vulnerable to any sharp slow down in the level of aggregate domestic spending said Naamsa.



# Property trusts are all the rage

Skd 12/9/87

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**LIKE Cinderella, property trusts have become a sparkling overnight success.**

They are currently the hottest stocks on the Johannesburg Stock Exchange, with institutional buyers clamouring for a limited supply of stock.

This week the surge in property trust shares reached fever pitch with the index rising very close to peaks reached just before the market crash in October 1987.

For years property trusts have underperformed virtually all other sectors on the JSE, due to their poor earnings performance. Since the property trust index reached its post-crash low of 107 in November last year, the index has soared by close on 70 percent, with some property trusts doubling in value during this time.

Like all other sectors on the market, property trusts recorded strong growth during the first quarter of this year. But after a period of consolidation, which lasted until the beginning of May, the index soared from 130 and now stands at around 170. This surge is directly related

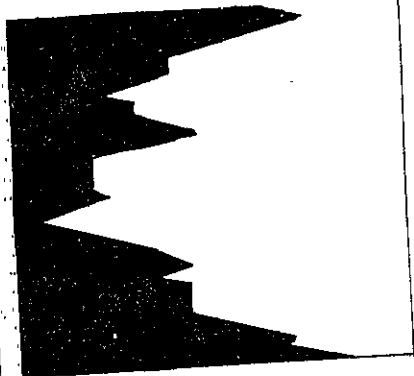
**MAGNUS HEYSTEK**  
Finance editor

to the changes in Prescribed Asset Requirements (PAR's) announced during this year's Budget which allows institutional investors greater investment flexibility.

Institutions, like life insurance companies and pension funds, now have the discretion to put up to 65 percent of their investable funds in equities, 30 percent in property and the rest in gilts and cash.

But property trusts really only entered the spotlight as a result of a decision by the Registrar of Financial Institutions to classify property trusts as property and not shares. Due to its rather pedestrian performance the sector has been neglected by investors.

Property trusts are widespread investments in prime commercial, industrial and in some cases residential properties. These trusts are managed by management companies who, after allowing for operating expenses and management fees, pass on all earnings to shareholders.



**Property index surges on the JSE.**

SOURCE: Stock Market Solutions.

What makes property trusts particularly appealing, especially to pension funds and charitable institutions, is that the earnings are not taxed at source, but only in the hands of the ultimate holders. Property trusts receive their income from rentals of the buildings under their control, a factor which is obviously influenced by the state of the general economy.

Rentals tend to rise, albeit with some time-lag, in response to improved economic conditions, while rentals might decline in real terms in an economic downturn.

Currently, property analysts still remain bullish about the immediate prospect for property trusts.

Mr Nikki Vontas from JH Isaacs Real Estate has recently completed an in-depth study on the property trust sector for stockbroking firm Frankel, Kruger, Vinderrine and predicts that it could outperform the financial and industrial sector in the next six months.

Mr Vontas feels that the index could reach 200 before the end of the year as a result of a fundamental re-rating of property in the country.

Prime commercial property is still in great demand, reflecting optimism about the expected performance of the economy next year.

This will result in significant adjustments to rental levels when rentals come up for renegotiation, says Mr Vontas.

THE National Party in Parys has vehemently denied that it is in any way involved in organising a black consumer boycott against Conservative Party businesses which is erupting in the Free State town.

This follows the circulation of a list in Parys identifying 35 local businesses as owned by CP supporters.

Despite the fact that Parys is not CP-controlled, black consumers are being urged to withdraw their custom from the targeted businesses.

The list, which surfaced in the town earlier this week, includes the names of butcheries, hardware stores, two garages, a bakery, two pharmacies, and a medical and legal practice.

Several of these local business owners contacted by The Star today and

# NP denies that it organised CP business boycott

**MELODY MCDUGALL**  
**Vereeniging Bureau**

remarked they were aware of the boycott action, but the majority agreed "business was booming".

Most of them also accused the National Party of being responsible for organising the boycott action.

One butcher said: "Business has never been better." He blamed the National Party for the boycott and accused the party of placing "a good,

but cheap advertisement" for the CP businesses.

Only one businessman admitted that his shop had been identified as a target a long time ago due to him being a founder member of the CP.

He said the issue was not new to him as he had not only been boycotted by blacks since then, but also National Party supporters.

He added that several of the businesses on the latest list were, in fact, owned by National Party supporters who had not

been willing to make contributions to NP funds.

"It is so obvious that this boycott action has been organised by the National Party as an election ploy. They are trying their best to create a situation of chaos because they know they will never ever again win the Parys seat.

"What they are doing is reprehensible and is sure to boomerang on them."

A National Party organiser at the party's election offices in Parys vehemently denied that the party had anything to do with the boycott action. He said they had found a list with the names of the targeted businesses under the door yesterday, and the party was not aware of the identity of the group of blacks who had initiated the boycott.

(Report by M McDougall, 47 Sauer Street, Johannesburg).

# Massive US and Canadian investment planned for blacks

Star 12/9/89

**JABULANI SIKHAKHANE**

THE United States and Canada are considering a "massive" investment in black business ventures in South Africa.

The US programme is part of the campaign to support the 'victims of apartheid' as laid down in the US 1986 Comprehensive Anti-apartheid Act.

Barry Walkley, Press information officer at the US embassy in Pretoria, confirmed this week that AID was investigating the feasibility of a private venture capital company to make 'commercially viable investments' in black business.

The project is part of AID's seven-year Black Private Enterprise Development Project (BPEDP) launched in 1987.

Financial assistance will be targeted at initiatives supporting micro and small black enterprises, facilitating black participation in the primary economy, and strengthening the capacity of black business institutions to describe and articulate alternatives to the economic inequities caused by apartheid.

## Managerial talent

AID has also had discussions with the US Export-Import Bank (Eximbank) to investigate the feasibility of making the Bank's services available to black business.

The emergence of black business institutions, according to a USAID document, is critical to the development of a successful black-controlled South African economy.

Such ventures, the document says, can serve as vehicles for building black managerial talent and as catalysts for further black economic empowerment.

"Moreover in a community where capitalism often connotes racism, these institutions can provide visible examples of business working for, rather than against, the interests of black South Africans," it says.

# Nafcoc sponsors attacked

30  
C.M. van  
13/8/89.

IT is with disgust that I read about the Nafcoc congress at Sun City.

The Western Transvaal African Chamber of Commerce (Wetacoc) and King Food – where I am a worker – are sponsoring the congress.

Let me tell you about the role played by Wetacoc in the region. Progressive organisations have called meetings to discuss the welfare of the community but the chamber has never attended or even made excuses.

It is surprising that they can afford to host a congress at an expensive, controversial place like Sun City. It shows who their bedfellows are – the capitalists.

The same goes for King Food.

On July 27 this year, we went on a wage strike. After a tough battle we achieved our goal. To our dismay we have found that our company is co-hosting Nafcoc's congress.

We are not against the company assisting outside organisations. What we are saying is that charity begins at home and the company should spare a thought for the people who make the profits – the workers.

The participants should be troubled by their conscience because they give bodies like Wetacoc unwarranted credibility and enhance the image of King Food as a caring company, while its workers had to down tools for better wages. – **Struggling worker, Potchefstroom**

# Natcooc demands slice of cake

## Black business should steer its destiny, delegates told

By ZB MOLEFE

BLACK organised business is on the warpath, the four-day National African Federated Chamber of Commerce (Natfooc) conference heard this week.

Natfooc deputy president Moses Nxumalo urged black businesspeople to be key decision-makers "in what kind of (economic) cake should be baked and how it should be baked and divided".

More than 2 000 delegates from the black chamber's 18 regions countrywide and from a number of neighbouring states attended. Said Nxumalo: "We should begin to shape our economic destiny. We no longer want to share the fruits of our economic system. We want our orchards. This should be Natfooc's vision for the future. Natfooc's goal, Natfooc's contribution towards South Africa's liberation."

Earlier, delegates who packed Sun City had listened to speeches at the tough no-punches-pulled 25th anniversary conference on "re-dedication towards hastening a new socio-economic order in South Africa".

One of these was US economic academic Prakash Sethi who addressed the problem of economic rights for the disenfranchised citizens of South Africa.

He suggested several challenging solutions to black economic empowerment for black South Africans.

Black small business and the informal sector were encouraging signs, said Sethi. And the country's black taxi industry "is a shining example of what can be accomplished".

The Central Statistical Service estimated that the informal sector added almost three percent to South Africa's Gross Domestic Product, pointed out Prof Sethi.

But he warned: "Although based on my own studies and those of other academicians and experienced observers, I consider this figure to be exaggerated."

Sethi went on to say organised black business would be fooling itself if it regarded these figures as a sign of black progress.

"They don't even begin to address the serious deficiencies that exist in the South African society with regard to blacks' economic condition."

"We must, therefore, initially aim at creating and gaining control of intermediate-sized companies in the low to medium tech industries."

"Our goal here would be that by the year 2000 black-owned and controlled businesses must account for 25 percent or more of South Africa's Gross Domestic Product."

At least 25 percent of the total capitalisation of the companies listed on the Johannesburg Stock Exchange should be black-owned and controlled."

Soweto community leader Dr Ntshato Motlana said the existence of the black businessmen's chamber was "a minor miracle in our conflict-ridden community".

But Motlana - who officially opened the conference - was critical of black dependency on overseas financial hand-outs. He told how he and a number of black medical doctors years ago battled to build and run Soweto's private clinic, Lesedi, amid great difficulty.

Natfooc president Dr Sam Molsuanyane, pointed out the strides his organisation had made in connecting black business across the African continent.

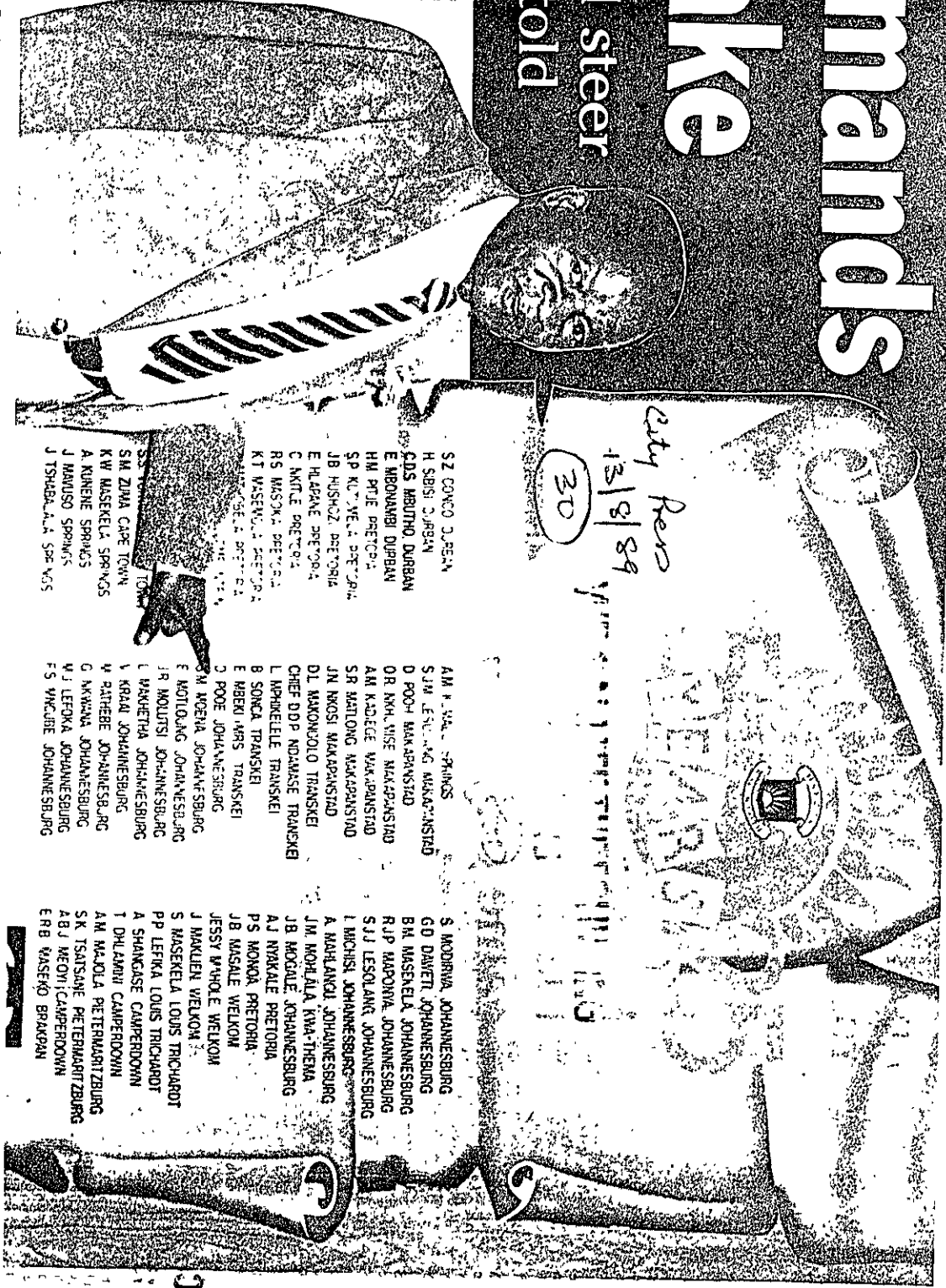
"Let us go forward in faith into the next 25 years. For the future holds greater stores of hope for our people. But hope alone is not enough. What we are called upon to do is building a better future for ourselves, is to think, to plan and to implement our dreams and visions," said Molsuanyane who was honoured for his 21 years of leadership.

Other speakers included Ideaz's Frederick van Zyl Slabbert who spoke on post-apartheid South Africa and Institute of Race Relations president and Methodist Church Bishop Stanley Mogoeba.

"Organisations like ours have survived many difficult years. Many organisations die in their infancy. There was a time when blacks were known as good starters but hardly finishers," said Mogoeba.

David Poole (above) ... one of Natfooc's founding fathers honours the chamber's founders.

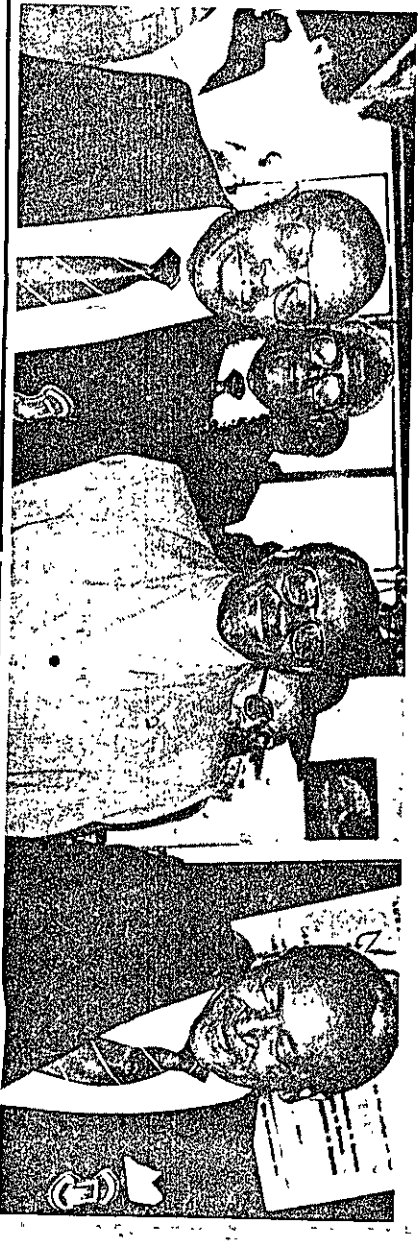
Right: Marching with confidence into the future after 25 years of Natfooc's existence are (from left) the first vice-president Archie Nkonyeni, guest speaker at the conference held at Sun City, SA Institute for Race Relations president Bishop Stanley Mogoeba and long-standing Natfooc member G Gadi. Walking in the background is president Dr Sam Molsuanyane who has served the chamber for 21 years.



