COMMERCE - GENERAL

1990

APRIL — MAY

Profit, payout rise 88% after Ellerine face-lift

S Times 1/4/90 (30)

ELLERINE takes first prize this week for a great performance with an 88% climb in earnings and dividends in the six months to February.

The furniture chain, which sells mainly to blacks, improved its market share by opening stores and moving others to better sites. Sales grew by almost a third to R239-million, but pre-tax profit doubled to R40,4-million. Earnings were 327c a share and the dividend 109c.

Ellerine says its ability to maintain performance will depend on external factors, such as political stability and an economic climate that prevailed in the first six months of the financial year. The shares hit a year's high this week of R24.

Return

Pick 'n' Pay's earnings were up by 22% in the year to February and Math Ash recorded good interim growth to December. Its earnings rose by 30% to 26c a share from a 52% lift in sales to R65-million.

Fertilisers helped Omnia to 53% higher earnings [illegible] 37c a share from a 42% ri[illegible] in sales to R336-million.

Trek set the pace with a 40% climb in interim profits to February from an increase in turnover of a third to R588-million.

The Basil Starke companies returned to profit in 1989 but declared no dividends. BSI's turnover rose by 11% to R148-million, but last year's loss of 37c a share was turned into a profit of 15,5c.

BSI has regrouped its assets, eliminating dormant companies. It owns 87% of BSG, which is still R350 000 in arrears on its preference dividends. It turned a 31c loss into a 33c profit.

Wit GM's earnings for the six months to December were helped by royalties and

By Julie Walker

site rentals from Knights Gold Mining, and tributing from Balmoral. It earned 5,95c a share compared with 0,64c previously.

Other than Autoquip, Greenfields property company, Harwill, Sanlic and contract miner Scharrighuisen, the results were grim.

Grove's earnings were up by 12%, Broadacre, Sage, Sasfin and Traclo managed single-figure rises, and the rest returned a worse performance than previously.

Flattest on its face was Gants. Sales grew by 10% to R193-million in 1989, but earnings shed 92% of the 1988 total to only 2,2c a share. At least it made a profit, and declared an 8c dividend.

Tollgate and Duros returned sharply lower profit in the 18 months to December. But the shares picked up on news of control passing to more powerful hands.

Arwa incurred a loss of 12,2c a share in 1989.

WB Holdings' earnings slipped by a third to 36c from a 12% lift in sales to R7,6-million in the year to December. It had forecast a decline to 42c at the interim. It has spent money on orchards, with little corresponding income until the fruit is harvested.

Natrawl netted 44% lower earnings at 7c a share in 1989.

Rentbel's bottom line dropped by 10% to 44c a share at the interim to December after an 86% fall in pre-tax profit. Income from associates made up the difference.

Absolute losses were recorded by Powernet, Aimark, Mynkar, Furntech and Swimhold.

Only weeks ago, most companies were reporting good increases. This week's set shows that the economic slowdown is taking its toll in the form of lower growth in sales, sharply higher interest bills and bigger operating expenses.

The Star
Finance

Star 2/4/90 30

Namibia faces rocky economic road

Nicholas Woodsworth of the Financial Times assesses the prospects for Namibia's economy, one of the wealthiest and resource-rich in Africa, but also one of the most extractive and unbalanced.

WINDHOEK — To the world at large, Namibia is known for two things: its protracted struggle to gain political independence from South Africa, and its status as one of the wealthiest and resource-rich countries on the continent.

In the face of many problems, the political struggle has now been won. The economic challenge to manage successfully Namibia's resources remains, and may prove as difficult as independence itself.

In one sense, Namibia's reputation as a wealthy country is deserved. Diamonds, uranium, copper and other base metals have made it the fifth largest mineral producer in Africa.

Its fishing grounds have been among the richest in the world. Despite a semi-desert climate that has discouraged extensive agriculture, livestock and a tourist industry have made its land useful.

Third highest

These activities contribute to a gross national product of $1,42 billion in 1987, giving Namibia's 1,4 million population a per capita income of $1 062 — the third highest in Africa and more than three times the continental average.

But if the economy is one of the wealthiest in Africa its colonial history has also made it one of the most extractive, unbalanced, and poorly integrated.

Namibia's economic inclusion into South Africa as a virtual fifth province has resulted in a net outflow of capital, mainly in the form of corporate profits and dividends from the mining sector — more than 60 percent of a GDP of R3,3 billion was exported from the country in 1987.

The manufacturing sector is marginal. Namibia exports about 90 percent of the primary goods produced in the country and imports 85 percent of the items consumed.

Mining accounts for 28 percent of GDP, but employs 5 percent of the work force; agriculture employs more than half the work force but accounts for only 2 percent of GDP.

Finance Minister Otto Herrigel

Per capital distribution of income is also highly skewed: Namibia's 80 000 whites on average earn 20 times more than blacks.

These inequalities are accompanied by fiscal imbalances. In order to legitimise its rule in Namibia and promote internal political settlement, the South African administration in 1979 initiated large scale programmes of infrastructural and social service development requiring a doubling of Namibia's administrative costs and heavy aid subsidies to Namibia's budget.

Over the past decade, South African aid contributed more than 20 percent annually to government expenditure, and is a big factor in the country's GDP growth rate, an average 2,7 per cent in the past three years.

At the same time investment in productive capacity has dropped significantly. Between 1980 and 1988 fixed investment at constant prices fell in mining from R112 million to R58 million; in agriculture and fishing from R22 million to R15 million; in manufacturing from R15 million to R3 million.

Total fixed investment in 1980 was two times government consumption expenditure; today it is only half. In 1980 tax revenue exceeded government consumptive expenditure; today the reverse is true.

In short, Namibia has for the past decade been living beyond its means. The country's new Swapo government is thus inheriting a fragile, dependent economy and over-extended public sector financing.

In its own interests, Namibia has decided to stay within the South African Customs Union — from which it now expects to receive a greater share of customs receipts — and will continue to operate in the Rand Common Monetary Area and South African Reserve Bank system for at least two years.

But given the path of economic development Namibia now proposes, its future remains precarious.

Investment code

Although the government has announced its intentions to develop a mixed economy based on both the private and public sectors, Finance Minister Otto Herrigel does not believe that local or foreign private investment is a keystone to development.

"As much as we encourage investment, it has limited applicability," he says.

While Mr Herrigel promises an investment code that will create a favourable climate, he believes too many African countries offer incentive packages while there is nothing to invest in. The investment possibilities he sees in fishing, mining and light manufacturing, he says, "will follow development, not instigate it."

Instead, Mr Herrigel places greater emphasis on a problem that is political as well as economic: job creation. Namibia's unemployment rate now exceeds 30 percent and there are few job opportunities in Namibia's over-crowded communal northern farming areas.

At the same time, however, Swapo's promises of higher living standards and greater economic opportunities have raised high expectations among the population.

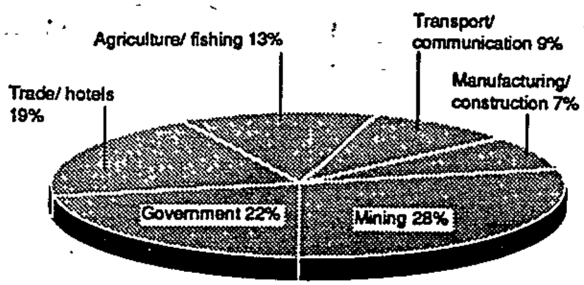
The Finance Minister believes job creation through agricultural development must be the country's top priority. Such development will be achieved through large-scale, high-technology, capital-intensive projects for the building of dams and downstream canal systems on Namibia's northern rivers.

The projects will be accompanied by rural development schemes for the provision of roads, water, electricity, schools and health installations. "This is our only true solution to problems of unemployment and lack of development," he says.

In view of its difficulties in raising capital for future development as well as funding the current account deficit, the government sees no other choice but to seek heavy financing from the international donor community.

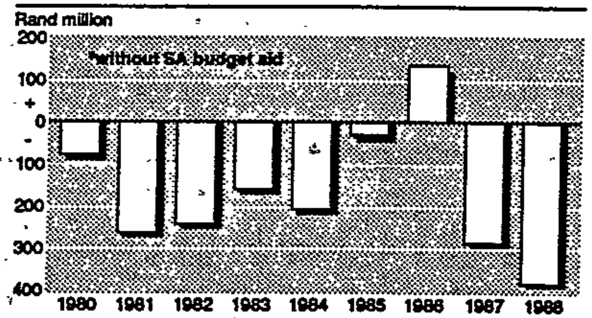
"We have been under South African influence for a long time and inherited their infrastructural problems," says Mr Herrigel.

GDP 1988



Source: First National Development Corporation

Current account balance*



Source: First National Development Corporation

"We are justified in looking to the world for five years in helping us in a development thrust to establish an economic basis for independent Namibia. We have to create something new as soon as possible; we will be able to do so if we have the necessary aid."

The Finance Minister is seeking R500 million in grant aid in the first year of his administration to balance the budget. He is also seeking the same amount annually for the next five years for development projects in agriculture, education, health and housing.

Nor is commercial debt excluded in development plans; this, he says, will not be allowed to exceed 200 percent of annual government revenue.

While policies for job creation and infrastructural development are essential, the risks accompanying both heavy aid dependency and large-scale, state-run agricultural projects have become increasingly obvious in Africa.

Begging bowl

More often than not, what is seen as a bread-basket turns out to be a begging bowl.

Encouragement for such programmes has not in the past come solely from anxious and financially-strapped socialist governments; international and bilateral development agencies, with budgets to spend and tied aid contracts to secure, have often been delinquent development partners.

Some economic analysts in Namibia argue for a more cautious and cost-effective long-term approach to development and employment; small scale, technologically appropriate projects directly involving subsistance populations.

If, in planning policy, political considerations outweigh economic rationality, Namibia may be headed down the rocky development road so well known to the rest of Africa. — Financial Times.

HP terms expected to boost TV sales

310 cm 3/4/90

TELEVISION sales are expected to grow by between 10% and 15% this year because of the easier HP terms announced recently, National Panasonic MD Alan Coward said yesterday. (30)

Deposit payments on HP agreements have been reduced from 20% to 12%, and repayment periods were increased from 18 to 24 months.

Coward said the lower deposit would be particularly helpful in the market place.

He expects major growth in the black market, with consumers moving away from the bottom-of-the-range sets to bigger and better colour units.

"This is a huge market with tremendous growth potential," he said.

PIERRE DU PREEZ

Coward, who is vice-president of the Radio and Television Manufacturers Association (RTMA), did not think the relaxation of import surcharges would affect the price of sets significantly — perhaps by R20 a unit. Prices would probably increase in line with inflation over the next 18 months.

The industry remained "tremendously competitive", but good growth was foreseen provided there was stability as far as regulations were concerned.

"We had a meeting with the Department of Trade and Industry recently and found them very positive," Coward said.

D&H gets off to a flying start

Star 3/4/90 (30) (18)

Darling & Hodgson has made a strong start to the year.

Earnings per share for the six months to February were 36 percent higher at 47,6c and the interim dividend has been raised 31 percent to 10,5c a share.

In results adjusted to reflect the adoption by 42 percent-owned associate company Blue Circle of the partial deferred tax method of accounting, D&H lifted operating profit 49 percent to R54,75 million.

Coming from a 25 percent growth in turnover at R297,68 million, this represents a significant improvement in overall margins.

MD Richard Bruyns says emphasis has been placed on improving efficiency and costs.

Of note is the 20 percent drop in the interest bill — a benefit of strong cash flow — which helped lift pre-tax profits 58 percent.

The expected increase in the tax rate — due to assessed losses being utilised — and a higher share for outside shareholders kept growth at attributable-profit level to 36 percent at R30,865 million.

The assessed losses should be fully utilised in the current year.

D&H is confident of improving on first-half performance, implying earnings of at least 95c a share for the year.

The balance sheet remains strong, with cash totalling R22,8 million (R3,2 million overdraft a year ago). On a share price of 390c, historical yields are 23,4 percent on earnings and 6,4 percent on dividend. — Sapa.

Consumer boycott launched

Star 3/4/90

30

Staff Reporter

A consumer boycott of white-owned businesses — aimed at forcing the desegregation of facilities and the release of detainees — has been launched in the Transvaal towns of Klerksdorp, Stilfontein and Orkney.

A spokesman for the National Union of Mineworkers said the boycott, launched on Monday last week by Cosatu, the Jouberton Civic Association and other community organisations, had been highly effective.

Business sources said shops catering for the black trade appeared to have been hit by the action.

Jouberton Civic Association secretary Mr Tsediso Ntaopane said the boycott aimed to secure the release of about 20 people detained on and before Sharpeville Day (March 21).

Advice for Sakekamer

Business Day Reporter

THE Johannesburgse Afrikaanse Sakekamer, as part of its educational task, had to support the new SA with "enthusiasm" and contribute towards non-racialism in the city and elsewhere, outgoing chairman Hennie Louw said at the organisation's AGM last night. 30

A lack of understanding of recent political changes, where they were taking SA and who the other players were, could place the Afrikaner at a disadvantage when it came to establishing his interests along with those of others.

Louw said the Sakekamer had to help prepare the comunity for the coming changes and facilitate formal and informal contacts between all people.

Although the organisation welcomed English-language businesses as members, more needed to be done to disprove the notion that it was exclusive and strove to avoid political and other "sensitive" issues, he added.

Sacob forms task force to examine nationalisation

(30) B|04 4.4|90.

ANDREW GILL

THE SA Chamber of Business (Sacob) has set up a task force to examine the issues involved in nationalisation and the redistribution of wealth.

Speaking at the Tygerberg Chamber of Commerce and Industry AGM last night, Sacob director-general Raymond Parsons said the task force would operate within seven broad parameters in investigating the issues surrounding a future economic system for SA.

He said there was a need to look at what legitimate concerns lay behind the preoccupation of the ANC and other black groups with regard to nationalisation and redistribution of wealth.

Business, he said, should be prepared to deal with the nationalisation arguments as robustly and critically as they previously dealt with interventionist government policies.

"We must not attempt to appease anti-private enterprise radicals who are driven only by ideology," he said. Businessmen should, however, be prepared to look at ways in which the performance of the market economy in SA could be improved or restructured.

Parsons said a private enterprise economy was essential to maintain an economic system which would ensure economic growth, create jobs and ultimately raise standards of living for all.

It was important to realise that it was apartheid, and not capitalism, which was on trial in SA. "What blacks in the SA economy have experienced as 'the rules of the game' is the antithesis of a free enterprise economy."

☐ Sacob officials yesterday declined to name the people on the "task force".

● See Page 10

Discount to NAV reflects disinterest in Columbia

BD4 4/4/90

(30)

NEIL YORKE SMITH

SHARES in Columbia Consultants, controlling shareholder in rural retailing group Acrem, are trading at 97c on the JSE, a substantial discount to net asset value (NAV) of 166c a share.

A large portion of the group's assets are in cash or near-cash instruments.

Commenting on the share price yesterday chairman Gordon Polovin said: "Our job is to run the businesses; let the market make the price."

Analysts attributed the poor rating to: lack of interest in second-line shares, investor disillusionment after Columbia shares crashed from about 800c in October 1987 and a "wait and see" approach regarding the Acrem investment.

Columbia was listed in 1986. Listing price was 75c a share but a frenzied market drove the price to about 800c before October 1987.

Originally a management consultancy operation, Columbia made numerous acquisitions, mostly financed by its highly rated paper.

Recently, the group has sold most of its minority interests to concentrate on a single large investment.

This was in Acrem, in which Columbia holds about 53%. Polovin plans to increase this to about 80% after Columbia underwrites and participates in Acrem's R16m rights issue, he said.

Besides its Acrem interests and about R22m in cash, Columbia has shares in listed Pride (40%), Blocktech (73%) and Powernet (60%), as well as property holdings. Polovin confirms Columbia is prepared to sell any of these companies, but only at the right price.

"We will happily continue managing the operations until we get the right prices," he said.

Acrem, founded 42 years ago, operates general dealer stores in rural areas of the Transvaal and eastern Cape. A large part of its business is credit based.

Market sources said Acrem was a solid, well managed business with a good track record. "We expect good growth, especially if funds generated by the rights issue are quickly put to good use," said one.

Polovin said the rights issue would leave Acrem totally ungeared and in a strong position to make acquisitions in the retailing sector.

● POLOVIN

"We are already considering one or two deals," he said

The market values Acrem shares at 50c. It earned 5,9c a share for the six months to September 30 and full year earnings of 14c a share are anticipated. Tangible NAV is 41,2c.

Polovin said Columbia would earn about 17c a share for the year to March 31 1989. Almost all earnings would be paid to shareholders via dividends as the company did not need the cash, he added.

"For the year to March 1991, we expect earnings of 30c to 40c a share," Polovin said.

Property rentals continue upward trend

BDay 4/4/90

CHARLOTTE MATHEWS

PROPERTY rentals continued to increase in the year to December, reflecting sustained demand for accommodation in most sectors of the market, Sage Property Trust Managers (SPTM) chairman Louis Shill said in the group's annual report.

However, there was a relatively limited supply of space.

Reviewing the market for the three trusts in its stable — CBD Property Fund, Federated Property Trust and Pioneer Property Fund — Shill said conditions in the property industry had remained relatively buoyant in 1989.

Demand for modern prestige accommodation in the Johannesburg CBD had remained strong and rentals had risen to a peak of R25m² net, or above R30m² gross including operating costs.

In less prestigious and older buildings, rentals had risen to R12-R14m² from R8-R9m² a year before in spite of sluggish demand and oversupply at the lower end of the market.

Demand for retail premises in the CBD was firm and rentals for small to medium-sized shops were generally R70-R80m².

Rentals for commercial property were unlikely to rise as rapidly in 1990 as in 1989 because consolidation was inevitable in conditions of slower economic growth.

(20)

Dividends

Industrial property continued to show strong recovery and rentals had peaked towards the end of the year.

"While areas such as Anderbolt, Jet Park and Boksburg North on the East Rand are still experiencing strong demand for smaller units, the market as a whole has been somewhat quieter recently with fewer inquiries for space," Shill said.

He foresaw easier rezoning of land for industrial use in the current climate of deregulation and welcomed moves to reduce decentralisation incentives which had distorted free market forces.

CBD Property Fund was likely to show total dividends a unit in 1990 similar to those of 1989 because of the progressive reinvestment of R27m in cash.

Performance would also be affected by Annuity House, which was not expected to contribute significantly to net property income in 1990.

Shill expected growth of between 5% and 10% in Federated Property Trust's total dividends in the current year.

Continued satisfactory growth was expected from the non-retail component of the portfolio and rentals from retail properties,

Pioneer Property Fund should achieve its forecast 14,7% increase in dividends in 1990 to 33,1c a unit, based on established growth pattern and the current development programme, he said.

BRIGHT FUTURE FOR SA — KAHN

GERALD REILLY

PRETORIA — SA had all the components of a massive economic generator, SA Breweries chairman Meyer Kahn said here last night.

At his inauguration as a professor extraordinary of Pretoria University's post-graduate management school, Kahn said it was the economic muscle of the large companies that would ensure economic survival over the next five years.

He said there was no way a healthy and growing informal sector could develop without a strong formal sector. If the one died, the other would too.

Currently, there were about 700 000 small business undertakings. In a climate of real deregulation this number could multiply dramatically and job creation could also dramatically increase.

Against this background, the task of finding 400 000 new jobs every year would no longer be an anxious nightmare, but an attainable objective, Kahn said.

Threats facing large companies included nationalisation; reaction from white right-wing radicals; an acute shortage of skills; deeply set radicalism among young blacks; serious confrontation between labour and capital; no shortcut to the lifting of sanctions, and a lack of foreign capital. BDay 4/4/90

Fortunately, Kahn said, the picture was not all dark and sombre. There were enough opportunities on which to build a bright future.

Kahn said for the first time in living memory the country had leadership in an economic-political front that wanted to go in the right directions.

He expected the new spirit in government would soon have an impact on the black consumerism. SA already had a core of middle-class blacks that had to be expanded.

Kahn said estimates were that the lower 40% of the population received less than 10% of total income. If the economy could maintain an annual growth rate of 5% or more, the income of this section could double within two or three years without a decline in incomes of other sections of the population.

Kahn also said the collapse of the East European power block presented tremendous export opportunities. However, exports should not be a gimmick to fall back on when the local market was in decline.

Business must be heard in the search for political solutions

B/Day 4/4/90

RAYMOND PARSONS

THE search for a peaceful solution to SA's problems cannot be left to the politicians. Business also has a necessary role to play at all levels and in helping to shape the debate.

There are two aspects in which business has a critical stake: the shape of any new constitution and the economic values and principles it will embody; and the kind of economic system that will emerge from the political bargaining process.

What is important in a new constitution from the business viewpoint is the focus it gives to people's rights and responsibilities in economic affairs. The concepts of private property, right of contract and personal culpability are all relevant to the constitutional debate.

In the field of public institutions there would be a need to concentrate on people's political rights — such as collective services and taxes — at all levels of government.

Thus the future of SA business will require the highest degree of sensitivity to the constitutional framework within which it will eventually function. These are key matters to which business will have to give attention. The substantial work already done by the former FCI and Assocom bodies will now have to be brought up to date by the new SA Chamber of Business (Sacob).

More immediate is the debate on what kind of economic system should result from the eventual political negotiations. There is a big gap between politics and economics which still needs to be bridged.

A task force within Sacob is examining the issues involved in the current discussion about nationalisation and the redistribution of wealth. This group is drawn from top businessmen and economists within Sacob and its research and consultations will help formulate the Sacob view.

I do not wish to pre-empt the outcome of their deliberations, but it is not difficult to visualise the parameters within which they will conduct their study. In their search for the appropriate answers I suspect the task force is likely to bear the following factors in mind:

□ There is a need to look at what legitimate concerns lie behind the preoccupations of the ANC and other black groups with nationalisation and the redistribution of wealth.

There are historical injustices to be addressed and social backlogs to be rectified. The question will be whether the methods — within the framework of the market economy — can be evolved to solve these problems. The recent Budget, through its allocation of R3bn to black socio-economic development, is a major first step in that direction.

We must not underestimate the powerful emotional feelings that underpin these needs. Business will have to see what more it can do and what it can contribute to the debate.

□ There is a need to maintain an economic system in SA which will ensure economic growth, create jobs and ultimately raise standards of living for all. Such an economic system will have to be private enterprise-orientated.

We must avoid dubious paths which will lead not to wealth-creation but to a destructive loss of the opportunities which would otherwise exist. We must avoid opting for measures or policies which do no more than threaten the wealth-creating mechanisms of the market economy.

Nationalisation is simply not acceptable to the bulk of SA businessmen. It will also destroy SA's ability to attract overseas capital in the future. Nationalisation is not an effective instrument for making new resources available to the underprivileged — whether or not compensation is paid to the nationalised sectors.

□ It will be necessary to examine the economic experience of Eastern Europe and Africa and evaluate their relevance for SA. The disenchantment with collectivism elsewhere will have to be put under the microscope. It will be especially important to study economic collapse in those comparable countries where apartheid did not exist.

□ It will be important to realise that it is apartheid, not capitalism, which is on trial in SA. What blacks have experienced as "the rules of the game" is the antithesis of a free enterprise economy.

It will be essential to clarify the debate on this level. But that does not mean that business should not be prepared to look at ways and means in which the performance of the market economy in SA can be improved or restructured. Markets facilitate restructuring if they are allowed to do so.

We need to broaden and deepen black participation in the economy. Hopefully it will be possible to shift the debate off the ideological level on to a more empirical level.

Business must be prepared to deal with the nationalisation arguments as robustly and critically as they previously dealt with interventionist government policies.

□ Although there are serious imbalances to be addressed, this does not change certain economic realities. Nor does it mean that all injustices can be corrected overnight.

Expectations must remain realistic. SA needs to survive and grow in a competitive global economy.

□ We are often told that change is inevitable and irrepressible and that we have to get on the side of the forces of change. There is merit in these propositions. The restructuring of the system of education and training is one high priority, but we must not lose sight of a crucial distinction.

Business has a vital stake in the nature of that change, and in the success of those who support peaceful change and market economy principles. We must not attempt to appease these anti-private enterprise radicals who are only driven by ideology and will not be charmed out of their hostility to us by professions of our goodwill.

□ A coherent public policy must address with equal insight the requirements of stability and of change.

Unless a framework of law and order can be preserved, business cannot thrive. Private fixed investment needs the assurance of long-run stability. It is bound up with the question of business confidence. If stability is not maintained, the process of change is jeopardised.

SA has entered an era of great hope — but also of great uncertainty. Businessmen have a vital stake in the outcome of the conflicting forces at work. It remains important that political leaders manage the process of change in ways that retain the confidence of the main players, including the business community.

Parsons is director general of the SA Chamber of Business. This is an excerpt from his address to the Tygerberg Chamber of Commerce and Industry last night.

LETTERS

Executives visit small businesses

By AUDREY D'ANGELO
Financial Editor

CT 7/3LS 4/4/90 (30)

THE outlook for some small business people on the Cape Flats was transformed yesterday by a visit from executives of major companies who were interested in subcontracting work to them or making use of their services.

The visit was the first of several organised by Pam Herr of the Pam Herr Organisation and Aly Khan of Athmark Communications to bring the formal and informal sectors together.

It was also aimed at showing executives the conditions under which their employees live.

After a stop in Athlone — where business deals were discussed — the executives were taken to the business and training centres in Guguletu, Crossroads and Khayelitsha.

They drove past the Motale Bus Service depot belonging to Peter Motale, once a grocery delivery boy and now a millionaire providing transport between Guguletu and the homelands.

It was pointed out to them that sphaza shops — open 24 hours a day — were thriving in tin shacks and in small low income houses, at the expense of those in a first world shopping mall.

But, although many said the visits to the black townships — where streets of First World houses stood within sight of shacks, and bright signs identified taverns — was an eye-opener to them the most rewarding part of the trip, as far as business was concerned, was a stop at the Small Business Development Corporation (SBDC) hive in Athlone.

There, clothing company executives found firms offering embroidery and screen printing at bargain rates, as well as cut, make and trim (CMT) services. One CMT firm was making dresses for a leading Cape Town designer.

Kamiel Edwards, a former tailor who already supplies three factories with covered buttons and belts, discussed doing business with others. His firm, Special Services, employs six people and he said he had the capacity to increase his present output.

Michael Herbert of M H Installations, who makes kitchen cupboards, found some prospective customers.

And Tastic executives thought they could use the services of M Hefele, who repairs refrigerators and other electrical appliances.

"We could have spent the whole morning there, not half an hour," sighed Adrienne Esterhuyse of Venus Clothing, a manufacturing company in the Seardel group, as she left the hive where small businesses rent workshops with use of services.

But in the black townships it was not a good day for doing business. A training centre was empty except for 10 dejected-looking women who were being taught to sew buttonholes by hand, before progressing to cutting out and using sewing machines.

Executives from the formal sector of business got together with entrepreneurs in the informal sector when they visited the Cape Flats yesterday. From left, front row, Mike Smith of SA Nylon Spinners, Craig Anderson of Habitech, tour organisers Pam Herr of the Pam Herr Organisation and Aly Khan of Athmark Communications, Michael Herbert of MH Installations and Colin Waterson of Pretoria Portland Cement. From left, in the background, Colin Kalis of Ready Mixed Products and Kamiel Edwards of Special Services.

Clothing company representatives said the training was useless for getting a job in a factory. "Industrial sewing machines are quite different from these domestic machines," said Adrienne Esterhuyse.

"We try to get people to come to the Seardel training school in Woodstock. There is a desperate shortage of good machinists."

The party were told that the centre was empty and the township quiet following political troubles.

In the black craft centre at Khayelitsha, where co-operatives weave and make pottery and leatherwork, four women were handweaving pure wool curtains and scarves. Agnes Njoli, leader of the weaving co-operative, said their work was sold mainly at craft fairs.

An array of earthenware pottery was on show in another part of the building, but the potters were absent.

In the leatherwork co-operative Michael Motlhaban was alone, handsewing a leather bag which he said would retail for R200. In the summer season he sells them in the Greenmarket Square market.

But when the holiday season is over, he said, it is not worth his while to attend markets. "I can sit there all day and sell only two bags."

The walls were hung with freedom posters which his co-operative prints as a sideline. Motlhaban said this work was in demand.

His partners in the co-operative, he explained, were "out seeing customers".

Launch of Year of Literacy

S/o 4/4/90

By Abel Mushi

30

South Africa's literary and publishing fraternity launched the International Year of Literacy in Johannesburg last night.

The function was hosted by READ, a professional organisation funded by the private sector which supplies books, materials and training in their use to schools countrywide.

Speaking at the launch, Mrs Irene Menell, chairman of READ, said 1990 was designated The Year of Literacy by the United Nations Educational, Scientific and Cultural Organisation (Unesco).

"Unesco intends making literacy its number one priority for the decade and hopes to have wiped out illiteracy worldwide by the year 2 000," she said.

READ is planning a series of programmes to celebrate the International Year of Literacy and to raise the public's awareness of the seriousness of illiteracy in southern Africa.

Plans are already under way for numerous functions, including a national television launch, a festival of books, a festival of stories and a celebrity book auction.

people's rights and responsibilities in economic affairs.

tribution to the public debate," Mr Parsons said.

Johannesburg. had a severe sh

SAP 'learn new thought patterns'

Star 4/4/90

By David Braun, The Star Bureau

WASHINGTON — The South African Police are being re-orientated by psychological programmes to be able to work with the African National Congress as a legal organisation rather than a banned enemy.

US Assistant Secretary of State Mr Hank Cohen told foreign journalists in Washington on Monday that Law and Order Minister Mr Adriaan Vlok had recently described the programmes to him.

The programmes, now under way in the police force, were designed to reconstruct the psychological outlook of the security forces, so that in effect the police were being taught to work with the ANC and other organisations which had been legalised, he said.

Mr Cohen said a good effort was being made to synchronise the work of the police and other security forces with Government policy.

No comment was available from police at the time of going to press.

However, a Law and Order Ministry spokesman, Captain Peet Bothma, said yesterday that Mr Vlok's statement on the subject had "not been interpreted correctly" in the original newspaper report.

Captain Bothma said: "As stated before, the South African Police have an on-going programme to better the relationship between police and the public — irrespective of the organisations to which people might belong.

"The effort is being made to make the relationship between the public and police more relevant and starts at the basic training process in the police college."

AWB men's bail extended

Star 4/4/90

Two AWB members alleged to have contravened the Internal Security Act had their bail of R5 000 extended by a Johannesburg magistrate yesterday.

Mr Hendrik Binneman (41) and Mr Cornelius van Zyl (28), both of Randburg, also face charges of illegal possession of firearms, ammunition and teargas, and conspiracy to sabotage the Regina Mundi Church in Soweto.

They were not asked to plead. The hearing was postponed to April 16. — Staff Reporter.

Few traders hit by Klerksdorp boycott

Star 4/4/90

By Stan Hlophe

30

Few white Klerksdorp traders have been affected by a consumer boycott in the town, launched by various community organisations to force the desegregation of municipal facilities and the release of detainees.

Supermarket managers and shop owners interviewed by The Star yesterday said they had experienced normal month-end sales and forecast high turnovers during the Easter weekend.

The boycott, which started on March 26, was launched by Cosatu and community organisations.

Mr John Imrie, Edgars store manager, said he recorded record sales at the weekend. A manageress said her dress shop had been affected as black customers were intimidated from buying.

The manager of the OK Bazaars said that although a number of black customers had come to buy most were afraid because they had seen friends or relatives being forced to "eat the items they bought".

Focus rights issue to raise R6,3m

STEPHEN RICHTER 30

FOCUS Holdings intends raising R6,3m via a renounceable rights issue which will enable the group to improve working capital and repay certain bank borrowings incurred in last year's Smiley Blue and Goophees acquisitions.

For every 100 shares held, shareholders will be offered renounceable rights to subscribe, at their election, for either 30, 18% compulsorily convertible subordinated unsecured debentures with a R1 nominal value, or 30, 12% compulsorily convertible preference shares with a nominal value of 3c each.

Focus has changed its financial year end from the last day in February to July 31, which the directors believe, better represents its normal trading cycle and allows the group to avoid seasonal reporting distortions. Consequently, the group will shortly issue a second interim report covering the six-month period ended February 28. Its next set of annual accounts will include a 17-month span ending on July 31 1990.

Prior to conversion, management estimates that the debenture and preference share issue will have a marginally beneficial impact on group earnings.

B/Day 5/4/90.

Estimate

On a fully diluted basis, assuming full conversion of the debentures and preference shares, it is estimated that pro forma earnings per share in respect of the most recent financial year would have been reduced by 29% to 6c from 8,5c.

With regard to net tangible asset value, this issue would have no impact. But assuming full conversion of the debentures and preference shares, NAV at February 28 1990 would increase by about 45% to an unaudited estimate of 24,6c from 16,9c.

Both the debentures and preference shares will be compulsorily converted in equal stages on February 1 during the three years starting in 1993.

Controlling shareholders have elected to follow their rights to the debentures for a total sum of R3m. In addition, certain institutional shareholders will also be following their rights for a total of R2m in debentures.

Chairman Irwin Sacks comments that turnover within the Smiley Blue and Goophees operations has risen by 59% in the first quarter of 1990, compared with the same period in 1989. He is confident both chains will make a sizeable future contribution to Focus's growth and profitability.

Liquor stores apply for late trading

CAPE TIMES 5/4/90

(30)

Municipal Reporter

DOZENS of liquor stores in the greater Cape Town area are drawing up applications for permission to stay open until 8pm on weekdays and 2pm on Saturdays in terms of liquor legislation which came into effect on Monday.

Mr Samuel Berk, chairman of Drop Inn Discount Liquors, said his group would apply for permission for all its outlets to stay open until 8pm, although this concession might be used only on Friday evenings.

"We are applying for the maximum," he said.

Mr Rob Naysmith, operations director of Rebel Discount Liquor Stores, said his company's nine outlets in the Western Cape would all seek permission to stay open between 6pm and 8pm.

"I don't know whether we will get permission for all of them, but we will fight for it in some cases," he said.

Liquor outlets could now open earlier too, from 8am instead of 9am, he said. Rebel stores might not use all the extra trading time "because it would mean we have to juggle our staff, and that might not be conducive to offering low prices", he said.

Marcows would also apply for permission to stay open longer, a spokesman said. However, none of its outlets would open before 8.30am.

Mr Mike Kovensky of Aroma Liquors said applications would be made "where we deem it necessary, as we believe in fishing only where the fish are".

Many Aroma outlets would remain open until 8pm on Fridays, he said.

Bottle store operators had to communicate their intention to stay open longer to the public by means of notices in or on their premises, Mr Kovensky said.

Cape Town City Council is expecting a flood of applications for liquor outlets to stay open longer, as these have to be channelled through local authorities.

No decision has yet been made on whether the council will issue a blanket permission for any outlet to remain open to the maximum extent allowed by the law — to save itself from having to adjudicate in hundreds of local liquor disputes.

The council is not legally obliged to advertise applications for objection.

Business confidence takes a knock after ANC statements

By Jabulani Sikhakhane 6/4/90

After showing signs of optimism in February, business confidence and manufacturing activity declined sharply in March due to increased political violence and statements by the African National Congress about nationalisation.

The South African Chamber of Business and Seifsa's (Steel and Engineering Industries Federation of SA) index of manufacturing activity fell to 118 from a high of 132 in February.

The SACB's business confidence index, which held steady at 95,9 for the three months to February, fell 1,7 percentage points in March to 94,2.

SACB and Seifsa blame increased political violence and statements by the ANC for the increased uncertainty in business.

They add that the Budget has also increased the effective tax rate of most companies and this is likely to exert a negative influence on the manufacturing index.

Nervousness in world stock markets, particularly the very large falls in the Nikkei Index served to highten the uncertainty of investors worldwide and "the JSE has not been impervious to these developments".

Political developments within the country had also caused uncertainty among investors. "In recognition of the ANC's perceived importance in a future SA, significant weight is being placed on the statements of its senior officials and the financial markets have responded acccordingly".

Other negative factors sapping business confidence were a sharp fall in the dollar price of gold, the weakening in the rand/dollar exchange rate, declining imports, falling indices on the JSE and a 1,5 percent fall in real retail sales.

Manufacturing output and the number of new registered companies also declined.

Positive factors were a decline in the rate of inflation, a downward movement in the three month's Bankers Acceptances Rate and an increase in the seasonally adjusted value of building plans passed.

Summarising, the SACB says it is clear that the real economy is slowing down and that pressures on the balance of payments should subside. It adds that as the gold price has started to recover, the level of the business confidence index could well improve in the coming month, but political developments will be chief determinants of business sentiment.

ELLERINE FM 6/4/90

Well padded (30)

Strong results from Ellerine appear to confirm that furniture sales to lower- and middle-income consumers are not depressed. They also explain why Ellerine's share, which languished around R12 for most of 1989, has risen steeply since November to its present R25,50.

The results are off a low base of a year ago but reflect a changed sales focus from outdoor canvassing by salesmen to conventional selling.

The improvement is shown in the 31% higher turnover, 85% higher operating profit and 88% higher EPS in the latest six months to end-February. Government HP restrictions were slightly tougher in the latest six months than in the first half of the comparable period. But since February this year, relaxation of HP restrictions on audio equipment has made selling slightly easier, according to Ellerine.

AGGRESSIVE GROWTH

Six months to	Feb 28 '89	Aug 31 '89	Feb 28 '90
Turnover (Rm)	183	207	239
Pre-tax profit (Rm)	20,1	40,1	40,5
Attributable (Rm)	12	23,4	23,5
Earnings (c)	174	339	327
Dividends (c)	58	57	109

Though almost all Ellerine's sales are on credit, net cash during the half-year resulted in interest being earned — unusual in the furniture sector. The group's liquidity has been built up on years of high dividend cover. Unlike competitor Rusfurn, Ellerine's results include a provision for tax, at a rate of 42% in the latest half. At August year-end Ellerine has R45,5m in deferred tax provisions.

The group is expanding aggressively by opening new outlets. So far sales have not been seriously hit by unrest. *Teigue Payne*

RATING FM 6/4/90

Paying one's dues

The British "Poll Tax" row shows just how stongly people can react if they feel they are being unjustly taxed through the municipal

(30)

FM 6/4/90

rating system. (30)

This is perhaps one of the reasons why the deliberations over a new property rating system for Cape Town are being so carefully considered.

The city's chamber of commerce has come out against the strong lobby for a change to a "site value rating" (SVR) system of determining rates. It says the existing "flat" system of taxing the value of both land and buildings suits Cape Town's needs — but it maintains the rates burden is too high.

The chamber's decision to back the existing system — even though with modifications to keep property values up to date and to do away with the need to value land and buildings separately — is a severe blow to campaigners for a radical change in the rating system. Cape Town's rating system is currently being investigated by a council-appointed committee (*Property* January 26).

In a memorandum to the committee, the chamber says dissatisfaction over rates is due primarily to them being too high rather than the system itself being inequitable. The chamber represents most large property owners in the city and its views are expected to be considered seriously.

The chamber says a serious problem in Cape Town and the province in general, is that the system of property valuation is so out-dated that the rates base doesn't accurately reflect the change in property values.

It disagrees that the SVR system accurately reflects the ability of an owner to pay. It points out, for example, that the owner of a small, old house on a large property would be required to pay more than the owner of a new, large house on a smaller property. This would be inequitable.

SVR also bears no relation to the extent to which property owners benefit from council services in that the owner of a large building with more occupants benefits more from services than the owner of a small building with fewer occupants — even though both buildings may be on the same size stand and taxed at the same rate.

The chamber also disagrees that SVR, alone, encourages the development of vacant stands and contributes to economic growth. It accepts that it has a role to play, but says it is only one of "a great number of other factors" that could contribute to growth.

The chamber says because land prices fluctuate over a wider range than total property prices, ratepayers would be faced with wider swings in rates payable under SVR. A change to SVR would also result in an "enormous variance" in tax liability for individual ratepayers.

While accepting that the flat rating system penalises property owners who improve their properties, the chamber believes this is generally a reflection of their ability to pay. And, provided valuations keep pace with market trends, this should not result in inequity.

It believes the quantum of rates rather than the system under which they are raised is the more important factor when considering the detrimental effect of rates on property development and economic growth.

It argues that if the incidence of rates can be kept down to "reasonable levels," the extent to which rates will influence property development decisions — as against the many other considerations that have to be taken into account — will diminish.

The chamber contends the existing system should be changed to a single valuation of both land and buildings, which would allow current property transactions to be used as an indicator of values and allow rates to be levied on a more up-to-date basis.

LIQUOR ACT FM 6/4/90 (30)

Easing the flow

The new, more relaxed Liquor Act, passed by parliament last year and effective from this week, pleases most but not all in the liquor industry.

FINANCIAL MAIL APRIL 6 1990

Mike Kovensky, MD of the Cape-based Aroma Liquor Holdings and past president of the Federation of Hotel, Liquor & Catering Associations of SA (Fedhasa), says: "The purpose of the Act is to control the distribution of liquor; it is definitive in so far as what it demands from the trader and clear as far as how it is to be implemented."

However, he cannot agree that it will make it any easier for newcomers to the industry to apply for licences.

"It seems simple, and certainly is in line with government's policy of deregulation, but if anything, it will put more work attorneys' way. The lay person will not be able to deal with it easily."

When word leaked last week that Trade & Industry Minister Kent Durr was to make an important announcement, liquor wholesalers expected him to outline his thinking on vertical integration — the ownership of retail outlets by wholesalers.

"He has spoken with most of us to canvass our views about how many retail outlets we thought each wholesaler should be allowed to have. I was hoping he'd say something about that," says a disappointed Wellesley Bruton, MD of Douglas Green of Paarl.

Fedhasa's executive director Fred Thermann likes the Act. "For six years the authorities have been getting feedback from the industry. It's about time something happened to improve productivity."

Unlike Kovensky, he believes the Act will make it easier for the man in the street to apply for a liquor licence. One reason is that applications will be heard year-round by magistrates instead of once a year by the Liquor Board.

Longer hours

The feedback Thermann has been getting indicates the industry appreciates:

☐ That liquor stores may remain open from 08h00 — instead of 08h30 — to 18h00 on weekdays and may apply to remain open until 20h00;

☐ That they may remain open from 08h00 until 13h00 on Saturdays, an hour longer, and deliver until 17h00 if they get the approval of their local town council and the Liquor Board, which is also now more accessible; and

☐ The falling away of the need to record all purchases and sales in a liquor stock book. Liquor stores now need to record only sales of more than 50*l* to one customer in a counter book, instead of every one of above 10*l*.

The changes regarding on-premises consumption are far-reaching and needed, Thermann says. Restaurants may remain open from 10h00 on one day until 02h00 the next day, even if it is "a closed day, such as a Sunday."

In previous versions of the Act, such as the Liquor Act of 1977, which is now repealed, restaurants had to close at midnight on Saturdays to avoid being open on Sundays, or if the next day was a religious holiday, such as Christmas or Ascension Day.

FM 6/4/90

"There is now only one restaurant licence," he says. "There is no longer a beer and wine licence. However, those on minimum standards may serve only wine and beer. They have to improve their standards if they want to move up the ladder and sell Dom Pedros or Irish Coffees, and if they want full liquor licences they have to improve their standards significantly. Another restriction is that they may sell liquor only with meals or to people waiting to be served."

However, despite all these steps forward, hotels may still serve liquor on Sundays only with meals or, at other times, only to guests. ■

Govt urged to review police pay to halt crime

Star 6/11/90

By Michael Chester

The SA Chamber of Business (Sacob) yesterday urged the Government to order an urgent review of pay scales in the SA Police to halt a growing crime wave which had singled out small businesses as "soft targets" across the Witwatersrand.

Legal manager Mr Ken Warren revealed at a news conference in Johannesburg that Sacob had created a special security sub-committee to seek solutions to a dramatic increase in the number of armed attacks and robberies aimed at small business operations.

There was particular concern over evidence that the crime gangs were selecting businesses that operated after normal shopping hours — emergency chemists, corner-stores, cafes and restaurants — as easy "soft targets", as the police force was denuded by resignations.

Sacob blamed the high rate of resignations from the SA Police on inadequate remuneration and poor working conditions.

The crime wave had spread across the entire Witwatersrand, white and black areas alike.

The only comfort to small business operations in Soweto and other townships was that many shops run as informal neighbourhood stores and were protected by special street security committees that had been formed to deter attacks.

Sacob intended to make formal approaches to the Government to stress its deepening concern about the general wave of violent robberies.

It would urge the release of extra funds "to stop the outflow of junior as well as senior policemen and enable the Minister of Law and Order and the Commissioner of Police to meet the pressing need for reducing the escalating scale of violent crime aimed at the business sector".

Turning losers into winners

W/E ARGUS 7/4/90

30

By DICK USHER
Business Staff

HYMIE Sibul knows he's taken on a big job trying to turn Garlicks around — but he's handled big jobs before.

In 30 years in the retail business Mr Sibul has a history of taking losers and turning them into winners.

He did it for Wanda Furnishers — R8 million in the red before he took over — and for Dions, which had lost R13 million before he came in and turned it into a winner.

The challenge at Garlicks "fits in exactly with what I like doing, getting together a team that is going to turn this company around".

He emphasises that returning the historic Cape group to its rightful place in the market is going to be a team effort that will encompass everyone on the staff.

"I've brought in four top retailing people to manage the operation and although I'll be in overall command from Johannesburg, the day-to-day management will be handled from Cape Town by senior manager John Lupton."

Hymie Sibul . . . set to turn Garlicks around.

Mr Sibul, who became chief executive of Garlicks following the buy-out by Durban-based Prefcor, has also brought experienced retailers on board in Allan Snyman, heading the operations division, Joe Geere, who heads group services, and Gary Spreckley as head of finance and administration.

"In addition, there are already some very good people on board. Four people cannot run a business and we have identified people in the group who will be key players in the turnaround," he said.

"It's a very obvious turnaround situation in which the company has not been performing optimally but has great potential.

"We are hard-headed businessmen and if we had not believed in the future of Garlicks it would not have made a lot of sense to undertake this task."

Mr Sibul realises that, following the 1988 takeover battle and the closing of stores in Port Elizabeth and East London, staff morale had become shaky.

"We have to set that right, but it's not going to happen by talking about it," he said.

"We know we are going to turn Garlicks around, but that does not necessarily allay staff fears — we will have to show results.

"My experience is that when you are talking to people as a newcomer you are talking to people who are very concerned about their future, and we have to give them action."

He's not giving away any secrets about how this is to be done.

"Any takeover and turnaround situation has its unique problems, but there are also common denominators and there is no problem at Garlicks greater than any I have seen before.

(See page 3)

Turning losers into winners

30

W/E ARGUS 7/4/90

(From page 1)

"We have to ensure that people are brought into our stores so that they can see we have a range of goods that will suit most pockets."

Unlike some people in the retail industry, Mr Sibul believes that there is still a place in the market for department stores.

"A lot of market share has been taken away by speciality stores, but there are profitable department stores in South Africa and there is no reason why Garlicks shouldn't be one of them.

"We are going to be looking very closely at more careful and tighter use of space, with well-displayed and cleverly marketed goods."

Mr Sibul said that Garlicks' image as an up-market operation would not be tampered with.

"We make no apologies for being up-market because that is our niche. But that does not mean that everything we sell is beyond the means of all but a small segment of the population.

"We need to popularise, but not in the sense of lowering standards of service and quality of product, but in the sense of giving consumers what they want.

"That's going to be one of the keys to our success," said Mr Sibul.

Township traders threatened

W/t Argus 7/4/90 (30

By TOM HOOD, Business Editor

ABOUT 150 000 independent small black traders could be put out of business after the scrapping of the Group Areas Act.

This is the belief of a leading property researcher, Mr Erwin Rode, whose Bellville-based Real Estate Surveys company has produced a special report *Property Prices in Post-Apartheid South Africa.*

These traders represent a turnover of R24 million a year, he says.

"Ironically, they have been protected from the jungle of competition by legislation such as the Group Areas Act, which has kept the capital-intensive and aggressive retail chains out of black areas.

"The white retail market is over-traded, making the black domestic market the natural target of the retail giants.

"The survival of the vast majority of black retailers in the face of such competition is doubtful.

"However, on the positive side this would provide black consumers with a greater variety of lower-prices goods nearer their homes," he said.

The report also pinpoints sectors of the property market where values are likely to fall and suggests strategies for owners and investors to protect their investments.

It recommends investors should immediately assess their interest in both residential and commercial areas which are most vulnerable to "invasion" and "ghettoisation" and value decline following deregulation.

"They should consider limiting and redirecting their interests as speedily and as cost-effectively as possible."

Property values are most likely to fall in suburbs where more than 20 percent of housing units are priced below R85 000.

Other major factors, according to the survey, are a significant proportion of existing rented accommodation, proximity to black suburbs and amenities such as transport, proximity to a metropolitan central area, presence of urban decay, a significant number of properties rent controlled and the attitude of local authorities to multi-family occupation.

The report says white residential areas turning grey are doing so for unavoidable and fundamental reasons, representing "a flood which cannot be stemmed." In the end most grey areas will become black.

However, most white suburbs are for affordability and social reasons not exposed to invasion.

Mr Rode says the Group Areas Act might as well be scrapped — "the remaining issue is the when and the how of the abolition of the Act."

Looking at coloured and Indian residential areas, the report noted that excessive demand had led to premiums of as much as 30 percent above comparable white housing.

A rigorous study in Bellville showed coloured families paid 19 percent more for identical accommodation in comparable middle-class suburbs. The price premium was caused by a shortage of houses.

This premium would be eroded as more suburbs were opened and would result in lower property values.

"Coloured and indisn suburbs close to black areas would also be prone to invasion by blacks, negatively influencing property prices."

The report commented there was a marked difference between expectations and realities. Only a minority of racial groups other than white who had the education and skills would experience any significant upward mobility.

A recent study in Cape Town showed 53,8 percent of coloured families would prefer to

(See page 5)

W/t Argus 7/4/90

BUSINESS

Threat to traders

(From page 1)

be relocated in white suburbs.

Half of that group preferred upper-class suburbs such as Rondebosch, Constantia, Newlands and Claremont but only 3 percent would be able to afford to live there.

"The perception that people of colour already buying into white areas in expectation of changes in legislation will exert an upward pressure on property prices is not necessarily accurate.

"Admittedly this will increase the demand but the effect in the upper-income suburbs will be so dispersed that the net result on prices may be very slight.

"Living conditions for the mass of the rapidly increasing urbanised black population are unlikely to be transformed in the foreseeable future, even by the total abolition of the Group Areas Act," he said.

The holiday property market was even more vulnerable than the commercial market, especially residential accommodation depending on the hoiliday season and close to beaches.

This market faced "overnight declines" in property values through "invasion by bus".

The report concluded that the possibility of whole cities being declared free settlement areas would minimise financial damage and "take the heat off the government."

Another shortfall

Inside Out

ANNE CROTTY

GLAD that was a short week; couldn't have coped with a whole five days of it.

The market's gone into soporofic-hold mode again; none of the local bods want to take a decision on whether to buy or sell — which means that they just hold and wait for some direction from overseas. STH 7/4/90

Not that Mandela's team isn't giving them a lot to think about on the local front but even on that score there's a tendency to wait for a response to filter through from overseas.

The gold board did relatively well but industrials were almost ignored — word from the technical guys is that the signs aren't encouraging. Myles reckons that things have to be touching bottom when the technical guys are trotted out to try and shake some response from investors.

Speculation about what the Duros/TGH team might be selling off provided some light relief and quite a lot of trading activity in the form of just over half a million Gants' shares changing hands. Towards the end of the week some of the attention switched to Arwa — TGH's hosiery and textile subsidiary.

There's talk that the hosiery operations have already been sold off to Burhose (part of the FSI group) but that the parties are waiting for Competition Board approval before making any announcement.

If the board does not give the go-ahead, it's difficult to imagine what other potential acquirers there might be. Then there's all of Arwa's textile interests ... presumably a new home will have to be found for them also.

Given all the talk about it, Myles was quite surprised that Gant's hadn't been bought and sold at least twice during the week. According to rumours at the beginning of the week, the list of suitors for the company included: HLH; Tiger; Premier; SAB; Fedfood; FSI; Brian Joffe's Bidcorp; Royal Corporation; Kanhym; Lever Bros; Anglovaal. And the price being suggested was a massive 190c a share. (Myles reckons that the inclusion of FSI has to be a knee-jerk reaction to any takeover speculation.)

Response from the suitors? The HLH board was tied up at a meeting for most of the week; Tiger gave a firm denial; as did Premier, SAB, Fedfood and Anglovaal. 30

Brian Joffe is currently overseas and Cecil Smith couldn't be contacted; Lever Bros wasn't taking it too seriously. So this seemed to leave just Royal and Kanhym in the running and indications from those two sources are that they're not running too hard.

Some sort of official statement from Gant's and/or TGH seems long overdue.

Talking of Kanhym, it looks as though Mielie-Kip is the smallish, listed acquisition that Kanhym chief executive Dirk Jacobs was referring to when he released the interims during the week.

Competition in the chicken market is fairly tough these days with Rainbow reasonably well ahead of the flock but presumably the Kanhym guys reckon that the Mielie-Kip operation is small enough to provide the raw materials for value-added chicken products so they won't be competing head-on with the big guys.

Myles heard that the Landlock negotiations were close to a conclusion and that a deal had been struck at a fairly good price. Management wouldn't comment except to say that a second cautionary would be published on Monday — repeating what had been stated in the first one a few weeks ago.

Nothing more about the UAL/Projec saga. Does this mean that somebody has been apprehended and UAL's finrand position has been covered? Or does it mean that the scam was so easily perpetrated that all the official bodies involved would prefer to see the story die a quiet death.?

Picapli's share price took a bit of a knock this week. This isn't a very good omen ... the results are due out next week and presumably the market reckons that Picapli is going to look just about as sick as it hears Tek is.

Costly price-tag on opening up cities

(30) Stel 7/4/90

Small black traders and property owners likely to be the first to suffer

TOM HOOD

CAPE TOWN — About 150 000 independent small black traders could be put out of business after the scrapping of the Group Areas Act.

This is the belief of a leading property researcher, Mr Erwin Rode, whose Bellville-based Real Estate Surveys company has produced a special report Property Prices in Post-Apartheid South Africa.

These traders represent a turnover of R24 million a year, he says.

"Ironically, they have been protected from the jungle of competition by legislation such as the Group Areas Act, which has kept the capital-intensive and aggressive retail chains out of black areas.

"The white retail market is over-traded, making the black domestic market the natural target of the retail giants.

"The survival of the vast majority of black retailers in the face of such competition is doubtful.

"However, on the positive side this would provide black consumers with a greater variety of lower-prices goods nearer their homes."

Property outlook

The report also pinpoints sectors of the property market where values are likely to fall and suggests strategies for owners and investors to protect their investments.

It recommends investors should immediately assess their interest in both residential and commercial areas which are most vulnerable to "invasion and "ghettoisation, as values decline following deregulation.

"They should consider limiting and redirecting their interests as speedily and as cost-effectively as possible."

Property values are most likely to fall in suburbs where more than 20 percent of housing units are priced below R85 000 (see chart).

Other major factors to be considered according to the survey are: a significant proportion of existing rented accommodation; proximity to Black suburbs and amenities such as transport; proximity to a metropolitan central area; presence of urban decay; if a significant number of properties are rent controlled; attitude of local authorities to multi-family occupation, and the level of current property values.

The report says white residential areas turning grey are doing so for unavoidable and fundamental reasons, representing "a flood which cannot be stemmed. In the end most grey areas will become black."

Mr Rode therefore says the Group Areas Act might as well be scrapped - "the remaining issue is the when and the how of the abolition of the Act."

Looking at coloured and Indian residential area, the report noted that excessive demand had led to premiums of as much as 30 percent above comparable white housing.

A study in Bellville showed coloured families paid 19 percent more for identical accommodation in comparable middle-class suburbs. The price premium, caused by a shortage of houses, was as much as 30 percent elsewhere.

This premium would be eroded as more suburbs were opened and would result in lower property values.

"Coloured and Indian suburbs close to black areas would also be prone to invasion by blacks, negatively influencing property prices."

The report commented there was a marked difference between expectations and realities. Only a minority of racial groups other than white, who had the education and skills, would experience any significant upward mobility.

A recent study in Cape Town showed 53,8 percent of coloured families would prefer to be relocated in white suburbs.

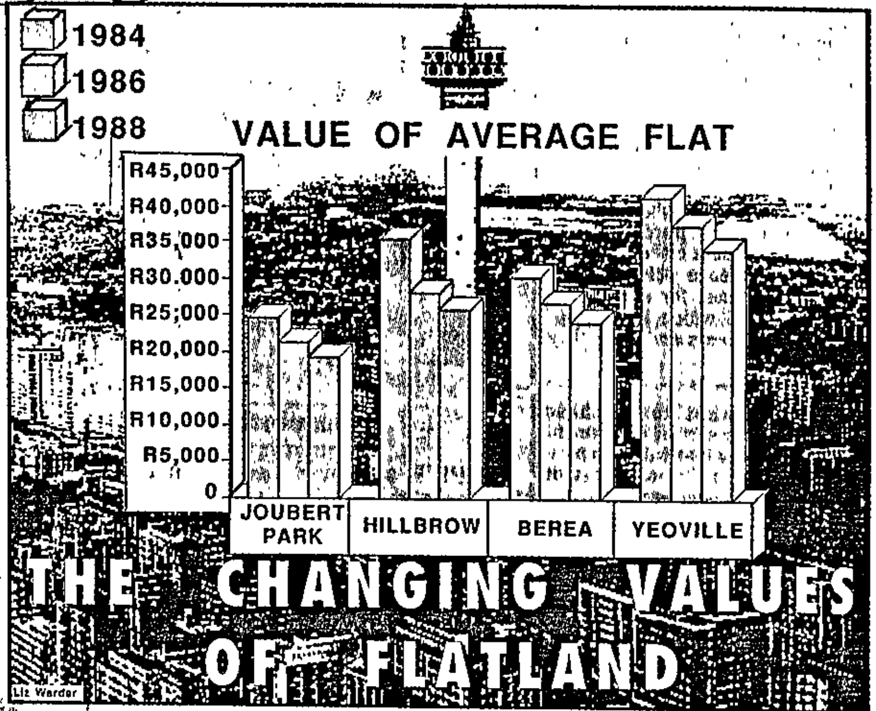
Half of that group preferred upper-class suburbs such as Rondebosch, Constantia, Newlands and Claremont but only 3 percent would be able to afford to live there.

"The perception that people of colour already buying into white areas in expectation of changes in legislation will exert an upward pressure on property prices is not necessarily accurate.

"Admittedly this will increase the demand but the effect in the upper-income suburbs will be so dispersed that the net result on prices may be very slight.

"Living conditions for the mass of the rapidly increasing urbanised black population are unlikely to be transformed in the foreseeable future, even by the total abolition of the Group Areas Act."

The report concludes that the possibility of whole cities being declared free settlement areas would minimise financial damage and "take the heat off the government."



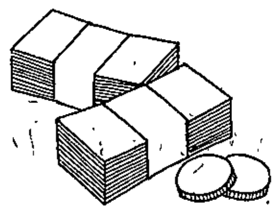
OPENING UP: Property values are most likely to fall in suburbs where more than 20 percent of housing units are priced below R85 000 or are already grey, according to the research. It recommends investors should immediately assess their interest in both residential and commercial areas which are most vulnerable to "invasion and "ghetto-isation".

Sorting out the nonsense

Citpress 8/4/90 (30)

SOME people are talking so much nonsense nowadays about the future of the South African economy that it was a relief to hear the sane voice of Obed Mblala, marketing manager of South African Breweries in Durban, explaining certain basics about black thinking which so few whites seem to understand.

Certain practical problems need to be addressed. Nelson Mandela himself has referred to one of them, namely the enormous monopolies that have developed in our economy over many years, making it extremely difficult, if not impossible, for any outsider to get a piece of the action in the fields they dominate.



■ MONEY TALK

Mblala pointed out at a seminar that while African businesses appreciate the virtues of free enterprise, they harbour a number of traditional reservations about the system:

- ■ Finance houses are biased against the small man – black and white;
- ■ Very few small businessmen can supply the kind of security demanded by the financial institutions before they grant loans;
- ■ Unfair competition in the black market; and
- ■ Black local authorities and national states do not appreciate the need for the free market system, thus making it difficult for entrepreneurs to operate.

Mblala said there was a dire need to address these and other related problems before the country went wholesale on the idea of deregulation and the free market system.

"Some control and at the same time intensive opportunities and provisioning programmes should be made available to the disadvantaged groups to enable them to catch up," he said.

Economic laws need reviewing

CP Correspondent (30)

CITPRESS 8/4/90

ALTHOUGH the government has removed numerous discriminatory laws restricting economic development, the Group Areas Act continues to seriously hamper economic activity.

So says Prof Louise Tager, executive officer of the Law Review Project and one of the main campaigners for deregulation over the last years.

For instance the decision, in Johannesburg, to open all land-zoned business, commercial and industrial, should create new business opportunities, she said.

"There should be appropriate legislation, not over-regulation.

"Many believe that deregulation will reduce South Africa to a chaotic Third World state. Those who hold this view are very short-sighted as they do not realise that if we introduce more restrictions and more controls we will strangle our economy and eventually bring it to a standstill."

She said despite obvious advantages neither deregulation nor privatisation were favoured by the trade unions.

"No doubt the opposition stems from the concern that labour legislation, and especially industrial council agreements, would become the target of deregulation. Any attempt to bring about deregulation in these sensitive areas without the full involvement of the trade unions would be disastrous.

"However, given the international experience that deregulation and privatisation create a favourable economic climate for job creation in the long run, the unions would themselves benefit in the form of increased membership from the very system they are opposing."

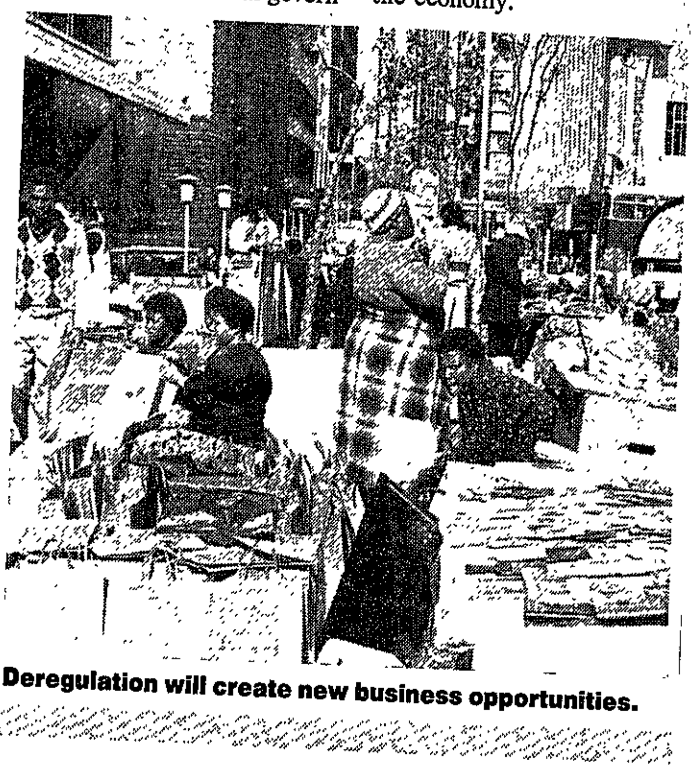
Tager said in spite of the recent progress, most restrictions were still in force. Most were imposed at the local government level. She said that in accordance with the government's policy of devolution more and more powers were being invested in local government.

She said established businessmen saw hawkers as unfair competition because they felt they had no overheads and paid no taxes. They saw them as a nuisance littering the streets in great numbers.

"They are 'out there' and they keep coming back because they are doing good business – and because they enjoy the support of the public."

Laws governing hawkers and street vendors needed to be reviewed.

By allowing this basic form of business to operate freely government would make it possible for thousands of people to take their first step into the economy.



Deregulation will create new business opportunities.

BD 9/4/90

Edgars' growth likely to be hampered by tight market conditions

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SYLVIA DU PLESSIS

TIGHT conditions in the clothing, footwear and textile (CFT) markets during the next 12 months are expected to hamper Edgars' growth in the year to March 1991, according to analyst Aloma Jonker, who recently joined Mathison & Hollidge.

While the retailer is relatively stable financially and able to weather the tougher conditions ahead, better earnings growth is expected only from 1992 and investors are advised to lighten their holdings in it, she says.

In a report on the SAB-controlled group, Jonker says inflation in the industry has run at about 16%-17% over the past year, owing mainly to wage increases and import duties which allow local manufacturers to lift prices to the level of imports.

"This has translated to a disparity of around 2% between the average consumer price index and CFT inflation. Industry growth expectations are thus neutral for the year ahead," she says.

The overall scenario is one of pressurised margins and decreased growth for at least the next year, she says.

While a slowdown in sales around Christmas should see Edgars' turnover growth for the 1990 year dip marginally below that achieved at the interim stage (27%), "markedly" lower growth at this level is forecast during 1991.

However, turnover growth should remain above the average consumer spending index (13,3%) expected for the year, and real growth of 2% is forecast for 1992 as the economy improves, based on inflation of 18% in those markets, she says. On 1990 earnings growth — Edgars has yet to announce year-end figures — Jonker says this should be about 27%, down from the midway 32%.

The conversion of debentures, expected to raise shares in issue by 18%, should stunt earnings per share growth even more, she says. She forecasts this growth at about 7%. Slower economic growth and high interest rates for most of the year will see relatively low growth during financial 1991.

Jonker forecasts earnings for Edgars, with a group market capitalisation approaching R2bn, of 238c (221c) a share to March 1990, 284c to 1991 and 358c to 1992, with dividends of 91c (75c), 109c and 138c respectively.

Transkei attracts bids for 16 casinos

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Political Staff

Hoteliers with an eye for big gambling profits will be turning their attention to the Transkei soon when the Umtata government promulgates a law regulating casino rights.

Sixteen applications, which have been pending since 1988 in the wake of the casino rights controversy surrounding hotel magnate Mr Sol Kerzner, will be the first to be considered.

The law is expected to be promulgated by the end of next month, according to Transkei's military leader General Holomisa.

The law follows the rumpus in Transkei over the exclusive deal worked out by the Matanzima government with Mr Kerzner's Sun International hotel company.

A hearing on the exclusivity issue was set for late January, but the company approached the Transkei administration with an out of court settlement offer, General Holomisa said.

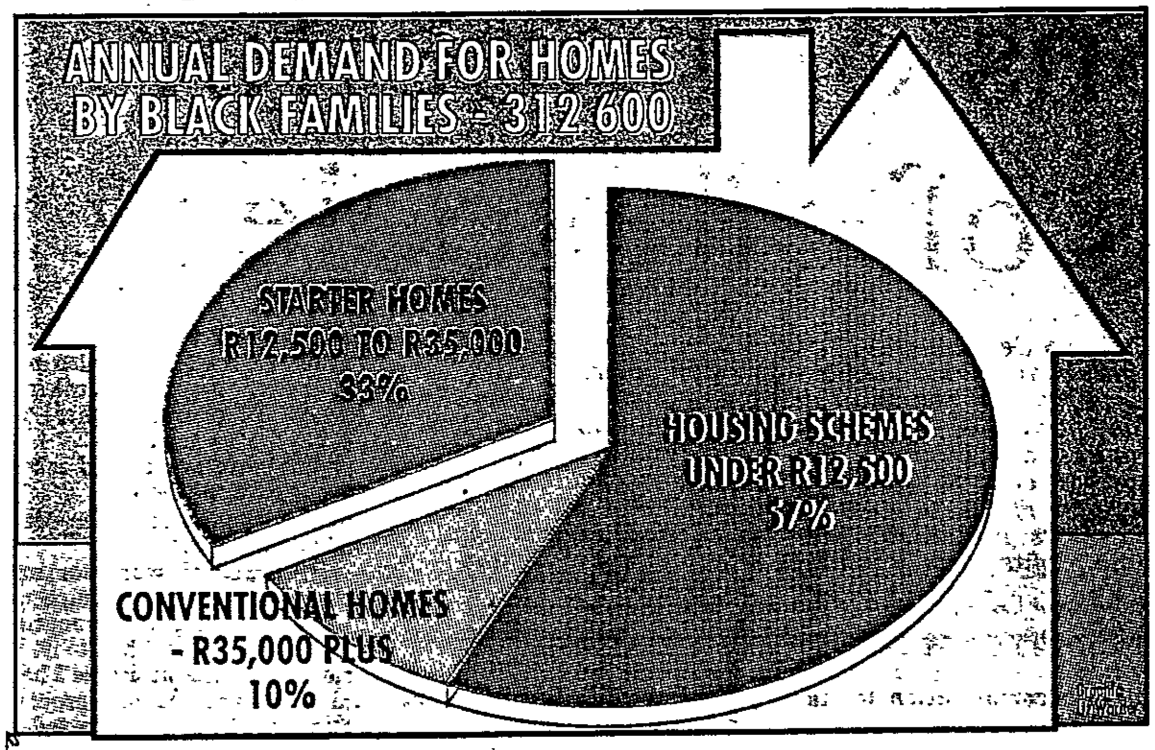
He said the Council of Ministers and Military Council considered the application reasonable and accepted it.

The terms were that the government would receive a payment and Sun International would be restricted to northern Transkei.

The settlement meant Transkei could now consider further applications for casino rights from other companies.

Before doing so, however, a new law was being promulgated to regulate such deals.

"Once that is done," he said, "we will attend to the applications. Our target for the promulgation of the law is the end of May."



Without homes and (almost) without hope . . . Well over half of the black families desperate to buy homes of their own are trapped by low-income budgets that put even R12 500 purchase prices beyond their reach. Ingenious methods are being devised to help them.

Aid needy communities, businessmen are urged

By Winnie Graham

Business has been asked to step up its support to grassroots organisations in disadvantaged communities — or face the consequences in the form of despair and frustration expressed through industrial and urban unrest.

The chief executive of the Leadership Institute, Mr Stan de Klerk, said this week an analysis of the sources of corporate giving indicated only a handful of business concerns were giving, while the vast majority contributed on an unplanned "token charity level" or not at all.

He suggested an immediate three-point plan to boost corporate support for community improvement projects:

- All companies should commit themselves to giving at least 0,5 percent of their profits to educational, welfare and community development pojects.
- Companies should define a policy of how they were going to choose what to support and how they would monitor the use of their donations. Involvements of the labour-force, and consultation with credible community organisations in identifying priority needs, were essential, Mr de Klerk added.
- Local employer organisations should meet representatives of credible community organisations from which they drew their workers. This process could, in the long run, be expanded to consultation at regional and national level.

In addition, he said, the Leadership Institute felt consideration should be given to broadening the scope of tax exempt donations (currently limited to defined educational institutions) to include all donations to organisations with fund-raising authority.

The limit of corporate donations permitted as business expense items should be increased from 0,5 percent of profits to one or even two percent.

A portion of tax revenue collected for developmental and welfare services and projects should be made available to community organisations through credible non-governmental organisations, he said.

Apartheid system

Mr de Klerk said most community organisations refused to apply to State-controlled funding sources for assistance because they did not wish to lend credibility to structures of the apartheid system.

The Leadership Institute, he said, worked with more than 120 community organisations, helping to implement projects in a cost-effective manner.

SA economy has achieved soft landing

8or 10/4/90 (30)

Finance Staff

One of the most conspicuous features of recent developments in the South African economy this year was the quite remarkable softness of the cyclical "landing" in economic activity from late 1988, says the Reserve Bank in the March edition of its *Quarterly Bulletin*.

"Economic activity has in fact been 'coasting' — along an essentially sideways trajectory, although at diminishing rates of real economic growth — rather than adjusting downwards as abruptly in response to the authorities' more restrictive monetary and fiscal policies," says the Bank.

It adds that in ~~its~~ consolidation phase to date, the economy has been "moving in the right direction" satisfactorily as regards the balance of payments, foreign reserves and exchange rate situation in particular.

But it says less satisfactory progress had been made thus far in, among other things, subduing inflation, moderating wage adjustments and slowing down the expansion of bank credit and the money supply.

The soft landing of the economy up to the early months of this year came about in spite of the progressive tightening of monetary policy since 1987 and the de facto quite restrictive posture of fiscal policy in the fiscal year 1989/90, the Bank said.

It said this appeared to have been due to a variety of factors, including:

- The sharp rise in real agricultural production from 1988 to 1989.
- The vigour of South African merchandise exports last year.
- The increased average age — and more markedly depreciated value — of businesses' stock of fixed capital goods and of households' stock of consumer durables last year compared with 1984/85, implying reduced deferability of new acquisitions for replacement purposes.
- The more positive business mood and higher level of consumer confidence last year.
- The rise in the real wage per non-agricultural worker and the increased share of labour remuneration in total factor rewards, that are likely to have supported household spending and the average propensity to consume.
- The public's view of the authorities' recent policy actions as arising from a need for tempering buoyancy in the economy rather than from a need for coping with an acute crisis.

Unrest may force firms to close

10/4/90 Political Reporter 30

A number of companies which have been badly affected by the violence in Natal are considering closing down, according to Mr Rowly Waller, director of the Chamber of Industries in Maritzburg.

He said yesterday that about 20 percent of black employees in the strife-torn area had stayed away from work in recent weeks.

Mr Rob Pater, president of the Maritzburg Chamber of Commerce, estimated the non-attendance rate at between 40 and 50 percent.

Mr Attie Uys, chairman of the Afrikaanse Sakekamer in the Natal capital, added:

"Production has been affected badly. Even the people who do manage to get to work are simply too scared to work."

Business leaders said yesterday's stayaway, organised by the United Democratic Front and Cosatu, had been 100 percent effective in some areas and 75 percent in other areas.

While the deployment of more troops in Natal had earlier been welcomed by a wide range of political organisations, yesterday's stayaway called for the withdrawal of troops "where they are not wanted".

Cosatu and the UDF also called for the disbandment of the kwaZulu police and the election of peace-keepers "by the people".

The organisers told their supporters in a pamphlet that the violence in Natal was organised by "groups of apartheid agents with the help of the police and the army".

● An Action Group has been formed in Maritzburg to identify projects to improve the quality of life of people in underdeveloped areas, Sapa reports.

The Deputy Minister of Justice, Mr Danie Schutte, said in a statement in Cape Town yesterday that the R2 billion trust fund, established by the Government to upgrade underdeveloped areas, created an opportunity for local expertise and private enterprise to make a dynamic contribution.

He said the aim of the group was to identify projects which would have a permanent effect on the quality of life of the people in the underdeveloped areas in the Natal midlands and around Maritzburg.

The priority was to train people and create employment, particularly self-employment.

The group aims to identify and promote the projects not later than early May.

Higher vehicle sales 'depend on lower interest rates'

CHARLOTTE MATHEWS

8 In 4 11/4/90

TOTAL new vehicle sales for the first quarter of 1990, which are affected by the overall performance of the SA economy, declined by 1,7% to 84 872 units compared with 86 348 units sold in the same period in 1989. 30

According to the latest figures released by the National Association of Automobile Manufacturers of SA (Naamsa) yesterday, the current difficult conditions were expected to persist into the second half of the year.

"However, provided interest rates decline during the latter part of the year, sales of new motor vehicles are expected to improve gradually," the association said in a statement.

New car sales in March improved by 13,4% to 19 043 units compared with February's 16 799 units as a result of seasonal factors and a slightly improved manufacturers' supply position.

But March 1990 new car sales fell by 7% against the 20 477 units sold in March 1989. Overall passenger car sales for the first quarter of 1990 declined by 7,2% to 52 094 units.

"The underlying trend in new car sales in March 1990 remained weak and sales comparisons with the corresponding months of the preceding year have been negative over the past nine months," Naamsa commented.

Sales of light commercial vehicles were comparatively stronger. In the first quarter of 1990 29 503 light commercial vehicles were sold against 27 161 in 1989, a 8,6% increase.

"The light commercial vehicle and minibus market has established itself as the sector with the highest propensity for growth," Naamsa said.

Sales of heavy commercial vehicles, adversely affected by supply constraints, declined by 13,4% to 1 918 units in the first quarter from 2 216 in 1989.

Unrest disturbs clothing sellers

B1BA1 11/4/90

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ACHMED KARIEM

CLOTHING retailers are concerned about the unrest in the country and its effect on already dampened sales, says National Clothing Federation (NCF) economist Daniel Albert.

A soon-to-be-published survey by the federation shows retailers find the political climate more disturbing than the economic situation.

Retailers representing ~~about~~ 50% of retail sales in clothing and accessories participated in the survey. They were OK Bazaars, Truworths/Speciality Retail Group, Woolworths, Pepkor, Boymans, Edgars and Pick'n Pay.

Executive director Hennie van Zyl said the findings represented a summary of impressions from the stores.

Albert said the state of the economy would result in zero growth in clothes units sold in 1990 compared with 1989.

Research showed sales growth would come primarily from opening new stores — at the independent's expense.

"The unrest, stayaways, boycotts and protest marches have led to a decline in spending on clothing by both black and white consumers," he said.

Retailers were expected to increase clothing prices by 18% this year, about 3% above the inflation rate.

BDay 11/4/90 (30)

Black entrepreneurship gathers steam

HAROLD FRIDJHON

BLACK entrepreneurship is a dynamic which is gathering momentum through the determination of a growing number of people to win rewards for themselves in the market place. Today their unmeasurable efforts are broadly lumped together in what is loosely defined as the informal sector but, as Sowetan business editor Thami Mazwai says, it is rapidly becoming part of the business sector without any adjectival distinctions.

And he knows.

He gets the playback from the growing readership of his weekly six-page business section, published with its own masthead, Sowetan Business. The articles range from reportage to educational, from stories about entrepreneurs who are succeeding to readable, non-jargon pieces on economics, business practices and personal finance. Publicity is given to the activities of trade associations and grassroot organisations, broadening their memberships.

Interestingly the youth in the business world appears to be a major policy objective. Twelve bursaries to universities and technikons donated by major SA companies are being offered to matric pupils at recognised black schools who will take part in what is a business game. The entries will be judged by the Association of Black Accountants and the Black Management Forum.

The Sowetan has raised funds to give R10 000 to each of 15 would-be entrepreneurs with an original business idea. The Small Business Development Corporation (SBDC) is participating in this venture. It will control the funds, monitor the businesses and pay the bills.

Fledgling businesses operating in black communities cannot afford to advertise their wares and services. To overcome this disability, Mazwai has induced white companies to subsidise the advertising expenditure of these business to enable them to extend their markets.

A well-developed philosophy motivates Mazwai.

"Ideologies must be taken out of business," he says.

"There is neither left nor right in business, just the science of understanding inputs and outputs, and controlling these elements from start to finish."

He regards his mission as encouraging developmental grassroots business people, and then helping them advance and express themselves, in trading and in industry. Last month he organised a well-attended post-Budget seminar.

"People want to know and understand," he says and he is trying to help them.

Mazwai is a self-trained, self-motivated writer on business affairs. His interest in economics was aroused while he was in detention and read smuggled copies of newspapers. Last year he was awarded a short-term scholarship to the Harvard Business School which further broadened his interest in business affairs. Occasional business articles have led to his present regular business section.

Cosatu, Barlow Rand find common ground

Star 11/4/90

By Shehnaaz Bulbulia

Talks between representatives of six Cosatu affiliates and Barlow Rand early this week were described as "useful" yesterday by Barlow Rand.

Cosatu affiliates entered the talks on Monday in a bid to renegotiate collective bargaining structures with Barlow Rand.

A spokesman for Barlow Rand, Mr Ken Ironside, told The Star the meeting was useful and had set an agenda for further discussions.

Cosatu said in a statement yesterday that a large measure of agreement existed between the parties on basic worker rights.

Barlow Rand had undertaken to respond to a union memorandum by May 3.

According to the statement, Barlow Rand indicated that in terms of the Labour Relations Act (LRA), it supported and was prepared to implement a draft agreement which had been prepared in the recent talks between Saccola and Cosatu/Nactu.

The talks between the parties centred around centralised bargaining, job security, deregulation, basic worker rights, the LRA, strike dismissals, social benefits and restructuring for a post-apartheid South Africa.

Cosatu affiliates stressed that the critical issue which had to be resolved was Barlow Rand's policy that all matters concerning industrial relations be handled at plant level.