- SZ CONCO JOHANNESBURG
- H SIBISI DURBAN
- GDS MOUTHO DURBAN
- E MBOUNABI DURBAN
- HM PILE PESETO
- SP KUYEJA PESETO
- JB HUSHOZ PESETO
- E HLEDANE PESETO
- C NKETE PESETO
- RS MASOJA PESETO
- KT WASENGA PESETO
- SM ZINA CAPE TOWN
- KW MASENELA SPRINGS
- A KUNENE SPRINGS
- J MADISO SPRINGS
- J TSHABA A.A. SPRINGS

- AM K. V. V. PHANOS
- SJM LETSING MANKONSTAD
- D POOH MANKONSTAD
- OR NKH. VISE MANKONSTAD
- AM KADLEE MANKONSTAD
- SR MATLONG MANKONSTAD
- JM NKOSI MANKONSTAD
- DL MAMONKOLLO TRANSCAI
- CHEE DDP NDAMASE TRANSCAI
- L MPHHELELE TRANSCAI
- B SONKA TRANSCAI
- E MEBENI MRS TRANSCAI
- J POOE JOHANNESBURG
- SM MOENA JOHANNESBURG
- EM MOTIDANG JOHANNESBURG
- JR MOUTSI JOHANNESBURG
- L WAKHETHA JOHANNESBURG
- 1 KBAZI JOHANNESBURG
- W RATHIBE JOHANNESBURG
- G NKWANA JOHANNESBURG
- WJ LEDOGA JOHANNESBURG
- F S WACHERE JOHANNESBURG

- S MODIRWA JOHANNESBURG
- GD DAVETTI JOHANNESBURG
- BM MASENELA JOHANNESBURG
- RJP MARDWA JOHANNESBURG
- SJJ LESOLANG JOHANNESBURG
- L MCHISA JOHANNESBURG
- A MAHLANGI JOHANNESBURG
- JM MOHLALA KMA-THENA
- JB MOGAELE JOHANNESBURG
- AJ NRIKALE PRETORIA
- PS MONQA PRETORIA
- JB MASALE WELKOM
- JESSY M'HOE WELKOM
- S MASENELA LOUIS TRICHAARDT
- PP LEFIRA LOUIS TRICHAARDT
- A SHANKASE CAMPBROOK
- T DHLAMINI CAMPBROOK
- AM MALOLA PETERMARITZBURG
- SK TSATSANE PETERMARITZBURG
- ABJ MEONI CAMPBROOK
- EBB MASEKO BRAKPA





**JULIE**

S/Times 3/8/89

## Property loan stocks in the sun

PROPERTY loan stocks are in great demand because investors expect a change in their classification.

Loan stocks are listed in the property sector of the JSE, but they are more closely allied to the property trust sector.

They differ from true property trusts in that they can borrow within limits, and pay for acquisitions by the issue of units.

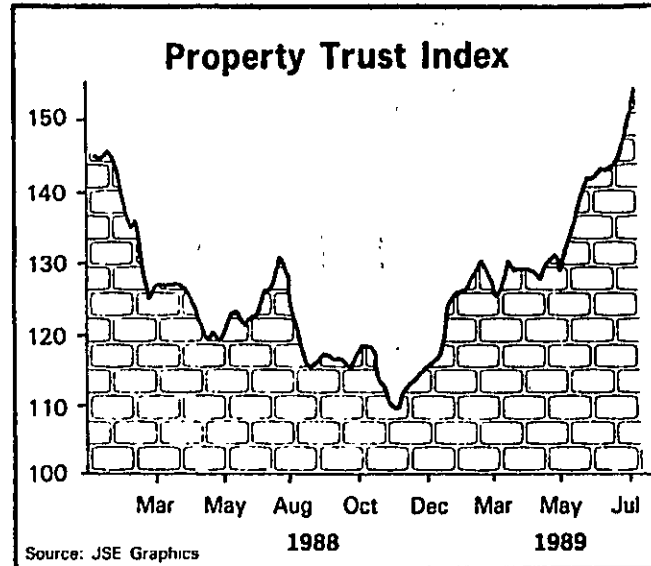
A property trust is restricted from borrowing, and from issuing units, whereas property companies can be managed as the directors see fit, and as such are associated with higher risk.

Property-share analyst John Rayner of stockbroker Max Pollak & Freemantle describes the JSE's property sector as schizophrenic.

He refers to the inclusion of companies whose operations range from mine dump retreatment to construction and broad investment trusts.

The misunderstood loan stocks got together and formed an association of which Retprop's Howard Schachat is chairman.

Mr Schachat says loan



stocks were specifically designed to get around the restrictions placed on property unit trusts, but in such a way that investors gained a spread in prime property.

On Monday, the association warned that the Registrar of Financial Institutions had favourably received representations that loan stocks be classified as fixed property for the purposes of prudential investment guidelines regarding the new prescribed asset requirements.

### AVERAGE

Under the new requirements, insurance companies may have up to 65% of their funds in equities and up to 30% in physical property.

But the average insurer has only 12.5% in property, and pension and provident funds average only 9%.

Mr Rayner explains the significance.

"When property trusts were reclassified as physical

property it allowed institutions more cash for direct investment in equities. The property trust index has boomed by 50% since November last year."

It reached a high of 169 last week when all the counters were well bid.

Loan stocks are going the same way.

Since March, Retprop debentures are up 95c at 525c and Pangbourne at 510c is up from 360c last September. Higate has climbed from 400c to 550c since December.

Mr Rayner believes that yields on property trusts and loan stocks will look even more attractive when interest rates start to fall. This is because rental income growth is built in. Rents have accelerated rapidly in the past three years.

Mr Schachat says the association is lobbying the JSE to consider a separate property sub-sector to house loan stocks in order to overcome their identity crisis.

# NP initiates Krugersdorp 'Indaba' <sup>(30)</sup>

By Gien Elsas, West Rand Bureau  
A group of about 30 Krugersdorp businessmen has met to form a Krugersdorp "Indaba" in which people of all races could meet to discuss matters concerning the community.

The meeting was initiated by Krugersdorp's National Party candidate in the forthcoming election, Mr Leon Wessels, Deputy Minister of Law and Order. ~~Star~~

Among those present were Kagiso's mayor, Mr Eddie Moketsi, and deputy mayor, Mr David Modiba, representatives of the Krugersdorp Town Council, local Chamber of Commerce, businessmen and industrialists.

Mr Wessels said the idea had been born as the majority of South African communities lived a polarised existence. ~~Star~~ 14/8/89

Mr David Modiba said it was very necessary for Krugersdorpers to talk.

"I feel sorry for Krugersdorp and I pity Krugersdorp," said this Krugersdorp-born man.

"I used to be proud to say that I was

born here, now I am embarrassed. We, the population of Kagiso, can emasculate this town financially if we stand together," he said. ~~Star~~

Chamdor, he said, was an example of an industrial area that depended entirely on Kagiso for its labour force but Krugersdorp reaped the benefits in the form of taxes. He warned that Krugersdorp was an island on its own which could be completely isolated.

"Together we can build a beautiful country which is a home for all to live in peacefully. If South Africa is to survive we need to some serious thinking and communicate daily on a local community level," he said.

Mr Richard Josephs of the local Chamber of Commerce said it was time for the town council to stop its baby talk and to meet people, no matter what their colour was. The meeting ended on a positive note with the prospect of an organisation, similar to the now disbanded Regional Development Association, being established after the elections.

Sowetan 14/8/89.

30

1989

## Businessmen off to Lusaka

A TOP-LEVEL Assocom delegation led by its president, Mr Sid Matus, left for Zambia yesterday and will meet President Kenneth Kaunda early this week.

The Association of Chambers of Commerce delegation will also be meeting Cabinet colleagues of Dr Kaunda.

The main purpose of the meeting is to have an exchange of views between senior representatives of South African business and Kaunda in his capacity as chairman of the Frontline states, on issues such as:

- \*Stability and economic co-operation in southern Africa;
- \*Namibia, the economy and the independence process;

### Opportunity

\*The role of business in the process of reform in South Africa; and

\*Prospects on the forthcoming general election in South Africa.

"This meeting will create a special opportunity for representatives of private enterprise in South Africa to emphasise their stake in stability and progress in southern Africa and South Africa," Matus said.

The delegation will report back to Assocom and the Government soon after its return to South Africa. - Sapa.

(News by P Srijdom, 141 Commissioner Street, Johannesburg.)

# Black business still in the cold

By JOSHUA RABOROKO

AFTER 25 years of struggle for economic advancement, black businessmen in South Africa were still far from having a stake in the economy of the country.

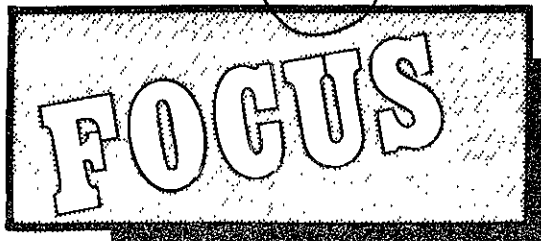
This message came across loud and clear during the 25th annual conference of the National African Federated Chamber of Commerce held at Sun City last week as the organisation charted its way forward while looking at the past.

Economic growth and prosperity, which provided people with increased resources with which to restore their dignity as human beings, were still denied them.

Because of the constraints on black businessmen over the years, ventures such as Black-chain, the African Development and Construction Company, the African Bank and the A-Train suffered, while others collapsed.

However, Nafcoc president Dr Sam Motsuenyane believes that there has been an improvement over the past few years and that disruptive effects of socio-economic environment which affected black business were less severe.

According to him lesser businesses were destroyed than during the earlier upheavals that



rocked the country in recent years.

"A very pleasing and noteworthy development which can be quite clearly deduced from the majority of black businessmen is the growing awareness of black business people to respond to the new challenges and opportunities in their areas. They also feel like participating in various social welfare projects in their communities".

## Importance

According to him, of equal importance is the growing contact of black entrepreneurs with the corporate world, which will hopefully lead to the creation of new and expanding opportunities for black business, more especially in the services and manufacturing sectors of the economy.

The establishment of a black business unit in the Anglo American Corporation to address this crucial need is undoubtedly a very welcome positive development at this stage, he says.

An important investigation was being undertaken with the financial support of the Agency for

International Development Aid to determine how Nafcoc should be administered and revitalised so as to adequately cater for the complex needs of the rapidly growing and sophisticated black business sector.

This investigation, which covers a wide field of inquiry, was conducted by two black consulting companies.

The proposed strategies are specifically aimed at helping Nafcoc to achieve a greater measure of organisational effectiveness, financial independence, efficiency in administration and increased representativeness of the black business community.

## Upheavals

Black businessmen must make every possible effort and use every conceivable and legitimate means, to gain greater economic power and ensure basic standards for their people.

In the introductory part of Nafcoc's Five Year Plan 1985-1990, it was stated that the years between 1985 and 1990 would probably witness the greatest upheavals or reforms in South Africa's history.

During this period of tremendous uncertainty and possibilities, Nafcoc is expected to continue to serve the country as an instrument of positive and creative advancement for the black community. It was also anticipated that in the face of growing social and political tensions in Southern Africa, black unity was likely to suffer some severe setbacks.

"The plea directed at members is that whatever happens, it would be a tragic error for this supreme objective of black unity to be surrendered or compromised," Motsuenyane said.

In its bid to seek black

economic advancement Nafcoc has resolved to:

- Restructure itself so it can encompass all business sectors.

- Strengthen its administrative capacity by adopting a sound financial and information management system.

- Launch a membership drive along with the upgrading and streamlining of member services.

- Work out a fund raising strategy that will ensure ultimate financial independence.

In the light of problems encountered by blacks in raising finance, the financial institutions are called upon to evolve innovative schemes that would enable blacks to have access to loan finance. The African Bank is specifically called upon to take a lead in this regard.

Nafcoc has also resolved to encourage black entrepreneurs, to look beyond the distributive business sector into manufacturing. It has also created a retailing committee charged with the responsibility of organising black retailers into buying syndicates which could ultimately develop into black wholesale undertakings.

This committee has been mandated to mobilise financial support.

## Profits

He said the African Bank is continuing to grow and to generate increasing profits.

"The problem we face in the short term is to train competent managers," he said.

"To those who are genuinely committed to the ideal of black economic empowerment the African Bank provides the vehicle and your support will undoubtedly transform a dream into reality in our time."

Nafcoc is envisaging to sell shares in the Soshanguve shopping centre to individuals, so it can be owned by the members as well as the community.

"We expect all Nafcoc members and any member of the black community to acquire at least



Dr Sam Motsuenyane.

one share at the centre. A person can get any number of shares but not more than five percent of the value of the complex.

It is vital that Nafcoc should have its own insurance company, but problems have emerged. How to raise the initial capital to register a black insurance company which is estimated to amount to no less than R10-million; and secondly, where to find management to run the company efficiently and profitably.

"These problems are by no means insurmountable, but the right answers should be found sooner rather than later," Motsuenyane said.

Nafcoc has continued to grow in importance and visibility both in Southern Africa and abroad. This is borne by the increasing number of high level international visitors to its headquarters in Soshanguve.

It is hoped that these undertakings will help the organisation to develop financially. "Our immediate challenge and responsibility is to develop the strength and effectiveness of our organisation, so as to place us in a better position to comfortably shoulder the weight of those responsibilities that may ultimately devolve upon us," Motsuenyane said.

## Potential

All the laws never gave black businessmen any opportunity to realise his potential.

Some of the laws which restricted him have been identified by headlines such as "the establishment of black businesses which do not confine themselves to the

# Big aid plan for SA

THE United States and Canada are considering a "massive" investment in black business ventures in South Africa.

The US programme is part of the campaign to support the "victims of

apartheid" as laid down in the US 1986 Comprehensive Anti-apartheid Act.

Barry Walkley, Press information officer at the US Embassy in Pretoria, confirmed this week that Aid (Agency for Interna-

tional Development) was investigating the feasibility of a private venture capital company to make "commercially viable investments" in black business.

The project is part of Aid's seven-year Black

Private Enterprise Development Project (BPEDP) launched in 1987.

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document says, can serve as vehicles for building black managerial talent and as catalysts for further black economic empowerment.

"Moreover in a community where capitalism often connotes racism, these institutions can provide visible examples of business working for, rather than against, the interests of black South Africans," it says.

# US poised to back black business

THE US Agency for International Development (Usaid) is looking into the possibility of a private venture capital company to invest in SA black business.

US embassy Press information officer Barrie Walkley said yesterday Usaid believed this would enhance blacks' participation in the SA economy and assist them to assume greater control over their own economic destinies.

"Usaid is in the final stages of selecting a black-controlled SA consulting firm to assist in investigating specific issues related to the feasibility of possible US assistance in forming a private company to invest in black business (in other words, a private venture capital)," said Walkley.

He said Usaid's interest in such a project reflected a conviction that SA's capital

~~TOP SECRET~~ <sup>1/10/89</sup>  
THEO RAWANA 30  
15/8/89

markets could be an important ingredient in black participation in the economy.

"The current stage of pre-feasibility investigation focuses broadly on the feasibility of venture capital to the black entrepreneurial market. Lack of capital is an unquestioned obstacle to black business; whether venture capital is the best means of addressing this hurdle is a wholly separate issue," said Walkley.

He said the present study was to investigate the needs and characteristics of the "emerging black entrepreneur".

"The US embassy emphasises the preliminary nature of this study," Walkley said.

# SBDC Entrepreneurs of the Month

By AUDREY D'ANGELO  
Financial Editor

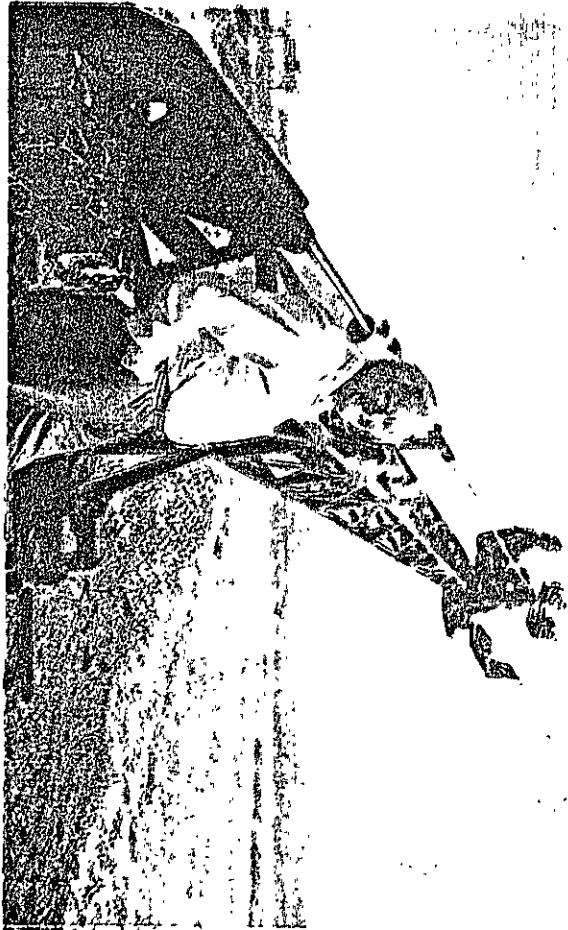
**SUCCESS** in the export market is not restricted to large firms. Wolfgang Thomas, regional director of the Small Business Development Corporation (SBDC) in the Western Cape, pointed out yesterday.

A survey by the SBDC Cape Town office has confirmed that some of its clients are doing well with overseas sales — and the weakness of the rand is boosting their exchange rate profits.

Urging other small manufacturers to consider exporting, Thomas said that in addition to high rand returns it could mean more stable demand for industries with seasonal local markets, and protection against cyclical downturns in SA.

The Western Cape SBDC Entrepreneur of the Month award has been shared between three companies with growing export sales — Filmair, Firefite and Gabler Medical.

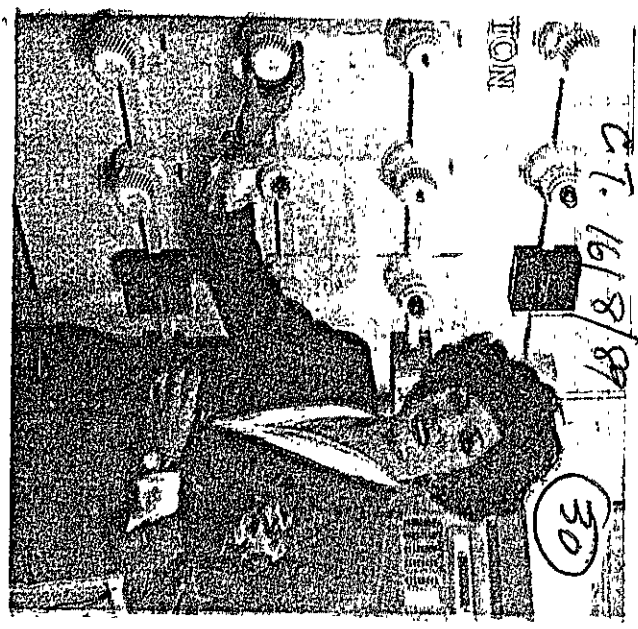
Filmair was started by Ken and Deanne Eddy, both of whom have an engineering background but have been in the film industry for many years.



**Ken Eddy and his wife Deanne (above), of Filmair, demonstrate one of their light, versatile cranes which are used by film crews in Europe and the US.**

when Ken discovered that imported equipment for aerial cinematography was too expensive for the SA market. He manufactured a helicopter mount which he used to shoot all the footage for the multi-award winning Satour production "A World in One Country". Deanne, who is believed to be the first woman in Africa to hold a helicopter pilot's licence, did the flying.

They started exporting helicopter mounts and cranes with immediate success. When the



**Margerett Macfarlane, an executive director of Firefite, with some of the advanced fire detection equipment exported to nearly 20 countries.**

"Shaka" epic was being filmed. Ken designed a light versatile crane, the Giraffe, with more reach than any other available. Overseas companies were immediately interested.

Filmair has a London office and its turnover has increased tenfold in about five years. It is currently building new premises in Paarden Eiland for further expansion.

Firefite was started 20 years ago by Robert and Margerett MacFarlane working from home. In the beginning, they installed imported fire detection equipment in

factories and offices. Then they began to manufacture their own and now they have 70% of the SA market and export to nearly 20 countries.

Robert's brother Malcolm and his wife Minnie, who joined Firefite 10 years ago, now run a technical support centre in England.

Reiner Gabler of Gabler Medical, which is steadily building up exports of hospital equipment.

Margerett concentrates mainly on the export market, working closely with the office in England, and stresses that it is vital never to fall down on delivery dates.

Firefite, which is believed to be still the only SA manufacturer of fire detection equipment, divides its market equally between export and domestic sales at present. It employs 160 people.

Gabler Medical was founded 26 years ago by Reiner Gabler's father, to repair and maintain hospital equipment. It began to manufacture its own products and gained a major share of the SA market.

About two and a half years ago, soon after Reiner Gabler joined the firm, it was decided to search actively for export markets. Reiner has spent about five months abroad in the past two years, achieving export orders amounting to 5% of annual turnover.

This is expected to reach 20% of turnover in the coming year.

Reiner stressed that it was important to research target markets, gaining a thorough understanding of local conditions and finding out the key players.



**Reiner Gabler of Gabler Medical, which is steadily building up exports of hospital equipment.**

# Business

8

THURSDAY, AUGUST 17

## Granada drops

From SYLVIA DU PLESSIS

JOHANNESBURG. — The weak rand has prompted UK television rental giant Granada to disinvest its 42% stake in Teljoy SA, worth R70m.

The pullout — for financial reasons — is expected to be confirmed next week. Aside from the weak rand, Granada is apparently also motivated by a desire to focus its operations in Europe and raise more capital.

Industrial holdings group Federale Volksbeleggings (Fedvolks), which already holds 27% of Teljoy, will bid for Granada's shareholding, a source close to the deal said yesterday.

Speculation of the takeover has intensified since Teljoy's warning to shareholders on Friday to exercise caution when dealing with the group's shares.

However, shareholders appear to have adopted a wait-and-see attitude. Teljoy shares closed unchanged yesterday at 290c, 10c off the 300c recorded when the cautionary was issued.

Neither Teljoy nor Fedvolks would confirm the deal.

*GM Teljoy 17/8/89*

## Weak rand prompts R70m disinvestment

*30*

Fedvolks MD Johan Moolman said yesterday he did not want to comment on whether the speculation and the cautionary were linked.

However, he conceded that it would be "logical" for the group to want to increase its shareholding in Teljoy. He was happy that Fedvolks had a stake in Teljoy, since it was performing well and broadened Fedvolks' base.

Teljoy chairman Theo Rutstein, a major minority shareholder, also declined to comment on the rumours, but said he was not planning to sell his own shares in the group. He added that an announcement regarding the cautionary would be made late next week.

Granada is the second largest TV rental



# Giving blacks boost

THE National African Federated Chamber of Commerce has welcomed moves by the United States Agency for International Development (Usaid) to investigate the possibility of a private venture company that would invest in black businesses in South Africa.

But Usaid has warned

By JOSHUA RABOROKO

that such a company should also reach out to rural areas and not confine its operations to the urban areas. (30)

Nafcoc's public affairs manager, Mr Gabriel Mokgoko, said the proposed company should recognise the perspective of a unitary South Africa in its dealings and not fall into the trap of perpetuating divisions created by government and its parastatals. (30)

US Embassy press officer Mr Barrie Walkley said Usaid was in the final stages of selecting a black controlled South African consulting firm to assist in investigating specific issues related to the feasibility of possible

Sowetan 17/11/84  
US assistance in forming a private company to invest in black businesses.

Usaid's interest in such a project reflected a conviction that SA's capital markets could perhaps be an important ingredient in enhancing black participation in the economy and of assisting blacks to assume greater control over their own economic destinies and to share more equitably in the economy of the country.

He said the current stage of the pre-feasibility investigation focuses broadly on the suitability of venture capital to the black entrepreneurial market.

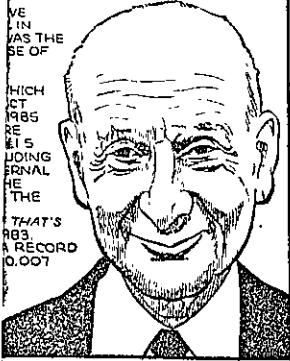
"Lack of capital is an unquestioned obstacle to black business; whether venture capital is the best means of addressing this

hurdle is a wholly separate issue.

"To help resolve this question, Usaid's present study centres mainly on developing a better profile of the precise needs and characteristics of the emerging black entrepreneur," he said.

Mokgoko said the notion must be welcomed because if successful it will assist black business overcome the legacy of past discrimination in which blacks throughout the country were unable to raise the necessary collateral to start a business; to raise working capital and to raise capital for expansion.

He said venture capital might not necessarily be the best means, but was a viable option in a country where few options for financing black business were available.



# It pays to advertise

VUSI N was one of my first clients when I joined the CDB some years ago. Vusi was a plumber.

He had gained his experience over many years in the building industry working first as a carrier of tools to a white plumber (this was in the days of rigidly enforced job reservation) but as we all know most "carriers of tools" ended up doing the work anyway.

Yet another recession in the early '80s led to Vusi finding himself on the street trudging from building site to building site looking for work - any work.

But in those dark days in the building industry work was not to be found.

Vusi came to the centre at Wits as a result of seeing one of the centre's advertisements in *Sowetan*. He had missed the Running Business from Home course which had been advertised but I invited him in for a personal consultation.

During the course of our discussions it became evident that Vusi was in possession of more than just technical plumbing skills - he also had a



## SOWETAN BUSINESS

In this article Mel Brooks, a senior consultant and lecturer in Marketing at Wits University's Centre for Developing Business, writes about a case from his files and how advertising helped get a business growing. Mel Brooks and his colleagues will be regular contributors to the *Sowetan Business* supplement.

personality that inspired confidence.

He was interested in starting his own plumbing business. I explained that the very circumstances that were preventing him from finding a job would inhibit any progress in starting a plumbing contracting business.

We talked further and eventually he came to thinking about starting a plumbing maintenance service.

There was always a demand for smaller jobs and maintenance work that needed doing and less money for equipment and stocks of material was

needed in order to get started.

Vusi went off and I was pleased to hear from him a month later when he called to say that he was getting regular calls for his services and that he was definitely no longer interested in getting a regular job again.

Two months later Vusi called again.

He said that he was happy working for himself. Sometimes he made more money than he would have had he been employed by a large business and sometimes less.

But on average he was doing all right. His problem was that being an active individual he became frustrated during periods of inactivity when there was no demand for his services.

We discussed how he had made himself known to his clients. It had been a process of slowly becoming known by means of word of mouth - he did a good job and the people he did work for told other people who in turn told other people.

Now, while the "word of mouth" process is an effective and low cost means of getting known, it takes a long time to build up a base of clients on this basis.

I suggested to Vusi that he consider placing an advertisement in a newspaper.

Being a man who was very careful with his money he initially resisted the idea - but when I explained that the cost of placing an advertisement would bring him more enquiries than he might get by spending a day trudging from place to place looking for jobs to do he became interested - we also discussed the fact that while he was canvassing he was not earning money.

He agreed to try and I am happy to report that these days Vusi does not look for work. Potential customers phone him. To render a speedy service he recently began subscribing to a radio paging service.

Advertising helped Vusi get his business going. It could help most business owners provided they advertise in the right media, have the right message in their advertisements and deliver what they promise.

Frequency is also important. It is no use advertising only once and then giving up. To create an awareness that one is there and ready to do business takes time.

Most newspapers will assist advertisers in putting their ads together.

Consider the affect that advertising has on your life. It has an affect on the type of food you buy, the clothes you wear, the car you would like to buy and what your children want (as opposed to need).

With the proper design and message in an advertisement you can bring your products and services to the attention of many people and make them want them.

# Cops promise to protect traders

SOWETO police have reassured local businessmen that they will protect them following the killing of some prominent shopowners by unidentified gunmen recently.

At a meeting called by the Soweto Independent Shopkeepers Association, (Soisa), attended by more than 300 businessmen and four senior policemen, discussions centred around the poor police response to calls by businessmen when attacked at their business premises or at their homes.

A spokesman for the Soweto Murder and Robbery Unit, Colonel Chris Oosthuisen, said his department was working tirelessly to combat crime in the township and urged shop-owners to call police at the radio controlled station for prompt action. He said police would succeed in their task if businessmen trusted them.

By MATSHUBE MFOLOE

He said businessmen should call 980-8108 or 980-8104 for speedy police reaction in the event of an attack.

Colonel Oosthuisen said through the new contact he would do his best to resolve armed robbery attacks which he said were higher than last year's.

## Armed

He said armed robberies and attacks had increased by 94 percent during January and May this year.

A spokesman for Soisa, Mr Boy Shogoe, said four members of his association had been shot dead in less than three months this year.

They were: Mr Joe Malinga of Meadowlands; Mr Leonard Tsikang of Klipspruit; Mr David Maseko of Nancefield and Mr Stan Ramagaga of Pimville.

He said the culprits were not known.

"We are attacked by a faceless enemy... somebody is prepared to see us killed. We have become targets of senseless killings... but we do not receive prompt reaction from the police," he said.

Lieutenant-Colonel Zolina Nondabula warned shopowners to be vigilant of bogus "policemen." He said residents were "entitled to their democratic right" to ask for positive identification from those claiming to be policemen.

He was reacting to a complaint by shopowners that they had been robbed of cash from their homes by people claiming to be policemen. He assured shopowners that their problems would be discussed further with Soweto Divisional Commissioner of Police, Major-General J J Viktor shortly.

30 8/day 17/08/89

# How business can

# ensure the market

# economy's future

MURRAY HOFMEYR, JCI chairman

**T**HE BUSINESS community has a duty to itself to act to secure the future. Until now it has shown no evidence of responding cohesively to changing political circumstances, mainly because it has been unable to reconcile its diverse political strains.

So it has looked to government to do the job, and government has failed because it is itself trapped in the power conflict. But there is enough common ground in the business community to provide a basis for action, if action really is required. That common ground has to do with the market economy and ensuring its survival.

While the business community is agreed on the need for a market system, the system itself is under threat because inequality encourages attitudes in black people that are hostile to it. Or, put differently, inequality and the under-participation of blacks in the entrepreneurial economy predisposes blacks — or a great many of them — to the view that a better system for a future SA would be socialism rather than capitalism.

**M**y own view is that there is little the business community can do to change this through argument alone. Black people are unlikely to be persuaded, even by citing the failures of socialism elsewhere in the world, that socialism is inherently a failed system. It is more likely that they would see such argument as an attempt on the part of whites to perpetuate their privilege.

So a different way needs to be found even if it means working with, rather than against, black ideological preferences. This might mean, for example, helping blacks in the establishment of co-operative enterprises as a means of achieving the greater black entrepreneurial participation needed.

If the survival of a market system could be secured by the relatively simple expedient of giving up some market share to co-operative enter-

prises, and through schemes of managerial secondment, the cost would be a small one. The real problem would reside in persuading black leaders of the merits of the idea.

A complicating factor would be the hostility of many such leaders, particularly trade union leaders, to any form of collaboration with the business community. They would want no part of any arrangement that would, from their point of view, cast blacks in a role of exploiting their own people. But attempts at co-operation must be made and could succeed were such suspicions to be allayed.

In short, what is needed is a restructuring of the ownership of the corporate sector. The view that such restructuring should include measures to promote black participation should not be taken to mean that other aspects of reorganisation are less important.

Privatisation is an example of ownership reorganisation. However, if reorganisation is conducted without regard to black interests, the result will be an aggravation of political conflict. We cannot escape the

fact that blacks comprise three-quarters of our total population and that their current entrepreneurial exclusion is a grave defect in our economy.

The matter, therefore, is how to include them and, because of the escalation of political conflict, how to do so quickly and with minimal disruption.

When we apply our minds to this important problem, we will come to an acceptance that a diversified strategy will be necessary. There will be a need to promote black business in the conventional sense, because there are a great number of black people who do not reject capitalism. But the strategy must also accommodate those who regard capitalism with deep suspicion, if for no other reason than that such people are numerically and politically very important.

In a final reckoning, it will make little difference whether one supermarket is shareholder-owned and therefore capitalist, and another is consumer-owned and therefore socialist. What will matter is whether

both are organised and managed on modern business principles and so contribute equally to the efficient allocation of scarce resources.

Neither capitalism nor socialism are unchanging systems. A feature of the market economy is that it is flexible enough to accommodate both capitalist and socialist institutions simultaneously.

There is an equally important way in which business can contribute to establishing a more just and effective economic and political society, and that is a matter of attitude rather than economics.

It is one of the great tragedies of our society that business has been seen by black people as supporting apartheid rather than working to break it down. That these perceptions are largely incorrect is not the relevant point. What is relevant is that ownership and management is almost entirely white, while blacks represent the great bulk of the labour force; that they were without trade union representation for a very long time; and that the representatives they presently enjoy — un-

accompanied by political rights — has inevitably meant that contacts between white and black have been, and continue to be, limited and generally adversarial.

We in business can achieve a great deal by establishing contacts with black political leaders, trade unionists and others quite separate from the area of labour and wage negotiations. We have all said from time to time that the factors that unite us all are immeasurably stronger than those that divide us, and yet we have paid little more than lip service to this conviction.