This policy prevented worker unity across plants, the unions said.

Another major union concern was Barlow Rand's reluctance to participate in Industrial Council bargaining.

A meeting between the Cosatu affiliates and Barlow Rand would take place in the coming two months, the union added.

Cosatu affiliates involved are the National Union of Mineworkers, the National Union of Metal Workers, the Paper, Pulp, Wood and Allied Workers' Union, the SA Clothing and Textile Workers' Union, the Food and Allied Workers' Union and the Chemical Workers' Industrial Union.

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The Star Finance 11/4/90

New car sales pick up in March

By Sven Lünsche

New car sales showed surprising gains in March, rising by 2 244 units, or 13,4 percent, from 16 799 in February to 19 043.

In the previous month new car sales had declined by 7 percent, according to figures released by the National Association of Automobile Manufacturers yesterday.

Total vehicle sales also showed a strong increase — from 27 860 in February to 30 577 in March — but Naamsa stresses that the underlying trend in the industry was still negative.

"If interest rates decline in the second half of the year sales could show a gradual improvement, but until then the current difficult market conditions are expected to persist," Naamsa says.

This was reflected in a decline in first quarter 1990 car sales to 52 094 units, compared with 56 131 units in the first three months of last year. Total vehicle sales over the period fell from 86 348 units to 84 872 units.

In contrast, demand for light commercial vehicles and minibuses remained strong with first quarter sales showing an increase of 8,6 percent over the corresponding quarter in 1989.

MINIBUS SURGE

Says Naamsa: "The light commercial vehicle and minibus segment of the market has established itself as the sector with the highest propensity for growth during 1990."

Commenting on the surprising rise of sales in January, the Association says this was the result of seasonal factors as well as an improvement in the manufacturers' supply positions.

New store to meet hawkers' needs

By JOHNNY MASILELA

WHOLESALE giant Metro Holdings has added a subsidiary company to its fold aimed at cashing in on the informal sector traders.

The company, Siyakhula Cash and Carry, has opened its first branch in Newtown, Johannesburg, in premises which used to house a Metro branch. WMail 12/4-19/4/90

Metro informal sector manager Mike Solomon believes the Newtown store will soon generate a turnover four to five times that which used to be generated by the Metro branch.

Siyakhula opened with an initial stock of R1,5-million.

Solomon said the new venture, which aims to serve hawkers and spaza shop operators, was started because existing Metro branches were too big and their packaging unsuitable for the small dealer.

"For instance, at Metro stores a big dealer can spend around R200 on two to five big packages of a specific product but for a hawker, he needs that R200 to spread it thinly to order anything from 10 to 50 small packages in order to service a wider spectrum of clients," Solomon explained.

Siyakhula — which means "we are growing" — is the first store of its kind to be launched by a major public company. Further stores are planned.

The new store has also undertaken to set up a training centre in the near future where small business people will be given lectures on subjects such as merchandising, stocktaking, selling, auditing and banking.

Score lifts profits by 24%

CAS Tris 12/4/90 30

AUDREY D'ANGELO

SCORE Food Holdings lifted attributable profits for the year to February 24 by 24% to R14,6m (R11,8m) and earnings at share level to 99,57c (80,50c).

The final dividend has risen to 27c (24c), making a total of 40c (37c) a share for the year covered 2,5 times by earnings.

This was achieved in spite of a 50% rise in the interest bill to R7,6m, and difficult trading conditions.

Turnover rose to R1,3bn (R1bn) and income before interest and taxation to R33m (R26,3m). The tax bill rose to R10m (R8,5m).

MD Carlos dos Santos said that Grand Supermarkets, formerly Grand Bazaars, now an unlisted subsidiary of the group, had returned to profitability for the first time for two years.

"Both the retail and cash and carry divisions did well."

and the strong remedial measures taken at Grand Supermarkets have worked."

We have also brought shrinkage down to acceptable levels."

Score's record of steadily rising profits was broken last year, when consolidated profits dipped to R21,2m from R27,3m the previous year. Earnings were 15% down at half-year level.

But the group has bounced back, although Dos Santos admitted that margins had been cut as a result of a calculated decision to buy market share.

He plans to continue expansion plans for both the wholesale and retail side although he admitted to being worried about unrest.

Score's main market is among black people, except in the Cape where it is mainly coloured and lower income white people.

Business backs reincorporation

THEO RAWANA

BOPHUTHATSWANA businessmen have thrown their weight behind the call for the independent homeland's reincorporation into SA.

At a meeting hosted by the Nafcoc-affiliated Bophuthatswana Chamber of Commerce at Medunsa, the businessmen endorsed the rejection of the homeland system, the demand for reincorporation and the lifting of the state of emergency.

Disrespect

Government's "refusal to meet people's demands" were cited as the causes of the recent violence where people were killed and businesses burnt down.

Addressing the meeting, Nafcoc public affairs manager Gab Mokgoko said the reason for the state of uncertainty and chaos in Bophuthatswana was government's disrespect for democratic values and human life.

Businessmen were part of the community and were not exempt from such central issues as the high cost of electricity and water tariffs, the increase in house rentals and abuse and harassment by police.

"The anger of the people was directed at those institutions and businesses which were perceived to represent the oppressive system . . . or those owned by favoured white companies."

He said "the people's businesses" were not touched because these were perceived to be owned by equally disadvantaged members of the community who did not enjoy special rights or privileges. They were concerned members, shared and participated visibly in community occasions, and in their private lives shared, in many ways, with the disadvantaged members who came for help.

He said although some businessmen visibly identified themselves with the disadvantaged community, "it is not all of us who are community-spirited and I shudder to reflect on the events in the Ciskei. Will our businesses remain immune from destruction?

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Align

"Let us close ranks, unite and consolidate our position with the community," Mokgoko said.

Speakers from the UDF, Cosatu and local civic associations urged the businessmen to make their stand clear and align themselves with the people, and use their skills for the development of their own community.

Star performance turned in by Score

(30) B/Day 12/4/90

SYLVIA DU PLESSIS

GOOD results to end-February from Score Food — achieved in tough market conditions and following a first-half decline in earnings — have stunned critics of the retail-listed group.

But an immediate re-rating of the share, which closed at a bid price of 390c yesterday, remains unlikely, they say.

The group produced a 24% rise in earnings to 99,6c a share on similar growth in turnover to R1,4bn, in line with MD Carlos dos Santos's earlier predictions but far off the 80c some analysts expected.

Dividends of 40c (37c), covered 2,5 (2,2) times, were declared.

Dos Santos said yesterday the showing vindicated his optimism at the interim stage and signalled an end to past problems.

"We've started getting our act together. Both the retail and cash and carry divisions did well, and the strong remedial measures taken at Grand Supermarkets have worked, with Grand Bazaars moving to a profit situation.

"We also brought brought shrinkage down to acceptable levels and made a calculated decision to buy market share."

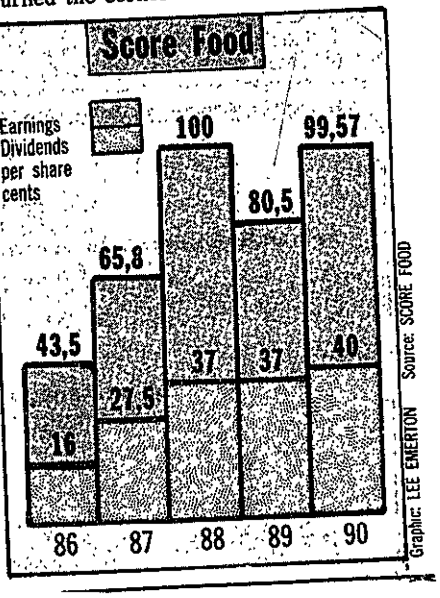
But "unknown factors" such as unrest, together with tight economic conditions, could affect trading in the year ahead.

Despite a healthy income statement — no balance sheet is included — a degree of sceptism among some analysts remains.

One retail analyst said she was "flabbergasted" by the results and hoped they were not "a once-off situation to shout critics down. Based on their past track record they shouldn't be producing figures like these. While they are only back where they were two years ago, I still didn't think they could do it."

A share re-rating was unlikely because the group had disappointed the market too often. "Investors might nibble now, but won't buy heavily," she said.

Another analyst said the results were encouraging and could indicate Score had "turned the corner".



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PAGE 2 CITY PRESS, April 1, 1990

ANC may buy Shareworld

Businessmen discuss project with Sisulu

CP Reporter

A PROPOSAL has been put to the ANC to purchase the R35 million Shareworld entertainment complex outside Soweto to establish the movement's national office.

Four prominent black businessmen are behind the proposal, which was discussed with ANC former secretary-general Walter Sisulu at his home in Orlando West, Soweto, two weeks ago.

According to *City Press* sources, certain members of the ANC's National Executive Committee (NEC) have been informed of the proposal.

However, on Friday the Standard Bank – which backed Shareworld to the tune of R35 million two years ago before it went into liquidation last year with a loan debt believed to be R50-million – said it was not aware of any potential buyers for the complex.

Nor were the liquidators, Met-Trust, who told *City Press*: "We have not been approached by anybody, even the ANC. Obviously anybody who comes with an offer will be considered."

The idea behind the proposal, *City Press* learnt, was to create a Red Cross-type reception centre for returning ANC cadres. Other activities envisaged for the complex would include community recreation facilities, social workers' consultation offices, educational and gymnastic facilities.

It was also learnt a task force under the leadership of an attorney would be set up to provide a detailed outline of various activities to be undertaken. This would be followed by an "action plan".

The third stage would involve the laying out of the fund-raising strategies and the accountability thereof.

The task force would start by evaluating the impact of this overall exercise and will have to follow it through its logical conclusion.

City Press was further informed that other leading black businessmen and community leaders were being canvassed and sounded out on the project.

Our source said: "The idea is not to set up ANC headquarters at Shareworld. The whole thing, it would seem, hinges around the idea of accommodating structures lesser than the NEC at Shareworld."

It is understood interest has been shown in the Shareworld cinemas and other outlets at the complex that would be let to black businessmen to generate funds for the ANC.

Sisulu, thought to be in possession of the proposal document, could not be reached for comment. However, several internal ANC leaders told *City Press* this week they had heard about the whole Shareworld plan and supported the idea.

Some shops will be open on Monday

SOW 12/4/90 (30)

Major supermarkets, milk distributors, and bakeries will be closed tomorrow but some will open again on Easter Monday.

Normal trading hours will apply on Saturday for most, and those that usually open on Sundays will do so this weekend.

Checkers and the OK Bazaars will open selected stores on Monday, but Pick 'n Pay supermarkets will be closed.

Milk distributors in Johannesburg will not make deliveries tomorrow and Monday except for NCD on Monday.

Most bakeries will not open tomorrow or Monday except for Albany Bakeries, who said the Sasolburg, Randfontein and Pretoria branches would be open only to their trade customers.

INDIAN MARKET F/M 13/4/90

A touch of spice

It's been a long time coming but at last Durban once again has a purpose-built Indian market for hawkers and traders.

The original market, established in 1910, was destroyed by fire in 1973 and this hit the livelihoods of hundreds of small traders. Rumours of arson were rife at a time when the market was in financial difficulty and an irritation to Durban Corporation.

An inquiry found, however, that a tailor, warming himself on the pavement, lit newspapers that blew into the building.

The market has operated from Warwick Avenue, on the fringe of the CBD, for the past 17 years but the arrangement was never satisfactory. Controversy surrounding relocation has led to many squabbles involving trader associations, the House of Delegates and municipality. (30)

Now the R22m new Indian market is virtually complete. Shopfitters have moved in and the market opens officially in June.

The project, financed by the SBDC, is a joint venture between it, Grinaker and J H

F/M 13/4/90 (30)

Isaacs on the original 9 318 m² site. The market is bounded by Victoria Street, Cemetery Lane, Russell Street and Queen Street at the western tip of the city. It is accessible by train and road from the CBD and a new link bridge from Berea Road railway station.

The Victoria Street Market is the biggest single investment by the SBDC. Developers believe the location is right because an estimated 240 000 people cross Russell Street each day.

The market is almost under the main N3 route to the city and has a high profile. The council's brief called for special design attention for the roof. The dozen domes, turrets and 3 m high golden spires are built with brilliant green sheet metal with golden guttering.

Grinaker started work early last year and completed construction two months ahead of schedule. The market will house more than 180 traders. Provision has also been made for vendors and informal traders.

Leasing agent J H Isaacs says it has been flooded with applications for shops and all but three have been let. Gross rentals are about R55/m² with 12% escalation.

The market seems assured of success and could work well as a tourist attraction. Its brightness and exotic atmosphere help to contribute to Durban's Oriental charm though, with only 180 bays, parking could be a problem.

GARETH ACKERMAN — A CHIP OFF THE OLD BLOCK

FM 13/4/90 (30)

It's not every day that a 32-year-old is appointed to the board of one of SA's top companies. Gareth Ackerman is understandably delighted with his recent appointment to the main board of Pick 'n Pay Stores Ltd.

Many outsiders might be thinking that such an appointment within a family company is something of a natural progression. But Ackerman has worked his way through the ranks. He started off when he was 10, scrubbing floors and packing butter in the family store in Claremont during school holidays.

Clearly, Raymond Ackerman is a hard act to follow, but his son seems to be coping well. In many ways father and son are similar. Ackerman junior is charming, knowledegable and confident — though still slightly nervous of publicity. He also shares his father's concern with broader political and economic issues.

He says that while SA is today in the forefront of retailing, a lack of skilled labour keeps it from becoming the top retailer in the world. The problem is partially related to education. Retailers, he says, also have to convince employees that good customer service really — in the long term — is in their interest.

"However, until SA's political problems are solved, labour issues will remain complicated."

Ackerman says Pick 'n Pay will continue to focus primarily on retail but plans to expand into the rest of southern Africa — a move he is spearheading.

After graduating from the University of Cape Town in 1981 with a BA Social Sciences, Ackerman spent 18 months at the US supermarket chain, Pantry Pride in Fort Lauderdale, designing and installing labour scheduling and scanning systems.

On his return to SA in 1983, he spent time at Pick 'n Pay's Hypermarkets at Faerie Glen, in Pretoria, and Brackenfell, in the Cape, before leaving for the group's venture into Australia.

The bid was eventually abandoned because of the intense political pressure.

In 1989, after moving around the various stores, he was appointed to his present post as GM Superstores Transvaal and made a director of Pick 'n Pay Retailers.

He and his wife, Amanda, have two children — Nicholas and Emma.

Ackerman says he doesn't ever see his father retiring — "he gets bored after three weeks' holiday."

UNREST

Consumer sales dented

FM 13/4/90 (30)

Results from a number of major groups reporting for December financial periods have already shown tightening economic conditions have been placing a clamp on corporate profits. Now unrest, strikes and flagging consumer confidence are adding to the squeeze for some consumer-based groups.

A number say sales slumped during February. Full figures for March are not yet available but for some the trend has continued with sales patchy in many areas. Others say trading has improved recently: but the signals remain mixed and those groups which have stores close to black areas — or have a high proportion of black customers — remain vulnerable.

Management appears more concerned about the likely blow to confidence if civil disturbances and violence are prolonged. Arnold Louw, MD of the black-orientated Pepkor, notes it is difficult to distinguish between effects of economic downturn and unrest, which in some areas has had little or no impact. In Khatlehong, for example, where unrest has been severe, turnover in the group's stores has been unscathed. But sales are down in Natal as well as the western Cape, though unrest has been minimal in the last area.

Pepkor chairman Christo Wiese feels the economy is turning down quite steeply, primarily because interest rates are being held at high levels. However, Wiese is optimistic the economy will move into a major upturn by 1992, despite encountering bumps along the way.

Pick 'n Pay chairman Raymond Ackerman says three stores were closed last week while in another 15 stores black staff were "sitting upstairs in canteens" because of union action. Whether this will hit earnings will depend on how much longer it takes to reach a settlement. Ackerman says if a settlement is struck in the final round of negotiations this week, the overall cost is not expected to affect bottom line profits materially for the year.

Rusfurn MD Ian Sturrock says trading has been difficult in certain black areas; the deterioration started in February and in March turnover in some of these stores reached only a third of budgeted levels.

Latest figures from the Retail Liaison Committee show year-on-year growth in furniture sales for February was only 4% and that for food and groceries was 6,6% — indicating a shift in discretionary spending away from big-ticket durables towards basic commodities. However, Sturrock reckons that in some areas the group's sales have exceeded expectations and compensated for the declines.

Foschini is another retailer whose performance will be buttressed by its spread of interests. Director Roy Norman says the black Pages chain has felt the impact of the recent downturn but only some of its 170 branches were hurt by unrest; where stores were closed it was only for a few hours. He does not see a significant effect on the group figures and contends that Foschini's growth has remained satisfactory in comparison with the industry.

Edgars CE Vic Hammond says the group's black clothing chain, Sales House, has been hit sharply. In some areas, particularly Natal, turnover is down by between 20%-50%, while sales in the Johannesburg-Pretoria region reflect increases of around 30%. Before the unrest, Sales House was outpacing the rest of the group, but that no longer applies. While the group continues to expect overall growth of more than 20%, unrest is having a negative impact.

In most cases, prices of the leading consumer-based shares have shown little if any weakness. The Retail and Wholesale index has outperformed the Industrial index for most of this year Edgars has climbed this year from R24 to more than R36, OK bazaars has increased from 1 650c to 1 900c, and Pick 'n Pay — after a slide in early March — rose in the past few weeks from 1 470c to 1 520c.

The market appears to be taking the view that the long-term growth trend will resume later. Even so, unless pressure on confidence eases, there could be some disappointments from the sector later this year.

Gerald Hirshon

Pepkor's Wiese ... economy turning down steeply

ISCOR FM 13/4/90

Not better yet

Though there are signs the steel market has stabilised, it is unlikely to help Iscor until at least the middle of 1991. That's the view of the steelmaker's PR manager Piet du Plessis as he scurries to scrape the egg of missed prospectus forecasts from management's face.

The best the company can now do is brazen out its expected failure to match its prospectus profit forecast and pray for an upturn next year. This half's earnings are likely to drop to 23c and that means the full year's prospectus forecast of 52,7c will not be met.

While the thousands of small shareholders watched mesmerised as the share briefly touched a low of 195c on Monday last week, institutional investment managers are publicly taking things more calmly. Perhaps they can afford to — they are used to taking longer views on investments than private investors and brief drops in the share price could provide buying opportunities in a market characterised by scrip shortages.

Liberty Life Asset Management MD Roy MacAlpine believes the trend in the share price vindicates his original perception that the 200c price was just right — compared with some press comment then that SA's family silver was being sold cheaply.

The low p:e ratios of steel producers around the world attest to the industry's cyclicality, he says. "Though the failure to meet forecast is unfortunate, buying equities involves risk." Still it begs one question: why did investment analysts accept Iscor's privatisation promises and overlook the fact that steel is a rust-belt industry no matter where the mills are located?

Sanlam senior GM Ronnie Masson says Iscor's likely failure to make its forecast is a disappointment which the market may find hard to forgive, especially as forecasts are generally conservative. But he accepts the unexpected can happen through no fault of management.

Another institutional fund manager says Iscor's pre-listing advertising, its marketing campaign and the government's desire to pitch the offer as high as possible, might have led to the forecast being less conserva-

Car sales still drooping

By Don Robertson

15/4/90

(30)

THE negative trend in new-car sales for the past nine months was confirmed in March.

Although sales last month were up 13,4% on February, the weaker trend which began last June was again in evidence when compared with the corresponding period of the previous year.

The only bright spot was light commercial vehicles (LCVs), sales of which rose by 4,3% in March compared with February. The total for the first three months rose by 8,6% compared with 1989.

Medium and heavy commercial sales were in line with expectations.

Car sales rose to 19 043 in March from 16 799 in February. They were 20 477 in March last year.

Sales for the first quarter were 52 094 — 7,2% down on the 56 131 in the first three months of 1989.

The latest round of price increases has been announced by Mazda and Ford, but as expected, are being kept down, in this case 1,5% on average.

LCV sales were 10 353 last month compared with 9 919 in February and 29 503 for the three months against 27 161.

Medium commercials were marginally lower in March at 478 compared with 486 in February. Sales for the three months were well up at 1 375 against 840.

Heavy commercial sales were up at 703 in March compared with 656. Total sales for the quarter were well down at 1 918 from 2 216.

C/Press 15/4/90 (30)

BUSINESS NEWS ★ BUSINESS NEWS ★ BUSINESS NEWS

Private sector chips in to improve black prospects

By PATRICK MAFAFO

THIS week saw the first positive gesture by the private sector to complement President FW de Klerk's R3 billion upliftment initiative.

Liberty Life Group chairman Donald Gordon formed a major R100 million social foundation for black upliftment. It is expected a major portion of this amount will go to bringing blacks into the mainstream of the economy: Reasons given are that the government has contributed significantly through the Budget and other means to address socio-economic issues.

Part of the fund will be spent on education facilities and housing. Details as to how the scheme will operate are expected soon.

Black business optimists see Liberty's gesture as the beginning of a process. Liberty will review its position after five years. Depending on the success of this scheme, a further cash injection is expected.

Black business leadership sees the Liberty move as sincere. The group's exposure to the black market is minimal.

Other insurance companies like Sanlam and Old Mutual are expected to follow Liberty. Their funds will be proportional to their assets.

According to reports Old Mutual estimates that 30 percent of its 4-million policy holders are black.

Sanlam, through its subsidiary Metropolitan Life, estimates that 70 percent of its 6,5-million policy holders are black. Southern Life and its subsidiary African Life have close to 100 000 black policy holders. Southern Life also administers the provident fund of the National Union of Mineworkers, estimated at R400 million.

Sata flexes its financial muscle

By PATRICK MAFAFO

THE sleeping financial giant that is the South African Taverners' Association (Sata) is starting to wake.

Projects worth close to R40 million are planned for this year, and these will be owned by an estimated 30 000 Sata members. Membership includes licensed and unlicensed taverns as well as bootleggers.

First of these projects is a R4,2 million two-star hotel and nightclub at Tumahole, Parys, in the Free State.

Construction on the project, to be developed by Quantum, will begin in June and be completed in November. The loan was provided by the Cape Investment Bank.

Sata deputy chairman Sydwell "Four Boys" Molefe said ownership of the development would be through a member-share scheme.

He said capital would be collected from members only when the project was complete as most shebeeners had been ripped off through share schemes.

Molefe said negotiations were at an advanced stage for a multi-purpose entertainment centre at a well-known, but as yet undisclosed, resort in Johannesburg.

City Press understands that a major white liquor wholesaler is planning a joint venture with Sata in the townships. This follows a recent meeting of the wholesaler, the Sata chairman and the Cape Investment Bank.

There are about 100 000 licensed and unlicensed shebeeners in the country.

Sydwell Molefe

Tractors slow down

S/Times 15/4/90

SALES of tractors fell to 326 in March from 369 in February.

The comparison with the previous year is more marked, sales being down 37% at 190.

Sales for the the first three months were 918 compared with 1 439 in the first quarter of 1989. Although sales are expected to improve by the middle of the year, forecasts put the year's total at below 5 000.

30

Clicks breaks record at R426m turnover

By TOM HOOD, Business Editor

CLICKS Stores met its turnover target with a record-breaking R426 million for the 12 months to end-February and is looking at sales of more than R500 million in the current year.

Disclosing this today, managing director Mr Trevor Honneysett said the group's performance was all the more remarkable given the unstable trading environment last year.

"Never before in our 21-year history have we had to contend with so many negative influences," he said.

These included high interest rates, continued inflation, diminishing disposable incomes, rising operating costs and ongoing political uncertainty.

In spite of this, profit before tax of R32,4 million reflected an increase of 26,4 percent in line with turnover.

A change in year-end makes comparisons practically meaningless, although margins improved when compared with the 7,43 percent in the 12 months of the 1987-88 year.

The results provide earnings of 81,82c a share and a final dividend of 22c, giving a total payout of 34c for the year.

Dividend cover is being increased to 2,4 times from 2,1 times to help finance growth.

Mr Honneysett said the group's strong performance was owing to several factors, including successfully holding down operational costs, improved efficiencies, opening new stores and implementing an aggressive marketing and promotional strategy.

Strict cash and stock controls resultet in net interest payable being extremely low — R250 000 and below the R390 000 for the previous eight months.

"In one of the toughest trading years we were able to open the highest number of new stores ever — 14 Clicks and 14 Diskom — and still substantially improve our cash position to the point where we have no gearing whatsoever," he said.

"I am reasonably confident there will be a pick-up in retail spending towards the second half of the year owing to interest rates coming off slightly and public confidence beginning to return as the politiical environment becomes more stable.

"Coupled with these factors, I see the group continuing to achieve satisfactory growth from the Clicks Chain, and from Diskom in particular."

More than R7 million had been earmarked for the development and refurbishment of present stores. Clicks was expected to grow from 100 to 115 stores and Diskom from 35 to 50.

B/Day 18/4/90

CPI, office rentals gap 'widening'

THE gap between the consumer price index (CPI) and office rentals which was closing towards the end of last year, now appears to be widening.

Graphs ~~in today~~'s Ampros property exchange show rents have not grown this year at the same rate as in 1989. In fact, they seem to have peaked in the R30/m^2 to R33/m^2 gross range.

The cause of this levelling is a fall-off in demand. 30

Confidence

This is due mainly to the fact that government's economic policies are beginning to be effective, with high interest rates for a prolonged period causing a squeeze on business profits.

~~Employment of new~~ white-collar workers has fallen as a consequence. A further cause may be a lack of business confidence, in part resulting from the current political uncertainty and unrest.

Nevertheless, rents have risen ahead of inflation in the past two years, increasing by about 32% in 1988 and about 18% in 1989.

Rental escalations are currently from 12% to 15% a year, compounded.

BMay 18/4/90

White-collar crimes increasing — report

Political Staff

(34)

"WHITE collar crimes" were on the increase and "enormous amounts of money" had left the country through irregularities, the Department of Justice said yesterday.

New legislation to counter these crimes and the establishing of an expert body to look at the problem was being considered, it said in its annual report, which was tabled in Parliament.

The unprecedented increase in white-collar crime involved fraud and theft — particularly striking crimes in that the amounts of money that left the country irregularly were enormous.

"Because this type of crime cannot be combated adequately as a result of financial, manpower, priority and other considerations, legislation in this regard is being investigated," it said.

The establishing of a body of experts to investigate complaints, gather evidence and report to Justice Minister Kobie Coetsee was being considered.

At present, police first investigated a case and then submitted the docket to the attorney-general, while the Reserve Bank conducted its own investigation.

The proposed body was expected to stop duplication of investigative work.

"Besides the fact that this will bring about a great saving in costs and time, it will extend the powers and effectiveness of the attorney-general, the Reserve Bank and the SAP without derogating from the existing discretionary and jurisdictional powers."

Shot in arm for black entrepreneurs

Star 18/4/90

By Frank Jeans

Blacks entrepreneurs can now operate industrial enterprises at Alrode South in Alberton, which was a white preserve until it was deproclaimed by State President FW de Klerk last month.

This breakthrough has been welcomed by East Rand industrial township development company, Investron, which has been advocating open industrial areas for the past 10 years.

Managing director Allan Goldring says: "This deproclamation heralds a new era for the black entrepreneur who wants to develop a strategically located factory.

"He can now enjoy the privileges and advantages of white industrialists."

Alrode South is one of the major industrial growth points on the Witwatersrand and is ideally located near major residential townships with their labour resources.

The black businessman is now able to buy land on a freehold basis and then build his own factory, or secure a ready-made workshop.

Mr Goldring believes this latest government move on reform will have a ripple effect across established industrial areas and create not only more opportunities for black business, but also more jobs.

"Traditionally," he says, "there have too many restraints on black entrepreneurs who have to invest in proclaimed black industrial areas, most of which are too remote from established markets.

"The black industrialist, too, has also had too little contact with other industrialists, many of whom would, in other circumstances, have become important stakeholders — either as suppliers, associates or customers."

Investron is now in the process of arranging total financing for black industrialists.

SOWETAN BUSINESS

Black traders will face new threat from chains

Sowetan 19/4/90

30

It's my business

THAMI MAZWAI

TWO weeks ago one of Pick 'n Pay's managers expressed concern at his company's failure to capture the bulk of business in the townships.

For instance, he said, "the number of Sowetans who patronise Highgate is too low. We are now looking at new strategies to get the Soweto consumer to our supermarkets."

Raymond Ackerman is about to roll out the heavy weaponry. Within months, or even weeks, OK Bazaars and Checkers will follow suit.

While any fight between these giants bodes well for the consumer, it is bad news for the black trader.

What depresses is that there seems to be no response from our businessmen, even when aware of the competition coming their way.

Southgate is one example.

Instead, rivalry between black business organisations is on the increase as they fight for the tit bits that come their way.

Also, with them survival seems to be the only game played.

Their white competitors then have all the time in the world on planning their strategies for the black market.

After all, *kuyehlela*.

I am no expert on strategic planning. But, having looked at how my wife operates in everything that affects her directly, including husband-wife tiffs, I have learnt that attack is the best form of defence.

Operate

And this is how most wives operate. Also, they leave nothing to chance or charity. They get down to detailed planning, and have strategies for any emergency. And can they cope with emergencies?

Likewise, let our chaps get their priorities right and get down to the business of business. Time they simply locked themselves in some conference centre and devised strategies for their growth.

Let us see them come out smoking from that conference.

The threat from Pick 'n Pay is for real, and will result in even more blacks shopping in the ring of supermarkets around the townships.

Figures

Looking at some research figures, I found that more than 75 percent of spending at the Carlton shopping complex is by blacks.

If in a year the complex makes, say R500 million, this translates into R350 million.

Also, according to research by a marketing consultancy, blacks spend 60 percent of their income in the cities. The remaining 40 percent is spent on rent, transport, health and in the shop around the corner.

If simple arithmetic and logic serves me well, at most 15 percent is spent in the township shop.

With the Group Areas Act on its way out, things will worsen.

Incidentally, there is nothing as hilarious as hearing black business leaders call for the revocation of the Act.

Removal

Are they not aware that the removal of this Act will open the townships to white businessmen?

Then, there will be no way of keeping whites out for we cannot have our cake and eat it too.

I am not in any way fighting for the retention of the Act. Like many others I detest every piece of apartheid legislation. However, if black business is to prosper and match their white competitors pound for pound, strategies to make the black buyer support his black brother must be devised.

This way will the Pick 'n Pay threat be countered.

Walter Rodney's words in his book, 'How Europe underdeveloped Africa' even sound more ominous. He states:

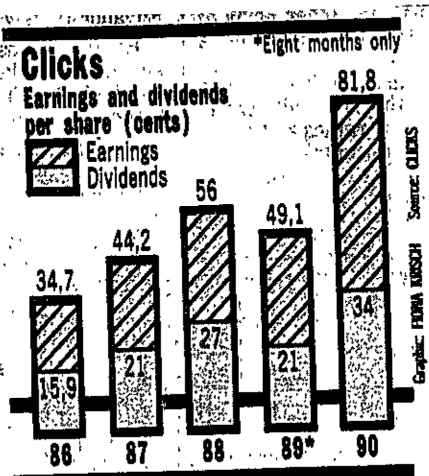
Patterns

"When two societies of different sorts come into prolonged and effective contact, the rate and character of change taking place in both is seriously affected to the extent that entirely new patterns are created.

"Two general rules can be observed to apply in such cases. First, the weaker of the two societies concerned (ie the one with less economic capacity) is bound to be adversely affected - and the bigger the gap between the two societies concerned the more detrimental the consequences..."

With black business in such a weak state how will the new South Africa look like?

Whites, who will still control the economy, will call the shots. Black business will still be fighting for the crumbs falling from the master's table.



Clicks's turnover is right on target

B Day 19/4/90

LINDA ENSOR (30)

CLICKS, the Cape-based toiletry, cosmetic and gift retailing chain, met its turnover targets for the year to end-February, generating sales worth R426m.

A final dividend of 22c (21c) brought the total to 34c (21c) on earnings a share of 81,8c (49,08c).

This has increased the dividend yield on a share price of 980c to 3,5% (2,9%) and translated into a price-to-earnings ratio of 11,7 times (14,5).

MD Trevor Honeysett said the performance was satisfactory given the "extremely difficult" trading environment last year when the group had to contend with high

□ To Page 2

Clicks target

B Day 19/4/90 · (30) □ From Page 1

interest rates, inflation, diminishing disposable income, rising operating costs and political uncertainty.

The results were given a boost by the major expansion drive undertaken during the year which saw the opening of 28 new stores — 14 Clicks and 14 Diskom — the highest figure yet.

Controlled operating costs, improved efficiencies and an aggressive marketing campaign also contributed.

No comparative figures are available as the year-end was changed from the end of June to the end of February, making the previous financial period only eight months.

Annualising the figures, Honeysett said, would not provide a true reflection because of the profitable December month.

But the increase in turnover and pre-tax profit of R32,4m were "in line". Attributable earnings amounted to R164m (R98m).

The operating margin declined slightly to 7,6% (7,96%) but improved when compared with the 7,43% of the 1988/89 year.

Honeysett said strict cash and stock controls resulted in net interest paid falling from R390 000 for the eight month period to R250 000. At year-end the group had no gearing whatsoever.

Honeysett was cautiously optimistic about prospects, saying on a conservative estimate Clicks' turnover should exceed R500m this financial year.

He saw retail spending picking up towards the end of the year as interest rates fell slightly and as the political situation stabilised.

An amount of R7,1m has been set aside for refurbishing and developing 15 new Clicks stores, bringing the total to 115 and 15 new Diskom outlets.

Peninsula retailers outsell the rest

LESLEY LAMBERT

CAPE TOWN — Durable goods retailers in the Cape Peninsula kept the economic downturn at bay longer than their counterparts in the rest of the country, a survey conducted by the Bureau for Economic Research and the Cape Town Chamber of Commerce shows.

30

While estimated first-quarter sales in the Cape Peninsula were roughly in line with expectations, those recorded in the rest of the country fell short of expectations and lagged behind the growth in sales of durable goods in the western Cape region.

But retailers of semi- and non-durable goods did not fare as well and were outperformed by the rest of the country.

Cape respondents said they expected a reduced rate of growth in retail sales, particularly of semidurable goods this quarter, while national respondents were more optimistic in their outlook for semi- and non-durable goods during the same period.

As a result of national optimism, more orders than expected were placed by the main business sectors during the first three months of the year. Most respondents in the Cape Peninsula survey expected to place fewer orders during April, May and June.

BIDay 19/4/90

Many retailers of semi- and non-durable goods in the Cape region said the first quarter's stock levels were too high in relation to demand.

All sectors and sub-sectors reported a higher rate of increase in their purchase prices during the first quarter, but a deceleration of this trend was expected, survey analysts said.

While 31% of national respondents reported satisfactory performance during the first quarter, 48% of Cape Peninsula respondents were satisfied with their performance during the same period.

Black business people jet out to Zimbabwe

By JOHNNY MASILELA

A GROUP of 142 black business people will take part in a conference in Zimbabwe next week aimed at laying the groundwork for the import/export market in a post-apartheid South Africa.

The conference starts in the Monomotapa Hotel Conference Centre in Harare onTuesday.

The mission was organised by WR Consultants of Johannesburg and will be led by Dr Nthato Motlana of the Get Ahead Foundation.

According to WR Consultants, the primary objective of the tour was to enable the local black business community to observe and learn from their counterparts who operate in a free society, and participate in its trade fairs, conferences and discussions. WMail 20/4-26/4/90

In Bulawayo the delegates will participate in a buyer/seller summit, the first of its kind to be held with South African business people in over 10 years.

They will participate in a seminar on import/export for small businesses at the Zimbabwe International Trade Fair.

WR Consultants has confirmed that the trip has been welcomed by the African National Congress and Pan Africanist Congress and that both these organisations will be sending a delegation to meet formally with the South African business people.

The mission has been organised on the Zimbabwean side by the Confederation of Zimbabwe Industries.

Another tour of this kind was undertaken to Malawi last year, with 94 participants ranging from building contractors and taxi operators to hawkers and hairdressers.

The tours are conducted under the banner of "Black Business Observation Missions".

WR Consultants have in the pipeline a similar mission to the United States, planned for October.

Two new magazines boost black economic empowerment

W Mail 20/4 – 26/4 90

30

By JOHNNY MASILELA

PERIODICALS aimed at black business people in the formal and informal sectors are springing up as publishers respond to the call for black economic empowerment.

Two full-colour monthly magazines have been launched within the last two months, bringing the total number of black business journals to five in the Transvaal alone.

The latest additions to the newsstands are *Traders Talk*, a Tristar publication aimed at the informal sector, and *Travellers Friend*, mouthpiece of the South African Long Distance Taxi Association. Both are distributed free of charge.

And another journal, targetted at black tavern owners, is said to be on the drawing board.

The mass circulation daily, *The Sowetan*, also recently introduced a weekly business section.

Both *Traders Talk* and *Travellers Friend* seem to be attracting healthy amounts of advertising — something which would have been unheard of just a few years ago in black business publishing. But with the rapidly increasing purchasing power of black consumers, the trend is changing.

The success of the two new publications is likely to be judged against the well-established *Black Enterprise*, *African Business* and *Drive-On* magazines.

Travellers Friend is competing directly with *Drive-On* for advertising, since both target the black taxi industry. *Drive-On* is the official publication of the Southern Africa Black Taxi Association.

On the other hand, *Traders Talk* finds itself sandwiched between the successful *Black Enterprise* and the oldest of them all, *African Business*.

Traders Talk managing editor Dee Sinclair, who claims a pilot circulation of 20 000, believes the market is wide open for growth. "With the emergence of the (black) informal sector, the possibility of more black business journals coming up cannot be ruled out.

"Our long-term target is to reach a circulation of 100 000 copies," she said.

FM 20/4/90 30 182

MARCH VEHICLE SALES

CARS

March 1990 .... 19 043	March 1989 .... 20 477	Decline 7%
Jan-March 1990......... 52 094	Jan-March 1989......... 56 131	Decline 7,2%

February (16 799) to March 1990 .... Increase 13,4%

LIGHT COMMERCIALS

March 1990 .... 10 353	March 1989 .... 10 529	Decline 1,7%
Jan-March 1990......... 29 503	Jan-March 1989......... 27 161	Increase...................... 8,6%

February (9 919) to March 1990 .... Increase 4,4%

MEDIUM COMMERCIALS

March 1990 478	March 1989 321	Increase.............. ..... 48,9%
Jan-March 1990........... 1 357	Jan-March 1989..............840	Increase.................... 61,5%

February (486) to March 1990 .... Decline 1,6%

HEAVY COMMERCIALS

March 1990 703	March 1989 856	Decline 17,9%
Jan-March 1990........... 1 918	Jan-March 1989 .... 2 216	Decline 13,4%

February (656) to March 1990 .... Increase 7,2%

TOTAL SALES

March 1990 .... 30 577	March 1989 .... 32 183	Decline 5%
Jan-March 1990......... 84 872	Jan-March 1989......... 86 348	Decline 1,7%

February (27 860) to March 1990 .... Increase 9,8%

Source: National Association of Automobile Manufacturers of SA

BLACK BUSINESS FM 20/4/90 (30)

Caught in the middle

Black businesses are caught in a serious dilemma by the nationalisation issue. On the one hand, they are fully aware of the economic folly of such a move; on the other, they see it as a tool to create a fairer distribution of wealth.

The *FM* could find no black business leader who would willingly come out unequivocally in favour of immediate privatisation — a move that has proved to have been universally successful. But black leaders appear to have a more realistic approach to the problem of redistribution than, say, the unions (see "Sharing SA's wealth.")

Ramoshaba

Lot Ndlovu, chairman of the Johannesburg branch of the Black Management Forum, says his organisation is against nationalisation in principle, but believes it has its uses.

"Sectors of the economy could be nationalised for an interim period until the black community has been uplifted." He concedes that such a move could regrettably lead to a further exodus of skilled managers and workers, but adds that "if these people aren't committed to the future of the country, it might be good riddance."

Magomola

Once blacks are well-off enough to play a meaningful role in the economy and, only then, would privatisation of some sectors be appropriate, he says. "The State isn't a wealth creator, so companies should be returned to the private sector once the inequities of the past have been alleviated."

Mashudu Ramano, the executive director of the Association of Black Accountants, agrees that whatever the merits of privatisation, it should be put on hold.

"Privatisation should not just be an end in itself or something that must be done because Margaret Thatcher and others have successfully denationalised certain sectors of the economy. It should be seen to be addressing the gross disparities of income and wealth distribution. If privatisation is going to bolster the current imbalance in the distribution of wealth and resources, then it has very little chance of success."

Ndlovu argues that if business had done more for black advancement in the past, there wouldn't be any talk of nationalisation. "Liberty Life has made a start with its R100m foundation, but why only now? It can't be coincidental that it's come after talk of nationalisation."

This view is backed by former African Bank CE Gaby Magomola, now the chairman of the marketing arm of the Foundation for African Business & Consumer Services. "Blacks aren't prepared to wait for wealth to trickle down through economic growth. Business will have to give serious thought to the question of getting the national income fairly distributed."

He says black businesses have been playing a gentlemen's game and they may have been too muted in their requests. "It took Mandela's nationalisation talk to scare corporations into action."

Business consultant Willie Ramoshaba says corporate SA shouldn't just bury its head in the sand. It should rather help draw up an appropriate agenda with the black community.

"The trouble with existing efforts such as the Urban Foundation is that they are white-driven and white-motivated. There was no attempt to negotiate the collective needs of the community."

He says business is very good at uniting when it's under attack, as it was against sanctions, but less so at uniting in finding solutions. "Business was as quiet as a mouse on black advancement before the sanctions threat got them talking."

Black managers do present alternatives to outright nationalisation. Ndlovu says nationalisation doesn't necessarily mean a complete takeover. Some form of partnership with private enterprise could be negotiated.

Sam Motsuenyane, president of the National African Chamber of Commerce, would not comment. But the chamber's newsletter, forwarded by the public affairs director, quotes Motsuenyane as saying that "one alternative is to persuade companies to hive off portions of their productive assets and pass these over to the disadvantaged black majority in order to hasten black economic participation and empowerment." Whether companies would be compensated, is not discussed. The chamber is teaming up with the ANC in a joint economic commission that will report to the ANC's National Executive Committee.

Ramoshaba says there needs to be negotiations on the economic future running parallel with those on the political future.

Big business is in the process of setting its own agenda.

The SA Chamber of Business has a task force to investigate redistribution issues that is intended to devise an alternative to nationalisation.

If black managers can be believed, a good selling job on alternatives to nationalisation may take nationalisation off the agenda.

Stephen Cranston

POST OFFICE FM 20/4/90

Playing and reffing

The private sector is sharply critical of the Post Office's announcement that it may compete in the fledgling, but potentially very lucrative, electronic message handling business.

At a conference on electronic trading held in Johannesburg earlier this month, the Post Office confirmed it is looking at entering the market in the long term.

Many companies believe such a move would be unfair and could severely disrupt the market for electronic message handling services. They point out that the Post Office already controls the national networks that carry these messages and is responsible for regulating the market.

The Post Office insists that network suppliers such as the UK's British Telecom & Mercury Communications, as well as suppliers in the US, also compete with their customers. It says it will adhere to the same regulations that apply to its clients.

Electronic message handling — which in- volves the storing and rerouting of computer- generated information — is one of the fastest growing sectors of the computer industry. More than 3bn electronic messages are transmitted throughout the world each day and this is expected to rise to 100bn by the end of next year.

These messages comprise electronic m[illegible] — person to person communications — [illegible] inter-company mail known as electronic data interchange (EDI). The market for EDI services promises to be explosive as compa[illegible] switch from paper to electronic transactions. This is likely to be the battleground betw[illegible]

B Day 20/4/90 .

Score-Clicks pushes up profits 43%

BRENT MELVILLE 30

RETAIL giant Score-Clicks reaped the benefits of strong divisional growth, boosting earnings 43% to 30c (21c) a share for the year to end-February.

Incorporating the trading results of its 61% holding in Score Food Holdings and 50% holding in Clicks Stores (versus comparative figures of Score for the full year and Clicks for eight-months) turnover was just shy of R1,8bn (R1,35bn) with pre-tax income at R66,5m (R47,7m).

Interest charges, however, were up 50% to R8,6m (R5,8m), and the taxman was allotted R26,1m (R18,3m). Adding outside shareholders interest of R14,7m (R10,5m) left bottom-line profits at R17,1m (R12,1m).

Ultimate holding group Hi-Score, which holds 66% in Score-Clicks, posted a 25% rise in earnings to 54,4c (43,4c) a share, though the dividend stayed 22c, pushing cover to 2,5 (2,0) times.

Score-Clicks, for its part, declared a final dividend of 8,2c (7,5c) a share, resulting in a total dividend for the year of 12,2c (9,5c). Cover also increased to 2,5 (2,2) times.

Score MD Carlos dos Santos said the results were highly satisfactory in the prevailing economic conditions, but that it would be very difficult to forecast future performance due to the existing political unrest situation.

One of Clicks's main branches is located in close proximity to the Natal unrest, and sources say the group lost several stores during the Ciskei riots.

Dos Santos said, however, that earnings would definitely exceed the rate of inflation, with turnover over R2bn.

Ahead of results yesterday, Score-Clicks moved up 10c to 210c in two deals worth 21 000 shares, and Hi-Score up 5c to 370c.

The prevailing share prices put Score-Click on a p:e rating of 7 and a dividend yield of 5,7%. Hi-Score rated 6,8 and 6% respectively.

EXECUTIVE SUITE

THIS NEWSPAPER SURVEY SAYS A MAJORITY O

F|M 20/4/90 (30)

SCORE F|M 20/4/90 (30)

Pundits confounded

The remarkable results produced last week by Score for the year to February 24 were greeted sceptically by those analysts caught on the wrong foot with their estimates.

Unexpectedly, the 100c earnings forecast of MD Carlos dos Santos was all but met, with fractionally less than one third of the year's 99,57c (80,5c) generated in the first half. That was when wholly-owned subsidiary Grand Bazaars made a loss and Dos Santos ascribes most of the turnaround to Bazaars reverting to profit in the third quarter — he says it about broke even over the full year.

The operating margin in the second half was 3%, after a slump to 1,8% in the first half and was an unchanged 2,4% in the full year. This compares with Metro's 2,2% in the half-year to December and Pick 'n Pay's 2,8% in its second half to February 28 1990.

Score says it made a calculated decision to

Dos Santos . . . scoring against the critics

buy market share and was often forced to concede margin. But Dos Santos says the margin cuts took place mainly in the first half.

By year's end, turnover had risen by 24% against a 19% increase at the half-way stage. The turnover increase rate is higher than the latest 9% and 13,2% increases reported by Metro and Pick 'n Pay — but they are far larger than Score and have different product mixes.

Score does not publish a balance sheet with its preliminary trading figures and analysts have expressed concern about gearing which, at 0,54 at end-February 1989, was high by industry standards. Interest payments in the latest year were 50% higher than in the previous year and 91% higher in the second half than in the first. Dos Santos confirms that gearing was higher at year-end because of the need to finance turnover growth.

He says turnover is still growing as cash-and-carry sales tend to do better than retail sales during periods of unrest.

Analysts are mindful that Score has only regained its earnings level of the 1987-1988 year. The share has fallen a long way, though it has perked up recently, and is rated on an earnings multiple of 4,5 and a dividend yield of 8,9% against the retail and wholesale sector's average of 12,2 and 4,6%. Though that underscores analysts' persistent doubts there seems to be some room for further improvement.

Teigue Payne

Star 20/4/90 (30)

NEWS

Consumers told to expect rise in interest rates

By Esmaré van der Merwe, Political Reporter

Consumers have been warned to again tighten their belts in expectation of new measures by the Reserve Bank to curb inflation and limit further credit extension to the man in the street.

The Governor of the Reserve Bank, Dr Chris Stals, is expected soon to announce new measures to force banks to raise the cost of borrowing.

Financial experts warned yesterday that these measures would directly or indirectly affect the pockets of consumers.

The Democratic Party's finance spokesman, Mr Harry Schwarz, said it was likely that the Reserve Bank would "take some action" soon as a result of the stimulatory nature of the Budget.

First, interest rates could be increased, a politically unpopular measure which would hit house owners and the poor — who tended to buy on hire purchase — hardest.

Second, it could restrict the credit of banks which would make it more difficult for the man in the street to obtain credit.

Mr Schwarz said he was not in favour of "physical lending limits", but suggested a penal rate by which banks which exceeded their limits had to pay a penalty to the Reserve Bank.

"My advice to consumers is to make do with the old frigde or television set for a little bit longer and to limit credit purchases to the minimum."

The chairman of the Consumer Council, Professor Leon Weyers, said the consumer would directly and indirectly suffer from increased cost in borrowing.

"He will be directly affected because he will pay more house mortgages, overdrafts and hire purchases. And indirectly he will be affected because businesses, which also have loans or overdrafts, will simply shift their higher costs to the consumer by increasing their prices."

Professor Weyers said the only advice to consumers was not to buy on credit.

"But with the double-digit inflation rate we have, it does not really pay to save because your money is worth less over time. The consumer will yet again be the loser."

The secretary of the Conservative Party's Finance Study Committee, Dr Willie Botha, expected interest rates to be raised by at least one percentage point.

"The Government will be forced to take this politically uncomfortable action because its only alternative, an increase in the money supply, is inflationary.

"If the Reserve Bank severs the link between the Bank and Prime rates, there will be fiercer competition between banks with the result that the man in the street will bear the brunt."

Clicks to open 30 more stores

30

w/t ARGUS 21/4/90

Business Editor

THIRTY new stores are to be opened by the Cape-based Clicks toiletries and gifts group this year and they could provide more than 200 new jobs.

This is part of a R7,1 million expansion programme disclosed this week by the managing director, Mr Trevor Honneysett.

The company plans to open 15 new Clicks stores and 15 Diskom stores, mainly in the Transvaal, Eastern Cape and Natal, and refurbish others.

The group opened 28 new stores last year and the latest expansion will bring the Clicks chain to 115 stores and its associate, Diskom, to 48.

Expansion by the group has provided 835 new permanent jobs in less than three years.

The group's permanent staff grew by almost 43 percent in three years to 2 780 while sales soared to R426 million from R227 million.

Big strides are being made by the Diskom chain, which numbered 16 stores at June 1987 — all in the Cape and reached 33 this year, with 23 in the Cape..

Clicks had 68 stores in 1987, including 23 in rthe Cape and 27 in the Transvaal. The number grew to 100 this year, with 44 in the Transvaal and 25 in the Cape.

"Growth has been financed internally, and this is expected to continue," said Mr Honneysett. "There are no borrowings."

Furniture dealers are feeling the squeeze

W/t Argus 2/4/90 30

By DICK USHER
Business Staff

THE squeeze is on the furniture industry and manufacturers fear that many less-efficient concerns could be forced out of business.

Measures for cooling the economy have taken their toll, reducing orders from retailers, while the employees' organisation, the National Union of Furniture and Allied Workers (Nufaw), is taking a harder line at this year's wage talks than previously.

Unprofitable

"While we had a 3,2 percent growth last year it was not healthy growth because it was achieved on the basis of running down stocks of finished and semi-finished goods," said Dr Winston Smith, executive director of the Federation of Furniture Manufacturers of South Africa (Fedfurn).

"And it was mainly unprofitable growth in that price increases were around 11,2 percent while the cost input index rose 13 percent.

"This gave the industry overall a real rate of return of about two percent on investment.

"This year is not good and there is a fair amount of short-time being worked and a falling off of orders."

He atributed this to the tight economic situation, with increased interest rates and tighter hire purchase terms, and general political uncertainty which have dampened consumer demand.

Meanwhile, at what is generally a slow time of the year, manufacturers are also faced with a slow-down of orders.

"Retailers do not appear to have had as good a Christmas season as they had anticipated.

"Many were left with surplus stocks and so they cut orders," said Mr Tony Thompson, chairman of the Cape Furniture Manufacturer's Association.

Fresh hand

Sources suggested that the harder attitude of Nufaw was due to a fresh hand at the helm following the death last year of long-serving secretary Mr George Fletcher.

The union, which is the only representative worker organisation at industrial council level, is itself under pressure from encroachments by the Cosatu-affiliated Paper, Printing, Wood and Allied Workers' Union.

Mr Thompson said the industry also suffered from South African buying patterns.

"Overseas people tend to change their furniture about every five years, but here they keep it at least three times longer," he said.

The good news is that the industry surcharges on capital goods, on which general sales tax is also paid, are being reduced over three years while an anticipated 30 percent increase in the saw-log price is now expected to be about 19,5 percent.

But Dr Smith pointed out that other inputs such as paint, foam and fabrics were subject to ongoing increases.

Sketching a new r

● From page 1.

are obliged by law to be a member of both the institute and the South African Council of Architects.

"Because there is a statute governing our existence and membership basis, in the eyes of the world the institute is aligned with the government.

"In recent years this has resulted in our being excluded from the International Union of Architects. The Royal Institute of British Architects, which used to send an inspection board to South Africa every four years, no longer formally recognises degrees from South African universities."

However, he said "encouraging developments" in the political arena had already had a noticeable effect. "Other institutes around the world who have ignored us for a long time are now contacting us and some architects who had left South Africa are returning.

"The reduction of military service also bodes well for the future of the profession and will reduce the brain drain we have been experiencing."

He believes the membership of the institute should have identifiable categories which would help broaden the base of the profession and include the registration and recognition of technologists.

"Technologists will play an increasingly important role in South Africa as they begin to establish their position and status within the industry and undertake more and more design work when working on their own.

"This is fundamentally due to the fact that, provided a reasonable economic growth rate accompanies our rapid urbanisation, the present quota of architects will be unable to meet the country's demands."

Mr Pike, who completed

R22m market rises from Durban ashes

ST Times 22/4/90 (30)

By Charmain Naidoo

THE R22-million Victoria Street market in Durban was handed over to the Small Business Development Corporation this week.

The market is set in the heart of Durban — Grey Street — and is expected to become one of the city's most colourful landmarks.

Largest

With Grinaker Construction as project managers and JCI the commercial letting agents, the market is seen as a timely resuscitation of one of the city's major tourist attractions, the old Indian market.

The SBDC says it will make a large contribution to the development of small business, both formal and informal.

At a cost of R22-million, the market represents the SBDC's single largest capital investment project.

Its involvement has also done much to quell the resentment among Indian stallholders who traded for 63 years in the old market before it was burnt down in 1973.

The market is on a 9 000m² site bounded by Victoria Street, Cemetery Land, Russell Street and Queen Street.

The market is a two-floor, three-level structure with a parking basement for 180 vehicles.

The ground floor houses 116 stallholders, 82 of whom will sell dry goods (general dealers, spices, fruit, vegetables and curios). Another 55 stalls are reserved for wet goods — fish and meat.

The market has been designed for varied retail merchandise — from footwear, fashion clothing, jewellery, sports goods and music to food, restaurants, leather and ethnic wares.

The piazza area has been earmarked for the hawker sector where a specific number of vendors has been allocated sites.

It is designed on the lines of an oriental market, but the SBDC says much emphasis has been placed on organised trading "to avoid the hectic and unwieldy sprawl often associated with oriental and North African markets."

Traders will open for business on June 1.

SBDC chairman Anton Rupert will officially open the market on July 23.

S/Times 22/4/90 (30)

Building managers under Unisa attack

By Charmain Naidoo

SOUTH Africa's approach to management of buildings is way behind the times, says Pluto Webb, a Unisa School of Business Leadership professor.

His criticism is echoed by SA Property Owners Association (Sapoa) executive president Brian Kirchmann, who says some townhouse developments also suffer at the hands of unqualified managers.

But Anglo American Property Services (Ampros) managing director Gerald Leissner says the criticism is unfounded.

He says professionals manage buildings as efficiently in SA as anywhere in the world.

Professor Webb, a former director of CSIR's Building Research Institute, says more than R12-billion is spent annually on construction and related facilities in SA.

"But little, if anything, is done about the efficient management of these investments.

Wild

"In these times of inflation and wildly escalating costs, the economics of operating and running buildings is a matter of great concern not only among leaders in the industry but to everyone in the country."

Professor Webb says this is particularly true of housing and of vital interest to the building industry.

One of the biggest shortcomings is the failure of developers and owners to provide manuals for buildings.

"Consumers normally receive a comprehensive manual on the working, maintenance, repair and operation of cars, hi-fi sets, radios and the like.

"Yet in the case of a many R50-million building, no such documentation exists."

It is an indictment of the building community that there are no suitable education and training facilities for those responsible for the operation and management of a building.

"There is not one appropriate course at either technikon or university level providing formal training in this field.

"This highly responsible position, which looks after the health and security of the tenants and manages the cost, is usually put in the hands of a junior or relatively unqualified person. We in SA have a lot to learn," says Professor Webb.

Mr Leissner says Ampros has a staff of 2 150, all part of the buildings management team.

Saving

"We have cleaners, security guards, engineers, technicians ... a multitude of people who are concerned only with the management, operation and maintenance of buildings.

"At the Carlton Centre we have an energy management centre which we run ourselves. Our cost structures are carefully worked out for maximum efficiency."

Mr Leissner says training and education form a large part of the operation. He dismisses allegations of unqualified management.

But Professor Webb says: "If only 1% of annual capital expenditure on the construction of building and other facilities were to be saved by better management, a yearly saving of R120-million could be achieved."

Energy and water often represent about 22% of a building's running costs.

"Experience in the USA and Japan shows that electricity savings of up to 30% can be achieved by simply improving the management of buildings. With big buildings in the CBD, savings can be as much as R30 000 a month."

He says some buildings for the public sector are "much too expensive and pretentious".

"It is a good example of a Third World economy in which people aspire to First World standards. It gives substance to the allegations sometimes made that an official's status is judged by the size of his office."

● A two-day conference on these problems has been arranged by the Unisa School of Business Leadership in conjunction with Sapoa and the Association of Facilities Management on May 15, 16.

The conference will cover energy and water conservation, cleaning, security, the impact of design and legislation, education and training, and likely trends.

An end to the big spenders

ST Times 22/4/90

(30)

Business Times Reporter

CONSUMER spending is expected to stagnate this year with a consequent decline in retail and wholesale sales.

A report from stockbroker Davis Borkum Hare says the economic growth rate will fall to 1,2%. As a result, private spending will drop to about 0,19% of total income from 2,7% last year.

Expenditure on durable and semi-durable goods will suffer most. Private consumer expenditure (PCE) for semi-durables will remain about the same as in 1989 or show, at most, only a small decline.

But spending on durables will drop by between 8% and 10%. Expenditure on non-durable goods will, however, rise by about 2%.

Behind these bleak forecasts are high interest rates which have been initiated to protect foreign-currency reserves and reduce credit.

High interest rates will also result in a decline in inventories and reduce company profits as sales decline. They will also decrease the positive effects of the easing of hire-purchase requirements.

Inflation is expected to remain about 14,5% for the rest of the year and will reduce real household income.

However, the R4-billion tax relief contained in the Budget will improve the disposable income of lower- and middle-income groups. It could spur the sale of durable products such as refrigerators and stoves.

The tax structure has been shaped to encourage savings. Savings as a percentage of income fell to 1,6% last year from 13% in 1979 and 6% in 1985.

Government expenditure will fall in real terms, taking some pressure off inflation.

C/Press 22/4/90 (30)

School system 'out of touch with business'

SOUTH Africa's education system is "out of touch" with the needs of the business community — and is producing employees who can't think for themselves, according to a Cape Chamber of Commerce survey.

This results in huge amounts having to be spent on the retraining of new employees, adding to low productivity.

The survey was conducted late last year among 379 members of the chamber by its manpower committee.

According to the survey, the inability of students to think for themselves, lack of common sense, immaturity and an inability to "cope" was ascribed to a "prescriptive educational system" that did not encourage free-thinking and initiative.

The survey found many of the subjects taught at school did not have much use in the business environment and respondents suggested that more emphasis should be placed on subjects like computer science, accountancy and communication.

Other findings in the survey were:

■ Most employers employed those with experience and preferred not to employ people straight from school, universities or technikons; and

■ Lack of practical experience and unrealistic wage expectations weighed heavily against school leavers and graduates. — Sapa c/Press 22/4/90

30

Molefe is a man in a hurry

Young businessman going places

By PATRICK MAFAFO

IN 1976 students disobeyed their elders and took to the streets. The cause? A language forced on them. But where are the causes in the 1990s?

Many are still trying to better their education, or at least complete matric. However, there are those who managed, against all odds, to graduate. Then there are exceptions like Eric Molefe of Kagiso, near Krugersdorp.

He may have had the advantage of having inherited one of his businesses from his late father, but he has managed within two years to add more than his father achieved in his lifetime.

At the age of 26 – that would have made him 12 in 1976 – he already sits on the board of the promising Road Runner Crisp Chicken.

A Road Runner franchise, the first in the West Rand, became an addition to Molefe's service station.

A bakery, another first in Kagiso, will open by the end of this month. He tells *City Press* that another Road Runner franchise, to be owned by him, will open its doors next month in Mohlakeng, Randfontein.

A young man in a hurry, Molefe has wasted no time in seeing potential in the fast-growing South African Taverners' Association (Sata). Together with a white liquor wholesaler, he is the initiator of the planned township-based joint venture liquor distributor with Sata reported in *City Press* last week.

He recently flew to Cape Town to meet the management of the Cape Investment Bank. The chairman of Sata was also present at the meeting. According to research unregistered businesses are responsible for 40 percent of the distribution of liquor to blacks. And 80 percent of the SAB beer market is black.

Molefe is left with a few third year courses to complete his law degree. He holds a journalism diploma and many business diplomas.

Eric Molefe... has seen the growth potential of the South African Taverners' Association.

Black businessmen are urged to forge links

30

SOUTH African black business people have been urged to engage in an economic debate with their Zimbabwean counterparts, the ANC and trade union movements.

This plea was made at a dinner held in Johannesburg at the weekend in honour of about 140 business people who are to tour Zimbabwe by the chairman of the Argus group, Mr M B Hofmeyer.

Hoffman said the task of business was to demonstrate that the private enterprise system was the most efficient way of ensuring growth needed to provide basic necessities, including employment for a fast growing population.

By JOSHUA RABOROKO

" Black business is in a unique position to participate in this fundamental debate.

"I believe we will come to realise increasingly in the days ahead that, contrary to the general conception that business both black and white are poles apart from the fores of democracy including the trade union movement, there is in fact a remarkably strong interdependence.

Goodwill

" Just as business will not prosper if it does not enjoy the confidence and goodwill of the new democratic forces that will make an important part of a new South African Government," so to the new democratic South Africa will not prosper unless it can secure adequate local and foreign investment and this will depend very much on the confidence of South African business in the political and economic systems of the new South Africa", he said.

Mr Hofmeyer said:"I very much hope that you will have the opportunity and the inclination to engage both your business counterparts in Zimbawe and also the ANC in a forthright manner on issues of economic policy and practice.""

Teachers w

New Mitchell's Plain 'hive' draws keen business interest

CAPE Times 23/4/90. (30)

By MICHAEL DOMAN, False Bay Bureau

A NEW complex of 65 units for small businesses in Mitchell's Plain is over-subscribed — three months before it is due to open.

The "industrial hive" complex is opposite the Mitchell's Plain Town Centre and is being built for the Small Business Development Corporation.

Mr Johann Naude, corporation senior manager, said at least 75 businessmen had applied for premises.

"Indications are that we will have to start negotiating with the City Council for more land because demand is so high," said Mr Naude.

A major criticism of Mitchell's Plain has been that few job opportunities exist nearby and that residents have to travel great distances to work.

Tenant mix

Mr Naude said the units in the new centre would be 75 square metres, but that some would have to be bigger because of the type of business.

"We will also be relocating tenants from our older, adjacent premises to the new site, since they have outgrown the 35-square-metre spaces they now have.

"We will be trying to get the best possible tenant mix from applicants so that we don't have too many of one kind of business.

"We are negotiating with a city clothing manufacturer, who has many employees from Mitchell's Plain, about setting up in one of our new units," Mr Naude said.

The corporation will have an information office at the new "industrial hive".

Muslim drive to wipe out drugs

Argus 23/4/90

Staff Reporters

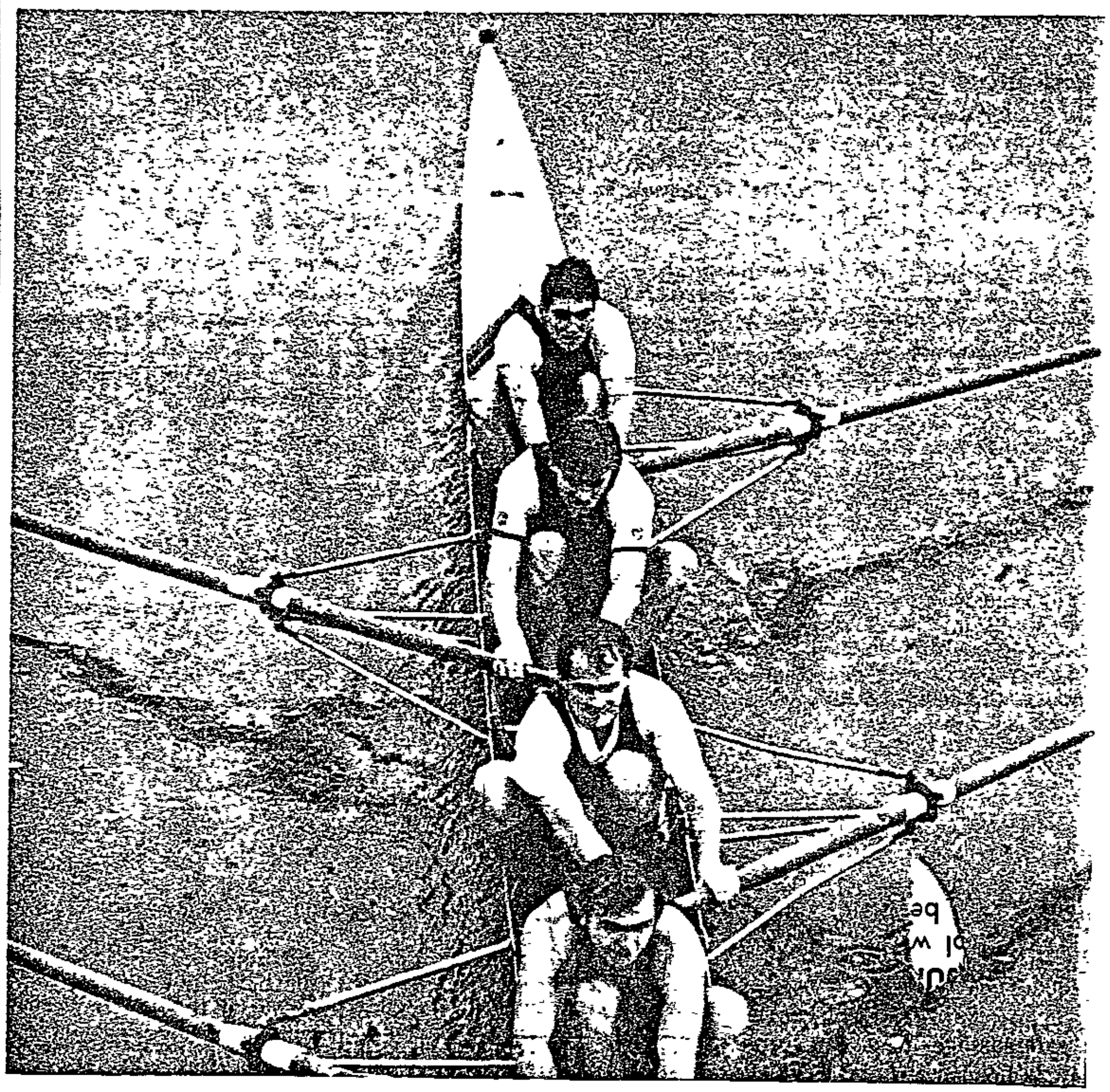
THE Muslim community wants to more drug-counselling centres in the Peninsula.

The move — the latest in an anti-drug drive — was proposed at a meeting held by the community at the Schotsche Kloof Civic Centre yesterday. About 1 000 people attended.

Speakers condemned drug abuse in the community, especially in the Salt River-Woodstock areas, and urged the establishment of as many counselling centres in the Peninsula as there are shebeens.

WANTED MAN

Nearly 50 people offered to train as drug counsellors in response to a call for 10 young men and women to volunteer for the task of fighting the drug



who refused to be treated at KwaZulu-administered Edendale Hospital,

other emergency provisions to those forced to flee their homes.

Township dwellers plan boycott

B Day 23/4/90

(30)

RESIDENTS of Rammulotsi township near Viljoenskroon say they will embark on a consumer boycott from today after Thursday's police shooting incident in which five youths died.

Detainees' Parents Support Committee field worker Biza Makhate said the situation in Rammulotsi was "volatile. Police are at this moment in the township with Hippos (troop carriers) and vans, picking up students and other youths," he said yesterday.

Unrest continued in the township at the weekend. A police report said that on Saturday, Casspirs had been stoned in three incidents in the township. SAP spokesman Capt R Maree said rubber bullets had been fired but nobody was injured.

Makhate said Rammulotsi residents were angry and had decided to embark on the consumer boycott. "We plead with the police to get out of the townships," Makhate said.

Maree was not able to confirm immediately yesterday whether police were making arrests in the township.

Police Commissioner Gen Johan van der Merwe on Thursday ordered an urgent commission of inquiry into the Rammulotsi incident.

Meanwhile, a weekend police unrest report said two women had been killed in Natal, one of them stabbed to death near Port Shepstone and the other stoned to death near Port Edward.

Two men had been killed in Inanda, near Durban, and a man was found necklaced near Port Shepstone. This means six of 14 people who have died in unrest-related incidents on the lower Natal south coast this month were necklaced.

Police said the bodies of two men who had been shot were found near Inanda and a youth was shot dead by police. The youth was killed near Volksrust after a large crowd stoned and petrol-bombed police. — Sapa.

Finance charges hamper Vaaltrucar

(30) PIERRE DU PREEZ

MOTOR sales, parts and service outlets group Vaaltrucar has seen earnings per share rise 11% to 15,7c (14,1c) for the year ended February 28 1990.

However, an increase of 82% in finance costs largely offset a 12% rise in turnover of R102,1m (R91,3m) on the corresponding period. BDay 23/4/90

Chairman Sarel Germishuizen said results were in line with current expectations.

"The ratio of used cars to new cars in our vehicle sales division had to be reduced in a very tough market. This led to quite a reduction in profits," he added.

More restrictive financing also affected both operating income and income before taxation and had a negative impact on the group's results.

A final dividend of 3c per ordinary share was declared for shareholders registered on May 18.

Germishuizen was optimistic that the group's tight management structure and cost controls left it well poised to weather the uncertain economic climate, and to make strategic acquisitions as opportunities arose.

Sowetan 24/4/90

Future SA the spotlight at business talks

30

By JOSHUA RABOROKO

HARARE - MORE than 100 South African black business people visiting Zimbabwe and their local counterparts will today discuss import and export opportunities for small businesses in a post-apartheid South Africa.

The South African delegation, to be led by the chairman of the Get Ahead Foundation, Dr Nthato Motlana, will explore means of gaining access to outside markets.

Among guests at the conference will be president of the South African Black Taxi Association Mr James Ngcoya, Sabta's deputy marketing manager Mr Jabu Mabuza, chief executive of WR Consultants Mr WR Ramushaba and representatives of the external mission of the ANC and the PAC.

It is also understood that Sabta is to address the problem of road transport and the possibility of extending its operations into Zimbabwe.

Earlier, two Zimbabwean Cabinet ministers told the South African visitors to work hard for political and economic liberation in their country.

The group was also welcomed by representatives of the ANC and PAC in exile.

Motlana said, black business operations in South Africa were limited to the retail of basic household goods in the black areas with little prospect of access to outside markets.

M & S Spitz recovering from fall in sales

CHARLOTTE MATHEWS

THE release of ANC deputy president Nelson Mandela at the beginning of February was followed by an abrupt "horse's tail" in retail sales at the upmarket M & S Spitz footwear chain for the remainder of that month.

Bolton Footwear (Bolwear) executive deputy chairman Brian Puchert — Bolwear acquired M & S Spitz in February 1989 — said last week that sales had picked up slightly in March but were not yet at their previous level.

Bolwear MD Sid Finlayson said the group was unlikely to show results in the second half of the financial year to February comparable with operating profit's 35% rise in the first half.

He said this was partly because results were seasonally influenced and the first half was traditionally better.

However, he said the interest bill had soared to about R4,2m (R873 000) in the year to February 1990 largely as a result of borrowings for the acquisition of M & S Spitz.

30

Bus Day 24/4/90

The MINISTER OF LOCAL GOVERNMENT AND AGRICULTURE:

(1) Yes.

Hansard 24/4/90

(a) None.

(b) Falls away.

(2) No.

Oriental Plaza/Gatesville shopping centre: sale to tenants

30

*2. Mr A G MOHAMED asked the Minister of Housing:

(1) Whether a Minister of the former Department of Community Development gave an undertaking that the Oriental Plaza in Cape Town and the Gatesville shopping centre in Rylands would be sold to tenants at the price it cost to build them; if so, when;

(2) whether he intends to honour this undertaking; if not, why not;

(3) what policy will be followed by him or his Department in respect of determining the selling prices of the above-mentioned premises?

D109E

The MINISTER OF HOUSING:

(1) No record of any promise made in respect of the Oriental Plaza in Cape Town is on hand. The Gatesville shopping centre was sold by the former Department of Community Development.

(2) Falls away.

(3) Tenders were invited for the sale of the Cape Town Oriental Plaza and tenderers were requested to keep their tenders open until the end of May 1990.

The Oriental Plaza Merchants' Association was afforded the opportunity to submit its tender in respect of the above and it is envisaged that finality on the sale of the Cape Town Oriental Plaza will be reached not later than the end of May 1990.

The LEADER OF THE OFFICIAL OPPOSITION: Mr Chairman, arising out of the hon the Minister's reply, is it not correct that the present hon Minister of Housing, when he was Chairman of the Executive Committee of the Indian Council, opposed the sale of a shopping centre in Port Elizabeth on the same basis as the one on which the Oriental Plaza is now being considered for sale? [Interjections.]

The MINISTER OF HOUSING: Mr Chairman, I cannot vouch for that. The records will prove that it was in the time of the South African Indian Council. However, for the information of the hon the Leader of the Official Opposition I want to say that we have bent over backwards to afford the people operating in that plaza an opportunity to come forward with a proposal with regard to the purchase of this plaza and that is why finality on this matter has been delayed. This was done out of consideration for the people who are trading there.

The LEADER OF THE OFFICIAL OPPOSITION: Mr Chairman, further arising out of the hon the Minister's reply, is the hon the Minister aware, on a macro-basis, that the former Ministers of Community Development, Mr Marais Steyn and Mr A H du Plessis, gave undertakings throughout the country to the effect that these shops would be sold to the tenants at cost price?

Hansard 24/4/90

The MINISTER: Mr Chairman, this is in fact surprising. If those gentlemen did in fact give such an assurance — I am not questioning the hon the Leader of the Official Opposition — one would have thought that the merchants would have grabbed it because something sold at cost so far back would have been available pretty cheaply.

The LEADER OF THE OFFICIAL OPPOSITION: Mr Chairman, further arising out of the hon the Minister's reply, with regard to the response that these merchants would have grabbed at it, is the hon the Minister aware that in many parts of the country those merchants were willing to grab at purchasing these shops, but that these shops were never offered to them by the officials?

An HON MEMBER: Name them! [Interjections.]

The MINISTER: Mr Chairman, my administration will be only too pleased to complete negotiations and dispose of these shopping centres as soon as we can do so. However, I am aware that there have been many, many problems attached to the disposal of these centres, like the problems concerning rentals and one thing and another. However, the Ministers' Council has taken a

decision that we will programme to dispose of these shopping centres to the people who are occupying shops there.

Mr M RAJAB: Mr Chairman, further arising out of the hon the Minister's reply, will he give the House the assurance that he will in fact try to ensure that it is ascertained whether those undertakings were given or not.

The MINISTER: Yes, Mr Chairman, I will ask my officials to investigate the matter and I will submit their report to the hon member for Springfield.

Asiatic Bazaar: vacating of shop

30

*3. The LEADER OF THE OFFICIAL OPPOSITION asked the Minister of Housing:

(1) Whether the tenant of Shop No 13 in the Asiatic Bazaar has been served with a notice to vacate his shop; if so, (a) when, (b) why and (c) on behalf of whom;

(2) whether, in terms of this notice, the tenant concerned was required to vacate his shop with immediate effect; if not, (a) why not and (b) why was this required by his Department of certain tenants of shops in Chatsworth?

D110E

Hansard 24/4/90

The MINISTER OF HOUSING:

(1) No.

(a) Falls away.

(b) Falls away.

(c) Falls away.

(2) Falls away.

(a) Falls away.

(b) If the Honourable Leader of Official Opposition will be so kind as to furnish me, in writing, with the names of the tenants concerned, I will gladly reply to his question.

Asiatic Bazaar: buildings

*4. Mr D K PADIACHEY asked the Minister of Housing:

(1) Whether, with reference to his reply to Question No 3 on 20 March 1990, any persons constructed or are constructing buildings on property belonging to and/or controlled by the Housing Development Board in the Asiatic Bazaar in Pretoria; if so, (a) how many properties are involved and (b) what action is being taken in respect of these persons;

(2) whether these persons have obtained permission for the construction of these buildings; if so, from whom;

(3) whether his Department or the Housing Development Board has received any represeentations on behalf of the persons concerned; if so, who made these representations?

D117E

Hansard 24/4/90

The MINISTER OF HOUSING:

30

(1) Yes.

(a) As these structures almost appear overnight it is extremely difficult to supply definite figures.

(b) Legal opinion obtained warns that problems may be encountered in a competent court should the court prosecute any offenders mentioned above, before clarity has been obtained about the status of the Asiatic Bazaar in regard to its Group Area status. I have therefore in January this year requested that a senior member of my staff be appointed solely to attend to all matters regarding the Asiatic Bazaar and from reports so far received, I am confident that many of the problems being experienced at present will be solved in the near future.

(2) In some cases Board's approval was obtained, but in most cases the construction has been undertaken without any official approval.

(3) Yes.

My department has received only two representations, apart from a deputation of some of the stall holders who pleaded for condonation of the erection of illegal structures and/or alterations, such matters will be referred to the Housing Development Board for consideration in due course.

The two representations were from Mr Bhima and Mr Madhavjee and an Attorney Mr Saint on behalf of Stalls


Mr Kent Durr.

Bill will protect business and consumers – Minister

Star 24/4/90 (30)

The Harmful Business Practices Bill would ensure legal and basic fairness so that neither business nor consumer interests could dominate, the **Minister of Trade, Industry and Tourism, Mr Kent Durr**, said yesterday.

In his introductory speech during the second reading debate on the Harmful Business Practices Amendment Bill, he said it gave the Consumer Council a basis for protecting consumers against any specific harmful business practice.

It also provided a quick remedy, as common law usually involved tedious, costly and protracted litigation.

Recommendations by the Business Practices Committee, which the Bill would bring into being, and action by the Minister to protect consumers would only take place if a harmful business practice were identified.

It was planned that the committee and private sector would develop codes of conduct.

This would provide the Consumer Council with a further effective means to come to the aid of consumers, and with a basis upon which it could act against transgressors. — Sapa.

Clewlow to succeed Rosholt at Barlow Rand

Star 24/4/90

(30)

Mike Rosholt

By Sven Lünsche

Warren Clewlow takes the helm at Barlow Rand at a time when political developments will demand almost as much from the chairman of South Africa's leading industrial conglomerate as will business growth.

Barlow Rand announced yesterday that Mr Clewlow, currently vice chairman and chief executive of the group, will take over the chairmanship from the charismatic Mike Rosholt with effect from January next year.

Mr Clewlow said yesterday that he would be taking over the group at a time when South Africa was undergoing rapid political change.

"We will have to read these developments well and adapt the group to the changing circumstances."

"I would like to carry on with the low political profile of my predecessors, but given the strong link between the economy and politics, this will not be an easy task.

Warren Clewlow

"It is one of the major challenges not only for Barlow Rand, but for the business community as a whole, to convince people that the free market system offers the best growth potential for South Africa," he said.