**W**e need to demonstrate our good faith by, for example:

- Our acceptance of the need for a transformation in our society — in political, economic and social terms — in order to build the just society we talk so much about;
  - Our determination to participate in correcting the inequities of the past with particular reference to education, training and housing;
  - Our willingness to discuss constructively the issues on which white and black leaders so often take different sides, for example the question of sanctions and disinvestment; or the role that employees and unions can play in managerial decisions; or the fact that employers who have facilitated the development of trade unions tend to be singled out for strike action; and
  - Our positive acceptance of the need to create opportunities for the small and informal business sector to develop and compete with the formal sector freed from regulatory constraints.
- An enormous responsibility and opportunity rests with business to become a facilitator in bringing together the diverse factions that make up our wonderful but troubled land, so that we may, at last, try to understand each other.
- This is an extract from Murray Hofmeyr's address to the annual convention of the SA Property Owners' Association in Johannesburg yesterday.

# Consolidation deal with Jazz holds back Metro's earnings

Metro reports attributable earnings 16 percent higher at R34,6 million (R29,8 million) for the year to June.

The directors say the increase would have been 24,2 percent had it not been for the Jazz consolidation.

Earnings per share were 16 percent up to 53,4c (46c). The dividend is 22,5c (21c). Operating margins rose by 2,56 percent from last year's 2,3 percent, lifting operating income 28,9 percent to R80,3 million (R62,4 million).

The comparatively generous dividend reflects Metro's growth in earn-

ings, excluding Jazz results.

MD Tony McDiarmid says the core cash-and-carry business performed well and that benefits from the focus on asset management have filtered through.

Although high interest rates and increased stock levels saw the interest burden rise to R16,9 million (R7,4 million), stock holdings were reduced to budgeted levels, decreasing net borrowings to R17million.

Metro is buying out the minorities in Jazz Stores

to take Metro's shareholding to 100 percent.

Although results at Jazz Stores were poor, Mr McDiarmid says Metro's current offer to minorities is justified by Jazz's potential profitability and substantial inherent value. — Sapa.

## Jazz fails to blow up storm

Finance Staff

Results for Jazz Stores for the 12 months to June show an increase of only 10 percent in operating income, compared with a 23 percent advance in turnover.

Management says the group felt the impact of the high cost of increased borrowings, which were used primarily to fund the Fairways acquisition.

MD Bob Williams says losses were sustained in Jazz Supermarkets. The acquisition of the Meltzers Group in 1988 had not produced expected benefits. The group has now been disposed of.

The successful Jazz Supermarket in Carletonville was, moreover, affected by the broad consumer boycott of retailers in the municipality and closed temporarily. It has now reopened and is trading well.

He says: "While Jazz has not performed in line with expectations, the operational difficulties experienced have been identified."

### Milly's Hyperette

The announcement that Hyperette, a chain of convenience stores originally owned by Pepkor, will be reversed into Milly's makes for interesting speculation. The question is whether a chain which the successful Pepkor was prepared to sell will help Milly's, which has a chequered history, or vice versa.

Hyperette did not move directly from Pepkor to Milly's, but was the subject of a management buyout, when MD Hein Ehlers took control. Ehlers makes it clear that Hyperette was not dumped by Pepkor, but that he approached the holding company and offered to buy it. After considering group strategy, Pepkor agreed.

"Pepkor had the impression that Hyperette would grow at the same speed as Pep Stores," says Ehlers. "When this did not happen, it became relatively insignificant."

Hyperette had been through the experimentation and growth pains periods. Its problem was that it could not find the right sites for additional stores and was labouring under a heavy overheads burden. Originally, Ehlers intended to run the chain as it stood, but a close look at Milly's showed that the bulk of its stores were in the southern suburbs of Cape Town, where Hyperette had been searching. In addition, absorbing Milly's would spread overhead costs and help

that problem as well.

Again Ehlers took the initiative and approached Unidev, Milly's main shareholder. Ehlers says Milly's is "highly profitable" now. The price was based partly on net worth, synergistic benefits and the same price for both Milly's and Hyperette. He has run Hyperette for five years and will have control of the new company.

Ehlers is committed to opening a Hyperette at the end of this month, but the group will then concentrate on assimilating Milly's.

Most investors are likely to wait and see what happens. Ehlers admits that Hyperette was not very profitable, but there have been substantial research costs which will not continue. Several statements have been made that Milly's has made profits in recent months and Ehlers says the stores of both chains have always been very profitable. Merging the two operations adds another ingredient which still has to show its worth, though.

On the upside, is the fact that management buyouts almost always result in major profit improvements and there certainly seems to be substantial synergy between the two. Milly's has advanced to 20c from a 12-month low of 12c, but could still be an interesting speculative purchase.

Pat Kenney

### Unsprung Springtex

Once again disappointing results have followed bullish forecasts. Interim results of Springtex were bleak, giving no support to chairman Mike Teixeira's statement in his 1988 chairman's report that "shareholders can take up their rights with confidence." As the report was dated May 5, Teixeira must have had at least an inkling of what was happening in the company at that time. Most shareholders followed his advice.

There is little comfort in the statement by David Bruce, new MD of Springtex, when the interims were published, revealing a loss of R3,1m. Bruce said it would become clear why Teixeira had left the company and was to emigrate to Portugal. Bruce must now return the organisation to profitability — a formidable task. He has appointed Costa Scamvougerous, Philip de Winter and Otto Snyman to the board. "Scam" has 15 years' direct selling experience, De Winter nine years and Snyman five years.

Bruce says the company will make a loss for the year and does not expect a return to profitability until the second quarter of 1990. Investors will be watching his progress. One hopes he will keep the market informed about developments, without unrealistic optimism. A new image is needed.

Gery Hirshon

mail 18/8/89

The announcement was made last week by David Jack, former Cape Town city planner and now MD of the Victoria and Albert Waterfront Co (V&A), the Sats-controlled company set up to co-ordinate the redevelopment.

It is a small start on what is a big project. But V&A clearly hopes it will be enough to counter a growing belief in Cape Town that the Victoria Basin redevelopment has become so entangled in bureaucracy that it will never get off the ground.

Though Jack and his team have prepared a "development framework" for the 80 ha of Sats dockland earmarked for redevelopment, there is no indication of when further development phases will begin.

Says Jack: "The plan is not final. Rather it is an investigation into opportunities so as to realise the maximum potential of the various sites."

Several interested developers have made proposals which have been considered in the preparation of the framework. Future proposals may mean the framework will be adapted further.

In effect, this means there is no deadline for proposals and the redevelopment will be adapted as and when better ideas are submitted. Inevitably, it also means that progress towards a redeveloped waterfront will be painfully slow and will serve as grist for the mills of cynics who doubt that it will ever be completed.

Since ambitious plans for the old Victoria Basin were first proposed just over two years ago then, various proposals have been made to turn the old harbour area into SA's own Fisherman's Wharf or to match the dockland redevelopments of Baltimore, Boston, London and Sydney. The V&A was formed last year with Jack as MD and UCT economics professor Brian Kantor as chairman. Sats is the only shareholder at this stage.

The apparent lack of action and a largely uncommunicative executive team at V&A has left many Capetonians under the impression that the project has run out of steam. Jack denies this, saying planning and consultations with prospective developers has been going on behind the scenes.

It is clear that he believes the redevelopment should be taken slowly after consideration of all the proposals, while Kantor apparently favours a sooner rather than later approach. However, Kantor concedes it is difficult to know just when the time is right to stop planning and get on with the redevelopment.

The pierhead redevelopment, due to start next year, includes a small brewery and tavern, 10 to 15 restaurants and food outlets, extensions to the maritime museum, two small hotels with a total of 200 beds, about 25 000 m<sup>2</sup> of retail space and parking for 3 000 cars.

The first sections are due to be completed by October next year. ■

VICTORIA BASIN

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## Slow boating

The first phase of the redevelopment of Cape Town's old harbour is scheduled to start early next year with a R160m upgrade of the Victoria Basin pierhead.

## Heavies off the boil?

The Indian summer in the commercial vehicle market appears to be at an end. Two top manufacturers have predicted a decline in sales, which almost certainly means competitive forces in the industry will sharpen.

Toyota SA and Nissan SA see some fundamental downward adjustments in the economy and have reduced their estimates of this year's sales in the heavy commercial vehicle (HCV) sector from 10 000 units to 9 500. The sector includes trucks, truck-tractors and buses with a gross vehicle mass (GVM) of 7 501 kg or more. If their estimates are correct, it could spell bad news for the industry.

However, market leader Mercedes-Benz of SA (MBSA) and the National Association of Automobile Manufacturers (Naamsa) still abide by earlier predictions that the market will absorb 10 000 vehicles this year.

Naamsa executive director Nico Vermeulen says: "The dominant force in new commercial vehicle sales has been replacement demand. In an average year, 8%-9% of commercial vehicles — currently some 1,25m units — is replaced, but this fell to 5%-6% in the first half of the Eighties. During 1987 and 1988, it recovered to the historical rate of 9%." In view of the general buoyancy in business, he sees no reason why it should drop in the short term.

MBSA's Adolf Moosbauer, whose company recently picked up an order for 700 trucks from Unitrans, claims his order book is full well into next year. He isn't surprised his competitors reduced their estimates.

"While we were having labour problems and producing only 12 units a day, many of our customers were buying our competitors' trucks. But now that we're producing 18 units a day, our customers are coming back," he says.

Nissan's Dave Scott says the slowdown in plant hire is one of the reasons why HCV sales are falling. "The full effects of the economic clamps haven't filtered through yet, but those that have are serious. Consider the effect of last year's increase in licence fees: higher GST, high interest rates and higher insurance on a R300 000 rig.

"A truck is an investment and people like to invest in a climate of confidence. And, like it or not, the prospect of an election has

caused a certain amount of hesitancy," he notes. On the positive side, Scott does not expect sales to drop too drastically. There is an ongoing boom in full-maintenance leasing, which is now allowed as off-balance sheet financing, according to accounting practice 105.

Toyota's Des Gush sees a downturn in the extra-heavy (above 20 000 kg) sector. "Vehicles in this sector, particularly truck-tractors, are badly affected by the increased licence fees, higher fuel prices and tollroads. People who should buy them are buying down."

As a consequence, there's bound to be a lot more action in the medium commercial vehicle (MCV) sector (5 001 kg-7 000 kg), where MBSA has returned to challenge market leaders Toyota, after withdrawing seven months ago. It has launched a brand new range of vehicles, and claims it intends capturing a 40% share of the 5 000-unit a year market within a year.

Responding to Moosbauer, Gush says MBSA's labour problems didn't affect truck production as badly as it did car production. He concedes MBSA will make inroads into the MCV market but adds: "We'll still be market leaders."



## CONSUMER AFFAIRS

### Purchasing power

There is widespread support for the creation of a Ministry of Consumer Affairs — even from staunch critics of government spend-

FINANCIAL MAIL AUGUST 18 1989

ing.

The proposal was made by DP finance spokesman Harry Schwarz at a recent Consumer Union conference. He says it won't necessarily mean further bureaucracy and controls.

"Consumer Affairs is now tucked away somewhere in the Department of Trade & Industry (DTI). Yet often the interests of trade and industry are in direct conflict with those of the consumer."

Schwarz says an independent minister is needed to steer through consumer protection legislation, on the lines of other Western countries. "In the UK, for example, false description of a price reduction is prohibited. In most states in the US, which can hardly be described as a socialist country, the imposition of unfair conditions on credit card users is outlawed," he adds.

Some of these issues are dealt with in the Harmful Business Practices Act, but the Act is "contentious" as it includes wide discretionary powers.

Schwarz says the business point of view should also be taken into account. But gov-

ernment paid even less attention to the consumer than it did to business, which was little enough.

However, at this stage it's not government policy to set up a separate consumer affairs department. Economic Affairs Deputy Minister Theo Alant told parliament the DTI can maintain "a balanced standpoint in respect of the interests of the various groups. This does not mean, however, that government is not sensitive and sympathetic to the consumer and his affairs."

Alant says it will not be easy to unravel the intertwined involvement of various government departments and place these functions under one department. Fourteen of the 42 Acts administered by the DTI deal exclusively with consumer affairs. Moreover, government showed its concern for consumer affairs by supporting the Consumer Council.

Meanwhile, a Consumer Council spokesman says a separate ministry of consumer affairs wouldn't serve a useful purpose. "We are not sure if anyone will be able to stem the rising tide of price increases anyway, since most are really due to circumstances beyond

government's control."

However, an increasingly consumer-conscious business sector is still pressing. Assocom president Sid Matus says though he has reservations about encouraging further government spending, this is an area where government needs to perform a co-ordinating role. "And, if the minister is in constant conflict with trade and industry, it may not be a bad thing."

Grocery Manufacturers' Association executive director Jeremy Hele says consumer affairs shouldn't just be an also-ran activity of the DTI. "There have been some worthy pronouncements on consumer affairs, but a fully fledged consumer minister would give them teeth."

Pick 'n Pay chairman Raymond Ackerman says if the minister had the full support of the State President, he could achieve a lot with a small department. "He would need to tackle the existing monopolies and cartels which keep prices high and rationalise consumer laws. It wouldn't need a huge staff to do that — as long as the minister was a strong man with authority." ■

# Black empowerment and taxis



Paul Browning is the author of *Black Economic Empowerment — Shaping South African Business for the 21st Century*, published this week by Fontein Publishing.

In the past year, the term "Black economic empowerment" has become widely used in the context of the search for a new political dispensation.

The goal of black economic empowerment is to assist (but not replace) the political process of dismantling apartheid and creating a nonracial representative government in SA.

This encouraging scenario can be made reality only with the support of both the public and private sectors. Government must offer sensible and practical support in the form of appropriate legislation — and it must be prepared to be actively involved in the management of the process of change.

The private sector must be willing to invest in our future by helping to develop black business, even to the extent of helping to create potential competitors.

There is a need for an intermediate level of economic activity populated by the *semi-formal* businessman. In this area, the successful informal sector entrepreneur can be assisted to build on his experience and turn it into genuine capitalist business skills.

Recent moves announced by the SA Black Taxi Association (Sabta) are a step in the

right direction. Sabta has joined with a First-World company, which, apart from its general knowledge of business, also has specialist skills in education, training and transportation. The two have formed a joint development company, Project Spear (Pty) Ltd.

Education in basic business skills, together with driver training, will be carried out at residential training units. Training courses will, however, be sold at taxi centres throughout the country. These will be trading as profit centres in their own right, and will also be the social focus of the local taxi industry. The taxi centres will be operated by independent franchisees. In this friendly environment, training can be sold as just another service to the industry, rather than some strange new First-World technique.

At the same time, Project Spear (Pty) Ltd will develop new business opportunities enabling the taxi operator to use his new skills by becoming a transport sub-contractor or franchisee. He will be able to gain actual business experience in an environment where there is all the support he needs. In due course, he will move out of the support system, fully equipped to compete in a world of deregulation and competition.

The new business opportunities envisaged by Project Spear include parcels and freight operations, tourism and the privatisation of municipal public transport. This latter venture does not mean, as was suggested in last week's *FM*, that 100-seat buses will career down Eloff Street in the hands of an untrained driver with a forged licence. The operation will remain in expert hands; the

ownership will change colour. And smaller-scale services such as local trips in, say, Randburg, might well be operated by minibuses owned by a sub-contractor.

Project Spear is a typical example of the way in which the new economy of our country will develop. It will be nonracial business showing the way to a nonracial SA. The emphasis will be on commercial prosperity throughout. There will be a need for seed-funding, but the vast majority of the financing must come from investors.

The sums are not small. The capital requirement of Project Spear (Pty) Ltd in its first phase alone is R490m. This is needed to purchase and operate the taxi centres and residential training units. Given the current state of the economy, this kind of new capital must come at least in part from abroad.

This provides the opportunity which so many overseas investors have suggested they have been waiting for — a sound business venture, untainted by racism, yet at the same time contributing to the process of political change in our country.

SA has seen two great business movements. The first was that of the English-speaking Randlords. The second was that of the Afrikaans-speaking business community. The Nineties will see the emergence of the third great business movement — that of our black people.

The significance is that these three distinct business movements will be operating in a nonracial country. This will have come about at least in part as a result of the process of black economic empowerment begun in the early Nineties.

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## Traders to hear about scheme

THE new sponsored advertising scheme announced by *Sowetan* will be explained at a meeting of the South African Small and Informal Business Association at the Dube YWCA tomorrow at 3 pm.

According to Mr Ntsiki Mbundu, founder of the organisation, the meeting will focus on steps to include blacks in the economy of the country and develop black business.