Mr Clewlow joined Barlows in 1963 and was appointed a director of the board in 1974.

His position as vice-chairman of Barlows will be filled by Mr Derek Cooper, at present a deputy chairman of the group.

14 black SA manufacturers for Botswana

24/4/90

By Jabulani Sikhakhane

In an attempt to penetrate markets in neighbouring African states, 14 black manufacturing companies will display their products at Botswana's annual industrial trade exhibition this week.

The 14 companies will display products ranging from clothing, furniture to car tyres and beadwork's in Bitex'90 show at the Gaberone show grounds, under the banner of the National African Federated Chambers of Commerce (Nafcoc).

Gabriel Mokgoko, Nafcoc's public affairs manager, says Bitex'90 represents the first attempt to build bridges between black business in South Africa and neighbouring countries with a view to establishing an economic relationship in preparation for a post-apartheid SA.

SAP pay increase welcomed

Sowetan 25/4/90

THE SA Chamber of Business (Sacob) has welcomed the improved remuneration package for the SA Police announced by the Minister of Law and Order in Parliament.

Sacob said it was a positive step towards retaining existing personnel and attracting the right calibre of recruits to the force. (30)

"However, we believe that there is still a pressing need to substantially increase the numerical strength of the SAP, to meet present and future requirements in regard to the adequate prevention and detection of crime," said the statement. - Sapa

PROPERTY

30

Council looks set to ease approach to home offices

B/Day 25/4/90

Reports by
VAL PIENAAR

JOHANNESBURG City Council is looking to relax its stance on home offices in an effort to retain control of the development of the city.

But director of planning Rudi Erasmus said policy changes would be the result of public participation, and would be backed by tougher measures against offenders.

"We want to broaden the parameters, making it easier for businesses to be established from homes, while at the same time tightening the controls to ensure that property values, and the attractiveness of neighbouring properties, aren't adversely affected," Erasmus said.

Compromised

Businesses operating illegally from homes are already being subjected to spot fines. According to management committee deputy chairman Eddie Magid, businesses operating without council consent could be fined R300 every two weeks until they start operating on a legal basis.

Erasmus said the proposed policy would not give carte blanche to new home offices, since the council would favour applications for properties whose residential value had been compromised.

"Residential properties on busy roads, or bordering on business premises, or overlooked by flats would be suitable for a degree of business use," he said, adding that they would serve as a buffer between conventional office and retail accommodation and straight residential properties.

At the same time, these properties would gain value on the basis of their use, rather than losing value as residential properties in a poor location.

He denied that this approach would ultimately lead to sprawling office development, as the intensity of use is upgraded to accommodate growing businesses.

A new policy proposal for home offices in residential areas presented to the council yesterday acknowledged that the increasing incidence of home offices was a symptom of economic health.

"If home offices proliferate, the phenomenon is an indication that the city is vital and growing," it said.

"If this has a negative impact in terms of traffic congestion or pollution, these ... have to be addressed in other ways."

The council grants consent uses to businesses operating from home with up to two staff members. While the 1979 town planning scheme does provide for larger home offices, in practice applications to the council tend to be turned down because there is no approved policy statement.

In the past five years the council has rejected 47 applications to use residential properties for home offices. Of these, 40 have been approved provincially — with business uses granted as a primary right.

"In these instances, the council and residents lose control over protection of the residential character of suburbs, co-ordinated planning of arterial routes, aesthetics and subsequent business activity on a site, should it be resold or redeveloped."

The council study estimated that Johannesburg contained about 3 500 home offices, of which at most 350 are operating illegally with more than two employees. On average, these have a staff of about five people.

The clear implication is that the numbers likely to be affected by a deregulation of the policies governing home offices are too small to have a significant negative impact on the quality of residential areas.

On the other hand, failure to approve home offices forces the applicants to turn to the Administrator for approval — and when this is granted the council loses control over future development.

Conform

In the long run this could have serious implications for residential areas.

In terms of the proposed new policy, home offices must conform with the residential appearance of the existing house, and the building's use for residential purposes would be encouraged. The council would also need to approve a landscaping and layout proposal.

To minimise traffic congestion, access to properties on arterial roads must be taken off a side street, and all parking must be provided on site.

Hansard 24/4/90

No. 1 — Josub Aboo.
29 — Hamed aboo Gani.
43 — Nurgen Latib.
38 — Khatija Jeeva.
13 — Rabia Latib.
42 — Hanisa Tayob.

Erf 589 Marlboro Gardens: repossession

*5. Mr D K PADIACHEY asked the Minister of Housing:

(1) Whether the property described as Erf 589 Marlboro Gardens was repossessed by his Department or the Housing Development Board; if so, (a) when and (b) why; Hansard 24/4/90

(2) whether the deed of sale for this property was countersigned; if so,

(3) whether he will disclose the identity of the person by whom it was countersigned; if not, why not; if so, what is the name of this person?

D118E

The MINISTER OF HOUSING:

(1) Yes, the Housing Development Board.

(a) 2 August 1989.

(b) The deed of sale entered into with the purchaser was invalid.

(2) Yes.

(3) As the property has been repossessed and the agreement cancelled the matter has now been resolved. The invalid deed of sale was countersigned by a certain Makda.

The LEADER OF THE OFFICIAL OPPOSITION: Mr Chairman, arising out of the answers given by hon the Minister, could he explain why the deed of sale was invalid?

The MINISTER: Mr Chairman, I could reply to the hon the Leader of the Official Opposition in writing, because I do not want to make a statement without having the correct answers from our officials.

The LEADER OF THE OFFICIAL OPPOSITION: Mr Chairman, further arising out of the answers given, is it not correct that a very serious criminal act was committed? [Interjections.]

The CHAIRMAN OF THE HOUSE: Order!

The MINISTER: Mr Chairman, I have responded to the questions, and the answers are on record. Hansard 24/4/90

The LEADER OF THE OFFICIAL OPPOSITION: Do you stand for clean administration? [Interjections.]

The CHAIRMAN OF THE HOUSE: Order!

Mr M RAJAB: Mr Chairman, further arising out of the hon the Minister's reply, will he also please let me have a full answer to that reply?

The MINISTER: Yes, Mr Chairman.

Mr D K PADIACHEY: Mr Chairman, further arising out of the hon the Minister's reply, was the person who was allocated this house on the waiting list?

The MINISTER: Mr Chairman, these are questions for which I have no records here. [Interjections.]

The CHAIRMAN OF THE HOUSE: Order! The time for questions has now expired.

The MINISTER OF LOCAL GOVERNMENT AND AGRICULTURE: You have been given a lot of liberty to make noise.

The CHAIRMAN OF THE HOUSE: Order! Did the hon the Minister of Local Government and Agriculture say that hon members have been given a lot of liberty to make noise?

The MINISTER: I did say that, Mr Chairman.

The CHAIRMAN OF THE HOUSE: Order! I want to ask the hon the Minister whether he was reflecting on the Chair.

The MINISTER: No, not on the Chair.

HOUSE OF ASSEMBLY

QUESTIONS

† Indicates translated version.

For written reply:

General Affairs:

Iscor: publicity campaign

257. Mr H H SCHWARZ asked the Minister of Mineral and Energy Affairs and Public Enterprises:

(a) What was the total cost of the publicity campaign for Iscor preceding its flotation and (b) what was the total amount spent on (i) television advertisements, (ii) printed media advertisements and (iii) other specified items related to this campaign?

Hansard 25/4/90 B668E

The MINISTER OF MINERAL AND ENERGY AFFAIRS AND PUBLIC ENTERPRISES:

(a) R16 112 573,00

(b) (i) R8 598 108,00

(ii) R4 535 421,00

(iii) R654 582,83 (Consultants — Co-ordination and control)

R719 818,33 (Share information office)

R122 596,92 (Plant visits by media and prospective investors)

R165 781,23 (Investor presentations — Road shows)

R1 016 264,69 (Publications and design)

R300 000,00 (Research)

R2 979 044,00

Own Affairs:

School medical inspectors Hansard 25/4/90

93. Mr P C CRONJÉ ~~asked the Minister~~ of Education and Culture:

Hansard 25/4/90

(1) Whether any schools under his control are visited by medical inspectors for the routine examinations of pupils; if not, why not; if so, in respect of each province in 1989, (a) how many schools were so visited, (b) what total number of pupils was examined and (c) what was the percentage of pupils examined in comparison with the total pupil population;

(2) whether any pupils requiring medical treatment were referred for such treatment; if not, why not; if so, in respect of each province in 1989, (a) what was the total number of pupils so referred and (b) what number of pupils was referred for nutritional and related reasons?

B650E

The MINISTER OF EDUCATION AND CULTURE:

(1) Yes,

		(a)	(b)	(c)
	Cape	11	3 906	1,8
	Natal	262	38 127	39
*	OFS	214	52 803	66
**	Transvaal	1 770	418 288	80,2

(2) yes,

		(a)	(b)
	Cape	53	4
	Natal	5 109	1 585
*	OFS	3 111	16
**	Transvaal	39 395	561

* Pre-primary schools included

** Northern Transvaal region exluded Revisits included.

Male teachers: resignations

100. Mrs C H CHARLEWOOD asked the Minister of Education and Culture:

(1) (a) How many male teachers attached to (i) primary and (ii) high schools resigned from teaching in 1989, (b) what percentage do these resignations represent of the total number of male teachers attached to (i) primary and (ii) high schools, (c) what was the total net gain or loss of male teachers at such schools in that year and (d) what were the main reasons given for resignation; Hansard 25/4/90

'From bush fighter to economist'

MICHAEL HARTNACK

HARARE — The SA liberation struggle was "gradually working away from the era of the bush fighter" to the "era of the new economist", Soweto civic leader Nthato Motlana predicted yesterday.

Motlana, leader of a 105-member delegation of black SA businessmen to Zimbabwe, said SA was plagued by a lack of trained black economists.

Motlana told a seminar on opportunities for trade between a post-apartheid SA and its neighbours that while it was hard to name five black SA economists with the necessary qualifications, there had been an upsurge of black businessmen with import-export licences, issued by a government keen to circumvent sanctions.

Motlana said the 1976 disturbances had prompted the formation of the Small Business Development Corporation, backed by state funds.

"But to our utter dismay it turned out that the major part of that money went towards establishing the small white business and the blacks, as usually, were left sucking the hind titty.

"In present-day SA in order to qualify for a business licence you have to be very careful about the political stance you take in public, about the statements you make.

"When you do get a licence you are seen as someone willing to bend under the strain," he said.

Motlana urged recognition that black businessmen could perform an essential role with the same social conscience as academics.

Caution

Opening the meeting in Harare yesterday, Industry and Commerce Deputy Minister Moton Malianga said while current policy of the Southern African Development Co-ordination Conference (SADCC) and the East and Central African Preferential Trade Area was to reduce dependency, SA would resume a focal role once apartheid was abolished.

"We should then fully realise the 'complementarities' in the economies of this region. Developments in SA have taken a promising turn and we are watching developments with caution and interest," he said.

"Co-operation would have to be radically different from the colonial type of monetary union which SA wants to foist on its neighbours," said an Industry and Commerce Ministry paper tabled at yesterday's seminar.

It predicted that, like Rhodesia after 15 years of isolation, post-apartheid SA would not fully recognise the cost of present policies "until the time of reintegration".

President Robert Mugabe's former special adviser on sanctions, and current head of the parastatal Zimbabwe Development Corporation, Christopher Ushewokunze, predicted that a majority rule government would come to power in SA with a political base but not economic one.

It had to design strategies for "economic involvement" by itself and the black majority, he said.

30 Nov 89

PROPERTY

30

Council looks set to ease approach to home offices

B/Day 25/4/90

Reports by
VAL PIENAAR

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To minimise traffic congestion, access to properties on arterial roads must be taken off a side street, and all parking must be provided on site.

Specialty moves pay off

6 10 Day 25/4/90

SYLVIA DU PLESSIS

RESTRUCTURING undertaken a year ago at Specialty Stores has paid off for the clothing and home product retailer in the year to end-February.

The group, which acquired all the assets of holding company Storeco and became the operating arm of the group last year, has posted a 57,5% rise in attributable income to R10,4m (R6,6m).

This follows turnover which improved by 35,4% to R185,4m and operating income 39,2% up at R22,4m. Interest paid rose a slow 10% to R2,7m.

However, earnings were only 11% higher at 70,3c a share, based on a 42% increase in the number of shares in issue. A final dividend of 16,5c lifted total distribution to 25c.

Joint MD Stewart Cohen said the results were particularly commendable as trading conditions in the second half were generally regarded as having been slower than in the first.

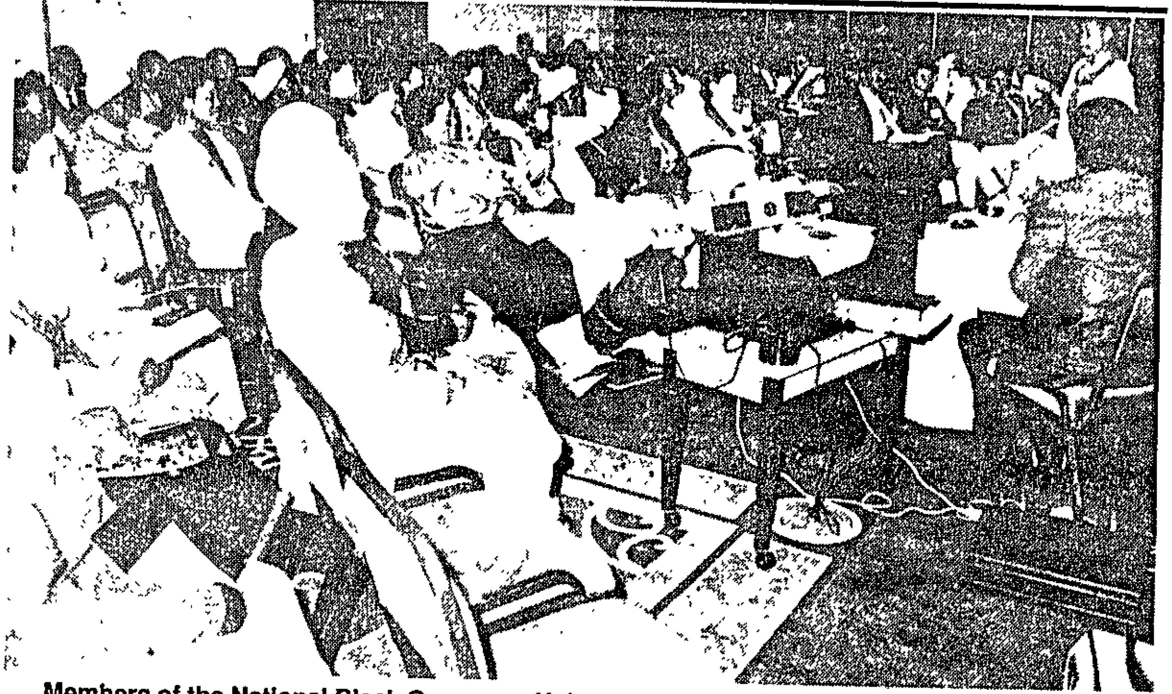
Action taken a year ago to prepare for future growth included the raising of nearly R17m by way of a rights issue.

30

These funds had been applied to the profitable expansion of the group's divisions — fashionwear chain Milady's, specialty store The Hub and cash concept operations Mr Price and Footgear — without directors having to resort to increased borrowings.

Joint MD Laurie Chiappini said Specialty was on target to achieve further real growth in earnings in the current year.

Pyramid company Storeco reported earnings 11,6% higher at 140,7c a share despite the reduction of its interest in Specialty to 63,2%, and a total dividend of 50c.



Members of the National Black Consumer Union attending a workshop at a Johannesburg hotel

Workshops for black buyers

Sowetan 26/4/90

30

By MOKGADI PELA

The National Black Consumer Union is to hold countrywide workshops aimed at educating black buyers.

NBCU managing director, Johny Dladla, said by equipping black consumers with the necessary knowledge, buyers would be able to make the right choices.

This message was also highlighted at another workshop held in Johannesburg last weekend. The workshop attracted well over 300 delegates from all parts of the country. The workshop's emphasis was on "money and inflation," what stops the poor from borrowing and "monopolies: the consumer pays, but who is to blame?"

Dladla said consumerism was still fairly new in South Africa. "It is clear that the black consumer is a potent force contributing greatly to the economy. Black consumers have strength in numbers, the black rand is not just a buzzword, it is a reality."

"It is unfortunate that with the clout the black consumer has, he is still disavantaged compared to his white counterpart. The vulnerability of the black consumer lies in the exploitation because of ignorance about prices, competition and common law rights," Dladla said.

NBCU called on the consumer to contribute towards the determination of prices set by manufacturers and business people.

He announced that other workshops would be held in Durban, Bloemfontein, Cape Town and Port Elizabeth.

Sowetan 26/4/90 (30)

Mrs Pamela Mgulwa pitted her wits against white competitors and today runs a number of businesses from a swanky central Johannesburg building.

Development plans for Natal's Maputaland

26/4/90 By Winnie Graham 30

One of the poorest regions of South Africa — impoverished Maputaland in northern Natal — is to be given a helping hand in a major development project aimed at creating three new urban centres, as well as four rural centres, in the area.

The project is being funded by the Siyazisiza Trust, established in 1987 by a group of Natal and Transvaal businessmen concerned about job creation and community upliftment in kwaZulu. The Anglo American Corporation's Chairman's Fund has granted the trust R1,29 million over three years towards the cost of implementing the scheme.

Mbazwana, a village in the Ingwavuma/Umbombo region, will be used as a pilot project in the establishment of small urban centres because it has the potential to grow into a viable community with the economic base provided by the timber industry.

The project will encourage local entrepreneurs to take part in the privatisation of as much of the local timber production and industry as possible.

With the co-operation of the community, the trust hopes to establish a viable timber manufacturing industry so that items such as door frames and school desks can be produced for the local market.

The local craft industry will be stimulated and training provided for the support services of the local authority to maintain the infrastructure needed for emerging urban centres. The amakosi (chiefs) of the area had approached the trust for aid.

Gouws said he knew of one incident where Barnard had arranged for the telephone of a Forum, had led to his resignation.

The hearing continues. - Sapa.

NTHATO MOTLANA ... leading a group of businessman visiting Zimbabwe.

PAC call to businessmen

By JOSHUA RABOROKO in Zimbabwe

HARARE - Leaders of the exiled ANC and PAC shared the platform in Harare yesterday when they spoke on the crucial role black business could play in bringing about economic liberation in South Africa.

At a dinner in a local hotel the leaders called on South African businessmen visiting Zimbabwe to support liberation movements in fighting for the political, economic and social emancipation of blacks in the region.

However, during a stormy question and answer session, the ANC and PAC leaders were challenged by the businessmen to forget their political and ideological differences.

They were told to unite and fight for a democratic and non-racial South Africa.

The leader of the visiting group, Dr Nthato Motlana, said black business was under siege from people who treated them with suspicion about their operations, especially during uprisings.

He cited recent attacks on black business people in Mdantsane and wanted to know about the relationship between liberation movements and business in the future.

PAC economist Mr Sipho Shabalala said the organisation recognised that business formed an integral part of the liberation struggle.

Business' role in the emancipation of Africans from oppression and exploitation was important.

He condemned the burning of black business premises and said this could only be attributed to other elements and not to political activists.

Shabalala said the PAC stood for an economy that would represent the economic and political interests of all Africans.

He said there should be no exploitation in the production and distribution of resources.

"No individual, group, or section of the society should subject other individual, group or section of the society to economic exploitation and political oppression.

"The resources of the country, by democratic right, belong to born and unborn members of the freed society", he said.

ANC representative in Harare, Mr Maxwell Mlunyeni, said the movement believed that black business needed to demonstrate and generate wealth. The attack on black business was unacceptable.

He said the ANC was still working on an economic guideline which would also consider nationalisation.

Sowetan 27/4/90

(30)

Liquor: Locals can veto sales hours

Cape Times 27/4/90

(30)

Municipal Reporter

THE government's efforts to deregulate the liquor industry by allowing longer trading hours for bottle stores look set to be thwarted in most parts of Cape Town by a council decision taken yesterday.

Cape Town City Council opted for a "local option" which would give ratepayers and local councillors a chance to veto the longer hours every time a liquor outlet puts in an application.

Under the old Act, bottle stores were allowed to stay open until 6.30pm on weekdays. Under the new Act, if they get permission from their local authority they may continue selling until 8pm.

On Saturdays, bottle stores were able to sell liquor until 1pm under the old Act, or, if they got permission from the local authority, they could remain open until 2pm.

The new Act has virtually identical provisions relating to Saturdays. In 1985 when the old legislation was still in force, the council resolved that any application for an extra trading hour on Saturdays would automatically be granted.

However, the council decided yesterday that it would not follow the same procedure under the new legislation.

According to an executive committee report which was passed without any debate yesterday, exco was not in favour of granting blanket authority "at this stage" for the town clerk to approve extended trading hours.

"It (the committee) was of the opinion that for the time being a 'local option' should prevail. The applications should be referred to the respective ward councillors for comment."

The reason it gave was that the 1985 decision had been made in respect of just one extra hour of trade, while the new Act made provision for extra trading time every weekday.

Applications for extended hours in the Cape Town municipality will in effect be dealt with in the same manner as applications for new licences, or for transfers of existing ones.

However, the Minister of Trade and Industries will be the final arbiter.

Sd 27/4/90 (30)

Developing small businesses

One of the crying needs within the ceramics industry is for skills and making a major contribution to providing those skills, mainly in the design field, is the Witwatersrand Technikon.

Ceramics department head Mr Eugene Hön says the main objective is to train people to open small businesses. To this end students are taught a wide range of ceramic skills from brick carving to pottery and sculpture.

"Our students are trained to a high level to be ceramic designers, producers and marketers of their own wares. One of the things we are looking for in our students is entrepreneurial spirit which usually means attracting more mature students.

"Over the past three years all the students who have passed our course have gone on to open their own businesses - and done well," he says.

He cites the example of Miss Janita Nelson who left the technikon about three years ago. She now has her own business, supplying curio animals to game farms, hotels and other tourist targeted outlets.

Mr Hön points out that other professions tend to be trained to join an established firm.

"After three years they would still be working for someone else and be towards the bottom of the salary ladder.

"Janita is self-employed and earning considerably more with the potential to grow even further."

Students are given a basic overview of the different techniques and materials. They are taught to formulate ideas and experiment.

Mr Hön says students are encouraged to develop in a fine arts sense, such as sculpture, but there is a strong practical current underpinning the course.

For the exam at the end of the second year students are required to design one item for production purposes. Students are marked on the design and how many units can be produced in one month.

He says: "The item chosen will often be one which was designed in the course of the year. However, usually the design is not practical for batch production purposes and the student will have to adapt the design — an important lesson for any artist. Usually the students sell the products afterwards at one of the markets. This gives them an indication of market response to their idea."

Mr Hön: "It is not just pottery but includes techniques such as brick carving for creating murals and crests."

One of the problems facing both the technikon and the studio ceramic artists it produces, is that South Africa does not tend to have the consistant quality of raw materials required.

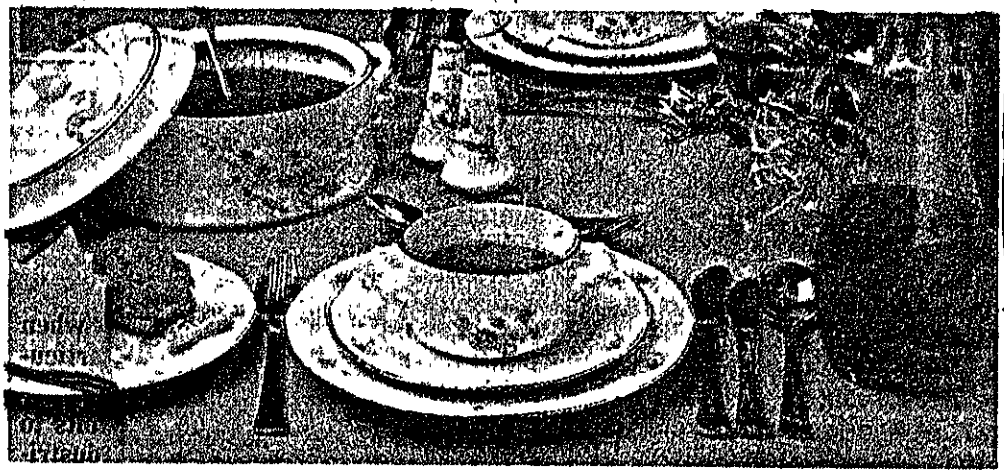
"Our students tend to move into catering for exclusive niche markets. But the raw materials available are not generally up to standard for the more sophisticated applications, such as making high-quality studio ceramics like plates and teapots.

"Different batches of materials will respond differently producing product which warps or cracks under the same conditions as previously produced quality finished items.

"There is a need to set industry standards coupled with consistant and reliable testing. There is also a need for materials aimed at the studio market. For example, unlike overseas, at present there is no South African company producing a clay and a glaze designed to suit that particular material," he says.

The Witwatersrand Technikon's ceramics department aims at encouraging the entrepreneur spirit.

CERAMICS



The Huguenot Royale fine china in the "Fantasia" pattern — a popular seller.

SA has most raw materials

While many of the raw materials needed by the ceramics industry are available locally there are problems with lack of support.

Johnson Tiles managing director Mr Keith Dixon says most of the raw materials needed for tile manufacture are available locally. Some low weight items such as stains and specialised glazes are imported.

While the local clays are not as good as Devon clays they are acceptable and the small size of the South African tile manufacturing sector works against the industry.

"We don't have the sophisticated clay suppliers who work with the overseas industries. The overseas suppliers ensure the clay is of a consistant standard and quality.

"We have to do this ourselves. Most of the time clay is simply dug out of the earth by a farmer and delivered to us by truck. We have to check the quality and blend different clays to ensure consistant quality," says Mr Dixon.

Cullinan Refractories chief executive Mr Ed Harbuz says the refractories industry uses acid and "basic".

Andalusite is a major raw material and it is readily available in South Africa where about 80 percent of the world's needs are produced.

This gives the local manufacturers an advantage and Mr Harbuz says the company exports between 10 and 20 percent of its production of items using this material in their manufacture.

"Most of the materials we require are available locally and the few which have to be imported are supplied without any problem," says Mr Harbuz.

Continental China Holdings group managing director Mr Bill Paverd says a large percentage of the raw materials used in the manufacture of ceramic tableware is available locally. The company has even developed its own sourses of kaolin, feldspar and silica and it has its own transfer manufacturing plant. Ceramic colours and glazes are also obtained locally.

Mr Paverd says: "About 30 percent of raw material requirements are imported. One example is plaster-of-paris as the specifications required cannot be met economically locally."

DBSA to tap capital market

Star 27/4/90 (88) (30)

By Jabulani Sikhakhane

The Development Bank of Southern Africa is entering the capital market to mobilize private sector funds for development finance and has scheduled the first issue of R175 million worth of loan stock for early May.

In a presentation to business leaders yesterday, the chief executive of the Development Bank, Dr Simon Brand said it was intented that the borrowing operation in the financial markets will consitute an important and ongoing source of future funding.

He said the Bank hoped to build up its borrowing in the capital markets to around 50 percent of its capital funds with the rest being made up from its own funds and government funding.

Dr Brand said the level of disbursements of loans by the Bank has reached R800 million a year and its financial planning had shown that there existed a need for an additional R300 million.

The R175 million loan stock will be redeemed after 20 years and will have a coupon rate of 14,50 percent a year.

The Bank is hoping to build up its borrowing in the capital market to between R300 million and R500 million a year in five years time

Dr Brand said the Bank was not confined to financing infrastructural development in the homelands, but was increasingly being involved in development in the urban areas.

Pepkor looks poised to acquire Specialty

B Day 27/4/90

(30)

SYLVIA DU PLESSIS

INDICATIONS are that Christo Wiese's Pepkor retail group, which publishes year-end results today, is set to acquire Specialty Stores.

Analysts have put a price tag of around R100m on the deal, based on Specialty's track record, prospects and its management team remaining intact.

Pepkor chairman Wiese confirmed yesterday that the Pepkor group — still sitting on a R100m cash pile — was involved in talks with another party.

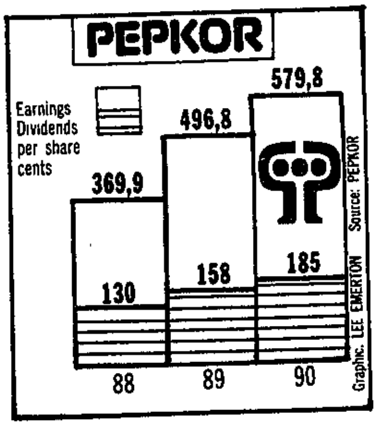
"There is certainly a potential acquisition candidate at the moment, and it could be involved in that (Specialty's) kind of business," he said.

Concentric

"We have always said any diversification would be concentric, that is we would look first to those businesses closest to us.

"Specialty is in our sector of the market and it has a well-proven management team. For these and many other reasons it would fit the bill and is definitely a company we would have our sights on."

Specialty announced earlier this week that its shares and those of pyramid company Storeco were being suspended because directors were involved in negotiations which could significantly affect their value.



The group's stable embraces The Hub, the more upmarket Milady's and two cash concept operations, while Pepkor's includes Pep Stores, Ackermans and supermarket chain Shoprite — all cash-based.

Analysts said Specialty would benefit from a Pepkor takeover in that it would have a parent to help fund further expansion.

Pepkor's turnover to end-February grew 24% to hit the R1,5bn mark, but an effective tax rate of 36% filtered down to a 17% rise in earnings to 579,8c (496,8c) a share. Dividends of 185c (158c) were declared.

Earnings growth was slightly off the 20% some analysts were anticipating, but Wiese said he was satisfied with the results in view of the economic climate, stiffer competition in the second half and the increased tax rate.

Eroded

Pep Stores, with 853 outlets, raised turnover by 23% to R988m, just short of the R1bn management were hoping for, but an effective tax rate of 33% trimmed growth in earnings to 174c (160,7c) a share.

Operating profit, eroded partly by the non-recurring costs of establishing Pep Stores and Ackermans as autonomous units, grew 17% to R120,2m.

Shoprite performed better than most of its direct competitors to turn in a 34% rise in turnover to R471,4m. After a 37% hike in the tax bill to R4,8m, earnings for the 45-outlet chain were 19% better at 27,5c (23,2c) a share.

Wiese said ongoing expansion at Shoprite would give it the momentum to maintain above-average growth in the current year, but tighter economic conditions, coupled with political factors, would hamper trading at Pep Stores.

B/Day 27/4/90

Improved data base filling the gaps in credit information

(30)

WITH the credit sqeeze taking firm hold, retailers are demanding more up-to-date and comprehensive information to ensure they make the right decisions when granting credit.

Having compiled a database of positive and negative credit information, KreditInform MD Ivor Jones says his company is filling the gap.

"Traditionally, the consumer information database simply comprised negative information such as adverse handovers and judgments. Now, retailers provide us with their debtors' age analysis, and this is merged into our database along with other information.

"All information is available for online access by users, so it's easy to pinpoint which consumers are conducting their accounts well and which are not paying or have judgments against them.

Decisions

"At the end of the day, retailers have access to data which allows them to make better decisions in granting credit," he says.

"There are some 7,5-million entries on the consumer database, and major retailers are being connected to this through new networking facilities.

"We are expecting hundreds of thousands of inquiries each year," says Jones.

Because the system is computer-based, more sophisticated retailers will be in a position to have consumers filling in credit application forms or giving their details verbally and these could be checked on-the-spot within minutes.

"Our credit scoring division writes customised credit scoring systems for retailers. These categorise consumers into 'obviously good' and 'obviously bad' sections, and those who fall into a 'grey' category will need to give more information in order for a final decision to be made on their application."

Among those using the credit scoring system are OK Bazaars and Diners Club, who report good results. Three more major retailers are expected to go online into the system shortly.

Another major facet of the system is its ability to trace individuals. This stems from the sheer size of the database and its ability to be interrogated in a number of different ways.

"For instance, it's possible to input an address and check who inhabits the home or have a surname and rough idea of age and location and the system will scan the database and give all people with similar names and ages living in the area," he says.

SA ranks low in the care of customers

A RECENT overseas survey of 24 countries revealed that SA ranks second lowest in the areas of customer care and service excellence.

Conference Solutions's Gina Hart says this comes as no surprise.

"The average South African is faced daily with a frustrating barrier of incompetence, apathy and rudeness. This means wasted time and increases the daily stress count" says Hart.

"South Africans have come to accept inefficient and sullen service as the norm, and as there are no complaints, the supplier of a product or service remains blissfully unaware there is a problem — until his customer or client base has dwindled away — with his profits."

BDay 27/4/90

Incentive

30

If this is to change, training and incentive programmes are necessary, for both management and support staff throughout the corporate structure.

The author of the survey, which is to be published later this year, Lynda King Taylor, will be visiting SA during May and June this year to conduct a series of seminars targeting different levels of the corporate structure.

Taylor is considered an authority on staff/customer relations and has acted as trainer and consultant to companies like GEC, ICI and British Airways.

She will be examining the principles that have made certain international companies successful, and will be looking at where unsuccessful companies went wrong.

Says Hart: "Few people are able to win business, but everyone is capable of losing business.

"High-calibre staff relations are a major marketing tool in winning and retaining clients."

FOSCHINI F/M 27/4/90

Changing fashion

30

Activities: *Retails clothing and jewellery.*
Control: *Directors 53,2% through Lewis Foschini.*
Chairman: *S Lewis; joint MDs: C Hirschsohn, B Belcher.*
Capital structure: *9,7m ords; 0,2m cum pref shares. Market capitalisation: R698,5m.*
Share market: *Price: R72. Yields: 3,4% on dividend; 8,0% on earnings; PE ratio, 12,5; cover, 2,4. 12-month high, R74; low, R50. Trading volume last quarter, 63 400 shares.*

Year to Dec 31	'86	'87	'88	'89
ST debt (Rm)	18,8	13,6	2,4	14,4
LT debt (Rm)	20,3	30,7	40,4	60,5
Debt:equity ratio	0,39	0,33	0,27	0,39
Shareholders' interest	0,49	0,44	0,42	0,41
Int & leasing cover	7,7	9,1	11,4	7,6
Return on cap (%)	25	26	30	29
Turnover (Rm)	330	407	529	661
Pre-int profit (Rm)	48,8	69,5	99,9	125,2
Pre-int margin (%)	14,8	17,1	18,9	18,9
Earnings (c)	254	333	488	573
Dividends (c)	107,7	141,4	206,0	242,0
Net worth (c)	1 030	1 218	1 500	1 834

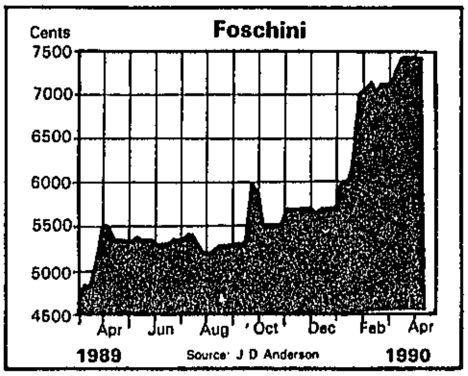
Analysts expected Foschini would record more than a 17,5% nominal earnings increase in 1989. But while the advance represents the company's weakest bottom-line performance since 1985, there are sound reasons for overlooking it. The bottom-line was affected by greater interest charges and not by any extraordinary trading deterioration.

Turnover rose by 25% against the previous year's 30% — a sound performance in the context of the credit squeeze, higher duties and a tighter monetary policy. And the increase was achieved even though 1989 was a 52-week year against 53 weeks in 1988.

Operating profit also grew by 25% and joint MDs, Brian Belcher and Clive Hirschsohn, claim Foschini has the highest ratio of operating income to turnover of any SA retailer. The pre-interest margin of 18,9 was the same as in 1988 and was the highest ever achieved in a 52-week year.

However, it was the cost of capital that hammered the bottom line. Interest payments rose to R14,3m from R6m largely because of increased borrowings. Long-term liabilities jumped by 50% to R60,5m while short-term loans rose by R12,2m to R14,4m. These are acceptable increases in terms of the group's current financial structure in regard to both the current and debt:equity ratios. The increased borrowings were unavoidable as Foschini has spent heavily on information systems needed to maintain the company's competitiveness.

Foschini's Lewis ... moderate growth forecast



Trading conditions were buoyant in the first half of last year but deteriorated with the credit squeeze in the second. In particular, the turnover of American Swiss, the subsidiary jewellery chain, was hit by the new credit agreement regulations. Its sales rose by only 14% against 32% notched up by clothing retailer Markhams, 27% by the black chain Pages and just over 24% by the Foschini chain.

Chairman Stanley Lewis expects "moderate real growth" this year, but the bottom line will remain affected by the debt burden particularly if further growth cannot be fully funded internally. But if the group is able to raise turnover by more than 20%, operating efficiencies should see earnings growth keeping pace.

Gerald Hirshon

GF NAMIBIA F/M 27/4/90

Recovery potential

The flood which put large parts of the Kombat mine out of operation in November 1988 took longer to overcome than expected. Dewatering took more than a year to complete and the mine is only now back to its

SERVICE STATIONS (30)

Immobilised

FM 27/4/90

The mighty Mobil machine ground to an inauspicious halt in the Johannesburg suburb of Forest Town this week after determined resistance from local residents put a spanner in its plans for a service station in the suburb.

Anger turned to jubilation on Monday when ratepayers arrived at the proposed garage site only to be told that the petrol giant had backed down and withdrawn its application.

A Townships Board hearing had been set down to consider an application from the fuel company under the controversial Removal of Restrictions Act. If the board had given Mobil the green light to develop, this would have overturned an earlier veto of the scheme by Johannesburg City Council.

However, the site for which the residents can claim victory is only one of two the fuel company (now part of Gencor) has chosen in Jan Smuts Avenue to have residential restrictions waived on so that it can put up service stations.

The Forest Town site is on the southbound side of the road close to the Bernberg Museum. The other, which Mobil is apparently still pursuing, is on the northbound side of the road in Parktown West.

It is understood the withdrawal of Mobil's application came in the face of nearly 250 letters objecting to the development.

Among the reasons given for the objection were:

- There are already 11 garage facilities on or close to a 10 km stretch of Jan Smuts Avenue north from Braamfontein;
- The adverse impact it would have on the character of residential Forest Town; and
- The detrimental impact on traffic flow.

One battle already won, the neighbouring Parktown Association is also likely to take heart from Mobil's retreat. ■

Boymans passes final dividend

SStar 27/4/90 30

By Derek Tommey

Evidence is mounting to show that the economy could be in a major recession. Boymans, one of the leading retailers of men's wear, which operates John Orrs, Levisons, Deans, Cyrils, John Scott and Woolfsons, has passed its final dividend.

Boymans paid an interim of 6,5c and a final last year of 8c.

The chairman, Mr E Ellerine, reports that national clothing sales declined progressively in the 14 months ended February with the downturn being particularly steep in January and February.

This and punitive interest rates reduced the taxed profit by 39,7 percent to R2,5 million from R4,1 million last year.

Earnings a share fell 39,8 percent from 38,4c to 23,1c.

Mr Ellerine says that clothing sales are expected to fall further as fiscal and monetary measures further dampen consumer spending.

The group's financial position has also necessitated an asset reduction programme which will reduce short-term profitability.

As a result of these moves it will be difficult for Boymans to repeat the 1989-90 earnings in 1990-91, he says.

Success is meeting the challenge

Sowetan 26/4/90 (30)

By JOSHUA RABOROKO

WHEN the Johannesburg City Council opened the central business district to black entpreneurs, a sizeable number of black entrepreneurs opened shops. Today it is not unusual to find black businesses in the swanky complexes in and around the centre of Johannesburg.

Most are service undertakings, and *Salon Elegante*, owned by Soweto's Pam Mgulwa, is one.

Not awed

Mrs Pamela Phathekile Mgulwa (43), was not awed by the tough competition she would face from her white competitors, with their experience and superior resources, when she opened her hair salon.

The spacious salon, that has modern facilities used for hair perms is situated in the upmarket Tony Factor Intown Centre.

There are four other white-owned salons on the first level of building, where her salon is situated.

Although it was disquieting to see black clients ignore her shop and enter the nearby white salons, Pam, as she is known to her customers, was not at all deterred.

She fought back, maintaining that blacks can compete favourably against whites right in their own backyard, the cities.

"As we are an underprivileged people, we have to strive for professionalism in our businesses in order to be succesful," she says.

Training

"This is the reason why I believe training and education are essential components in our daily operations."

Pam therefore trains and motivates her staff before and during employment.

Phathekile, who has numerous diplomas in public relations hanging on the walls of her office, employs seven hair stylists.

Her modern salon has fixed assets which total R25 000. She is also director of Mgulwa and Associates Public Relations Consultants.

She first opened her salon in the now-demolished Union Centre. As blacks did could not at this stage have businesses in town, she registered her concern under the name of a white friend. This was in 1985.

"We were only expected to pay rent and business was booming", she said.

After the building was demolished in 1988 she moved to Tony Factors.

Pam, was born in Fochville and grew up in Soweto. She matriculated at St Augustine High School in 1966. She had been in and out of the nursing profession from 1967 to 1981.

She left it for good in 1981 because "my husband wanted me to look after the family. In our culture the man is the head of the family and his word is final.

Diploma

Soon after leaving nursing, she obtained her first diploma in public relations. She also worked for Barclays Bank, now First National, as a business development officer.

In 1985 she joined a hair product distribution company. She only worked for three months as, at this stage, she had already set her sights on "having her own salon."

Family

"I started in town because I wanted to work office hours. This would enable me to look after my family. I also wanted to compete against whites who were now monopolising the black hair industry. Also, working in the townships means long hours as workers only come home after 6 pm.

"I did not want this strain",she said

Pam now wants to open a school to teach and train blacks about hair styling as well as motivate them to start their own businesses. She is a strong believer in professionalism, maintaining that it runs her business because "many black ventures have fallen due to lack of experience."

Forum

Pam has launched a Black Secretaries Forum which aims to improve the role and image of the secretary in the work place; help to bridge the communication gap that exists presently between the secretaries and their bosses; assists them in the guest for further knowledge; and teach them on dress sense, telephone manners and communication skills.

Providing that competitive edge

W/t Argus 25/4/90 (30

AS a consequence of increasing demand from the marketplace, the Small Business Development Corporation (SBDC) has embarked on a series of proactive courses designed at addressing the needs of small entrepreneurs already in business or those about to start up on their own.

The intensive course structure aims at providing participants with that necessary competitive edge, through the acquisition of skills and knowledge which no entrepreneur should be without.

The course philosophy is spelt out by SBDC managing director Ben Vosloo, who observes that entrepreneurs "fulfill a key role through a process of self-development".

"These members of the community are the ones who, with their characteristic enthusiasm and aspirations towards progress, recognise opportunities for enterprise or else create them. Without entrepreneurs there can be no development and progress," Vosloo observes.

"They are, as it were, the backbone of a country's economic development and therefore it is only fair that they receive sufficient rewards by way of a compensating or satisfying profit or dividend."

The **How to Start up Your Own Small Business** course was designed specifically to further entrepreneurship development. An important element helps participants draw up a comprehensive business plan, which is regarded as the road map to any successful business venture.

Many businesses fail primarily as a result of some shortcoming in the Business Plan. The problem is that most people are so pre-occupied or obsessed with their business ideas or dreams that they fail to see or admit that there might be a potential error in their plans.

The plan is no complex mechanism but represents simply a detailed action programme outlining every conceivable aspect of your proposed business venture. It represents a comprehensive approach spelling out what you intend doing, how you intend doing it, when you intend doing it and why you believe your idea is viable.

SMALL BUSINESS INDABA

Compiled by the SBDC

THE Small Business Indaba is a bi-monthly column, a joint co-operation between the Small Business Development Corporation and The Argus. It is designed to offer advice to those considering entering business for themselves and to act as a sounding board for those encountering problems or requiring further information. For further details ((021) 461 8450.

It is an important exercise for the following reasons:

- It forces you to arrange your thoughts in logical order;
- It forces you to simulate reality and anticipate pitfalls before they occur.
- It should be your working action plan or guideline when your business is up and running.
- It is an essential aid when applying for financial assistance or trying to sell your idea.
- It is an essential decision-making tool.
- It can eliminate potential flaws.
- It can be useful when tendering for contracts.
- It can assist you when trying to obtain credit terms from suppliers.

Other important ingredients contained in the SBDC's training programme are how to:

- Determine and analyse your market
- Ascertain whether or not you can make a profit and what your breakeven point is.
- Control your cash flow and draw up a cash flow forecast.
- Draw up a basic balance sheet.
- Keep accurate records.
- Purchase, cost, price and control your stock properly.
- Sell properly.
- Collect debts.
- Determine your financial requirements.
- Apply for a business loan properly (if necessary)

Pinelands entrepreneur Loray Daws, who started up a business in November last year selling Computer Aided Design (CAD) equipment, providing a computer bureau facility and training services, took the SBDC course and describes it as an important exercise which helped put him on the right track.

The record so far set up by his business, CAD 2000 CC, bears that out. Turnover last month reached a remarkable R500 000 and a target has been set to reach R1,2million by the end of the first year of operation. Notably, performance closely matches the Business Plan he had to prepare during the SBDC course.

Daws recalls that their were a diverse group on his course, ranging from himself in the computer industry, cafe owners, a yacht builder. a plumber and a dentist. All had the common objective of establishing successful businesses.

With a past history as an employee in the hotel trade, subsequently as a draughtsman and interior designer, Daws says that he sought assistance from the SBDC course in order to obtain a grounding in the financial nuts and bolts of running a company.

"The financial elements of the course were brilliant, stressing certain home truths, especially with regard to break-even points in a business.

"The course did cause me to have a rethink about the way I was running the company. No sooner had I completed it than I took a decision to change the discount rates I was offering and improve the controls on cash balances," Daws remarks.

He also took time to give more focus to his company's mission statement and target where it was he wanted to go. This effort is beginning to pay off.

In order to obtain further information regarding the SBDC course, its content and venue, contact Rosabelle Riese on telephone (021) 462-1910.

Don't cover up, clean up

'Tell it all, tell it truthfully and tell it fast'

CHRIS MOERDYK

WHEN faced with a crisis, businessmen should avoid the temptations of a cover-up and " tell it all, tell it truthfully, and to tell it fast"

Failure to communicate quickly to outside audience groups, says crisis management specialist Jenny Mitchell, could lead to accusations of a cover-up, poor management and guilt by implication.

Ms Mitchell recently joined local crisis management pioneers Communications Services from London where she worked closely with Michael Regester, the internationally acclaimed guru of crisis management.

Realisation

There was, she said, a growing realisation by business leaders that a crisis can come in many shapes and forms, and that it is far better to be prepared for it if — or when — it does occur.

"While certain high-risk industries, such as oil, are continually exposed to major disasters, low-risk companies are no less vulnerable to negative market rumours, stock market crashes, interest group pressure, labour disputes and product contamination. With additional pressure from the media and a more sophisticated and aware public, companies today are becoming increasingly accountable for their actions. They can no longer hide behind the phrase 'no comment'."

Damaging reports

Given that the slightest room for error could lead to damaging reports about a company, Ms Mitchell stressed how vital it was that all employees throughout the organisation had at least a basic understanding of how to deal with potentially damaging queries or rumours.

"At a more senior level a comprehensive crisis management plan can be developed. It begins with a risk analysis, involves the formation of a crisis management team and an operational team, and ultimately entails putting written down plans and procedures in place to assist in handling a crisis.

"A training programme should then be instituted with simulated emergency exercises to test the procedures once they are in place. We also recommend preparing emergency response manuals, a step-by-step guide to what to do in the initial stages of a crisis, so employees are never caught off guard."

However, Ms Mitchell stressed that communication consultants should not only look at how to deal with a crisis, but highlight problem areas when evaluating a company's safety procedures, as well as internal communications problems.

"We look at communicating in its broadest sense — in other words, the minute a consumer buys a product, the communications process has begun".

Survey

Communications Services MD Barbara Bester added: "A survey in the US revealed that 89 percent of CEOs regarded a crisis as inevitable as death and tax, but only 50 percent said they had done anything about it.

"I would be extremely surprised, however, if more than 5 percent of South African CEOs of public companies have serious plans in place for crisis response."

CRISIS MANAGEMENT SOUTH AFRICAN-STYLE?


MS JENNY MITCHELL: Crisis management specialist has joined local group.

Hold on! — It will be a bumpy landing

Star 28/4/90 30

DEREK TOMMEY

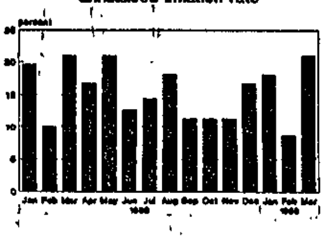
FASTEN your safety belts. All the signals from commerce and industry show that the economy is rapidly sinking into a recession and that the so-called "soft landing"could be a great deal harder than hoped for.

There have been indications for some time that the economy is in trouble, but this week the message of woe coming from commerce and industry was loud and clear.

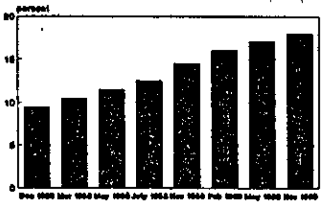
A strong indication that the recession is expected to be of greater severity than first thought came this week from bankers — who of all businessmen probably have their ears closest to the ground.

First National announced that it is to almost double its provision against doubtful debts from R76 million a year ago to R142 million, and Nedcor is to almost treble its bad debt provision from R25,3 million to R73,4 million.

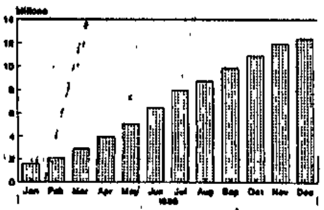
The cause...
annualised inflation rate



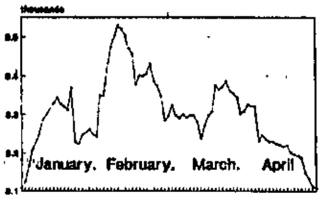
The cure (part 1)
Bank rate



The cure (part 2)
Extra tax paid in 1989



The result...
Financial and industrial share index



Reserving sums of this size for possible bad debts suggests that the banks are already finding the going tough and are expecting even tougher times ahead.

This is not to say the banks aren't doing nicely, thank you.

Latest reports from leading lending institutions report big profits in spite of having to cater for those bad debts.

These good profits were earned from the upsurge in lending, at ever-increasing interest rates, to consumers at a time when the Reserve Bank, as part of its overall strategy to curb inflation, was trying to reduce the growth of bank credit.

Against this tougher economic scenario, and despite high bond rates, it may appear surprising that the demand for home loans remains strong — which can only please the banks.

However, the squeeze on consumer spending is hitting hardest at grass roots level. Retailers are reeling, unable to move stock, whether it be men's clothing or carpets for the house.

Malbak, a major industrial conglomorate, is forecasting lower profits this year and also textile manufacturer Romatex, which reports a 26 percent drop in earnings in the six months ended March.

Boymans, a major clothing retailer, had to pass its final dividend after paying an interim of 6,5c a share.

The chairman, Mr E Ellerine, reports that retail sales fell sharply in January and February, the last two months of the company's financial year and resulted in its net profit falling almost 40 percent.

But this slump in sales at the beginning of the year appears to be only the start of the bad times. Retailers around the country report marked drops in sales of consumer goods which has jolted business confidence.

It means that the Government and the Reserve Bank's bid to curb enemy number one, inflation, is slowing the economic pace far to quickly. The surprising aspect of the recession — and that's what it is — is that business failed to see it coming, in spite of warnings and the actions by the authorities.

As can be seen from the accompanying graphs, the bank rate has almost doubled in the past two years increasing to penal rates the cost of borrowing money.

At the same time the Government has been taken increasingly large amounts out of the economy by way of higher taxes. Last year it took R12 billion more from taxpayers than in 1988 — and not all of it went back into circulation.

While this way going on the gold mining industry, the country's most important generator of economic activity and which probably accouts for about 25 percent of South Africa's gross domstic product, ran into serious trouble.

The drop in the gold price put increasing pressure on the industry and its role as a generator of real wealth contracted significantly — which also took some of the stuffing out of the econoy.

Yet the business community, possibly not believing that the authorities were really determined in their fight to curb inflation happily continued to expand last year. Bank borrowings rose by some 31 percent from R87,3 billion to R114,8 billion to be spent on new equipment and larger holdings — in spite of the cost of money rising sharply.

With many businesses now heavily over-borrowed at a time when consumer demand is dropping, plusthe gold mining industry's problems, that soft landing is not going to happen.

Mandela factor

The Mandela factor has also played its part.

Retailers report that the outbreak of black unrest has had a major impact on sales in the troubled areas. However, the unrest has also resulted in a general decline in consumer spending by blacks.

It is understandable that signs of weakness in the economy together with the political uncertainty should lead to concern about the future and to a reluctance to spend.

Looking ahead a little, the next few months could be a period of sharply falling retail prices as shop-keepers, realising their profits are likely to shrink, try to convert their stocks into cash in order to reduce their expensive bank overdrafts.

Should the de-stocking be heavy, it could result in reduced production in factories and unfortunately, in some staff retrenchments.

It also means that pay rises this year are likely to be much lower than last year which will leave the consumer with even less money in real terms, to spend.

The idea was to get inflation down. Unfortunately, a lot of businesses will go down with it, along with the consumer spending, before the benefits filter through.

The brighter side is that the Government's policy appears to be working and analysts forecast that interest rates will decline later this year.

Hoteliers feel the squeeze too

Star 28/4/90

JABULANI SIKHAKHANE

WITH disposable incomes of domestic tourists taking a hard knock from the downturn in the economy, the hotel industry is turning to foreign visitors to help off-set the decline in the local market.

This trend has been shown by the poor perfomance during the traditional boon Christmas and Easter periods. Over Christmas revenue from all grades of hotels declined 11 percent in real terms.

High food prices, combined with the declining disposal incomes of the locals, is also knocking what is usually a profitable part of hotel business.

In 1989 food prices rose 14,9 percent on a year-on-year basis, with vegetable prices up a staggering 47,8 percent.

Fred Thermann, executive director of the Federated Hotel Association of South Africa (Fedhasa) says hotel food and beverage sales (adjusted for inflation) in 1989 did not increase over the 1988 figure. Most affected were country hotels where food and beverage sales declined by three percent in real terms.

He also notes that even though a few new hotels came into the market, room capacity declined by 1,1 percent in 1989 over the 1988.

"The hotel industry is no money spinner. We hope that the growth in the number of foreign visitors will help offset the declining spending power of the domestic tourists," he said.

Foreign visitors

The number of foreign visitors to SA has shown a steady increase over the last three years. According to the South African Tourism Board, the number of foreign visitors increased 15,9 percent in 1989.

Between January and December 1989, 930,393 foreign visitors arrived, which is 3,8 percent up on the previous record set in 1984.

Their spending has also increased, from R904 million in 1985 to more than R1,9 billion in 1989, excluding air fares and domestic tourism.

Mr Thermann is optimistic that the number of foreign visitors will increase up to 1,2 million this year and is pinning his hopes, among others, on a recent study which showed that SA hotels still offer the cheapest accommodation in the world.

Figures by the CSS show that the total number of bednights sold to foreign visitors in January 1990, increased by 10,4 percent to 124,572 from 112,863 in December.

But this was 1,3 percent lower than the number of bednights sold to foreign visitors in January 1989.

Hoteliers recognise the growth potential of the black market.Increased urbanisation, fast improving living standards and increased disposable incomes of most black urban families are helping re-shape black holidaying patterns.

Mr Thermann sees quite a big potential in the affluent black urban market and estimates that there could be up to five million blacks ready to make use of holiday resorts and hotels.

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Black business is starting to turn the economic tide

(30) C/Press 29/4/90

AS the political landscape is changing, so is the economy. By the year 2010 South Africa's black consumers will hold 80 percent of all disposable income. Established, white-dominated business is scrambling to come to grips with a very different economic future; one with more emphasis on communality. CHRIS CHAPMAN reports.

IT'S been an unequal struggle in South Africa ever since Bartholomew Diaz set foot on the beach at the Cape of Good Hope. But just as the political tide is turning so, too, is the economic tide as the forces of black business mobilise behind the gathering power of the black consumer, who by the year 2010 will hold some 80 percent of South Africa's disposable income.

Most interesting is the formation of business alliances within the black community, which are using the age-old African tradition of communalism to strengthen their forces and stake a claim in the mainstream of the economy.

Foremost among these is the Foundation for African Business and Consumer Services (Fabcos), an alliance of business organisations with a claimed total membership of more than one million.

The organisations grouped under the Fabcos umbrella include the SA Black Taxi Association (Sabta), the African Council of Hawkers and Informal Business (Achib), the National Stokvel Association (Nasasa), the African Builders' Association (Aba) and the National Black Consumer Union (NBCU).

Fabcos' stated aim is to boost black business and take it from the informal sector into the mainstream economy.

Says Fabcos marketing chairman Gaby Magomola: "Fabcos is engaged in creating economic clout, which forms a part of political strategy . . . Black economic power is not lining the pockets of the few. Fabcos takes care of the small guy."

General Secretary Joas Mogale puts it this way: "Fabcos is strengthening black business' ability to command collective capital, which will extract concessions from the corporate and public sectors."

The principal of communalism is central to Fabcos' efforts, where individual enterprise is encouraged, but the individual acts within the community interests.

The second principal that drives Fabcos is the so-called "black rand" concept, which literally means that blacks should buy from blacks to help black business get established.

An extension of this principal is that the rand should be made to "go further". Thus Sabta members have shares in their own service stations, so when a taxi driver fills up he is supporting his own business. Similarly, taverners will hold shares in their own liquor depots.

Fabcos is based on the highly successful Sabta role model, which pooled the resources of some 50 000 minibus taxi operators and used collective bargaining to get concessions from government, big business and transport authorities. Sabta was therefore, among other things, able to overcome the lack of access to finance for its members by setting up the Sabta Foundation and a cunning deal with WesBank.

By this collective power Sabta has become the biggest transporter of people in the country and Fabcos is using the same strategy to mobilise its other affiliated organisations.

Minibus taxis have become the first black-controlled industry and present the black businessman with an opportunity to graduate from the small, informal business world into formal business.

The MD of Sabta's marketing arm, James Chapman, has ambitious plans, including setting up a factory to manufacture its own vehicles, entry into bus transport and maybe even an airline.

Similarly, on his own, the individual hawker is at the mercy of every unsympathetic official who chooses to enforce restrictive local laws by confiscating his goods or ordering him to move every hour.

But Achib, with Lawrence Mavundla at the helm, has successfully organised hawkers – lobbying local authorities for the relaxation of regulations, pooling buying power so that hawkers can get goods at wholesale prices, even setting up their own depots, and wholesale and distribution operations.

The taverners are set to follow Sabta into the realm of big business. Considering that blacks currently consume 80 percent of South African Breweries' (SAB) current beer output, this is no idle claim.

Starting as proprietors of small, illegal township watering holes, the taverners are gradually getting organised.

Harassment from the law is on the decrease and many taverns are obtaining licences which means, among other things, that they can get regular deliveries directly from liquor groups such as SAB.

Many of these taverners are, in turn, operating as bootleggers, selling large quantities of beer to small shebeens in their areas that are not licensed.

The next step is for the taverners to set up their own liquor depots and even their own brewery.

Now Sata, which has a membership of 65 000, is busy setting up its own liquor depots in which local members themselves will have shares.

Much of Fabcos' strength comes from the natural synergy that exists between the various associations.

Sabta taxis can provide transport for stockveller's gatherings, and can be used in non-peak periods to transport hawkers' wares. Members of Aba can build taverns for Sata members, and houses for Fabcos members.

Fabcos affiliates also share office infrastructure, communication networks and management expertise.

Reprinted with the permission of *Black Enterprise* magazine.

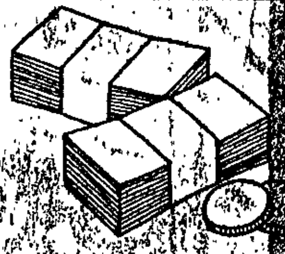
Here's where black business starts – but the sky's the limit as it places more emphasis on communal involvement in busi ness.

Business talks will be closely watched

THE high-level discussions on South Africa's economic future on May 23 between businessmen and the ANC will be closely watched by local and international businessmen.

We live in an extremely competitive world and South Africa has one of the few relatively developed economies which has been virtually static during the past few years, while most others were booming.

The main reason for our economic plight is, of course, our political instability. Should the coming discussions indicate that the present impasse could be resolved on issues such as nationalisation and sanctions, some of our competitors in other countries will have to take note.



■ MONEY TALK

They are at present comfortably established in markets that South Africa dominated for many years and would try to regain.

Business, here and overseas, is extremely concerned by the ANC's constant talk of nationalisation. Certain overseas publications are even referring to economic chaos in South Africa, similar to the processes which economically ruined Mozambique and other States.

Building up a successful business in a competitive local and international environment is extremely difficult and risky. Nobody will take that risk if he believes that, after many years of hard work, powerful politicians will simply take it away from him.

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City Press 29/4/90

Jo'burg to probe black taxi operations

8TAR 30/4/90 (30)

The black taxi industry — one of Johannesburg's fastest-growing enterprises — threatens to become uncontrollable unless a co-ordinated approach to problems is launched. This issue is one of the first the new DP-controlled city council has addressed, reports HELEN GRANGE.

The black taxi industry continues to flourish but the problem of uncontrolled growth has become an increasing burden on taxi resources and on the service itself.

Congestion at taxi zones and ranks, the lack of communication between taxi associations and inadequate training of drivers are among the most urgent challenges facing the industry.

The Johannesburg City Council has appointed a special committee — representing the private sector, councillors and taxi associations — to investigate black taxi operations.

Attention will be paid to the provision of additional facilities and to developing policies for the running of minibus taxi operations. The implications of introducing new legislation will also be considered.

The Southern African Black Taxi Association has welcomed these initiatives and will help the committee to bring about the measures needed to improve and control this burgeoning trade.

Among the most urgent needs, according to Sabta communications manager Mr Knox Matjila, are training facilities for drivers.

"The attitude and skills of black taxi-drivers have long been a point of contention among commuters. Most taxi-drivers have not been trained. Some have got driving licences, but many have got licences through bribery. Very few have got a professional driver's licence," he said.

Although Sabta had established sponsored driver-training centres countrywide, many more training schools were needed to absorb the increasing number of drivers entering the industry. "Education in driving skills would ultimately serve to improve the level of personal responsibility and influence the drivers' approach to the job," he said.

Another problem lay in the "shoddy communications infrastructure" inherited by the taxi industry.

"We have immense problems contacting the various taxi associations and co-ordinating operations. Most associations don't have proper offices or skilled staff. The casualty in this case is the service," Mr Matjila said.

He said that exercising a co-ordinated approach to taxi operations was also being frustrated by the continuous mushrooming of taxi associations, some of which had fewer than than 10 members.

"As far as we are concerned, a taxi association should consist of a minimum of 50 members and should have a computerised list of those members. There should also be only one association in each locality to prevent the kind of conflict and rivalry the taxi industry has become so renowned for."

He warned that operators always considered new legislation as a negative, restrictive approach. "If legislation is introduced, it should be supplementary to positive, constructive planning," he said.

Overcrowded and antiquated taxi ranks and badly planned route structures were also a thorn in the industry's progress.

"Loading and offloading zones are almost always congested and the traffic flow is often disrupted because of this," Mr Matjila said. Ranks needed expanding, and zones had to be planned and properly demarcated, he said.

Johannesburg taxi operators who spoke to The Star said that inadequate parking facilities and heavy fines were their greatest concern.

Mr Abram Nkabinde, an operator at the Kort Street taxi rank, said taxis overflowed into Market Street and drivers were often fined R50. The Kort Street rank was used to accommodate taxis ferrying people to four different destinations in Soweto.

Mr Job Mbatha, an operator at the Noord Street rank, said the worst period was during peak traffic hours. His rank was used by different taxi associations transporting people to Alexandra, Meadowlands, Pietersburg, Rustenburg and Potgietersrus.

Operators complained that a taxi's certificate of fitness expired after six months and had to be renewed before it could continue to operate. The fine for failing to do this was R300.

The city council has remained tight-lipped about the problems. According to a spokesman, the new committee will try, with the associations, to iron these out. "It's a sensitive issue, and until discussions are under way, the committee is unlikely to spell out what it feels should be addressed," he said.

Burgeoning giant ... congestion at taxi ranks, poor communication between taxi organisations and proper training of drivers are among the challenges facing the minibus taxi industry in Johannesburg and elsewhere in the country.

Keys to the door of peace

Politics, development must work in tandem

Star 3/5/90 (30)

Addressing the Royal Institute of International Affairs in London last night, outgoing Urban Foundation chairman Mr Jan Steyn argued that South Africa's rich-poor chasm must be addressed urgently to prevent the conflicting demands of politics and development from creating chaos. Political Reporter ESMARÉ VAN DER MERWE reports.

The Government and the private sector should jointly formulate specific priorities in the areas of housing, community services and amenities, land acquisition, business development and community development to bridge the economic impasse which is threatening the brittle progress towards political peace.

This is the view of Mr Jan Steyn, who recently resigned as chairman of the Urban Foundation to head the Government's R2 billion trust for socio-economic upliftment.

In an address to the Royal Institute of International Affairs in London yesterday, Mr Steyn said economic and political restructuring had to occur simultaneously.

However, these two dimensions were complicating each other to a significant degree.

While a political settlement was the current national objective, the economic priorities of the major parties appeared to be hugely polarised — thus placing the prospect of a political settlement at risk.

Compelling

To make matters worse, the conflicting economic objectives were all understandable.

Black political leadership was faced with the fact that the constituency it intended to represent was relatively very poor, had limited resources in land, was burdened by a massive housing shortage and was educationally disadvantaged, he said. For them, politics could be nothing else but about economics and wealth redistribution.

On the other hand, the new economic policies of the Government — which for the first time in 40 years broadly coincided with growth needs in the private sector — were equally compelling.

To lower taxes to stimulate investment and productivity, central goverment spending was being curbed. Money supply was on a tight rein, with high interest rates directed at combating inflation. In addition, privatisation and deregulation were proceeding.

Serious attempts were being made to create conditions under which the economy could return to a growth rate exceeding 5 percent, the absolute minimum level needed to absorb new entrants into the labour market.

"The bitter irony, however, is that immediate welfare needs among blacks cannot be assuaged by medium-term growth-orientated economics.

"Worse still, the requirements of a political settlement are made hugely more complex by the economic conflict.

"Our lack of serious attention to black socio-economic development in the past has come home to roost with a vengeance."

Noting that a new constitution should not entrench the specific interests of whites or protect any category of the population formally defined in racial terms, Mr Steyn said a new constitution should:

- Provide for the effective participation of all significant interest groups irrespective of race.
- Create a situation in which all talent and leadership resources could work together in solving development problems.
- Effectively protect individual rights through a Bill of Rights.

"We can have good government, because the essential checks and balances generated by such provisions will help to ensure that whatever leadership emerges in South Africa will seek creative compromises — compromises which will promote the interests of the disadvantaged, but without damaging the legitimate interests, economic confidence and willingness to co-operate of those who command the resources to invest, and those who currently have the skills to contribute to a process of dynamic development."

Mr Steyn said these attributes were what all the Western democracies had.

Political balance had been achieved through development, social mobility and progress. This process had reduced gaps between the haves and have-nots.

South Africa did not yet have the demography and the development at present to secure this balance automatically. Thus any settlement of political disputes had to attempt to build it in.

"Whatever the grounds for political optimism may be, we dare not leave it to the political processes only.

"We cannot place representatives of the disadvantaged communities in a position in which they feel obliged to challenge the interests of advantaged South Africans to seek redress."

Citing various examples of economic inequality in the country, Mr Steyn said South Africa faced a challenge in the field of development at least equal to the political challenge.

"The challenge has to be faced and these needs addressed, otherwise the conflicting demands of politics and development will destroy each other."

It was a sign of hope that decision makers also believed there was a solution. The R2 billion independent development trust for disadvantaged South Africans was evidence of that belief.

The model had to be one of massive State and private sector development funds which went directly to areas in which there was a need and a market.

Stimulated

These funds, he added, had to achieve their objective without creating or sustaining a bureaucracy whose middle class salaries would fuel inflation.

The problem had to be tackled in such a way as to make the development process self-sustaining which meant that markets had to be stimulated.

But because the very poor and needy could not afford market prices, funds had to be used as gearing finance, or leverage money, to lift the resources of the poor up to levels commensurate with minimum affordability at market rates, or reduce costs of provision with the same effect.

In this way, the public and private sectors could work together with the disadvantaged communities to secure both basic needs, market expansion and employment growth, Mr Steyn added.

Mission was not to lift sanctions

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180
Sowetan 3/5/90

By JOSHUA RABOROKO

THE South African black business mission to Zimbabwe was to exchange views and not a sanction-busting campaign by the group, the chairman of Get Ahead Foundation, Dr Nthato Motlana, said in Johannesburg this week.

He said the mission aimed to gain business experience from their counterparts in order to prepare themselves for the post-apartheid South Africa.

While it was important that the outside world should maintain sanctions, it was equally essential that both South Africa and the rest of the world start thinking of a new economic order in a post-apartheid South Africa.

He said black business people needed to play a vital role in structuring political, economical and social independence.

The mission was not a campaign against sanctions, but was designed to learn how other business people operated in the free economy.

Tours

He was explaining the position of the 142 South African black business people who toured and visited many business places, including the Zimbabwe International Trade Fair last week.

Motlana said the ANC and the State President, Mr FW de Klerk, were prepared to dismantle apartheid. As soon as that was done South Africa would become a member of the East and Southern African Preferential Trade Area (PTA) and the Southern Africa Development Coordination Conference (SADCC).

"Our mission was to learn from Zimbabweans how they are able to run the economy after they gained independence from colonial rule. We are also going to be free and needed their experience," he said.

He said black business had undergone a painful and severe period of being oppressed through the apartheid system. Now that the evil system was to go, blacks needed to prepare themselves to trade with their neighbours.

Blacks business should get involved in the manufacturing sector of business and learn to export their goods to other countries, adding, " we should stop the dependency syndrome that we are currently engaged in."

The coordinator of the trip, Mr Willie Ramoshaba, said the group was able to hold talks with both the ANC and PAC representatives to explain their positions.

Calculating the profitability of a business

Sowetan 3/5/90 (30)

IN this article Mel Brooks of the Wits Business School explains how to calculate whether or not a business will make a profit. This article forms part of the series which describe the content and thinking which needs to go into the preparation of a Business Plan.

SO far in this series we have looked at a wide range of topics ranging from marketing to management skills - all aspects which need to be considered and described in so far as they relate to the business activity being planned for.

This week we will look at the profitability of a business - profits being the payment the owners of a business receive to compensate them for the risks they are taking in investing their money in the business.

Not all business ventures succeed, hence the need for a well thought out Business Plan.

Making a profit is vital to the success of any business but as you will see from next week's article profit alone is not enough - a business needs to have a positive cash flow (but more about that next week).

What is profit?

If you go to the city and buy certain goods costing us say R80 and sell them to customers for R100 the difference between the R80 and R100 is not necessarily profit. What about the taxi or train fare to and from the city.

Let's say it cost R8 to travel to the suppliers in the city. In this case profit would be R12.

That is, sales (the selling price of goods we sold) R100, less the cost of the goods that we sold R80.

The difference (called the gross profit R20), less our expenses R8.

We are then left with R12 (called the net profit).

What our business plan needs to show is the above information (this is called an income statement) for a period in the future - usually month by month for at least a year ahead.

What will be questioned in our Business Plan is how we arrived at the figures, ie what makes us think that our sales will be what we have indicated on our future income statements (called projected statements).

Where did we obtain the information about what our supplies would cost? Have we allowed for all of the expenses that we have to incur in order to run the business?

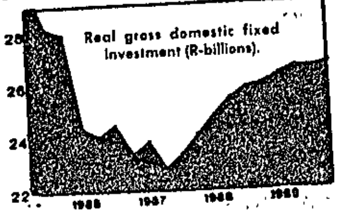
Whoever assesses a Business Plan from the point of deciding what is or is not a good business will not only look at the numbers presented but rather at how the individual preparing the plan carried out his inquiries and how he or she substantiated those figures.

* **Next week: Profits alone are not enough.**

(30) ( ) Star 3/5/90

Capital spending likely to decline

Real spending on capital projects could decline this year, the Old Mutual Economic Research Unit writes in its latest Economic Monitor.



The economists argue that the deterioration in general business conditions is expected to have a detrimental effect on investment expenditure.

Investment spending slowed down to around 4 percent last year compared with 8,6 percent in 1988 (see graph).

However, Old Mutual does not foresee a repetition of the 24 percent cutback experienced during the 1985/86 recession "as the cyclical bottlenecks in the economy do not call for the same degree of domestic demand constraint as in the previous downward phase of the business cycle".

Moreover, newly released figures indicate that inventories are being run down and a further decline is foreseen this year.

On a broader front the economists expect a further moderate decline in aggregate real domestic expenditure during 1990.

Domestic production, however, could register a small increase as a result of anticipated moderate increases in foreign demand, but a poorer agricultural year in 1989 may restrict the scope for any improvement in domestic production.

Commenting on the short-term prospects for the economy, Old Mutual argues that it is essential that the current consolidation phase in the economy be extended to provide a further boost to the foreign exchange reserves and to curb inflationary pressure.

The Star Friday May 4 1990 3

Black street traders show huge growth

30

By Michael Chester

The turnover of black street traders in the main urban centres is now close to R10 billion a year.

This phenomenal surge by the informal sector is revealed in estimates released last night.

Studies by Mr Theo Rudman, director of the Self Employment Institute, put the total at R9,84 billion, equal to 40 percent or perhaps even 50 percent of total sales of similar goods by retailers in the formal sector.

In Johannesburg alone, the number of licensed hawkers has mushroomed from 1 000 four years ago to well over 14 000 now, without counting traders not on record.

If all business operations were taken into account — township spaza shops, backstreet workshops, shebeens and home industries of all sorts — the informal sector now handles as much as 33 percent of the total spending power of the entire black urban community.

Harassment

Mr Rudman told a small business conference in Empangeni that the dramatic spread of the informal sector had been scored despite extreme harassment by the police and municipal officials.

There was a huge reservoir of hidden wealth to be tapped if South Africa allowed the unrestricted integration of the Third World and First World elements of its economy.

"It would turn our black population from what many people see as a huge liability into an enormous asset," he said.

● See Page 11.

F/M 4/5/90 (30)

BERGERS F/M 4/5/90

Into new markets

Since listing in April 1987, Bergers has consistently produced sizeable earnings and dividend growth through expansion of its core business. Now it is entering new markets to sustain the growth.

In 1989, earnings grew 47% on 33% higher turnover. The turnover advance came mostly from organic growth of the rurally based cash retail clothing chain. Despite the opening of 22 new stores, margins rose for the fourth successive year; a lower tax rate also helped. (30)

Less encouraging was the doubling in year-end stocks to R24,2m (R12,3m). MD Mervyn Jacobson ascribes this to a change in the product mix to higher quality merchan-

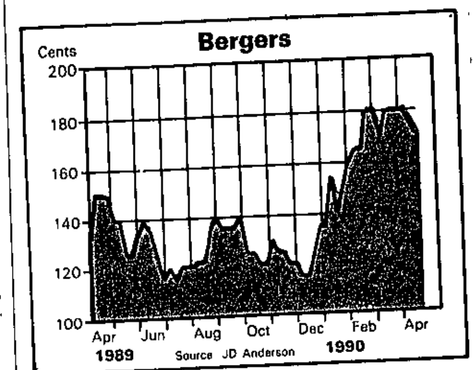
Activities: *Retail clothing merchants.*
Control: *Directors 70,4%.*
Chairman: *H V Mauerberger; MD: M Jacobson.*
Capital structure: *20,2m ords. Market capitalisation: R31,7m.*
Share market: *Price: 157c. Yields: 8,3% on dividend; 19,2% on earnings; PE ratio, 5,3; cover, 2,3. 12-month high, 190c; low, 110c. Trading volume last quarter, 883 100 shares.*

Year to Dec 31	'86	'87	'88	'89
ST debt (Rm)	—	0,9	0,9	4,3
LT debt (Rm)	—	0,2	0,3	0,5
Debt:equity ratio	nil	nil	nil	nil
Shareholders' interest	0,26	0,31	0,33	0,30
Int & leasing cover .	5,7	26,5	29,3	19,4
Return on cap (%) ..	15,9	18,6	23,3	21,8
Turnover (Rm)	34,5	45,0	62,8	83,5
Pre-int profit (Rm) ...	2,3	4,2	6,6	9,4
Pre-int margin (%) ..	6,8	9,4	10,5	11,3
Earnings (c)	7,7	12,9	20,5	30,2
Dividends (c)	—	6,3	9,5	13,0
Net worth (c)	22,4	34,3	45,3	62,5

dise; the early arrival of stocks; financing of shoe stocks, a new item; and payment for imported goods in transit. Stock turn, at about 4,5 times, has not changed from 1988.

Still, the run-up in stocks and the higher turnover resulted in greater working capital and debt requirements. The group has been cash flush since listing in 1987 but the net cash position dropped from R6,5m in 1988 to R1,6m. Jacobson says the objective this year is to reduce stocks and increase cash balances.

Plans for 1990 include the opening of 20



new Bergers stores, revamping others and extending shoe lines. Since October, 120 Bergers stores have merchandised men's shoes successfully. The sale of both men's and ladies' shoes will now be extended to all other Bergers stores.

To exploit a market gap for a retail shoe chain serving similar clientele to Bergers, the group intends to pilot four or five stores in rural areas and townships. These stand-alone shoe shops will open in July or August. Jacobson expects shoe sales to make an important contribution to earnings in the 1990 year.

Since year-end, Bergers acquired a 65% interest in the cash-based upmarket retail clothing chain, Hilton Weiner, for no consideration. Weiner retains a 35% share in the eight-store chain. He will continue to focus on merchandise and merchandising. Bergers will provide administrative, financial warehousing and planning support. Following initial integration problems Hilton Weiner is performing to budget. There are plans to expand this chain locally and internationally.

Jacobson says that sales so far this year have been suprisingly good. He suggests the lower margin and cash based nature of the group protects it from the credit squeeze affecting other clothing and footwear retailers.

The prospects appear to justify the historical p:e of 5,3 times. *Pam Baskind*

RETAIL FM 4/5/90

Illusions of eastern promise (30)

If retailers in the Durban-Pinetown region think the area's overshopped, they should try the East Rand.

The stampede by big-name retailers to be represented on Johannesburg's populous eastern fringe can only be described as something akin to a modern day gold rush. But for some, especially the late comers, it's a rush that's probably come and gone. Like the 19th Century diggers, today's developers run a real risk of burning their fingers in their quest to hit pay dirt.

What started it all was a series of studies, such as a 1988 Sapoa regional retail report on the East Rand, which suggested (possibly quite accurately) that there was a lack of regional shopping facilities and shopping targeted specifically at blacks in the region.

Sapoa estimated that an additional 719 000 m² of shop space would be needed on the East Rand by the turn of the century. The response from developers was swift. Germiston in the west produced Debruynplan's R140m Golden Walk (for which long-term equity finance has just been arranged through Herbert Penny); Retail International (RI) tenaciously pressed ahead with plans to extend the East Rand Mall, despite trade boycotts threatening Boksburg; Tongaat Hulett announced a 45 000 m² regional complex on the outskirts of Kempton Park; Liberty Life Properties is upgrading and expanding Eastgate (probably the country's most successful regional centre).

On top of that there's Brakpan's Dalpark scheme; there are plans to extend the OK Hypermarket in Benoni; and Coreprop has just announced plans for a new R250m Lakeview regional mall in the same town.

Clearly, while the area might initially have been undershopped, this smacks of overkill. The region certainly cannot sustain this level of growth. Casualties will be inevitable.

Outside of the golden-oldie Eastgate, which is likely to dominate shopping on the inner eastern fringe, there is probably room for one other major centre further east. And the contenders are already lining up for the fight for regional supremacy.