Mr Thami Mazwai, senior assistant editor of *Sowetan*, has been invited to explain the *Sowetan* scheme to entrepreneurs.

He is also editor of *Sowetan Business*, a new section of the *Sowetan* to be launched on September 28, and which is behind the sponsored advertising scheme.

According to the scheme, all entrepreneurs in the townships will be entitled to a 50 percent discount when they place adverts in *Sowetan*. The other 50 percent is paid for by several big companies who have the development of black business high on their list of priorities.

Tomorrow Mazwai will explain the scheme in detail and show the various sizes of adverts that qualify for the rebate. He will also detail types of businesses that are eligible to participate.

THE National African Federated Chamber of Commerce has praised *Sowetan* for the proposed launching of *Sowetan Business* on September 28.

Nafcoc's public affairs manager, Mr Gabriel Mokgoko, said:

"Mass circulation newspapers serving the black community must help black business gain visibility in their own community and thereby gain a slice of the huge spending power of the black people.

"Black money should be made to stay and

# Praise for Sowetan

By JOSHUA RABOROKO

circulate in the community for a long time before it finally flies out of the circle. The dawn of the 21st century must break with a new consciousness among black consumers to make deliberate and conscious efforts to support black

business wherever possible.

"We call on black business people in turn to stand ready and also make deliberate and conscious efforts to attract the black consumers.

"We must as a nation hook-up to each other's orbit and thereby come up together."

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# Alarming rise in <sup>(30)</sup> building costs will push up office rents

By Frank Jeans

Office rents could surge to R32 a sq m gross by the end of this year and even now landlords are achieving fixed escalations on operating costs of 18 percent, says Mr Grahame Lindop, national leasing director of Anglo American Property Services.

Speaking at the annual convention of the South African Property Owners Association (Sapoa) at the Carlton Hotel, Johannesburg yesterday, he said:

"Building costs are growing at an alarming rate and as a result a minimum return of R22 net per sq m would be needed for a new building that is starting now.

"And where the building is being customised that figure can be as high as R28 a sq m net."

Mr Lindop has no doubt that in the light of these trends, rental levels must inevitably increase.

"I predict that rents in Johannesburg will rise by an average of 30 percent for 1989 and should reach R32 a sq m gross by the end of the year.

"I expect Durban and Cape Town to be 10 percent behind and Pretoria 15

percent."

And the future for the market generally? Lindop is decidedly bullish.

"The question we have to ask is: have we reached the turning point in the market?"

"I do not believe so, unless, of course, there is a catastrophic election result that produces sustained unrest.

"I believe there is a capacity in Durban and Cape Town for future development and Johannesburg will continue to expand."

Delegates, too, were left in no doubt that disinvestment — even if it diminishes in the light of political changes — plays havoc with accommodation as local buyers attempt to recoup the high prices that they have paid for businesses by rationalising facilities and services.

Says Lindop: "We are already seeing this in the computer industry. Without bigger markets to sell our wares, we will end up living off our own fat.

"We are suffering from a chronic shortage of foreign investment and this is dictating the pace at which we can grow."

It will be business  
as usual at Sterns

Trust Bank and Sterns have reached agreement in terms of which all Sterns stores will be open from 8.30 am on August 18 or as soon thereafter as it is possible to open each store, the two groups have announced.

The move follows reports that Trust Bank had taken a notarial general bond on Stern stocks through the courts as a result of an allegation that Sterns had breached the terms on which it had been granted loan facilities.

— Sapa. (30)

# Business talks softly, but waves the big stick

A new study of South African politics and economics includes a section which argues that business has been unfairly accused of intervening in politics only in times of crisis. HILARY JOFFE reports

BUSINESS pressure for reform hasn't disappeared — it's just gone underground. While the politics of business may not be as high profile as they were in 1985/86, attempts to influence public policy are continuing, in quieter and more sustained fashion.

This is the conclusion of Dr Robin Lee and Fran Buntman of Wits University's Centre for Policy Studies in a contribution to a book published this week.

The book, *South Africa at the End of the Eighties*, is the first in what CPS intends to be an annual series.

Lee and Buntman's contribution, intriguingly titled "The Limousine Lizard and the Taxi Proletariat", examines the business sector's involvement in policy change from 1985 to 1989, based on a scan of media coverage and interviews with business leaders.

They challenge the "conventional wisdom" that business has intervened in politics and public policy only in times of economic recession or severe political unrest. This was indeed the cycle until the mid-1980s, and is still the case for some business people. But things have changed in the aftermath of 1985-86, with business leaders exhibiting what Lee and Buntman see as a more durable commitment to change.

As evidence for their view of business' commitment to change in 1989, Lee and Buntman cite:

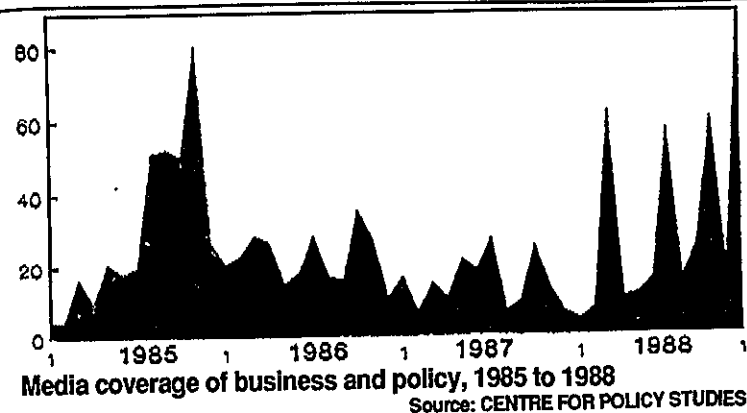
- Increasing business interest in public policy, shown in business support for longer-term planning within corporations and for independent policy research programmes and organisations

- New attempts to unite democratic business and professional people and to establish contact and dialogue with extra-parliamentary forces — the Consultative Business Movement, formed last year, and the Five Freedoms Forum Business and Economy group are prime examples

- Interviews conducted by CPS in 1988 indicated "the relative silence of business on some policy issues was not lack of interest or commitment but often a deliberate, low-profile strategy on the part of business leaders".

At the same time, Lee and Buntman take on both sides of the debate about the political power of business.

In their view, business "cannot do as much as some extra-parliamentary forces believe". But "it can and should do more".



Media coverage of business and policy, 1985 to 1988  
Source: CENTRE FOR POLICY STUDIES

## Politics gets sophisticated

BUSINESS people have generally preferred to comply with laws, even if they oppose these, than they have been to engage in public protest.

Dr Robin Lee of Wits University's Centre for Policy Studies outlines 10 ways in which business has dealt with public policy issues — in order of business' willingness to engage in these. But he suggests the politics of business have become more sophisticated over the last four years.

Business' actions have included:

- Direct and willing involvement in the formulation and implementation of policy
- Compliance with the law
- Non-compliance, whether silent or overt, with the law.
- Individual influence on policy-

makers through friendship and other networks

- Routine participation in policy-making through formal membership of state sponsored bodies

- Use of opportunities to comment to commissions of enquiry or hearings of the President's Council

- Public opposition and protest to policy moves by the state

- Development and promotion of new alternatives to existing policies

- Proposing the business sector as a facilitator between conflicting policy positions or political actors

- Pursuance of corporate social responsibility programmes. Involvement in social action to advance or support certain policy changes has recently become widespread.

Business people have demonstrated their ability to wield influence over the political process. They have not reached the point where they are using to the full the potential power that they have.

In interviews, Lee and Buntman found respondents generally recognised "that business underestimates its potential and actual policy clout". But, they add, part of the problem is that business people have seldom acted in a concerted way — so their leverage has not been what it might have been.

They argue, also, that business is ultimately subordinate to the state — in contrast to the view which stresses the partnership of state and capital.

The years 1985-86 saw the highest level of public statements from business against apartheid.

But the public outspokenness of many business leaders and organisations in 1985/86 tailed off as repression mounted and as the state "admonished" business for its statements. The trend was reinforced as the threat of sanctions grew and the economy began to improve.

By 1987/88, business people were less vociferous in their public statements about the "crisis" and the need for change.

But Lee and Buntman argue, in

private, "the commitment to change and reform became more focused and strategic and therefore, in our opinion, more durable. This was linked to a deliberate low-key public image."

A "vanguard" of leading business people emerged at the "forefront in attempting to define and promote progressive business interests in politics and policy change". Lee notes that their research, based as it was on media coverage, tended to reflect the outlook of this vanguard, rather than necessarily of business as a whole.

And during 1988 there was once again a high level of business intervention on political issues — stimulated by legislative moves, for example on group areas, as well as by the reimposition of petty apartheid in Boksburg.

But several incidents raised the question of how much political power business really had.

In one case of relatively successful lobbying, business acted primarily in response to pressure from the trade unions. Talks last year on the Labour Relations Amendment Bill between the Congress of South African Trade Unions and the SA Consultative Committee on Labour Affairs (Saccola), which represents most employer organisations, were significant but ultimately failed. It was only

when there was stayaway action in September that the government offered to suspend certain parts of the Bill — in response to lobbying by Saccola.

Lee and Buntman's account shows also the limits there have been to the success of business' most concerted efforts to lobby for change. There was widespread business opposition last year to the Prevention of Illegal Squatting Amendment Bill — led by the Urban Foundation's well-researched campaign — and to the Group Areas Amendment Bill. The Group Areas Bill was dropped while the squatting bill became law.

This would seem to indicate that business has only limited power — the government's actions on the two urban policy Bills were a response more to other political needs and pressures than to the utterances of business.

Lee and Buntman do not take this to indicate that business is therefore powerless. But they find there has been a shift among business leaders to a recognition that protest politics do not necessarily work and more sophisticated, ongoing strategies are needed.

Business leaders interviewed by CPS acknowledged, first, the need to "put their own house in order", in part because it made economic and moral sense, but also because it was part of changing individual attitudes and therefore of contributing to broader acceptance of change.

A minority of those interviewed saw as important dialogue with "alternative" actors and organisations in the black community.

Another major theme which emerged was that business people saw it as important to support established and new policy research bodies so they could base their approaches on sound research proposals.

Lee and Buntman point however to a tension in this: while business people are moving away from protest politics, they are acting in a context of popular protest politics.

Political actors who want to see greater business intervention in politics must recognise that business' style of expressing concern and protest differs from that of actors in the extra-parliamentary arena.

In discussing prospects for 1989/90, Lee and Buntman suggest progressive business leaders should not just ensure rational and well-researched policy proposals for change — they must also expand the constituency which supports such proposals. Marketing skills will be needed to "enable the business sector to develop and promote 'social images' of the future".

They suggest also that business people act in defiance of unacceptable government policies, particularly in areas where there are legal loopholes.

18-24/8/89  
w/m

# Black business: Time to enter the mainstream

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wmail

18-24/8/89

By MZIMKULU MALUNGA

BLACK businesses will remain small and informal as long they concentrate on serving only the black community, according to an American economist, Prakash Sethi.

He was addressing the 25th annual conference of the National African Federation of Chambers of Commerce in Sun City last week.

"Most of them are one-person owner-operated businesses designed to provide a meager source of income to the worker-owner who has been unable to find other employment.

"Even then, only about two percent of the black population is estimated to be involved in entrepreneurial activity, as opposed to 12 percent of whites," he said.

He urged black businessmen to place the issue of extending their service to the rest of South Africa as well as the international community high on their agenda.

Sethi said even under normal circumstances only one out of 10 small businesses survive and grow. "In a country like South Africa, it is perhaps one out of 100."

While there were initiatives that could be cited as successful black enterprises, such as the Southern African Black Taxi Association (Sabta), there was a general lack of young companies within the black community with much growth potential.

According to Sethi, even if some of these companies grew much larger, they would not address major stumbling blocks confronting the black community, such as unemployment, lack of development of blacks in professional management and, more significantly, the creation of black wealth through the ownership of productive assets.

Sethi said there was a prevailing optimism that blacks were excelling in the informal sector. According to figures released by the Central Statistical Service, he said, that sector contributed almost three percent of the gross national product.

The numbers were interesting, he said, but they were by no means signs of progress. "They don't even begin to address the serious deficiencies which exist in the South African society with regard to blacks' economic condition."

He challenged black business groups and personalities to set a target for themselves: that by the year 2000, black-owned and controlled businesses would account for 25 percent or more of South Africa's gross domestic product.

The Nafcoc conference also resolved to adopt resolutions which were drawn up at the organisation's

fifth summit held in Bloemfontein last year. They included a call for Nafcoc to continue calling for the scrapping of all discriminatory land laws.

The conference also mandated Nafcoc's president, Dr Sam Motsuenyane, to hold talks with the incoming state president with the purpose of putting proposals on ways to end conflict in the country.

In addition, it decided that Nafcoc should convene an economic conference which would involve all main actors in the economy of the country, particularly major corporations and the government, in order to decide upon strategies to bring about economic development which involved and benefited blacks.

Nafcoc was called upon to initiate the training of economists and engineers. The organisation was also mandated to look into facilitating the establishment of a black-owned insurance company.

On privatisation, the conference resolved that:

- There should be extensive consultation with all levels of the black community about the priorities and goals of privatisation

- The government should give serious consideration to a way of redressing the economic imbalance between blacks and whites



# Black spending—name of the game for Beares

By David Carte

**BEARES**, the Durban-based retailing chain which was delisted last year, continues to flourish on "a tidal wave" of black spending.

Terry Rosenberg, 40, and his partner in last year's leveraged buyout, 42-year-old Ian Deetlefs, hope for turnover of R620-million this year. They have ambitious plans for the group and could well relist parts of it in a year or two.

The name Beares now signifies only one of the furniture chains. Prefcor is the holding company for 174 furniture outlets, 11 Game domestic goods stores, 50 BeeGee clothing retail outlets, and a property portfolio valued recently at R85-million.

Under the new regime there has been a drive to decentralise the constituent parts of the group. Before they made their bid Mr Rosenberg and Mr Deetlefs realised the share was undervalued at 250c. There seemed little prospect of the share's rising to its real value in any hurry.

Aaron Beare, a major holder, was prepared to sell his biggest single stake at the right price.

After arranging finance with banks and a little help from Jonathan Beare, another important family shareholder, and Corbank, the partners bid \$400 a share. Together they had to come up with R50-million, most of it borrowed.

## Senior

The offer was extended to the Beares minority and Prefcor ended with 100% of Beares. Prefcor is owned by certain Beare family charitable trusts, Mr Rosenberg and Mr Deetlefs.

Before bidding for Beares, Mr Rosenberg was chief executive of accounting firm Arthur Andersen SA. A Wits MBA specialising in computer systems, he was the only non-accountant at senior level. While he headed the Durban office of Arthur Andersen he met and started working with entrepreneur Mr Rosenberg says Pref-

cor personnel are in good shape in spite of the departure of former top men Jeff Austin and Alec Rogoff. Mr Rosenberg is pleased that Hymie Sybul, formerly chief executive of Game's rival rival Dion — "a fantastic trader" — has joined the group as head of Transvaal operations.

Mr Rosenberg knows the black market is vital for success — and he is aware that he needs good relationships with his suppliers and his customers. So he is something of an appeaser. "We are all too adversarial in this country. We have so much to gain, but we need to work together."

Prefcor subsidiaries are making an effort in the social arena. Frank Luckin, who came up through the furniture chain, is running Game, identified as the high-growth part of the group.

A valuable property portfolio will also receive a shove. Apart from prime sites in many centres, Prefcor owns the better part of western West Street, Durban. With partners, it wishes to build a mega-project to vie

as a development node with developments, such as the Workshop, on the eastern side of Durban. Prefcor has 300 outside tenants in its extensive property portfolio. Jonathan Beare is advising on the property side. Mr Rosenberg says Mr Beare "has done well in property internationally and is one of the best brains in property in the world."

Mr Luckin says Game, the first of the warehouse discount stores, has 11 stores, four in the Transvaal and seven in Natal, turning over more than R250-million a year. They are trading well, reflecting past management problems.

## Revamped

Sales growth was about 25% in the past year. Some shops showed increases of more than 30%.

Mr Luckin says Game will redouble its efforts in the Transvaal. The Bruma Lake store in Johannesburg has great potential.

All Game branches are being revamped. The West Street shop, Game's biggest,

is undergoing a facelift. An important strategic change is to make room in Game stores for other non-competitive stores to act as drawcards. For example, Spar is to open a large supermarket at Bruma Lake.