At this stage, it probably boils down to a battle-royal between Boksburg's East Rand Mall and the proposed Lakeview development in Benoni. But, it's a high stakes contest which could result in some developers being badly hurt.

Liberty Life Properties' Gavin Main compares it to the scrap now in progress between rival regional centres in Westville and Sherwood near Durban (*Property* March 22). "I firmly believe, as with Durban, there is only room for one. Big tenants such as Edgars and Woolworths will only select one location. Whoever ties them to a firm commitment has a centre. The others will be out in the cold."

He adds Coreprop's scheme seems to have merit and looks like becoming a reality if the majors can be attracted. However, he says, this hinges on the developers gaining access to the R22 freeway.

RMS Syfrets' Pat Flanagan notes: "Logic suggests Benoni won't be able to support two major developments. Furthermore, it remains to be seen whether RI's East Rand Mall plans will prevent either or both the Benoni schemes proceeding. Ultimately, it won't be the developers who decide. The choice will be up to the major retailers and their decisions will be based largely on demographic studies."

Property economist Neville Berkowitz believes much of the development hinges on the impact and growth of black buying power. This, he suspects, may not materialise as quickly as many expect.

"Retailers are often surprised to find that blacks don't shop where predicted. This is because projections are generally made through white rather than black eyes. My experience is black shoppers still prefer the Johannesburg CBD as a shopping destination. The CBD is a comfort zone for blacks with its transport systems and wide choice of shops."

By contrast, Berkowitz believes there are too many imponderables, such as the vulnerability to consumer boycotts, for decentralised shopping to depend on the black market as its main source of income. "Providing trading on the black market doorstep is certainly no guarantee of success," he contends.

However, Coreprop's Brett Schafer is optimistic about the 70 000 m² Lakeview centre's prospects. Apart from providing a link between First- and Third-World shopping, he points out: "We have three potential financial backers for the scheme. They agree that it is in the right location. Equally, the major retailers have expressed interest, but they must choose between the East Rand Mall and Lakeview, or both.

"There's no doubt Benoni is the region's fashion centre and hub of affluence. By contrast, East Rand Mall which, though it has a wide catchment area, concentrates on discount food and groceries along with furniture and appliances."

Schafer believes all the elements are in place for the Coreprop scheme. He stresses the close link between existing and planned shopping, points to a new freeway interchange, giving Lakeview direct access to the region's main arterial road, the R22.

One has to ask, however, with the Benoni City Council having spent six or seven years looking for takers for its lakeside project, why is it going ahead only now? Perhaps Schafer and Coreprop MD George Skinner, in bringing fresh eyes to the project, have spotted opportunities that others missed. ■

Coreprop's Lakeview ... sink or swim

DEVELOPMENT FM 4/5/90

Quietening critics

While reports of friction between the Cape Town City Council and developers of a R13m business village in Gardens appear to be exaggerated, the three-year saga is not yet over. And, though it's not a major development in terms of size or cost, it highlights the mounting conflict between developers and conservationists in the city.

Ian Fife, of development supervisors Newport Real Estate, says there's no difference in principle between Penthouse Properties, the developers of Hiddingh Village and the council. He says the only remaining obstacles concern technicalities which he is confident can be resolved satisfactorily so that construction can begin on schedule in July.

It was reported earlier that the council's

Tafelberg earnings hammered

30

SYLVIA DU PLESSIS

TRYING economic conditions, substantial growth in its interest bill and a higher effective tax rate hammered earnings for listed Tafelberg Furniture Stores in the year to end-February.

However, a final dividend of 2c a share enabled management to maintain total distribution at last year's 3,5c.

The group, operating from stores in Cape Town, Bellville and Paarl, has announced a 5,6% decline in earnings to 7,01c (7,43c) a share.

This was produced on turnover which rose a slow 5,6% to R31,1m (R29,5m) and operating profit which improved 10,4% to R2m (R1,9m).

After interest which more than doubled to R348 000 and taxation of R857 000 (R822 000), this translated into attributable profit of R868 000 — 5,5% below the previous R919 000.

Chairman Eugene Theron, who predicted at the interim stage that results for the period under review would "at least" match those of the previous year, said an effective tax rate of 49,7% (43%) was responsible for lower bottom-line profits.

BDay 4/5/90

Referring to long-term loans which rocketed to nearly R1,4m (R79 000), he said the major portion of the increase was due to bonds raised to finance the group's new warehouse.

However, the warehouse had added R1,5m to the value of the group's fixed assets.

Theron added that the 40% growth in the group's sales area on completion of the warehouse was expected to yield additional profits to cover the hike in the interest bill.

Spur performance sizzles as income rises 40%

BDay 4/5/90

BRENT MELVILLE

SPUR Steak Ranches (Spur) and holding group Spur Holdings (Spurhold) have upped earnings a share by 34% and 7% respectively for the year to end-February.

Spur, the fast expanding Cape-based restaurant franchise group, showed a strong performance, bolstering operating income by 40% to R4,5m (R3,2m), on a rise in turnover of 50% to R13,4m (R8,9m).

For its part Spurhold (with a 40% holding in Spur) showed a 43% drop in net income before tax to R809 000 (R1,4m) on reduced turnover of R4,2m (R7,5m). However, the contribution from Spur added R1m (R693 000) — leaving attributable income at R1,6m (R1,5m). 30

Spur and Spurhold declared dividends of 12,75c and 10,75c — representing 86% and 83% of earnings respectively.

The results reflect the group's move into Europe in partnership with a European consortium and local expansion into the fast food chicken business. In addition Spur franchised several new operations this year, and now operates over 80 franchised outlets throughout SA.

SERVICE STATIONS (30)

Round two . . .

F|M 4|5|90

Residents one, Mobil nil. That's the score after the first round of the battle between the oil giant and ratepayers over plans to develop two filling stations on residential sites astride Johannesburg's Jan Smuts Avenue.

However, the game's far from over. The first round ended in an own-goal when Mobil withdrew its application for permission to develop a service station on Jan Smuts Avenue's southbound carriageway in Forest Town (*Property* April 27).

That, however, may simply have been a tactical move. It allows Mobil to concentrate on securing permission for a garage development on the other proposed site on the northbound side of Jan Smuts in Parktown West.

It could also conceivably be used as a PR exercise by the oil giant to show that it has gone some way towards meeting the objections of residents in the area. If that's so, it's unlikely to impress opponents of the scheme, such as the Parktown Association's formidable Flo Bird.

She has sent a fax to Mobil asking whether it intends withdrawing its second application. "If not, we have invited the company to meet us in a face-to-face discussion." she says. ■

(30) (127)

F|M 4|5|90

Hansard 4/5/90

Orange Free State:		
C	MaoKeng (Kroonstad)	696
	Relebohile (Luckhoff)	15
	Rammulotsi (Viljoenskroon)	111
	Sub total	822
Transvaal:		
F	Mhluzi (Middelburg)	258
	Vukuzakhe (Volksrust)	149
	KwaGuqa (Witbank)	137
	eMbalenhle (TEKS-area)	591
	Kwazamokuhle (Hendrina)	89
	Siyazenzela (Perdekop)	14
	Sub total	1 238
G	—	—
H	Atteridgeville (Pretoria)	1 475
	Mamelodi (Pretoria)	210
	Katlehong (Germiston) / Tokoza (Alberton) / Vosloorus (Boksburg)	856
	KwaThema (Springs) / Tsakane (Brakpan) / Duduza (Nigel)	689
	Alexandra (Sandton)	280
	Greater Soweto (Johannesburg)	97
	Area west of Soweto	13 506
	Sharpeville/Boipatong (Vereeniging)	410
	Sebokeng/Evaton (Vanderbijlpark)	2 866
	Daveyton (Benoni)	86
	Sub total	20 475
J	Khuma (Stilfontein)	428
Natal:		
E	Hambanati (Tongaat)	69
	Sobantu (Pietermaritzburg)	8
	Thubalethu (Melmoth)	14
	Weenen Emergency Camp	90
	Sub total	181
GRAND TOTAL: RSA		25 122

Central business districts: open trading areas

Hansard 4/5/90

154. Mr A J LEON asked the Minister of Planning and Provincial Affairs: (30)

(1) (a) How many central business districts had been proclaimed open trading areas as at 31 December 1989, (b) where is each situated and (c) when were they proclaimed in each case; (30)

(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 anticipated that each will be proclaimed?

Hansard 4/5/90 B373E

The MINISTER OF PLANNING AND PROVINCIAL AFFAIRS:

(1) (a) 115

(b) and (c)

Centre	*Proc. No.*	*Date*
Douglas	5	10 Feb 1989
Uitenhage	7	10 Feb 1989
Newcastle	32	23 Mar 1989
Ladysmith	30	23 Mar 1989
Glencoe	29	23 Mar 1989
Knysna	57	28 Apr 1989
Lichtenburg	66	26 May 1989
Westville	81	9 June 1989
Postmasburg	83	9 June 1989
Rustenburg	119	14 July 1989
Kenton on Sea	117	14 July 1989
Riversdale	125	14 July 1989
Benoni Actonville	124	14 July 1989
Richmond (Natal)	144	4 Aug 1989
Greytown	150	11 Aug 1989
Richard's Bay	164	15 Sept 1989
Graaff-Reinet	181	27 Oct 1989
Fort Beaufort	188	10 Nov 1989
Germiston	193	17 Nov 1989
Boksburg	201	8 Dec 1989
Randburg	2	15 Jan 1988
Prieska	1	15 Jan 1988
Roodepoort	15	19 Feb 1988
Germiston	36	11 Mar 1988
Stanger	35	11 Mar 1988
Goodwood	40	18 Mar 1988
Empangeni	57	31 Mar 1988
Frankfort	56	31 Mar 1988
Klerksdorp	74	5 May 1988
Kroonstad	81	20 May 1988
Krugersdorp	88	3 June 1988
Brakpan	115	15 July 1988
Matatiele	116	15 July 1988
Potgietersrus	142	26 Aug 1988
Messina	140	26 Aug 1988
Harrismith	143	26 Aug 1988
Potchefstroom	137	26 Aug 1988

Centre	*Proc. No.*	*Date*
Verwoerdburg	135	26 Aug 1988
Sandton	144	26 Aug 1988
Westonaria	148	2 Sept 1988
Upington	156	16 Sept 1988
Simon's Town	158	16 Sept 1988
Gordon's Bay	155	16 Sept 1988
Ceres	159	16 Sept 1988
Athlone/ Mitchell's Plain/ Retreat-Tokai	160	16 Sept 1988
Edenvale	161	16 Sept 1988
Stellenbosch	184	4 Nov 1988
Bloemfontein	191	11 Nov 1988
Kokstad	202	2 Dec 1988
Oudtshoorn	205	2 Dec 1988
Virginia	207	2 Dec 1988
De Aar	210	2 Dec 1988
Carletonville	216	9 Dec 1988
Grahamstown	222	30 Dec 1988
Hennenman	221	30 Dec 1988
Hermanus	22	20 Feb 1987
Plettenberg Bay	38	13 Mar 1987
Strand	37	13 Mar 1987
Still Bay	42	27 Mar 1987
Vredenburg	39	27 Mar 1987
Eshowe	43	27 Mar 1987
Worcester	63	16 Apr 1987
Pietersburg	71	30 Apr 1987
Port Shepstone	72	30 Apr 1987
Montagu	70	30 Apr 1987
Welkom	69	30 Apr 1987
Milnerton	68	30 Apr 1987
Benoni	67	30 Apr 1987
Colenso	66	30 Apr 1987
Grabouw	79	22 May 1987
Glencoe	80	29 May 1987
Vanderbijlpark	86	12 June 1987
Gordon's Bay	88	26 June 1987
Springs	100	26 June 1987
Knysna	111	10 July 1987
Pinetown	113	24 July 1987
Tongaat	114	24 July 1987
Carnarvon	129	11 Sept 1987
Kempton Park	132	25 Sept 1987
Akasia	131	25 Sept 1987
Kuils River	133	25 Sept 1987
Moorreesburg	144	9 Oct 1987
Durbanville	145	9 Oct 1987
Mooi River	191	31 Dec 1987
Durban	19	21 Feb 1986
Johannesburg	18	21 Feb 1986
Nelspruit	58	4 Apr 1986
Estcourt	64	18 Apr 1986
Howick	71	2 May 1986
Ottery	82	9 May 1986
Potchefstroom	81	9 May 1986
Witbank	83	9 May 1986
Cape Town	79	9 May 1986
Colenso	88	23 May 1986
King William's Town	90	23 May 1986
Delmas	91	23 May 1986
Port Shepstone	105	20 June 1986
Volksrust	106	20 June 1986
Vryburg	137	9 Aug 1986
Malmesbury	143	15 Aug 1986
Kimberley	153	5 Sept 1986
East London	169	19 Sept 1986
Nigel	170	19 Sept 1986
Stellenbosch	181	3 Oct 1986
Queenstown	179	3 Oct 1986
Nelspruit	184	3 Oct 1986
Paarl	192	24 Oct 1986
Swellendam	191	24 Oct 1986
Somerset West	203	31 Oct 1986
George	202	31 Oct 1986
Bellville	206	7 Nov 1986
Port Elizabeth	207	7 Nov 1986
Pietermaritzburg	209	7 Nov 1986
Fish Hoek	211	7 Nov 1986
Parow	216	14 Nov 1986

(2) (a) 40

(b)

Cape Province

Bredasdorp
Mitchell's Plain
Philippi
Wolseley
Woodstock
Stanford
Worcester
Athlone
Philippi (Erf 53)
Caledon
Daniëlskuil
Hartswater
Warrenton
Cradock
Tarkastad
Komga
Queenstown
Stutterheim
Fraserburg

Natal

Dannhauser
Mandini
Pietermaritzburg
Umkomaas

Verulam Hansard 4/5/90
Port Shepstone
Dundee
Howick 80

Orange Free State

Bloemfontein

Transvaal

Alberton
Benoni
Boksburg
Kempton Park
Roodepoort (Wibsey Dip)
Heidelberg
Middelburg
Secunda
Barberton
Vereeniging
Randfontein
Pretoria

(c) Unknown, as proclamations might possibly have to be preceded by surveys. All proclamations are being dealt with expeditiously.

Black townships: traffic officers

168. Mr J VAN ECK asked the Minister of Planning and Provincial Affairs:

How many traffic officers were available on a (a) daily and/or (b) irregular basis for the purpose of traffic control and traffic law enforcement in (i) Guguletu, (ii) Langa, (iii) Nyanga, (iv) Khayelitsha, (v) Mbekweni (Paarl), (vi) Mfuleni (Kuils River) and (vii) Zwelethemba (Worcester) as at the latest specified date for which information is available? B387E

The MINISTER OF PLANNING AND PROVINCIAL AFFAIRS:

(a) (i) to (vii) : None

(b) (i) Guguletu : Traffic control and traffic law enforcement are exercised by the Traffic Department of the Municipality of Cape Town to a limited degree. Number of traffic officers is not known.

(ii) Langa : Traffic control and traffic law enforcement are exercised by the Traffic Department of the Municipality of Cape Town to a limited degree. Number of traffic officers is not known.

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(iii) Nyanga : Traffic control and traffic law enforcement are exercised by the Western Cape Regional Services Council to a limited degree. Number of traffic officers is not known.

(iv) Khayelitsha : None

(v) Mbekweni (Paarl) : None

(vi) Mfuleni (Kuils River) : None

(vii) Zwelethemba (Worcester) : None.

Khayelitsha: cemetery

169. Mr J VAN ECK asked the Minister of Planning and Provincial Affairs:

(1) Whether there is a cemetery in Khayelitsha, Cape Town; if so, where is it situated; if not (a) why not, (b) what cemetery is presently available for the use of the residents of this township and (c) what distance is it from Khayelitsha;

(2) whether it is planned to provide Khayelitsha with a cemetery in its immediate vicinity; if not, why not; if so, (a) where will it be situated, (b) when will it be completed and (c) what is its size to be? B388E

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The MINISTER OF PLANNING AND PROVINCIAL AFFAIRS:

(1) No

(a) A cemetery is still being developed in the immediate vicinity of Khayelitsha

(b) Nyanga cemetery

(c) ± 6 kilometres

(2) Yes

(a) On the Western side of Khayelitsha just to the South of Spine Road

(b) 1 April 1990 Hansard 4/5/90

(c) 11,6 ha and will make provision for 17 400 graves.

Provincial administrations: traffic officers

170. Mr J VAN ECK asked the Minister of Planning and Provincial Affairs:

Hansard 4/5/90

(1) Whether any part of his predecessor's reply to Question No 20 on 25 April 1989 has since changed; if so, what are the relevant details;

(2) (a) how many traffic officers were there in the service of the Provincial Administration of (i) the Transvaal, (ii) Natal, (iii) the Cape Province and (iv) the Orange Free State as at the latest specified date for which information is available and (b) how many of these officers had been allocated exclusively to traffic control duties in Black townships? B389E

The MINISTER OF PLANNING AND PROVINCIAL AFFAIRS:

(1) Is only applicable to the Cape Provincial Administration.

(2) (a) There were 558 traffic officers (all ranks) in the service of the Provincial Administration of the Transvaal on 9 March 1990; and

(b) none of these officers had been allocated exclusively to traffic control duties in Black townships.

Cape Province:

(1) The reply to Question 20 of 25 April 1989 still applies.

However, progress had since been made in that the Town Councils of Lingelethu West and Ikapa have been vested and charged with the regulation and control of road traffic in their respective areas. The manner in which the function can be performed, in other words the independent rendering thereof by the local authorities or the purchase of the total service from another authority on an agency basis, or a combination of these methods, is being thoroughly investigated.

Although the remaining Black local authorities in the Western Cape have not yet been vested and charged with the regulation and control of road traffic, the conferring of the function on them and practical ways of performing it are also presently being investigated.

(2) (a) (iii) 271 (all ranks)

(b) None—they only performed on main roads.

Orange Free State:

(1) The question does not apply to the Provincial Administration of the Orange Free State.

(2) (a) (iv) 321: 12 March 1990

(b) None.

Natal:

(1) Not applicable to the Natal Provincial Administration.

(2) (a) 276 of all ranks.

(b) None, unless requested by the South African Police to assist in connection with road blocks in or near such townships.

MECs motor-cars: costs

178. Mr A P OOSTHUIZEN asked the Minister of Planning and Provincial Affairs:†

Whether he will furnish information on the official motor-cars of the members of the Executive Committees (MECs) of each province; if not, why not; if so, (a) how many kilometres did each such motor-car travel in 1989 and (b) what were the maintenance costs of each motor-car? B416E

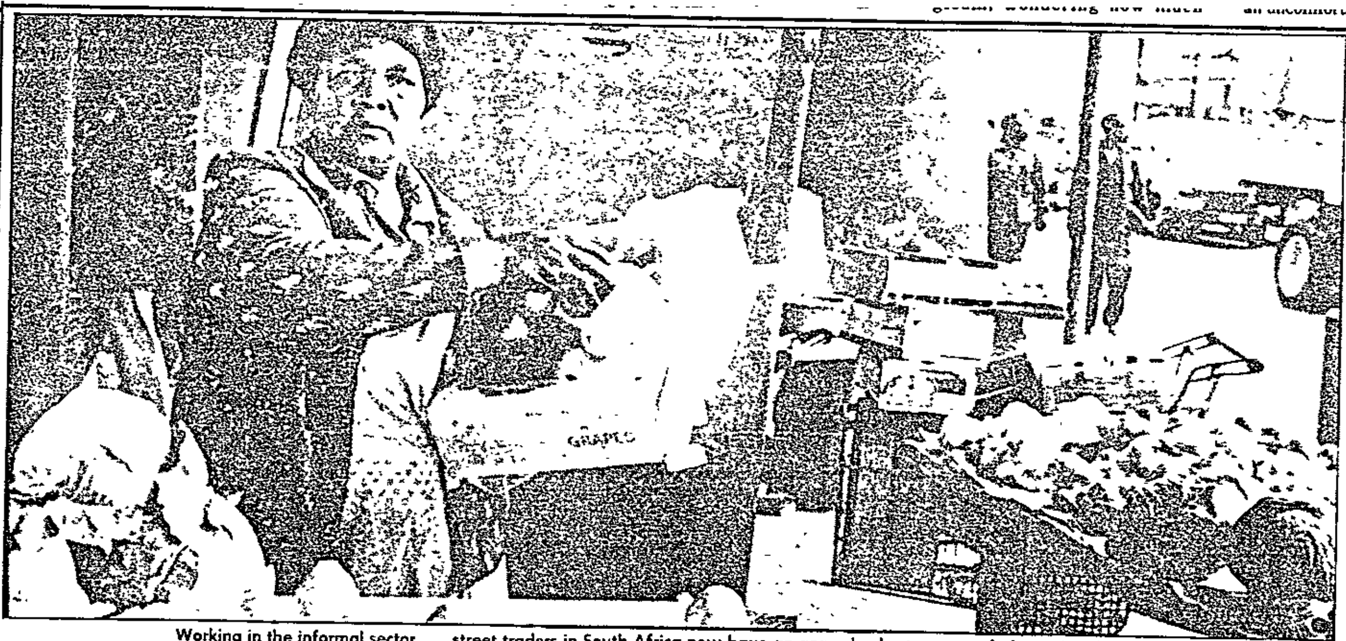
Hansard 4/5/90

The MINISTER OF PLANNING AND PROVINCIAL AFFAIRS:

Cape Province:

(a) PA 3 — 25 425 km
PA 4 — 38 599 km
PA 5 — 18 964 km
PA 6 — 25 923 km
PA 7 — 16 684 km
PA 8 — 28 423 km

Thatcher, during a previous visit to Britain.



Working in the informal sector . . . street traders in South Africa now have an annual sales turnover of almost R10 billion.

Plea to harness the power of a R10-bn informal sector

Str 4/5/90

By MICHAEL CHESTER

New figures from the Self Employment Institute on the phenomenal spread of the informal sector have underlined the growing role of the small black entrepreneur in business and the emergence of a potential new economic powerhouse.

Mr Theo Rudman, director of the institute, who has battled with the bureaucrats about red tape hindering black enterprise ever since the informal sector peeked over the apartheid barriers in the 1980s, has disclosed that the sales turnover of black street traders is now running at almost R10 billion a year

He puts the precise total at R9.84 billion, and says if all business operations are taken into account — spaza shops, back-street workshops, shebeens and home industries — the informal sector now handles as much as 33 percent of the total spending of the black urban community

Moreover, Mr Rudman reminded a small business conference in Empangeni last night the dramatic progress by the informal sector had been in spite of obstacles erected by police and municipal officials in many towns and cities.

What could be achieved, he wondered, if harassment were converted into active encouragement with sweeping initiatives to allow the informal black business operations to flex their full muscle as a new economic powerhouse?

The result, he argued, would at last be a solution to the gradual erosion of living standards of all South Africans over the past 10 years.

Impossible target

The dilemma was made loud and clear in simple statistics Between 1975 and 1985, South Africa's gross domestic product, measured on a head count, sank by 8.5 percent — all as a result of the population growing faster than a feeble economy. It dropped another 2.7 percent in 1985/86 alone, while politicians and bureaucrats held the brakes on black enterprise

Mr Rudman believed many economists had been staring in the wrong direction for solutions What had alarmed them were calculations that the formal sector, if it had to carry the full load, faced the impossible target of ploughing R800 billion in new investments in fixed capital to wipe out unemployment over 15 years.

The real need, Mr Rudman insisted, was to recognise that it was informal, not the formal sector, that had by far the best chance of pushing the economy into the faster tempo that had become crucial

There was a huge reservoir of hidden wealth to be tapped if SA allowed the unrestricted integration of the Third and First World elements of its economy

"It would turn our black population from what many people see as a huge liability into an enormous asset," he said

"In turn, by freeing small businesses and removing the monopolistic protection of control boards and marketing boards, big business would be forced to be as productive and efficient as possible.

"Big companies would see that it would be vital to their survival to use small enterprises as an important part of their activities and in the process reduce their capital and running costs."

Training programmes

Many large retail businesses had now dropped their initial opposition to hawkers and were using street traders as new sales outlets

Now the time had come for them to consider programmes to train the hawkers in modern business methods.

Financial institutions also needed to become more involved by allowing new and simplified lines of credit to informal sector businessmen.

And South African manufacturers were urged to follow the lead taken by Japan and Taiwan in bringing the full potential of both big business and small informal operators into harness.

Both of the Far East economic giants owed their successes to a system of encouraging large factories to form central core operations that concentrated on assembly of final products and relied on a network of small satellites run by the informal sector to supply components

Even high technology industries could use the system In Japan, more than half of all components in Sony TV sets were produced by small businesses In Taiwan, no less than 99 percent of all manufacturers were classed as small or medium-sized firms.

In South Africa, the system could be adapted to the production of everything from furniture, clothing and footwear to engineering products.

Foreign as well as local investors would soon spot the economic merits of helping to finance whole networks of satellites when they realised the cost of creating a new job in a handcraft trade cost as little as R500 — compared with around R2 200 in big steel and engineering companies.

Nationalism shakes the foundations of the Soviet empire

The Soviet May Day demonstrations erupted from the gathering storms of unaccustomed political feeling, reports QUENTIN PEEL from Moscow.

Str 4/5/90

The sight of Soviet demonstrators openly defying President Mikhail Gorbachev and his ruling Communist Party on a May Day parade before the hallowed tomb of Lenin, was symbolic of the explosion of political debate across the Soviet Union.

It was not just anti-communist slogans which were bellowed by radical protesters in front of the mausoleum.

The supposedly loyal trade unionists paraded their own hostile criticism of the economic reform process, demanding a national referendum on the plan to switch to a market economy In the end, that challenge may be far more of a threat than the denunciations of the Communist Party.

The event illustrated dramatically how Mr Gorbachev's attempts to promote a genuine devolution of power from the centre have set off an often chaotic debate.

The plethora of nationalist flags at the parade, including dozens from rebellious Lithuania, showed the clamour for national autonomy.

The political decision by the Baltic republic of Lithuania to secede was clearly a rebellion against the power of Moscow, although perfectly legal in terms of the Soviet constitution as it stood on March 11. The effect was compounded by President Gorbachev's decision to impose an effective economic blockade on the republic, in order to bring it to heel

Yet Lithuania is only an extreme example of a process now under way in many parts of the Soviet empire

The rule and the laws of Moscow are now being more or less openly defied by everybody from individual republics, to regions, cities, enterprises and workers' organisations.

All the Baltic republics now impose restrictions on the goods and foodstuffs that can be bought by non-residents on their territory and taken to other parts of the union.

They have imposed what amounts in efect to an economic blockade of the rest of the Union.

On April 20, the Central Asian republic of Uzbekistan, ruled by a loyal Communist Party, suspended deliveries of many vegetables, fruit and dried fruit to the rest of the USSR until June 1 "in an effort to stabilise its domestic market".

Exports of locally produced goods including furniture, cars and electrical appliances have been drastically cut.

The Western Ukraine, now ruled at the local level by dedicated Ukrainian nationalists, is contemplating doing exactly the same.

In Azerbaijan railway workers have been imposing a blockade on the neighbouring republic of Armenia in total defiance of Moscow for months.

Mr Gorbachev, and the Supreme Soviet in Moscow, have ordered that it shall cease. A law was passed outlawing any strike action on the railways and other essential services. All the power of the ministry of the interior's troops has failed to lift the action.

In Armenia, protesters have been dismantling all road signs bearing the name of Lenin In Georgia, they have demolished every statue of Lenin in every major town except Tbilisi itself, where it is under permanent guard.

The average number of workers on strike each day this year has reached 130 000, compared with 100 000 a day last year, in spite of legislation which sought to outlaw such action

The Financial Times News Service.

W/L ARGUS 5/5/90

30

R130 m new stores for P'n P

By TOM HOOD
Business Editor

MORE than R130 million will be invested in new stores by Pick 'n Pay in the biggest expansion programme in its 22-year history.

Well over 2 000 new jobs will be created for shop workers and builders, said the chairman, Mr Raymond Ackerman.

"It is a huge investment and it shows our confidence in the economy and the future of the country."

This follows an R85 million expansion last year which gave employment to more than 660 people.

In his annual report today he disclosed the supermarket chain of 136 stores currently employs more than 21 000 people and paid R402 million in wages and salaries in the 12 months ending February 28.

About R30 million would be spent on fixtures and fittings, R20 million on stock, while the cost of only Pick 'n Pay buildings — not whole shopping centres — would be about R60 million, he added.

The cost of new shopping centres would put hundreds of millions more into the economy.

Another R20 million will go on renovations to many of the 136 stores.

When the company started with four small supermarkets in the Cape 22 years ago, sales were only R5 million in the first year of trading.

There are now 97 supermarkets, 13 hypermarkets and 26 other outlets with a total selling area equal to 19 Newlands rugby fields.

Sales of R4 381 million were notched up in the 12 months to end-February and if, as Mr Ackerman says in his report, sales and profits should increase at a faster rate than last year, the group will top R5 billion in sales.

"Our earnings have an unbroken record of solid growth and the current annual dividend payments are more than 300 times greater than in the year of listing, with more than R209 million having been paid out since," says Mr Ackerman.

Stores are to be opened in areas where Pick 'n Pay is either represented insufficiently for the size of the local market or not at all. These include:

- A supermarket in the Strand in August to replace the present store.
- A large supermarket in the N 1 regional shopping centre in Parow in September.
- Supermarkets in Eerste Rivier and Tzaneen in November.
- A supermarket in Knysna targeted for December.
- A large supermarket in Germiston.
- A Pantry store in Summerstrand, Port Elizabeth.
- A Boardmans store in Randpark Ridge, Johannesburg.
- A Price Club store in Springs.
- A large supermarket in the Southgate shopping centre, Johannesburg, in October.

Mr Ackerman disclosed that 6 000 employees are now shareholders through the group's employee share purchase scheme.

"We believe that developing the principles of ownership in South Africa must be beneficial to uplifting the general economic level."

Business fears

By STAN MHLONGO

C/Tiem 6/5/90 (30)

THE announcement by State President FW de Klerk that the Group Areas Act will be scrapped next year has brought fear and uncertainty to Vaal businessmen.

Evaton Chamber of Commerce chairman Peter Moage told businessmen at a recent meeting that black businessmen now faced new challenges.

"Giant corporations like OK Bazaars, Pick n' Pay and others will be able to infiltrate the black business market in the townships," said Moage.

He said already white businessmen were eager to operate in the townships.

"A Vereeniging Afrikaner is already operating a chemist in Sebokeng, and numerous other businesses are controlled by 'black fronts' but are really owned by whites. This is another omen of change on our doorsteps."

ECC secretary Tom Mzimba said black businessmen should prepare themselves well "because whites have the means to buy themselves into any position".

Meanwhile, Evaton businessmen have threatened to march on the council chambers to register their protest against the increase in the cost of a trading site permit from R30 to R120.

R130m Pick 'n Pay venture

30

Bday 7/5/90

LESLEY LAMBERT

CAPE TOWN — Pick 'n Pay is entering a major R130m expansion programme expected to create about 2 000 new jobs for shop workers and builders this year, Pick 'n Pay chairman Raymond Ackerman says.

The investment in new and existing stores compares with the R85m spent on last year's expansion programme and is said to be the largest in the company's 22-year history.

It includes about R60m on new pantry, PriceClub and supermarket stores, about R30m on fixtures and fittings, R20m on stock and another R20m on renovations to many of the 136 existing stores.

In his annual chairman's statement, Ackerman said new stores were being built this year at Southgate in Johannesburg, in Cape Town's northern suburbs, and in the Strand, Summerstrand in Port Elizabeth, Tzaneen, Eerste Rivier and Knysna. A large supermarket had already opened in the Germiston CBD. Negotiations for further PriceClub sites were in progress and another of these stores was expected to open this year.

In addition, the company would launch a new store name — Chain Reaction — marking its new interest in the speciality clothing sales business. The first store would open in Port Elizabeth next month and, if it succeeded, would be followed in time by a national chain.

Ackerman said all operating divisions of the company made a contribution to the 22,4% profit growth announced last month and there had been improvement in the control of expenses and labour scheduling.

He said tangible benefits were starting to filter through from past investments in the development of new systems technology, including scanning.

PayNet, the company's electronic funds transfer system, was operating smoothly at 15 stores in the western Cape. While several large financial institutions were taking part in the system, Pick 'n Pay was negotiating with others for the acceptance of their plastic cards, Ackerman said.

HOUSE OF DELEGATES

QUESTIONS

† Indicates translated version.

For written reply:

Own Affairs:

Rylands/Pelikan Park: residential sites

2. Mr A G MOHAMED asked the Minister of Housing:

(1) Whether his Department owns any (a) developed and (b) undeveloped residential sites in (i) Rylands and (ii) Pelikan Park; if so, how many in each case;

(2) whether his Department intends selling these properties; if not, why not; if so, (a) when and (b) what will be the selling prices;

(3) whether the present occupants of these properties will be given the option to purchase them; if not, why not; if so, when?

D4E

The MINISTER OF HOUSING:

(1) (a) (i) No.

(ii) No.

(b) (i) No.

(ii) No. The Housing Development Board, however owns land which consists of four phases:

Phase I provides for:
117 single residential erven;
1 special residential erf;
14 existing houses, which are leased by the occupants.

Phase II provides for:
150 single residential erven;
4 special residential erven;
2 religious erven;
1 corner shop site;
1 crèche;
1 primary school site.

Phase III provides for:
107 single residential erven;
1 special residential erf;
1 crèche;
1 religious erf;
1 service station site;
2 corner shop sites.

Phase IV:
At present unplanned. The eventual outlay will depend on the route of the proposed railway line.

(2) (a) Yes. As soon as possible after the area has been registered and proclaimed.

(b) Still to be determined.

(3) Yes. The occupants of the 14 houses will be given first option to purchase, provided they are in a financial position to do so.

Rylands/Pelikan Park: trading sites

3. Mr A G MOHAMED asked the Minister of Housing: (30)

(1) Whether his Department owns any trading sites in (a) Rylands and (b) Pelikan Park; if so, how many in each case;

(2) whether he intends alienating these sites to traders displaced in terms of the Group Areas Act; if not, why not; if so, when;

(3) whether his Department has a waiting list in respect of displaced traders in the Cape Peninsula; if so, how many names were on this list as at the latest specified date for which information is available?

D5E

Hansard 7/5/90

The MINISTER OF HOUSING:

(1) (a) No.

(b) No. The Housing Development Board, however, has made provision for 1 corner site in Phase II and a service station site and 2 corner sites in Phase III.

(2) No. There are no displaced traders on record in the Cape Peninsula.

(3) No. See (2) above.

Assistant director: Indians in higher posts

22. Mr K CHETTY asked the Minister of the Budget and Auxiliary Services:

(1) Whether any Indians in the employ of the Administration: House of Delegates hold posts above the rank of assistant director or its equivalent; if not, why not; if so, (a) how many in each Department and (b) what ranks do they hold;

(2) whether any steps are being taken to train Indian personnel for promotion to ranks above that of assistant director; if not, why not; if so, what steps;

(3) whether he will make a statement on the matter?

D94E

The MINISTER OF THE BUDGET AND AUXILIARY SERVICES:

(1) Yes.

(a)

Department of Budgetary and Auxiliary Services	: 5
Department of Education and Culture	: 114
Department of Health Services and Welfare	: 18
Department of Local Government, Housing and Agriculture	: —
TOTAL	: 137

(b) *Department of Budgetary and Auxiliary Services*

Administrative Secretary (Director: Education Administration)	: 1
Administrative Secretary (Deputy Director: Own Affairs Administration)	: 1
Deputy Director: Financial Management	: 2
Deputy Director: Special Services	: 1
TOTAL	: 5

Department of Education and Culture

Chief Executive Director	: 1
Chief Director: Education	: 2
Director: Education Administration	: 1
Chief Education Specialist	: 10
Senior Deputy Chief Education Specialist	: 26
Deputy Chief Education Specialist	: 23
Assistant Chief Education Specialist	: 48
Public Relations Officer (Senior Deputy Chief Education Specialist)	: 1
Deputy Director: Education Administration	: 2
TOTAL	: 114

Department of Health Services and Welfare

Chief Specialist/Professor	: 1
Senior Specialist (Psychiatry)	: 2
Director: Health Services	: 1
Deputy Director: Health Services	: 2
Deputy Director: Dentistry	: 1
Deputy Director: Social Welfare	: 1
Principal Medical Officer	: 6
Principle Dentist	: 4
TOTAL	: 18

(2) Yes.

Indians are afforded the opportunity to attend various management courses presented/arranged by the Administration's Training Division and/or the Training Institute of the Commission for Administration, such as:

Course for Middle Manager — attended by 16 Indian personnel to date.

Course for Senior Managers — attended by 1 Indian staff member to date.

Course in Public Management — attended by 8 Indian personnel to date.

(3) It is the laid down policy of the Ministers' Council, which has been reiterated in the House, that in this Administration only merit is considered when personnel are promoted. The fact that 137 out of 239 posts are already filled by personnel of Indian origin, proves the point.

Star 7/5/90

30

Decision to blacklist Welkom businesses

Own Correspondent

WELKOM — As racial conflict in this Free State town continues, black residents yesterday agreed at a mass meeting at Thabong Stadium to launch a boycott of white businesses.

Three people were admitted to the provincial hospital in Welkom with bullet wounds at the weekend after racial conflicts at the city centre.

Two black men were shot at the busy taxi rank on Saturday afternoon when a white motorist ran amok after crashing into a black woman from Thabong at a pedestrian crossing.

Mr Mtho Imanual Lekhanya (28) survived after he was shot in the stomach. An unidentified man was shot in the thigh.

A black woman with multiple wounds was still in a serious condition yesterday.

Five organisations in Welkom — the United Democratic Front, National Union of Mineworkers, Welkom Taxi Association, and Bronville and Thabong civic associations — agreed at a mass meeting to start a consumer boycott of white businesses today.

A Thabong Civic Association spokesman said the main reason for the boycott was the continuing assault and killing of miners and Thabong residents in Welkom and its suburbs.

Pick 'n Pay embarks on major expansion

9ov 7/5/90 (30)

By Tom Hood

CAPE TOWN — More than R130 million will be invested in new stores by Pick 'n Pay in the biggest expansion programme in its 22-year history.

Well over 2 000 new jobs will be created for shop workers and builders, said the chairman, Mr Raymond Ackerman.

"It is a huge investment and it shows our confidence in the economy and the future of the country."

This follows an R85 million expansion last year which gave employment to more than 660 people.

In his annual report he disclosed the supermarket chain of 136 stores currently employs more than 21 000 people and paid R402 million in wages and salaries in the 12 months ending February 28.

About R30 million would be spent on fixtures and fittings, R20 million on stock, while the cost of only Pick 'n Pay buildings — not whole shopping centres — would be about R60 million, he added.

The cost of new shopping centres would put hundreds of millions more into the economy.

Another R20 million will go on renovations to many of the 136 stores.

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There are now 97 supermarkets, 13 hypermarkets and 26 other outlets with a total selling area equal to 19rugby fields.

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"Our earnings have an unbroken record of solid growth and the current annual dividend payments are more than 300 times greater than in the year of listing, with more than R209 million having been paid out since," says Mr Ackerman.

Mr Ackerman disclosed that 6 000 employees are now shareholders through the group's employee share purchase scheme.

"We believe that developing the principles of ownership in South Africa must be beneficial to uplifting the general economic level.

"In a developing country like ours, a workable democracy can only come about if people's material aspirations are reasonably fulfilled.

"Taking full cognisance of the scientific advances which have been made as we enter the last decade of the 20th century, there is no doubt that people make the difference when comparing the quality of corporate approach to build the morale and motivation of our staff at all levels.

"We believe that the company has achieved this and that our staff have carried out the company's mission well."

Star 8/5/90 (30)

Businessmen in bid to halt OFS boycott

By Dawn Barkhuizen

Urgent meetings between business and community organisations are being held to stop a consumer boycott launched by black residents of racially-divided Welkom.

Residents of Thabong township yesterday withdrew about 80 percent of their support from white businesses and the boycott is expected to intensify, Chamber of Commerce president Mr Graham Lloyd said last night.

Vigilantes

"Thabong residents have taken consumer action as a means of peaceful protest against attacks on them by self-styled white vigilante patrols. Word is out that the boycott will last for at least two months. If that happens many small business men could be out of business," Mr Lloyd said.

Businessmen who were not rightwingers and were now caught in the middle had engineered numerous meetings between black and white groups and the police in a bid to calm the situation, Mr Lloyd said.

Welkom police yesterday issued a strong warning to white vigilante groups threatening to blockade Thabong township not to go ahead.

And police spokesman Major Johan Fouche also warned township leaders against using strong-arm tactics to enforce the boycott.

Rightwingers have threatened to blockade the township and stop all supplies being delivered should the boycott go ahead.

At the weekend, about 400 cafe and shop owners in the town agreed to establish a committee in an effort to stop the boycott.

Late yesterday the situation was tense but there were no signs of the roadblocks which Thabong residents feared would be thrown up around their township by rightwingers.

Black residents say they have been assaulted, shot at, pulled from back rooms and sjambokked and even killed. The patrols, seen wearing swastikas, had imposed illegal curfews and were roaming the town by night in bakkies with bright spotlights, a National Union of Mineworkers spokesman said.

He said Thabong residents at a mass rally on Sunday decided to go ahead with the boycott after a number of assaults on blacks at the weekend.

Gresham ends year 33% down

PIERRE DU PREEZ

RETAIL and wholesale-listed Gresham Industries has recorded disappointing attributable earnings of R7,6m (R11,4m), down 33% for the year that ended on March 31. (30.)

Chairman Gordon Utian said it has been an extremely difficult year for the pharmaceutical wholesale and retail industry.

"Competition intensified dramatically due to the expansion of existing wholesalers and the emergence of aggressively competitive small cash and carry wholesalers and buying groups," he said.

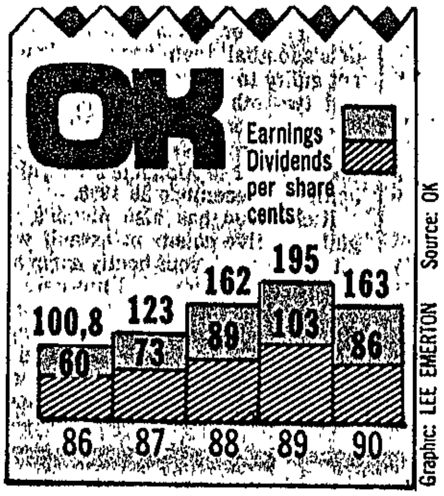
In addition, retail pharmacists have been forced to give considerable discounts to medical aid societies.

In September last year Gresham Holdings posted poor growth in earnings following strikes and a delay in achieving rationalisation between their then recently merged pharmaceutical operations. BDay 8/5/90

Utian also said while the programme implemented by the management of the pharmaceutical division to address current industry conditions already gave cause for encouragement, it was doubtful that the industry would stabilise in the short term.

Forecasting was difficult but it was anticipated recent acquisitions should make a meaningful contribution to the group's performance in "due course".

A final dividend of 2c (5c), together with an unchanged interim dividend of 4c making a total distribution of 6c (9c), covered 2,4 times, has been declared.



Hood says poor results are not OK

SYLVIA DU PLESSIS (30)

DAMPENED consumer spending, socio-political unrest and steeper shrinkage losses translated into a poor set of figures from SAB-controlled OK Bazaars in the year to end-March.

Earnings for the 210-store retail giant fell by 16,4% to 163c (195c previously) a share — far off the 217c some analysts were expecting, and dividends dropped to 86c from a corresponding 103c.

MD Gordon Hood said in an interview yesterday stores in areas such as Maritzburg, Carltonville, Vaal Triangle and parts of Bophuthatswana had been hit hard by "major social upheavals".

Instability in these areas had been accompanied by "abnormally high" shrinkage losses. He would not disclose figures.

"I'm obviously unhappy with the results. But while they are to some extent a sign of the political times, HP restrictions and higher interest rates also impacted on sales," he said. BDay 8/5/90

Good performances from OK's Hyperamas helped lift 12-month turnover by 13,2% to R4,2bn — negative growth if inflation-adjusted but in line with growth reported at this level by Pick 'n Pay.

However, operating income, which crawled 1,9% to R68,4m, cut margins. After interest, up nearly R10m due to higher interest rates and the purchase of computer equipment on financial lease, attributable earnings were 15,5% lower at R20,2m (R23,9m).

Hood said average stockturns reached 6,1 times, but a seasonal build-up of Easter stocks and early winter deliveries saw lev-

☐ To Page 2

OK results

BDay 8/5/90 (30)

☐ From Page 1

els rise by 22,3% at year-end.

This, together with the group's continuing capex programme, lifted borrowings to R62,1m and sent the interest bill rocketing. Gearing stands at 67% compared to last year's 47%.

Hood said priorities in the current year were to better stockturns, fight shrinkage, tighten cost controls and continue strict cash management.

"If we get new our central warehousing system working effectively by the second-half, and we believe we will, and if there is social stability — this is a big 'if' — then I think we could see real growth," he said.

The shares closed untraded yesterday at 1 875c after a February high of 2 150c.

OK Baz earnings drop by 16,4%

Cape Times 8/5/90 (30)

Own Correspondent

JOHANNESBURG. — Dampened consumer spending, socio-political unrest and steeper shrinkage losses translated into a poor set of figures from SAB-controlled OK Bazaars in the year to end-March.

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HOUSE OF DELEGATES

INTERPELLATIONS

The sign * indicates a translation. The sign †, used subsequently in the same interpellation, indicates the original language

Own Affairs:

Shopping centres: market prices

The LEADER OF THE OFFICIAL OPPOSITION asked the Minister of Housing:

Whether the services of a private firm have been engaged to evaluate the market prices of shopping centres falling under the control of his Department; if so, (a) for what purpose and (b) at what cost?

D160E.INT

The MINISTER OF HOUSING: Mr Chairman, the answer is no; (a) falls away and (b) falls away.

I do not know what the hon the Leader of the Official Opposition intended, but I have answered the question as it stands.

The LEADER OF THE OFFICIAL OPPOSITION: Mr Chairman, according to Press reports, and according to verbal official notification given to me, a firm of private valuators was hired to value shopping centres with a view to updating rentals in the shopping centres according to market-related principles. There is no doubt about the fact that the Administration: House of Delegates has increased the rentals in the Moorton Shopping Centre by 250% to 300%.

The MINISTER OF EDUCATION AND CULTURE: That is a good thing.

The LEADER OF THE OFFICIAL OPPOSITION: It may be a good thing, but on 20 January 1985 the present Chairman of the Ministers' Council expressed certain views, being critical of the hon the Minister of Housing at the time, and I would like to quote the following in response to the determination of valuations where our people have suffered:

> You made a grave error of judgement and you must now pay the price of your folly. My party can never associate itself with any Government body which will cause my people to pay the kind of prices which are now being asked. We will not be a party to any decision or recommendation which has been proposed by a Minister of Housing in terms of the high prices that have been established.

I am surprised that no private firm has been engaged when the shopkeepers alone are aware of the fact that the private firm has been engaged. I was informed verbally by a member of the Ministers' Council that that firm was engaged to determine values according to market value. My criticism is not levelled at increases. I am aware that in some of the shopping centres officials forgot the files and kept them in the shelves for as long as fifteen to twenty years. However, why should people be penalised? The hon the Minister must remember that I am opposed to market value and my reason is that in Indian areas market values are artificial values.

The other thing is that private valuers should not be engaged, because there is a cost involved. A percentage is involved in the tariffs. We have experts in our department. Who values our properties? We have experts, we pay them a salary and there is a need to make use of their services.

I understand that a tremendous amount has been paid to this private firm; I think it is Isaac Gesher. There is no need for that and I want to make an appeal that we forget market value. In the Transvaal there will be civil war against the Ministers' Council if the market value principle is to be used.

If one wants to say that what is sauce for the goose is also sauce for the gander, this should be applied throughout the country. If there is a justification for adjusting rentals . . . [Time expired.]

The MINISTER OF LOCAL GOVERNMENT AND AGRICULTURE: Mr Chairman. I must agree that we do not want to determine values based on inflated values. However, if one looks at the way in which the hon the Leader of the Official Opposition formulated his question, he does not seem to know what he is talking about.

Let me deal with what he says. First and foremost, I want to tell the hon the Leader of the Official Opposition that some of the issues discussed during the enquiry of the James Commission are *sub judice* and I cannot refer to them right here. I can only say that it emerged quite

clearly that people took properties at a lower rental and then sublet those properties in Moorton Centre. They are the people who have determined the market value.

When people value properties, it is based on what other people are doing. People have been exploiting it and some of those people have been associated with this House. It is a subject of the James Commission of Enquiry and it is *sub judice*, so I do not want to go into the details. However, I can give hon members an example. Those people were paying the State R450 per month and subletting at over R1 400 to R1 500 per month. They were making money on State property. These are the real culprits who have been inflating these things.

When it comes to the properties themselves, the properties do not belong to the Ministers' Council. This House had agreed to the Housing Act, which established the Housing Board. Through its Chief Director the board was instructed some three years ago by means of a letter from the hon the Leader of the Official Opposition that the rentals must be put up. He wrote that letter and he knows about it. Petty politics should not be made out of this.

This Ministers' Council will be sympathetic. We believe that whilst we have valuers to value properties—these must be independent persons so that the valuation is not subjective but objective—if people are experiencing hardships, the doors of this Ministers' Council are open. They should please come and negotiate with us and talk to us. We shall not be unreasonable when listening to their desires. [Time expired.]

Mr M Y BAIG: Mr Chairman, even if the previous administration of the Ministers' Council had decided to increase rentals, I am sure that they would not have done such a silly thing as increasing the rental by 250% to 300%. This is the height of stupidity. Inflating the rentals by such a tremendous figure, without giving prior notice to any shopkeeper, leaves much to be desired.

The MINISTER OF EDUCATION AND CULTURE: [Inaudible.]

Mr M Y BAIG: Why did they confine the increase in rentals only to one shopping complex, namely Moorton Centre? So much so, that even the hon the Minister of Education and Culture remarks that it is a good thing. [Interjections.] I want to know whether it is a good thing that it was only increased in Moorton Centre, or whether the increased figure itself is a good thing. Eventually when the rentals are increased in Merebank, I would like him to justify to the shopkeepers there that this was after all a good measure introduced by his colleagues in the Ministers' Council.

The MINISTER OF EDUCATION AND CULTURE: [Inaudible.]

Mr M Y BAIG: I believe that the solution to this problem is to sell these shopping complexes. [Interjections.] I would like to know what this Ministers' Council has done to address this problem since it has taken over. [Interjections.] Hardly anything! I have raised this issue with the hon the Minister concerned previously. In fact, when I tried to contact him about the recent increase in rentals, it was difficult to get hold of him. Eventually I had to send him a strongly-worded telegram. His new hon Deputy Minister then responded very quickly. [Interjections.]

The high-handed manner in which the whole matter was dealt with is very disappointing. I think that this Ministers' Council should review this matter and lower the rentals. When they are ready to implement this, they should do so throughout South Africa and not single out just one complex and increase their rentals only.

Mr K CHETTY: Mr Chairman, the hon the Leader of the Official Opposition said he was not opposed to the question of rental increases, but to the manner in which this was done. However, I would like to point out here that, according to the information I have at my disposal, these rentals have not been increased for some time. It was done about five or six years ago.

The point is that one has to look into this. Who is going to find the money to pay people's salaries with regard to the maintenance of that building? Who is going to pay for the maintenance of those buildings? Some of them are in a dilapidated condition. The money will have to be found to get something done about it.

I think the increase in rentals is justified. I am for it, because I can confirm that empty shops in some of these shopping complexes were sold for R100 000 or R250 000. A pharmacy in the Montford Shopping Centre was sold for R250 000. In Unit 3 a pharmacy was sold for R200 000. In Unit 9 another pharmacy was sold for R250 000. Who is accountable? Where is all that money? [Interjections.] No, give me a hearing. Where did all that money go? This kind of corruption must come to an end. [Interjections.]

We need clean administration. I think the hon the Leader of the Official Opposition also agrees that clean administration should be the order of the day. I am not in favour of condoning matters of this kind. I believe that the increase in rentals of the shopping complexes are justified. In fact, 80% of the displaced traders are no longer there. Their shops have been sold to other people. Those shops have already been sold 10 times. Who will account for that? Who is making the profit? Somebody, or the middleman, is making money out of it. Why must the department be used as a scapegoat? This is not a welfare organisation. We are here because we are representatives of our constituents and I am here to do my job honestly and faithfully. That is all.

The LEADER OF THE OFFICIAL OPPOSITION: Mr Chairman, when I was the Minister of Housing we decided that rentals would be reviewed throughout the country. This has nothing to do with the James Commission of Enquiry. The present Ministers' Council took a decision in respect of all the centres. When the proposal reached me in my capacity as Minister of Housing—that rentals should be increased by 400%—I rejected it.

Let us examine this. I am not against rental increases. However, why increase rentals of a shopping centre where there have been two increases, whereas in certain shopping centres there have been no adjustments in rentals for 15 years? Why is priority not given to that? My argument is that every shopping centre must be examined. If there is a need for justification of an increase, it must be discussed with the tenants and it can possibly be staggered.

The best solution is to get rid of the shopping centres. They are liabilities in accordance with the principles that were enunciated by the former hon Minister of Community Development and the former Department of Community Development. [Time expired.]

The MINISTER OF HOUSING: Mr Chairman, yes: We did not do a property evaluation. We asked a competent authority to evaluate the rentals in order to establish market-related rentals. That is why I gave the answer that I did.

The other question is that the evaluation of market-related rentals in respect of all our shopping centres has been requested. They are now coming in. There about half a dozen more shopping centres where the new rentals have been established. These will be brought into operation. This will be applicable throughout the country.

Nothing about this is high-handed. I believe hon members have indicated that low rentals cannot be justified when shops change hands for the kind of goodwill which we know people are paying. It has been admitted that more than 80% of the present occupants are not displaced traders. We have arrear rentals of about R2,5 million in respect of shopping complexes, because traders do not want to pay these rentals. They want it for nothing, but they cannot have it both ways. They must now pay the rentals if they want to have occupation.

I want to make another point. We would like to dispose of these shopping centres, but it has to be done in such a way that our funding will not be affected to any great extent. As time goes by, the amount of money made available for housing will begin to decrease. That is when we must try and dispose of these shopping complexes to supplement the funding required for our housing programme.

QUESTIONS

† Indicates translated version.

For oral reply:

Own Affairs: Hansard 5157-1C

Male/female educators: salary parity

*1. Mr K PANDAY asked the Minister of Education and Culture:

> Whether salary parity has been achieved in respect of male and female educators in the employ of his Department; if no, (a) why not and (b) when is parity expected to be achieved?
>
> D133E

The MINISTER OF EDUCATION AND CULTURE:

No

(a) and (b) Salaries and conditions of employment in respect of Educators is regarded as General Education Policy for which the Department of National Education assumes responsibility.

The MINISTER: Mr Chairman, I would like to add specifically that, with the exception of level 1 female educators who are on Category D with matriculation plus four years and lower, all other female educators in our department are on parity with their male counterparts. I would like to see this extended to everybody, but at present it is not so.

Mr K PANDAY: Mr Chairman, arising from the reply of the hon the Minister, could he give us an idea as to whether he had made any representations at national education level? One has to bear in mind that these female teachers, particularly those who are at level 1, are timid. That is the first point. They have a tremendous degree of consideration and are very sympathetic and motherly. If one has to look as statistics . . .

The CHAIRMAN OF THE HOUSE: Order! I want to remind the hon member that this is not an interpellation, but a question. The hon member must ask direct questions arising from the hon the Minister's reply.

Mr K PANDAY: Thank you, sir. I was just expanding on the question. The question was whether the hon the Minister had made any representations at national education level.

The MINISTER: Mr Chairman, I thank the hon member for Reservoir Hills who tried to assist me in answering his question prior to his asking it! Nevertheless, hon Ministers have raised the matter of parity for everybody with the National Education Council and this is an ongoing process.

The LEADER OF THE OFFICIAL OPPOSITION: Mr Chairman, further arising from the reply of the hon the Minister of Education and Culture, I note that he has indicated that the determination of salary structures is a general issue. Firstly, which Act does that hon Minister administer? Secondly, is he aware of the provisions of section 8 of the Indians Education Act, Act No 61 of 1965? Thirdly, I know the hon the Minister may not be able to answer my following question right now, but does he have any idea of how many educators are involved in category (d)?

The MINISTER: Mr Chairman, the hon the Leader of the Official Opposition asked specific questions and I thank him for it. If he would like to put them in writing, my department will furnish him with suitable answers immediately.

The LEADER OF THE OFFICIAL OPPOSITION: Mr Chairman, further arising from the reply of the hon the Minister of Education and Culture, I want to ask him if it is not the height of incompetence for an hon Minister not to know the provisions of the Indians Education Act? [Interjections.]

Mr Y MOOLLA: Mr Chairman, I rise on a point of order.

The CHAIRMAN OF THE HOUSE: Order! No, I think the hon the Leader of the Official Opposition must withdraw that insinuation.

The LEADER OF THE OFFICIAL OPPOSITION: Sir, I withdraw it unreservedly, but it was said.

*2. Mr D K PADIACHEY — Housing. [Question standing over.]

Hansard 5157-9C

Asiatic Bazaar: termination of tenancy

*3. The LEADER OF THE OFFICIAL OPPOSITION asked the Minister of Housing:

> Whether, with reference to his reply to Question No 3 on 24 April 1990, any shop in the Asiatic Bazaar, Pretoria, allocated to a certain tenant, whose name has been furnished to the Minister's Department for the purpose of his reply, has been served with a notice of termination of tenancy; if so, (a) when, (b) why and (c) what is the (i) name and/or number of the shop and (ii) name of the tenant in question?
>
> D142E

(20)

The MINISTER OF HOUSING:

Yes.

(a) 1 July 1989.

(b) Because the agreement of lease was terminated in terms of Clause No 6 thereof.

(c) (i) Shop No 13.

(ii) Messrs A Fogia and Sons.

The LEADER OF THE OFFICIAL OPPOSITION: Mr Chairman, arising out of the hon the Minister's reply, will he concede that his answer on 24 April 1990 in response to a question regarding shop 13 was incorrect? The hon the Minister probably did not intend to mislead the House, but was himself misled.

The MINISTER: Mr Chairman, I am glad that the hon the Leader of the Official Opposition asked me that question. He in fact referred it to me when we adjourned the other day. The question refers to the fact that the word "tenant" implies somebody in legal occupation. Therefore, my answer is given in that fashion, as the person in occupation illegally was not a tenant. Once somebody is in illegal occupation he cannot be a tenant.

The LEADER OF THE OFFICIAL OPPOSITION: Mr Chairman, further arising out of the hon the Minister's reply, will he be prepared to check the correctness of the further answers given because this particular answer was incorrect. Fogia and Sons was the legal tenant. [Interjections.] You see, the hon the Minister has been misled again.

The CHAIRMAN OF THE HOUSE: Order! Is the hon the Minister going to respond?

The MINISTER: Mr Chairman, as far as I as aware, according to the information at my disposal, Fogia and Sons are in occupation. However, they have been given notice to move and so they are illegal occupants at this point in time.

The LEADER OF THE OFFICIAL OPPOSITION: They are the legal tenants!

The MINISTER: They were, according to our records, not the legal tenants.

The MINISTER OF LOCAL GOVERNMENT AND AGRICULTURE: Mr Chairman, on a point of order: I did not want to distrub the proceedings earlier on, but I think that the hon the Leader of the Official Opposition indicated to you that he unreservedly withdrew what he said, but as he resumed his seat he said: "But I said it!" This was not an unreserved withdrawal of the statement.

Mr K PANDAY: He has said it!

The CHAIRMAN OF THE HOUSE: Order! Will the hon the Leader of the Official Opposition intimate what he said? Did the hon the Leader of the Official Opposition unreservedly withdraw the statement?

The LEADER OF THE OFFICIAL OPPOSITION: Mr Chairman, that is correct. However, just as an aside I indicated . . . [Interjections]

The CHAIRMAN OF THE HOUSE: Order!

The LEADER OF THE OFFICIAL OPPOSITION: . . . that it is a fact that I had made a statement and was asked to withdraw it.

The CHAIRMAN OF THE HOUSE: Order! I accept that the hon the Leader of the Official Opposition has withdrawn the statement.

For written reply:

Own Affairs:

Johannesburg Secondary School: renovations

Hansard 8/5/90

31. Mr D K PADIACHEY asked the Minister of Education and Culture:

(1) Whether the Johannesburg Secondary School is to be renovated; if not, why not; if so, (a) when, (b) by whom and (c) at what cost;

(2) whether any section of this school is not supplied with electricity; if so, (a) why and (b) when is electricity expected to be supplied to this section;

(3) whether the Goedehoop Primary School in Mayfair now falls under the control of his Department; if so, what are the relevant details; if not, why not;

(4) whether all schools falling under the control of his Department are open to all race groups; if not, why not?

D125E

The MINISTER OF EDUCATION AND CULTURE:

(1) Yes

(a) 1990/91 financial year.

(b) Not yet determined.
Department of Local Government, Housing and Agriculture to call for tenders.

(c) ± R200 000

(2) Yes

(a) Approval has to be sought from the Transvaal Provincial Administration which owns the school for a separate sub-station to be built to electrify the new section of the school.

(b) 1990/91 financial year.

(3) No

A request to lease or purchase the school was made to the Department of Public Works and Land Affairs of the Administration: House of Assembly. A response is being awaited.

(4) Yes, subject to certain conditions.

Teachers retrenched/made redundant

32. Mr M RAJAB asked the Minister of Education and Culture:

Whether any teachers in his Department were retrenched or made redundant in or at the end of 1989; if so, (a) how many, (b) what compensation is offered to such teachers and (c) what was the total cost of the compensation paid to these teachers?

Hansard 8/5/90 D134E

The MINISTER OF EDUCATION AND CULTURE:

No.

(a); (b) and (c) fall away.

Indian schoolchildren: *per capita* expenditure

33. Mr M RAJAB asked the Minister of Education and Culture: Hansard 8/5/90

What was the expenditure *per capita*, (a) including and (b) excluding expenditure of a capital nature, on Indian schoolchildren at State Schools in the 1988-89 financial year?

D135E

The MINISTER OF EDUCATION AND CULTURE:

(a) R2 227

(b) R2 067

SOWETAN Tuesday May 8 1990

Fabcos pledge to help exiles

Sowetan 8/5/90

30

Jobs plan for the many who return to South Africa

By JOSHUA RABOROKO

THE Foundation for African Business and Consumer Services said yesterday it could employ some of the thousands of exiles expected to return to South Africa.

Joint managing director of Fabcos Mr Jabu Mabuza said they would give first preference to members of the African National Congress, the Pan Africanist Congress and others, although they will not be guided by political affiliation.

The jobs would be made available through all the 12 structures of Fabcos throughout the country.

He said the jobs would also be made available through Fabcos satellite and service companies.

"In doing so we are taking into account all the unavoidable frustrations and difficulties fellow countrymen, women and children will face upon their return into the country," he said.

The move comes in the wake of the Government and the ANC's agreement that ways would be found for the return of exiles. Already many have arrived in the country and hundreds are expected home soon.

Mabuza said: "We believe this is incumbent on all of us South Africans to ensure that their readjustment into society is free of any difficulty."

Fabcos was aware that the exiles would be too many. However, the association was calling on the country's business people, especially large companies, to inform it of any vacancies that might be available.

Fabcos could be contacted through its human resources manager, Mr Zolile Mkhaba, for more information at (012) 325-1570.

Owen to go on study tour

The Ernest Oppenheimer Memorial Overseas Travelling Fellowship has been awarded to Professor Neville Owen, Dean of the Faculty of Veterinary Science at Medunsa, the university has announced.

Prof Owen will study small-farming projects in Israel, Taiwan and West Germany.

Drop-Inn discovers theft network

(30)

ACHMED KARIEM

DROP-INN, the largest retail and liquor wholesale distributer in the Western Cape, had uncovered a network of thefts in its Transvaal-based subsidiary Benny Goldberg, MD Jonathan Miles said yesterday.

He said Drop-Inn's disappointing results for the year to February were due to a substantial theft of liquor, an unconnected "extraordinary item" of R124 000 involving payments to ex-directors, and an increase in interest paid from R84 000 to R437 000. BDay, 9/5/90

The payments to former directors complied with their employment contracts.

A Witwatersrand police spokesman said yesterday investigations were continuing into the theft of liquor worth R100 000 from the Benny Goldberg shop in the Johannesburg suburb of Bramley.

Miles said the actual figure was "substantially higher" than police estimates, but the group was confident major changes effected by the management had ad-

☐ To Page 2

Theft network

BDay 9/5/90

(30)

☐ From Page 1

dressed the problem.

"The network of theft had carried on unabated for almost the entire year," he said. Those allegedly involved had either resigned or left the company.

Drop-Inn posted a 23,1% drop in earnings to 6,1c (8,01c) a share for the year-end to February. Dividends a share declined by 7,7% to 3c (3,25c) a share.

Attributable profits before the extraordinary item dived 23,1% to R3,07m (R4m).

Directors said the extraordinary item of R124 000 related to ex-directors of the company. It was widely reported last October that former MD Jacques Kempen and three senior executives had walked out over an aborted takeover deal.

CNA lifts earnings despite slower sales

B/Day 9/5/90 30

CNA Gallo lifted attributable earnings by 26% in the year to March in spite of a slowdown in the growth rate of its sales in the second half.

The country's major retailer of books, magazines, greeting cards and a host of other products boosted its earnings to 141,8c (112,9c) a share on an increase in the number of shares in issue.

A final dividend of 44c a share lifted the total distribution for the year by 22% to 55c (45c) a share, covered 2,6 (2,5) times.

The growth in bottom-line earnings is above the 25% rise seen at the interim stage largely because the Christmas and sales seasons were successful.

The entertainment division, which endured a slackening of demand at the half year mark largely because of the tightening of the economy, experienced a turnaround. A number of outstanding releases and buoyant compact disk sales led to a resurgence in its sales.

The group's attributable earnings from stationery giant Waltons were equity accounted for the first time.

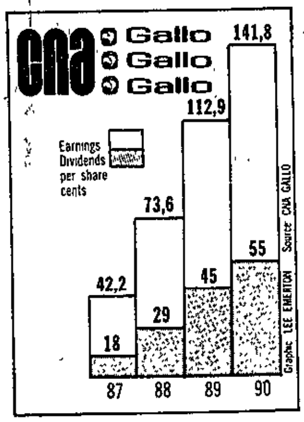
Turnover for the year jumped 24% to R680m (R549,8m), but directors say sales growth dipped in the second half.

On improved operating margins, trading profits rose 26% to R66,5m (R52,8m).

The doubling of dividend income to R4,4m (R2,2m) was discounted by the net interest paid bill of R3,1m, a change from the previous interest received position.

ZILLA EFRAT

Directors say an interest expense was incurred as cash resources were deployed in the investment in Walhold.



By the year end cash balances had again accumulated and net gearing was insignificant.

Taxed profits were 19% higher at R38,7m (R32,6m) on an unchanged tax rate.

But attributable earnings, which rose to R45,8m (R36m), were boosted by an 85% rise in the share of retained earnings of associated companies to R9,2m (R5m).

An extraordinary item of R3,4m arose mainly from the provision necessary on the group's lifo stock valuation reserve, now taxable over 10 years.

Directors expect earnings growth in the current year. However, they say prevailing political and economic uncertainty could have an impact on earnings.

Higher margins hit Redgwoods earnings

(30) PIERRE DU PREEZ

WALTONS' toy and babyware subsidiary Redgwoods Holdings has posted earnings a share of 0,4c (5,1c) for the year to February — down 92% on the previous year.

Turnover for the Durban-based group rose 11% to R75m (R67,7m), but operating income was slashed from R7,3m to R4m because of reduced margins. This, with higher finance charges, led to net income after tax decreasing by 89% from R3,1m to R338 000. BDay 9/5/90

The dividend has been passed. It was 2,4c last year, the first year of the company's JSE listing.

Chairman Frank Robarts commented that in the prevailing economic climate trading conditions proved exceptionally difficult. However, stock levels in all divisions had been reduced with a consequent decrease in funding.

"All warehouses in the retail division have been centralised in one location and all factories manufacturing baby goods have been consolidated into one factory," he added.

Several directors departed during the year and there was a radical reduction in stock, borrowings and the interest bill.

Edgars increases dividends by 24%

BDay 9/5/90

SYLVIA DU PLESSIS

EDGARS weathered tough conditions in the retail sector in the 52 weeks to end-March to post figures marginally higher than those anticipated by the market.

But the continuing squeeze on consumer spending meant "meaningful" real growth in profits this year was unlikely, directors said.

A strong account base and aggressive moves to build market share saw the marketing-driven blue chip — in the SA Breweries stable — hike dividends by 24% to 93c from the previous 53 weeks' 75c.

On a diluted equity base, after the conversion of R50m debentures to ordinary shares in July, comparable earnings were 26% up at 243c (192,2c) a share, slightly ahead of analysts' predictions of about 238c.

If debentures had not been converted, earnings would have been only 10% higher at 243c from 221c.

Growth here followed turnover which rose 24% to R1,9bn despite a slow-down in consumer spending on clothing, footwear, household textiles and accessories (CFTA), where inflation grew 2% to 18% in the second half.

Operating profit climbed 36% to R287,8m on improved margins of a record 14,5%. Attributable earnings were still 30% higher at R123,5m in spite of an interest burden 82% heavier at R44,7m.

Gearing is 64% (45%).

Executive deputy chairman and CEO Vic Hammond and recently-appointed group MD George Beeton said in an interview yesterday results for the group, with 2,4-million active account holders, were "nothing to be ashamed of".

Trading conditions had softened further since February, but the group had experienced "magnificent" Christmas sales,

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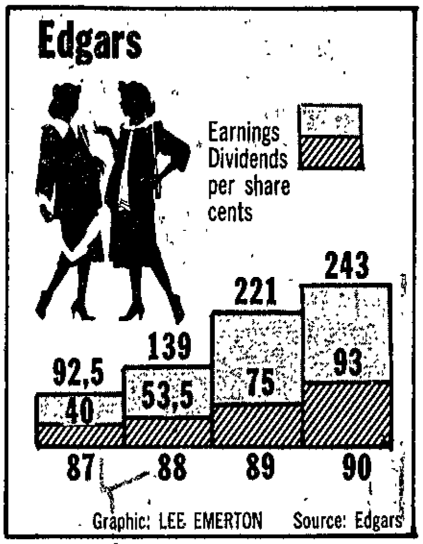


Edgars BDay 9/5/90

(30) □ From Page 1

Hammond said.

All major divisions had performed well, with Edgars Stores achieving full-year sales growth of about 26%, Sales House 29% and Jet 17%.

Hammond said Jet had "moved out of the intensive care ward" to earn a R11m operating profit for the 12 months.

However, it was difficult to predict whether the group as a whole would achieve real growth in profits in the current year.

"Significant nominal growth is a certainty, but I doubt whether growth will be meaningfully ahead of inflation."

The seldom-traded share — it averages a monthly trade of 21 500 — last changed hands at 3 225c. At its current price, it yields 2,88% against a sector average of 3,4%, indicating its high rating in the market.

Small firms can make it big at trade fair

30

Sowetan 9/5/90

By JOSHUA RABOROKO

MATCHMAKER 90, the business fair to be held at the National Exhibition Centre in Crown Mines, Johannesburg, from May 16 to 19, is set to be a forum for interchange and as a means of integrating all South Africans as trading partners in business and industry.

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 find the kind of goods and services they are looking to buy.

The director of Matchmaker Service, Mr Zuko Tofile said this year there would be more than 110 stands at the Fair.

Sponsored

Some small businesses are veteran exhibitors, others are newcomers.

Many who showed their wares at the four previous exhibitions had become established and no longer needed exposure.

Many of the stands were being sponsored by big companies, who in keeping with the spirit of the fair, were "partnering" small entrepreneurs and provided merchandising expertise and support to make exhibits more effective.

Tofile said the Matchmaker was a major event that reflected the new South Africa taking shape in the 1990s - a South Africa dedicated to cooperation and to the promotion of business enterprise and opportunity among all sections of the population.

Participants

"Matchmaker is an exciting exhibition designed to bring together two dynamic currents of business in our country - on the one hand, the expertise and established success of the white business world; on the other hand, the eager and fast learning new generation of developing black business," he said.

He said participants in Matchmaker include white-run companies looking for products and services that black business might be able to provide, and white-run companies able to provide products and services that their associates in the 'white" business would could use.

"If you are looking for new sources of supply and service, Matchmaker may be able to introduce you to black suppliers whose prices and quality may be just the news you want to hear.

"Suppliers who, because they do not have the marketing budgets of comparable white-run firms, may not otherwise come to your attention."

The opening ceremony will be performed by the Ambassador of the United States, Mr William L Swing and a prominent black businessman, Mr Habakuk Shikwane, who will also be displaying his goods at the action packed fair.

First fair

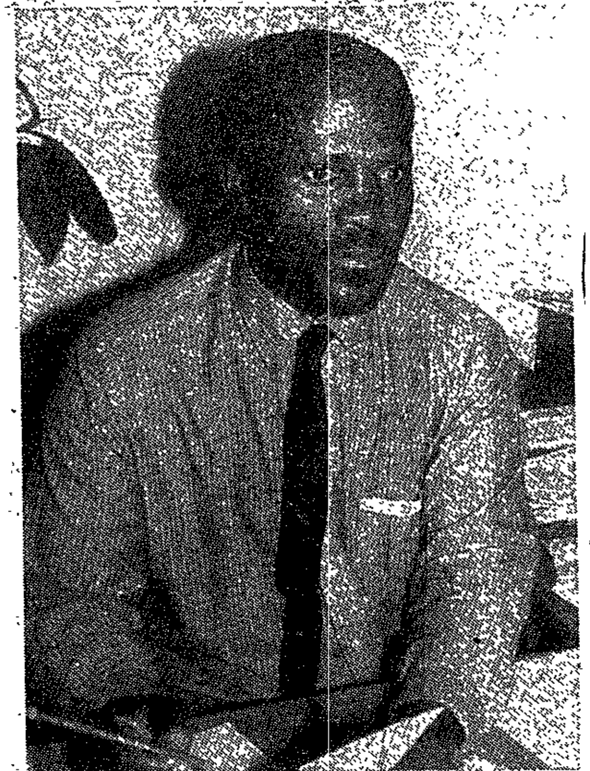
The first Matchmaker Fair came about almost spontaneously. Mr Benjamin Brown, a senior commercial officer of the US foreign Commercial Service, had taken a visiting American personality on a courtesy call to Soweto in 1985, when he was questioned about the US involvement in helping black business in South Africa.

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.

Grown

The fair had grown over the years, expanding to include South African and foreign companies, he said, adding, "big business has finally realised that its little brother has a lot to offer and is keen to develop his potential."

Big exhibitors include, Barlow Rand, Standard Bank, SAB, Get Ahead Foundation, specialised exhibition, Habakuk Cane Furniture, Foundation of African Business and Consumer Services and Vametco Mineral Corporation.



Mr Zuko Tofile

Black business needs massive aid, says Ngcoya

(30)
Sowetan 9/5/90

By JOSHUA RABOROKO

MASSIVE economic and management resource intervention was needed from the private sector if black business was to strengthen and contribute to the economy, the newly-elected president of the Foundation For African Business and Consumer Services, Mr James Ngcoya, said this week.

Ngcoya, who is also president of SABTA, said black business had no credible involvement in any major sectors of the South African economy.

Major obstacles to the growth of black business, politics aside, were the numerous constraints under which the black entrepreneur had to operate.

Prosper

These constraints included the lack of access to legislature, bureau cratic ham-handedness, over-regulation, the Group Areas Act and no, or poor, access to finance, he said.

"For South Africa to prosper and grow it is necessary for blacks to enjoy a meaningful stake in the economy.

"A clear strategy needs to be developed which includes "buy-ins", "joint ventures", "partnerships", and "share participation" in white organisations and companies".

He said the success of SABTA was a classic example of a "s ccess story" involving people at grassroots levels, an attempt to unify similar interests, to provide political clout and give black business "economic muscle" on the business front while simultaneously uplifting the quality of its members and addressing the unemployment problem in South Africa.

The formation of an association of associations to form a major organisation - Fabcos - with clear and well defined aims, would help provide the necessary political clout and coordinated approach so badly needed.

He said the innovative structures of Fabcos had been specifically designed to leave the political and decision-making process in the hands of blacks.

Others who were elected are: Dr Ellen Kuzwayo (first vice president); Mr Sam Ntuntubele (second vice president); Mr Joas Mogale (secretary general); Mr Pat Mbatha (treasurer); Mr James Lenyehele (Public Relations Officer); executive members are Mr A Tambo, Mrs N Rampomane and Mr A Lukhele and all representatives of the 12 affiliates form part of the executive.

Mr James Ngcoya

Residents boycott council members' shops

Sowetan 9/5/90

By MZIKAYISE EDOM

VOSLOORUS residents are boycotting all shops belonging to members of the local town council in the East Rand township.

They are also boycotting a supermarket of chairman of the Vosloorus Chamber of Commerce and Industries, Justice Radebe, who is being accused of "collaborating" with councillors.

Radebe owns the Mthimkulu Supermarket at Lesedi Shopping Centre.

(30)

The boycott, which started on Monday and will last until August 7, follows the refusal by councillors to resign from their posts.

Only one councillor, former mayor Douglas Montsheng, resigned last week after residents threatened to boycott his *spaza* shop in the township's Mailula Park.

On Monday, a group of youths attacked shops belonging to Radebe, Fanyana Mahlangu and Sidwell Mofokeng, all situated at Lesedi Shopping Centre. Windows were smashed and rubbish was strewn on and outside the premises.

Municipal police were called to disperse the crowd.

Radebe's shop was closed yesterday.

JUSTICE RADEBE

Call to scrap curbs on Sunday trading

By Michael Chester

30

The Government has come under renewed pressure from the SA Chamber of Business (Sacob) to scrap all remnants of red-tape restrictions on Sunday shopping.

The Minister of Administration and Privatisation, Dr Wim de Villiers, has been asked to intervene and order the deregulation of all legislation that hampers Sunday trading.

Sacob has taken note that original proposals to sweep away red-tape blockages were abandoned by the Government because of pressure "from certain religious quarters" — and has warned that the result is total confusion in most provinces.

While all restrictions had been lifted in Natal, shopping on Sundays was still hamstrung by regulations laying down what may or may not be sold in the Transvaal, the Free State and the Cape.

Lists of specified goods differed from province to province and did not take mass merchandising into account — which made it difficult to comply to the letter of the law.

Sunday trading was sorely needed by consumers as many working housewives had little time for shopping during the week.

Total freedom on Sunday shopping would also give families a chance to escape the worst of inflation by having more time to compare prices and use more judgment on purchases — all made impossible if shopping had to be crammed into busy weekday lunch breaks.

(30) Star 9/5/90

Business wants Govt to act on mid-week holidays

By Michael Chester

The SA Chamber of Business plans to urge the Government to make sweeping changes to the calendar of South African public holidays.

The idea is to hold down the growing cost of production losses, now running into billions of rands a year.

Sacob manager of labour affairs Gerrie Bezuidenhout said in Johannesburg yesterday that a special report was being compiled. The report would argue the economic merits of doing away with as many mid-week holidays as possible.

Public holidays should be moved to Fridays or Mondays wherever feasible to keep them in a pattern of long weekend breaks. This should be done to minimise disruption to sales and production in commerce and industry.

Mr Bezuidenhout told a news conference the revision of the holiday timetable had become urgent. There was a deepening concern in the business world about the impact of holiday shutdowns on economic performance.

There was evidence that the economic cost of a concentration of holiday breaks in April and May, in particular, was among the reasons for a sharp decline in the overall level of business confidence last month.

The general economic slowdown and political developments may have played basic roles in a decline in confidence, but holidays also had a major impact as manufacturers counted the cost of production losses.

Recent studies had shown that the daily economic cost of each public holiday was no less than R400 million.

Last month, there were two official holidays — on April 13 (Good Friday) and on April 16 (Easter Monday).

Workers' Day

The unofficial toll was even worse because of widespread stayaways on April 30. Workers stretched out their weekend breaks all the way to mid-week in claiming Workers' Day as a holiday when the Government under trade union pressures shifted the celebration from May 7 (Monday) to May 1 (Tuesday).

Still in the pipeline was the closure of most businesses on May 24 to mark Ascension Day.

"In consultation with other employer bodies, we are asking the Government to restructure the pattern to hold back economic losses with occasional longer weekends, better spread over the calendar, except in special instances where decisions may best be made in negotiations between companies and their employees," Mr Bezuidenhout said.

Ken Mason, general manager of industrial affairs at the Johannesburg Chamber of Commerce and Industry, also voiced growing concern about the economic drain caused by the current pattern of public holidays.

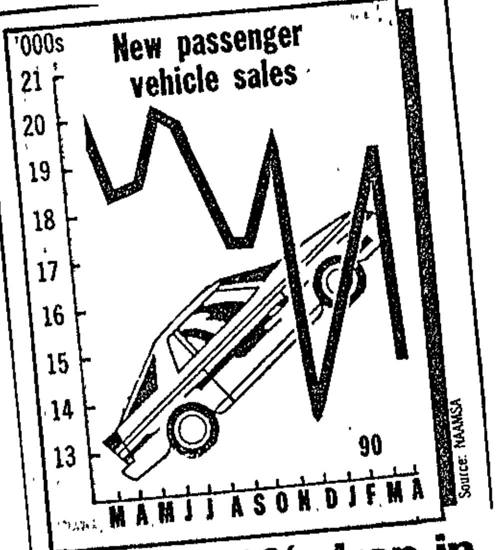
"It would make far more sense to turn many holiday dates into moveable feasts — letting the manufacturing sector get on with the job of faster economic growth to the benefit of the entire population."

Sacob chief executive Raymond Parsons said the sharp drop in business confidence levels may have been much less severe if the April survey had been in time to measure reaction to the success of the Groote Schuur talks between the Government and the African National Congress.

Better guidelines to the business mood about the outlook would be provided on analysis of results from the next round of talks.

"At the moment, the decline in our business confidence index shows less optimism and more uncertainty about the future rather than a plunge into pessimism," he said.

● See Page 16.



Shock 20% drop in new vehicle sales

B (Day) 10/5/90

(30)

CHARLOTTE MATHEWS

NEW vehicle sales showed an unexpected 20,2% decline to 23 096 units in April 1990, against 28 951 units sold in April 1989, according to figures released by the National Association of Automobile Manufacturers of SA (Naamsa) yesterday.

Passenger car sales fell to 14 431 units in April from 18 557 units sold the previous April and from 19 045 units sold in March.

"Whilst the underlying trend in new car sales has been weak over the past 10 months, the extent of the decline in April new car sales took most industry analysts by surprise," Naamsa commented.

A Naamsa spokesman said the sharp fall-off was due to a combination of factors such as the number of public holidays in April, consumer and business uncertainty and shortages of built-up vehicles caused by industrial action and work stoppages.

Current stringent monetary and fiscal policy measures had also had an effect.

Sales of light commercial vehicles fell to 7 811 units in April from 9 357 the previous year, medium commercial vehicles fell to 298 units from 372 and heavy commercial vehicles were down to 556 units from 665.

According to figures released by the SA Agricultural Machinery Association tractor sales for April fell by 6,6% to 338 units compared to 362 sold in April 1989 but were above the 326 units sold in March.

Naamsa said the April figures would probably cause vehicle manufacturers to revise their annual new vehicle sales projections downwards.

They forecast business conditions would remain difficult in 1990 but if interest rates declined later in the year new vehicle sales would show a gradual improvement.

New deal for liquor outlets

MICHAEL FRIDJHON

TRADE and Industry Minister Kent Durr will announce this week the final details of his department's policy regarding vertical integration in the liquor industry. (30)

Vertical integration is the term used to define ownership of retail outlets by producer/wholesalers.

Responding to widespread industry dissatisfaction with the proposals formulated by his predecessor Danie Steyn, Durr called for an extensive investigation of the views and needs of interested parties. His package differs substantially from Steyn's 1989 deal and includes the following details. B|Day 10|5|90

Producer/wholesalers will not be permitted to increase the number of retail licences they were authorised to acquire in the 1983 liquor industry dispensation. This means chains will range in size, with a maximum possible number of licences in one chain of 300.

All other chains will be limited to 12 liquor store licences or 36 grocers' wine licences. However, an annual extension of up to six additional licences may be granted with ministerial permission, and more than six with Cabinet approval.

Since Steyn's proposal enforced the selling off by producer/wholesalers of their retail interests at the rate of 10% plus one of their retail licences each year, and pegged all other chains at a maximum of 36, the new package suggests a substantial change in policy.

Durr explained his motivation for the change by saying that it was a pragmatic way of getting a swift decision to instil

☐ To Page 2

Liquor outlets

B|Day 10|5|90 (30)

☐ From Page 1

confidence in the industry.

"Instead of dislocation by executive action, I want to deregulate by degree," he said. He pointed out only 14% of the industry's licences were connected to the problems of vertical integration. The producer/wholesalers were in the process of selling down their licences and "I want them to continue to have confidence to move in that virtuous direction."

Former Fedhasa president and MD of the Aroma Liquor Group, Mike Kovensky believed Durr's proposal was the best possible compromise. "Ideally we would like the producer/wholesalers barred from ownership of retail stores.

"However much they may claim to operate them at 'arm's length', there is always the possibility that they will be used to distort the trade. The spectre of selective discriminatory discounts hangs over them.

"However, I do accept that things are moving in the right direction and in the absence of perfect competition, any intrusive action by the Minister may have undermined the avowed intention of encouraging competition."

While Pick 'n Pay's Raymond Ackerman was not available for comment, he is on record as saying that he welcomed any decision which would enable his group to increase the number of its wine licences beyond the 36-store ceiling.

No doubt many retail licensees will also respond positively to the new arrangements. They may feel threatened by the producer/wholesaler's entrenched right to own up to 300 stores. However, Steyn's 1989 arrangement would have led to widespread selling off of retail licences by the major producer, with the value of licences falling accordingly.

2 SOUTH, May 10 to May 16 1990

'Race war' looms in Welkom

From MONO BADELA

JOHANNESBURG. — A race war is looming in the conservative Orange Free State mining town of Welkom as white residents prepare a response to a consumer boycott. South 1075 — 16/5/90

So far residents of Thabong township and the surrounding mine compounds have withdrawn about 90 percent of their support from white businesses.

The boycott is expected to intensify, according to a spokesperson for the Consumer Coordinating Committee.

Many shops in the CBD area closed their doors on Wednesday as black buyers stayed away en masse on the third day of the boycott. (30)

Streets and shops were deserted. Shopkeepers said they had been forced to send workers on unpaid leave until the boycott ended.

The boycott has extended to another mining town, Virginia, and intensified in Odendaalsrus.

Members of the black community said they had been assaulted, shot at, pulled from back rooms and sjamboked.

Two men have died so far.

Black skills: getting in at grassroots level

It's my business


THAMI MAZWAI

FEW weeks ago I oiced concern at the concept of Black Economic Empowerment, saying most of the time little came from these conferences in terms of grassroots strategies.

Instead, industry's white captains got a chance to tell us how they hated apartheid, and what they were doing for poor us.

For some blacks it was a chance for another release of frustrations. Many a time the ordinary entrepreneur did not even know of these conferences, and that they were also about him.

Today we carry a story and advert that has some direct meaning for the grassroots entrepreneur.

John van Reenen, of Van Reenen and Nicholls, is advertising services he needs from black entrepreneurs.

More companies must now follow suit. All they have to do is place an advert in *Sowetan Business* and thousands of entrepreneurs in our area of circulation will respond.

Van Reenen has challenged our entrepreneurs to offer him their skills. Like anybody else, he will accept the best tender. Only blacks will compete in this market.

Many overseas companies in the past adopted black businesses into which they poured money and resources. This was fine.

There were also those businessmen who asked black entrepreneurs to do work for them, say print their stationery.

What the black entrepreneur did not know was that his merchandise was destroyed on receipt and that from a white company, far superior in quality, used. Hypocrisy in its most naked form.

To make it worse the black trader was paid from the company's social responsibility budget. In other words, he was in the same queue with Cripple Care and other charity organisations.

Initiative

John's initiative will obliterate this. A market has been created in which blacks will compete with each other.

They seldom survived in the general market, apartheid saw to that.

This is not racism, as many will suggest. It is giving our entrepreneurs opportunities denied them over the ages.

With each job done to specifications more contracts will follow. Skills will improve.

The many plumbers and other types of artisans trained at Bantu Education schools now have a chance to sell their skills.

We know that even the Department of Bantu Education, which controls the schools that gave them training, hardly offers them this opportunity when needing services. The department instead uses white contractors or, like it was proved last year, the services of companies owned by children of white officials.

Early this year Dr Dawie de Villiers, then Minister of Mineral and Energy Affairs and Public Enterprise, scorned a suggestion that blacks get 10 percent of Government contracts.

Tendering

He argued that this would militate against the spirit of tendering. He even rejected suggestions that a separate market be established where only blacks would participate.

I won't remind the Minister that National Party governments granted contracts to Afrikaner businesses over the last 40 years, all to help Afrikaners develop their economic clout.

By now we are aware that what is sauce for the gander is not necessarily sauce for the goose as far as Government reasoning goes. That is why De Villiers does not agree with the concept of a market specifically created for blacks. All of a sudden they are now talking of the spirit of tendering.

Has Dr de Villiers noted that an astute businessman considers this idea worth exploring? In fact, when we visited Van Reenen it appeared he was hardly aware of the suggestion to the Minister, but, believe it or not, he was all excitement as we got down to the nuts and bolts of developing this concept.

In closing, I can only say that our chaps will now also be able to sharpen their tendering skills, their downfall in the general market.

Develop

In the blacks' only market, which will be a passing phase, efficiencies will be developed.

I have no doubt within years, or even months, our fellows will be in the general market giving their competitors hell, just as many are doing well in the white CBD's despite coming in from behind.

CNA GALLO F/M 11/5/90

Slower tempo (30)

Like many major consumer groups, CNA Gallo's earnings pace is slowing down rapidly — even though the performance for the year to end-March still looks strong enough, with EPS up 26% on 24% turnover growth.

This compares with the EPS increase of 53% in the previous year. Indications of a further reduction are apparent from the result for the second half — the period when the bulk of the profit is earned. In the second six months the bottom line was up by 21% as against 28% at the half-way stage.

Last year's growth was achieved largely from improvements at trading level. The operating margin rose for the fifth consecutive year, up this time from 9,6% to 9,8%.

The contribution to group profit by the retail division, consisting of CNA and The Literary Group, increased from 52,3% in 1989 to 54,8% mostly due to the better performance of Literary Group stores. Management says operating difficulties have been ironed out and better controls are in place.

The CNA chain's performance remained buoyant, with the music sections doing better in the second half. MD Doug Band says the CNA's advertising campaign — First with the Goodies — has been successful and the ongoing upgrade programme has helped growth. Financial director Malcolm James says CNA's trading area increased about 5% and trading density benefited from more effective use of space.

Aggressive positioning in the compact disc market and substantial growth in record sales in the second half saw stocks rise to R110m at year end. James says stock turn was static but introduction of a computerised stock system initially boosted stock levels, while improving availability and boosting sales. Records recorded the biggest sales growth in 1990.

The entertainment division enjoyed a resurgence of sales due to a number of popular releases and generally buoyant compact disc

F/M 11/5/90 (30)

CNA Gallo's Band ... still on a high note

sales. CNA Gallo and a competitior are negotiating establishment of a compact disc manufacturing plant for about R10m. James says agreement should be reached soon.

The 4,3% stake taken in Walhold in February 1989 has been equity accounted for the first time and this is reflected in higher dividend income. James says Waltons is overcoming its problems and CNA Gallo wants to increase its holding.

The group spent R8,6m on investments in Walhold and Waltons last year. Part of CNA Gallo's cash was absorbed and there was a net interest charge of R3,1m compared with interest income of R2m. James says

F/M 11/5/90 (30)

F/M 11/5/90 (30)

PEPKOR/STORECO

F/M 11/5/90

Seeking synergies

(30)

By the end of this week terms of the expected takeover of Storeco and Specialty Stores by Pepkor should be finalised.

According to Storeco joint MD Laurie Chiappini, he and his partner Stewart Cohen should by then have met Pepkor chairman Christo Wiese and Board of Executors (BOE) MD Bill McAdam and thrashed out details relating to price and structure of the deal.

BOE's participation arises from its controversial acquisition of John Orr Holdings in 1986 for a net R2,8m-odd, after which the name was changed to Storeco. Storeco controlled an unlisted, wholly-owned subsidiary holding the retailing operations. The subsidiary's name was changed from Orrco to Specialty Stores and BOE listed the group.

Chiappini and Cohen own 41% and the BOE 59% of unlisted CCMB Investment. CCMB controls 51% of Storeco, whose sole investment is 63% of the operating company, Specialty. Its businesses comprise the credit fashionware chains Milady's (141 stores) and The Hub, and the cash operations Mr Price and Footgear.

In the year to end-February, Specialty lifted attributable earnings by 57% to R10,4m. However, EPS rose only 10,9% to 70,3c because of the dilution effect of last year's R16,7m rights issue. Because an expanding credit-based operation like Milady's is capital hungry, Specialty has two options: it can either come to the market periodically for more funds or find a Big Daddy with substantial cash flow — like Pepkor.

After last year's rights issue, Storeco's holding in Specialty fell from 100% to 63% and the BOE, Chiappiani and Cohen also saw their holdings diluted. A deal with Pepkor could help avoid further dilutions. There are benefits for Pepkor too. Margins fell last year in both Pepkor's major subsdiaries, Pep Stores and Shoprite; in both market areas, margins are already fine. A tie-up with a high-margin credit operation like Milady's would thus be complementary to the low-margin cash group. Specialty's growth could be internally financed and there could be synergies relating to merchandising and property locations.

Chiappiani says he is impressed with the expertise and skills in Pepkor. If the deal is consummated, it will almost certainly include a service contract tying Chiappini and Cohen in for some time, as Pepkor does not have the fashion skills needed in Specialty.

One way the deal could be structured would be for Pepkor to buy control of Storeco by acquiring the 51% CCMB interest and then taking minorities out at a similar price per share.

When Storeco and Specialty were suspended the last traded prices were 725c and R4. Assuming what looks a more likely Storeco price of R8 puts a p:e ratio of 5,7 on the deal. Pep Stores is trading on a p:e of 9,3; it is unlikely a deal would be struck above this level, though the average for the sector is about 12 — a good compromise may be a p:e of 8.

That could lead to a Storeco price of about 1 125c a share, which if extended to minorities would entail payment of up to R58,6m for Storeco. If Pepkor takes out Specialty minorities on a similar basis, a further R34m would be involved. But a full takeover seems unlikely, so the transaction could be much smaller.

Gerald Hirshon

OK BAZAARS

Everything isn't OK

The slowdown in OK's performance at the interim stage turned into a nose dive in the second half of the retail chain's 1990 fiscal year, underscoring the group's seemingly inescapable sensitivity to high interest rates. Sluggish turnover growth was worsened by a lower overall trading margin and a sharp rise in finance costs.

Turnover more or less matched inflation by rising 15,6% in the first half, but stumbled to 11,2% in the second. Sales were affected by consumers' narrowing disposable incomes compounded by tightening credit curbs and social upheaval. Still, the year's 13,2% turnover growth matches that of Pick 'n Pay.

Operating income barely rose as the net margin slipped from 2% in 1989 to 1,6%, even though there was a slight improvement in the second half. MD Gordon Hood says the margin fall was due to an increased contribution from Hyperama stores which operate on thinner margins, unacceptably high shrinkage in the supermarkets and lower than planned recovery of fixed overheads.

And he is particularly concerned about shrinkage — theft, in plain English — at stores in trouble spots. The aim of increasing the contribution of higher-margin, non-food items has still to be realised — food sales continue to represent 60% of the total.

Finance costs were OK's downfall as interest-bearing debt rose to R240m from R178m and finance costs advanced to R33,4m from R23,9m. The effect on the bottom line was particularly severe in the second half when attributable profit was 28% lower than the same period in 1989. Financial director Brian Borcherds explains that the high stock holding and R45,9m transfer to deferred liabilities, because of the change in lifo reserve provision, resulted in a higher interest-bearing debt ratio.

Stocks rose 22% over last year, significantly more than the turnover increase. Hood says the year-end figure is not a good reflection of the position throughout the year and points out that OK has improved its stock turn to a record 6,1 this past year. He wants to squeeze a further increase out of the chain this year by better stock management and distribution systems. This, Hood believes, should help cut debt and reduce the bottom line's sensitivity to interest rate shifts.

Hood hopes better margins and increased turnover will lead to improved earnings this year. But shareholders might be wise not to place too much store on hope being easily translated into achievement.

Pam Baskind

HOWARD MAUERBERGER

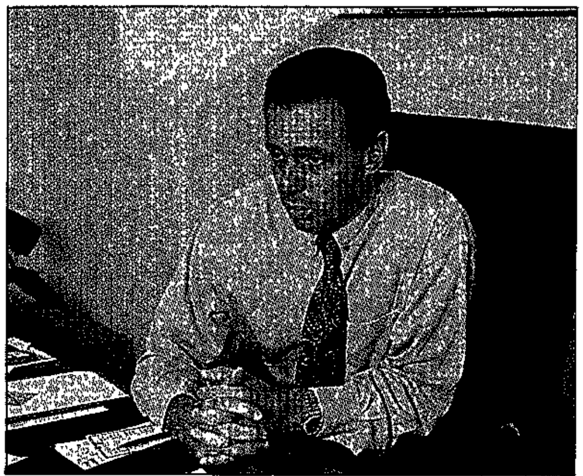
(30)

Trading in the blood

FM 11/5/90

"Mr Howard," as he is affectionately known to Bergers staff, swept floors and packed shelves when he first went into the family business in 1960, at the age of 18.

Howard Mauerberger's father, Theodore, was in the business. So was his grandfather, Israel, who founded Bergers in 1925 together with brother Morris. And Morris had been a founding partner of Ackermans with Gus Ackerman (father of Raymond).



Mauerberger ... gave dad an ultimatum

Mauerberger did not own a share in the family business until 1979. In that year, his father was just completing his term as mayor of Cape Town; Howard told him he wanted more say or he would leave.

This led to Howard buying 50% of the company from the joint controlling shareholders, the Schrires. Finance for the acquisition came from outside the family, so he split the 50% holding with two other employees in the company "so as not to stretch himself too far." He has since bought back the shares from one of these; the other, Roy Devitt, is group merchandise director.

This self-effacing, quietly spoken man refers to himself as "not a very interesting guy." He says his school days were anything but the best of his life: his formal education finished somewhere between Sea Point High School — which he left "in Standard Six or Seven" — and the Cape Tutorial College. But after a six-month holiday overseas he was ready to join the business.

In 1960, Bergers was a chain of between 25 and 30 stores. Its target market was "the very lowest income group — not colour based," says Mauerberger. "We traded anything that could be bought and sold at the right price — mainly clothing."

But "change" was not a word in his father's vocabulary, except when it came out of the till. It was this, together with Mauerberger's inability to do anything about it, which drove him to the ultimatum he presented to his father in 1980.

The young Mauerberger had always imagined a group of "hundreds and hundreds of little stores." When he took control, the emphasis moved from cheapness to value.

He is reluctant to talk about his strengths. But he reckons that the major reason for the success of the organisation is a result of recruiting the best people.

Aside from his merchandising ability, if the results of the past five years are anything to go by (*Companies* May 4), Mauerberger clearly has that rare quality of being able to select and motivate the right people.

There were 80 stores in 1980; at the end of last year, there were 200. Another 20 are planned for this year. Mauerberger believes that since Berger's customer base is 90% black, there is little doubt that great expansion lies ahead. He believes that "quality," "look" and "value" are the three pillars.

Mauerberger says his involvement in day-to-day business detail is diminishing, particularly since the appointment of Mervyn Jacobson as MD last year. But, aside from playing tennis and walking a lot, he has no hobbies. Now 48, he enjoys spending time on his own and with his wife and four children. And he has a taste for cars — a Rolls-Royce Silver Shadow and a Ferrari. ■

Focus's earnings hampered by interest bill

B/Day 11/5/90

SYLVIA DU PLESSIS

AN INTEREST bill which increased 12-fold and losses from discontinued operations hampered earnings growth at speciality retailer Focus Holdings in the year to end-February.

Organic sales growth and the acquisition of the Cashworths and Smiley Blue stores helped boost turnover by 134% to R49,8m, while operating profit rose 61% to R3,5m (R2,2m).

But interest of R1,17m and an extraordinary item of R369 000 representing losses from discontinued operations related to acquisitions contributed to a below-inflation rise of 7% in earnings to 9,1c (8,5c) a share. (30) (100)

This growth was in line with expectations after management's revision in December of their original projection of 13c a share.

Directors said at the time this would not be achieved because of prevailing economic conditions and rationalisation benefits of the Cashworths acquisition taking longer to accrue than expected.

Commenting on results, they said all chains in the clothing, bedding and linen group were well-positioned to expand in the future.

Focus announced earlier this year that its year-end had been changed to July 31. Consequently, financial statements will be published for the 17 months to end-July 1990.

Adriaan Vlok pledges to restrain Right-wing

Law and Order Minister Adriaan Vlok, in Welkom yesterday to defuse racial tension arising from the black consumer boycott on white business, met leaders from both sides of the racial divide. Sowetan 11/5/90

Although reportedly invited by the AWB, a delegation representing Welkom's ultra Right-wingers refused to meet Mr Vlok where he was holding discussions at the local police station.

Welkom AWB leader, Mr Blikkies Blignaut, who arrived with several armed, khaki-clad members, said the AWB was not prepared to meet the Minister at this stage.

The AWB left after handing a letter for Vlok to local police.

Their Landrover carried a sticker reading: "If guns are outlawed, how can we shoot the liberals?"

Members of the Thabong Civic Association who met Vlok yesterday, said the Minister had promised to restrain white Right-wingers from assaulting blacks, but the consumer boycott would continue until something concrete was done to defuse the situation. 30

Riot police chief Jumbo van de Wall, who on Tuesday sent between 350 and 400 additional policemen to Welkom, arrived at the Welkom police station by helicopter and told reporters he did not believe the situation was too serious.

He made it clear police would act to prevent clashes between white Right-wingers and black people.

Meanwhile, police swooped on Thabong township yesterday morning, arresting 2 156 men found in single-quarter hostels. Local police spokesman Maj Johann Fouche said 2 114 were released after being warned for tresspassing hostel premises. - Sapa.

LIQUOR RETAILING (20) FM 11/5/90

Inviting the market back in

In a move to loosen the retail liquor trade and promote competition, government is reversing its policy on ending the industry's vertical integration and scrapping restrictions on the number of retail outlets liquor store chains and supermarket groups may operate.

Trade & Industry Minister Kent Durr says the pitfalls of the old policy became apparent in wide-ranging discussions with industry leaders. "It was clear that in the well-intentioned act of trying to promote competition, we would in fact be destroying it and distorting the market."

The new policy, implemented this week, allows for a gradual but unlimited increase in the number of retail outlets owned by groups that are not vertically integrated. And it pegs the number of outlets the vertically integrated groups may own at the levels set by government in 1983. In some cases this will allow for considerable expansion, though the current trend is for the groups to reduce the number of their outlets.

The vertically integrated groups are the producers and wholesalers — such as Stellenbosch Farmers' Winery and Distillers Corp — that have their own retail outlets and use them to launch and promote their own products and generate revenues.

Retail chains may now grow without restriction to a maximum of 12 outlets. After that they can apply to the minister for permission to expand by up to six new outlets a year. Cabinet approval will be needed for a higher expansion rate.

Supermarket groups will be allowed unrestricted growth to 36 outlets, then they too will be subject to ministerial and Cabinet approval for expansion.

Last year, former Trade & Industry Minister Danie Steyn shocked the major players by announcing a restructuring to phase out vertical integration. That would have meant producers and wholesalers would have been forced to get rid of their retail outlets over a 10-year period. As a concession to retail groups, Steyn increased the maximum number of outlets they could own from 12 to 36.

The policy meant the big vertically integrated groups, including Gilbeys, Union Wine and Douglas Green, would have had to unload more than 300 outlets.

At the time, retailers welcomed the increase in outlets and the curbing of what some saw as the inordinate power of the vertically integrated groups. Their jubilation was understandable; turnover in the retail liquor trade last year was estimated at around R6bn. But the producers and wholesalers didn't like the new deal one bit.

Neither did Durr, Steyn's successor. He went to President F W de Klerk, who gave him the go-ahead to rewrite the policy.

Durr says competition at the retail level is undeniable. Only about 14% of the more than 3 900 retail licences are held by the eight vertically integrated groups and the trend is for them to drop outlets rather than acquire more. In addition, government is moving towards a far more liberal liquor licensing policy that will allow easier entry for the small dealer.

Owning a retail liquor outlet is not as attractive as it used to be. Entry is becoming easier and competition is fierce. Margins are cut to the bone.

Market distortion was another reason why Durr chose to rewrite the regulations. There was a prospect of the producer-wholesalers selling off their retail outlets in batches of 36, thus creating a new type of concentration. "We would have distorted the market and created groups that didn't exist before. My feeling was that we had to let the market do its own thing."

The competition won't be getting any easier

Durr was out to restore confidence after the confusion following last year's announcement. He is confident the trend in the vertically integrated groups of getting rid of outlets will continue and there won't be a mad scramble to expand.

"I could have pegged their number of outlets at current levels or negotiated new levels, but I believe it's unnecessary. Groups are selling off and indications are that they will continue to do so. If the trend reverses, I will have to look at the whole situation again.

"Liquor is a long-cycle industry. Uncertainty is dangerous. We have to treat it with kid gloves. I believe this new policy allows all players to know where they're going and that's important."

Mike Kovensky, Aroma Group MD and a former Federated Hotel, Liquor & Catering Association of SA president, agrees. "When I was Fedhasa president I appealed for certainty in the liquor industry. This is the first time in 10 years that we've had it."

He doesn't believe the vertically integrated groups will use the retail power they now retain to disrupt the market. "They haven't been guilty of disruption for years. Though it could re-occur, it's unlikely."

Kovensky says small retailers may regard the growth concession to supermarket chains as inequitable. The supermarkets already have established retail outlets and simply need to apply for liquor licences; establishing a new retail outlet from scratch is difficult and capital intensive.

Pick 'n Pay chairman Raymond Ackerman welcomes the new deal. "We've been fighting for years to be allowed to increase our number of liquor outlets. The quota of 36 prior to last year was set arbitrarily because we happened to have 36 outlets at the time. We now have 112 stores, which means most of them can't sell wine."

Ackerman says Pick 'n Pay will go all out to expand. He says additional outlets in supermarkets coupled with good marketing will benefit wine farmers. He flatly rejects criticism that supermarkets use wine sales as a loss leader to attract customers to more profitable lines. "All our wine outlets are profitable and will remain so."

However, not all liquor industry watchers are enthusiastic about the new deal. Liquor consultant Michael Fridjhon says it's unfair that government is entrenching a system that has been severely criticised by the Competition Board. In 1983, government rejected a board recommendation that the powerful industry leader, Cape Wine & Distillers, should be broken up.

Chris Friemond

JAN SMUTS AIRPORT

Time to go private?

With the proposed R65m upgrading of Jan Smuts Airport expected to be outdated by the time it's completed (*Business* May 4), the time may have arrived for the private sector to step in. FM 11/5/90

Bringing the airport up to international standards could involve an investment of R600m-R800m, funds that are way beyond government's capacity when viewed against its spending priorities. The only solution may

High finance costs hit Amrel results

BDay 11/5/90 (30)

SYLVIA DU PLESSIS

HIGHER finance costs, restrictive HP legislation and punitive interest rates pounded results from furniture-listed Amalgamated Retail (Amrel) in the year to March.

But analysts' forecasts of a decline in income failed to materialise.

The group, in the SA Breweries fold, produced a 2% increase in earnings to 245c (241c) a share for this period — negative real growth but better than the 6%-12% drop some retail analysts were predicting after a poor first half.

A final dividend of 55c lifted the total payout to 82c (81c).

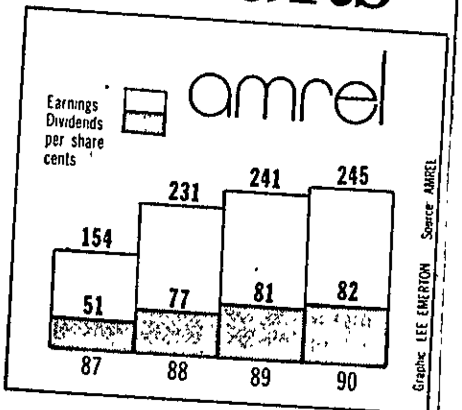
Growth at the earnings level followed a 12% rise in turnover to R849,1m and a 8% increase in pre-tax profits to R40,4m.

After current and deferred taxation of R19,2m (R17,3m) and equity-accounted retained earnings of R1,4m (R1,9m), this filtered down to attributable earnings of R22,6m (R22,2m).

Group MD Stan Berger said the furniture division — including Geen & Richards, Lubners/Melodys, Furniture City, Tip Top and Triangle Furnishers — contributed 66% (59%) to earnings.

National furniture sales remained "surprisingly buoyant" in the face of high interest rates and tough HP conditions, but appliance turnovers "plummeted", he said.

Footwear and apparel sales fell rapidly during the second six months to see the contribution from this division decline to 25% (31%), while earnings contribution from the services division, encompassing Early Bird, Multiserv and Prontaprint, fell marginally to 9% from 10%.



Looking to the future, Berger said consumer spending, where the slowdown was most pronounced in the last quarter of the period under review, was expected to slump further as interest rates remained high.

In addition, the lifting of HP restraints announced earlier this year would only compensate to a limited extent for the relatively low level of retail activity.

"Against this background it will be difficult to improve on current record earnings in the year ahead," he said.

The share closed unchanged at 850c yesterday, 10c below its September yearly high.

Pepcor and Specialty talks called off over asking price

(30) B Day 11/5/90

SYLVIA DU PLESSIS

TALKS between Pepkor and Specialty Stores — which were at an advanced stage — have been called off because the parties apparently could not agree on a price for Pepkor's takeover of the clothing and home products retailer.

Specialty and pyramid company Storeco, in an announcement published today, said negotiations referred to in a previous notice had been terminated, and their shares — suspended on April 25 — had been reinstated.

Neither party had confirmed with whom they were negotiating, but it was strongly rumoured that Pepkor was poised for a takeover of Specialty in a deal which would have included its management team.

Specialty joint MD Laurie Chiappini in April said an offer had been made to shareholders of both Specialty and Storeco.

Chiappini and joint MD Stewart Cohen could not be reached for comment.

However, speculation on the market is that Pepkor — on an acquisition trail — wanted to pay "considerably less" than the R100m Specialty and Storeco were rumoured to be asking.

Andrew McNulty

EDGARS FM 11/5/90 (30)

Fashion changes

Trading became progressively tougher for Edgars as its trading year progressed, culminating in a sharp sales decline with the unrest in March. But though sales have recovered somewhat since then, CE Vic Hammond fears national sales of clothing, footwear, textiles and accessories will shrink by 2% in calendar 1990 reversing 1989's 2% rise.

Edgars has been preparing for the downturn, Hammond adds, and expects to increase its market share again this year. He expects the group to raise its turnover but

STRONG IN ADVERSITY

Year to	Apr '89	Mar '90
Turnover (Rm)	1 699	1 962
Pre-tax profit (Rm)	187,3	243,1
Attributable (Rm)	95,2	123,6
Earnings (c)	192,2	243
Dividends (c)	76	93

FM 11/5/90 (30)

warns squeezed margins and high interest rates will lead to earnings growth lagging inflation.

Despite the year-end problems, increases in sales, operating profit and earnings were only slightly lower in the second half than in the first. Nonetheless, second-half increases were well down on the heady rises of the previous year's second half.

Sales in the latest full year were 24% higher, but operating profit rose 36%. Interest paid increased 82% and earnings on a fully diluted basis — all outstanding debentures were converted earlier this year — rose 26% to be almost matched by a 24% dividend hike.

Gearing rose to 0,64 (0,45) with an increase in credit sales to 70% because of tighter economic conditions, expenditure on improved store assets and technology and a transfer of R20m from reserves to deferred tax following the announcement of the withdrawal of the tax benefits of the lifo reserve. The directors are confident gearing will not increase as improved data systems speed collections.

Sales growth was slightly faster in Sales House than in Edgars chain, but Sales House's profitability declined in relative terms. Jet Stores improved its performance from a low base, but directors say it has a way to go.

Contributions to group earnings were little changed — 76% from Edgars chain, 20% from Sales House and 4% from Jet. Edgars chain, which has the most white customers, was least hit by unrest but did not escape softer white consumer spending trends.

The group continued to upgrade its stores, pushing for higher earnings per metre in preference to opening new outlets. Floor space was increased by only 3%; this year the increase is projected at 6%, but the main thrust will continue to be towards qualitative improvements for the next few years.

The share fell back in February after a strong rise in December-January, and could weaken further if investors take fright at poorer results from retailers. At 3 225c the share yields 2,9%.

Teigue Payne

Commercial crime netted R3-bn last year

90T 4/5/90

Pretoria Correspondent

Commercial crime is on the increase in South Africa, with "white collar" criminals netting almost R3 billion during 1989.

The head of commercial crime units, Major-General JA Hulme, yesterday revealed that police had investigated 3 061 cases of financial crime — including foreign exchange manipulations — from the beginning of 1989 until February this year.

Speaking at a security conference at the CSIR, he said a total of R79 million had been involved in financial crimes in the first two months of this year.

Commercial crime was broadening and becoming highly technical and sophisticated.

One of the areas where commercial crime has showed a marked increase was the procuring and misappropriation of foreign currency. General Hulme said fraudulent manipulation of the financial rand amounted to more than R1,7 billion in 1989.

Cases of bribery and corruption escalated in both the private and public sectors. Either the person doing the purchases or the salesman was bribed, to clinch a contract, General Hulme said.

Ordinary offences with regards to the company and insolvency acts, as well as complaints of employees pilfering from employers, have also increased.

But General Hulme warned it was up to employers to stem the rising tideas police was hard put to cope. Police commercial crime units numbered only 135 men.

Shopowners likely to be biggest losers

STAR 11/5/90 (30)

By Dawn Barkhuizen

WELKOM — There are at least 400 people in Welkom who are frightened and desperate — the shopowners.

The small businessmen believe they will be the biggest losers in the clash between right-wing extremists and residents of Thabong township.

Most are frightened of intimidation or attack — and the bullet holes that appear in their shop windows overnight lend credence to their fears.

Most will only speak to the press on condition they remain anonymous — those who agree to be named stress that they have no axe to grind with either side.

Many say they cannot sustain more than a few weeks of the boycott. And they don't know what to do.

Some have lost 80 percent of their business and are losing thousands of rands daily. Some have lost all their business. Others are closing shop and going home — until the boycott ends or they go broke.

They clam up when the subject of a white counter-boycott is brought up.

Opinions on who is to blame are diverse — but many believe that blood will flow on the streets of Welkom.

Guns and flags

One white clothing-retailer said: "I'm losing thousands every day. I have a wife and two kids and if this carries on for a month I'll be broke. I totally blame the right wing for this. You should see them, driving up and down in their land rovers in uniforms with guns and flags. As much as we're suffering, I don't think the black people have any other weapon.

"What irks me is that these right-wing vigilantes don't stand to lose as much as we do. They have jobs on the mines that they can go to.

"I'm thinking of leaving Welkom. I don't want my kids to get caught in the crossfire. And if these vigilante groups carry on the way they have been, we're going to have a bloodbath. Someone has got to help us. Someone has got to keep the AWB under control."

Around the corner, however, a group of disconsolate shopowners felt the consumers "were playing games".

One man said: "First they boycott because they want detainees released. The detainees were released. Then they boycott because of the street patrols. We got police to keep them safe — why won't they stop the boycott now? There's a lot of intimidation. Blacks want to come to the shops."

Retailers open war on thieves

Star 12/5/90

DICK USHER

CAPE TOWN — Soaring levels of theft in the retail sector are causing deep concern as they bite into profits.

With the R60 billion a year industry traditionally writing off about one percent a year for "shrinkage", as it is euphemistically known in the trade, it is already costing at least R600 million a year.

In the end the consumer pays as the loss, along with costs of security to try and control it, is written into price tags at the counter.

It is a subject many retailers prefer not to talk about, but it was brought into the open this week when OK Bazaars released its results.

The group said that abnormally high shrinkage losses had accompanied the widespread social instability and was one of the factors accounting for operating income increasing only marginally over the year.

Group financial director Mr Brian Borcherds said he could not disclose how much was lost through theft and other factors such as incorrect pricing, but it had reached such proportions that the directors felt it was appropriate to inform shareholders that shrinkage was a factor in poor performance.

"But, on sales of R4 billion, at the accepted norm of one percent shrinkage, that would cost us R40 million a year.

"And a increase of only 0,1 percent would mean a further R4 million lost, or 16 cents a share.

"It's something the retail industry tends to shy away from and we believe that by raising it in our report we're helping to bring it into the open."

A major factor in thefts from stores was gang activity, said Mr Michael Moore, MD of Sabre Security, who handles security for many stores in the Western Cape.

"This has increased heavily, especially in the suburbs.

"They are very organised and work in groups of three or four and often two groups will travel in a vehicle so that they can move through several areas a day."

He said his company made about 30 arrests a week at stores they covered.

"The usual method is to distract the attention of the shop assistant or security operatives while other members of the gang lift the goods."

He pointed out that a hidden cost in theft was management downtime spent in court while offenders were prosecuted.

Mr John Lupton, director of marketing and merchandising at Garlicks, said the company regarded the problem as so serious that a special loss control officer had been appointed at senior executive level.

"We've identified theft as a major problem and are addressing it with the utmost urgency," he said.

"It's a very peculiar thing that shrinkage, which in the end is nothing more than stealing, has become accepted as almosyt a norm in the industry.

"But you can't accept it, because if you don't control shrinkage as tightly as possible you haven't got a bottom line."

As for gangs, he said his experience was that it was usually inside groups rather than outside gangs who were mostly responsible for shrinkage.

Pick'n Pay recently took the step of putting one of its top men, Mr Sakkie Joubert, in charge of the war against shrinkage and promoted him to the company's main board of 16 directors with the position of group loss and expense control director.

Mr Joubert has been 20 years with Pick 'n Pay and was a director of the trading subsidiary. He opened hypermarkets in Bloemfontein, Steeldale and Ottery.

A showcase for black business

C/Hers 13/5/90

By PATRICK MAFAFO

30

BLACK businessmen will exhibit more than 30 different categories of industrial goods and services at the fifth Matchmaker show at Nasrec near Johannesburg from May 16 to 18.

The show aims to help small black-owned firms establish contacts and increase business with American subsidiaries and other large companies in South Africa.

The event is sponsored by the US Foreign Commercial Service with support from a working group comprising the Anglovaal Business Trust, the Get Ahead Foundation, the Small Business Development Corporation, Sullivan Signatories Association and the Urban Foundation.

Since it started in 1986, the event has drawn company buyers and contacts and this has led to important business for small black-owned companies.

According to Matchmaker Services executive director, Zuko Tofile: "From 50 stands in 1986, the event has grown to include more than 100 exhibitors. Many of them are regulars. Others have grown too big for the event."

having with another man.   people who took turns in

Black airline dream takes shape at last

By PATRICK MAFAFO

C/Press 13/5/90

THE dream of a black-controlled international airline could soon become a reality.

Liberty Airlines, formed two years ago with a 55 percent black shareholding, is expected to take the lead.

Company chairman Steve Ramatlo, 39, said landing rights have been secured in the Far East and parts of Europe, and negotiations are at an advanced stage with Australian authorities for landing rights.

However, a bid made last November to the National Transport Commission for permission to fly direct to the US is being opposed by South African Airways and Safair.

SAA is the only South African carrier licensed to fly directly to the US, but its landing rights were cancelled in 1986 as a result of sanctions.

Meanwhile, Ramatlo's company has split into two divisions, Liberty International and Liberty Charter (LC).

LC has reached an agreement with the Saudi Arabian national airline, Saudi Air, to lease three Boeing 747 jumbo jets to carry South African Muslims on pilgrimage to Mecca.

The first trip to Mecca will be in 30 days, while other flights will cover Mauritius and other Arab states.

Ramatlo said Saudi Arabians have agreed to inject R250-million into his company to improve cash flow.

Liberty plans to buy 12 second-hand 747s. Delivery is expected this month. According to manufacturers Boeing, a new 747 costs 150 million dollars.

Ramatlo, an accountant and director of insurance company Gabsy Melnick, said his interest in the airline industry began in March last year when he bought shares in Lesotho-based Freight Intertrans.

He said that LC has a network of 56 branches in major capitals of the world. He also promised 20 percent of profits will go into training blacks in various technological fields.

■ In a related development, Privatisation and Public Enterprises Minister Dr Dawie de Villiers announced this week the government was keen to create more competition in air transport services.

Barriers to entry into the air transport industry would be removed, he said.

A consultant was investigating the most suitable structure for SAA in a deregulated market before a final decision was made to privatise.

...tors, and the court was losing his head. ... dismissed the incident with ironical words.

Beware get-rich-quick schemes

FANTASTIC rates of interest lured hundreds of investors to put their life savings into a Johannesburg company, Equipment and Business Consultants (EBC) – and their money disappeared along with EBC director Patrick Rudman.

C/Press 13/5/90

Rudman's target investors were black people with a few thousand rands to invest.

30

EBC advertised in Johannesburg daily newspapers, offering investors a dividend of at least 50 percent a year, paid monthly.

For factory worker Gabriel Mofokeng an investment of R18 000 meant a monthly dividend of R750.

But Mofokeng received only six monthly cheques, then the money stopped coming. When he visited EBC's offices in Jeppe Street, they were empty.

Rudman had disappeared from his offices without a word to landlords Standard Bank Properties. He also disappeared from the Mariston Hotel room he had rented for several years.

Attempts by the police and irate investors to trace Rudman have failed.

His victims believe he is now in Australia.

All of them have little chance of getting their money back.

Be warned – don't fall for investment schemes that sound too good to be true. You may end up losing everything.

READERS' HOTLINE

Helping you with your problems
PO Box 548 Kengray 2100

Watch for bogus agents

C/Press 13/5/90

HOUSING fraud seems to be on the increase in the Johannesburg area again.

In the past few weeks, more than a dozen readers have complained to *City Press* that bogus estate agents have disappeared with deposits they have paid for houses in Soweto and other townships.

Taxi driver Elias Mbethe paid his life savings to bogus agent Emmanuel Lidimo. Lidimo told Mbethe he had a house for sale – and that he needed R20 000 in cash to give to the sellers.

Mbethe paid the R20 000 and then found out the house had been sold to someone else. The new owners had already taken occupation.

Johanna Mchunu also paid money to Lidimo's bogus estate agency, Lidimo Estates. Lidimo promised her a new house in Soweto and asked for a deposit in advance. She paid R5 700... then Lidimo disappeared from the offices he rented in Johannesburg.

City Press has established that Lidimo is being held in custody on unrelated charges of cheque fraud.

Welkom blacks meet as tension mounts

30

By DOMINIC JONES

WELKOM'S black community meets today to discuss its consumer boycott against white-owned shops.

Meanwhile, tough-talking Mr Hennie Muller, leader of the 8 000-strong Blanke Veiligheid vigilante group, said: "Vlok told me the boycott would end if we stopped our patrols. If the boycott doesn't end by tomorrow, Vlok has a problem."

He would not say what his group would do if the boycott was not ended.

A boycott committee spokesman said yesterday residents of Thabong township would meet to discuss the boycott this afternoon. The boycott was enforced in protest against white vigilante attacks on blacks, in which at least two have died.

The spokesman said many blacks were hesitant to suspend the boycott because white vigilantes had not undertaken to halt their activities.

S/Times 13/5/90

Closed

Mr Muller said Blanke Veiligheid had suspended its patrols for three months, but it would continue to train women and children in armed combat and first aid.

"If the ANC can train Umkhonto we Sizwe people, why can't we train our people?" asked Mr Muller.

Meanwhile, the AWB has undertaken to suspend all its activities — but only for 14 days.

One of the fastest growing towns in the country, Welkom resembled a ghost town this week.

Many shops closed their doors because black trade dropped to nil.

Shopkeepers lost thousands of rands during a boycott two months ago and few will be able to survive if the present one continues.

The boycott was originally scheduled to last two months.

● See Waiting for the bump, Page 7.

Waltons' earnings go up by 15,6%

B1DC7 14/5/90

LINDA ENSOR

WALTONS Stationery increased earnings by 15,6% to 63,6c (55c) in the year to end-February, its profit growth being restrained by disappointing results from subsidiaries Redgwoods and Ozalid, and associate company Lithosaver.

A final dividend of 14c brought the total for the year to 21c (18c), placing the share at about 360c on a dividend yield of 5,8% and an earnings yield of 17,7%.

Group MD Frank Robarts says, however, the traditional stationery, retailing and manufacturing operations performed well and produced a good increase in profits.

"Corrective action has and is being taken at both Redgwoods and Ozalid which should result in a better performance from these divisions in the coming year."

A significant achievement of the year was a sharp reduction in gearing from 134% to 79% — a goal the group had identified as its main objective. Control of working capital is expected to reduce this further this year. Long-term debt fell to R92m (R119,4m).

(30)

Turnover rose 18,3% to R648,1m (R547,9m), margin growth to 16,8% (15,6%) and operating profit 27% to R109m (R85,6m). But an increase in finance charges undermined this gain and resulted in a pre-tax income increase of 20%.

☐ Waltons pyramid, Waltons Consolidated Investment Holdings (Walhold) earned 61c (52,8c) and declared a final dividend of 14c bringing the total to 21c.

Vosloo consumer boycott mounts

A VIDEO shop belonging to a Vosloorus councillor was attacked by a group of youths who smashed a window at the weekend, writes MZIKAYISE EDOM.

The video rental outlet, situated at the Lesedi Shopping Centre, is owned by Mr Sidwell Mofokeng.

Mofokeng declined to comment yesterday.

The attack on Mofokeng's business follows a call to the local community to boycott businesses owned by councillors in the East Rand township. The community is protesting against their refusal to resign from their posts.

Two youths have been arrested in connection with the incident.

Boycott

Meanwhile, the boycott of a supermarket owned by chairman of the local chamber of commerce and industries, Mr Justice Radebe, has been lifted. (30)

This decision was taken at a meeting held between the Lesedi City Tenants Committee, Vosloorus Chamber of Commerce and Industries and Vosloorus Crisis Committee last week.

They also congragulated former mayor Mr Douglas Montsheng on "the bold step" he took by resigning from the council last week.

Sowetan 5/5/90

Star 14/5/90 (88) (30)

African Bank coming right

By Jabulani Sikhakhane

After some disconcerting happenings in the past few years, African Bank shareholders can now afford a smile.

Although the bank is still under-capitalised, figures for the six months to March 1990 show the bank is now on a sounder footing.

If the current trend is maintained, directors forecast a dividend higherthan last year's 5c.

Net profit after tax doubled to R495 975 from R242 735 in the previous comparable period.

After paying R210 000 for preference dividends, the bank's retained income was eight times higher at R285 975 and this helped boost retained income at the end of the period from R108 845 million to R461 145 million.

The return on the bank's total assets was 1,2 percent higher than most other banking groups, while the bank's assets grew 22,1 percent to R182 million.

Directors attribute this perfomance to tight control over operating expenditure, sound management of the interest turn and the adoption of a more selective lending policy to improve the bad debt position.

The bank has also begun to implement the first phase of its five-year strategic plan. Two branches were opened in Durban and Tzaneen recently.

In line with the bank's policy to shift from the expensive wholesale funds to retail deposits, the growth in assets was largely funded from retail deposits.

Deposit spread

Acting chief executive Jack Theron said recently he would be more content with a spread of 40 percent wholesale funds and the rest in retail and savings funds.

Finance and treasury general manager Ishmail Mammoojee confirmed the growth in assets had been funded mainly from retail deposits.

The bank's ordinary share capital also grew over the period, but at a far lower rate than the comparable period to March 1989. It was up only R41 000, against the pervious period's R263 000.

This is disappointing in view of the improved 5c dividend paid last year.

Mr Mammojee suggests this is due to poor marketing of the AB's image.

To improve the bank's current capital structure, the bank is considering a number of options.

In the latest annual report bank chairman Samuel Motsuenyane bemoaned the fact that the current capital structure compelled the bank to pay a large proportion of its taxed profits to the holders of preference shares, a factor which operated harshly against ordinary shareholders.

A black-owned private enterprise had offered to take over all the 750 000 16 percent cumulative redeemable preference shares and have them converted into ordinaries at their redemption date in November.

However, this proposal was not acceptable to the bank as it would have distorted the bank's share spread.

At present 67,7 percent of the bank's ordinary shareholders own between one and 500 shares and 17 percent between 501 and 1 000, while preference shares account for 15,3 percent of the bank's share capital.

Boycott goes on

Sowetan 15/5/90

30

THE consumer boycott in Welkom is continuing and all indications are that it will not be called off soon.

SAPA

Residents could not reach a consensus at the weekend and another meeting will be held in Thabong township tomorrow night to decide on the issue.

A spokesman who represented the township residents in discussions with Minister of Law and Order Mr Adriaan Vlok last week said yesterday interested parties in the community had held "many meetings" at the weekend to decide on the continuation of the boycott.

He added, however, that a "great deal of misunderstanding" was evident within the different organisations, such as the UDF and Cosatu, who attended the meetings.

One of the major stumbling blocks was the statement by Vlok that the police would "grab hold" of people who intimidated blacks in Welkom. This had caused confusion.

"What is this intimidation?" he asked. "Is it blacks or whites who want to keep the town white at night?"

He said although many meetings had been held over the weekend, they were still not closer to a solution and the boycott would continue, possibly into next week.

"Everything depends on what is decided on at Wednesday's meeting."

The Democratic Party has appealed to black members and supporters of the party to wear their DP insignia and rosettes when they do their shopping in the town.

Intimidation

Dr Rhett Kahn, chairman of the party in Virginia in the Free State, said intimidation by boycotters was taking place and appealed to them to leave those wearing the DP insignia alone.

He said definite proof of intimidation existed and quoted an incident in which a DP member was forced to drink a bottle of milk she had bought and then eat the plastic container.

"We also know of a man in Virginia who was forced to swallow the entire

● To Page 2

Welkom boycott goes on

30

● From Page 1

bottle of tablets he had bought at a chemist. According to our information the man died afterwards from the overdose.

"This sort of behaviour is undemocratic and we cannot approve of it," Kahn said.

Mr Hennie Muller, leader of Blanke Veiligheidbeweging (White Security Movement) in Welkom, said the Afrikaanse Weerstandsbeweging was possibly spreading malicious reports to create tension among Welkom residents.

Sowetan 15/5/90

Tactic

He said the AWB had little support in the town and was using this tactic to draw attention to itself.

Muller denied "very vehemently" rumours that Welkom was sitting on a time bomb of racial violence.

"The town is peaceful. A war is not going to break out here," he said.

Health Services and Welfare		
Programme 3 : School Health Services	R	48 000
National Health and Population Development		
Programme 8 : Civil Pensions	R	2 757 000
Transport		
Programme 4 : G.G. Transport	R	68 000

(c) A strategic adjustment for this and the next four years is at this stage being planned to determine what expenditure could possibly be deferred without affecting the standard of education. As soon as the full implications of such an adjustment have been evaluated, the necessary authorities (including the Departments of National Education and Finance) will be approached conveying our predicament. If necessary the matter will be taken up at ministerial level and if need be with the State President.

For written reply:

General Affairs:

SATS: Strike

16. Mr K CHETTY asked the Minister of Mineral and Energy Affairs and Public Enterprises:

(a) What are the dates of the most recent strike by workers of the South African Transport Services, (b) how many workers participated in this strike, (c) what were the causes of the strike, (d) how many man-days were lost as a result, (e) what was the total financial loss in respect of damage to property and (f) what total amount was lost by these workers in earnings?

Hansard 15/5/90 D111E

The MINISTER OF MINERAL AND ENERGY AFFAIRS AND PUBLIC ENTERPRISES:

(a) 2 November 1989-31 January 1990.

(b) 26 745.

(c) (i) Minimum wage of R1 500 per month.

(ii) Recognition of SARHWU as a Trade Union.

(iii) Revision of the Disciplinary Code.

(iv) Reversal of privatisation.

(d) 1 396 437.

(e) R38,5 million.

(f) ± R45 million.

Hansard 15/5/90

Own Affairs:

Moorton Shopping Centre, Chatsworth: tenants

10. The LEADER OF THE OFFICIAL OPPOSITION asked the Minister of Housing:

(1) Whether all the tenants of the Moorton Shopping Centre in Chatsworth are displaced traders in terms of the Group Areas Act; if not, (a) why not and (b) what are the names of the non-displaced traders; Hansard 15/5/90

(2) (a) what are the names of the displaced traders accommodated in this shopping centre and (b) from where were they displaced;

30

(3) whether (a) displaced and (b) non-displaced traders pay the same rental per square metre for shops in this centre; if not, (i) why not and (ii) what is the rental per square metre in each case; if so, what is the rental per square metre?

D31E

The MINISTER OF HOUSING:

(1) No.

(a) Because in terms of a directive issued by the former Minister of Housing (Mr A Rajbansi) the Housing Development Board resolved at its meeting held in Johannesburg on 17 November 1988 that when a tenant sold his business, it would accept the purchaser of such business, as the new tenant.

(b) R Pather
S Govender (Mrs)
K Naidoo
A A Vally
Jivan Seebran
M P Moodley
M E Govender (Dr)
R Perumal
O F Manjoo
S A Perm
M Jeena (Dr)
I Dada (Dr)

(2) (a)

B Seerbran (Autobran (Pty) Ltd)	62 Bellair Road, Cato Manor
D Parmanand	121/123 Dorchester Road, Sea View
Messrs Chatsmoor Trading (pty) Ltd. (D Paragjee)	15 Mansfield Road, Warwick Avenue
A K Suleman	94 River Road, Sea View
A Khan	272 Randles Road, Cato Manor
S G Ram	22 Acorn Road, Durban
A S Wahab	97 Trimborne Road, Cato Manor
A M Moola	188 Umgeni Road, Greyville
A F Bee Bee	741 Bellair Road, Cato Manor

(3) (a) No.

(i) Because the difference in extent of the different shops.

(ii)

Shop 6	— B Seebran (Autobran (Pty) Ltd)	: R12,01/m²
Shop 8	— D Parmanand	: 11,20/m²
Shop 9	— Messrs Chatmoor Trading	: 10,50/m²
Shop 11	— A K Suleman	: 12,00/m²
Shop 12	— A Khan	: 11,77/m²
Shop 14	— S G Ram	: 11,89/m²
Shop 15	— A S Wahab	: 10,92/m²
Shop 18	— A M Moolla	: 10,93/m²
Shop 21	— A F Bee Bee	: 11,95/m²

(b) No.

(i) See (3) (i) above.

Shop 1 — R Pather	:	R10,47/m^2
Shop 2 — S Govender	:	10,89/m^2
Shop 3 — K Naidoo	:	10,20/m^2
Shop 4 — A A Vally	:	14,70/m^2
Shop 5 — Jivan Seebran	:	15,41/m^2
Shop 7 — M P Moodley	:	11,38/m^2
Shop 10 — M E Govender	:	12,27/m^2
Shop 13 — R Perumal	:	12,23/m^2
Shop 16 — O F Manjoo	:	10,87/m^2
Shop 17 — S A Perm	:	11,28/m^2
Shop 19 — M Jeena	:	11,39/m^2
Shop 20 — I Dada	:	10,94/m^2

INTERPELLATIONS UNDER NAME OF MEMBER

Intimidation alleged as boycott continues

STAR 15/5/90

BLOEMFONTEIN — The consumer boycott in Welkom is continuing and indications are that it will not be called off by the black community in the near future.

Blacks could not reach a consensus at the weekend and another meeting will be held in the Thabong township tomorrow night to decide on the issue.

A spokesman said yesterday that interested parties in the community had held "many meetings" at the weekend to decide on the continuation of the boycott.

One of the serious stumbling blocks was the statement by Law and Order Minister Adriaan Vlok that the police would "grab hold" of people who intimidated blacks in Welkom. Mr Vlok met township residents last week.

The Democratic Party has appealed to black members and supporters of the party to wear their DP insignia and rosettes when they do their shopping in the town.

Dr Rhett Kahn, chairman of the DP in Virginia, said intimidation by boycotters was taking place and appealed to them to leave those wearing the DP insignia alone.

He said there was definite proof that intimidation of ordinary citizens existed and quoted an incident in which a Democratic Party member was forced to drink a bottle of milk she had bought and then eat the plastic container.

Hennie Muller, leader of the Blanke Veiligheidbeweging (White Security Movement) in Welkom, said the Afrikaanse Weerstandsbeweging (AWB) was possibly spreading malicious reports to create tension among Welkom residents.

Mr Muller said the AWB had little support in the city and was using this tactic to draw attention to itself. — Sapa.

Star 15/5/90 (30)

'Human resources our greatest assets'

Last night The Sunday Star and Ernst Young honoured those selected as "Business Personalty of the Week" during 1989 at a banquet in Sandton. The two main speakers were David Shapiro, senior partner at stockbroking firm Max Pollak and Freemantle and the Editor in Chief of The Star, Mr Harvey Tyson.

"South Africa's assets lie not so much in its mineral wealth, nor in its factories, nor in its roads and bridges. It vests with its people — people of the calibre we have in this room tonight," Mr Harvey Tyson, editor-in-Chief of The Star, told the guests.

"If we cast our minds back over the past few decades, retrospect reveals that we have blundered.

"Had we played our cards right we would today be boasting an economic growth rate to rival those being achieved by the Pacific Rim countries. We blew it because we failed to unlock the productive power of all our people," he said.

"Hopefully, it isn't too late to correct our mistakes. The politicians must do what is necessary; but they can provide only the framework for a possible solution."

He said a crucial factor in achieving full potential — and he had no doubt that South Africa had enormous potential — was for business consciously to adopt new strategies, new attitudes and new policies for what was increasingly emerging as the New South Africa.

"You, as prominent business people can, indeed must, show the way.

"Small business — in particular, black business — has to be given the necessary breathing space and encouragement, not only to survive, but to thrive. For our salvation lies in participation," he said.

"This is what I meant when I referred earlier to the need to unlock the productive power of the people.

"Yet it is a process that goes further — a lot further. Not every black South Africa is an entrepreneur, just as every white South African isn't an entrepreneur."

He said he was convinced that there were thousands of black South Africans who, given the chance, would develop into outstanding business managers — right across the spectrum of the management hierarchy.

"The mindset that tends to exclude our black people from advancement within large corporations has to be destroyed — never to return.

"I appeal to all businessmen to devote their efforts and energies to helping ensure that such a departure from the old habits of a bygone era becomes part and parcel of business practice — and that the momentum is vigorously extended into the future.

Nationalisation

"We've all heard a great deal about the ANC's policies of nationalisation and land redistribution.

"Understandably, the ANC wants a greater slice of the economic cake. Given the conflicting factors in our nation emanating from that desire, confrontation seems highly probable."

Mr Tyson said one of the solutions lay in the creation of new owners of wealth, at every level, from managers to trade unionists.

Individual businessmen had to create a system that would allow all South Africans to participate in the process of wealth creation.

"The magazine Black Enterprise quotes a Russian ministry official as saying in Moscow recently: 'In 1917 we made a mistake — we went for the creation of jobs and the distribution of wealth. We should have concentrated on the creation of wealth and the distribution of jobs.'

"Everyone, whether he be an owner, manager or worker, has a responsibility to take part in this process."

The special business of the business community was not only to create wealth, but to distribute jobs, he said.

The challenge was to apply imagination and determination to achieve what would surely be an end that would satisfy the aspirations of all the people.

The business community must not only educate potential managers and administrators — it had the task of re-establishing a work ethic among South Africans who felt they had been dispossessed and were therefore owed a living.

Nobody was owed a living, he said. Everybody was owed an opportunity to make a living.

That was what the business community needed to ensure.

He said it was a daunting task, but had no doubt that members of the business community were the very ones who were equal to it.

BOOSTING small BUSINESS

Matchmaker Fair May 16 - 18 at Nasrec

Fair generates business goodwill

By Winnie Graham

One of the biggest generators of goodwill between black and white business in South Africa — the annual Matchmaker Fair — opens at the National Exhibition Centre (NASREC) tomorrow.

Designed initially to help small black-owned businesses wanting to do business with large (white) corporations, the Fair has succeeded in bringing together the two dynamics of business in our country: the expertise and established success of the white business world, and the eager fast-learning new generation of developing black businessmen.

Zuko Tofile, director of Matchmaker Services, the non-profit company behind the successful annual Matchmaker Fair, said this week he had been bowled over by the number of big companies wanting to get involved with small businesses.

"It's incredible," he said. "Big business — which in this country means white business — has indicated it wants to do more than just give money. It wants to get involved in helping small business which, of course, is invariably black business."

The three-day fair, he added, was generating an enormous amount of goodwill because a growing number of companies were showing their willingness to "walk that extra mile."

Not only that, but white businessmen were showing an increasing interest in going to the townships to see how black people lived.

New mood

Since the State President, Mr F W de Klerk, had made his opening of Parliament speech, there was a new mood in the country. Many hearts had been opened.

"If this is what the new South Africa will be like, I am most heartened," he said. "However, we must realise when apartheid goes there will be no magic wand — we will still have to fend for ourselves.

"Job creation remains a major issue, so do the teaching of skills and the acquisition of a business culture."

If every company did what it could to create more wealth in the community, the jobs so desperately needed would follow, and with stability in the country.

Mr Tofile outlined the importance of the work big corporations were doing to assist small business. Apart from giving them contracts, big business was helping them to "deliver the goods."

The Anglo American Corporation, for instance, had realised that some of its small suppliers could produce what it needed but was having difficulty getting the goods to its warehouse.. To solve the problem, Anglo had acquired a van to collect stocks directly from them.

In the same way AngloVaal was helping certain of its suppliers by buying the raw materials for them.

Quite a few companies had established outlets to buy directly from black business.

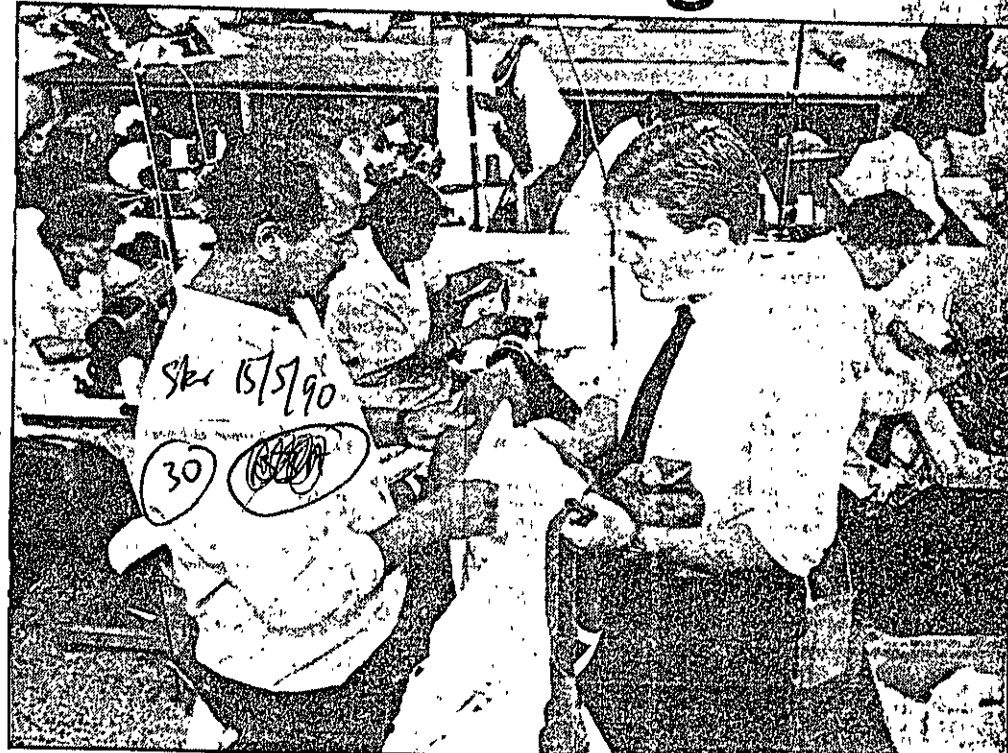
Mr Tofile said this year Matchmaker Services would follow up after the fair to ensure that business was transacted. It would keep a check of the 1990s results.

"There is much that can be learned from joint ventures," he said. "I dream of the day when we no longer talk of 'black' business, but simply of business."

Those taking part in the Matchmaker Fair include white-run companies looking for products and services black business might be able to provide, and black-run businesses who offered products and services their associates in the white business world can use.

Mr Tofile added: "If you are looking for new sources of supply and service, Matchmaker may be able to introduce you to black suppliers whose prices and quality may be just the news you want to hear — suppliers who, because they don't have the marketing budgets of comparable white-run firms, may not otherwise come to your attention."

Matchmaker is regarded as an important and positive contribution to the development of a prosperous new South Africa anchored in a healthy and open free-enterprise economy.



Star 15/5/90

30

An example of Matchmaking success. Gareth Penny, co-ordinator of Anglo American Corporation's small business division, chats to Basil Crawage, a manufacturer of protective clothing..

US ambassador to explain policy

The United States Ambassador to South Africa, William L Swing, will talk on "US economic policy in a changing South Africa" when he visits the Fair at 10.20 am tomorrow.

The Matchmaker Fair will be open to the public from 1 pm to 5 pm tomorrow, and again from 9 am to 5 pm on Thursday and Friday.

The annual Matchmaker Fair is just five years old. It came into being in April, 1986, when the Soweto Chamber of Commerce and Industries and the American Chamber of Commerce held South Africa's first business-to-business show in Johannesburg.

In contrast with trade promotions, the Matchmaker Fair was designed to assist small black businesses establish contacts and develop increased business opportunities with American subsidiaries and other large companies in South Africa.

The first event was planned and organised by the sponsors under the auspices of the US Foreign Commercial Service with the support and participation of a working group, including the Get-Ahead Foundation, Joint Business Developments, the Small Business Development Corporation, the Sullivan Signatories Association and the Urban Foundation.

Zuko Tofile, director Matchmaker Services.

Hope for end to Welkom boycott

BDay 16/5/90

THE first real sign that a negotiated end could be reached to the black consumer boycott of white business in Welkom emerged yesterday.

A successful first meeting took place on Monday between boycott committee representatives, the white business sector and other community leaders, a police spokesman said.

"It seems there is now a small possibility the boycott will be called off," Capt Koos Bonthuys said.

He said another meeting would be held today in a bid to end the eight-day-old boycott which is costing an estimated R1m a day in lost sales.

Monday's meeting was well-organised and calm, Bonthuys said.

The Rev Gavin Graham, a local minister who is heading efforts to end the boycott, declined yesterday to give details of the meeting. "Talks have reached a sensitive point," he said.

(30)

He was confident the boycott — called by black residents in protest against alleged racial attacks and intimidation — could end soon.

"There is a serious commitment on all sides to resolving this issue."

He added that certain basic grievances of the black residents in Welkom first had to be met.

Bonthuys said four of the 10 extra patrol cars promised last week by Law and Order Minister Adriaan Vlok after his visit to the troubled Free State town had arrived.

The rest were expected in Welkom late yesterday, and would be in operation by today, he said. — Sapa.

The MINISTER OF HOUSING:

(a) Not at this stage but it will obviously depend upon the necessary application for a loan for such a project received from the relevant local authority and the Housing Development Board's approval thereof. Hansard 16/5/90

(b) See (a) above.

(c) See (a) above.

(i) Falls away.

(ii) (aa) Falls away.

(bb) Falls away.

Lenasia South-East: leasing out of service station/business sites

24. Mr D K PADIACHEY asked the Minister of Housing:

Whether the Administration: House of Delegates is leasing out any (a) service station and (b) other specified business sites to private individuals or companies in the Lenasia South-East area; if so, (i) to whom, (ii) at what rentals, and (iii) where are these sites situated, in each case? D103E

30

Hansard 16/5/90

The MINISTER OF HOUSING:

(a) No.

(b) Yes.

(i) S Essop; A Rahaman and Z O Abdullah.

(ii) R100 per month; R110 per month and R55 per month respectively.

(iii) Erf 9972 Lenasia Extension 11; Erf 118 Finetown and Portion 1 of Erf 60 Finetown respectively.

HOUSE OF ASSEMBLY

QUESTIONS

† Indicates translated version.

For written reply:

General Affairs:

Gatherings: emergency regulations

126. Mr J VAN ECK asked the Minister of Law and Order:

Whether any persons attending gatherings were ordered to disperse in terms of the emergency regulations (a) in 1989 and (b) since 1 January 1989 up to the latest specified date for which information is available; if so, (i) (aa) where and (bb) when was each such gathering held and (ii) (aa) why and (bb) in terms of what provision of the emergency regulations were the persons attending each such gathering ordered to disperse? B288E

Hansard 17/5/90

The MINISTER OF LAW AND ORDER:

(a) and (b).

Yes, on several occasions and at various places country wide, in terms of Regulation 2 of the Security Emergency Regulations promulgated in terms of Section 3 of the Public Safety Act, 1953, (Act 3 of 1953) by proclamation R.86 of 1989 as published in Government Gazette 11946 dated 9 June 1989.

Internal Security Act: section 31

241. Mr A J LEON asked the Minister of Law and Order:

Whether any persons were held under section 31 of the Internal Security Act, No 74 of 1982, in 1989; if so, (a) how many, (b) for what purposes, (c) in connection with which trials and (d) what were the results of the testimony of these persons at each such trial? B611E

The MINISTER OF LAW AND ORDER:

Yes Hansard 17/5/90

(a) 26 persons.

(b) For the purpose defined in the section to which the honourable members refers.

(c) In connection with 10 cases of terrorism and 1 case of murder.

(d) In 6 cases the accused were convicted and sentenced.
In 4 cases the trials have not yet been concluded.
In 1 case the accused were acquitted.

Durban West police district: offences

321. Mr R M BURROWS asked the Minister of Law and Order: Hansard 17/5/90

How many cases of (a) murder, (b) culpable homicide, (c) assault with intent to do grievous bodily harm, (d) common assault, (e) rape, (f) robbery, (g) theft of vehicles and cycles, (h) damage to property, (i) housebreaking with intent to steal and theft and (j) possession of drugs were reported at each specified police station in the Durban West police district of the Port Natal Division in 1989? B811E

The MINISTER OF LAW AND ORDER:

	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
Durban West	87	16	255	373	57	320	200	287	429	—
Bellair	3	10	20	107	6	13	90	86	245	—
Hillcrest	87	19	33	78	39	126	139	207	735	—
Malvern	14	15	64	219	28	50	107	149	446	2
Mayville	8	14	19	161	12	56	192	88	467	—
Pinetown	34	22	59	285	29	199	707	386	114	—
Westville	5	14	22	158	14	47	147	129	561	—
Kwadabeka	124	14	210	129	81	260	101	248	181	—

Note: Because the South African Police is not satisfied with the crime situation in the RSA, crime tendencies are continuously monitored. I wish to assure the honourable member that everything possible is being done to prevent crime. When it is apparent that there is an increase in crime, active steps are taken to counteract this tendency.

Traders in new city development optimistic

BDay 16/5/90

CHARLOTTE MATHEWS

CAUTIOUS optimism about trading prospects is the consensus among traders in the renovated arcade below Johannesburg's new Ernst& Young Building, officially opened this week.

The R49,5m development by Johannesburg Consolidated Investments (JCI) is owned by the Mines Pension Funds.

The building consists of 12 floors of offices, seven parking levels, and residential and retail premises.

An Asian community has been living and trading on this site, known as Trader's Alley, since the turn of the century. The development has included the renovation of these premises and the retention of the lessees, now on five-year instead of one-month leases.

The site also includes two National Monument buildings on Diagonal and President streets which have been renovated.

Increasing

JCI commercial properties manager Russell Jackson said yesterday that although rents in Traders' Alley were higher than two years before the development began, they were still substantially below market rentals. The centre was fully let.

Ramsons Wholesalers owner Ramdas Dayaljee said it was too early to tell if people would be attracted to the arcade, but volumes of traffic showed signs of increasing.

"People are coming in and saying it is very nice," Panorama manager Shushila Seetha said.

Arcade Boutique owner Ismail Essy said the volume of trade was a little down but this was due partly to the moving of the nearby bus station in the interim.

"But it is picking up. Already in the three weeks since I have moved in there have been more people."

The lessee of a vegetable shop said trade was not as good as it had been but she believed this was partly due to the position of the shop, and she was not benefiting from passing trade.

Other traders agreed it would take time for customers to develop the habit of shopping in the arcade, and recalled that two years previously the "Alley" had been packed with people.

Hope for end to boycott

30

Sowetan 16/5/90

THE first real sign that a negotiated end could be reached to the black consumer boycott of white business in Welkom emerged yesterday.

A successful first meeting took place on Monday evening between representatives of the boycott committee, the white business sector and other "concerned" community leaders, a senior police spokesman said.

"It seems that there is now a small possibility the boycott will be called off," Captain Koos Bonthuys said.

Bonthuys said a second meeting would be held today in a bid to end the nine-day-old boycott which is costing businesses about R1 million a day in lost sales.

"Monday's meeting was well-organised and calm," Bonthuys said. "There were no problems."

The Rev Gavin Graham, a local minister who is heading efforts to end the boycott, yesterday declined to give details of the meeting.

"Talks have reached a sensitive point," he said.

He was confident, however, the boycott - called by black residents in protest against allegations of racial attacks and intimidation - could be ended soon. - Sapa.

Louis Trichardt council to meet Tshikota boycotters

Star 16/5/90

(30)

By Abel Mushi

As the consumer boycott aimed at white businesses in Louis Trichardt draws to a close, a spokesman for the town's Consumer Boycott Committee (CBC) announced yesterday that committee members would meet town council officials tomorrow to discuss the issue.

CBC spokesman Jerry Ndou told The Star his organisation had decided to meet the town council after press reports that the council was willing to address some of its demands.

He said these included the redevelopment of Tshikota township, about 5 km from Louis Trichardt. Most of the township's residents had been moved to Vleifontein, about 25 km away, and eventually would be "incorporated into Venda against their will".

The council would also address the opening of Louis Trichardt's amenities to all, he said. Town council spokesmen were not available for comment yesterday.

Mr Ndou accused Venda's new leader, Colonel Gabriel Ramushwana, of sending his security forces to Louis Trichardt in an effort to combat the two-month boycott, which is due to run until June 1.

Mr Ndou said security forces in Venda had issued pamphlets some weeks ago condemning the boycott and assuring shoppers they would be protected by the Venda security forces.

"Strong action is to be taken against any intimidators. People are urged to report intimidators to the security forces so that effective action can be taken against them," the pamphlet said.

Mr Ndou said Colonel Ramushwana, whom he described as "another bantustan leader," was sending members of his security forces to do their shopping in the town in their civilian clothes in a bid to encourage people to buy as well as to identify activists monitoring the boycott.

A spokesman for Venda's Council for National Unity confirmed the pamphlet had been issued. But he said Colonel Ramushwana issued another statement after it had been realised that "people did not interpret it in the way it was intended".

He said he was not aware of Venda's security force members being sent to Louis Trichardt to do shopping in their civilian clothes.

"Our security forces do not operate in Louis Trichardt as it does not fall under our jurisdiction," he said.

Mass meeting of consumers at Thabong Hall

Star 16/5/90

By Stan Hlophe

The Welkom consumer boycott committee is to hold a mass meeting at the Thabong Hall tonight to decide whether to continue the boycott.

A spokesman for the committee said the meeting would be given an opportunity to decide whether to continue the boycott or to call it off in view of the meeting between Law and Order Minister Adriaan Vlok and the vigilante group Blanke Veiligheid, which has agreed to suspend patrols for three months.

"In the light of what Minister Vlok and Blanke Veiligheid have agreed upon, the ball is now in our court," he said.

The spokesman has denied allegations by the Democratic Party's regional chairman, Dr Rhett Khan, that intimidation by boycotters was taking place.

Sacob unveils new charter

SYLVIA DU PLESSIS

THE SA Chamber of Business (Sacob) has pledged itself to the concepts of human rights, cultural rights, minority rights, peaceful solutions to SA's problems, a market economy, private property and a negotiated new constitution.

These are among the principles embodied in its Chárter of Economic, Social and Political Rights outlined last night by director-general Raymond Parsons at a media conference to mark the official launch of the chamber.

Parsons said many businessmen involved in labour negotiations, consumer boycotts and the "broader debate" on current socio-political questions had requested guidance as to where Sacob stood on certain basic issues.

"(The charter) provides a valuable framework and a point of departure for the formulation of more specific policies and strategies," he said.

"We believe it is an essential restatement of principles at a time when the pace of change in SA has quickened... and when there is a danger that sight may be lost of certain fundamental values which many businessmen would like to uphold or see upheld." (30)

Parsons said the charter committed Sacob — formed in January through the merger of Assocom and the Federated Chamber of Industries (FCI) — to urging all members of commerce, industry and business to adhere to its principles.

However, the charter was just one of three inter-related steps Sacob was taking to address the questions businessmen were asking, he said.

☐ To Page 2

Sacob president Leslie Boyd at the official launch of the organisation last night Picture: ROBERT BOTHA

Sacob charter

bl Day 17/5/90 (30)

☐ From Page 1

Other measures included a position paper on the issues surrounding inequality of wealth in SA — to be released within a few months — and an examination of the economic aspects of any new constitution.

Sacob president Leslie Boyd said its task was to promote policies aimed at optimal wealth creation in SA, and which promoted a sound economy.

"This path, Sacob believes, is the only sure way to secure employment, rising living standards, improved social standards and, above all, a free society."

In a message of support for Sacob, acting State President and Constitutional Development Minister Gerrit Viljoen said the merger of Assocom and FCI "... should enable the new chamber and the business community to act more effectively in meeting the challenges of a changing SA".

● Sacob survey Page 12 and 13

Cartels 'fuelling inflation'

Star 17/5/90 (30)

South Africa provides a fertile ground for collusion and price-fixing with unofficial cartels providing more than 75 percent of the output in many sectors of the economy.

Robin McGregor, chairman of McGregor's On Line Information, says until this practice is stopped, the inflation rate will never be conquered.

"The system of cartels discourages improving productivity as a means of increasing profits as it is far simpler to raise prices.

"This concentration of control in the private and public sectors results in very significant inflationary factors."

Although cartels are illegal Mr McGregor says, their detection is almost impossible.

What Mr McGregor advocates is the breaking down of the degree of concentration of financial and production control in the private sector. In support of this action, he cites the current worldwide trend towards hands-on manager-owned entrepreneurial control.

"What is happening here, however, is the exact opposite because of the bureaucracies it has to develop to control the financial empires that have been spawned.

"Not only is the sum of the parts often greater than the whole but the diseconomy of scale, which often creeps in down the line, could result in the subsidiary supplying its parent with goods at higher pices than it could obtain if it was able to buy in a more competitive market."

Mr McGregor feels it is time the major groups realised this and began selling off subsidiaries to management or other owner/managers and to get on with those activities which are their particular areas of expertise.

He points out that SA probably has about 200 000 operating companies, including corner cafes and other small businesses. Only about 40 000 employ more than 30 people. There are 25 236 companies listed in the 10th edition of Who Owns Whom as subsidiaries or associates of companies listed on the JSE.

"It is unlikely that there are many listed company subsidiaries which employ fewer than 30 people, which means that 63 percent of the medium and large-sized companies are controlled by listed companies.

"To aggravate this degree of concentration, four groups on the JSE control 80 percent of market capitalisation."

Mr McGregor notes that as listed companies in 1980 only controlled about 13 000 companies, a great deal of concentration has taken place in the last 10 years.

Breaking down this concentration would be difficult, but could be achieved by studying legislation in other world markets, Mr McGregor says.— Sapa.

Glass firm funds SBDC

By JOSHUA RABOROKO

THE large glass manufacturing company, Pilkington Flat Glass of the East Rand, has donated R40 000 to the Small Business Development Corporation (SBDC) for the establishment of an entrepreneurial training and development centre in Springs.