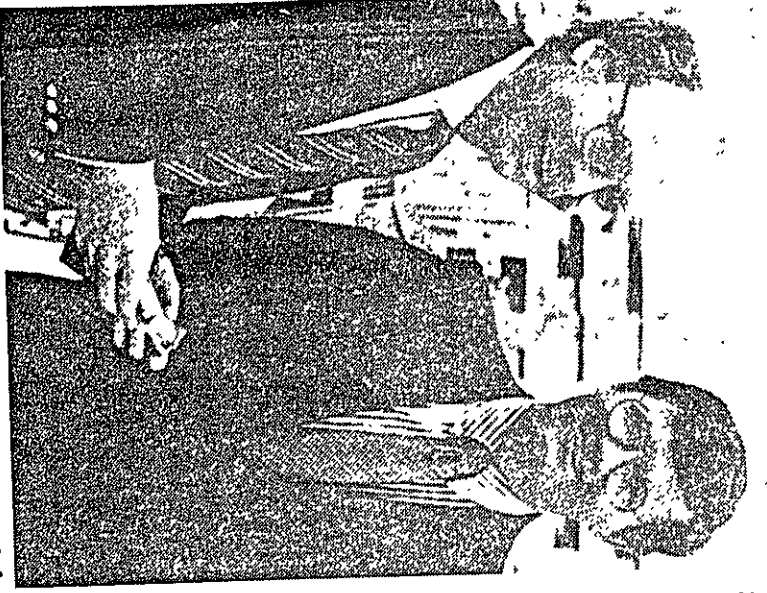
## Hardware

Game will not touch food. Its product range encompasses broadly the same non-food range as Pick 'n Pay's — kitchenware, hyperts — kitchenware, sports equipment, small to medium appliances, electronic goods, do-it-yourself and hardware.

A new shop is proposed for Bloemfontein next year. Mr Luckin says: "In many areas, we can buy as well as Pick 'n Pay and the OK. Our body can exist on keen prices alone, however."

"We offer an unusually wide range of merchandise. Our customer service is also highly rated. We want to be known for good quality at fine prices. Our team is small enough to produce service excellence."

Mr Rosenberg is satisfied with the furniture operation,



Buyout partners Terry Rosenberg and Ian Deetlefs

which aims at sales of R300-million a year. Thanks to good credit granting and monitoring, the quality of the debtors book is high. That could be important while the economy slows.

"Debt collection and repossession are bad for one's image. We would rather be careful when we make the sale."

Because of the debtors book, furniture is a cash-abSORbing business — but Game is a cash cow. The furniture debtors book contains the names and addresses of 600 000 customers who pay on time and is thus invaluable to the group as a whole.

Mr Rosenberg says that because of rising black disposable income, there should be continued growth in high-quality clothing — BeeGee's niche.

Another goal is to turn cost centres into profit centres. The data-processing department has launched Prefdata, which sells computer stationery. Preftech, the 1 200-

vehicle transport fleet, is being put to better use.

It has come up with a trailer for transport of high-bulk, low-weight goods, such as furniture. The trailer, which attaches to the back of a one- or two-ton Nissan or Toyota bakkie, has the capacity of a five-tonner. Prefcor wants a partner to develop it.

Prefcor also owns Country Club Golf Equipment, which makes the Avengeer golf club. It is a top-quality product being made to market internationally.

Mr Rosenberg's target for Prefcor is pre-tax profit of R35-million. Assuming a full tax rate, which is not a prospect for some years, that would be R17.5-million after tax. Apply a PE of six and one is looking at a value of R105-million. Net asset value is about R140-million.

The buyout men paid effectively R95-million, so their investment is still looking good.

...distribution a throughput  
seen restructured a trading  
successfully, says Mr P. er. It should

"We are again a finely focused  
group — we have gone back to our  
knitting."



# Discord at WOM

WORLD of Music (WOM) and World of Leisure (WOL) have run into more difficulties. Both issued notices on Friday saying they had asked for an extension of the suspension from the JSE listings for another two weeks.

WOM ran into trouble after the takeover of Blue Marlin — now WOL.

WOL's 100% subsidiary Timeshare Dynamics was placed under a provisional winding-up order on August 10. WOL is experiencing financial difficulties and its bankers are reviewing the position. *S Times 20/8/89*

The proposed restructuring of the groups, whereby WOM would own 72% of WOL in exchange for various businesses, has been scrapped. The notional net asset values of the groups are unrealistic.

Final

# Back export-boosting drive, FCI urges industry 30

By Michael Chester

The Federated Chamber of Industries (FCI) is urging the manufacturing sector to join a new nationwide exercise code-named Team RSA — a four-pronged boost to the country's export drive.

Details of the exercise will be spelt out at a two-day conference in Johannesburg on September 19 and 20, which will be followed by identical sessions in Cape Town and Durban.

Much of the emphasis will be on the successes being scored by using unconventional techniques such as counter-trade to open new trade routes to find alternative markets to ones closed or restricted by sanctions — particularly tapping the potential of exports to the

rest of Africa and behind the Iron Curtain.

Special attention will be paid to mapping out new strategies which may be needed as Europe moves towards the 1992 deadline for total unification.

FCI executive director Ron Haywood believes the entire export drive is on the brink of a fresh dynamism as new links are forged between the private and public sectors to clear the routes into overseas markets.

The four-pronged exercise will harness co-operation between the FCI, SA Foreign Trade Organisation, Department of Trade and Industry, and Department of Foreign Affairs.

All four will be sending its top executives to address the conferences and the new Cab-

net, to be named in the wake of the September 6 election, is also expected to send a senior Minister to deliver each opening address.

"Political pressures and sanctions have already forced South African manufacturers to put on their thinking caps to devise new strategies to keep exports rolling," says Mr Haywood.

"The consolidation of Europe into a single market in 1992 raises still more vital issues for our exporters. Will they be frozen out? Or will Europe emerge as a giant, single new market that will provide even bigger trade opportunities?"

"The series of conferences will show there is tremendous potential for South Africa to expand its overseas trade if we

work as a team — Team RSA.

"A principal aim is to persuade rival manufacturers to bury old hatchets about competition from next-door neighbours and join forces to pool resources to hone a far sharper edge to drives into overseas markets.

"That is not just theoretical idealism. It's already working between a number of major industrial groups, with enormous success.

"The Department of Trade and Industry will also be spelling out the proposed new government incentive packages, which promise to give new clout to export efforts."

All three conferences will be joint exercises between the FCI, Deloitte Haskins & Sells and the Barlow Rand group.

# Suppliers helping <sup>show 21.81 89</sup> to fund Pick 'n Pay <sup>(30)</sup>

While Pick 'n Pay celebrated its 21st anniversary with the opening of its 100th store and reported record sales and earnings, some startling facts are emerging from its 1989 numbers.

Each time it has trouble with the trade unions and reaches a settlement, it is the poor public which must fund the increase in employee benefits.

Looking at the sales for 1987, 1988 and 1989 and deducting the amounts paid for merchandise and expenses, the "value added" expressed as a percentage of sales is increasing — 11,59 percent (1987), 11,75 percent (1988) and 12,10 percent (1989).

The means margins are being increased. How is the value added spent? The most significant item is on employee salaries, wages and other benefits.

As a percentage of value added, salaries and wages have increased from 66 percent (1987), 67 percent (1988) and 68 percent in 1989.

The amount spent on equipment and vehicles as a percentage of value added was 10 percent (1987), nine percent (1988) and a staggering 13 percent in 1989.

The balance sheet at end-February reflects the heavy dependence on suppliers to help fund the company.

Fixed assets increased significantly during the year to R250,8 million (1988: R215,2 million). So did other assets — unlisted investments R31,3 million (1988: R19,2 million) and loans to staff R42,5 million (1988: R33,8 million).

But working capital of current assets, less current liabilities, is not only negative, but worsened to R96,4 million (1988: R74,9 million). Amounts owing to the suppliers — accounts payable at year-end are significantly higher than the closing stocks (1987: accounts payable R287,2 million, stocks R208,6 million; 1988: accounts payable R344,6 million, stocks R247,6 million; 1989: accounts payable R408,1 million, stocks R326,7 million).

The other items under current assets — cash resources and receivables of R69,4 million — were also much lower than the amount owing for liabilities, taxes and dividends of R84,4-million. What does this all mean?

Simply that suppliers must be patient until stocks are turned into cash and profit before they can be paid. This is the price they have to pay for dealing with the might of Pick 'n Pay.

The chairman's and MD's reports skirt some important issues and avoid giving reasons. The seven pages on hypermarkets are pure puffery.

Sales rose to R3,87 billion (1988: R3,04 billion), giving trading income of R106 million (1988: R84,3 million). Income from unlisted investments increased to R10 million (1988: R5,9 million), with net interest gain down to only R300 000 (1988: R1 million).

Pre-tax income was R116,3 million (1988: R91,2 million) and taxed income was R68,1 million (1988: R52,8 million).

The bottom line totalled R67,7 mil-

Bottom  
Line

MICHAEL MENOF



lion (1988: R52,6 million), with earnings per share at 86,4c (1988: 67,2c). Dividends increased to 42c (1988: 32,9c).

The new slogan "Part of Your Life" has helped growth in market share, say Raymond Ackerman and Hugh Herman.

The company now has supermarkets, hypermarkets, price clubs and Boardmans.

No divisional sales or bottom-line contributions are given for each. Nor does the report show whether the sales increase was due to volume or price increases and what sales from stores opened in 1988/89 were.

Initial mistakes at price clubs are ignored, including how they were rectified.

The claim that with interest rates high an opportunity exists to increase investment income in 1989/90 is rather strange as net interest gain is negligible.

The expansion programme is continuing, with both small and large supermarkets, superstores, pantrystores, price clubs and another Boardmans all planned.

This is all costing money, with commitments for property and equipment soaring to R104,9 million (1988: R65,5 million).

The scanning programme should be completed by late 1991.

The annual report doesn't mention the cost, but overseas experience shows that 0,5 to one percent improvement in profit margins is possible.

Shareholders' interest was R220,1 million at end-February 1989 (1988: R185,3 million).

This is invested in fixed assets, unlisted investments and loans to staff totalling R324,6 million, with working capital a negative R96,4 million.

Just what insurance investments R20,6 million (1988: R8,6 million) is and why it increased is not stated.

Mr Ackerman and Mr Herman forecast real growth in sales and profits for 1989/90, despite the one percent increase in GST diminishing the public's discretionary buying power. They see confidence returning, increased black spending and improvements in agriculture.

Directors' shareholdings have declined from 30,6 percent in 1987 to only 26,6 percent.

Raymond Ackermann (Pty) is the group's ultimate holding company, owning 50 percent of Pikwik at a current capitalisation value of R250 million.

Mr Ackermann may be the housewives' friend, but not that of suppliers, who are still financing the group's working capital and increase in fixed assets.

Second Small Business Week planned

# Week for <sup>30</sup> business

SOUTH Africa's second Small Business Week, a national promotion aimed at furthering the interests of small entrepreneurs and involving several organisations, is to be held from October 2 to 8.

Small Business Week events will essentially be directed at existing and potential entrepreneurs, big business, national and local authorities, the youth and the informal sector, the chairman of the National Small Business Week Committee, Mr Sonny Tarr, said at the launch of the project in Johannesburg yesterday.

He said the week will involve some 30 organisations, including the Small Business Development Corporation, Get Ahead Foundation, the National Association of Women Business Owners, Standard Bank, the Wits Centre for Developing Business and several other bodies in more than 60 events arranged by six regional committees systematically denied access to markets and supplied with only a rudimentary form of education.

Small business needed great consideration because it was the ideal vehicle for translating the ideal of opportunity into the reality of wealth creation and equal merit. "It is naive to ignore the fact that the source of human potential that drives small business is not always spontaneously

By JOSHUA RABOROKO

realised because there are many obstacles to be surmounted," she said.

"Opportunities can only be made concrete where vested interests that inhibit market opportunities are torn down."

## Bank doesn't back 'rebels'

FIRST National Bank yesterday further clarified its position regarding the sponsorship of the international rugby team presently touring South Africa and the incorrect allegations that the bank was sponsoring a "rebel" tour.

"First National Bank has repeatedly stated that it will not become involved in rebel tours of any sort. Not only does the bank regard these tours as detrimental to sport in general, but it is sensitive to their far-reaching political implications. Sowetan 23/8/89

"However, the current tour by the FNB International XV has been officially sanctioned by the international rugby board. Official representatives from each rugby-playing nation are currently in the country, accompanying the tour and watching the matches. Prior to the tour, as a matter of courtesy, the bank informed a wide range of South African sporting bodies of its intentions.

"Thus, any suggestions of a "rebel tour" is patently outrageous," the bank said in a statement.

## Exiles sent home

WINDHOEK - The total number of Namibian exiles and refugees repatriated now stood at 38459, a spokesman for the administrator-general's office, Mr Gerhard Roux, announced in Windhoek yesterday.

This figure, he told a

media briefing, included 96 people accompanying the first consignment of Swapo communal property and vehicles brought from Angola into Namibia through the Oshikango border point on Monday.

Sowetan 23/8/89

assessing a number of... haven't decided which one to choose yet." ■

COMPETITION BOARD

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### Changing the line-up

The Competition Board is being reshuffled. Long-time member Brian Kantor will not be reappointed when his second, three-year term expires at the end of next month.

The University of Cape Town economist, a strong proponent of free markets, says: "I would be happy to continue but if they want fresh blood, then that's their prerogative."

In addition, three original members of the board, which was formed in 1980, left when their terms expired at the beginning of the year: Jan de Villiers Graaff, an economist and Cape Town businessman; Dawid Mouton of Sanlam; and Albert Marais of Volkskas. One spot was filled on May 1 with the appointment of Tony Norton, president of the Johannesburg Stock Exchange.

Economists who urge less government interference in the economy fear that Kantor's departure will mean a heavier hand for the board. "It's a definite loss," says Henry Kenney, a business economist at Wits. "There's a lot of obsolete thinking on the board. It's more concerned with what's going on in an industry — the actual number of companies in an industry — rather than with what barriers exist to entering an industry. The board could do with more good economists."

But board chairman Pierre Brooks believes the board "has a reasonable mix of economists and lawyers; we're certainly not top-heavy with lawyers considering that we're interpreting an Act (that established the board)." Aside from Kantor, the board's 10 members include four economists and three lawyers, notes Brooks.

It is not certain whether the other vacancies will be filled. The Act creating the board states it may have anything from eight to 13

*mail 25/8/89*

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members. The vacant spots are among those that would be filled by the State President, on the recommendation of the minister of administration & privatisation. From two to seven members are appointed by the State President and six are ex-officio members representing various government agencies.

The board, which at full strength includes three full-time and 10 part-time members, meets quarterly and reviews factors affecting competition in different industries. It may recommend to the minister of administration & privatisation that an industry be deregulated to spur competition, or it may recommend against a merger or acquisition that it believes would hurt competition. ■

*mail 25/8/89*

PEDESTRIANISATION

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Partnership pays off

Cape Town City Council's R7,5m investment in the first three phases of the central city pedestrian mall has generated private sector spending on new buildings or refurbishments in or near the mall approaching R165m, according to city engineer Des Riley.

And the figure is expected to increase considerably when work starts on the fourth and final phase, which will see St George's St turned into a pedestrian mall from Wale St right through the CBD to Thibault Square. The total estimated cost of the four-phase development is R10,5m.

The commencement of the fourth phase, between Shortmarket and Wale streets, is being delayed by work on the new Protea Assurance building in St George's St. Further consideration is also being given to proposals to build underground parking garages at Greenmarket Square and at the southern

end of St George's St.

Thus far, the mall has played a major role in the revitalisation of Cape Town's CBD. It will eventually link the city with the Victoria Basin redevelopment at the old harbour.

In a report to council, Riley says private sector projects linked to the mall development include the Southern Life Centre extensions and refurbishment (R31m), Stuttards Town Square (R30m), the NBS Waldorf Arcade (R25m), the Protea Assurance building (R24m), the Thibault Square parking garage (R16m); and the refurbishment of the Trust Bank building (R10m), Old Mutual Centre (R6m), Garlicks (R5m), St George's Hotel (R5m), Edgars (R4m), BP Centre (R3,5m), OK Bazaars (R3m) and Woolworths (R2,5m).

He notes that property sales have also picked up. There were five sales on St George's St from 1985-1987, as opposed to barely one sale every five years before the mall project was launched.