BEN VOSLOO

Speaking at the presentation function, the managing director of SBDC, Dr Ben Vosloo, stressed the importance of training entrepreneurs for the small business sector of South Africa.

He said: "The SBDC's mission is to develop and promote entrepreneurship among all population groups. It is absolutely essential that small entrepreneurs have adequate training facilities to run their businesses successfully."

The Springs centre is situated at 166 Watt Street in the New Era township. It has a floor space about 10 000 square metres, of which 90 percent is being utilised for the development of small business. The centre comprises a total ~~of~~ 85 cubicles. 30

Anyone interested in the various training courses offered by the SBDC can contact Yvonne Watson at (011) 643-7351 for further details. Those interested in renting cubicles or mini-factories at the Springs centre can contact Peter Webb at (011) 643-7351 or Piet Pretorius at the Springs centre, (011) 813-3557.

Business Day SURVEY

THE search for a peaceful solution to SA's problems cannot be left just to the politicians. Business has a role to play in helping shape post-apartheid SA and through the pooled resources of Assocom and FCI, the SA Chamber of Business will be able to offer an extensive range of services. ***ZILLA EFRAT and SYLVIA DU PLESSIS*** *report.*

Some of the advantages

- ☐ Authentic voice of business;
- ☐ Interface with government and other key constituencies;
- ☐ Labour relations issues;
- ☐ Business confidence and industrial surveys;
- ☐ International Chamber of Commerce;
- ☐ ATA Carnet system;
- ☐ Forum for small and large business;
- ☐ Network of business contacts.

A MERGER TO MEET THE NEEDS OF CHANGING TIMES AND ATTITUDES

THE SA Chamber of Business (Sacob) — the country's largest national business organisation — was formally launched at a media conference yesterday afternoon.

The new body, created through the merger of Assocom and the Federated Chamber of Industries (FCI), represents the most powerful private sector lobbying force in SA.

Its logo is "The Voice of Business".

Allied group chairman and Sacob deputy president Denis Paxton says the merger could not have taken place more timeously, given government's policy of becoming more involved with the private sector.

A Sacob staff member says: "Having to consult with only one body, government departments are approaching us for input far earlier in their policy formulation."

Another major benefit of the merger has been the elimination of inter-association rivalry. This has enabled Sacob to deploy its resources more effectively and achieve its objectives with more focus.

Assocom and FCI had appointed a joint steering committee with equal Assocom/FCI representation under the chairmanship of Paxton.

Paxton, a past Assocom president, investigated how a new national business organisation should be structured.

The joint steering committee submitted its first report to both Assocom and FCI in mid-'89.

After further investigation, a final report giving the green light was adopted by the two bodies.

Sacob came into existence on January 1 1990.

Regional organiser Eric van Dyk says its establishment was inevitable.

"It not only seemed logical for business to speak with a stronger voice from a strong base, but the members of the two bodies indicated clearly this was what they wanted," he says.

"Government also made it known it favoured one body with which it could consult and to whom it could listen."

Sacob matches the profile of business in SA almost exactly.

It represents 102 chambers of commerce and industry with a membership of around 35 000 companies and a target of 40 000 over the next three years.

It also speaks for 109 direct members — among the largest business corporations in SA, and 62 national associations representing trade and employer interests across the broad spectrum of the SA economy.

Business ha[s a role] in shaping

THE search for a peaceful solution to SA's problems cannot be left to the politicians alone, says Sacob director-general Raymond Parsons.

Business has a role to play at all levels and must help shape a post-apartheid SA because it is in its interests to do so.

Shape

Parsons says the areas in which business has a "critical" stake are the shape of any new constitution, the economic values and principles it embodies and the economic system emerging from it.

"What is important in a new constitution for business is the focus it gives to people's rights and responsibilities in economic affairs. The concepts of private property, right of contract and personal culpability are relevant to the constitutional debate," he says.

"The future of SA business will require the highest degree of sensitivity to the constitutional framework within which it will function. These are key matters to which business will have to give attention — and which it is well-qualified to do."

More immediate, however, is the debate surrounding the kind of economic system which follows from political negotiations.

"There is a big gap between politics and economics — a gap which needs to be bridged," Parsons says.

"There is already a Sacob task force examining the issues involved in the discussion about nationalisation and redistribution of wealth."

BDay 17/5/90 (30)

NEEDS OF [illegible]TITUDES

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Business has key role in shaping a new SA

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"There is a big gap between politics and economics — a gap which needs to be bridged," Parsons says.

"There is already a Sacob task force examining the issues involved in the discussion about nationalisation and redistribution of wealth."

This group, drawn from top businessmen and economists within Sacob, is undertaking research and consultation to assist in formulating the organisation's stance.

"It is important to realise it is apartheid, and not capitalism, which is on trial in SA.

Clarify

"What blacks have experienced as 'rules of the game' are the antithesis of a free enterprise economy. It is essential to clarify the debate on this level — we must not throw the economic baby out with the apartheid bathwater."

Business must look at ways in which the performance of the market economy in SA can be improved or restructured.

"Markets facilitate restructuring if they are allowed to do so.

"We need to broaden and deepen black participation in the economy.

"Hopefully, it will be possible to shift the debate off the ideological level on to a more empirical basis.

"But business must be prepared to deal with the nationalisation arguments as robustly and critically as it previously dealt with interventionist government policies."

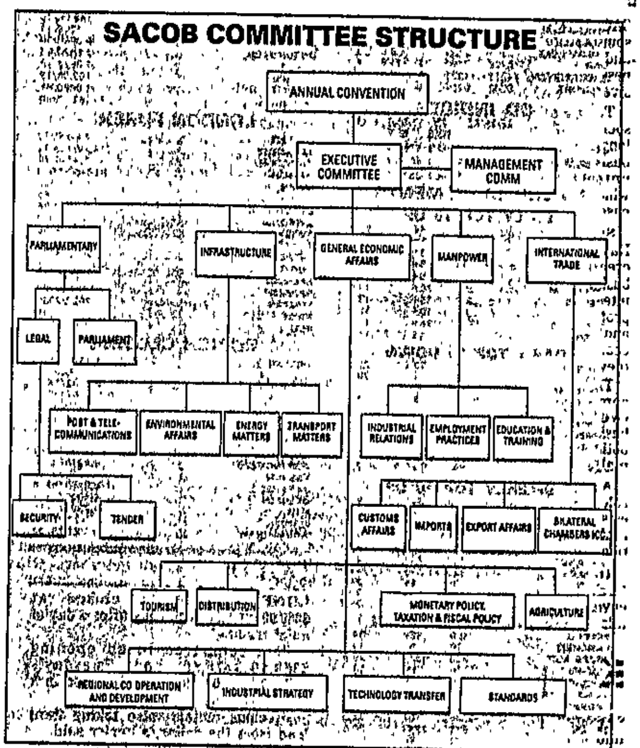
Parsons says SA has entered "an era of great hope, but also one of great uncertainty".

"Businessmen have a vital stake in the outcome of conflicting forces. It remains important that political leaders in SA manage the process of change in ways which retain the confidence of the main players, including the business community.

"Sacob expects to play a major role in addressing these questions. It will seek to maintain a favourable environment for the business community and will keep members informed of key developments affecting their interests.

"It will do so in the firm belief that a sound economy is essential to underpin the social and political goals to which all South Africans aspire," he says.

RAYMOND PARSONS



Committees are the chamber's backbone

BDay 17/5/90 (30)(180)

SACOB's 20 standing committees play a vital role in advising the national body on a wide range of issues affecting the business community.

There are more than 400 businessmen and women serving on these committees, all drawn from the senior echelons of chambers and companies.

Sacob regional organiser Eric van Dyk says the committees — Sacob's backbone — are a blend of professional expertise and practical business people.

They not only enable Sacob to mobilise the views of members on key issues, they also enable the organisation to be pro-active, he says.

Through the standing committee structure, the interests of business are synthesised and meaningful representations to the authorities are formulated.

The structure enables Sacob, in formulating its views, to take into account the interests of all businesses, large and small.

There are standing committees for export trade, import trade, economic affairs distribution, board of trade and custom affairs, conditions of tender and contract, standards and environmental affairs, energy and water affairs and manpower.

Other standing committees include legislation and parliamentary liaison, taxation, transport, security, energy affairs, agricultural affairs, industrial strategy, technology transfer, travel and tourism and Post Office affairs.

SOWETAN BUSINESS

Black business, ANC discuss role in struggle

Sowetan 17/5/90

30

By JOSHUA RABOROKO

HIGH-POWERED delegations of the African National Congress, business organisations and leaders held an important meeting in Johannesburg at the weekend to discuss the role of business in the liberation struggle.

The ANC was led by internal chairman, Mr Walter Sisulu, while Dr Sam Motsuenyane led the National African Federated Chamber of Commerce syndicate, and the Foundation of African Business and Consumer Services was represented by Mr Tebello Radebe and Mr Cyprian Lebese.

Other business leaders represented included Mr Phil Khumalo of Business Challenge, Mr Reuel Khoza director of Coordinated Marketing, Mr Eltridge Mathebula of Consumer Protection Institute.

It is understood that the leaders discussed several issues, including the report-back on "talks about talks" which the ANC held with Government representatives in Cape Town two weeks ago.

The meeting also touched on the role of black business in the liberation struggle and the nationalisation of certain sectors of the South African economy as seen by the ANC.

SAM MOTSUENYANE

WALTER SISULU

TEBELLO RADEBE

Spokesman

ANC internal spokesman Mr Ahmed Kathrada yesterday confirmed that the meeting took place and discussed many issues.

Nafcoc's executive director Mr Lekota Mafasi also confirmed that the meeting took place in a "spirit of good will" and it was agreed that the parties would meet from time to time to discuss matters of common interest.

The executive director of Business Challenge, Mr Phil Khumalo, said the ANC spelt out the role of black business in the liberation struggle. It was also agreed that black business should try to create jobs for the returning exiles.

This move was clearly supported by Fabcos when it announced that it was prepared to find employment for the hundreds of returning exiles within its structures and elsewhere in the country.

Khumalo said the parties agreed on plans to accommodating the exiles when they arrived back into the country. He added that it was vital that business people should also meet leaders of other political persussions.

Radebe said the meeting was helpful and an eye-opener. It was an indication that a lot of work still had to be done and "we are happy that we have learnt from this encounter."

He said it was an attempt to look at a number of issues and to respond to matters which needed to be addressed. "We hope such joint meetings will take place again the future."

greater Port Elizabeth area.

White council agrees to 'one municipality'

South 17/5 - 22/5/90

From PATRICK GOODENOUGH

PORT ELIZABETH. — Mass-based community action in the small Eastern Cape town of Kirkwood has forced the white council to accept the concept of a single, non-racial local authority for the town.

A two-month-old boycott of white-owned shops has been suspended, after residents' representatives and the council agreed to set up a working committee to investigate the establishment of one municipality.

The committee, comprising six representatives from the white community and six from the township, will investigate ways of implementing a single non-racial municipality.

The campaign for "one town, one municipality" and the accompanying rejection of black local authorities has led to the resignations of nearly 100 black councillors in the Eastern Cape this year.

All seven councillors in Kirkwood's Bontrug Town Council resigned in February.

Kirkwood mayor, Mr John Erasmus, said his council agreed unanimously to work towards one municipality for the town. Kirkwood could not afford to have three municipalities, he said.

It is not known exactly how the move to a single authority will take place.

Kirkwood Youth Congress chairperson, Mr Boy Finnis, who is on the working committee, said the community would like to see the town council dissolved and a completely new, non-racial authority established.

He said the suspension of the boycott did not mean the struggle in Kirkwood was over.

"We merely served notice on the regime that people in the rural areas are doing everything in their power to advance the struggle."

Finnis said a defiance campaign aimed at segregated facilities in Kirkwood would be launched.

The community embarked on the crippling boycott in response to the vestiges of racism still surviving in the platteland town, and to poor facilities in their areas.

A municipal swimming pool, library and sports fields are still reserved for whites.

Last week, Cape Administrator Mr Kobus Meiring told hundreds of mayors at a conference in Port Elizabeth they should drop racism in their towns or face having their funds cut.

Finnis stressed that the agreement with the council was a victory won through community struggles, and not the result of pressure by a reforming government.

The council has also agreed to upgrade the township in consultation with the residents.

In the township, one primary school serving 700 children has no electricity, a shortage of desks, holes where windows used to be, no playing fields and 13 battling teachers.

Housing is inadequate, water is scarce and recreational facilities are non-existent.

The state's response to the crippling boycott was typical of its reaction to community action in other Eastern Cape towns.

Four boycott committe members were detained, but later released.

Police action late last month in the coloured residential area of Bergsig — recently renamed Joe Slovo township by residents — led to a one-day workers' stayaway. — PEN

Star 17/5/90 (30)

Business spells out Charter of Rights for social, political and economic issues

By Michael Chester

The new South African Chamber of Business (Sacob) moved into the central arena of the debate about the shaping of a new South Africa with the release in Johannesburg yesterday of a dramatic document that could well go down as a landmark in progress towards a new constitution.

It spells out a Charter of Rights — not only on political issues but also on social and economic matters.

Since the charter claims to reflect the views of the business world, its influence in the current dialogue between white and black leaders is bound to be considerable.

Sacob, formed out of the merger of the Association of Chambers of Commerce and Industry (Assocom) and the Federated Chamber of Industries (FCI), has sound footing in laying claim to be the biggest voice of business in South Africa.

And the voice is likely to increase in volume in the political debate as copies of the Sacob charter are circulated to about 33 000 companies in South Africa. All of them are asked to follow the principles laid out.

Insiders see the charter as the most important declaration made yet by business leaders on the process of reform.

New guidelines

Observers believe it will provide key new guidelines in the preparation of any Bill of Rights that emerges out of negotiations on how South Africa sets a course away from apartheid and towards new socio-political programmes.

Sacob lays stress from the outset that a main ambition is the promotion of human rights and the freedom of all races. And its first declaration covers the aspect of economic rights and principles.

The charter says everyone should be entitled to equal work opportunities and freedom in the choice of employment, as well as equal pay for equal work.

It also deals with social and cultural rights and principles, and educational opportunities — while the State says parents are entitled to protect their own religious and philosophical convictions.

The charter adds more fuel to the current debate when it turns to civil and political rights and principles. Among the main items:

- No-one shall be subjected to arbitrary arrest, detention or exile, and everyone shall be entitled to a fair and public hearing by an independent and impartial tribunal.
- Everyone has the right to freedom of movement and residence.
- Everyone has the freedom to leave the country and, if having the right of permanent residence, to return.
- Everyone has the right to freedom of opinion and expression. This right includes freedom to hold opinions without interference, and to seek, receive and impart information and ideas through any media.
- Any advocacy of national, racial or religious hatred that constitutes incitement to discrimination, hostility or violence shall be prohibited by law.

Minority protection

- Everyone has the right to freedom of association and freedom of peaceful assembly.
- The form of any new constitution shall be the subject of negotiation between interested parties, and it is essential that any future political system provides necessary checks and balances, safeguards basic human rights, and protection for minorities.
- The State shall not be above the law, but shall through decentralisation and devolution of State powers, be close to the people and responsive to their needs.
- The State shall not be above the law, but shall through decentralisation and devolution of State powers, be close to the people and responsive to their needs.
- Business endorses the view that economic freedom and the private enterprise ethic should be entrenched in an appropriate future political system.
- The institutions of democratic government, and in particular the separation of State powers, independence of the judiciary and the supremacy of the law, freedom of the press, and the free formation of political parties shall be the foundations of South African statehood.

53c + 7c GST

Boycott to continue

WELKOM — A decision to continue the consumer boycott in Welkom was taken last night following a clash between mine security and workers at the President Steyn gold mine in Welkom in which two men were killed and several seriously injured.

More than 5 000 people attended the meeting and James Lenyehlo, chairman of the Transport Crisis Coordination Committee and head of the consumer boycott delegation which met Law and Order Minister Adriaan Vlok last week, said one of the main reasons the community had rejected the suspension of the boycott was the violence at President Steyn gold mine. — Sapa

Star 7/5/90 30

Drama

Front row: Mr Smuts Shongwe, Ms Elizabeth Hlangwane and Mr Jerry Mathebula. Back row: Mr Simon Phahlane, Mrs Juliet Rostowsky, Mr James Mavudla and Mr Samuel Kgongolo . . . awarded certificates from the Sowetan Business Development Project.

Small entrepreneurs praise project

30

Sowetan 18/5/90

By JOSHUA RABOROKO

BLACK business in the townships needed effective marketing, communication, education and training if it was to survive against big enterprises in the future South Africa.

This message was delivered by seven small entrepreneurs who were awarded certificates after attending two day courses in marketing, communication, management skills and solving problems in business.

They enrolled in the *Sowetan* Business Development Project and the courses were run by the Workwise Business Development Group.

Challenging

Ms Elizabeth Hlangwane, who owns a hair salon in Soshonguve, said she was a different person after attending the course which she described as "an eye opener". She said she would plough what she learnt at the course into her business as well as the community.

Mr Smuts Shongwe, who works for a diamond company, said he found the course very challenging. He had realised that effective marketing, communication and education and training were essential to business.

He was hoping that more challenge would be waiting for him when the returned to his work. He would compete against his white counterparts who monopolised senior positions at the workplace.

Acumen

Mr Jerry Mathebula, sales manager of a Hammanskraal auto spares, said the course was interesting. More lessons were needed to uplift black people in order to enable them to advance their business acumen.

Mr James Mavundla, who works for Get Ahead Foundation, praised the initiators of the course and said he thought that people who were not attending such lessons did not know what they were missing.

Mrs Juliet Rostowsky, Human Resources director of *Sowetan* Business Development Project, announced that more lessons would be run on June 4-7 and June 19-20.

She encouraged those interested to apply for bursaries.

Letters should be addressed to: "Bursary", The Workwise Business Development Group, PO Box 44630, Linden 2104, stating your age, telephone number, education completed, course and date you wish to attend, why you desire a bursary (answer in 20-25 words) and what you intend to do in business in the future (not more than 20 words).

PEPKOR/STORECO (30) FM 18/5/90

No agreement

After takeover talks had reached an advanced stage last week, negotiations between Pepkor and the Storeco/Specialty group broke down, apparently over price.

Sources say Pepkor chairman Christo Wiese has been involved over the past couple of years in negotiations about possible takeovers of at least four other major groups. The targets cited are Foschini, Bergers, Wooltru and Garlicks. These include some sizeable operations which would not have come cheaply.

Perhaps the latest round of (so far) unsuccessful talks show that Wiese is not allowing his entrepreneurial enthusiasm to overrule prudence. After all, there could be considerable risks in a large takeover at a time when consumer spending — and company cash flows — are falling.

I understand that, on this occasion, matters had reached a stage where heads of agreement were close to being signed. Last week (*Fox* May 11) we suggested the price could be calculated on a p:e of about 8 times based on latest historical earnings. That could have led to a total price of as much as R58,6m for all of Storeco and a further R34m for all of Specialty.

An authoritative source, however, suggests this was too conservative — a better indication of the price could have been gained by adding 20% to the historical earnings and then applying a p:e of 8 times. That results in a Specialty price of 675c and a Storeco price of about 1 350c, almost double the pre-suspension price of 725c. Assuming all minorities were taken out at these prices, which is probably unlikely, the deal would cost Pepkor about R111m.

If so, the controlling interest held by Board of Executors (BoE), including its direct 9% stake in Specialty, would be worth about R30m. The investment cost R2,8m in 1986. BoE's net asset value at September 30 was 557c, with the Storeco/Specialty holding at book value. With these interests at market value a Storeco/Specialty deal at the mooted price would have added about 480c to BoE's NAV, taking it to almost 1 000c. The share currently trades at about 600c.

According to BoE MD Bill McAdam, when it was known that negotiations with Pepkor were proceeding, other suitors came forward. They may well remain interested. But Storeco MD Laurie Chiappini, one of the major shareholders, says the intention is to press on with normal trading, avoid further disruption to staff morale and forget about negotiations.

Gerald Hirshon

PICK 'N PAY FM 18/5/90 (30)

Squeeze on sales

Activities: *Mass retailer of food and general merchandise.*
Control: *Pick 'n Pay Holdings 52%.*
Chairman: *R D Ackerman; MD: H S Herman.*
Capital structure: *78,3m ords. Market capitalisation: R1,21bn.*
Share market: *Price: 1 545c. Yields: 3,4% on dividend; 6,8% on earnings; PE ratio, 14,7; cover, 2. 12-month high, 1 610c; low, 1 000c. Trading volume last quarter, 474 481 shares.*

Year to Feb 28	'87	'88	'89	'90
ST debt (Rm)	—	—	—	—
LT debt (Rm)	11,8	7,0	7,0	7,0
Debt:equity ratio	—	—	—	—
Shareholders' interest	0,33	0,32	0,33	0,35
Return on cap (%)	13,9	14,5	15,6	14,8
Turnover (Rm)	2 467	3 038	3 869	4 380
Pre-int profit (Rm)	74,3	90,2	116,0	127,1
Pre-int margin (%)	3,0	2,8	2,8	2,8
Taxed profit (Rm)	43,1	52,8	68,1	83,3
Earnings (c)	55,0	67,2	86,4	105,9
Dividends (c)	27,0	32,9	42,0	52,0
Net worth (c)	226	258	311	383

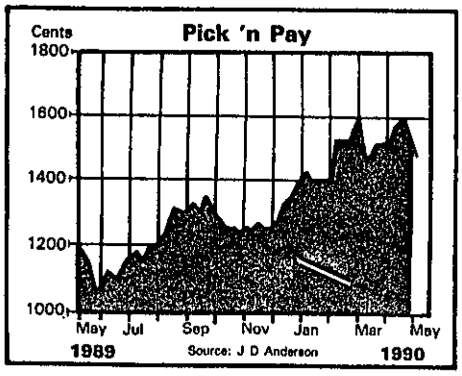
Pick 'n Pay's Ackerman ... can he crack the black market?

For some time analysts have been saying that Pick 'n Pay's results have been signalling a reduction in the group's long-term growth rate. The latest accounts offer support for that view.

Turnover rose by only 13,2% against a rise in the food price index of more than 15% and a CPI advance of 14,9% during the year. Whether Pick 'n Pay lost market share is a moot point. Chairman Raymond Ackerman says not and argues that the group's internal inflation index is less than the official rate. Still, last year's turnover growth was the slowest in the past decade. With the exception of the 15% in the 1985-86 period, the annual increase during that period exceeded 20%.

With trading income up by only 6,5% last year, investment and interest income was important. Unlisted investments were valued by the directors at R64,6m against the book value of R39,8m and the return on the directors' valuation was 22%.

A reduction in the tax rate, from 41,4% to 36,6%, rather than the operational performance, enable EPS to rise by 22,6%. I am told the rate fell partly because of normal allowances and deductions but also owing to exempt income derived from investing in insurance policies, a significant part of the investments listed in the accounts.



More telling is the five-year compound growth trend from 1981 to 1990. The first half of the decade shows average compound growth at 29,2% a year. For the period 1986 to 1990, this falls to 15%.

All this does not necessarily suggest management is losing its touch. The pace may be slowing largely because Pick 'n Pay is trading off a large base. The total floor area is now 329 000 m² and the group is becoming increasingly dependent on expansion into the black market — which historically has not been one of its major strengths.

In the past, new store openings have been an important factor behind what had long been a relatively high growth rate at trading level. But the overall operation has become too large to be materially affected by new openings, which have become the norm rather than the exception.

About 80% of sales are food based and the group is diversifying on several fronts (*Leaders* March 17 1989). It is moving into cash and carry wholesaling through Price Club, Pantry Stores and Country Stores and has launched an experimental clothing store, Chain Reaction. Unfortunately, the report includes little information about these enterprises.

The only notable change in the balance sheet is a 25% increase in fixed assets arising from expenditure on refurbishments, new outlet expenses and scanning and electronic funds transfer equipment. Stock has been held to an acceptable level but the stock turn has dropped from 13,3 in 1986 to 11,1.

Ackerman concludes his review by saying that "structures in our company are firmly in place which will enable us to increase sales and profits at a greater rate than last year."

An earnings acceleration will not easily be achieved in the face of the current withering of consumer spending. However, a dividend increase of more than 15% could reasonably be expected. The share still stands on a higher p:e ratio than most other blue-chip stocks in the retailers and wholesalers sector, despite the concerns of those who believe the group is losing steam. *Gerald Hirshon*

GEFCO F/M 18/5/90

Beating fibrositis

Activities: *Exploitation of blue asbestos and amosite deposits; holds 32,9% of Msauli Asbes and 25% of the Von Brandis gold prospect.*
Control: *Directors 48,4%.*
Executive Chairman: *H P Hart.*
Capital structure: *35,9m ords. Market capitalisation: R70m.*
Share market: *Price: 195c. Yields: 11,5% on dividend; 33,8% on earnings; PE ratio, 2,96; cover, 2,9. 12-month high, 375c; low, 150c. Trading volume last quarter, 1 620 000 shares.*

Year to Dec 31	'86	'87	'88	'89
Turnover (Rm)	90,1	64,2	83,8	98,9
Pre-tax profit (Rm)	12,0	(4,8)	14,7	30,8
Earnings (c)	30	(15)	39	66
Dividends (c)	7,5	—	12,5	22,5
Dividend cover (times)	4,0	—	3,1	2,9

Though not back to its turnover and earnings of the early-Eighties, Gefco has staged a strong recovery from the R5m loss recorded in 1987. In the first full year since the August 1988 management buyout, performance has been rather striking. The operating margin rose to 30% from 19% in 1988 as a consequence of a combination of trading factors and a bit of luck.

Units costs rose marginally as production was increased following good demand from the Middle East and Africa. A drawdown from stocks also had a beneficial effect on unit costs, while revenue was increased with a modest rise in dollar prices coupled to a fall in the rand.

Capex rose to R3,5m last year from 1988's R1m in response to the year's higher production. A further output increase is planned this year and the shaft sinking is to be resumed which will mean another rise in capex, to around R5,5m.

This year's production increases are un-

RETAIL

(301(~~illegible~~)

Heavy weather

FM 18/5/90

Local and provincial government procrastination has jeopardised plans for a R110m shopping centre and black taxi terminus on the fringes of Alexandra Township near Sandton, according to the would-be developer.

Developer Gary Pearlman, of the Logaro group, claims the project has already been delayed for three years — during which anticipated development costs have virtually doubled — because of the inability of the Sandton Town Council and the Transvaal Provincial Administration (TPA) to make a decision over the relocation of squatters on the development site. This is despite the fact that a suitable solution has been worked out between the developer, the Urban Foundation and the SA Housing Trust.

Pearlman says when his organisation, frustrated by the lethargy of the authorities, tried to bypass the local bureaucrats and take the matter directly to central government, an appointment with the minister of planning and provincial affairs was unilaterally cancelled by the TPA and the council.

He claims further that during the three-year delay, the number of squatters on the site, known as KwaGreen, and bounded by Pretoria Main Road, First and Third avenues and Third Street, Wynberg, has risen from a couple of hundred to about 3 000.

The proposed centre will be known as Alex City and Pearlman says an anchor tenant, OK Bazaars, has been secured. Negotiations for long-term finance have been held with several interested institutions. "However, no commitment will be forthcoming until the squatter problem is resolved. Obviously the institutions don't want their names tainted by forced removals."

The two-storey main building, if it proceeds, will include 25 000 m² of retail space and 2 500 m² of entertainment facilities. It will have open and covered parking for 550 cars.

A community centre will link it to the northern end of the site, which will comprise a rank for 600 taxis and a 2 500 m² motor trade (discount spares) complex with a service station and a SABTA education and training office. Pearlman says additional space will be set aside for market traders.

Explaining the squatter impasse, Pearlman says negotiations were initially held with the administrator of Alexandra and later the council and the TPA. "We were told the squatter problem was under control and the people were being resettled, but nothing ever happened. Both organisations have been more concerned with passing the buck than taking positive action."

Apparently, the only solution the authorities were able to offer was to move the squatters a long way out to places like Orange Farm. This was unacceptable to the developer and the squatters.

The compromise worked out by Logaro, in conjunction with the Urban Foundation and the SA Housing Trust and after discussions with the KwaGreen squatter leader Jo Saki, is to transfer the squatter homes to a serviced site (which would include facilities like schools and roads) on Alexandra's Far East Bank on the eastern side of the Jukskei River. It forms part of a 240 ha area designated for middle income housing.

A refined version of the proposal was sent to the TPA this week. Pearlman believes the provincial authority has already accepted the principle of using some of the Far East Rand Land for this purpose because squatting has become a general problem in the streets of Alexandra, not just KwaGreen. "We believe there are another 17 000 squatters on the streets and backyards of the township. All 20 000 will be accommodated on the new site and self-help schemes will then be activated so they can improve their own homes and eventually demolish the squatter shacks," says Pearlman.

The cost of the exercise will be in the region of R40m (R2 000 a stand). The developer and land owner, Elaine Gavshon, would be asked to make a financial contribution to the cost of relocating the KwaGreen squatters.

A joint meeting between the developer, the TPA and the Sandton council has been arranged for next week. "These guys must get their act together if, as we do, they want to see a shopping centre. Unless we emerge from that meeting with a positive commitment to action, we will be forced to scrap our plans," says Pearlman.

Certainly, retail development in close proximity to a black township has generally been regarded as high risk because of the security problems and finding acceptable tenants. Because of this, developers and institutions spend most of their time paying lip service to the desirability of such development. It thus seems ironic that when developers are ready to put their money where their mouths are, they get muzzled by bureaucracy. ■

Meeting launches counter-boycott

Star 18/5/90 (30)

Staff Reporter

WELKOM — In another blow to business which has been paralysed by a black consumer boycott, right-wing organisations decided last night to launch a counter-boycott against wholesalers supplying Thabong traders with goods.

This emerged from a meeting at the town's Portuguese Hall, well attended by local traders.

Armed supporters of the AWB and Blanke Veiligheid took the step as racial tension reached fever point here.

BV leader Hennie Muller told The Star today the plan was not to launch a counter-boycott but to get small businessmen back on their feet.

Law and Order Minister Adriaan Vlok announced yesterday that further police reinforcements as well as SADF troops would be deployed in the city.

Conservative Party MPs, including former mineworkers' boss Arrie Paulus, Moolman Mentz and Koos van de Merwe, will arrive for talks today.

Anglo American officials are scheduled to hold talks today with the white Council of Mining Unions, the black National Union of Mineworkers, the SADF, the SAP, the Chamber of Mines and Mr Vlok.

NUM leader Cyril Ramaphosa is expected to arrive here today.

Recipe for restructuring aid

Star 18/5/90 (30)

The main ingredient is a boost for small business

The misdirection of Western development aid to Africa is legendary. In an International Freedom Foundation publication, author Richard Sincere suggests how assistance programmes could be restructured to achieve their aim of building a more secure, more prosperous and more humane world. Political Reporter ESMARÉ VAN DER MERWE reports.

People like to think they are doing good; providing development aid assists them in this. But foreign investment is much to be preferred.

So says American author Richard Sincere, a long-time Africa-watcher, in his new book, "Sowing the Seeds of Free Enterprise: The Politics of US Economic Aid in Africa".

His analysis of US aid programmes in seven sub-Saharan countries — South Africa, Botswana, the Ivory Coast, Kenya, Senegal, Ghana and Swaziland — resulted in a conclusion often reached before: that the programmes, essentially government-to-government transfers, are mostly doomed to failure.

Noting that these programmes are for political reasons here to stay, he examines the question: What can aid programmes do in Africa that will not constitute a transaction of decline and will encourage genuine economic development and prosperity?

Drawing from the experience of the industrialised West and Japan, Sincere argues that the developed world prospered without the assistance of foreign subsidies.

What the developed world did have was the gradual growth of conditions that made development possible — including legal regimes that respected private property, the free movement of labour, freedom to negotiate contracts, relatively low taxes and tariffs, people who were willing to work hard, and a political climate that encouraged foreign and domestic investment.

"This implies that the most useful role donor agencies can play is the transmission of the values and policy prescriptions that make democratic capitalism possible."

Donors should play a "watchmaker's role" in the booming informal sectors of Third World countries — providing the gears and wheels, setting them in motion, and then leaving the watch alone.

Sincere suggests three ways in which the informal sector can be tapped at relatively low cost:

- Training and skills that small-scale entrepreneurs need should be provided, with additional education as they move up the scale to become medium- and large-scale producers or service providers.

A more important educational function, however, is persuading African elites to accept the fundamental concepts of free enterprise. Although the free market is indigenous to Africa, the idea of capitalism has been sullied by association with colonial (and still, in South Africa, apartheid) rule.

- One-time grants of start-up capital should be given to entrepreneurs who lack funds.

In South Africa, for example, a hawker needs barely R260 to get his business started. This sum is even less in other African countries.

- The organisational skills of African businesses should be improved through private organisations. This could facilitate the exchange of information necessary for a prosperous free-market economy, and could serve as a counter-weight to excessive government by providing mediating structures.

In his analysis of Western aid to South Africa, Sincere notes that money is mainly channelled through politically motivated organisations.

He warns agencies to look out for "unworthy organisations and unscrupulous persons who are seeking self-aggrandisement rather than trying to build strong communities that can resist apartheid."

Sincere is pessimistic about the impact of reform in South Africa on sanctioneers.

Rather sarcastically, he says: "Given the political complexion of the Western democracies, whose parliaments and congresses are hardly the best-informed on the facts and trends of South African politics and society and react instinctively rather than rationally when 'apartheid' is mentioned, an emphasis on the carrot instead of the stick is unlikely in the future."

He concludes that South Africa has to pull itself up by its bootstraps, creating an economic climate that promotes internal prosperity (through deregulation) and invites foreign investment (in spite of sanctions).

"Without economic growth, black unemployment will become unmanageable, and the dark cloud of revolutionary violence will grow ever darker."

DBSA's issue well received

Star 18/5/90 (30)

By Jabulani Sikhakhane

The Development Bank of Southern Africa's entry into the capital market has been successful with the first issue of R175 million of DBSA stock attracting major insurance companies, pension funds and other financial institutions.

The DBSA announced that the cash value of the issue, which also attracted individual investors, was R178 million and the yield maturity 16,4 percent.

A spokesman for Senbank, merchant bankers for the issue, said the issue was a success, considering market conditions.

DBSA general manager, Andre la Grange said: "With the deserved priority with which economic development issues are currently being addressed in a variety of forums, it is especially satisfying to note the private sector's participation in such development programmes through investment in DBSA stock."

The Development Bank plans to raise a further R125 million in the financial markets before March next year.

The Bank is hoping to build up its borrowing in the capital markets to between R300 million and R500 million a year within the next five years.

...antee Trust chairman Jeff van Rooyen (left) ... managing director Michael Johnson.

Financial aid for the small black business

By PATRICK MAFAFO

Citizen 20/5/90

(30) KSB

ONE of the biggest impediments to the growth of black business, besides capital, is lack of skill.

It has been noted that while the black entrepreneur might have the makings of a great businessman, he falls short in areas which demand a high level of financial expertise.

To fill this gap a joint venture company, with offices nationally, has been formed to provide financial services to black business.

Chaired by Jeff Van Rooyen, Guarantee Trust (GT) has introduced an innovative franchising concept to southern Africa.

The company provides a comprehensive range of financial and administrative services to small and medium-sized businesses.

It also provides pension, medical aid and insurance benefits to individual businesses for their employees.

Emerging companies which do not have a full-time financial director, but which have a financial function and require overall control and direction, will find GT's services indispensable, says Van Rooyen.

"We provide computerised accounting, bookkeeping and all related financial management services required in these businesses."

Van Rooyen says prospective franchisees must have accounting qualifications such as B Compt, CA, CIS, CMA or IAT.

"A franchisee can elect to pay R7 500 and settle the balance over five years. The full franchise fee is R25 000."

Besides gaining access to group facilities, expertise and pooled research, the prospective franchisee will also benefit from GT's advertising power, bulk buying abilities, access to an overseas company, trust services and money desk facilities.

Included in the franchise fee is marketing training and orientation.

Van Rooyen is a chartered accountant and founder president of the Association of Black Accountants of Southern Africa (Abasa). His scheme is backed by Abasa executives, including current president Israel Skosana and founder member Willie Ramoshaba.

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S/Times 20/5/90

Mail-order deal

By Dirk Tiemann

MAIL-ORDER group Mas Holdings (Mashold) will take over loss-incurring Springtex for R6,5-million.

Springtex, a soft goods mail-order house, reported an interim loss of R3,5-million in June last year and trade in the shares was suspended at 15c in December. The Springtex group will be relisted as a Mashold subsidiary.

Mashold will control 92% of Springtex after the reorganisation, and will issue 2,2-million new shares at R2,50 a share. They will be placed with certain institutions in part payment of the cash purchase. Mashold is trading at 260c on the JSE.

Existing Springtex share and debenture holders own 8%. Debenture holders will receive two cash payments totalling 11c for each deb.

Debenture holders will be upset by this offer. They paid 65c in the June 1989 rights offer when 15,6-million debentures were issued.

Mashold chief executive Marco van Embden says earnings a share and net asset value for the year to February 1991 will not be affected by the takeover. He projects R3-million profits for the revitalised group in the current year.

Ian Riley of financial adviser Quaestor IV says Springtex has a large debtors' book.

Springtex operates mainly in soft goods where debt collection and repossession are difficult. The emphasis will now be on a cash business.

Springtex will own Kansas City Mail Order, and Mashold will gain Tablekraft in the restructure.

The rand's world value

	R1 equals		One foreign unit equals (R)	
	18/05/90	18/05/89	18/05/90	18/05/89
US $	0,3791	0,3711	2,6378	2,6948
UK £	0,2240	0,2299	4,4638	4,3528
Deutschemark	0,6249	0,7298	1,6003	1,3702
Japanese yen	57,96	51,60	0,0173	0,0194
Swiss franc	0,5327	0,6513	1,8772	1,5354
French franc	2,1048	2,4725	0,4750	0,4045
Canadian $	0,4452	0,4429	2,2462	2,2579
Italian lira	459,02	532,16	0,0022	0,0019
Zimbabwean $	0,9108	0,7498	1,0979	1,3337
Australian $	0,4975	0,4877	2,0101	2,0504

Trade weighted value of rand, % change against 1974 base 39,10

Domestic interest rates

MONEY MARKET

	Friday 18/05/90 %	Friday 11/05/90 %	Friday 04/05/90 %
SARB accommodation: rediscount rate TBs	18,00	18,00	18,00
Treasury bill tender rate	18,00	18,00	18,00
Basic call of discount houses	18,50	18,50	18,50
Three-month banker acceptances	18,40	18,40	18,40
Three-month NCDs	19,80	19,75	19,75
Three-year RSA stock	15,57	15,60	15,68
Prime overdraft rate	21,00	21,00	21,00
All-in yield of finest acceptance credits	19,50	19,49	19,49

CAPITAL MARKET

SECONDARY MARKET — RATES ON MOST TRADED STOCKS

	Average Previous Month	As on Friday
Long-term RSA stocks	15,76	16,14
Long-term Escom stocks	16,14	15,63

Best sections this week

	Av % Mv	Av D/Y	Av E/Y
Mining Exploration	5,8+	0,1	17,8
Insurance	5,1+	4,7	12,2
Electronics, etc	4,5+	6,7	20,4
Pharm & Medical	2,7+	5,3	14,0
Investment Trusts	2,6+	3,9	8,1

Overall market this week

Springtex to be relisted on JSE

SYLVIA DU PLESSIS

(30)

THE ailing Springtex group, suspended on the JSE in December, is to be relisted as a subsidiary of mail order group Mashold.

Mashold directors predict it will earn taxed profits of at least R3m for the year to end-February 1991, after the R3,1m loss for the six months to June 1989.

Mashold's acquisition of a 92% stake in the non-store retailer for R6,5m in cash via a scheme of arrangement has yet to be approved.

Mashold CE Marco van Embden said at the weekend his group would issue 2,2-million new shares at R2,50 each.

The remaining 8% of Springtex would be shared among existing shareholders and debenture holders.

BDay 22/1/90

Three die in Welkom

30

21/5/90

THREE people were killed and scores seriously injured in Thabong, Welkom yesterday when violence flared shortly after a mass meeting resolved to call off an 11 day consumer boycott.

By ISMAIL LAGARDIEN and Sapa

South African Police liaison officer in Pretoria Major Reg Crewe confirmed the deaths last night and said he could not give any details related to the deaths at that stage.

According to Thabong Youth Congress member Mr Tshepo Jobo, police shot at mineworkers and township residents while they returned home.

Within an hour barricades had been thrown up and heavily armed police fired rubber bullets, birdshot and teargas at people in the streets.

Maj Crewe, also said "things were a little hectic" and reports were coming in slowly.

Earlier in the evening in a statement to Sapa, he said

● To Page 2

Three die in Welkom

30

● From Page 1

incidents of unrest flared in the township from about 3pm into the early evening. Sowetan 21/5/90

"Stones were thrown and property was set alight. No specific details of the unrest were immediately available. The unrest necessitated police action, which included the use of tearsmoke, rubber bullets and birdshot.

A number of people have been reported injured but further details, including the precise circumstances in which the people were hurt, were not available," Major Crewe said.

As the sun set, and smoke poured from burning tyres and barricades, a police helicopter circled the township. And shots were heard while police vehicles drove round the streets and a heavy police contingent waited on the edge of the township.

At Ernest Oppenheimer Mine Hospital mineworkers with rubber bullet and birdshot wounds were treated.

Mr Ephraim Ramarokolo (52), a winch driver at the President Steyn mine had his lip ripped fro- his nose by a rubber bu-t and hung from a 6cm long and 2cm deep gash with open flesh hanging out.

Blood spurted from his mouth as he said he had been standing at the gate of a house when a rubber bullet hit him.

Large angry crowds filled the dusty streets afterwards and a white-owned tavern was burned.

The Star Finance

Outlook brightens for 1992 and beyond

By Michael Chester

The economic tempo is set to be locked in low gear for up to 18 months ahead, but the business outlook beyond next year has begun to appear a lot more promising, forecasts by the Econometrix research unit suggest.

With the political logjam now broken by the talks between President F W de Klerk and Nelson Mandela, two years from now sanctions may well have vanished, say the think-tank experts.

FRESH FLOWS

Econometrix director Dr Azar Jammine is confident that if political negotiations stay on track, new economic boosters may be provided as fresh flows of investment capital resume from overseas sources.

"Foreign perceptions of the government have improved and are likely to continue to do so," he says in a new review of the business outlook.

"In two years, South Africa could be in a position to roll over most of its overseas debt or alternatively gain access to new foreign loans.

"In such circumstances, South Africa might be in a position by 1992 where it no longer has to run a current account surplus.

"We feel confident that the 1990s will see an accelerated gross domestic product growth rate of some three percent a year — compared with the dismal 1,5 percent recorded for the 1980s."

Even then, however, the official growth may not be strong enough to alleviate the chronic unemployment. That in turn may mean an even faster spread of the informal sector in the next decade.

Dr Jammine says caution about predicting a growth rate of more than three percent is based on dangers of persistent high inflation in the 1990s — especially as the government launches massive but vital social upliftment programmes in education, housing and health services.

"Moreover, in an environment in which attempts are made at redistributing income from the rich to the poor, without there being commensurate increases in productivity, inflation is bound to be rife.

"Inflation is also likely to be spurred by a shortage of skilled manpower which is bound to emerge once growth accelerates."

The government, whatever its political creed, was likely to find itself continuously called upon to cool off economic activity to prevent inflation getting out of hand.

Vast spending on social upliftment schemes could accelerate the economic tempo by three to five percent a year in the next few years.

But by the mid-1990s the authorities might well be forced to clamp down again with restrictive fiscal and monetary policies to counter the inflationary forces that could be unleashed.

"We might therefore have to endure another period of slow growth in the mid-to-late 1990s," says Dr Jammine.

"Perhaps by the end of the decade one can contemplate a sustained period of rapid non-inflationary growth, spurred on by the entry into the labour market by then of a vast pool of skilled black manpower.

"Recent political developments have provided a semblance of hope, where there was none before.

"However, many hurdles need to be overcome and it seems difficult to contemplate a sustained period of growth in the South African economy until the 21st century.

"In trying to paint scenarios for the future of South Africa it is apparent that one is delving into the unknown in which no historical precedent exists.

"South Africa is moving into unchartered waters, with political and economic history in the making."

Saving the future – and the profits

30

Star 21/5/90

Management styles may come and go, but environmental business management is an idea whose time has come and will not go, says Tim Hart, a director of the NIPR.

To most TV 1 viewers, he's the weatherman, but Tim Hart does much more than tell people whether or not to take an umbrella to work.

He is working up a storm to bring about a revolution in management practice to this country: environmental business management.

Mr Hart is a director of the National Institute for Personnel Research, and head of its environmental division. He spoke recently at the SA Institute of Management on the need for business to develop pro-active strategies if it is to market products successfully to increasingly environment-conscious consumers.

Management styles may come and go, but environmental business management is an idea whose time has come and will not go, he says.

Like rain on parched soil, environmental consciousness must permeate business practice and management.

It's not enough just to donate money to a worthy cause, he says. And before all the "worthy environmental causes" start praying for acid rain to fall on his head, he's not saying the donations should stop.

He would like to see companies here emulating the successful example set by a West German company, Winter and Sohn.

Companies should start internal community development programmes; company towns such as Secunda and Sasolburg could go beyond providing physical facilities for employees.

Companies should take a careful look at mundane aspects of working conditions. The NIPR is consulting firms about work station environments, including window placing.

Canteen facilities should be carefully scrutinised. Winter and Sohn's canteen emphasises healthy foods.

The burgeoning concept of executive fitness needs to be extended to include worker fitness, which will increase productivity.

Naturally there's a lot in environmental business management for the company, especially those most golden of carrots, profits and savings.

Credible

Winter and Sohn instituted energy- and water-saving initiatives, and were staggered at the amount of money saved, Mr Hart says.

Another spin-off is that the company's marketing profile becomes more credibles.

There are some companies that are quite sophisticated environmentally, he says, but there are not enough, and the consciousness is not displayed comprehensively. Environmentalism can be a neutral issue around which diverse groups can mobilise, he adds, by pursuing similar objectives. Environmental business management and staff development are not mutually exclusive.

MARIKA SBOROS

Morkels MD says state intervention must be restricted

(30) BDay 22/5/90

SYLVIA DU PLESSIS

THE SA reform process had to ensure government was separated "as quickly and thoroughly as possible" from the power to take decisions private enterprise and consumers ought to be taking, Morkels Group MD Carl Jansen said yesterday.

This was because the national economy of a future SA needed review as much as the political environment, he told a group board meeting.

Jansen, whose newly-independent group — formerly in the Fedvolks stable — today publishes poor year-end results, said wealth-creating mechanisms should be allowed to function without "the intrusive effects of ill-conceived state intervention".

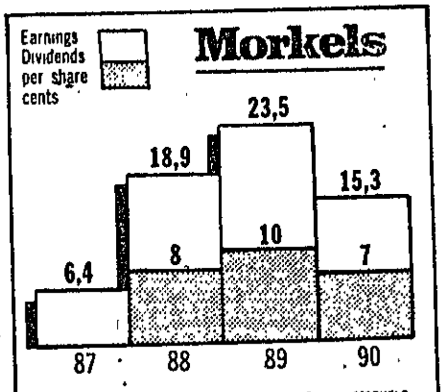
The SA furniture industry had been beleaguered by restrictive measures for 33 of the 66 months since August 1984, a period which had seen the loss of one-third of the available furniture manufacturing output, he said.

"In addition, producers of 'brown goods' such as hi-fi and TV sets have sustained major reversals in terms of strategic direction and current profitability."

Referring to Morkels' latest figures, he said the furniture, appliance and home entertainment electronics market was hard hit by inflation, ongoing balance of payments difficulties and a consistently weak exchange rate during the year.

And as consumer demand faltered in the face of interest rate hikes, sales became "increasingly dependent on costly promotional and discount activity".

End-March earnings and dividends for the group, which began operating from April 1 under full control of executive management and West German company Daun et Cie AG, dipped to 15,3c (23,5c) and 7c (10c) a share respectively.



Graphic: LEE EMERTON Source: MORKELS

This followed a sluggish 2,6% rise in overall turnover to R204,6m and a 25,4% drop in operating profit to R16,6m, which slashed margins to 8,1% from 11,1% and filtered down to a 35,2% drop in taxed profit to R6,1m.

Jansen said sales at furniture chain Morkels were a negative 1,4% off those of the previous year, against annual growth of 15,4% in the furniture sector. But sportsgoods retailer Totalsports had driven turnover up 51,8%, well above market growth of 22,9%.

While the economy would slow down further, benefits flowing from strategic activities over the past two years, revived merchandising and marketing focus and store expansion should allow for real growth in the year ahead, he said.

financial implications of this double promotion? Have both their salaries been announced?

The MINISTER: Mr Chairman, if that type of question is put in writing to my Department, they will give hon members the financial implications. It is ludicrous for me to answer right here when I do not know specifically how much money was involved *per se* in these two promotions. Hansard 22/5/90

The LEADER OF THE OFFICIAL OPPOSITION: You are ludicrous yourself! Now you must go!

Mr M RAJAB: Mr Chairman, further arising out of the hon the Minister's reply, can he tell this House . . .

The MINISTER: When are you going to grow up?

Mr M RAJAB: Mr Chairman, further arising out of the hon the Minister's reply, will he — I trust that I have his attention — please tell us now when Mr Marx will retire? Does he have the information available or not?

The MINISTER: I do not know specifically when Mr Marx will resign. If it is put in writing we shall find out from Mr Marx. However, he is due to retire because he turned 60 already and intimated to people that he should like to retire. [Interjections.]

James Commission of Inquiry: petrol service sites

*3. The LEADER OF THE OFFICIAL OPPOSITION asked the Minister of Housing:

(1) Whether, in view of the findings of the James Commission of Inquiry, he reviewed all applications for petrol service sites mentioned in the Commission's report; if not, why not; if so,

(2) whether, according to the investigation carried out by his Department, the applicant Mr K Krishnan was found to be a displaced trader; if so,

(3) whether he accepts his finding?

Hansard 22/5/90 D186E

The MINISTER OF HOUSING:

(1) No — this was carried out Departmentally.

(2) A letter has been forwarded to Mr Krishnan requesting him to furnish documentary proof that he owned a petrol service station. Mr Krishnan has to date not responded to the request despite a reminder.

(3) Falls away. Hansard 22/5/90

The LEADER OF THE OFFICIAL OPPOSITION: Mr Chairman, arising out of the reply to the second part of the question, is the hon the Minister aware that the Housing Development Board has acted on the findings of the James Commission of Inquiry?

The MINISTER: Mr Chairman, regarding any further questions arising from my reply: I can only get information from my officials if these questions are directed to them.

Petrol service sites: displaced persons

*4. The LEADER OF THE OFFICIAL OPPOSITION asked the Minister of Housing:

(1) Whether the persons who were allocated petrol service sites in (a) Unit Centre, Shallcross, and (b) Woodview, Phoenix, were displaced persons in terms of the Group Areas Act; if so, what is the address of the premises from which each of these persons was displaced;

(2) whether his Department has at any time allocated more than one site to a person who was displaced from a single business premises; if so, (a) why and (b) what are the relevant details;

(3) what is his Department's policy in regard to such allocations?

30 D187E

The MINISTER OF HOUSING:

(1) The person (Shaik Adam Saib) who was allocated a petrol service station in Unit Centre, Shallcross, was a displaced person. Hansard 22/5/90

The person (H R Shaik) who was allocated a petrol service station in Woodview, Phoenix, is not a displaced person.

Mr Saib was displaced from Queensburgh.

(2) As far as can be established the Department has not allocated more than one site to a person who was displaced from a single business.

(3) The policy is to allocate only one site to a person who was displaced from a single business.

The LEADER OF THE OFFICIAL OPPOSITION: Mr Chairman, arising out of the answers given, is the hon the Minister aware that the Judge President of Natal gave a judgment against the hon the Minister on 21 February of this year, where a site in Woodview has to be allocated to Mr Shaik, and that this is in conflict with his answer?

The MINISTER: Mr Chairman, if the hon the Leader of the Official Opposition wants any further clarification, I suggest that he puts his questions or queries in writing, because all this stems from an involved procedure. I am not a computer which can just pump out answers. I can only get the answers from the officials who are handling this matter.

The LEADER OF THE OFFICIAL OPPOSITION: He's useless!

The CHAIRMAN OF THE HOUSE: Order! Did the hon the Leader of the Official Opposition say that the hon the Minister of Housing was useless?

The LEADER OF THE OFFICIAL OPPOSITION: Mr Chairman, I said he was useless, because he cannot answer simple questions to which he should know the answers.

The CHAIRMAN OF THE HOUSE: Order! The hon the Leader of the Official Opposition must withdraw that.

The LEADER OF THE OFFICIAL OPPOSITION: Mr Chairman, I withdraw it unreservedly.

Mr M RAJAB: Mr Chairman, further arising out of the hon the Minister's reply, will he not agree with me when I say that it is reasonable to expect of any hon Minister who comes to this House to answer a particular question, to take the trouble to find out every thing that should be known about that particular issue? Is that not reasonable?

The MINISTER: Mr Chairman, when questions are submitted, these are sent to the officials in the department for a reply. I would like to find somebody here who can anticipate all the questions that are asked.

The LEADER OF THE OFFICIAL OPPOSITION: Yes, here is the man.

The MINISTER: Yes, but I was not part of "The Fiddler on the Roof". [Interjections.] I do not know the background to everything.

Havenside Shopping Centre: flats allocated

*5. Mrs D GOVENDER asked the Minister of Housing: Hansard 22/5/90

(1) Whether any flats in the Havenside Shopping Centre were allocated to persons on a preferential basis; if so, (a) why and (b) what are the names of these persons;

(2) whether such preference was given as a result of the intervention of any member of Parliament; if so, what are the relevant details?

D189E

The MINISTER OF HOUSING:

(1) Yes.

(a) As indicated in (b) below.

(b) P R Chetty : He shared a flat as a sub-tenant. When the main tenant vacated the unit he upon application was allocated the flat.

N Naidoo : This applicant was served with an eviction notice by his private landlord. He made representations to be allocated a flat on humanitarian grounds and was successful.

M Singh : He acquired a site in Umkumbaan but it was found unsuitable for housing development. He was required by the private landlord to vacate the premises which he was leasing. The Department, being unable to allocate another site to him at the time, allocated a

Top ANC team to meet SA businessmen

B/Day 23/5/90.

ALAN FINE

THE ANC and its allies are sending a powerful team of 40 to meet more than 300 of SA's top businessmen at a conference organised by the Consultative Business Movement (CBM) taking place at a Johannesburg hotel today.

The theme of the conference, the first such contact between business and the ANC inside SA and the largest yet, is Options for an Economic Future.

Keynote speakers will be ANC deputy president Nelson Mandela and former Anglo American chairman Gavin Relly.

Other ANC executive members scheduled to be present include Thabo Mbeki, Joe Slovo, Aziz Pahad and Steve Tshwete, internal officials Trevor Manuel and Terror Lekota and Lusaka-based economics department official Tito Mboweni.

The labour movement will be represented by Cosatu officials Jay Naidoo, Chris Dlamini and Sydney Mafumadi, Numsa's Alec Erwin and the NUM's Cyril Ramaphosa.

(30)

Business leaders chairing sessions will include Murray Hofmeyr, Don Masson of Tradegro, JCI's Ken Maxwell and Neal Chapman of Southern Life.

Mboweni, who arrived in SA on Monday for his first visit since going into exile 10 years ago, said he saw the gathering as part of a process of consultation between business and the ANC.

He said the ANC wished to discuss the economic situation and how it could be improved, especially for the benefit of black people.

Comment: Page 8

Spareco seeks JSE's approval of R6m sale

MOTOR spares retailer Spareco is to ask the JSE for permission to sell non profit-making parts of its subsidiary Fleishman's to Broshore Investments for R6m in cash and liabilities, according to an announcement by the company yesterday.

The deal will leave Fleishmans — which is 54% held by Spareco — with the two Eddie's shops. Fleishmans' listing in the Retailers and Wholesalers sector of the JSE will be changed to Eddie's Stores and Eddie's founder, Eddie Karp, will manage the new operation.

The sectors to be disposed of are Fleishmans' subsidiary Germax and its

CHARLOTTE MATHEWS

18 stores together with 11 nationwide subsidiaries.

Spareco financial director Don Elliott said there would be no effect on Spareco's or Fleishmans' minorities. The subsidiaries to be sold were not contributing to profit and the cash gained from the deal would be used partly to pay off borrowings.

Fleishmans interim results to December reflected a 56,8% drop in earnings to 5,7c a share from 13,2c in the previous interim period.

Spareco believes the move will improve its share of the major spares market, including the black taxi sector.

Mass stayaways in Transvaal

STAR 23/5/92 Staff Reporters

Work stayaways, marches and factory demonstrations erupted across the Transvaal yesterday as thousands of workers took part in the Congress of SA Trade Unions (Cosatu) "day of action" on the Labour Relations Act.

Sapa reports that police arrested 128 demonstrators on the East Rand and that teargas was used to disperse marchers in central Johannesburg.

The Cosatu action was designed to press the Government into enacting a union-employer accord on the Act before Parliament goes into recess.

A national picture could not be obtained yesterday, although hundreds of shopworkers staged protests in Port Elizabeth.

Major industries in the Eastern Transvaal were hit when the protest, fuelled by local grievances, mushroomed into full-scale stayaways.

A Sasol spokesman said very few black workers had turned out at the Secunda plants and Anglo American reported a complete stayaway of workers from all divisions of Highveld Steel in and around Witbank.

A Cosatu spokesman in Secunda said between 40 000 and 50 000 people had taken part in a march through eMbalenhle township to the council offices.

Police reported that teargas was used on several occasions in eMbalenhle to disperse youths setting up roadblocks. A coal truck was burnt near Secunda and there was sporadic stoning of vehicles.

In Witbank, where a boycott of white businesses is taking place, the town centre was deserted.

In Germiston, an estimated 5 000 unionists from three industrial areas marched through the city at lunchtime yesterday.

Police said 128 people had been arrested for obstructing traffic during marches in Kempton Park, Spartan and Isando.

Postal and commercial workers staged separate marches in the Johannesburg city centre yesterday, one to the Stock Exchange, and, according to Cosatu regional secretary Amos Masondo, there was a partial stayaway in Industria.

Demonstrations were also reported from Elandsfontein, Wadeville and Edenvale. A union source said thousands of workers had marched from Vereeniging to Sebokeng.

The ANC's Nelson Mandela and Anglo American's Gavin Relly explored options for South Africa's economic future at the Consultative Business Movement conference in Johannesburg yesterday. ● Picture by Alf Kumalo.

Economic power of few must change, Mandela tells business

Star 24/5/90 (30)

Staff Reporter

While the ANC had no blueprint that decreed privately-owned assets be nationalised, it was obvious the concentration of economic power in a few white hands would have to change, Nelson Mandela said in Johannesburg last night.

About 40 ANC officials and 400 South African business leaders met at a landmark conference at the Carlton Hotel yesterday, organised by the Consultative Business Movement (CBM) to discuss SA's future economic policy.

ANC deputy president Mr Mandela told the conference he would not present any argument about nationalisation.

"The view that the only words in the economic vocabularly that ANC knows are nationalisation and redistribution is mistaken. There are many issues to consider in the question of democratisation and de-racialisation of economic power," Mr Mandela said.

He said it was important to stop propagating a gloomy picture of a future South Africa which would sink into the economic crisis that afflicted many African countries.

Mr Mandela said it would be necessary to review the system of taxation.

The burden of taxation on sections of the community least capable of looking after themselves should be shifted to the corporate sector — without producing a situation of diminishing returns.

He said the abolition of multi-headed apartheid administrative structures would result in enormous savings.

Defence spending would also have to be radically reduced, and lead to the conversion of military production facilities to civilian needs.

He would fight against the creation of a "bloated and unproductive" civil service.

Crisis

Mr Mandela said South Africa's economy was in a terrible crisis. Unemployment was increasing, investment in fixed capital was decreasing and inflation was high.

"The democratic project cannot succeed unless the economy can deliver. There is no prospect of getting out of the morass while the apartheid system of white minority rule remains."

Anglo-American's Gavin Relly told the conference that business and political movements would have to seek a new set of jointly held values to enable them to confront the challenges of building an economic future together.

These would have to share elements of individualism, competitiveness, consensus, co-operation and social conscience.

He said the debate about economic options had progressed from the crudities of a "capitalism versus socialism dogfight" to a recognition that South Africa had a future in a mixed economy.

"(There is a) need to get the mix right — the tax system, the efficiency and manner in which we deploy tax revenue, the country's legal and institutional framework and the need for a market-based pricing system."

Mr Relly said instead of contemplating mechanisms such as nationalisation, the private sector should be seen as a source of wealth and job creation, with the Budget acting as an allocator of resources raised by taxation.

CBM chairman Murray Hofmeyr said the conference had not sought to achieve superficial definitive statements about SA's future, but to explore options.

"We have a very long way to go. There are areas of substantial disagreement and I am appalled at the massive problems.

"There is inevitably a degree of mistrust between business and the ANC. We identified areas of disagreement and areas of similar interest," Mr Hofmeyr said.

Zithobeni township stayaway ends

Star 24/5/90

The stayaway by residents of the tiny Eastern Transvaal township of Zithobeni near Bronkhorstspruit, has ended.

The mass stayaway — from work and schools — started on Monday following weekend clashes between members of the local civic body, the Zithobeni Residents Organisation and the local town council.

Trouble started earlier this year when residents demanded the resignation of all councillors and the mayor because of "high monthly rentals". They resolved not to pay the rent.

Clashes between councillors and residents were reported at the weekend.

Yesterday residents said most people had returned to work and school and taxis and buses were operating.

Police described the situation as quiet. — Pretoria Bureau

Arnold van Huyssteen

BUSINESS CHARTER FIM 25/5/90

Stating the obvious

The SA Chamber of Business's "charter of economic, social and business rights," published last week, is unfortunately entirely predictable. It reiterates support for democracy and a free enterprise economy — and is most notable for its omissions. (30)

For a start, there is no indication where the chamber will stand on the delicate (for it) issue of free trade vs protectionism — a dilemma for it from the moment a merger of Assocom and the Federated Chamber of Industries (FCI) was mooted.

Even when the charter tackles non-business issues, there are some unresolved questions. On the language issue, the charter says: "A person belonging to an ethnic, reli-

FIM 25/5/90 (30)

gious or linguistic group shall not be denied the right to enjoy his own culture, to profess and practise his own religion, or to use his own language."

Does this mean that in the new SA citizens will be able to write to any branch of government in Shangaan or Gujerati and expect a reply in that language? Or expect an education in any language, or be able to read a government gazette in any language? (The ANC reportedly favours keeping English and Afrikaans as official languages.)

In addition, it might have been appropriate to state that there has been blatant discrimination against blacks in the supply of public services and that specific efforts must be made to remedy shortfalls in areas such as housing, health and education.

The charter does support economic growth, education and social welfare, but it needed to go further. It is now well recognised that declarations of support for free enterprise will remain empty verbiage unless blacks perceive that discrimination will be remedied within the framework of the market economy and within a reasonable period.

However, the chamber is hard at work preparing two follow-up documents — one on the nuts and bolts of economic policy, the other on constitutional issues. It is reasonable to hope that these detailed policy statements will fill gaps in the charter itself, which is intended as a general statement of principle.

Meanwhile, the charter may help business to make conciliatory noises at the meeting with the ANC scheduled for this week. ■

CHRISTO NEL FM 25/5/90 (30)

A fresh beginning

At his grandmother's knee, young Christo Nel learnt of her suffering in the Boer War concentration camps. It was one reason why conflict resolution has become the primary concern of 35-year-old Nel, a director of P G Bison and executive consultant of the Consultative Business Movement (CBM).

FM 25/5/90 (30)

He is the man behind the team that this week hosts possibly the most significant "Carlton Conference" the business community has yet participated in. Between 250 and 400 leaders of SA's business community, as well as 40 members of the ANC, headed by Nelson Mandela, get together to hammer out strategies for a new economy.

Nel, who has a post-graduate degree in psychology from the University of Pretoria, grew up in a traditional Afrikaner home. However, while at Tukkies, he worked in coloured and black townships during the mid-Seventies. He was troubled by the breakdown of home life caused by apartheid.

He worked as a personnel manager until the Unisa School of Business Leadership retained him in 1984 as leader of "Project Free Enterprise". The project was based on earlier research that indicated blacks believed business and government conspired in exploitation. These perceptions, it was found, negatively affected productivity.

Because of that work, the Federated Chamber of Industries approached Nel about the practical implementation of the Business Charter published in 1985. "We identified a need for democratic, participatory workplace practices and affirmative action."

It was at a time when business was at its most vocal against apartheid. John Wilson, Chris Ball, Tony Bloom and Johan van Zyl earned the wrath of the then state president P W Botha with their anti-apartheid positions. Some of those men and others, includ-

Nel . . . avoiding a wasteland

FM 25/5/90 30

ing Zach de Beer and Neal Chapman, foresaw growing polarisation and wanted to engage in discussion with black leaders about the future of the country.

Nel was asked to do the job. It was 1986, the most repressive year of the State of Emergency, during which many black leaders were in detention or in hiding. After almost two years of clandestine meetings between black leaders and a small core of top businessmen, the Broederstroom Encounter was held in August 1988.

Thirty-seven leaders of Cosatu and the UDF met with 40 business leaders. That led to the birth of CBM. Nel recalls that there was some irony in that meeting place; "Broederstroom means 'stream of fellowship' and Pelindaba, which is nearby, means 'The talking is now finished'. We were right on the border of the talking finishing."

Today CBM has 60 corporate members and 200 individual business leaders. Nel believes the CBM's most important task is to achieve national consensus on political and economic issues.

"We have to resist the reliance on old style rhetoric of centrist demand and the simplistic and extreme rhetoric of the free market group."

He says the real issues of poverty and homelessness have to be addressed without impeding economic growth.

In his rare spare time, Nel is an avid reader of books on physics and history. He also writes poetry and spends time on meditation when not relaxing with his 7-year-old son, Roark. ■

UK's Oceana Trust to become corporation

30

LIZ ROUSE and
ROBERT GENTLE

OCEANA Development Investment Trust, the UK-based company in which the Lewis family (of Foschini fame) acquired a 53% stake in September last year, has announced a change of status and an A$8,35m Australian acquisition.

Oceana (no connection with Oceana Fishing) switches from an investment trust — limited by UK law to a maximum of 15% of the assets of any one company — to a corporation free to build up larger stakes in target companies.

Application will be made to the JSE to transfer Oceana's listing from "Financial — Investment Trusts" to "Industrial — Industrial Holdings". A similar transfer is expected to be effected in London.

Concurrently, Oceana has agreed to acquire 28,9% of Handbags International, Australia's largest independent retailer of women's handbags and travel goods (1989 sales: A$58,4m) with 158 outlets nationwide.

Although Handbags made A$2,9m in pretax profits in 1989, profitability in the current year has been squeezed by reduced consumer expenditure, the recent airline strike and increased debt charges arising from high interest rates.

It is in this context that Handbags has agreed to let Oceana come on board. (However, the Lewis family itself was already present in Handbags through a 22,5% stake via American Swiss Investments BV, a holding company it controls).

The A$8,35m consideration for Oceana's 28,9% stake in Handbags, which comprises a shareholding and certain loan obligations, will be satisfied by the issue of about 459 000 new ordinary stock units in Oceana and A$5,35m in cash.

It will be subject to an upward or downward adjustment of up to A$1,5m payable in cash in 1992 depending on pre-determined future profitablity levels.

On completion of the acquisition, Oceana and its subsidiary American Swiss will hold 28,9%. Interests associated with Handbags' management will hold the controlling 51%.

The Oceana board says the move into Handbags is in line with its stated policy of concentrating on investment in retail related businesses internationally, complemented by ancillary investments in real estate.

Cease

It will have the added benefit of enabling the Lewis family interests to concentrate all of their material non-SA retailing activities in Oceana, thereby eliminating "any potential for conflict".

If the proposed acquisition is approved, Oceana's investment trust status will cease from April 1990 and it will be renamed Oceana Investment Corporation PLC.

Only last month, Liberty Life's UK-based investment arm TransAtlantic moved to change the status of its 43%-owned Continental and Industrial Trust because of limitations on investment trust companies.

BUSINESS

Bigger, better show will be hard to match

w/Mail 25/5-31/5/90

(30)

By HILARY ANDERSSON

THE MatchMaker '90 Exhibition at the Nasrec showgrounds last week was bigger, better organised and more successful than last year, said Co-ordinated Marketing and Management representative Howard Pell.

However, continued growth of the project, which has parallels in Cape Town and Pietermaritzburg, faces certain challenges.

The initiative, which aims to match the needs of big businesses with the interests of small firms, attracted five new buyers this year, including Rand Mines and Crown Cork, according to MatchMaker Services executive director Zuko Tofile. BP and Gencor are expressing interest in next year's event.

He said the core of interested companies, though, remained American. Attempts were being made by the organisers to attract a more diverse selection of companies, especially South African concerns.

He adds MatchMaker's budget increased by 50 percent this year and was expected to double to almost R500 000 next year. The United States Agency for International Development had also donated R130 000 to help the development of the recently formed MatchMaker Services, which provided training and advice to small businesses.

The rapid expansion of the project had caused the need for permanent staff and offices. This need had been recognised and sponsors were now sought, he said.

Pell said from both the buyers' and the sellers' side MatchMaker'90 had been a success. There was a substantial increase in turnout this year. It was believed that the more selectively drawn up invitation list this year led to an increase in contracts signed.

Tofile said the sought-after exhibitors' stalls at the three-day show were oversubscribed this year. One hundred and eighteen small businesses exhibited their wares, compared to only 45 in the first exhibition in 1986. About 65 percent of the businesses had exhibited last year and came back for more.

For many small black entrepreneurs the exposure to big business and white businessmen alone is enough to make the exhibition worth their while. Exhibitors this year came from as far as the Transkei, the Northern Transvaal and Bophuthatswana.

Competition for floor space at MatchMaker had meant increased selectivity, and consequently a higher quality of product exhibited. This was seen as a positive development by Tofile.

The changing face of MatchMaker is one where the big companies attend out of strictly business interests, instead of out of social conscience. "We don't need handouts", said a speaker at the MatchMakers opening ceremony.

Tofile says about 70 percent of the sponsoring companies, however, did give "handouts", in the form of the finance of exhibitors' stalls or one-off contracts, and leave it at that. It is only the other 30 percent which provided advice and other non-financial support to the small companies. It was these sponsors who have nurtured MatchMaker's success stories.

CIH Chemicals, sponsored by Mosanto, was one such success story, according to chief executive James Findlay. Mosanto had offered marketing and book-keeping advice and use of their buying power to help make the small Alexandra-based company a success.

Ludo Curtains, which was started in 1987 and operated out of a garage for a year but now has premises in Malboro, has exhibited at MatchMaker three times now. Lucia Mothiba, the owner, claimed that she had "double the success" every year.

Businessmen feeling the pinch

Star 26/5/90 (30) (183)

DEREK TOMMEY

BUSINESSMEN are starting to ask when is the Government going to relax its current tight money policies. High interest rates, high tax rates and curbs on Government spending have begun to hurtmany businesses.

The 20 percent drop in new vehicle sales in April compared with April, last year, was just one sign that the Government's policies are starting to bite.

But other areas of the economy are also suffering. April was a bad month for business generally and May is unlikely to be any better.

Businessmen say unless the Government eases its tight money policies, conditions for the rest of the year will be grim.

For this reason there is a keen debate about what will be needed to make the authorities relax their policies.

The aim of the tight money policies, the Government has made clear, is to reduce inflation and to increse the foreign exchange reserves. The Reserve Bank has stated its intention is to double the size of the reserves. But it has not stated any target inflation rate that must be achieved. However, an analysis of recent price increase suggest that the tight money policy could continue to be enforced for some time.

There is no doubt that the squeeze is having some effect. In the 12 months ended April consumer prices rose 14,5 percent. But in the past three months the annual rate of increase has been just over 13 percent and in April the annual rate was down to 12 percent.

But gratifying as these figures are, there is as yet no sign of the inflation rate dropping to anywhere near acceptable levels. Moreover, an analyis of the price increases since January shows that in spite of the Government's measures, disturbing inflationary pressures still remain in the economy.

In February, March and April, the cost of education rose 18,6 percent, alcohol prices rose 12,7 percent, milk butter and eggs by 12 percent, furniture prices 10,6 percent, non-alcoholic beverage prices (which do not includes tea and coffee) 7,6 percent, household equipment 5,7 percent and household consumer goods 5,0 percent.

Multiply these figures by four to get an approximate annualised figure and the results are shattering. Admittedly, some of these increases may reflect a one-off annual price rise. The inrease in the cost of education probably does. But even so the size of the single increase indicates that inflation pressures remain strong.

These and other price increases indicate that a tough monetary policy is still needed, and that it would be wishful thinking to expect any early relaxation in them.

Shoplifting is big business

By JANIS FRASER
Weekend Argus Reporter

SHOPLIFTING has come a long, slick way from its furtive snatch and grab or impulse-stealing image of the past.

That kind of petty theft still goes on, but shoplifting in the 1990s has risen to a professional, big-business level, say security men.

It has become a profession which is costing retailers — and consequently the man in the street — about R600-million a year as mobile gangs sweep in to coolly snatch whole rails of clothing or even heavy furniture.

Retail security

Mr Michael Moore owns Sabre Security, Cape Town's biggest retail security business, with a large, "figures are confidential", force of plainclothes detectives who operate in most big stores and shopping centres in the city and suburbs.

The former professional soldier says that when he established the

Gangs make a living from daily pickings

firm he realised the draining economic implications of shoplifting and decided to specialise in retail security.

He believes the only way to fight the rampant shoplifting, which is becoming increasingly professional, is with a professional counter-offensive. The little man who is hungry isn't the problem any more, it's the teams out to make big money who have become the headache.

From a fully-equipped, central "ops" room, staff are controlled and directed 24 hours a day. Those in the field are impossible to identify among a shopping crowd. It's only after making a series of arrests, sometimes six a day in large stores, that their cover is blown and they are moved to new locations.

The same applies to the shoplifting gangs, who work from area to area, moving on when they realise they have been identified.

Mr Moore says: "Now they are working as professional people. Gangs are organised and run purely for shoplifting on a daily basis. They have mobility, they often travel in minibuses and will pick a target area or a shopping centre and plan a campaign.

"First, they keep watch, maybe for several days, and identify the places which are easy to hit, the shops which have little or no security or the areas in a store which are vulnerable.

"Then, they move in. A couple will divert the assistant by asking for a garment on a top shelf or on the other side of the store. While the assistant is distracted they make their snatch, maybe a whole rail of garments which they will fold over and calmly walk out with."

So what can be done?

Most central stores are ideal targets, he points out, built as thoroughfares with good escape routes and little access control.

Private detectives can keep a check on what's happening inside, but their job ends at the door. It's there that another operation, in which he is involved purely in a voluntary capacity, takes over.

As chairman of the liaison group of the South African Police's new Business Watch patrols, he is full of enthusiasm for the concept of bringing the "Bobby" back on the beat.

In September, the patrols were introduced in the city centre during business hours and they are having a strong deterrent effect, says Mr Moore.

He believes the psychological impact on the community is important as well. The city policeman can be seen as a high profile person, approachable when trouble arises.

When crime is there for the taking

Weekend Argus Reporter

JESSICA Kieswetter flashes a model smile and says she doesn't mind if her name and picture appear in print — now.

It wasn't the same in her days as a store detective, she adds. Then she would have been too scared. She often risked attack on her trips to and from work. "People I'd arrested said they'd kill me. I had to run for it a couple of times."

Promoted now to marketing and branch executive with Sabre Security, she says the detective days had their lighter moments.

"I still remember one woman who'd managed to hold four pairs of size seven shoes between her legs, she walked up 16 stairs with me and didn't drop one.

"Then there were the women who would pretend they were pregnant, padding themselves with clothes they'd stolen. There was one woman who had a wire around her waist

Under hats and inside undies were popular hiding places, and one man was positively clanking by the time Jessica detained him. "He was wearing a track suit under his trousers and just dropping jars and bottles of cosmetics into them. The track suit was full to knee level."

Duvet covers and even microwave ovens, she has seen them all vanish into bags and under clothing, leaving no alternative but a tap on the shoulder at the shop door and a discreet request to "please come with me," and hope the person comes without a fuss.

"If not it can be difficult. I've had to fight with people sometimes and it's very seldom that bystanders offer any help."

A woman colleague — unidentified because she's still operating in the field — who says she loves her job as a detective, looks more like a well-dressed student. She says the cov-

"We call them the 'doekie' gang because of the scarves the women wear on their heads. They operate by distracting the sales ladies and walk off with rails of clothes. I once chased them and blew my whistle for help — and they threatened me with a huge knife."

There's an element of cheek there too, she says. "I watched a woman loading clothes from a supermarket basket into a bag she had with her. When she realised we had seen her she calmly took all the things out of the basket, dumped them on the counter and walked out.

"Then there are the ones who I've caught and who have been prosecuted, but they still have the nerve to come back to the shop. I often see them, although the minute they see me they move off."

She agrees that organised shoplifting is on the increase. "I sometimes catch five or six

Picture LEON MULLER, Weekend Argus.

Security executive Jessica Kieswetter . . . out to

(30) Star 28/5/90

NEWS

Consumer boycott halted

By Monica Nicolson

The consumer boycott in Virginia in the Free State has been suspended after 10 hours of negotiation between the Meloding Boycott Committee, police and a delegation from the Virginia Business District last week.

Residents of the Meloding township outside Virginia called for the boycott because people were being harassed by racist shop-owners and right-wing organisations, a statement from the boycott committee and business delegation said last night.

The committee said they objected to the involvement of the SAP in local mine labour disputes and insisted no SADF troops be sent into Meloding.

After a meeting with police, it was agreed forces would ensure that all activity within Meloding would be conducted in a reasonable and friendly manner and all complaints concerning individual Meloding Municipal policemen would be investigated.

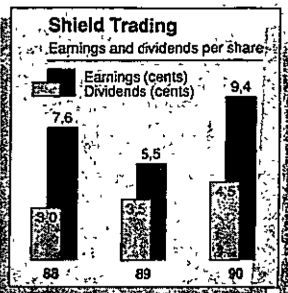
The committee and police agreed to hold further meetings with the National Union of Mineworkers (NUM) in Virginia, and the Mass Democratic Movement in Meloding.

The delegation planned to establish a joint committee to monitor consumer problems in Virginia with the first meeting to be held next week.

BDay 28/5/90

Franchising and core growth help Shield's earnings soar 70%

(30)



SYLVIA DU PLESSIS

SIGNIFICANT growth in Shield Trading Corporation's core company and its decision to franchise the Success operations enabled the group to bolster earnings by 70,8% to 9,4c a share in the year to February.

This is off a low base in that it follows a 28,3% drop in earnings in financial 1989, but it exceeds the 17,4% growth Metro reported at this level for the six months to December and the 24% end-February hike posted by Score.

Dividends for the period under review total 4,5c — an increase of 28,6%.

Chairman and MD Theo Muller said the figures mirrored significant growth in core company Shield Multi Trade and the "correctness" of management's decision in August 1988 to franchise the ailing Success chain.

Full-year turnover for the wholesale distributor of food and allied products rose by 20,5% to R512,2m and operating income climbed 31,3% to R12,4m to lift margins to 2,4% (2,2%).