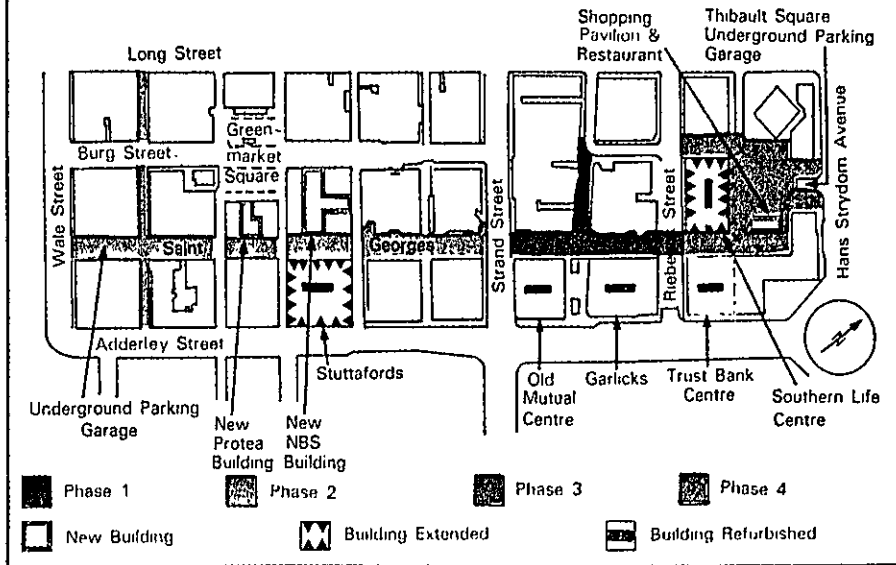
Riley says property owners, brokers and developers report a substantial increase in rentals and values along and near the mall.

mail 25/8/89.

Shop rentals have doubled since 1985 and now average R60 m<sup>2</sup>. Significantly, increased turnover has also been reported by mall traders.

St George's goes pedestrian

CBD pedestrian network  
St Georges mall



## Old Smokey's legacy

Despite the dwindling pool of industrial land in and around Durban, the past few months have seen a burst of activity in industrial property deals — most of it centred on Old Smokey's ashes.

Old Smokey was the huge Eskom power station south of the city decommissioned nearly 10 years ago. The buildings and stacks on the 8 ha site were demolished, leaving a large tract of vacant Eskom-owned land.

The gap left by the demise of the power station has resulted in a sequence of industrial property deals, worth around R33m, now being finalised by RMS Syfrets in Durban.

Originally leased by Eskom to Vac-Sim, a bulk materials handling company, RMS Syfrets renegotiated the deal and secured 6 ha of the site for Southern Life through a substitute lease.

It then negotiated a R22m deal between Southern Life and Unilever subsidiary SA Warehousing Services for the development of a massive warehouse to consolidate the company's activities on the site.

According to Syfrets director and senior property negotiator Fred van der Riet, the new warehouse, including offices and 30 000 m<sup>2</sup> of covered space, resulted in three of SA Warehousing's buildings on Maydon Wharf being put on to the market. Two warehouses have already been sold — the first, a 17 000 m<sup>2</sup> unit, went to Lindsay's Transport for more than R6m; and the other, a 10 000 m<sup>2</sup> building, was sold to Ace Eagle Freight for more than R4m. The sale of the third unit is still being finalised.

Vac-Sim still retains a 10-year lease over 2 ha of the site, but SA Warehousing has the option to take over the lease once it expires.

The deals, concluded in the past year, represent the biggest industrial property sales seen in Durban for some time. ■



# NO TO NAFCO

THE newly-formed Tsakane African Chamber of Commerce will forge links with political and community-based organisations and trade unions in order to empower blacks economically.

The chamber will not immediately affiliate to the National African Federated Chamber of Commerce or the two year-old Foundation for African Business and Consumer Services.

Tsakane chairman Mr Kuki Mogotsi said their members came from various business organisations such as taxis, hawkers, retailers; shebeeners, coal merchants and other informal ventures in the township.

He said; "We feel that

(30)  
By JOSHUA RABOROKO

we should not affiliate to Nafcoc and Fabcos until the tug of war between them has ended."

*Sowetan 25/6/59*  
He added; "Our chamber will, however, work in close co-operation with these organisations for the upliftment of black businesses in the townships. We need their support to overcome the many obstacles facing blacks.

# Grand stokes up retailing war

w/t ARBUS 26/8/89  
30

By TOM HOOD  
Business Editor

A R15-million store expansion programme — the biggest in the 50-year history of Grand Supermarkets — is expected to stoke up the retailing war in the Western Cape.

Six new stores are opening this year, raising the chain to 28, while three more are on the drawing board for next year.

"We have been stagnant for 10 years and we need considerable expansion to return to the leading position Grand held in its heyday," says managing director Chris Burgess.

"The Cape is definitely over-traded and there is cut-throat competition with everyone aggressively trying to outdo the others in providing better service.

"But we have tremendous resources in terms of our people and we intend to improve our market share."

The Grand and Score groups have a combined 102 stores. The expansion will provide about 500 new jobs and raise to 4 000 the number of people employed fulltime.

A store soon to open at Thlabane, Boputhatswana, four kilometres from Rustenburg, will be the group's first outside the country's borders.

"This is in a sales-tax-free area and we will attract business from South Africans," said Mr Burgess at Charlesville shopping centre near DF Malan Airport yesterday, when the newest store opened its doors.

The Charlesville store with a 2,500 m<sup>2</sup> trading area is one of the new generation of suburban convenience supermarkets that open seven days a week — and represents a breakaway from the 5 000 m<sup>2</sup> ultramarkets favoured by Grand in the past.

"We are going into the suburbs instead of opening in city centres and we are taking our stores to the people because of the tremendous expansion of coloured areas in the Cape and possibilities of further growth," said Mr Burgess.

"The Cape is the most competitive market in the country — after all, it was the birthplace of Pick 'n Pay — but it is

also our birthplace and the core of our business is here."

Grand was a leading Western Cape chain in the 1970s and had the third highest rating on the JSE at that time. Outside this area, it has six stores in the Transvaal and four in the Eastern Cape.

Millions of rands have also been spent on upgrading older stores and computer systems are being geared up for scanning. All purchase systems are already computerised.

Grand, under Score management, has recovered from its losses and is now in a profit situation, said Mr Burgess.

"It is a long road back to the type of returns we were getting in the early 1970s. We are confident we are on the right road because we have addressed the lack of growth. By aggressive marketing, we are showing good sales growth well above the inflation rate, excluding external growth from new stores."

Infrastructure costs have been reduced and big savings made by consolidating two head offices into one.

# Furnfair lifts profits 186%

CMA TALKS 26/8/87  
300

By AUDREY D'ANGELO  
Financial Editor

AGGRESSIVE marketing and tight credit control helped the rapidly growing Furniture Fair (Furnfair) chain to lift attributable profit for the year to June 30 by 186% to R13m, in spite of increasingly tough conditions in the market place.

Although the number of shares has more than doubled, with the issue of 10.8m new ones in payment for the Montana chain, earnings per share rose by 39% to 62.1c.

The final dividend is 7c a share, making a total of 15c (11c) for the year.

The group has grown during the year from five stores to 24, following the acquisition of the Montana and Harmony chains and the opening of five new stores including the specialist TV Time outlet. Turnover was 174% higher at R72m.

Forecasting that earnings would continue to grow this year in spite of high inflation and the cooling down of the economy, MD Ivan Hammerschlag said the acquisition of Montana early in the year "enabled us to increase our market share and our profits more rapidly and more cost effectively than would otherwise have been the case."

He said the acquisition of Harmony, effective from March 1, had opened a new market in a slightly higher income bracket. He was confident this would help Furnfair to "enter a new era of growth and profitability."

Agreeing that the market was tougher, not only because of hire purchase curbs but because inflation was hitting the man in the street, Hammerschlag said his group was reacting by even more aggressive marketing to secure a larger

share of the available business.

He said the incidence of bad debt was "still well within our budget. When a customer is running into difficulties we invite him to sit down and talk it through with us."

There was no doubt that inflation was hurting everyone. But he hoped that the situation would improve after the election on September 8.

"I hope the new president will get the economy going. He may have to keep things tight for a bit. But, if the world sees that we are getting rid of apartheid, the international community may help us a little by relaxing the need for a high balance of payments so that we can afford to let the economy grow a little more."

So far Furnfair has achieved an average annual compound growth in earnings of 130% over the past four years.



Dr Van Zyl Slabbert.

## Businessmen must join forces who demand talks

By JOSHUA  
RABOROKO

The director of Institute for a Democratic Alternative for South Africa, Dr Frederick van Zyl Slabbert, yesterday called on Nafcoc to become part of a team that will negotiate a peaceful settlement in South Africa.

Speaking at the 25th conference of Nafcoc in Sun City, he said Black business people have a responsibility to join forces that clamour for negotiations. He believed that the government should unban political organisations and people, release political prisoners and detainees, abolish apartheid and negotiate a settlement.

"It is vital that black people should become part of the democratic

South Africa in the future," he said, adding: "That process should come about through negotiations. We must build a new nation."

The international and local communities did not accept white domination over other race groups. "We need to change," he said.

Answering a question from a delegate, he said it was unlikely that homelands would be willing to become part of the new South Africa. However, he said, it would depend on where they would get their revenue. Some of the homeland leaders had indicated they would become part of the new South Africa.

# Consumers flex their MUSCLES

30  
Answers  
27/8/89

By ZB MOLEFE

IT was an unusual this week to find black and white South Africans with one question in mind: consumer power.

Judging by the mood of a consumer conference in Johannesburg, the consumer was flexing muscles after years of grinning and bearing it.

After two days of debate the issues were clear. Our money is buying less every year. Interest rates are soaring. The poor are prevented from housing themselves. It is too expensive for most consumers to bring a case to court. And consumers do not seem to have any influence over political decisions.

These are the critical issues that faced the Black Housewives' League (BHL), the National Black Consumer Union (NBCU), the National Consumer Union (NCU), the (white) Housewives League and the Free Market Foundation.

Those who have been waging a consumer war in their different constituencies were there: Sally Motlana of the Black Housewives' League, Ellen Khuzwayo of the National Black Consumer Union, Lillibeth Moolman of the National Consumer Union and the Free Market Foundation's Leon Louw and Frances Kendall.

In one of the sessions the NBCU's Elfas Mbatha wanted to know why the government with "fat cat" officials could not house shack dwellers in urban areas.

The insistence on health regulations as a condition for informal sector licences also came under the spotlight.

African Council of Hawkers and Informal Businesses president Lawrence Mavundla said some laws did not protect consumers but "vested interests".

He said the Johannesburg City Council decided years ago that only 250 trading licences would be issued to hawkers. But today more than 16 000 licences have been issued.

The consumer and his power were responsible for this, Mavundla said.

The BHL's Rebecca Mphahlele said she lived for years in Nigeria where open markets were the order of the day. Consumers never suffered from food poisoning, she claimed, asking whether the the insistence on health regulations was not stretching the point rather far.

During question time a delegate complained: "Some of the presentations here are lofty. We are discussing the United Kingdom and Australia. We should hear more about local issues."

There were lively and heated sessions chaired by Motlana and Khuzwayo. They shared the tough job with Women's Bureau director Margaret Lessing and the Housewives League's Hope Hughes.

At the end of two days the consumer bodies could not decide on a common strategy. It was, however, decided to get together again, and that consumer bodies send in resolutions. These would be hammered into final resolutions which would be sent to the government.

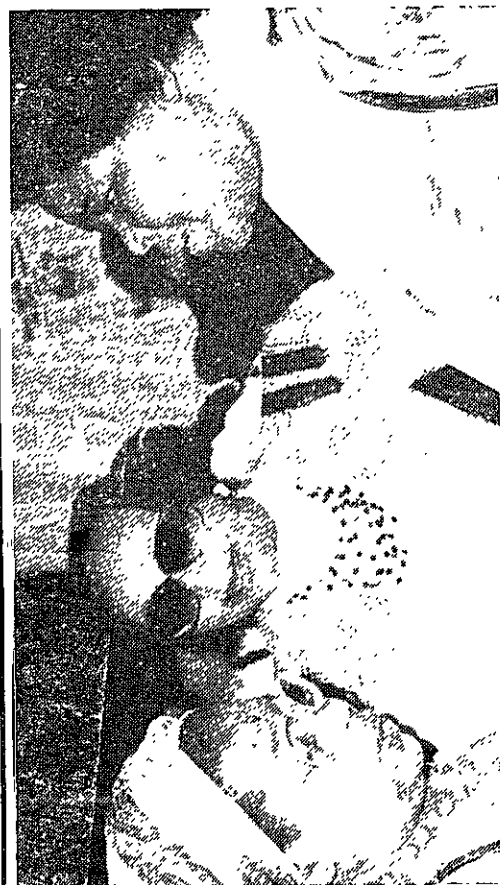
The message was clear: South African consumers are determined to have their voices heard



**Nana Thula of the Black Housewives League addresses the consumer seminar this week.**



**Black Housewives League members M Mokgate, F Ndube and R Zulu at the seminar. Below is Ellen Khuzwayo of the National Black Consumer Union.**



**Talking shop. Black Housewives League president Nonia Rampho, left, with TM Majokweni and VS Mugwanyana from Transkei.**

# Small business to grow

Sowetan 28/8/89

30

Ninety-three percent of all business run by blacks are small businesses which will probably form the backbone of the South African economy in coming years.

A lecturer at the University of South Africa's

Department of Business Economics, Mr Mike Cant, told the SABC Pretoria news staff that it is therefore necessary to equip these people to meet the demands that they will be faced with during the 1990's.

Cant said that for every 1 000 whites who lose their jobs as a result of economic sanctions against South Africa, at least 10 000 blacks lose their jobs.

As a result more people have entered the

market-place and started businesses.

It is important to continuously research trends in this segment of the economy and to make the necessary adjustments to accommodate their training requirements, he said.

# Economic power 'limited in value'

Sowetan 29/1/89

30

BLACK economic empowerment is an integral element in black political empowerment and South Africa would not have a worthwhile future unless the two were pursued together.

This was said by the British Ambassador to South Africa, Sir Robin Renwick, during a seminar attended by over 500 businessmen, held in Johannesburg yesterday.

He said economic empowerment was no substitute for black political empowerment because it was of limited value to "the ruled".

Renwick said white

**By MATSHUBE  
MFOLOE**

South African should not be surprised at the prevalence of socialistic ideas among black intellectuals because "socialism has always appealed to the downtrodden".

Speaker after speaker emphasised a need for blacks to participate

actively in the country's economy against the background of political and legal constraints they were faced with.

Mr George Negota of the Black Management Forum said privatisation and deregulation had opened loopholes whereby white people infiltrated the black people's business. He

SOUTH Africa is going through a major transformation and change has become inevitable. The accounting profession either had to adapt or find itself irrelevant to a changing country.

This was the message of the president of the Association of Black Accountants of Southern Africa, Mr Israel Skosana, at the organisation's fourth conference held in Sandton at the weekend.

"It should be clear that for the profession to survive it must be capable of adapting its expertise to the service of the public interest," Skosana said.

Addressing about 200 delegates he said there was a need to review the profession which was rooted within the context of the British imperialist and colonial tradition and was created in a rigid self-perpetuating manner resistant to the needs of a changing economy.

The profession in the country also reflected the apartheid society, being dominated by white males and the professional structures run by "establishment" members.

"There is virtual absence of blacks in the current structures. A

## Black CA's are needed

review of this is essential and necessary to ensure that meaningful participation is assured."

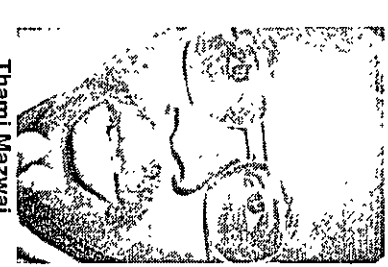
The recent establishment of the Female Accountants Bursary scheme - with which Abasa hoped to help about 20 female students to become chartered accountants in the next five years - and a R1-million project to improve financial capabilities of community based organisations served to ensure that Abasa enhanced grass roots development in the community it represented instead of being inaccessible to it.

Skosana said Abasa welcomed and was part of the current drive by all South Africans concerned to find an acceptable solution to the country's problems.

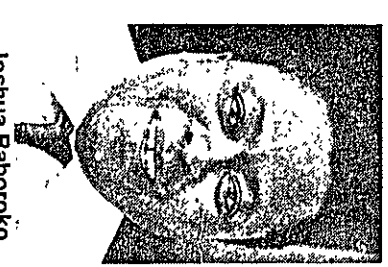


Mr Israel Skosana . . . president of Abasa.





Thami Mazwai



Joshua Raboroko

# Place your advert in Sowetan Business

## And your business will be getting more customers

SEVERAL township entrepreneurs have placed adverts to be published on September 28 when Sowetan Business, our new section on business and finance, is launched.

Have you already placed yours?

Do not worry about the wording or composition of the advert. We will do it and it will only be used if you approve of it.

Services

shopping season our entrepreneurs will be able to get a piece of the pie as the people will know of the goods and services available in the townships.

Many people will prefer buying in the township as it saves them time and money. At the moment a lot of people buy in towns because they do not know where to find dressmakers, tailors, plumbers, hairdressers and many other services that are available in our industrial parks, homes and outlets. But this is not all. Our pages will carry business news from the townships. We will also carry a business diary in which all chambers of commerce will announce their meetings and events. All you need to do is to telephone us and ask for Joshua Raboroko or Thami Mazwai and then give details. Please make sure you phone us by Tuesday afternoon to ensure that your item is in the paper. There are many other exciting articles that will appear to make Sowetan Business your best bet for growth in business. Although Sowetan Business kicks off on September 28 we have editor, Mr Mazwai, will us and our business more information phone get more out of us. For Sowetan Business has agreed to sponsor a page on September 28 but insists that township traders in the electricity industry must make use of their sponsorship. If you are an electrician, sell or repair a video outlet, repair radios and TV sets or are in any trade that is part of the electricity industry please make use of this offer.

When in our business pages it will only cost you R48,00. The total space for the two adverts is 15cm and if you use it as sponsors and the other should please note that Escom is one of several But other businesses should please note that Escom is one of several sponsors and the other should please note that Escom is one of several

the small man market his goods and services. The adverts will appear on Thursdays from September 28 but to ensure that you do not miss out for our first and bumper edition your advert must be in by next week.

Also, as we are now getting into the Christmas

not cost you a cent extra. Just leave it to us.

We have chosen Thursdays as Friday is pay day for many people and they will thus get an opportunity on Thursday night to check Sowetan Business for goods and services they need. As your name and trade will be appearing our business section will thus play the role of being a Yellow Pages business directory for our entrepreneurs.

At normal rates 15 cm size is 5cm X 3 columns. It appears on the page the 15cm and if you use it as sponsors and the other should please note that Escom is one of several But other businesses should please note that Escom is one of several

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Susman: 'Spending surge helped us enormously'

# Wooltru lift sales by 26% in 'dream year'

Cape Times 30/8/89 30

By AUDREY D'ANGELO  
Financial Editor

WOOLTRU lifted net profit by an impressive 52% in a year which chairman David Susman described as "a shopkeeper's dream."

Results released at a press conference in Cape Town yesterday showed that the group had lifted sales by 26% to R2 bn (R1,6m) in the year to June 30. Net income before tax was 47% higher at R178,5m (R121,7m) and after-tax income 49% higher at R93,4m (R62,6m).

An extraordinary item, the sale of property including the Bonwit factory, increased net income to R94,1m (R68m).

Earnings per share were 50% higher at 269,2c (178,9c) and the dividend 40% higher at 112c (80c) on an increased cover of 2,4 (2,2) times earnings.

The net asset value has risen to 999c (879c) a share. Long term borrowings have been reduced to R68,1m (R79,6m) but short term borrowings have risen to R4,5m (R2,3m).

Susman said the results had been "better than we expected," and certainly better than forecast at the end of the first half when turnover had increased by 21%.



Colin Hall, new CE of the Wooltru group

Pointing out that the 26% rise in sales had been achieved with only a 2% increase in trading space, he said the group had benefited enormously from a surge in spending.

"This is the third of three years of a shopkeeper's dream. We have had really splendid conditions."

Susman said all three trading divisions — Woolworths, the Speciality Group and Makro — had performed well. He would not give percentage figures of the relative contribution each division had made to profits but he said: "They have all made



David Susman, 'better than expected'

meaningful contributions. There have been no laggards."

Former deputy chairman Colin Hall, who has now been appointed CE, said the group had gained market share. Productivity had increased, there had been "a cleaning up of margins" and the operating companies now had a clearer focus.

"We believe the high returns on shareholders' money are the rewards for daring to be different and choosing to pioneer."

Woolworths, he said, had continued to put quality first. It was gratifying that its growing customer base included

people of all races and income groups.

"If there was any doubt at all that black consumers would look for quality and fashion or that the informal sector would buy from Makro it was dispelled this year."

Hall said that Wooltru management were "not as optimistic about 1989/90. We are waiting for a softness in consumer demand although we have not felt it yet."

"However, we have good reason to believe that we shall do better than the retail industry as a whole."

In answer to questions, Hall said the group preferred to work existing trading space harder rather than open new stores "which would just be buying market share".

Asked if the election might affect the Christmas buying spree, Hall said it could have a positive or negative effect on the economy. A heavy swing to the right could put the economy into a tail spin while a heavy swing to the left could encourage the government to take more reformist action which might increase confidence among some consumers.

# SBDCC boosts black areas

By Jovial Rantao

The Small Business Development Corporation has become the largest developer of industrial and commercial property in black townships areas, says SDBC managing director Ben Vosloo.

Addressing a press conference in Johannesburg yesterday, Dr Vosloo said that since its inception eight years ago, the SBDCC now owned property worth

R150 million, of which R50 million was in black areas.

Several major properties were established, among which is the Dube office block.

### Hives of industry

A number of historical buildings were converted into suitable premises for entrepreneurs, and hives of industry in Wadeville and the Strand were opened to tenants, he said.

The accessibility of SBDCC's services to entrepreneurs come the forerunner of the now popular concept of privatisation in the Republic," Dr Rupert said.

With the establishment of the SBDCC as a joint venture between the Government and the private sector in 1981, the State had effectively privatised business and transferred its powers to a board of directors, which was 80 percent from the private sector.

"The SBDCC's experience and achievements over the past eight years have proved that the

trywide was also given a considerable boost with the establishment of offices in Nelspruit, Mamelodi, Klerksdorp, Queens-town, Wadeville and Welkom.

In Durban, work had begun on reconstructing Victoria Street market at a cost of R20 million.

Another feature of the past year was the success achieved in promoting subcontracting between big and small businesses.

Since the SBDCC's inception in 1981, to end-March this year, financial assistance granted had

'deburcratization' of small business was a major step forward," Dr Rupert said.

"We have won a couple of minor battles but the real battle — to effectively meet the aspirations of tens of thousands of South Africans who want to foster their own economic progress — has not yet been won," he added.

Judged by international experience, big business could not achieve this off its own bat.

The SBDCC's greatest challenge for the next decade was to

swelled to R578,7 million, benefiting about 22 000 entrepreneurs who promoted almost 200 000 jobs, Dr Vosloo said.

### Increased assets

The SBDCC's assets had leapt by 33 percent from a base of R149 million. Investment in property had increased by R34,4 million to R150,1 million.

The SBDCC has set up a number of supermarkets, shopping centres and business districts in neglected areas countrywide.

clear the road for enterprising people in all communities, thus enabling them to build a prosperous South Africa.

"As a promoter of the SBDCC, big business has an obligation to help broaden the competitive basis of the economy," Dr Rupert said.

"It could, among others, be achieved through an accommodating attitude towards small business, through privatisation of activities within big business which are not mainstream, and through subcontracting."

# Big business has obligation, says Rupert

The Small Business Development Corporation presented an excellent example of how privatisation could be carried out speedily and successfully, Dr Aytton Rupert said yesterday.

In his chairman's address to the SBDCC's eighth annual general meeting in Johannesburg, he said that for many years State corporations were solely responsible for the development of small businesses in the less developed areas of South Africa.

However, since the beginning of the 1980s, the SBDCC has be-



# All fueled up and rarin' to go

By EDWARD MOLONYANE  
Staff Reporter

THE first service station in Khayelitsha, owned and managed by a black man, is to be officially opened this weekend, sparing motorists the burden of travelling long distances for fuel and other items.

The service station, situated in Lansdowne Road Extension next to Site C, is already a hive of activity, with motorists filling up their cars and people fetching or handing in television set batteries.

Because there is no electricity in large parts of the township, most TV owners have battery sets and previously had to travel by taxi to the nearest garage in Crossroads to have their batteries recharged.

## Fat cakes

The man behind the new venture is 43-year-old Mr Sam Dube, who started off as a small businessman through the Small Business Development Corporation in 1985.

A former furniture salesman, Mr Dube said he approached the corporation for a space when it opened the first shopping centre in Khayelitsha after he had wanted "for years to be on his own."

"I opened a small cafe specialising in fat cakes, which were a favourite with school-



TRAILBLAZER: Mr Sam Dube outside his service station in Site C, Khayelitsha.

children. Because there were

not many similar undertakings my small business grew in no time. I was thinking of expanding my business when 'Trek' came with this offer," he said.

He said Trek advertised early this year that it was putting up a service station in Khayelitsha and invited black businessmen with "sound finan-

cial" standing to take it over.

"Many businessmen came forward but at the end of the day I emerged the winner and the station was sold to me," he said.

He could not disclose the amount he put forward but said that a "substantial amount" was involved.

Father of four Mr Dube, who

said he had always been involved in money making schemes in the townships from a young age, added that he and a group of ten other businessmen intended establishing a fund "to fight the official red tape" hampering black businessmen from acquiring businesses. Plans were at an advanced stage.

Mr Dube blames black local authorities for failing to "to appreciate" the role black business was playing in the community. He said these normally charged "ridiculously high" amounts for tenders, which even the richest among them (businessmen) could not afford. "That is why we have decided to club together."

Ms. u's 30/8/89 30

Picture: LEON MULLER, The Argus.

# Retail surge bolsters Wooltru's earnings 50%

CAPE TOWN — RETAIL and wholesale group, Wooltru, has exceeded profit expectations with the help of good trading conditions in the second half, reporting 50% growth in taxed earnings to R93,4m for the year to June.

The group, which incorporates Woolworths, the recently acquired Makro wholesale chain and Speciality Retail Stores (including Truworths and Topics), benefitted from a surge in the retail sector over the last six months of its financial year, chairman David Susman said yesterday.

"This has been one of three years which have been a shopkeeper's dream and we have more than capitalised on splendid trading conditions," he said.

Untaxed profits grew by 47% to R178,5m on 26% sales growth which saw turnover exceed R2bn.

Taxed profits grew strongly despite a tax bill which rose 44% to R85,1m, and were translated into earnings per share of 269,2c (178,9).

A final dividend of 65c was declared, bringing the total to 112c (80c). Dividend cover was increases to 2,4 times (2,2).

The directors refused to provide a breakdown of the operating companies' contributions to profits when asked what



LESLEY LAMBERT  
Makro's contribution had been, saying the companies were undergoing restructuring.

But Susman said each company had improved profits substantially and increased market share, reflecting sound management and considerable capital expenditure over the past few years.

Colin Hall, who was appointed deputy chairman last year, has been appointed CE of the group. He told the Press con-

ference yesterday he attributed profit growth largely to productivity gains and cleaning up of margins which, he said, would also contribute to the group's longer term health.

"Our stated objective is to show high return on shareholders' funds and higher sustainable growth in the industry and we believe this year's results have been a step in the right direction," he said.

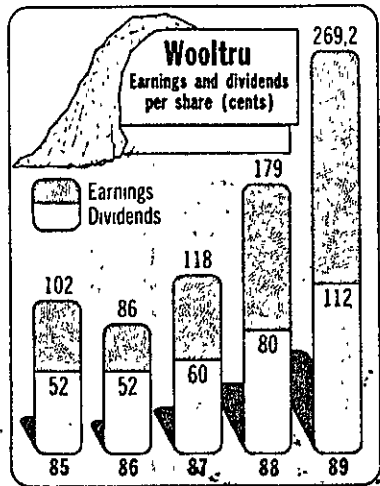
"The results prove to us that the operating companies are focussing more strongly on their particular brands and that our trade has proved increasingly acceptable to a wide range of consumers."

The anticipated impact of the economic slowdown on consumer spending would inhibit growth this year, Hall said. But other traditional constraints such as cash shortages and inadequate management, would not present problems.

A healthy balance sheet shows the group has reduced long term borrowings from R79,6m to R68,1m and although short term borrowings have grown from R2,3m to R4,5m, cash resources have more than tripled to R39m.

The group also has on its books property which is currently valued at about R277m.

Expansion plans include six new and six relocated Truworths and Topics stores, a new Woolworths in Claremont and expansion of existing Makro stores.



An investment in the country's future

# Work starts this week on R13-m Alex centre

A 10-year dream for the building of a R13 million technical and community centre for Alexandra is about to turn into a reality for the township's residents and their partners in the project, Rotary and The Star's TEACH Fund.

The first stage of the project will be launched tomorrow, with the first sod being turned for the technical college block. The second phase will be the Career Directed Senior Secondary School, with a community centre being the third stage.

## Major priority

Mr Martin Ramokgadi told the steering-committee meeting which decided to go ahead with the project. "The people of Alex are anxious. They keep asking when the college will be ready. Now, at last, they will see their dream come true."

The project was decided upon after extensive consultation with Alexandra residents' organisations. Mr Mike Coleman of Rotary said his organisation had been seeking suitable opportunities to work effectively with the township's people. Rotary arranged a series of informal meetings with Alex residents, and the development of educational facilities was identified as a major priority.

Thanks to generous donations from businesses near Alexandra, the Alexandra Uplift Committee,

The Star's TEACH Fund and the then West Rand Administration Board built a new school.

The next step was a nursery school for 120 children, followed by a library which was stocked with 10 000 books obtained from Rotary worldwide. The next logical step was the technical college. Two years ago a new committee was set up to plan for a technical college, a Career Directed Senior Secondary School and a community centre, which came to be known as the Alexandra Community Education Centre (ACE).

Mr Joyyon Nuttall, general manager of The Star and chairman of the ACE steering committee, said the decision to go ahead with the project was an act of faith.

"We have received the first R1 million of the substantial funding we need, through the generosity of some of the companies we approached."

"Now there is the prospect of a substantial donation from a major blue-chip company, plus the provision of bridging finance from another company. We have decided to proceed as an act of faith. I firmly believe in the future."

Mr Nuttall said he hoped the funding would come from South African companies, in particular those who need the skills of the pupils ACE will provide. A leading car manufacturer had already committed R800 000 for the provision of workshops in the second phase of the project.



Mr Joyyon Nuttall, general manager of The Star and chairman of the ACE steering committee, and senior assistant editor of The Star Mr. Joe Latakgomo show a model of the Alexandra Community Education Centre.



30 8/day 31/8/81

# Assocom members warned to prepare for a stayaway

ASSOCOM yesterday issued a warning to its constituent members to be prepared for a two-day work stayaway on Tuesday and Wednesday next week.

Manpower secretary Vincent Brett said Assocom's assessment was based on a "feel" of the situation and on vague indications companies had received from staff, rather than on firm information.

Unionists said plans for next week were likely to be clearer by today, with a meeting scheduled for last night to discuss the matter.

"We are stymied by security legislation, which has prevented a definite announcement of plans by unions," Brett said.

The Assocom notice said that because of this, circumstances were likely "to vary from region to region and from sector to sector. Factors such as the union involved and even the local shop stewards' attitudes will play a part".

It added it was very difficult to say

## ALAN FINE

what should be expected. "But action is likely to vary from a stayaway for the whole of next week to 'go-slow' action for a lesser number of days. The most probable action in most instances is likely to be a two-day stayaway."

Assocom recommended an employer policy of "no work, no pay". The organisation believed in most cases it was unlikely disciplinary action would be taken against participants.

## Raided

It advised employers who might wish to take action to take great care to ensure that normal and fair disciplinary procedures were followed.

Sapa reports that a large contingent of heavily-armed police yesterday raided a Nactu union's office in Boksburg and confiscated several documents.

Nactu general secretary Piroshaw Carnay said about 50 police entered the Food and Beverage Workers' Union of-

fices at the Unilever plant in the town.

"The police displayed a search warrant that gave them the right to go through the offices for banned literature and anti-election pamphlets they claimed we were in the process of printing."

Camay said leading Nactu officials, including its president James Mndaweni, rushed to the offices with a legal adviser.

After a verbal confrontation, the authorities left with the confiscated items, and warned that further action could be taken against the federation and its affiliates.

Police spokesman Lt J A van Zwiell confirmed that a "police offensive at the Food and Beverage Workers Union" had been staged.

"Investigations are continuing," she said.

A spokesman for Van den Bergh and Jurgens — which runs the plant under the auspices of Unilever — said the company deplored "this intrusion on to its site".