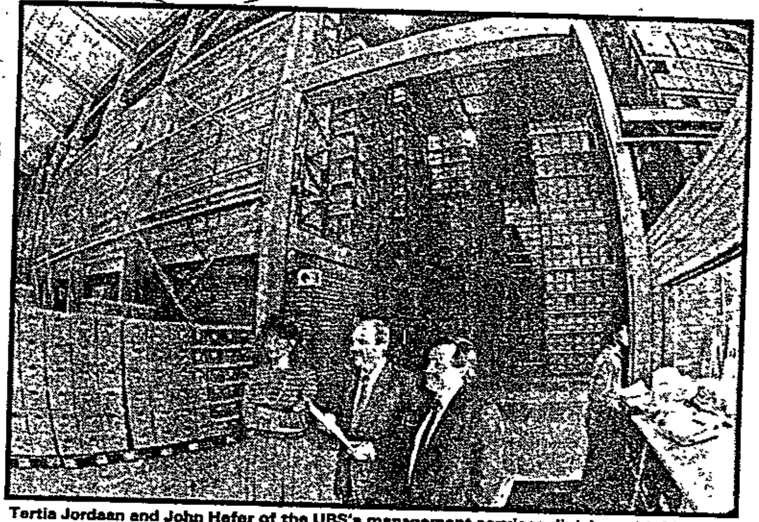
After rebates to Shield franchisees of R7,3m (R5,4m) and taxation of R2m (R2,2m), bottom-line income was nearly 71% higher at R3,1m (R1,8m).

Muller said directors were optimistic about the ensuing year despite the economic slowdown. "Although trading conditions are expected to remain intensely competitive, we are looking forward to growth reflected in the 1991 results in excess of 25%."

(30)

Business Day SURVEY

*Statistics indicate SA will have the most rapid urbanisation in the world — the Witwatersrand is expected to almost treble its population to around 8-million by the year 2000. This situation offers challenges and remarkable scope to those involved in the merchandising and retailing industry. **CHARLENE SMITH** and **CHARLOTTE MATHEWS** report.*



Tertia Jordaan and John Hefer of the UBS's management services division with Metrofile MD Norman Webster (right) in the document storage warehouse.

Rapid urbanisation will bring changes to retailing scene

(30)

B/Day 28/5/90.

THE future retailer will own a small store stocking basic commodities in or near a black area.

The SA retail environment will less resemble Sydney or Seattle than Mexico City — the most populous, rapidly urbanising city in the world.

Business and urbanisation statistics reveal that SA will have the most rapid urbanisation in the world — already Cape Town is seeing inflows of up to 35 000 new residents each month and the Witwatersrand complex is expected to almost treble its population to around 8-million people by the turn of the century, according to urbanisation experts at Stellenbosch University and in Johannesburg.

This is happening in a changing political climate. Greater political rights and moves toward social parity will see more black people seeking and making their fortunes in the metropolitan centres.

While many will form the new management and middle class, a large proportion of new residents will live in burgeoning shanty towns fringing the major cities.

The economy has dipped into a recession and only positive political advances coupled with a more pragmatic approach to working conditions by unions and employers — higher wages and higher productivity — coupled with the lifting of sanctions will push the economic indicators up.

Challenge

The redistribution of wealth will be a key word — but instead of this frightening off businessmen, they should seize it as a valuable marketing and growth challenge.

Cape Displays' John Christie says although there are many negative aspects in this hope/despair era of politics, if political settlement can be reached soon, SA can within five years of a settlement have the most vibrant economy in the world.

"We are looking to extending our markets throughout southern Africa. A strong South African economy can fuel all of southern Africa and up through Africa."

Researcher Ibis' Brian McMillan says the biggest trend in retailing is that the the black population has in the last decade enjoyed an increase in disposable income, while whites experienced a drop.

"The products that are growing are those with a multi-racial approach. As black disposable incomes increase we will see an increase in the number of smaller convenience stores on the fringes of the cities to cater to the needs of a population which by and large is not mobile."

However, McMillan says there will be a decline in the number of spaza stores due to tougher municipal regulations.

These smaller stores will carry consumer basics such as household goods, detergents and essential foodstuffs.

Reorientate

"As grey areas develop, the retailer will have to reorientate his selling patterns and incorporate brands that have black appeal. For example, a store that stocks mainly fully automatic washing detergents will have to allocate more space to handwashing detergents."

There are two major lessons for the retailer and merchandiser — the world is changing fast and if you don't take a radical re-look at your business and the way you operate, the world may just leave you behind.

The daggers are drawn in merchandising field

MERCHANDISERS have seen their role grow and change in the last 20 years.

They are the people who deliver products to the stores or their centralised warehouses and pack the shelves "in the best possible way so that products sell to maximum advantage".

Merchandising is the efficient use of space in a store. In hyperstores, there will be a few permanent merchandisers packing and labelling the dozens or even to supermarkets to carry the item nationally.

Some chains make less money out of food sales than on the clever management of money, waiting for stocks to turn five or six times before paying merchandisers.

Confidential rebates or discounts, or what others call kickbacks — to the stores, not the buyers — amount to anything of 4% to 9% of total sales above all other inflation.

Swell is for any breakage or damage, but merchandisers say this takes place at the time of delivery with bad warehousing or carelessness.

One major merchandiser says his trucks collect one ton of damaged goods every day from stores that refuse to allow him to deliver otherwise, and these goods are then thrown away.

The damage may be in-

Finding one file out of the many millions

METROFILE controls the storage and retrieval of around four million files using a barcoding system.

Director Norman Webster says: "Our system differs from other warehousing systems because it caters for the return of files to boxes, not only their retrieval."

Each item is barcoded as it enters the warehouse with a barcode containing client information, the box number, its location in the warehouse, when it was stored and when it can be destroyed.

When a file is removed, the barcode is read and a new barcode is put on so the system can be updated on the file's return.

"The barcode information feeds a transaction file which enables us to bill the clients for withdrawals and reminds them of files still to be returned, who requested the file and when," Webster says.

Besides files, Metrofile also stores computer back-

HOUSE OF REPRESENTATIVES

QUESTIONS

†Indicates translated version.

For written reply:

General Affairs:

Apprenticeship contracts

6. The LEADER OF THE OFFICIAL OPPOSITION asked the Minister of Manpower:

How many new apprenticeship contracts were registered in each trade in the 1988-89 financial year in respect of (a) Whites, (b) Coloureds, (c) Indians and (d) Blacks?

C14E

The MINISTER OF MANPOWER:

Figures per financial year are not readily available. The Department of Manpower does not keep these statistics on a racial basis. For the information that is available, please see p 162 of the Annual Report of the Department.

(a), (b), (c) and (d) Fall away.

HOUSE OF DELEGATES

3c

QUESTIONS

†Indicates translated version.

For written reply:

Own Affairs:

Shallcross shopping centre

42. Mr M MOHANLALL asked the Minister of Housing:

(a) What was the (i) cost and (ii) date of construction of the Shallcross shopping centre, (b) how many shops does it comprise and (c) what was the (i) selling price and (ii) market value per square metre of the shops in this centre? Hansard

D172E

The MINISTER OF HOUSING:

(a) (i) R161 409.

(ii) 1968.

(b) 20 shops.

(c) (i) R170 000.

(ii) The market value per square metre cannot be provided as such a calculation was never made, however, the market value of the complex was determined at R170 000 by the former Department of Community Development.

Croftdene shopping centre

43. Mr M MOHANLALL asked the Minister of Housing:

(a) What was the (i) cost and (ii) date of construction of the Croftdene shopping centre, (b) how many shops does it comprise and (c) what was the (i) selling price and (ii) market value per square metre of the shops in this centre?

D173E

The MINISTER OF HOUSING:

(a) (i) R141 000.

(ii) 1970.

(b) 18 shops.

(c) (i) R230 000.

(ii) The market value per square metre cannot be provided as such a calculation was never made, however, the market value of the complex was determined at R230 000 by the former Department of Community Development.

Amaprop to streamline development interests

(30)

EDWARD WEST

ANGLO American Properties' (Amaprop) focus for new development in the immediate future would be on Bruma Lake Office Park and possibly in the Stock Exchange area of Johannesburg's CBD, said Amaprop chairman Gerald Leissner in the group's annual report released last week.

Amaprop owns a third of the Bruma Lake development and is dominant in the Johannesburg CBD.

The company increased earnings 23% to 67,4c a share for the year to end-March and declared dividends of 42c a share, 20% up on last year.

Leissner said sales of residential land within Amaprop's developed markets, mainly to the north of Johannesburg, were excellent and he expected this to continue.

Profits for next year on collection of cash on term sales and from additional new cash sales should ensure sound performance from Amaprop's estates development division.

However, Amaprop had decided to restrict any new investment in this market sector so that its overall investment in township land and debtors would not exceed R55m.

Continuing investment in new developments and the need to refurbish office buildings and shopping centres on a regular basis made it desirable to generate additional long-term capital for Amaprop, said Leissner.

The sale of six properties to the newly formed and listed Apex property fund gave Amaprop the opportunity to participate in Apex units and also generated R31,5m in cash.

The funds, together with R14,3m realised on the sale of Gardens Shopping Centre in Cape Town, was used to pay short-term debt and provide sufficient funds to finance developments underway, said Leissner.

Trading at The Carlton hotel continued to improve both in regard to average room rate and occupancy, but Amaprop needed to provide funds on a regular basis to preserve its five-star rating, he said.

Free State town hard hit by consumer boycott

B/Day 29/5/90

(30)

WHITE businesses in Theunissen in the Free State have been hard hit by a consumer boycott of the town conducted by nearby Masilo township residents.

The boycott, which entered its 14th day yesterday, had been almost 100% effective, businessmen in Theunissen said.

The Masilo township just outside Theunissen and about 56km from Welkom, has been tense in the past week, Northern Free State SAP liaison officer Maj Johan Fouche has confirmed that two people had died in police shootings in Masilo last week.

A survey of some businesses in Theunissen found that most had suffered severe losses as a direct result of the boycott.

Peps Stores manager Charmaine Cronje said for the past two weeks not one black customer had come into the shop.

An Indian businessman in the town said his business was down by at least 40%.

"Masilo residents are afraid to come into town," he said. — Sapa.

arena of pre-primary education when compared to previous years. If one compares the monetary allocation for pre-primary education in the last and this financial year with that for primary, secondary and tertiary education, one finds that there is not an increase of even one cent in the allocation of funds. Hon members can examine the budget.

Secondly, I want to suggest to the hon the Minister that he examine the activities of the Chief Executive Director, who is giving jobs to friends in a very important branch of our education, the psychological services, where the appointment and the promotion of persons are suspect.

Thirdly, the hon the Minister of Health Services and Welfare referred to social care in schools. This is also an area where one will find that there is no progress when one examines the monetary allocation in this important area, where as a result of a broad mass of our people being put into high density housing schemes . . . [Time expired.]

Mr P I DEVAN: Mr Chairman, the social health of our young and the youth is of paramount importance. I would say that no amount of money is too much to spend to investigate the welfare of our youth.

I want to make a practical suggestion this afternoon. I want to suggest that the Ministers' Council seriously considers setting aside at least R100 000 to hold a few serious conferences where one can have different parties—the social workers, the psychologists and the educationists—look at this. I can tell hon members that the anti-social problems which are prevalent in our society, particularly among the youth and the children, are startling. I think this matter has to be looked into before it becomes too serious.

On the other hand, youth organisations such as Boy Scouts, Girl Guides and others are scarcely represented in our schools. I would like to know why. It is really saddening that teachers cannot find time for this. Another matter is that we have heard of an increase in drug addiction, absenteeism, truancy and also . . . [Time expired.]

Mr K PANDAY: Mr Chairman, my submission is that we should not totally depend upon these various social organisations. What we should do, is to try and incorporate this into the curriculum. There are teachers who are experts and who would be able to do a fine job. There should be an ongoing effort in finding a solution to this problem.

I wish to refer to a few matters. First of all, there seems to be a communication problem. Arising from the recent violence, children are exposed to reports in the media regarding killings, murder, arson, and so on. Children are on edge and feel insecure. I know of a child whose asthmatic condition has deteriorated. I think these issues have to be addressed within the school curriculum.

I would also like to refer to the quantity of homework that is given to our children. Are they not given too much homework? When will they have time to do their own work, something which is of interest to them, and then share some ideas of educational importance with their parents and friends? I want to say to the hon the Minister that our aim should be a rounded education.

I now turn to the grading of pupils. The hon the Minister mentioned during the debate on the National Education Vote that he was against the grading of pupils. He asked why they should be classed as ordinary grade, standard grade, etc. I agree with him, but what has he done to remove the stigma which our department has placed on our children? We should remove this negative psychological barrier from our children.

I also wish to refer to the teacher-pupil ratio. In some of our schools there are up to 40 children in one classroom. [Time expired.]

The MINISTER OF EDUCATION AND CULTURE: Mr Chairman, I would like to start with the last speaker, the hon member for Reservoir Hills. I agree with him as far as certain aspects are concerned. I agree that too much homework tends to detract from a child's quality of life. I agree that children should have time for themselves. The school should be the arena in which they work—I do not mean Arena Park! [Interjections.] I simply wish to state that the curriculum is being looked at. We are looking at ways in which to address these social aspects within the curriculum. I can assure the hon member for

Reservoir Hills that this is now being considered for implementation next year.

I would simply like to state that violence in South Africa—and in Natal, specifically—is a problem. It has a psychological and social impact on children and this is a deep-rooted problem. I would like welfare departments, parents and community-based organisations to work on this. It cannot be solved within the school structures only, because violence occurs outside the school.

The LEADER OF THE OFFICIAL OPPOSITION: We have a Minister who promotes violence!

The MINISTER: As far as grading is concerned, we have eliminated lower grades in our school system, starting now. From now on the new children will not have a lower grading. I would like to see grading eliminated entirely. [Interjections.] Yes, we would like to remove that.

I realise that the socio-economic problems of this country cannot be solved by educators alone. One would have to make a concerted effort and adopt a proactive stance on this. I would welcome it if hon members on the other side could lend us their expertise on how best we could solve this problem.

As far as drug abuse is concerned, I wish to say that this is an escalating phenomenon and I am worried about it. We are working in conjunction with our health department and the police department to see how best we can address the drug situation, because it is destroying the lives of some of our children. It is an escalating problem which we should try and eliminate. As far as child abuse is concerned, this aspect, too . . .

The CHAIRMAN OF THE HOUSE: Order! Does the hon the Leader of the Official Opposition wish to ask a question?

The LEADER OF THE OFFICIAL OPPOSITION: No, Sir, I have decided not to disturb the hon the Minister. [Interjections.]

The CHAIRMAN OF THE HOUSE: Order! The hon the Minister may proceed.

The MINISTER: Mr Chairman, child abuse is a problem. [Time expired.]

The LEADER OF THE OFFICIAL OPPOSITION: We have a Minister with a social problem!

The CHAIRMAN OF THE HOUSE: Order! I wish to make an appeal to hon members. When hon Ministers are replying during interpellations, hon members should grant them the opportunity to complete their replies.

QUESTIONS

† Indicates translated version.

For oral reply:

Own Affairs:

Housing Development Board: trading sites

*1. Mr D K PADIACHEY asked the Minister of Housing: 7(30)

Whether he or the Housing Development Board intends repossessing any trading sites as a result of the report of the James Commission of Inquiry; if not, why not; if so, (a) which sites and (b) when?

Hansard 29/5/90 D191E

The MINISTER OF HOUSING:

No. Because the report of the James Commission of Enquiry made no reference to any trading sites.

(a) Falls away.

(b) Falls away.

Local affairs/management committees: meetings

*2. Mr H M NEERAHOO asked the Minister of Local Government and Agriculture:

Whether he intends having meetings before the next Parliamentary session with all local affairs and/or management committees under his control in order to assess their problems with their respective municipalities; if not, why not; if so, when?

Hansard 29/5/90 D198E

The MINISTER OF LOCAL GOVERNMENT AND AGRICULTURE:

The answer is no since this Administration has in keeping with the decision of the Ministers' Council, not promulgated legislation to ad-

Boycott of CP town may end

Sowetan 30/5/90

(30)

THE consumer boycott in Louis Trichardt has been suspended after the town council and the local chamber of commerce agreed to consider the boycotters' demands, a UDF spokesman said yesterday.

By RUSSEL MOLEFE

Mr Magwedzha Mphaphuli said there was concern that a situation similar to that in Welkom in the Free State could arise. It was felt this should not be allowed to happen.

He said the mayor of the Conservative Party controlled town, Mr LJ Holtzhausen, and the chamber's chairman, Mr. Brink Schlesinger, met this week and pledged to meet some of the demands.

These include opening public amenities to all races and upgrading the old Tshikota township.

Schlesinger confirmed yesterday that his chamber and the council had met the UDF "to build bridges" and were considering the demands.

He said the town had suffered financially because of the boycott.

"In future, we believe that before action could be taken against businesses we will first get together and talk," he said.

Mphaphuli, who was detained at the beginning of the boycott in April, said several detainees were released this week and discriminatory signs in the town were being removed.

The Star
Finance

Star 30/5/90 (30)

Cape Town hopes for economic boom

CAPE TOWN — Two South African companies recently advertised for the same number of scientists and engineers. One was near Johannesburg. It got 47 replies.

The other was near Cape Town. It fielded 2 338 applications.

Businessmen tell the story to illustrate what they call Cape Town's "California effect" — its popularity as a working environment for high technology and white collar workers and its appeal to tourists.

South Africa's oldest and most cosmopolitan city, home of parliament and centre of the fruit and wine industries, Cape Town is also the headquarters of 1 500 high technology companies — 40 percent of them established since 1985 — with a total turnover of R2 billion.

It also plays host to insurance and oil firm head offices.

But the Mother City still retains its decades-old status as the economic poor relation of Johannesburg. It lost its status as the major sea port to Durban and Richards Bay many years ago.

More recently, its textile, fruit and wine industries have been depressed by anti-apartheid sanctions abroad.

But business leaders say they foresee an economic renaissance in the city's tourism, construction and trade as President de Klerk's reforms ease the country's international isolation.

"When the South African political situation is resolved we have no doubt that tourism will take off — I mean really take off," said Cape Town Chamber of Commerce director Alan Lighton.

Under utilised

David Bridgman of the Cape Town region development agency Wesgro said: "This is one of the world's most under-used areas of extreme beauty. In tourism Cape Town will lead the way."

Cape Town tourist promoter Captour says that despite its beaches and stunning mountain hinterland, Cape Town has only 20 percent of the domestic tourist market. But two-thirds of foreign tourists visit the city and spend more nights in hotels here than in Durban, the top domestic tourist destination.

Total direct spending by tourists was R900 million in 1989, with 68 percent coming from South Africans. The city is aiming for one million tourists to visit in 1990 against 870 000 in 1989.

Economist Wolfgang Thomas of the city's Small Business Development Corp estimates 4,2 percent average annual real growth in the Western Cape region around Cape Town in the 1990s, more than twice as fast as in the 1980s.

He expects Cape Town's 10 percent of the national population will maintain its 13 percent share of South Africa's output as measured by gross domestic product.

He projects 4,4 percent annual growth in commerce, catering and accommodation and 4,6 percent growth in manufacturing over the decade.

Business organisations are discussing with government the creation of an export processing zone, and a major development is transforming part of the harbour as a leisure complex.

But the rosy picture is clouded by a problem faced by all South African cities — a population explosion in suburban shanty camps that could send black unemployment soaring.

Blacks have streamed to Cape Town, historic home of the coloured community, since the mid-1980s abolition of laws giving coloureds preference over blacks in the job market and restricting the movement of blacks.

Not enough jobs

Colin McCarthy, director of the Cape Chamber of Industries, estimates blacks number a third of greater Cape Town's 3,5 million people, up from 13 percent in 1980.

"We aren't creating nearly as many jobs as we should be for this black influx," he said.

Another question mark is national economic policy under a future black government.

But Mr Bridgman said tourism was immune from economic mismanagement.

Pepkor venture is paying off

By Jabulani Sikhakhane

Attempts by the Pepkor Group, to broaden ownership of the group and encompass people from whom it draws its custom, appear to be bearing fruit.

The company's recent venture with black shareholders on the Reef, Pep Reef, has posted outstanding results for the year ending February 1990. After tax profits increased 407 percent to R142 000 on a turnover was up 169 percent to R3,768 million.

The number of trading outlets doubled from three to six, this being financed from the company's own resources and the issue of shares.

Directors warn that further expansion plans in the forthcoming year, coupled with anticipated difficult trading conditions, are expected to add further pressure on margins.

Pep Reef was formed in 1989, with a black majority shareholding, following the success of Pep Peninsula which boasts 30 stores, to give the black community an opportunity to share in Pep's success.

Pepkor Group directors believe that by spreading share ownership through all levels of society, a wider distribution of wealth is achieved and it also serves to demonstrate the value of the free enterprise system to people who have sometimes had cause to doubt it.

The years ahead may well see an expansion of Pepkor's partnership philosophy into neighbouring countries and perhaps even further afield.

Black car ownership expected to treble

Star 30/5/90 (30)

Finance Staff

By the year 2000 more than 60 percent of the country's purchasing power will be in black hands. Black car ownership will have almost trebled from 370 000 to over one million.

This is the view of Brian McCarthy, chairman of the McCarthy Group, the largest single motor vehicle distributor in South Africa.

Speaking at a motor dealer conference at the Wild Coast yesterday he said that by the turn of the century 30 out of every 1 000 blacks in South Africa will be car owners compared with 20 at present.

"It is projected that black ownership of the national car park will go up from 9 percent in 1982 to 21 percent in the year 2000, whereas white ownership will drop from 70 to 55 percent," he said.

These estimates are for cars only and exclude mini-buses owned by blacks, of which there are currently in excess of 100 000 on the road.

Not only will the car park become blacker — it will become older, with the average life of a car extended beyond 10 years in the new South Africa, he added.

"Cars will be smaller, lighter, more aerodynamic and fuel efficient. Electronics by the year 2000 will represent 20 percent of the car's value against the current ratio of 5 percent," he said.

However, he indicated that the motor industry was going through thin times at present, very much in line with the downward phase in the economy. This is illustrated by the fact that new car sales last month were the lowest since April 1986.

He said that the McCarthy Group was illustrating its confidence in the longer-term growth of the motor industry by pressing ahead with its R30 million nationwide expansion and modernisation progamme.

Cape Times 3/5/90 (30) (89)

Spending patterns improving — P 'n P

Financial Editor

PICK 'N PAY has detected an improvement in spending patterns, with turnover growing much more quickly than at this time last year, MD Hugh Herman said at the general meeting yesterday. He was confident that the group would have another successful year.

Chairman Raymond Ackerman said: "I believe we are on line to achieve real growth — above the inflation rate — again this year although it will not be easy."

Ackerman said the directors had been "delighted" to achieve growth of 22,4% in earnings in the year to February 28. He had not been certain this would be possible, from the high base of the 21st birthday year in 1988-89 and with interest rates rising.

It was not easy for a company with a turnover of R4,5bn, which was a huge figure even by world standards, to achieve further growth above 15%.

Pointing out that Pick 'n Pay invested between R68m and R70m a year in giving shares to staff and in bursaries and housing schemes, Ackerman said that if it were not for this earnings would be higher. But the board considered it right to make this investment in SA's future.

In answer to questions from the chairman of the Shareholders Association of SA, Issy Goldberg, Ackerman confirmed that Pick 'n Pay stores sold between R11m and R12m worth of goods a day. But of every R1 passing through the tills, the group retained only three-quarters of 1c.

Financial director Chris Hurst said the stock turnover of 12% a year was one of the best in the country and above average for the industry.

In answer to a shareholder who asked if market share was growing, Ackerman replied: "I am not a great believer in market share and I have never gone out deliberately to increase it. You could open 10 new stores and increase market share but lose money."

However, he said, the group's market share was in fact growing.

Herman said it had grown against that of major competitors. But it was impossible to measure market share against that of the informal sector.

'S (30) Star 31/5/90

By Mckeed Kotlolo

Boycotters poised to act in E Tvl

A consumer boycott of all white-owned businesses in the Eastern Transvaal town of Bronkhorstspruit is to start tomorrow.

The decision was taken at a residents' meeting convened by the Zithobeni Residents Organisation (ZRO) at the weekend. An appeal has also been made to people from neighbouring areas to heed the call.

According to the organisers, the boycott would continue until residents' demands are met by local authorities. These demands include:

- The opening of all public amenities, including hotels, sports facilities and swimming pools to all races.
- The abolition of separate consultation rooms at surgeries in town.
- The withdrawal of charges against members of the residents' organisation arrested recently, and
- The scrapping of the Black Local Authorities Act.

Trouble in the area started earlier this year when local blacks were refused permission to hold a protest march against separate amenities in Bronkhorstspruit.

A second attempt by lawyers representing Zithobeni residents to get permission for a march through the town in protest against apartheid laws also failed.

COMMERCE - GENERAL

1990

JUNE - ~~July~~ Aug.

Business and black leaders opt for dialogue

Star 1/6/90 (30)

By Michael Chester

Gradual shifts away from confrontation and towards deeper dialogue between business leaders and black political leaders have started to stir a new mood of mutual confidence about the chances of accord in shaping the economic future of South Africa.

The new mood was generated by the success of the landmark talks held between the Consultative Business Movement and the African National Congress and its allies at the Carlton Hotel in Johannesburg on May 23.

More encouragement has been added by disclosures of agreement to keep the dialogue alive in a series of behind-the-scenes meetings where experts from all sides will set out to seek solutions to the formidable list of priorities that need to be tackled.

Since both sides have agreed to draw a curtain across details about when and where the workshops are being held, it means that there is now more going on than meets the eye.

Slipping away from fanfare and the rhetoric of playing to the gallery, the discussions are now delving into the real nitty-gritty — a more equitable school system, better job opportunities, racial equality at both work and play, ways to ensure a fairer sharing of wealth without the risks of merely sharing the poverty.

The agenda stands wide open. Confidence about the ultimate outcome has had a significant boost by signals from both sides that they are willing to drop the rigidness of earlier stances on such issues as nationalisation versus privatisation.

"Fortunately," says Gavin Relly, former chairman of the Anglo American Corporation, "we have progressed away from the crudities of a capitalism versus socialism dog-fight to a recognition that we have today and will have in the future a mixed economy. Our interest now is in the details of the mix."

The deepest sigh of relief among most businessmen is that the ANC now shows willing to be flexible in its stance on nationalisation, first mention of which by Nelson Mandela made the business world freeze in terror — as displayed by the jolt it gave to share prices on the Johannesburg Stock Exchange and in the way the financial rand exchange rate plunged as a result of international reaction.

Observers believe the ANC had cause to pause when they took deeper note of the possible consequences. Economist Mike Brown, of the Frankel Kruger Vinderine stockbroker firm, fired off one of the first cautions when he trotted out a few facts setting out to show the errors of nationalisation of the mines.

More snags were listed by Leon Louw, executive director of the Free Market Foundation, who advised the ANC to reconsider the virtues of private enterprise as a better avenue towards properity for all.

Mr Mandela, though now stressing a loosening in hard-and-fast stances on the formula for the new South Africa, stays firm about a determination to hammer out a dramatic new deal on both the political and economic fronts.

Nationalisation is still a card held in reserve.

"We still believe that there must be further discussion of the issue of nationalisation of assets that might at the moment be privately owned," he says.

The message from Mr Mandela coming out loud and clear to business leaders is that the ANC alliance is in no mood for more shilly-shallying about a new deal for black society — and in a hurry to see results rather than promises.

reflection of the importance Transvaalers attributed to the issue that only about 80 people attended the seminar compared with more than double that number in Durban.

Council for the Environment chairman Roelf Botha points out that questioning the compatibility of property development and environmental conservation is like asking "whether someone still cheats the taxman or beats his wife. What is more important is to work towards attaining compatibility between development and conservation."

Naturally, Botha, whose council is the architect of integrated environmental management, argues for the implementation of such a system, although the association has its reservations.

He points out that there are sets of management tools to integrate property development into total environmental management. They include a hierarchy of structure plans intimately linked with a system of environmental management plans.

He stresses that planning for environmental quality must be accepted and applied as part of development; public participation must be part of the compilation and execution of structure plans; incentive packages must be made known to encourage residents — and particularly businessmen — to allow conservation objectives to succeed; and inputs on environmental matters must include consultation with specialists in specific areas.

He identifies pre-development areas which need examination in order to achieve common purpose between progress and the environment. These include the historical and visual character of a city or town's natural elements, pollution implications and the importance of carrying out environmental impact studies to determine how a proposal will affect the community and the environment.

Other speakers identified shortcomings in the integrated environmental management system, particularly the shortage of specialists in local authorities to monitor the implementation of environmental legislation. They also pointed to the imprecision of certain aspects of the legislation. Typical of this was the issue of noise.

While developers may be concerned at being squeezed by excessive environmental legislation, their own record has been less than exemplary. Clearly, if they want deregulation to apply as much to this, as it does to others areas, they will have to do more than pay lip service to the concept that development and the environment can be complementary. ■

SHOPPING FM 1/6/90

The plot thickens (30)

Not only has the Natal regional shopping centre war become a race to see who can put up a complex first, the antagonists — Durban and Westville municipalities — seem determined to have the biggest shopping centres possible built. But as they race ahead to get the necessary approvals for the proposed projects, they continue their extremely public squabble.

Last week, the Westville council, which is seeking to realise a 10-year dream to see a R200m, 45 000 m² regional shopping centre built between the new Westville Hospital and the N3 offramp, applied in the *Government Gazette* for permission to develop an additional 30 000 m² of shop space on the site.

But both the Durban council and the developers, KDP Property Developers and Tartan Properties, have objected — a move Westville mayor Denis Cockhead says was fully expected and was "what we wanted them to do. We were keen to see how they would object. We will be studying the wording of their objections with our lawyers."

He adds that the application for extra space had been made because of a perceived demand for a bigger centre, though he notes the extension could be built at any time. "We are ready to start building a 45 000 m² complex tomorrow."

Meanwhile, an application for the rezoning of the Durban's bigger Sherwood shopping centre property — a R500m development on 30 ha site is proposed — will probably be advertised late next month. Predictably, the Westville council and developers Murray & Roberts (M&R) Properties, which owns the Westville site, and its consultants, Retail International, says it will raise objections too.

Durban's city estates manager, Wim van Heerden, says at this stage, the Sherwood proposals envisage 90 000 m² of shopping and between 20 000 m²-40 000 m² of offices.

"Even with the likely objections, we hope to have our proposal before council by August and submit it to province by the end of November. We should have an answer by the end of the year," he says.

Both Van Heerden and Cockhead are confident their respective centres will go ahead. If both do, it is unlikely that an already overshopped greater Durban area will be able to support both.

But there are still a number of potential stumbling blocks to be overcome — including major road alterations that have to be made before either project can go ahead and the crucial issue of anchor tenant support.

M&R Properties MD Chris Lawrence claims he has had negotiations with four major groups and, right now, there is competition between them for space in the Westville centre. "Some have made firm commitments, others are hanging back, and they might lose out."

At the same time, Van Heerden says there has been more interest from prospective tenants in the Sherwood complex than there is space available.

One suspects, however, that the big retail groups are biding their time, waiting to see the outcome of the tussle before they commit themselves. ■

FM 1/6/90 (30)

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SPRINGTEX/MASHOLD (30)

Bailing out FM 1/6/90

At long last — the result of Mashold's rescue bid for the ailing Springtex direct selling company. Springtex's ordinary shareholders retain little more than an academic interest in the resuscitated enterprise while debenture holders will get 11c a debenture for the 65c they funded in July.

Mashold has saved the Springtex operation from certain liquidation, according to Ridge Riley of Quaestor, the issuing house responsible for the scheme of arrangement. Springtex last reported to shareholders in August when it tabled an interim net loss after tax of R3,13m. In the second half of the year the original policy of selling on credit was abandoned in favour of selling only for cash. Major efforts were made to collect the debtors book but massive write-offs wiped out all shareholders' and debenture funds.

The only remaining assets were the two trading subsidiaries, Table-Craft and Charles Velkes, and the remnants of the debtors book. Two secured creditors — First National Bank and Reichmans — took precedence on the realisation of these since the debenture holders were subordinated creditors. The ordinary shareholders had lost

FM 1/6/90 (30)

their capital.

Mashold has now offered, and a majority of those concerned has accepted, a scheme which involves the continued listing of Springtex in a revitalised form. It will continue to trade on a cash-only basis through Springtime Linen and Charles Velkes Mail Order and the operation will be strengthened by the introduction of one of Mashold's subsidiaries, Kansas City Mail Order.

In the scheme, Mashold will allot 2,2m ordinary shares to Springtex at 250c each and they will be placed with certain financial institutions in part payment of a total consideration of R6,5m; the balance of R1m will be a cash payment by Mashold.

In return, Mashold will be issued new shares in Springtex which will constitute 92% of the new issued capital of the revived company. The balance of 8% will be apportioned between the existing Springtex ordinary shareholders and the debenture holders. In addition, 11c cash per debenture will be paid in two tranches to current deb holders.

Mashold MD Marco van Embden points out that over the last six months of negotiations Mashold assumed management control and responsibility for Table-Craft and Charles Velkes. He says these two operations, together with Kansas City, will achieve after-tax earnings for the 14 months to February 28 1991 of not less than R3m.

Gerald Hirshon

COMPANIES

B/Day 1/6/90

30

Pick 'n Pay growth possible

Own Correspondent

CAPE TOWN — Pick 'n Pay had detected an improvement in spending patterns, with turnover growing much more quickly than at this time last year, MD Hugh Herman said at the general meeting on Wednesday. He was confident the group would have another successful year.

Chairman Raymond Ackerman said: "I believe we are on line to achieve real growth — above the inflation rate — again this year although it will not be easy."

Ackerman said the directors had been "delighted" to achieve growth of 22,4% in earnings in the year to February 28. He had not been certain this would be possible, from the high base of the 1988-89 year and with interest rates rising.

It was not easy for a company with a turnover of R4,5bn, which was a huge figure even by world standards, to achieve further growth above 15%, he said.

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Financial director Chris Hurst said the stock turnover of 12% a year was one of the best in the country and above average for the industry.

Ackerman said the group's market share was growing.

Herman said it was impossible to measure market share against that of the informal sector, particularly as there were parts of the country without supermarkets.

ACKERMAN

B/Day 1/6/90.

Analysts wary of Molyslip shares

PIERRE DU PREEZ

ANALYSTS do not give the Molyslip share a vote of confidence, although chairman Robert Spanjaard is optimistic about future prospects of the DCM-listed company's export earnings.

Spanjaard said SA's improved image overseas would boost Molyslip.

The lubricant manufacturer posted a 22% drop in attibutable earnings in the year to February.

"We are the lowest-cost producer on the international market for our products, in dollar terms," Spanjaard said.

However, a market analyst said he would not advise clients to hold onto their Molyslip shares. "The share is greatly undertraded. About 84% of equity is in the directors' hands."

SPI pins strategy

Milstan earnings take a knock

(30)

B/Day 1/6/90

SYLVIA DU PLESSIS

TRADING conditions which remained intensely competitive in the second half knocked year-end earnings at photographic and electronic retailer Milstan to 19,3c from 22,6c a share.

But the liquidity of the retail and wholesale-listed group has allowed directors to declare a final dividend of 5,75c, lifting the total payout to the end of February by 14% to 8c (7c), covered 2,4 (3,2) times.

Comparable figures have been restated in accordance with Homemakers' recent acquisition of a 31% stake in Milstan and its policy in respect of investments in motion pictures and music videos.

The effect of this was to lift the 1989 tax rate to 35,1% from zero and reduce earnings for that year from 35c a share.

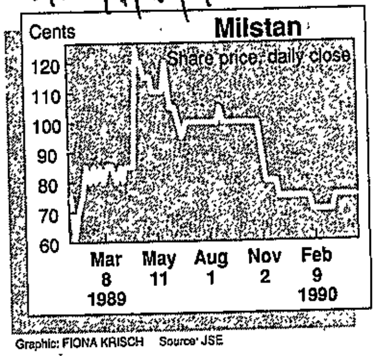
Joint MDs Stan and Milton Etkind, commenting on the group's performance, said the marketplace for electronic consumer products showed no overall growth during the period under review, with some sectors shrinking "markedly".

While management's decision to continue its aggressive marketing strategy helped gain both a 14% rise in turnover to R109,1m and increased market share, this could be achieved only with a reduction in margins to 6,4% (8,4%).

Consequently, operating profit declined to R7m from R8,1m.

After interest received of R1,2m (R1,4m) and taxation of R2,7m (R3,3m), this filtered down to a R903 000 decline in attributable profit to R5,27m.

Strategic moves during the year were the opening of two new stores, including



Graphic: FIONA KRISCH Source: JSE

the group's first in the western Cape, an entry into Natal through the acquisition of the Clives chain, and the purchase of a 51% interest in Hi-Fi Specialists.

On prospects, Etkinds said the new trading year had begun well, but profit improvements would probably remain "muted" until the economy began recovering from the current downturn.

While Milstan outlets had in the past served primarily the white market, greater penetration was being achieved across the broad spectrum of SA consumers, without deviating from the group's policy of selling goods predominantly on a cash basis, they said.

"This widening of the customer base offers the prospect of significant expansion for Milstan during the coming decade, as political change and economic growth allow all the people in SA to become economically active."

The shares, which fell to a low of 70c in March after peaking at 105c in August, were bid at 75c on Wednesday.

Insider traders will be hit in the pocket

SK 2/6/90 30

DERE OMMEY

THE authorities are making a determined effort to drive insider trading from the Johannesburg Stock Exchange.

Provisions in a Bill published in Cape Town this week will make it much easier for the JSE's Securities Regulation Panel to find an offender guilty of insider trading.

It also provides for anyone who has suffered a loss as a result of insider trading to receive compensation from the offender.

As this compensation could greatly exceed the profits made by anyone guilty of insider trading, it could prive to be a major deterrent.

A memorandum accompanying the Bill says: "For the purpose of effctive enforcement of the rules of the panel, provision is being made for obtaining civil relief, including an order of specific performance, an interdct and an action for damages."

The Bill makes it an offence for anyone to deal in a share or any other sort of security on the basis of what is termed "unpublished price-sensitive information" if he knows that this information has been obtained through: espionage, theft, bribery, fraud, misrepresentation o[y] other wrongful method."

It is als[o] offence to use such infor[matio]n if it has been gained thr[ough] a breach of a relationship [of] trust or any contractual r[elati]onship, whether or not the p[erso]n concerned is a party to t[he r]elationship.

Taken [to t]he extreme this presumably [cou]ld make it illegal for an inves[tor] to make use of tips obtained [fro]m a company official on the g[olf c]ourse.

Sensi[tive] information

Acc[ordin]g to the Bill price-sensitive [info]rmation relates to the intern[al a]ffairs of a company or its o[pera]tions, assets, earning powe[r an]d its involvement as an "offe[ror] or offeree in a transaction [or p]roposed transaction".

I[t als]o gives two other definitio[ns of] price-sensitive information[. Th]e first is that it is information which is not generally av[ailab]le to the reasonable investo[r, an]d the second is information w[hich] would materially affect the p[rice] of a securities if it were [gener]ally available.

[Th]e Bill also defines "generally [avai]lable". It means that steps have been taken and enough time has elapsed that it can be reasonably expected that the information is known to the investor.

Provisions in the Bill make it easier to gain a conviction for insider trading. If it can be proved that a person dealt in a share while in possession of unpublished price sensitive information it shall be deemed, unless proven to the contrary, that he knowingly dealt in the share on the basis of this information.

The Bill provides for anyone who engages in insider trading to be liable "to any other person for any loss or damage suffered as a result of such contravention".

It adds that the plaintiff shall not need to prove intention or negligence towards him in such an action.

The memorandum says that the provisions were derived mainly from the equivalent provisions in the United States, mainly because interpretations by the courts in the past few years have given rise to a high degree of certainty in the legislation.

Some South African financial institutions expressed the view that the net has been cast too widely and that certain important, innocent investment activities would be included in the prohibition.

Falling sales hit clothing

By DON ROBERTSON

FOOTWEAR and clothing manufacturers face falling sales and factory closures as a result of the sharp decline in consumer spending caused by political unrest and the economic slowdown.

At least 25 small clothing manufacturers and two shoemakers have closed in the past six months with footwear manufacturers reporting a monthly decline in orders of 18,5% for the first quarter.

The fall in footwear orders comes at a time when imports of shoes have fallen to their lowest in many years.

Last year imports fell by 20% — and are still dropping. But lower imports have not helped SA manufacturers.

30 Attitude

Bolton Footwear deputy chairman Brian Puchert says manufacturers with strong brands are able to withstand the worst effects of the downturn.

Bolton, which has several top brands, has not felt the pinch as severely as some manufacturers. Those with a large black market are among the worst hit.

Mr Puchert says: "Retailers, instead of ordering ahead, are adopting a wait-and-see attitude."

National Clothing Federation (NCF) vice-president Sadek Vahed is worried about the collapse in demand. S/Times 3/6/90

"We will have to tighten our belts or more companies will go to the wall."

The closure of 25 factories has already cost between 1 500 and 2 000 jobs and more are expected to follow.

Mr Vahed says production costs have risen annually by an average of 20% for the past three years.

He blames a 45% increase in the cost of labour in the past two years, a 70% lift in SA-made fabric prices and a 30% rise for imported fabrics.

Being 'small' is now big business

S Times 3/6/90

(30)

A NEW-LOOK central business district for the new South Africa is springing up in downtown Johannesburg.

Once the domain of retail giants, swanky head offices and corporate blocks, the city centre is being occupied by small black businesses.

Landlords of buildings that housed corporate tenants — most moved out of the area surrounding the railway station because of security and parking problems — are taking advantage of the trend.

They are encouraging budding entrepreneurs to take space at low rents and are turning buildings that stood empty for months into hives of money-making activity.

Apart from generating income from rent in otherwise unlettable buildings, the new pattern has opened avenues for businessmen starting with little capital.

Letting agent I Kuper & Co — in the Investec stable — is responsible for several buildings close to the station.

I Kuper has let Automutual Mutual House — sold for R4,5-million after the AA Mutual short-term insurance company was liquidated — by using this tenant base.

For nearly a year, much of the building stood empty after advertising efforts failed to draw suitable tenants.

I Kuper broking division chief Steve Grupel says: "We tried to let it as a school, but the building was unsuitable.

"Finding a single tenant was impossible. We thought that by broadening the tenant mix we could fill the building. It's working well.

"When the owner bought the building, he had an 8% return — from rent paid for the ground and first floors, taken by a clothing retail company.

Needs

"Now that we have opened up the other eight floors to small businesses, he is assured of at least a 16% return."

Many little shops are open 24 hours a day, seven days a week, to meet the needs of commuters using the nearby taxi rank and station.

Automutual House's second floor houses a taxi-training service, a licensing office for the Taxi Association, five hairdressing salons, two dressmaking academies, a herbalist and a cash-register training school.

Then there are hawkers who use the offices to store stock. Three small trade unions have also rented space.

Mr Grupel says a 24-hour security service — for which the tenants each pay a small fee — has been introduced.

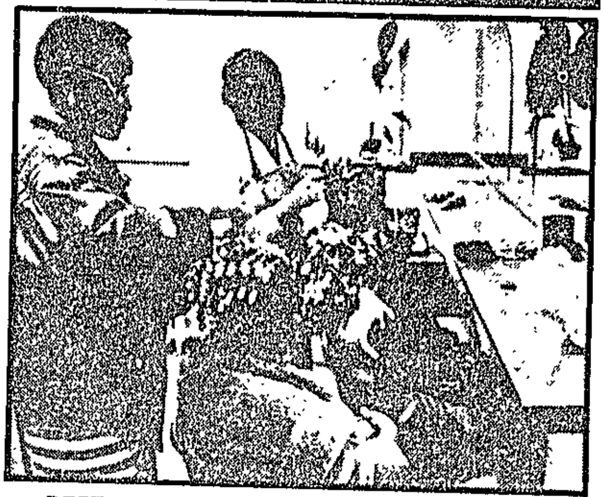
Tenant Gladys Nonca and four of her friends got together to open five hairdressing salons side by side. She says that being able to rent affordable space in the heart of one of the busiest areas in the city has enabled her to expand her business — she now has two CBD salons.

Mrs Nonca, proudly showing her mirror-bedecked salon, says there is healthy and friendly competition among the five women who are "loyal to one another".

"As long as they don't allow any more hairdressers to operate here, there's enough work for us all."

THEMBISILE NHLENGETHWA ... a specialist in stylish clothes for girls

By CHARMAIN NAIDOO



DEFT FINGERS at work ... perm time in Dudu's hair salon

Letting agent Adrienne Carriger says: "The women chipped in for a hot-water geyser and basins.

"They are industrious and it's a pleasure to watch them develop their little businesses."

Rent in the upper floors is R12 a square metre. Space on the ground and first floors costs big retail outlets up to R100/m².

Cash

Mr Grupel says: "This means that the average 'office' costs about R125 a month with an additional R25 for security."

He admits that for the first few months, until the new tenants settle in and begin making money, there is sometimes a problem with late payment of rent.

"But as soon as business improves, they pay — in cash. We insist on two months' deposit and the first month's rent upfront so that the owner is covered if anyone defaults."

Most leases are for three years, but there are some monthly tenants.

"We discourage monthly agreements because the owner prefers stable tenants."

The area is ideal for a differing tenant mix, especially because parking space is at a premium and few tenants or their customers have cars.

Many blocks of flats in the area are also being converted to take hawkers, fast-food outlets and other small businesses.

Mr Grupel says: "Some blocks of flats have long waiting lists. In others, we have stripped out the baths and basins and turned the bachelor flats into offices and storerooms for hawkers and non-retail tenants."

BUSINESS BRACES ITSELF FOR A BUMPY LANDING

By DIRK TIEMANN

THE Reserve Bank's soft landing is more like a crash for the vehicle and building industries. But others appear to be landing in mousse.

A survey of shopfloors across the nation shows non-vehicle and building sectors keeping their heads up under trying circumstances.

Small and medium businesses are finding the going harder than big companies, most of which have strong balance sheets.

Nedbank chief economist Ted Osborn says the economy isn't in recession, but it is stagnating.

30

Zero

He says the gross domestic product growth rate will be 0,5% this year, tantamount to zero.

He also says demand for durable goods such as cars and furniture has fallen appreciably. April car sales fell by 22% in real terms.

Nedfin managing director Ron Rundle reports that hire-purchase and lease credit rose only 3% in the March quarter to R25-billion, the smallest since 1987.

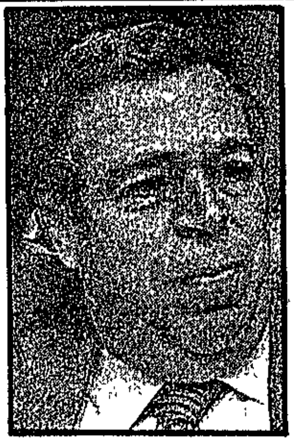
"There is no such thing as a soft landing. Business is in for a rocky ride."

Mr Osborn says that although the economy is not yet in recession, it's heading for it. He says monetary and fiscal policy should be relaxed to prevent it.

"Small and medium firms are being knocked. They don't have the capacity to withstand the downturn."

Standard Bank chief economist Nico Czypionka concurs that fiscal and monetary policy should be relaxed.

But other commentators urge Finance Minister Barend du Plessis and Reserve Bank Governor Chris Stals to be tough and squeeze inflation out of the system no matter how it hurts.



CHRIS STALS
Painful remedy

Mr Czypionka expects policy easing in the third quarter. He says the economy is finally behaving according to Reserve Bank plans.

"People are now adjusting their expenditure patterns. New-car purchases have dropped and furniture and appliance purchases are down. Inventories are being liquidated and imports are declining, which is having the desired effect on reserves."

S/Times 3/6/90

Tough

Derek Russell, chairman of the Retail Liason Committee which keeps tabs on sales for most of the big retailers, says growth is beginning to slow gently. He reports no repetition of the dramatic downturn in 1983 and 1984. He expects sales to shrink by 5% in real terms in the year ahead.

Joshua Doore furniture group chairman David Sussman says: "Nominal growth in turnover is up 18% over last year."

Pick 'n Pay and Edgars are both experiencing real turnover and profit growth, although they describe conditions as tough.

Pick 'n Pay chairman Raymond Ackerman says the pressure must be taken off and the monetary-fiscal door opened a little.

Edgars Group chairman

● To Page 3

Stals won't take his foot off the brake

● From Page 1

Vic Hammond is looking for 20% sales growth. Edgars has debtors worth R600-million, and they are being watched closely.

McCarthy Group joint managing director Theo Swart confirms that the motor industry is in a crunch. He estimates that car sales this year will be 210 000 to 221 000, and he foresees no improvement in 1991.

Corporate buyers now account for 80% of all new-vehicle sales and the used-car market has taken a dive. Mr Swart expects no immediate decline in interest rates, saying the 50% increase in perks tax has aggravated matters. 30

Distress

Mr Swart says the perks tax conflicts with the Government's desire for motor-makers to invest billions in Phase Six of the local content programme.

Reflecting distress in housing and construction, the brick industry is operating at only 55% capacity and five paving-brick companies are up for sale.

Keith Nurcombe, national marketing director of market leader Toncoro, says conditions have not been as bad as they are for the past 10 years. S/Times 3/6/90

"Even the 1983 recession wasn't this bad. We've really had a hard landing. We have been forced to be meaner and leaner and have mothballed some of the older plants."

Hijacking syndicate crushed

4/6/90

Staff Reporter

A multimillion-rand syndicate specialising in the hijacking of commercial trucks in the Transvaal and Free State has been crushed, police confirmed yesterday.

A total of 15 suspected hijackers were arrested and goods valued at R14 million were recovered after five months of intensive investigation, Witwatersrand police spokesman Captain Eugene Opperman said yesterday.

Investigations into activities of the syndicate were being kept secret and could be revealed only on Saturday, he said.

Police expected to arrest a number of top-ranking Johannesburg and East Rand businessmen in connection with the syndicate.

He said the hijackers waited near trucks being loaded with goods. They then followed the truck.

Finansbank takes stake in Mercurius

CAPE TIMES 4/6/90 (30)

JOHANNESBURG. — Merchant bank Finansbank has acquired a minority interest in Mercurius Motors, the largest privately-owned Mercedes-Benz dealership in SA.

Mercurius, which was formed 20 years ago by MD John Mills, has grown from a small service station in Boksburg to a substantial dealership with the Mercedes-Benz and lately Honda franchises in the Boksburg and Kempton Park areas.

In recent years, the company has been a consistent winner of Mercedes-Benz after-sales service awards for excellence.

For the current financial year ended February 1991, Mercurius is projecting a turnover in excess of R150m.

With deregulation of the transport industry, and the widening of the Mercedes-Benz commercial vehicle range, the truck market is where Mills sees future growth for the company.

Truck related activities currently comprise roughly one-third of the company's turnover.

This acquisition is in line with Finansbank's investment banking division's strategy of actively seeking out high quality investment opportunities, says GM Mike Dollow.

"We have made it our policy to find successful businesses, run by true entreprencurs, with high quality products and good growth potential," says Dollow.

"Mercurius impressed us because it has built its reputation on after-sales service in a demanding corporate market, and has been rated as one of the top Mercedes-Benz dealers in the country by its principal, Mercedes-Benz SA." — Sapa

Edgars expects ups and downs in 1990

BDay 4/6/90 (30)

SYLVIA DU PLESSIS

EDGARS' earnings performance in the current year will improve, but directors expect the rate of growth in taxed profits to decline "considerably", says CE and recently appointed deputy chairman Vic Hammond.

The group, consisting of the Edgars, Sales House and Jet chains, posted a 30% rise in bottom-line income to R123,5m to end-March, with earnings up 26% to 243c a share from a corresponding 192,2c, applicable if the dilution caused by its debenture conversion is assumed.

Hammond, writing in Edgars' latest annual report, says government's economic targets, "simple but ambitious", are a welcome and definite break with the past with positive implications for domestic performance in the medium to long term.

"Private consumption expenditure during the coming year, however, is expected to show no real growth and the group anticipates a decline in real national clothing, footwear, textiles and accessories (CFTA) sales," he says.

"Budgets, recognising these trends, are nevertheless cautiously optimistic and we anticipate a positive growth in sales for the Edgars group and consequently further gains in market share.

"Although the rate of growth in taxed profits will decline considerably, a further improvement in earnings performance is expected."

Hammond says in the report the group's manufacturing entity — Celrose — tripled exports to R11m which resulted in "sizeable" tax concessions and a significantly improved after-tax profit figure.

Raising risk-free finance for businesses

30

5/6/90

Businessmen and property developers are increasingly turning to participation mortgage finance as a way of raising necessary capital.

Such bonds are also frequently negotiated by companies using the security of existing, developed properties to raise working capital for their business activities.

According to some property experts, mortgage finance by way of a participation bond can be regarded as superior to a leaseback in that the borrower does not relinquish ownership of the property and therefore enjoys the benefit of any capital appreciation of the property.

It is also preferable for a borrower to utilise participation bond finance, which is a comparatively long-term contract, as opposed to obtaining a bank overdraft, as this can be recalled at any time.

Fixed

Paticipation bonds are generally granted to a borrower on the basis that the bond is fixed for five years, and the capital is thereafter redeemable in annual or half-yearly instalments over a 20-year period.

The mortgagor, at the outset, knows exactly what his capital commitments will be and has the assurance that, provided the terms of the mortgage are met, his bond will not be called in.

The chief appeal of a participation bond to a businessman who has bonded his property is that he is not tying up working capital that could be put to better use elsewhere. At the same time he is not relinquishing ownership of the property.

The manager of a participation scheme is entitled to an administrative fee of up to 7,5 percent on the interest collected from the mortgagor on behalf of the participants. This fee may be regarded as a nominal renumeration for the effort of running a participation mortgage scheme.

The larger scheme managers at all times have a substantial amount of their own funds invested in participation bonds to enable them to accommmodate new investment funds flowing in from new participants or for reinvestment purposes.

Protected

Participation mortgage bonds are ultimately protected by the Registrar of Unit Trust Companies, who has to approve every mortgage bond within the framework of the Participation Bond Act of 1981.

In addition, every mortgaged property must be inspected by the scheme manager every three years.

● *(Source: The Mechanics of the South African Financial System, Edited by H B Falkena, L J Fourie and W J Kok. Published by MacMillan South Africa.)*

Clicks and Diskom set for 'dramatic expansion' 30

SYLVIA DU PLESSIS

BOTH chains in the Clicks Stores stable — Clicks and Diskom — are poised for dramatic growth, says MD Trevor Honneysett.

Writing in the Cape-based toiletry, cosmetic and gift retailer's latest annual report, he says management plans to double the number of outlets in the Clicks chain over the next five years.

And stores in the Diskom chain — there are currently 33 — will total 150 by the mid-1990s, he adds.

An amount of R7,1m has been set aside this year for new stores and refurbishings, and directors expect the two chains to grow by "at least" 30 stores — 15 Clicks and 15 Diskom — this year.

The group will also be refurbishing existing stores to bring them in line with its latest "3rd generation" design concept to be tested soon in its existing Wynberg store. B/Day 8/6/90

Doubled

Honneysett says both chains experienced their biggest growth year ever in terms of new store openings during the period under review.

Clicks opened 14, and its 100th store in December.

"The Diskom chain forged ahead and almost doubled in size from 19 to 33 stores. In the process it emerged from its predominantly western Cape base and established a national retailing platform."

On prospects, Honneysett says the decade ahead will be difficult from both an economic and a political point of view, but Clicks is "well-equipped and more than ready" to meet these challenges.

The group generated sales of R426m to end-February in line with management's targets, and posted earnings of 81,8c (49c) a share, from which a final dividend of 22c (21c) was declared.

Directors have forecast turnover in excess of R500m this year.

Business confidence showing recovery

By Jabulani Sikhakhane

After deteriorating sharply in March and April, business confidence showed signs of recovery in May, although it was still lower than levels in the first two months of the year.

The South African Chamber of Business (Sacob) business confidence index moved only slightly down to 92 in May from 92,1 in April. In March and April the index fell 1,7 and 2,1 points respectively.

The index of manufacturing activity also recovered to a level of 98 in May from 68 in April.

However, Sacob says a value of less than 100 implies that manufacturers expect order volumes to decline in the given month.

April and May have a significant number of public holidays and the absence of such holidays in June is likely to contribute to a rise in the index.

Among the negative influences were further declines in the price of gold, weakening in the rand/dollar exchange rate, net immigration, although still positive, continuing to decline, and a sharp fall in the number of cars sold.

Retail sales showed a small decline. Insolvencies of private individuals and partnerships increased.

Positive influences included a fall in the consumer price index (CPI) from 14,9 percent in April to 14,6 percent in May, a rise in real merchandise imports and exports and firmer share prices on the JSE.

Others were lower figures for registered unemployment of all races and a rise in the value of buildings plans passed.

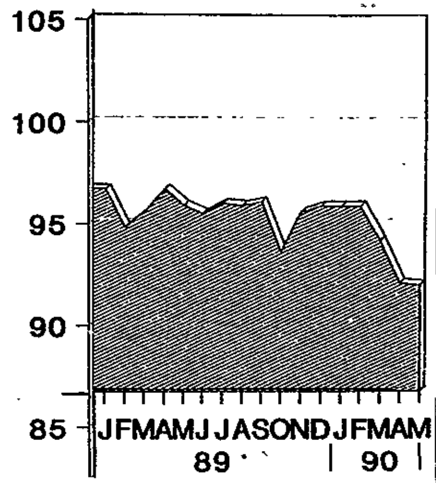
Sacob says the political debate has spawned an equally important debate over a future economic system.

Key players have been exposed to both questions and challenges over their economic policies, which have become more clearly defined.

But Sacob warns that apart from the impact of the decline in the gold price and further evidence of an economic slowdown, the level of uncertainty over the economic and socio-political developments remains high.

There are also uncertainties about the attitude of other countries to the reforms which have taken place and the degree to which such changes in attitude will be reflected in policies adopted towards SA.

Sacob says business sentiment may decline as the downturn deepens, but political developments and more favourable international relations which could derive from political reforms will serve to underpin confidence levels.



Business Confidence Index (1983 = 100). — *Source Senbank.*

W Cape goes against trend . . .

Cape Times 6/6/90

Confidence index drops

30

By AUDREY D'ANGELO
Business Editor

THE Western Cape is going against the trend in the rest of SA, with a buoyant retail sector and more exports passing through the harbour, says Alan Lighton, director of Cape Town Chamber of Commerce.

The SA Chamber of Business (Sacob) business confidence indicator continued to move downwards in May, although the drop — from 92,1 to 92 — was very slight. In March the index dropped from 95,9 to 94,2 and in April it came down a further 2,1 points to 92,1.

Lighton commented: "On a national level the recession is showing signs of deepening. But the feedback we are getting is that there is still a lot of money around, certainly as far as retail sales are concerned, and the market is holding up very well indeed in Cape Town.

"All the exhibitors at our Design for Living exhibition last week reported better results than last year, which shows there is plenty of buying power in Cape Town.

"The local property market is gaining momentum all the time and the tourist sector is performing as well, if not better, than last year.

"Another interesting fact which shows the Western Cape is bucking the trend in the rest of the country is that tonnages shipped out of the harbour in the first three months of this year have risen by 66%. This compares with a much smaller increase in the total export tonnage shipped from all SA harbours, which rose by only 5% in the first three months of 1990."

The Sacob report blames the downward trend of the business confidence index on uncertainty about the future, continuing high interest rates and a perception that the economy is unlikely to improve before the beginning of next year.

Sacob economist Keith Lockwood says: "Apart from the impact of the decline in the gold price and the further evidence of an economic slowdown the level of uncertainty over the course of future economic and socio-political developments remained high."

He points out that "the policy approach adopted by both the fiscal and monetary authorities will also be of crucial importance to the shaping of the business mood."

Lockwood says that while there is general agreement in business circles that the country is moving in an appropriate direction, the extent and speed of change have caused uncertainties which have made business decision making and longer term planning more difficult.

"As a result many expansion projects and new ventures are being postponed until there is a clearer indication of the path ahead."

Discussing interest rates, he says: "It seems unlikely that the bank will allow interest rates to fall until there are clearer indications that the rate of inflation has entered a declining trend and until the gold price shows a stronger performance.

"Although the rate of increase in producer prices has declined significantly in recent months, this has not yet been carried through to consumer prices in any noticeable way."

However, Lockwoods point out, "Because interest represents a substantial cost to both business and the individual, the rate of inflation could decline more rapidly once interest rates enter a declining trend, provided the reduction does not lead to a significant increase in the demand for credit.

"But in view of the fact that much of the credit extended to individuals in recent months seems to have been used to maintain living standards and to finance earlier borrowings, it seems likely that savings resulting fromn a lower interest rate will first be used to reduce debt and should therefore not result in an increase in inflationary pressures."

The weaker gold price will reduce export earnings. This means that imports will continue to be curbed, to maintain the balance of payments, and efforts to attract short-term overseas funds will continue. "As a result, it seems unlikely that interest rates will be allowed to fall for at least two to three months."

Lockwood sees no fundamental reason for optimism over the price of gold in the next 12 months "and SA's economy is therefore unlikely to obtain significant support from gold-generated foreign exchange in the current year. There should, however, be a slight firming in the gold price in August, September and October as a result of a seasonal increase in demand."

BUSINESS DAY, Wednesday, June 6 1990 3

Report forecasts shift in retail operating strategy

SYLVIA DU PLESSIS (30)

FUTURE emphasis from listed retail and wholesale chains will be on improving profitability, earnings a share and returns on capital in a situation where turnovers may not be growing as they have in the past, says Perry & Associates (P & A) senior partner Neil Ross.

Writing in the latest Sales Director's Handbook, produced by P & A Trade Opinion Panel, he says chains will seek to increase productivity and efficiency, improve utilisation of working capital and cut shrinkage.

They will achieve this both through the introduction and expansion of their use of new technologies and by changing their organisations and structures to "get closer" to the marketplace.

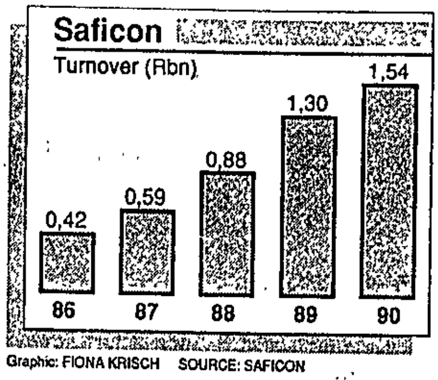
According to Ross, chain turnovers are growing at a slower rate, possibly because of a reduction in the level of inflation "in terms of today's money", and have in some cases reached levels where there are declines in real terms.

He says the 1990 Budget, orientated towards the economic needs of the environment and economy as opposed to the political needs of the government, will continue to exert pressure on the middle- and upper-income groups.

Chains positioned to attract lower-/middle-income customers are growing better than those seeking patronage from middle- and upper-class consumers, Ross says.

Commenting on the development of the wholesale sector over the next four years, Ross says business will continue to swing towards it from the retail sector, albeit at a lower rate than previously.

WEATHER



Graphic: FIONA KRISCH SOURCE: SAFICON

Saficon reports a shortage of cars

EDWARD WEST (30)

LEADING motor retailer Saficon Investments had a shortage of 3 500 vehicles — equivalent to 19% of its 1989 new car sales — due to strikes and vehicle supply shortages during its trading year to March 1990.

Strikes and stoppages at suppliers' plants affected profitability to such an extent that whereas half-year earnings were 27% up on 1989, at year-end earnings improved by only 1,6%.

Saficon retails Mercedes Benz and Honda vehicles through its Cargo Motor outlets and Volkswagen and Audi vehicles mostly through its Lindsay Saker outlets. Porche and Jaguar vehicles are sold through LSM Distributors.

In a statement yesterday, Saficon said the vehicle shortfall came at a time of strong demand and the group had done well to lift turnover and earnings.

Saficon executive chairman Sidney Borsook said he was disappointed, as the results would have been better had the group been able to sell into firm demand.

Turnover during the year to March climbed 18% to R1,54bn, while operating profit increased 18,3% to R84,2m giving the group a 5,5% return on sales, very similar to the return achieved in 1989.

Fully diluted earnings after last year's capitalisation rose from 147c to 149c a share, while the year's dividend was raised by 1c to 43c a share.

Plumbing and building supplies company Boumat, in which Saficon has a 35,9% interest, reported its results yesterday and its contribution to Saficon's earnings declined from R8m to R6,6m.

Saker's Finance and Investment Corporation, the Saficon pyramid company, earned 248c a share (245c) and has declared a dividend of 69c (68c) for the year to March 1990. BDay 6/6/90

The Star
Finance

Trading scene to undergo drastic change — Weil

Star 7/6/90

Finance Staff

Wealth needs to be created first before it can be shared and retailers can help redistribute this wealth by changing trading practises.

According to Mr Clive Weil, chairman of Prefcor, speaking at the NBS Economic Forum yesterday on "Prospects for Retail Shopping in Post Apartheid South Africa", retailers must market goods to income groups and not to race groups.

"The buying power will be in the hands of the lower income earners and the retailers are going to be competing for their favours. Alongside this, the informal job sector will grow as the demand from the public for cheap goods increases.

"There will emerge an economic apartheid created by the geographical location of the outlet. People will shop where it is convenient and close to transport", he said.

He predicted that the downtown areas will become predominantly low-income, not necessarily black, shopping areas with hawkers and street markets spilling over the pavements.

Like Cairo, Lagos and Mexico City, the markets will sprawl and supply anything from car tyres to alcohol.

The blurring of the traditional target market boundaries between retail and wholesale stores has already begun, he said, especially in clothing and food outlets, where there were many outlets that gave special deals to the hawkers.

Boycotts had taught the retail industry a lesson about the considerable power that lies in the hands of the masses and although he did not approve there was a place in SA for consumer pressure.

However, he said "we must gear ourselves for the changes and accept that deregulation and third world shopping habits will be the pattern in the future".

Political uncertainty hits Specialty Stores

SYLVIA DU PLESSIS (30)

POLITICAL changes taking place in SA have ~~increased~~ the level of uncertainty among Specialty Stores' customers, particulary in Natal, says chairman Nic Labuschagne. BDay 7/6/90

But while this had a negative effect on trading in February, March and April had seen a "more settled" pattern re-emerging, with budgeted sales levels being achieved, he said in the clothing and home product retailer's latest annual report.

Labuschagne said directors expected a further cooling off of the economy and a difficult trading climate in the current year. But, he said, the figures represented a commendable performance in today's climate.

"We are fortunate in having an under-utilised debtors' data base which, properly managed, will allow us to maintain real growth in sales.

"Our budgets for the new year have taken into account likely economic conditions, and we are confident that a further increase in earnings can be expected in the year ahead."

Specialty, 63,2% held by Storeco, produced a 57,5% hike in attributable income to R10,4m in the year to February, from which earnings of 70,3c (63,4c) a share were declared, based on a 42% rise in the number of shares in issue.

A final dividend of 16,5c lifted total distribution to 25c.

SOWETAN BUSINESS
Building the Nation

Black business is caught in crossfire of violence

Sowetan 7/6/90

30

By JOSHUA RABOROKO

BLACK business was caught in the crossfire as violence escalated in South Africa, especially in Natal where confrontation had become the order of the day, the president of the Inyanda Chamber of Commerce, Mr Rodger Sishi, said in Durban this week.

Addressing the chamber's annual conference, Sishi said in the midst of the confusion that prevailed business people had been called upon to serve their people as if nothing had happened.

"So many of our members have described how unpleasant it is to be in business these days. The businessman is caught in the middle of a drama over which he has no control."he said.

Over the next few days businessmen would have to think meaningful strategies for survival, he said, adding, they had to review past strategies and honestly question their relevance to present day situations.

Business had over the years confirmed their belief in free enterprise and there was now growing demand for the consideration of a mixed economy and talk of nationalisation.

Black business was called upon to seriously deliberate on these issues without being emotional.

The high concentration of economic power in the hands of whites in South Africa was not healthy and did not augur well for the future.

In fact, he said, it made alternative systems to free enterprise very attractive to the majority of black people.

Referring to progress in the region, he said the Inyanda Trust Fund had been launched to provide collateral security for members needing money. It needed their support.

He said that there had been a dramatic growth in the membership of the small industrialists and they now numbered more than 400.

Referring to the informal sector, Sishi said that the Small Business Development Corporation helped to boost the morale of small industry.

He said unity talks were underway to merge the Kwazulu National Chamber of Commerce and Industries, although no conclusion had been reached. The need for unity among black organisations in order to achieve political, economic and social emancipation, remained.

Mr Rodger Sishi

Anglo lost R3,5 - R5,5m in unrest

Sowetan 7/6/90

211

By JOSHUA RABOROKO

ANGLO American Corporation (AAC) lost between R3,5-million and R5,5-million in gold mines following the widespread violence that erupted in the goldfields towns of Welkom, Theunisen and Virginia in the past month.

At a Press conference [illegible] talked to various groups.

The National Union of Mineworkers, the Chamber of Mines and the Council of Mining Unions had agreed to restore peace in the troubled areas. As a result the [illegible] he said that although the NUM had declared a dispute with mine bosses, it was hoped that the matter would be settled in a satisfactory manner.

Dispute

The dispute was taken to the Conciliation Board and the company was not expecting strikes on its [illegible] to the drop in the price of gold. However it was expected that the company would do well in future.

AAC's chairman Mr Ogilvie Thompson said that job reservation was abolished on the company's goldmines, but agreed that there were people who still had not changed their attitudes [illegible] he said.

Commenting on the company's financial results for the year ended March 31, 1990, he said the corporation was again able to report satisfactory results despite the continuing decline in profitability of the gold mining industry, which they had substantial in[illegible] come compared with 30 percent of R1,3bn in the previous year.

The corporation's performance was a tribute to the foresight which had built up a broad spread of investments able to provide sound growth, despite the poor performance of the gold segment of that portfolio.

He expressed [illegible]

Choking smog

Road, greeted the 70 delegates. They learnt there wer

Govt's decision to lift emergency welcomed at home and abroad

8/6/90

Generally favourable reaction at home and abroad has greeted the Government's intention to lift, at midnight tonight, the state of emergency throughout the country except in Natal and KwaZulu.

Mr de Klerk told a joint sitting of Parliament yesterday that the Government had decided to combat violence through an expansion of the security forces enforcing ordinary laws instead of the emergency.

The security forces are to receive a massive R814 million injection in pay and logistical support.

The police force is to be expanded by 10 000 men and women, and the pay packets of members of the Permanent Force, especially the lower ranks, is to be increased from July 1. More troops are to be deployed in trouble spots.

Mr de Klerk told yesterday's sitting that a state of emergency in Natal would be gazetted today.

Official sources said about 80 detainees would be released, all of them outside Natal, when the emergency lapsed tonight.

Mr de Klerk also announced the release of 48 political prisoners as a "gesture" and said the Government was ready to go further, but the ANC had asked for more time to consider a joint Government/ANC report on the release of political prisoners.

Mr de Klerk said the Government was rapidly implementing the Groote Schuur Minute, the accord with the ANC aimed at removing obstacles to negotiations.

He challenged the ANC to do the same and said it should stop "vaccilating" over violence.

A spokesman for President Bush said the move was a sign of "the remarkable progress" made recently by Pretoria.

He said President de Klerk's action removed a major obstacle to talks with the ANC aimed at ending apartheid.

In London, a Foreign Office spokesman hailed "this further positive step to help clear the way to negotiations".

"We regret that violence in Natal prevented the lifting of the emergency there at this stage," the spokesman said. A heavy responsibility now rested with political leaders in all areas of South Africa to help prevent violence.

United Nations Secretary-General Javier Perez de Cuellar issued a statement in New York calling the announcement "a positive development".

Canada's External Affairs Minister Joe Clark said that while he regretted that the emergency would remain in force in Natal, "this is an important and constructive step and a welcome signal of the SA Government's commitment to dialogue and negotiations". — Political Correspondent-Sapa-Reuter-AP.

● See Page 6.

Investment confidence may get boost

8/6/90 30

By Michael Chester

Business leaders and economists were jubilant last night over the potential boost to investment confidence after the partial lifting of the state of emergency.

Greater foreign and local investment is considered crucial for the economic growth needed to tackle unemployment and redistribution of wealth.

The South African Chamber of Business said signs of stability were vital for business and investor confidence.

Azar Jammine, director of the Econometrix think tank, said: "Moves to enhance the process of political negotiation are essential for the longer-term economic outlook.

"While some people might be extremely apprehensive about the lifting of the state of emergency, from an economic viewpoint the blunt reality is that President de Klerk needs to do all he can in the short term to ease the country's foreign debt problems."

First National Bank senior general manager Jimmy McKenzie said: "The banking sector will give universal applause to the new moves.

"They will lend further support to the President's initiatives to reinforce his credibility and sincerity about reform."

(30) Star 8/6/90

Large sums of money for 'venture' go astray

Star Line

JUNE BEARZI

Rags-to-riches businessman Sarel von Biljon, who made millions from a tainted "aid society" scheme which preyed on unsophisticated blacks, has now launched a much criticised venture-capital operation, Gemgold Mining Ltd.

In his latest "make huge profits by investing in alluvial diamond-mining" operation run from Lyndhurst, Johannesburg, Mr von Biljon has targeted society's more affluent sector.

Seven years ago Star Line revealed that a once penniless Mr von Biljon — promoter of Golden Aid (Pty) Ltd — had led an oppulent lifestyle on funds raked in from thousands of blacks who were promised "legal advice, burials, and financial and bail aid".

The "aid" to clients who lived a hand-to-mouth existence often never materialised, and Star Line and various public-funded legal bodies took up their complaints. Finally, bad publicity and legal pressure forced their closure in SA, and Golden Aid was outlawed in Bophuthatswana.

Gemgold encouraged the public to invest with assurances that investors would double their money in months, as the company would be listed on the JSE at the beginning of June. An offer to buy back their 80c shares for R1 each at a later stage had apparently also lulled them into a sense of security.

However, Star Line established that large sums of cash paid in by certain Gemgold investors were not used to finance the mines; the "share buy-back guarantee" was legally unenforceable; the listing promise is unkept; and the operation does not meet the JSE venture-capital-market listing requirements.

A Pretoria advocate, who does not wish to be named, told Star Line he represented an overseas syndicate which had asked him to check whether its potential R2,1 million investment would be secure if sunk into Gemgold.

The advocate said: "In the interests of these clients I demanded Gemgold provide a prospectus and comply with all the legal and financial requirements necessary for a listing. But they have failed to do so and I've discovered they have not even lodged a listing application with the JSE."

Wollie Wolmarans of Mooi Nooi told Star Line he had been approached by a broker for Capital Growth Investments in Craighall Park, Johannesburg, run by Colin Hartley, and had paid R4 000 for Gemgold shares.

Mr Wolmarans told Star Line he had endured an eight-month battle with Gemgold after paying for the shares.

'Investment essential for growth'

8/6/90 Own Correspondent (30)

While important differences exist between business and black nationalist political organisations, the two agree that substantial local and foreign investment is essential to achieve the economic growth necessary to provide for the growing population, says Argus Holdings chairman Murray Hofmeyr.

This investment depends on the confidence of investors in the political and economic future of the country, while there is consensus that growth alone will not be adequate to alleviate the deprivation and that means will have to be found as a matter of urgency for addressing the issue.

Mr Hofmeyr, who attended a conference in Johannesburg last month between the ANC and the Consultative Business Movement, told guests at The Daily News/ Ernst and Young Business Personalities of the Week banquet in Durban last night: "We are at one that the last vestiges of racial legislation must be abandoned and that public spending will have to be redistributed to correct the appalling imbalances of the past, in particular as regards education."

"While there would be differences of opinion about the accountability of business for the sorry state of the country, there was agreement that the private sector had a major role in the process of political and economic transformation."

Mr Hofmeyr said he was struck listening to the speech at the conference by ANC deputy president Nelson Mandela by the similarity in the policies of the black nationalists and the Government to political restructuring.

He (Mr Mandela) stressed that the political changes would be of no force unless they were accompanied by fundamental economic changes, said Mr Hofmeyr.

However, Mr Mandela had expressed concern about the Government's policy of privatising certain major government departments, of which Eskom was one example.

On the subject of the provision of better housing and schools for blacks, business had called on the ANC to persuade people that these services would take a long time. The nationalists had responsed by saying that the private sector had better, develop a greater sense of urgency about the need to provide relief in the short term.

Mr Hofmeyr said while Mr Mandela's speech had been conciliatory and reasonable, it would have disappointed people who believed he would announce a new direction in ANC policy.

The main thrust of his speech was an appeal to business to take the initiative in building a new, fairer and more broadly-based economic system. He restated the ANC's policy in regard to restructuring the political system and one was struck again by the extent to which this accords with the Government's approach.

Black business to examine rebuilding SA's economy

(30)

THEO RAWANA

REPRESENTATIVES of black business will discuss reconstructing the SA economy at the 26th annual conference of the National African Federated Chamber of Commerce (Nafcoc) in Durban next month.

Nafcoc public affairs manager Gab Mokgoko said yesterday the conference would "attempt to bring to the fore what the real issues ought to be in the reconstruction of a mixed SA economy, the extent of the mix and the mechanisms required to ensure and hasten full black participation in such an economy in the '90s".

The destruction of black business property during riots would get special attention, Mokgoko said.

The conference would also address the role of women in the national strategy for economic liberation.

"The president of Nafcoc (Sam Motsuenyane) is expected to give an insight into what he considers should be the framework of an economic agenda to be pursued during the 1990s, as well as the key elements of such an agenda in order to achieve economic parity among South Africans," Mokgoko said.

Chambers of commerce in the southern African region would also attend the congress,' he added.

With an eye on its future role in Africa, Nafcoc has established a Joint Working Committee with the Lesotho Chamber of Commerce.

Mokgoko said the committee met last month to examine closely the unfolding political situation in SA and its economic impact on Lesotho and the southern African region.

Assist

It also considered mutually beneficial projects and programmes.

"The committee recognised the urgent need to assist indigenous Africans to share in the Lesotho Highlands Water Project beyond the level of worker," Mokgoko said.

Another matter discussed was the membership of Nafcoc on various regional and Pan-African business formations.

"The committee was also briefed about the discussions held between Nafcoc and the ANC in Lusaka and in Johannesburg, discussions with the PAC in Johannesburg and the Wild Coast Conference on restructuring the economy," he added.

Mokgoko said Motsuenyane led the Nafcoc executive to Lesotho last year to lay the foundations for mutual cooperation.

He said the binding principles of the two chambers were:

- To serve the indigenous African business community and to ensure the advancement of members in commerce and industry;
- To evolve a framework for utilising the strengths of each chamber for the betterment of the collective membership;
- To develop the talents and abilities of members through education and thereby enable them to compete more efficiently in commerce and industry, domestically, regionally and internationally; and
- To form joint business projects and programmes to harness scarce resources.

Mokgoko said the principles were the "pivotal reasons of Nafcoc's thrust in its relationship with various African chambers of commerce on the continent".

Nafcoc members serving on the committee are A S Nkonyeni, Sy Kutumela, E F T Maahlo and Mokgoko, while the Lesotho chamber is represented by A Majara, M Putsua and Z A Tsotsi.

CHRISTO WIESE

30

F/M 8/6/90

Executive chairman Wiese has built Pep Stores into one of our largest retailers, with almost 1 000 stores mass marketing to the lowest income groups — the very people who are flocking to the cities and permanently changing SA's demographics.

The most fundamental development of the next 20 years will be massive urbanisation. It offers Pep our main opportunity but, in the very near term, we have to cope with political uncertainty and the social instability which accompany rapid urbanisation.

What urbanisation means has become increasingly clear. Five years ago we reckoned saturation level would be reached when we had 550 stores. Now we have 900 all over SA and in neighbouring countries. With the abolition of influx controls, we have been opening about 100 a year rather than the 40 or so forecast in earlier planning.

Our customers are among the poorest and the vast majority will remain relatively poor whatever political developments take place. Our marketing is based on that and on large numbers. Price is all important but so is quality or, more accurately, durability.

F/M 8/6/90 30

It's no good telling a poor person that he's better off buying a R200 pair of shoes that will last five years than buying a R50 pair which might not last a year.

We make about 27% of the merchandise we sell. Over the next few years the proportion will rise to 40%. But there are limits. We can cut clothes with the most modern equipment but seamstresses can benefit only from

F/M 8/6/90 30

so much mechanisation. The trend will be to cut goods in our factories and distribute them for sewing by seamstresses at home — a sort of cottage industry that allows people to work at their own pace.

I believe the way we do business will remain appropriate for the next 20 years or so. Our stores are comparatively small and uncomplicated. We can easily train people and are unlikely to be affected by lack of appropriate staff. Nearly 40% of our store managers are black. That will pass 50% by the end of 1991 and 80% by the year 2000.

We learnt a lot from our branches in Botswana. Government there encourages outside firms to give locals equity participation. We've done that, following our partnership with coloured investors in the Cape and black investors around Johannesburg. In 1974 we set up Pep Stores Peninsula, which now has 27 stores. We have done the same with Pep Reef, where 1 240 black shareholders put up about R600 000 (half its capital).

There is room for expansion outside SA, provided we can sell goods and remit profits. There is also scope for increasing exports, given some changes. A recent study showed our clothing factories are as efficient as Taiwanese on a per-shift basis. But they work three shifts, we work one.

HOMEMAKERS FM 8/6/90 (30)

Acquisition costs

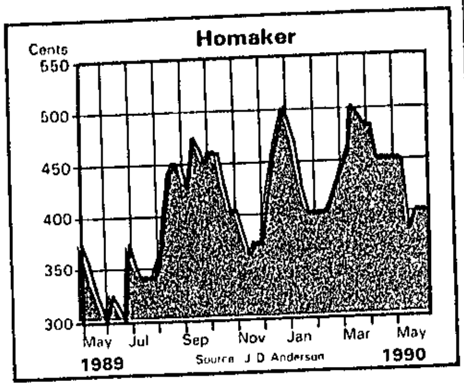
Activities: *Retailer and distributor of consumer goods.*
Control: *F S Group via W & A.*
Chairman: *J Liebesman; CE: H Nowitz.*
Capital structure: *50m ords. Market capitalisation: R21,5m.*
Share market: *Price: 430c. Yields: 8,3% on dividend; 23,0% on earnings; p:e ratio, 3,8; cover, 3,15. 12-month high, 505c; low, 300c. Trading volume last quarter, 832 724 shares.*

Year to Dec 31	'88	'89
ST debt (Rm)	10,0	15,9
LT debt (Rm)	21,4	102,7
Debt:equity ratio	0,20	0,91
Shareholders' interest	0,57	0,37
Int & leasing cover	4,04	3,67
Return on capital (%)	43,4	25,3
Turnover (Rm)	507,2	531,4
Pre-int profit (Rm)	72,0	76,5
Pre-int margin (%)	14,2	14,4
Earnings (c)	92,9	111,8
Dividends (c)	30,0	35,5
Net worth (c)	3,03	2,30

Homemakers' acquisition of shoemaker and retailer Edworks caused the group's interest-bearing debt to soar last year and interest charges are also rising sharply.

Total interest-bearing borrowings jumped from R31,4m to R118,6m. CE Hilton Norwitz is not, however, concerned about high gearing. "We have subsidiary assets which we could sell to liquidate the debt if we chose to. Edworks was an opportunistic deal that will give long-term value."

Seen from a more immediate standpoint, though, the interest bill rose last year to



FM 8/6/90 (30)

R19,8m (R10,7m) and the interest and leasing cover dropped to just 3,67 times. Shareholders' funds (less goodwill) rose by only 75%. The debt position has deteriorated at the same time as the slowdown in consumer spending.

With Homemakers owning retail groups Edworks, Marcello, Dodos and Koko, and having a 49% stake in J D Group — which holds Bradlows, Joshua Doore, Price & Pride and Score Furnishers — the outlook is not looking good for the near future. Weak consumer spending will make it difficult to reduce the already high stock levels, which doubled to R67,1m. A reduction in these and in borrowing levels would place Homemakers in a better position. Lower interest rates — which some expect towards the end of the year — would also help to reduce the interest bill.

Nowitz is happy with the way the group has performed in tough trading conditions. "We addressed these conditions by reducing overheads," he says. One of the ways this was done was by reducing holdings in J D Group, from 60% to 49%, to balance earnings from furniture and other consumer goods. Furniture now contributes 44% of earnings.

"Our other companies have maintained market shares," he says. These are involved in distribution of textiles such as fabrics and curtaining, direct sales and home improvements.

Nowitz sees this year as one of consolidation, with tough trading conditions continuing. "However, next year we see the burgeoning middle-to-lower income market coming to the fore," he says. "We are focused on consumer products catering for a broad spectrum of the market."

A p:e ratio of 3,6, among the lowest in the sector, shows the market is not yet convinced that such a range of companies can perform. Once the economy picks up and consumers again have cash to spend, Homemakers could be re-rated bearing in mind earnings growth over the past five years. There is, however, little point in looking for an early recovery. *Heather Formby*

'M-factor' knocks direct mail

(30) 9/8/90

DURING the weeks which followed the releasing of Mandela and the unbanning of the ANC, local direct marketers noticed a sudden and dramatic drop in response ratings.

Matthew Fisher, managing director of DRA Exclusives, believes that this was yet another side-effect of the "M-factor" or "Mandela-factor" which swept the country.

"Although one cannot minimise the overall decline in major purchases, recent political factors have had an important impact. The relaxing of media restrictions, together with some very relevant political change, meant that once more there was a point in reading newspapers and watching the news," says Fisher.

"In the midst of all the competition for reading time, direct mail became a much lower priority."

Fisher senses that there are some valuable indicators inherent in this observation. Only well-branded products, he believes, were able to survive this decline in response ratings because it is these products which command attention and compel action. The messages of products which were badly branded, however, became lost altogether.

"Of all the people that read mailings, 50 percent will actually consider the offer. Naturally reading can cease at any stage and this is where strong creative copy becomes indispensable. But where branding is weak and the mailing package is not even opened, the chances of failure increase dramatically. This, in turn, means that the cost per response factor increases."

NELSON MANDELA: His release, among other factors, diverted reader interest.

He insists, therefore, that a well-established brand identity becomes essential in the current period of social and economic flux. "As more companies become strapped for cash, weak brands will disappear. Only a strong, well-established brand will be able to survive a volatile socio-political climate."

Failing the survival of the brand, Fisher believes that attention to the "M-Factor" demonstrates a further advantage which is intrinsic to direct response: "Direct response has the ability to detect weakness in the brand or advertising campaign. It acts as an early warning-system which enables the implementation of pre-emptive action."

Expanding on this theme, Fisher asserts that while all advertising must have suffered as a result of diverted consumer attention, there is a distinct advantage in being able to measure the extent to which a campaign actually suffered. Unlike direct response, advertising which is not measurable could experience severe setbacks which are perceived only at a much later stage.

"Because direct marketing can detect a change in consumer attitude immediately, it enables a far quicker reaction than most other indicators too. For example, the recent detection of a decline in retail and motor industry sales figures is a trend which was forecast by direct marketers as early as February this year".

The knee-jerk reaction to political volatility and financial insecurity is a heightened awareness of budget. Fisher believes that one of the financial advantages of direct marketing is that it has the ability to conduct its own research. Consequently, it can provide clues for above-the-line advertising and other marketing functions.

"One way of stretching the rand is to get better synergy through the advertising mix," he says. "Direct response, when synergistically applied, can build and help the brand. The net effect is that the rand works that much harder and smarter."

Quick on the draw for credit

S/Times 10/6/90

By IAN SMITH

SOUTH Africans are living up to their "shopaholic" reputation — and their credit limits.

The records of financial institutions and credit information organisations suggest that almost every family in the formal sector uses credit.

Information Trust Corporation, the largest supplier of credit information, has more than 7-million records on its database.

Another measure of the use of credit is the number of references checked by financial institutions and retail groups — more than 4-million a year.

Fortunately, says ITC chairman Paul Edwards, 75% of the records in its database show that South Africans are good for credit.

"I believe the credit bureaus are themselves due for a rerating by the public," says Mr Edwards. "We are not the bogeymen so many people make us out to be.

"By providing good references the bureaus help most customers to obtain credit."

Although credit checking used to take a long time, modern technology has ernabled ITC to provide credit granters with on-line computer facilities.

"This enables credit to be approved in minutes."

In the retail sector Dion pioneered on-line credit checking.

Risk

30

Dion credit director Salie Marais says: "We wanted to ensure that buying on credit was easy for the customer and we had to manage the risk.

"Our venture has been so successful that Dion has experienced bad debt of less than 0,6% of turnover — a remarkable achievement for a company entering the credit market for the first time."

Calls for financial records have increased as higher interest rates and the slowdown in the economy have heightened business risks. Although demand for many consumer goods has fallen, competition for sales has become fiercer and retailers are fighting to capture business.

"Extensive research shows that many companies face a dilemma," says Mr Edwards. "Should they confirm orders quickly to win business, or should they take the time to have customers thoroughly researched?"

Independent research shows that 90% of businesses want credit reports within two days.

To meet the demand ITC has inaugurated its Express service to provide credit and financial information on prospective customers within 48 hours, and a Super Express service, providing information within 24 hours.

ITC has developed what it claims to be one of the most advanced credit reporting systems in the world. The new services use SPL's CON-NECT software which automatically generates reports and allows editing by ITC specialists.

S/Times 10/3/90

Plans to expand shelved

By DON ROBERTSON

BUSINESSMEN are postponing expansion plans and new ventures until political changes are spelt out.

Uncertainty about the economic and socio-political future is a feature of the business confidence index prepared by the SA Chamber of Business (Sacob).

The index dipped marginally to 92 from 92,1 in May after sharp falls in the previous two months, reflecting a decline in economic activity of 0,1% in the first quarter.

Businessmen reported in the May survey they were encouraged by the drop in the inflation rate to 14,6%, an increase in exports, an improvement in JSE prices and a decline in registered unemployment.

But the gold price has fallen sharply, new-car sales continue to decline and insolvencies rose by 40,5% in the first quarter compared with the first three months of 1989.

30

Interest

Indications are, however, that the economy is now expected to bottom out in the first half of 1991 and not later this year as had been expected.

Interest rates are not expected to decline until inflation shows signs of a large drop and the gold price improves, says Sacob. There is, however, little possibility that the gold price will rise much in the next 12 months.

Manufacturers indicate that production in the next 12 months will be lower than last year.

The confidence index fell to 100 in May from 112 the previous month. A level of 100 represents the neutral point between optimism and pessimism. This implies that manufacturers expect zero growth in the next 12 months.

"This has serious implications for the supply-side of the economy and suggests that the downturn will be longer and deeper than was initially anticipated," says Sacob.

There could, however, be support for the economy from the reduction in taxes and the R3-billion set aside to reduce socio-economic backlogs.

JD Group: political scene governs growth

SYLVIA DU PLESSIS

CONTINUED growth in real terms at FSI furniture retailer JD Group in the current year would depend on a more stable political scenario, said chairman David Sussman in his latest annual report.

While all indications were that the authorities would maintain "tight financial policies", history had demonstrated the group was able to prosper in tough times, he said.

He said the recent political unrest had had a serious impact on their business and generated "circumstances beyond our control".

"Given a more stable political scenario, J D Group will be able to achieve continued growth in real terms." B Day 11/6/90

JD, with 168 outlets, produced an 18% improvement in earnings to 102,6c a share in the year to December. Dividends of 17c, covered six times in the light of high interest rates and the need to protect funding, were declared.

Analysts predict earnings of about 124c a share and dividends of 21c in the current year.

Sussman said while turnover was the "lifeblood of any business", selling on credit resulted in the build up of a debtors book. (30)

"It is the quality ~~of that~~ debtors book rather than its size, on which we concentrate with the objective of achieving real growth in earnings while containing and eventually reducing gearing," he said.

"That's why we've always refused to chase sales at the expense of good credit granting. The difficult trading conditions that prevailed last year, and which have continued into 1990, necessitated even higher standards for granting credit."

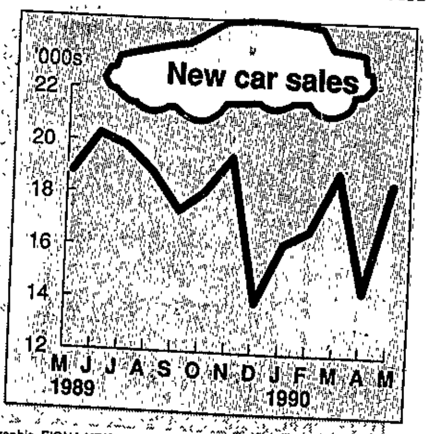
Chains in the group include Bradlows, Joshua Doore, Price 'n Pride and Score Furnishers.

May vehicle sales creep up

EDWARD WEST

NEW vehicle sales showed a slight improvement during May, but the National Association of Automobile Manufacturers of SA (Naamsa) has warned business that trading conditions would remain difficult for the rest of the year.

The warning comes amid signals that by the end of July most motor manufacturers would have increased their vehicle prices because of to inflationary costs and increased duties in terms of phase VI of the local content programme.



Graphic. FIONA KRISCH Source: NAAMSA

Statistics released by Naamsa on Friday showed new car sales increased by 26,6% to 18 712 units, compared with April sales of 14 431. (30) (492)

However, compared with the corresponding month in 1989, new car sales showed a marginal decline of 65 units or 0,3%. B1Day 11/6/90

Sales of new light commercial vehicles and mini-buses advanced by 16,5% to 9 103 units sales compared with April sales of 7 811 units. Compared with May 1989, last month's sales declined by 305 units or 3,2%.

Sales of vehicles in the low volume medium and heavy truck segments also improved in May, but in the case of heavy trucks and buses, sales remained well below the levels achieved in 1989.

Delta Motor Corporation MD Keith Butler-Wheelhouse said the motor industry was likely to face an uphill battle over the

□ To Page 2

Vehicle sales B1Day 11/6/90 (30) (492)

□ From Page 1

next five to 10 years when industry volumes would remain static or only slightly improve, Sapa reported.

Toyota's Brandon Adcock said on Friday a meeting would be held this week to review vehicle prices, a move which was prompted by new phase VI duties and inflationary costs.

He speculated the average increase would be in the region of 2%.

Volkswagen strategic planning and analysis manager Johan Wagner said Volkswagen had increased its prices on average by 2,7% on June 1.

A Nissan spokesman said a proposal relating to vehicle price increases had been put forward and would be discussed this week.

Samcor spokesman Dirk de Vos said the company had increased its prices on June 1 by 0,53% for Ford vehicles in the 1300cc to 1600cc range, while Mazda's in the same engine capacity range increased by 0,89% on the same date.

Some vehicle prices with larger engine capacities increased 2,6% and 2,7% respectively, he said.

Meanwhile, the SA Agricultural Machinery Association (Saama) said on Friday that May tractor sales were very much in line with April sales of 338 units, but were 94 units or 22% down on the 425 units sold in May last year.

Yearly sales to date of 1 579 units were now 29% down on the same period last year, but were expected to improve.

(30) B|Day 11/6/90

OK sales growth hinges on national stability, says Hood

SYLVIA DU PLESSIS

SALES growth at OK Bazaars in the current financial year will depend largely on the measure of socio-political and industrial stability achieved during this period, MD Gordon Hood says.

Writing in the SA Breweries-controlled retailer's latest annual report, Hood says "little or no" increase can be expected in the real disposable incomes of consumers in the lower and middle income groups.

This is in spite of the fact that the recent easing of hire purchase (HP) restrictions should lead to "some" sales improvement in major appliances.

OK reported a 16,4% decline in earnings to 163c (195c) a share in the year to end-March, from which total dividends of 86c (103c) were declared. This was based on turnover which rose by 13,2% to R4,2bn.

Hood says in the report restrictive measures introduced progressively since August 1988 to curb HP sales, together with the general slowdown in the economy, had a negative impact on turnover growth in the first half.

"As the year progressed, these problems were compounded by the advent of politically-induced boycotts and stayaways in various parts of the country which led to many stores failing to achieve their previous year's turnovers.

"With a lower level of fixed overhead recovery and abnormally high shrinkage losses accompanying the widespread social instability, operating income . . . was only 1,9% up for the full year."

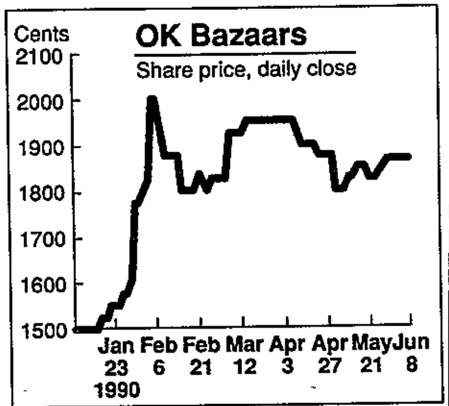
With strong attention being given to improved asset management through better stockturns, assisted by the new centralised warehousing system and tight cost controls, "some" growth in earnings is expected, he says.

Meanwhile, OK's share price, which analysts predicted would plummet after publication of the poor results, has dropped only 10c since then, closing untraded on Friday at 1 865c.

This is in spite of the week-long strike at the group's outlets.

The shares are tightly-held: average monthly trade over the past 12 months has been only 75 259 out of the 24,5-million issued shares, of which 86,2% are institutionally-held.

Market talk is that they are overvalued at their current price, with a more realistic level being around R12.



Graphic: FIONA KRISCH Source: JSE

Easy pickings at corner cafes

Armed at work . . . Almost every third day in Johannesburg, a cafe owner is robbed. Police suggest they arm themselves, install alarms and panic buttons and keep their cash levels low.
● Picture by Jacoob Rykliff

Every week, at least two cafes are robbed in the Johannesburg area. Every month, a cafe owner is murdered in the city. Easy accessibility, long hours and poor security make cafes soft targets, and owners fear for their safety. MONICA NICOLSON reports.

"There were five of them. It was just after 7 pm. One of them put the gun in my mouth and said: 'We are not kidding here — I will kill you.'"

The speaker is a corner cafe owner. He is too terrified to disclose his name and begged that The Star not disclose the suburb in which his shop is, for fear the gangsters will come back and "get" him.

He decided it best to pay up rather than face death.

His is not an isolated case of a nervous cafe owner being left fearful after an armed hold-up.

It is the daily diet of fear with which many of Johannesburg's cafe owners and their helpers are forced to live.

Vulnerable and unprotected, corner cafes are soft targets for gang robberies.

Among those who have been terrorised and robbed at the counter recently is a Greek cafe owner near the Wanderers Club. Last week he, his wife and his 12-year-old daughter had guns held to their heads when four men robbed the shop.

The man also does not want his name or that of his cafe mentioned.

"Its not *if* we are going to be robbed — but *when*," he said.

"With so many police resigning, robbers know we are easy victims. We are easily accessible, the escape routes are open, plus we open early and close late when only a few people are around.

"The gang that robbed me were very professional and slick — so obviously they do this often," he said.

Frank Swarbreck, executive director of the Catering, Restaurant and Tearoom Association (Catra), said cafe owners were anxious about their high profile and weak security.

He and other cafe men interviewed by The Star stressed they believed the answer to the spate of hold-ups was not private security measures, but a stronger police force.

"We are willing to put our money where our mouths are. Cafe owners want to canvass people's support in the area to put levies on certain commodities to raise funds for a high profile, well-paid police force," he said.

The more militant and angry cafe owners said they should be given a licence to kill robbers.

"The psychological effect on victims who wait for further attacks is very negative.

Captain Eugene Opperman, police liaison officer, said cafe owners had to take responsibility for their own security. He suggested installing alarms and panic buttons and that owners carry guns.

Game sale is a record

By Dirk Nel, Northern Transvaal Bureau

TSHIPISE — Giraffe, eland, ostriches and waterbuck were in great demand at the annual Greater Kuduland game sale at Tshipise yesterday which netted a record R446 700 — confirming its status as one of the country's major wildlife auctions.

Keen bidding by more than 200 buyers from all parts of South Africa kept auctioneer Jack Klaff on his toes, and ranch owner Peter Knott described the event as his best.

Some of the highest prices of the season were reached, with giraffe fetching R7 200, eland R3 500, waterbuck R2 700, zebra R2 400, nyala R2 000, and gemsbuck R1 550.

Fashion store competition raising a threat

(30)

BDay 12/6/90

COMPETITION between leading fashion chain stores has escalated to a level that threatens the viability of shopping centres.

Bentel Abramson partner Rob Bray says: "Traditionally, the major stores serve as magnets and are positioned to draw shoppers past the smaller stores, which cannot attract a large enough market on their own.

"Today, however, in an effort to outdo each other, these stores are demanding more upfront positions in the centre. The casualties will be the boutiques, which are already at a disadvantage because their rentals subsidise those of the magnets.

ROB BRAY

Courage

"Unless developers find the courage to resist the demands made by these tenants, the whole SA retail industry could suffer."

Bray says if the magnets cease to serve as such, poorly positioned small retailers will be forced out of business.

This will detract from the appeal of the shopping centre, which needs to offer variety to provide a pleasant shopping experience.

At the same time, it could eventually lead towards a monopololistic situation, as competition in the retail fashion industry is swallowed up or whittled away.

"Unfortunately, the leading chains tend to be seen as an essential ingredient in the recipe for a successful shopping centre," Bray says.

"It will take a courageous developer to resist the kind of pressure they can bring to bear and omit them from his tenant mix. And he will need a farsighted financial institution to back him."

Black retail trade — a developer's dilemma

30

B Day 12/6/90

THE black consumer holds the key to the future of SA's retail trade, yet development for this market is a minefield of contradictions.

The developer sits on the horns of a dilemma. On the one hand, he has a social obligation to help meet the aspirations of the black retailer — and sometimes political pressure is brought to bear on him to do so.

On the other hand, he must satisfy consumer demand, which strongly favours the national trader.

McCormick Property Developments MD John McCormick says: "The philanthropic approach would be to develop a centre entirely tenanted by black entrepreneurs — but it would be a guaranteed failure."

McCormick has built nine successful shopping centres in rural areas during the past seven years.

"I aim to achieve a balance. By bringing in the brand-name retailers, I draw people to the centre — and they flow over into the shops owned by local traders.

"We also encourage the informal sector to come in and at Isithebe have provided washing and storage facilities for them. There is no reason why their presence should conflict with the standards of a First World retail centre."

Watchword

First World quality is the watchword in such developments. It is a condition of tenure for his food major, for example, that it offers a full range of services, such as a bakery, butchery and delicatessen.

In addition to constructing new centres, McCormick is involved in reviving a number of unsuccessful developments.

"Some rural shopping centres are built like fortresses. They are uninviting and their facilities — such as ablution blocks, public telephones and open spaces where people can relax together — are either nonexistent or totally inadequate.

"Black people living in rural areas are accustomed to travelling as much as 150km to shop. They would have no hesitation in boycotting a centre which failed to bring them the right products or which they believed was of inferior quality," he says.

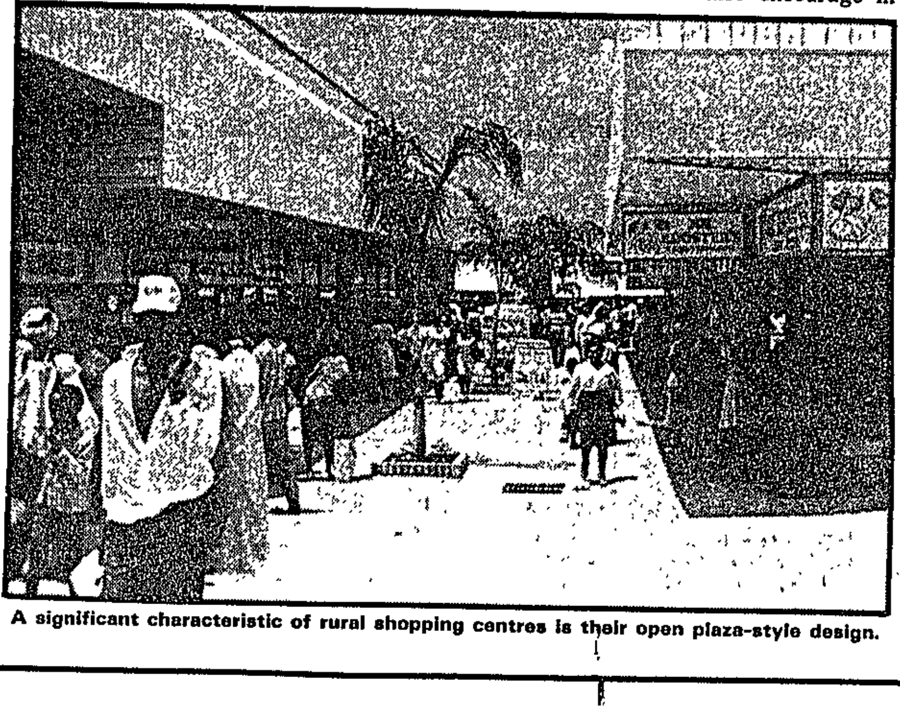
The market does not only have immense buying power, it is also exceptionally sensitive to political pressure. The developer of retail centres in rural areas needs to be a skilled diplomat seen to be bringing at least as much into the community as he is taking out of it.

"In many of our centres, the national tenants effectively subsidise the smaller traders — in a reversal of the usual situation. They recognise that for a local business to fail because the rent is too high could be disastrous for the entire centre," says McCormick.

"We also encourage involvement in schemes aimed at upgrading the community. For instance, my company is active in developing schools and promoting education.

"Centres like ours provide an opportunity for First World traders to share their knowledge with their Third World counterparts," he says.

"We are increasingly seeing partnerships between local businessmen and national chains. All our fast food tenants are local franchise holders and the trend is developing in the liquor and hardware lines."



A significant characteristic of rural shopping centres is their open plaza-style design.

Politics clouds the black market

THE formidable power of the black market has roused the interest of developers and retailers alike — but they are being held at bay by vested interests within the urban black community.

Retailers have responded to the political resistance to "putting township money into white pockets" by offering partnerships to black businessmen, while developers have offered participation to private investors within the community.

But the general attitude within the property industry is optimistic.

Leadenhall partner Philip Vermeulen says: "Once the political situation is normalised a lot of resistance will fall away. B\Day 12/6/90

"Local shopkeepers would prefer to keep competition out, while the taxi industry stands to make a lot of money as long as people have to travel into white CBDs to shop.

"But the consumer wants brand names, and he wants them in convenient locations."

Scrapping of the Group Areas Act is expected to have little impact on shopping trends in established centres, where retailers and developers pitch their products at an income-based market rather than one defined by race.

Boycott may hit six shops

Sowetan 14/6/90

30

ATTERIDGEVILLE residents, who stopped paying rent in April and boycotted certain businesses - two of which have since closed - were yesterday urged to boycott six more shops, including those owned by an Indian woman.

The Anti-Corruption Committee distributed pamphlets yesterday requesting residents to immediately stop supporting three bottlestores - two of which are owned by Mrs Suriya Mohammed, two general dealers and two restaurants, including the Jabulani cafe at the Saulsville arena which is run by Reverend Enoch Sibanyoni, chairman of the management committee of the town council.

The Atteridgeville-Saulsville Residents' Organisation (Asro) called on the public to boycott businesses owned by councillors from April 1, this year in an effort to pressurise them to resign.

Business sector must power growth — Volkskas economist

By Sven Lünsche

The business sector and individuals must put their houses in order and become the engine of economic growth, says Volkskas economist Adam Jacobs.

In the bank's Economic Spotlight Mr Jacobs warns that for the foreseeable future the authorities will not take the lead in promoting growth.

"Economic policy is formulated to address structural problems over a period of time, for example, by bringing about greater economic stability.

"In out opinion, this is the correct approach and we support it. The business sector and individuals must take note of this and put their house in order," warns Mr Jacobs.

"Priority must now be given to increased efficiency, sound business principles, better financial management, lower debt and greater saving, as well as maintaining, modernising and extending the economic infrastructure and production capacity with a view to more effective production and rendering of services."

Mr Jacobs feels the authorities are justified in not promoting growth at present.

"In the light of the current low level of foreign exchange reserves, the high inflation rate and still relatively low savings, to list but a few examples, it would be unwise to propagate deliberate growth-stimulating actions.

"If this happens, the country will experience a typical mini-upswing and even greater economic headaches will be in store," he says.

Mr Jacobs adds, however, that while growth will not be promoted through fiscal and monetary policy, he sees no reason at all further to tighten economic policy at present.

Cape Times 14/6/90 (30)

Blue Circle takes stake in Luft Ind

Business Editor

THE Blue Circle Group has acquired a controlling interest in Cape Town-based Luft Industries, for an undisclosed sum.

Announcing this yesterday, the chairman of Luft Industries, Ray Ball, said he was delighted with the move "as it will not only strengthen the company's position in the marketplace, but also its access to technical expertise in addition to its existing overseas links."

Luft Industries is a rapidly growing firm employing about 100 people in its Montague Gardens factory, where it makes fans and heating and air conditioning equipment.

MD Ray Miller, a founder of the firm, said he had a contract to remain for another two and a half years. Both he and Ball, who lives in Britain, will remain on the board.

Miller said one reason for deciding to sell was to ensure continuing security for employees by making Luft part of a large group.

"I am no longer young. And I wanted to be sure the business would be carried on if I were knocked down by a bus, or anything like that."

A spokesman for Blue Circle said it complemented other engineering activities carried on by the group.

Pepkor group on acquisition trail

Business Editor

THE Pepkor group is investigating a number of possible takeovers which would complement its existing business, chairman Christo Wiese says in the annual report.

This includes export-orientated companies to strengthen Pep International — responsible for the development of group exports which, the report says, are "already contributing significantly to our profitability".

The examination of "various other expansion possibilities involving neighbouring states and other countries is at an advanced stage".

Discussing conditions in SA, Wiese says the group is "more optimistic than ever about the future.

"This does not mean that we underestimate the obstacles en route, but we do believe that success is realistically achievable, given purposeful and inspiring leadership across the entire spectrum of our population."

Pointing out, however, that the past year "has also seen its share of reversals on the road to a better future", Wiese says that "the anticipated acceleration in the rate of decline of the economy, increasing political unrest in large areas of the country and a lack of sustained overseas optimism after February 2 have all contributed to difficult trading conditions".

But "in spite of the likely negative impact on our target market of the currently difficult trading climate, the group is still favourably positioned to perform satisfactorily".

The group's strength is in organic growth.

But since it is "developing reserve capacity in terms of financial and management resources, a number of takeover investigations are under way within the ambit of our mission statement, with the emphasis on complementing our existing businesses".

The group achieved earnings per share of 579,8c (496,8c) and operating profit of R134,6m (R111,6m) on a turnover of R1,4bn (R1,1bn) in the past financial year.

between the two organisations, it was by no means the first pact

... that, Inkatha and Cosatu concluded a peace treaty at the Durban Supreme Court in Septem-

... ment will be forgotten in a few months, or even weeks, from now.

One thing is clear: the leaders of

ANC advocates a mixed economy

A future non-racial and democratic ANC government would play a leading role in the reconstruction of the country's economy, according to recommendations made to the ANC. KAIZER NYATSUMBA reports

Star 15/6/90 (30)

After a three-day workshop between the ANC and the Congress of South African Trade Unions (Cosatu) in Harare last month, delegations from the two organisations drew up recommendations on a post-apartheid economic policy.

The recommendations in the document, which has yet to be discussed and adopted by Cosatu and the ANC, were based on the observation that the South African economy was in a crisis and was consequently unable to meet the needs of the country's people.

The document advocates a mixed economy in which the State would play a leading role. Mass-based organisations and trade unions would, however, also be involved.

The document recommends that an ANC government makes taxation "more equitable and effective in many areas".

The expected expansion of income and employment would widen the tax base over time, and the burden of taxation would be shifted from individuals to corporations.

An ANC goverment, says the documment, was not to borrow money from abroad to finance State expenditure, but would instead have to manage the overall budget and the budget deficit in accordance with its objective of socio-economic reconstruction and the re-distribution of income and wealth.

No details are given of how the State will raise money to finance its activities.

The document comes out in favour of the ANC's policy of nationalisation. The State, it is recommended, would retain existing nationalised industries and would be prepared as a matter of fundamental policy to re-nationalise privatised State assets. New public corporations would also be set up in areas where they would be necessary.

Foreign investment in activities which led to increased employment and the development of local technological capabilities would be encouraged. However, foreign investors would be required to follow labour practices acceptable to the trade union movement.

An ANC government's first priority would be meeting the basic needs of the population such as food, housing, pensions, welfare and employment.

Recognising that land distribution was "a central national grievance", an ANC government, it is recommended, should commit itself to the immediate return of land to those removed from black freehold farms and the repossession of land by certain categories of labour tenants, as well as the redistribution of land and relocation of people by a land claims commission with grass-roots participation.

READERS' VIEWS

MAS HOLDINGS FM 15/6/90

Beating trend

30

Mas Holdings (Mashold) has produced another set of strong results that extend the record established since the group was listed in 1986.

Since then taxed profit has grown at an annual compound rate of 33,4%, EPS by 26,5% and the dividend by 36,3%. For the 1990 year EPS is up by 28%.

CE Marco van Embden reckons the business has historically had a contracyclical record and steady profit growth is expected to continue. He contends that many direct-selling operations tend to be consistent performers, largely because consumers make purchase decisions in the home and these are based on necessity rather than impulse.

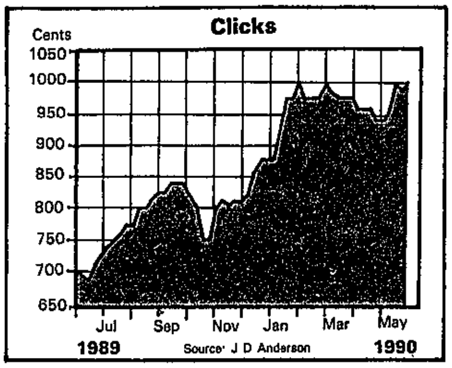
Mashold comprises several divisions, most of which sell clothing to blacks through catalogues. With the acquisitions of Grolier, which produces various publications; Tablecharm, which sells cutlery and crockery; and, more recently, Springtime Linen and Charles Velkes, the product range has been expanded — though the focus remains on areas seen as consumer necessities.

Pre-tax profit is up 34% at R8,3m, with almost all the advance generated internally. The effective tax rate rose to 22% (18%); this, with the EPS calculation now based on the full number of issued ords rather than a weighted average, saw the bottom line advance reduced to 28%.

Balance sheet figures are not available before the annual report, which is to be released within a few weeks. But there is no suggestion of any deterioration in the key ratios; more likely is that retained income will have further strengthened the group. Van Embden says that in the first three months of the current financial year trading has exceeded budgeted levels and he expects EPS growth will not be less than the 26,5% achieved in the 1990 year.

The share was listed in March 1986 at an issue price of 150c and trading opened at 210c. The following year it reached a peak of 395c but now trades at 280c, where the p:e is 8,5 times and the dividend yield 5,2% — a rating which perhaps does not fully recognise the track record. *Gerry Hirshon*

FM 15/6/90 (30)



CLICKS FM 15/6/90

Commonsense (30)

Activities: *Retails toiletries, cosmetics, gifts.*
Control: *Score-Clicks Holdings just over 50%.*
Chairman: *H J Goldin; MD: T C Honneysett.*
Capital structure: *20m ords. Market capitalisation: R205m.*
Share market: *Price: 1 025c. Yields: 3,3% on dividend; 8,0% on earnings; p:e ratio, 12,5; cover, 2,4. 12-month high, 1 025c; low, 685c. Trading volume last quarter, 178 366 shares.*

Year to Feb 28	'87	'88	'89	'90
ST debt (Rm)	nil	nil	nil	nil
LT debt (Rm)	nil	nil	nil	nil
Shareholders' interest	0,44	0,41	0,42	40,7
Int & leasing cover	n/a	n/a	51	130
Return on cap	22,4	21,0	17,8	23,4
Turnover (Rm)	227,7	282,2	246,4	426,2
Pre-int profit (Rm)	17,5	21,0	20,0	32,7
Pre-int margin (%)	7,7	7,4	8,1	7,7
Taxed profit (Rm)	8,8	11,2	9,9	16,4
Earnings (c)	44,2	56,0	49,1	81,8
Dividends (c)	21,0	27,0	21,0	34,0
Net worth (c)	172	203	236	283

Was 520c, recorded in August 1988, a never-to-be-repeated low for Clicks' shares? Since then the price performance has outstripped most others on the JSE, on fundamentals rather than technicalities.

Non-executive chairman Harry Jack Goldin, who founded the company (he also founded Pick 'n Pay), when talking about buying policy in his review, highlights the application of "simple commonsense" as being a major factor in the group's success. So while overdrafts are used to finance seasonal increases in stocks, for most of each trading year the company has high cash balances with bankers. As a result the year-end's current ratio is a comparatively high 1,3.

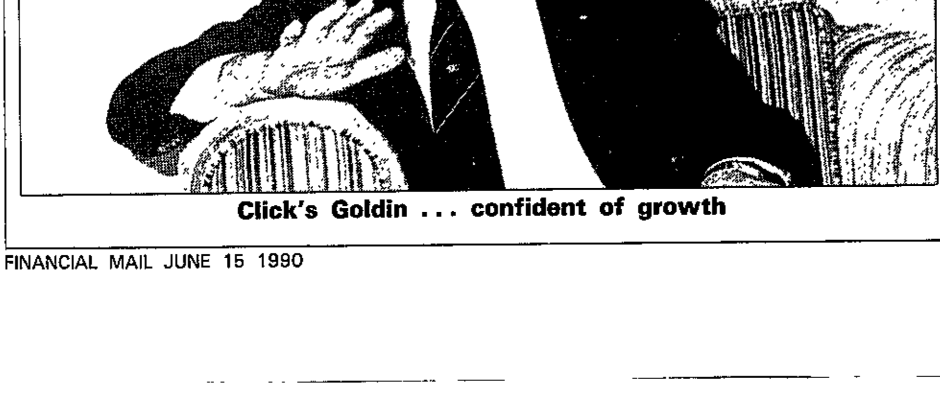
Retained earnings totalled R9,5m in the last financial year, forming part of the foundation for a substantial growth programme for both Clicks and Discom. The plan is to expand Clicks stores from 100 to 200 and Diskom from 33 to 150 in five years.

Since stock on hand represents roughly 20% of turnover, and creditors 15% of turnover, the group needs only to finance about 5% of turnover plus the cost of fixtures and fittings for each new store. The estimated start up cost is about R450 000 for each Clicks and R250 000 for each Diskom outlet. On this basis, and expectations that retained earnings will grow by 20% each year, retentions should be more than adequate to finance this expansion.

Clicks will not be looking for large amounts of external financing as long as it continues to get its merchandise mix right and hits sales targets.

After 21 years of operations and a sound track record, Clicks seems unlikely to falter badly even though the economy is turning down fast. Management reckons earnings growth of 20% is possible this year. There seems no reason to entertain grave doubts.

Gerald Hirshon



Click's Goldin . . . confident of growth

Amut 15/6-21/6/90

(30)

Out go the grand old stores as the retail industry heads for a new era

Retailers will have to move with our changing times, reports ANN FRIEDMAN

THE grand old bastions of retailing, the department stores which used to stock everything from fashion clothing to furniture, are crumbling.

Profitable retail selling now resides in "specialty stores" which stock a smaller range of merchandise and can respond more flexibly to rapid changes in fashion and taste.

The trend is highlighted in the recent Edgars group annual report, which covers Edgars stores, Sales House and Jet. The trend is also dealt with in the fast-growing Speciality Stores group's report, with coverage on Milady's, The Hub in Durban and Mr Price's.

Department store performances have declined worldwide because managers have not kept pace with changing consumer lifestyles, Speciality Stores declares.

It says: "Departmental stores, like large oil tankers, did not have the flexibility to alter course as they were attacked from all sides by highly manoeuvrable specialty stores."

These increasingly focused stores suit customer lifestyles. With most women working, "leisurely shopping trips have disappeared".

Specialty Stores identified six key characteristics of successful shops.

- Clarity of offer — the visual image of the store reflects the lifestyle and price level (graphics, price tickets, music, staff appearance).
- Category dominance — the store has depth of stock plus a range of sizes and colours in particular categories of clothing.
- Price/ value.
- Leading-edge technology — computerisation has improved marketing as well as stock and credit control.
- Promotional appeal.
- People power — with emphasis on motivating employees to provide top service to customers.

Specialty Stores was originally the John Orrs group, but it sold the department stores and diversified into new retail areas. It now employs more than 1 700 people.

In its financial year to end-February, it increased sales revenue by 35% and profits by 58% to R10,4-million. Its share price is almost one-third higher than at the beginning of the year.

But the group is still a small player in a large market dominated by the Edgars group, which has 16% of the clothing, footwear, textile and accessories market in SA — up from 14,5% two years ago.

Edgars stores has a 10,5% market share. The group, with 12 530 employees, has 377 stores (up from 362 in 1988) and well over 2-million account customers.

In recent years, the group has gone all-out to attract black shoppers, or, as the annual report puts it: "Customers from the broader socio-economic environment."

This market now makes up 35% of account customers at Edgars stores, having increased by 36% during the year, according to the report. Most Sales House customers are black, and the report describes them as "a dominant force among the new middle class". More than 90% of Sales House sales are on credit. The figure for the whole group is more than 70%.

While Edgars' focus is on "contemporary fashion", Sales House clothes are classic rather than trendy. Sales at both these chains have been growing, despite the slowing economy — Sales House sales grew fastest (27%) in the year to February, although the stores were affected by township unrest.

Jet Stores, which sells for cash only, has been a problem for the group, although it is improving. According to the report, "Jet's marketing position and image still lack clarity".

Both groups' category of the retail market grew by 2% in real terms last year (taking inflation into account), but Edgars sales grew faster, by 9%. With the economy going into recession, the market is expected to decline in real terms this year, although Edgars still expects to do better.

In Edgars' year to end-February, profits rose by 30% to R123,5-million. Edgars has also published an annual report to employees which shows that of its sales revenue, 65% was spent on merchandise, material and services, with 13% on wages and salaries. The rest went to rent, interest, tax, dividends, or was retained to finance expansion.

One paperback — medium rare with pepper sauce, please

WMail 15/6 – 21/6/90

30

Weekly Mail Reporter

ANYBODY browsing in their local book shop must wonder why books are so expensive.

Exclusive Books managing director Steven Johnson says: "That is a question of perception. Compared to the price of a steak in a family restaurant, is a paperback expensive?"

Perhaps not for the wealthy. But why are there no book shops in Soweto?

South Africa is still tied to the British publisher's traditional market. Most consumer books (fiction and non-fiction) are imported from Britain and agencies blame prices on the Rubicon rand.

British publishers peg paperback prices for most traditional market countries, listing them on the back cover. South Africa outlawed this about 15 years ago, so rand prices no longer appear on these tables. Still, compare the CNA price of R42,99 for William Manchester's *The Last Lion* to £7,99. At an exchange rate of 4,5 the price is R36, leaving R7 for transport and import surcharges.

But local books are also expensive. Publisher Jonathan Ball says a brochure that costs R2,25 to produce would have to sell at R9,95 to be profitable. The author would get 10% of the selling price and the retailer would get R3,48.

If he were to print 4 000 copies, an average run for a local book, 2 400 must be sold before fixed costs are recovered.

Publishers blame the paper and pulp industry, currently under investigation by the Competitions Board, for the high cost of locally produced books.

The Printing Industries Federation accuses Mondi and Sappi, who together control South Africa's paper production, of matching the landed price of imported paper and lobbying government for tariff protection to prevent manufacturers from buying cheap raw material overseas.

Mondi and Sappi have had strikes in 16 factories this year and a global timber shortage is looming. Ball fears publishers may stockpile paper, which will push production costs up even further.

Independent Publishers Association of South Africa representative and owner of Justified Press, Nicholas Combrinck, says printers do not gear themselves for low runs, which forces publishers to produce books in quantities that cannot be sold and have to be remaindered or pulped.

There are about 315 book shops in South Africa, nearly all of them controlled by CNA-Gallo. Ball sees the group as a benevolent dictatorship which sustains consumer book retailing with its stationery and record interests.

Southern Book Publishers' Basil van Rooyen says CNA-Gallo does not abuse its power, but he still feels uneasy at having to rely on one customer.

BUSINESS

Car prices set to rise as state alters content target

(30) W Mail 15/6-21/6/90

Just when it looked as though car price increases were slowing, a change in government local content targets may put them back on the inflation fast track. REG RUMNEY reports.

THE raising of the official motor industry local content target from 60% to 65% may again push car prices up - just when it looked as though car price increases were coming under control.

Nissan Marketing Managing Director Stephanus Loubser confirms that the new local content targets will bring forward price increases of Nissan's cars.

BMW Marketing Director John Jessup agreed the new target could push up car prices. The motor industry was looking at price increases of around 11% to 12%, he said, but it was possible that increases could now move up to match the inflation rate.

He pointed out that raising prices was one means of getting the local content level right. This is because of the way local content is calculated. The foreign content is calculated as a percentage of the wholesale price of a vehicle (in total, the turnover of the motor manufacturer). If a manufacturer cannot raise local content, or increase exports to get offsetting credits for imports, the other way out is to raise wholesale prices.

The motor industry is also unhappy with the change because it has thrown out planning.

The new government local content programme was put into action about 15 months ago.

The original level of local content was 55%, and it was stated that the level would rise to 75% by 1997.

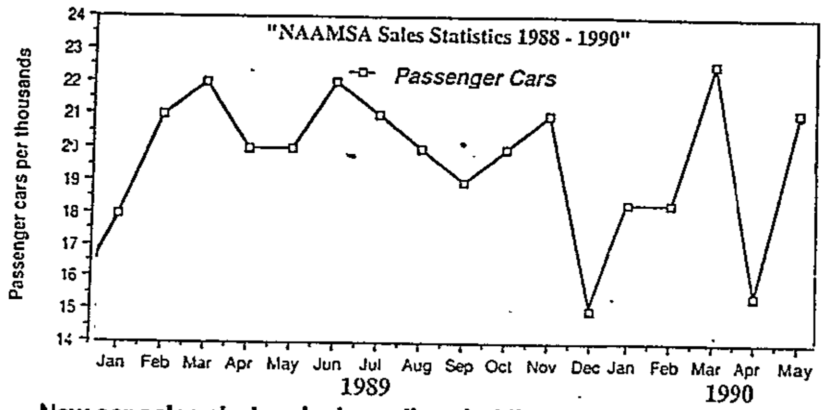
The programme changed the way of calculating local content from mass to value, a change which itself necessitated introduction of complex calculations. More subtle than its abused predecessor, it switched the emphasis from merely making parts in South Africa to saving foreign exchange.

So exports — of motor components and of cars — were for the first time taken into account. A motor manufacturer can offset imports (the foreign content of a car) against exports (which bring in foreign exchange).

The programme was supposed to work thus: if a manufacturer failed to meet the local content requirements he would be penalised by duties on his imports; conversely, if his exports exceeded his imports in value he would be paid out by the government.

But the idea was that the value of exports should more or less cancel out imports.

The sources say motor industry exports have far exceeded imports, and that the government has changed the target to avoid the pay out.



New car sales shot up last month — but the surge was deceptive

Millions have been committed by the motor industry to investment programmes to cater for the increased local content programme. Toyota alone has committed itself to a R1-billion investment programme. Projects planned cannot, say motor industry sources, simply be brought forward.

Moreover, exports cannot simply be boosted to raise local content. "In any case export contracts aren't permanent, and in many instances aren't even profitable — they are subsidised just to get the requisite local content," comments one industry observer.

Raising local content requirement penalises wholly owned South African companies more than motor manufacturers who are subsidiaries of foreign companies. So Nissan, Samcor, Toyota and probably Delta are harder hit than VWSA, Mercedes Benz and BMW. The reason is that the subsidiaries can more easily come to a deal on exports of components. The wholly owned South African companies who have licence agreements with companies whose cars they produce are, in theory, in competition with those companies overseas. Therefore, they have to sell their cars and components to third parties.

At the same time, the government has inhibited the motor industry by further taxing the company car perk.

High interest rates are also putting the brakes on the motor industry and yet the industry reported encouragingly high car sales for last month.

On the face of it, the motor makers have cause for optimism.

New car sales in May rose to 18 712, which means 4 281 more cars were sold last month than in April — a healthy 29,7% up.

However, compared to May last year, 65 fewer new cars were sold last month.

There are two reasons for May being a relatively better month for new car sales than April. Neither give motor manufacturers any cause to rejoice.

Firstly, the National Association of Automobile Manufacturers of South Africa (Naamsa) has pointed out, May had more trading days than April.

Secondly, the introduction of the runaway success Uno small car boosted May new car sales.

"Right now we are looking at around 205 000 units for the year which will be eight percent down on 1989," said Loubser

Brand Pretorius of Toyota put the problems facing the motor industry in a broader context.

"Against a background of a slide in the gold price and a lack of resurgence in business confidence I foresee that things will remain tight until at least the end of the year. The macro economy is really making things quite difficult and the consensus is that growth in gross domestic product could be just 0,5% for the year, which is down from the previously forecast of one percent growth.

SA can lead new Africa, says publisher

Star 16/6/90

WINNIE GRAHAM

30

SOUTH Africa has the leadership abilities and resources to lead a new African economic movement which would make this country "the queen on the world's chess board," Ted Sceales, publisher of Black Enterprise, writes in the June issue.

He believes South Africa can light a massive economic flame which will spread like wildfire and galvanise the continent. He writes: "All that is required is a desire to help ourselves, share our ideas and resources and show commitment to a new African economy by creating a property and equity owning democracy."

Europe, he says, is uniting into a massive trading bloc, America "sneezes and the world catches an economic cold" and in the Far East the mighty Economic Commission for Asia and the Far East grows more powerful by the day.

In Africa, however, "we are plagued by civil strive and economic stagnation and threatening Aids".

He asks: "Are we going to stand around like passive spectators while the richer nations and trading blocs get richer and we sink into the quick sands of poverty, self-pity and even death? The answer is yes: unless we wake up and realise the only thing that separates Africa from economic growth and greatness is our attitude."

He says the solution to our problem can be found in the 1,7 million entrepeneurs who "refused to lie down and die" when big business failed to create jobs for them. Most emerged in the past decade at a time when the formal sector was reducing the number of people it employed.

They helped themselves and each other. Not only did most of them have no access to capital or business training but they were hindered by legal and bureaucratic obstacles.

One of the most exciting mechanisms used was the African concept of collective responsibility. An outstanding example was the taxi industry's giant R60 million Sabta Foundation. The fund is used as collateral and has helped tens of thousands of new taxi businesses.

17/6/90 30

AGAINST ALL ODDS

Stalwarts of the informal sector tell how they beat apartheid laws

This week an unusual conference took place in Johannesburg. A number of visionaries gathered to talk of how they beat the old apartheid system. They included spaza shop owners, shebeeners, squatters and taxi owners. The conference, convened by the Institute of Race Relations, provided a rare platform for these economically, socially and educationally less privileged people who have established themselves in business in spite of apartheid restrictions. ZB MOLEFE reports:

THEY were taxi owners, shebeeners, squatters, hawkers, educationists and journalists with a story to tell: how they took on and are winning against apartheid.

Any future South African government would have a fight on its hands if it tried to take away their hard-won and painful victories, said Institute of Race Relations (IRR) executive director John Kane-Berman.

"It has been a non-violent process which has had a profound effect. It has not been brought about by political elites, but by unsung heroes and heroines."

Speakers went to great, often painful, detail in describing how they and their colleagues managed to circumvent and overcome apartheid.

Delegates sat spellbound when chairwoman of the Weilers Farm Resident Committee, Olga Lutu, told how her squatter community fought bureaucracy, influx control and police raids in early 1981.

"I do not want to think about those sleepless nights. All of us had to face bullying officials, threats and intimidation.

Some of us stood by helplessly as government officials destroyed their shacks and belongings," said Lutu as she recalled those days at the squatter settlement 30km south of Johannesburg.

Headmaster Steyn Krige told of the struggle he and a number of dedicated colleagues fought against great odds when they defied apartheid education to lay the foundation for the non-racial New Era Schools Trust (Nest).

"We face an exciting and challenging era. In the sphere of education we must not merely meet the challenge, we must anticipate it and prepare our youth to meet it," said Krige, whose schools are seeking to help build "the sort of society which South Africa is going to become in post-apartheid days".

Southern Africa Black Taxi Association (Sabta) executive memeber Knox Matjila told of the struggle the black taxi industry fought to establish itself in the transport industry which was heavily regulated against newcomers.

Matters came to a head in 1983 when the Welgemoed Commission recommended that black taxis be "phased out by the simple expedient of not issuing any more permits for vehicles of over four-passenger capacity".

"This proved to be an impossible recommendation to implement. The (black) taxi industry had, in the two years during which the commission had been sitting, more than doubled in size."

"I am not going to pretend there are no problems. They are, luckily, the problems of success. A vast informal sector industry has emerged. This is a great success story.

"Sabta offers this experience to those who wish to see the new South Africa develop quickly. In return it looks for a real and genuine desire on the part of the government and business to see the emergence of a black transport business," added Matjila, who is also chairman of the Transvaal Taxi Association.



Olga Lutu (left) of the Weilers Farm squatter community, educationist Steyn Krige (centre) and Spaza shop owner Sydney Themba have all won against great odds. Pic: ANDRIES MCINEKA

South African Taverners' Association president Sam Tuntubele described the fascinating and often risky life of the "Kings and Queens of the Night" – the story of shebeens.

The industry came of age in the '70s – amid heavy competition from the government, which had monopolised the sorghum beer sector – when daring Soweto taverners Lucky Michaels, Ephraim "Peggy Bel-Air" Senne and Ray Mollison established the Taverners' Association.

"I want to pay tribute to them because they made us (shebeeners) realise that through weight of numbers we could fight government competition," said Tuntubele.

The world of spaza shops came to life when Sydney Themba said the will to win was the driving force behind these unorthodox business people.

"To raise capital to start the ball rolling this person will use the little money separating him from starvation, borrow from friends, or – worse still – go to loan sharks," said Themba, 37, a GaRankuwa spaza shop owner who was retrenched from his electronics job three years ago.

President of the African Council of Hawkers and Informal Businesses (Achib) Lawrence Mavundla sounded the battle cry for hawkers who have suddenly mushroomed in most South African city centres: "Let the government leave us alone. We will grow on our own."

Mavundla pointed out how hawkers had survived on the streets, in spite of facing restrictive laws and unfriendly established businesses who saw them as a threat.

"If all along we had complied with the laws restricting us, today we could still be in the '60s when authorities wanted to hear nothing of hawkers."


C/Press 17/6/90 (153A) (30)

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Olga Lutu (left) of the Wellers Farm squatter community, educationist Steyn Krige (centre) and Spaza shop owner Sydney Themba have all won against great odds. ■ PIC: ANDRIES MCINEKA

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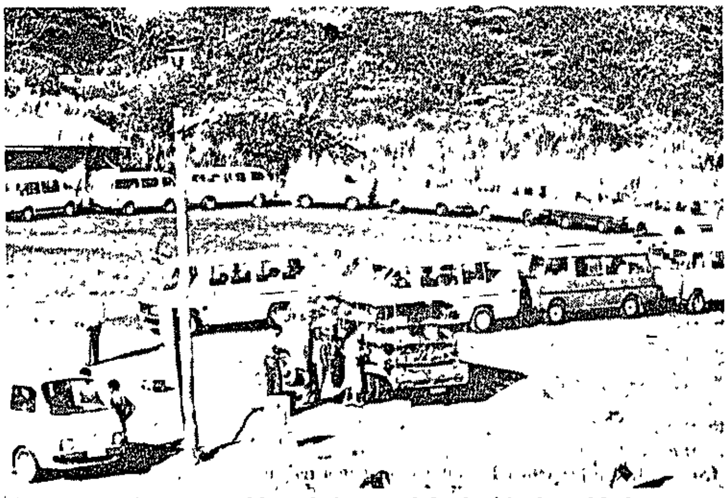
"Leave us alone," say hawkers who now operate in all city centres.



Severe restrictions could not halt growth in the black taxi industry.

"One, we were expected to ignore news concerning certain organisations, while highlighting those of others. Secondly, we were expected to publish atrocities of the one and ignore those of the other," said Mazwai.

Thirdly, this was a period of class boycotts and necklacing. Criticising these acts was taboo, as reprehensible as they were to our community."

This, added Mazwai, led to his newspaper being accused of sowing division in black society when it refused to abdicate its responsibility in reporting these events. Later, increased pressure on his newspaper was called for and a boycott of it launched.

Black community pressure on his newspaper was whipped up in meetings, resulting in trucks carrying the newspaper being barred from some townships.

"Interestingly, those carrying *The Citizen* were allowed in. Simultaneously, *City Press* also suffered similar pressures. Strong sentiments were expressed against *The Weekly Mail* and *New Nation*," Mazwai said.

Meanwhile, government pressure was mounting against the alternative Press with threats of closing down some of them, Mazwai told the conference.

"Come to think of it, this was quite laughable. We had played right into the hands of the government. Stoffel Botha wanted these newspapers closed down and now his job was being done by blacks themselves.

"It must be stressed that pressures did not come from one political tendency, but from the ANC, PAC and Black Consciousness Movement (BCM) supporters. When reporting on the violence in the townships we stopped quoting names of organisations.

"This was for the safety of our reporters, but the reader was the sufferer, for he was given incomplete information."

There was also naked violence facing black journalists, said Mazwai. In one incident, a black reporter and photographer were cornered by a group of activists and were to be necklaced.

"Fortunately, some of the comrades intervened and saved what could have been an ugly situation."

There was also pressure from newspaper owners on black reporters, said Mazwai.

What of the future? Mazwai noted that the black-on-black violence which was the black journalists' lot during 1986 "is once more with us. It involves Inkatha, ANC, PAC and BCM members".

Pietersburg comes to a standstill

CONSERVATIVE Pietersburg almost resembled the herrenvolk ideal of a lily white town on Saturday when black workers and shoppers stayed away in their thousands to commemorate the 1976 killings.

A few shops opened with white shoppers going undisturbed in the nearly empty outlets. In the nearby Seshego township, shops opened in the morning and closed when services to mark the uprisings started. (30)

The shops only reopened at 5pm following agreement between the ANC, Azapo and the traders association which also stipulated that all workers in the shops be given the day off as a paid public holiday.

Thousands of people attended a Sayco rally at the Seshego stadium which was addressed by former Robben Island prisoner and senior ANC member. Mr Elias Motswaledi.

About 10 000 people attended an ANC service at the Thoho Ya Ndou stadium in Venda which was addressed by returned ANC member Mr Khathutshelo Joel Netshitenzhe.

About 400 people attended an Azapo service at the Anglican church at Mushong, Moletji which was addressed by Azapo's Transvaal vice president, Dr Gomolemo Mokae.

At the Coleman Hall in Seleteng, Ga Mphahlele, the general secretary of the Community Health Awareness Programme (CHAP), Dr Tom Marishane, addressed a service attended by more than 2 000 people.

Sowetan 18/6/90

Business joins call on SA education

(30)

BDay 18/6/90

THE private sector has added its voice to the call for a restructured, single national education system.

The Private Sector Education Committee (Prisec) formed earlier this year has presented government with its proposal for one education department, including a suggestion that government provide free and compulsory schooling up to standard four for all children.

Prisec felt schooling to this level could greatly reduce the 50% illiteracy rate among employees and was affordable to government. Government could subsidise a further three years at school which would be paid for by parents and be more career-oriented.

The SA Chamber of Business, Afrikaanse Handelsinstituut, Steel and Engineering Industries Federation of SA, Chamber of Mines, and the Building Industries Federation of SA make up Prisec.

Prisec secretary Gerrie Bezuidenhout said while the private sector wanted one national education system, this should be decentralised on a regional level.

Parents, students and teachers would be consulted at this level so that communities would be able to choose language of instruction and religious and cultural specifics.

Prisec proposed that technical colleges should be opened to all races and incorporated along with teacher training colleges into government's University and Technikon Advisory Council. This would allow post-school education to be co-ordinated and planned as a whole, Bezuidenhout said.

TANIA LEVY

School curricula had to be restructured and more emphasis placed on improving pupils' future job prospects.

It was obvious the present education framework was not producing the number or quality of educated and technically skilled manpower needed by commerce and industry, a Durban Metropolitan Chamber of Commerce newsletter also said.

Bezuidenhout said Prisec's proposal contained no deadlines as the private sector realised much hinged on constitutional debate. However, interim steps which could be taken in the more immediate term included the standardising of symbols which would become part of a single education system.

A single regional body should set the same exam for pupils of all races, so that none were perceived to be inferior. The same applied to matriculation and other certificates.

In his capacity as labour affairs manager of the SA Chamber of Business, Bezuidenhout said schools needed to provide better career guidance and more pupils had to be encouraged to take maths and science.

The quality of English had to be improved and better communication skills had to be taught at schools to pupils equipped with personal characteristics such as decision-making and problem-solving abilities.

OK Bazaars faces tough year

70

Cape Times 20/6/90

By ARI JACOBSON

CONDITIONS in the economy are not expected to improve in the coming year impacting on the real disposable incomes of consumers, said OK Bazaars chairman Meyer Kahn in the company's annual report for the year to March.

Kahn said profitability would be achieved by focusing attention on improving stock turnover, combating shrinkage, tightening cost controls and continuing strict cash management.

In the year under review, said Meyer, consumer demand continued to track down — a direct consequence of the prevailing socio-economic conditions which were exacerbated by rising unemployment.

"Restrictive measures introduced progressively since August 1988 to curb hire-purchase sales coupled with the higher interest rate impact on bond payments, enhanced this negative turnover trend."

In addition, said Meyer, the retail chain store with its exposure in the mass market suffered from escalating business boycotts and social unrest.

"The easing of hire-purchase agreements was welcomed, which included, the extension of repayment periods and the reduction of deposits on electrical and electronic goods."

Meyer said the imposition of a retroactive phased tax on the LIFO reserve was unfortunate as the original intention of allowing stocks to be carried at their LIFO value was a legitimate method to counter the ravages of inflation.

On value added tax (VAT), Kahn commented, "if basic foodstuffs are not to be exempted, than a workable and acceptable method of subsidisation for low income earners must be introduced".

Notwithstanding the inherent difficulties, said Kahn, tunrover grew 15,6% in the first half but slowed to 11,2% in the second half of the year.

"The significant drop in activity, a lower level of fixed overhead recovery and shrinkage losses accompanying social instability, adversely affected the performance."

SOWETAN BUSINESS

SBDC to probe claims of growing racism

30 28

Sowetan 21/6/90.

Dr WB Vosloo

By JOSHUA RABOROKO

THE Small Business Development Corporation (SBDC) is to investigate claims of growing racism levelled against it by black employees and the black business community.

The SBDC's managing director, Dr W B Vosloo, warned that strong disciplinary measures would be taken against anybody found discriminating against employees or clients because of their race.

He would not hesitate to dismiss culprits of misbehaviour, he said, adding that no racial prejudice would be tolerated by the company because "we believe in equal opportunities for all."

He was reacting to claims by some black employees and clients that they were being discriminated against by white officials at workplaces and at industrial parks where entrepreneurs ply their trade.

Black entrepreneurs also claim that whites were favoured when they applied for financial loans from the institution, whereas they got a raw deal from managers who approve financial and other loans.

They claimed rental was high at industrial parks and this hamstrung their businesses.

Example

In one example, an employee alleged that on few occasions he was referred to as a "kaffir" by an white manager after refusing to approve loan applications from black clients.

He said he was bitter. He felt insulted and reported the matter to higher management.

Vosloo said he was unaware of the racial claims, but would not dispute that they were valid because certain people had different attitudes. He promised to look into the matter carefully and each case would be treated on merit.

Regarding the case of the employee who was referred to as kaffir, he said the matter was sub judice as the worker had subsequently been dismissed and had been given leave to appeal.

Referring to employees' problems, he said that they should report all race incidents within the company to him or his assistants.

The company would spend R3,6 million on staff development, which included acquiring managerial skills as "part and parcel of our affirmative action."

Company

The company had a staff of 1 300 employees of which 700 were whites, he said. Promotion depended on merit and was incorporating a structure of equal opportunities and recruiting blacks.

Referring to the issuing on loans, Vosloo said there was no discrimination against any applicant, but each case was treated on its merits. The company handled more than 18 000 enquiries on daily basis - 50 percent of them were from blacks.

Loans

He said 3 000 financial loans inquiries were made daily leading to an approval of 500 a month, estimated at a value of R20-million each month.

The financial aspect was handled by different committees without any discrimination. The majority of their clients were blacks.

"We do not keep our statistics in terms of race, because we consider every applicant as a human being," he said, adding, "as a result it is not possible to give exact details of how many black or whites have been successful in obtaining finance from us."

On the question of racism at industrial parks, he said black projects were 27 percent, amounting to R72-million; Asians three percent, amounting to R7-million; Coloured 14 percent, amounting to R36-million and in open areas 56 percent, amounting to R148-million.

He denied that there was any discrimination in issuing loans to clients at these parks, which were presently on sale. The units were insured, however, and the owners had to insure the contents. Arrangements could be made to help entrepreneurs to insure their goods.

It was unjustified for people to complain about high rental "because our tariffs are below the market and highly subsidised."

In some instances, like in the Vaal triangle townships, he said, occupants were boycotting rent and that situation was unacceptable.

Vosloo said the SBDC was giving satisfactory services to its clients, but there were businesses that had closed down as a result of many reasons, including lack of business skills, unrest in the townships, lack of management assistance, low-cost financing and the Group Areas Act.

Fallen

He estimated that 25 percent of black clients had fallen, 10 percent white, 5 percent Asians and 15 percent Coloured.

"We have tried to salvage some of the operations, but in some instances have had no option but to let them go under."

SBDC's priorities for the future were to: expand black business promotion activities; continue deregulation drive; expand industrial hive programme; expand subcontracting facilitation programme, expand business infrastructure development in neglected areas; expand practical business skills training; promote the development of an entrepreneurial culture; improve the SBDC staff development; improve efficiency, cost effectiveness and client service and strengthen appropriate financial base to support long term growth.

In the first three months of this year more than 25 000 mineworkers have lost their jobs and the future for many others looks bleak with the gold price touching almost rock bottom

Black consultants help big business

Sowetan 21/6/90

30

By JOSHUA RABOROKO

THE burgeoning black consultancy business has become the modern muti for business survival in South Africa.

Until a few decades ago, black businessmen used traditional doctors, herbalists and even 'prophets' in an attempt to inject adrenalin for the prosperity of their businesses.

However, modern times have forced them to change this archaic practice as they have resorted to black consultants for business advice.

The importance of seeking consultants for blacks when starting business will be effective and efficient if they are to compete favourably with their white counterparts who are experienced and have the expertise.

Black consultants, few as they are, are undoubtedly today the main source of increasing black participation in the economic mainstream and encouragement towards economic empowerment.

The few that are already in existence include the Coordinated Marketing, Ebony Management, Consumer Behaviour, Manchu and Associates, Perfect Malimela and Associates, S M Communications, Goza Business Consultancies, W R Consultants and Thembalethu Financial Services.

Most started their operations in the mid-1980s.

Several others are mushrooming as there is a increasing desire for people to get into big business while the informal sector is also playing a leading role in the country's economic growth.

One of the cardinal things they have done lately is to go through a re-education programme to gear themselves for the black market which has taken a long time to recognise their importance.

Director of S M Communications Mrs Suzette Mafuna says blacks notion of the herbalist has become a relic of the past.

Blacks are now seeking the help of consultants before engaging in business, adding, "this has become a challenge to us."

Mafuna, who started her own business in 1985, says public relations in business has replaced the usage of traditional doctors. Blacks are slowly realising the intricacies of modern business and engaging special consultants in different fields.

Mr Joe Manchu, of Manchu and Associates, says they focus on strategies and changes in various business sectors. His business helps to provide management skills for black and white business, although he started with small entrepreneurs three years ago.

"I am hopeful that black business is on the way up the ladder and given the opportunity they will contribute more to the country's mainstream economy."

Mr Willie Ramoshaba, director of W R Consultants, says the wheels of knowledge are turning the modern black businessmen. When he started as director of Ebony Management in 1982, they ran around knocking at the black businessmen's doors to explain the importance of their services.

Today, they are running after consultants because they have realised their worth.

Mr Eric Mafuna, of Consumer Behaviour, says the issue of black consultants is becoming a "hot potato" as many are mushrooming, apparently for the sake of making a "quick buck."

He says just like in the taxi and spaza shops business every available person is running for this job, and he expresses fear that "this may lead again to the failure of black business."

Mr Samuel Baloyi, of Goza Business Consultancies in Giyani, says although their operation started this year, they are reaching many emerging black businesses in the area. They help to provide them with finances, prepare their financial statements and advice on many issues. "The business is good," he says.

HOUSE OF REPRESENTATIVES

QUESTIONS

† Indicates translated version.

For written reply:

General Affairs:

J G Strijdom Hospital: admissions

28. Mr T R GEORGE asked the Minister of National Health and Population Development:

(1) Whether the J G Strijdom Hospital is a general affairs hospital; if not, why not; if so, why;

(2) what average number of patients is admitted to this hospital per day;

(3) whether persons of colour have to be referred by the Coronation Hospital in order to be admitted to the J G Strijdom Hospital; if not, what is the position at present; if so, why;

(4) whether a decision has been taken as to the number of persons of colour who will be admitted to the J G Strijdom Hospital in future; if so, what are the relevant details; if not, what policy is it anticipated will be followed in respect of admissions at this hospital;

(5) whether she will make a statement on the matter?

C101E

The MINISTER OF NATIONAL HEALTH AND POPULATION DEVELOPMENT:

(1) to (5)

Seeing that the matters raised are the responsibility of the Minister of Health Services and Welfare in the House of Assembly, I cannot answer the questions as put for reply. It is suggested that the relevant questions be cleared in writing with the responsible Minister.

HOUSE OF DELEGATES

QUESTIONS

† Indicates translated version.

For written reply:

Own Affairs:

Indian housing: amount allocated

25. Mr K PANDAY asked the Minister of Housing:

(1) What total amount was allocated for housing for Indians in the 1989-90 financial year;

(2) whether any part of this amount was unused at the end of that financial year; if so, (a) why and (b) what was the amount involved?

Hansard 21/6/90 D104E

The MINISTER OF HOUSING:

(1) R154 122 000,00.

(2) Yes.

(a) Not all local authorities claimed the amounts apportioned to them by the Housing Development Board, in full.

(b) R26 707 111,17.

Housing Development Board: shopping centres/ plazas

26. Mr E JOOSAB asked the Minister of Housing:

30

(1) Whether the Housing Development Board controls or owns any shopping centres and plazas on behalf of the Administration: House of Delegates; if so, (a) what are their names and (b) where is each of them situated;

(2) on what dates were the rentals for each of these shopping centres and plazas reviewed during the past 20 years?

Hansard 21/6/90 D112E

The MINISTER OF HOUSING:

(1) Yes. Attached is a list which reflects the names of all the complexes which are owned by the Housing Development Board.

(2) Information in this respect up to the time of the establishment of the Administration: House of Delegates is not readily available. The Housing Development Board however approved on 2 March 1990 (Moorton), 15 March 1990 (Montford and Westcliff) and 30 March 1990 (Mobeni Heights, Havenside and Potchefstroom) an increase in rentals in respect of the said shopping centres.

List of shopping complexes owned by the Housing Development Board

Region	Complex	Number of shops
Port Elizabeth	East London Oriental Plaza	49
Cape Town	Cape Town Oriental Plaza	74
Durban	Mobeni Heights	15
	Ladysmith Oriental Plaza	56
	Havenside	21
	Montford	22
	Noor	2
	Moorton	21
	Westcliff (shops)	28
	Westcliff (stalls)	41
	Weenen	38
Johannesburg	Delmas	9
	Heidelberg	12
	Vereeniging	55
Pretoria	Bethal	40
	Bloemhof	26

	Bronkhorstspruit	8
	Carolina	13
	Coligny	7
	Ermelo	29
	Kimberley (Tvl Road)	16
	Kimberley (Tvl Road) Offices	12
	Kimberley (Pniel Road)	21
	Kimberley (Pniel Road) Stalls	27
	Lichtenburg	23
	Louis Trichardt	44
	Lydenburg	7
	Nylstroom	10
	Middelburg	47
	Piet Retief	27
	Pietersburg	80
	Potchefstroom	63
	Rustenburg	61
	Schweizer-Reneke	18
	Standerton	46
Pretoria	Swartruggens	12
	Ventersdorp	3
	Vryburg	31
	Wolmaransstad	13
	Zeerust	15
	Pretoria Asian Bazaar (Professional Block)	30
	Pretoria Asian Bazaar (Retail)	143
	Pretoria Asian Bazaar (Mini Complex)	41
	Pretoria Asian Bazaar (Wholesale Complex)	18

Marlboro Gardens: council houses

34. Mr D K PADIACHEY asked the Minister of Housing:

Whether his Department has received any complaints about the condition of the approximately 100 so-called council houses in Marlboro Gardens over the past two years; if so, (a) how many and (b) (i) what is the purport of these complaints and (ii) what steps have been taken in connection with them?

D139E

The MINISTER OF HOUSING:

No.

Hansard 21/6/90

(a) Falls away.

(b) (i) Falls away.

(ii) Falls away.

Lenasia South Extension 4: allocation of houses/stands

36. Mr D K PADIACHEY asked the Minister of Housing:

(1) Whether a committee has been appointed to allocated houses and/or stands in Lenasia South Extension 4; if not, why not; if so, (a) when, (b) who are the members of this committee and (c) what criteria will be applied in allocating these houses and stands;

(2) whether houses are to be built in this area for persons in the middle income-group; if not, why not; if so, (a) when, (b) by whom and (c) in what price range;

(3) whether stands are to be allocated in this area to persons in the higher income-group; if not, why not; if so, (a) when, (b) at what price per stand and (c) what will be the average size of these stands?

D143E

The MINISTER OF HOUSING:

(1) Yes.

(a) 20 April 1990.

(b) Mr C J Grundlingh
Mrs A van der Merwe

Mr V Moodley
Mr J J Naude

(c) (i) The applicant's gross income must not exceed R1 000 pm; this ceiling has been increased at the Minister's discretion;

Hansard 21/6/90

(ii) the applicant must not be the owner of any fixed residential property;

(iii) the applicant must be married or have dependants; and

(iv) the applicant must not have previously been assisted by the State or any local authority for the acquisition of subsidised fixed property financed by the Housing Development Board.

(2) No decision has as yet been taken.

(a) Falls away.

(b) Falls away.

(c) Falls away.

(3) No decision has as yet been taken. Falls away.

(a) Falls away.

(b) Falls away.

(c) Falls away.

Rent-controlled premises

39. Mr M RAJAB asked the Minister of Housing: Hansard 21/6/90

(1) (a) How many rent-controlled premises were there under the jurisdiction of his Department as at 31 December 1989 and (b) how many such premises were decontrolled in 1989;

(2) whether he will furnish the (a) address and (b) description of each of the properties so decontrolled; if not, why not; if so, what are the relevant details?

D152E

The MINISTER OF HOUSING:

(1) (a) Unknown.

(b) Falls away.

(2) (a) Falls away.

(b) Falls away.

Lenasia South, Extension 2: land allocation

51. Mr D K PADIACHEY asked the Minister of Housing:

(1) Whether any building construction or utility company is suing the Administration: House of Delegates with regard to land allocation in and the proclamation of Lenasia South, Extension 2; if so, what are the relevant details;

(2) whether he has called for all areas falling under the Administration: House of Delegates to be free-settlement and free-trading areas; if not, why not; if so, what are the relevant details?

Hansard 21/6/90 D227E

The MINISTER OF HOUSING:

(1) No.

(2) No. Where circumstances justify it the Administration: House of Delegates does support free-settlement areas, for example Cato Crest in Cato Manor.

Regarding free-trade areas the Ministers' Council has accepted the principle of free-trade areas at all the larger centres and towns.

Lenasia South-East area: incorporation

55. Mr D K PADIACHEY asked the Minister of Local Government and Agriculture:

(1) Whether he has made representations for the Lenasia South-East area to be (a) incorporated with Lenasia proper and (b) placed under the administration of the Johannesburg City Council; if not, why not; if so, (i) when, (ii) why, (iii) to whom, and (iv) what was the (aa) purport of and (bb) response to these representations, in each case; Hansard 21/6/90

(2) whether Lenasia Extensions 10 and 11 are to be proclaimed free-settlement areas during the course of 1990; if not, (a) why not and (b) when is it anticipated that it will be so proclaimed; if so, what are the relevant details?

D239E

The MINISTER OF LOCAL GOVERNMENT AND AGRICULTURE:

(1) (a) and (b) Yes.

Vaal coal merchants stoned in townships

Sowetan 22/6/90

30

MORE than 70 Vaal Triangle coal merchants claim they have been forced to stop working in the townships after their vehicles were stoned, drivers assaulted and robbed of huge sums of money, apparently because they increased their prices.

By JOSHUA RABOROKO

The merchants also allege that the attackers were masquerading as political activists of Sayco, the Vaal Civic Association and the Federation of Transvaal Women.

Fear is growing in the area that unless the situation is resolved soon, hundreds of residents will be inconvenienced during these winter months.

The general secretary of Sayco, Mr Rapu Molekane, who said he was also talking on behalf of the other organisations, yesterday said that they did not have such a programme.

He attributed the acts to thuggery taking place in the area.

He promised that they would consult with their internal structures to investigate the matter, because "we do not engage in such actions against our people."

He encouraged the merchants to consult with these structures and discuss problems. They should contact him at (011) 403-3453.

Molekane condemned the actions in the strongest terms and said that they needed to be attended to immediately.

The chairman of the Evaton-Sebokeng United Coal Merchant Association, Mr Simon Cindi, said they were forced to increase the price per bag coal from R8.50 to R9,50 because of many reasons, including the increase in the price of coal and fuel; the running cost of their vehicles; rising inflation and that their employees needed pay rises.

"To our surprise our trucks have been stopped and drivers assaulted because these people say they want us to sell a bag for R6,50 which is impossible.

"They have not consulted us and because of fear or reprisals, we stopped our trade. This action has left hundreds of people without coal in the area." he said.

F/M 22/6/90

F/M 22/6/90 (30)

EDGARS (30)

Gaining share

Activities: *Retails clothing, footwear, accessories and home textiles through three national chains: Edgars, Sales House and Jet.*
Control: *SA Breweries through Edcon, which together hold 64,9%.*
Chairman: *J M Kahn; MD: V B Hammond.*
Capital structure: *50,8m ords. Market capitalisation: R1,6bn.*
Share market: *Price: 3 150c. Yields: 2,6% on dividend; 7,7% on earnings; p:e ratio, 13,0; cover, 2,6. 12-month high, 3 900c; low, 1 950c. Trading volume last quarter, 136 100 shares.*

Year to Mar 31	'87	'88	'89	'90
ST debt (Rm)	3,4	28,8	20,8	40,3
LT debt (Rm)	43,4	63,2	121,9	201,2
Debt:equity ratio	0,21	0,34	0,41	0,62
Shareholders' interest	0,45	0,40	0,38	0,36
Interest cover	4,4	6,1	8,6	6,4
Return on cap (%)	16,0	20,7	26,2	26,8
Turnover (Rm)	930	1 178	1 599	1 982
Pre-int profit (Rm)	100,6	140,3	211,9	287,8
Pre-int margin (%)	10,8	10,8	13,3	14,5
After tax profit (Rm)	32,1	58,1	95,2	123,5
Earnings (c)	96	139	221	243
Dividends (c)	40,0	53,5	75,0	93,0
Net worth (c)	398	485	632	746

A year ago, when commenting on Edgars' 59% earnings rise, chairman Meyer Kahn expected 1990 growth to be well down. His predictions were accurate, as slower growth was recorded for the year to end-March.

Still, at 30%, the growth in attributable earnings is quite an achievement, considering the difficult trading conditions. EPS were diluted by conversion of 7,7m debentures in April.

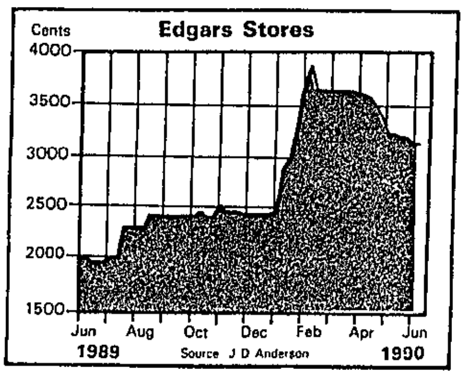
Government's strategy to reduce inflation through a reduction in consumer demand met with some success. Interest rates remained high for the year, putting pressure on credit demand and consumption. With an actual decline in inflation lagging the measures and with the ruling interest rate structure, real disposable income was hit hard. Private consumption expenditure growth shrank from 4,8% in 1988 to 2,9% in 1989.

In the semi-durables sector, growth in clothing, footwear, household textiles and accessories (CFTA) was reduced to 2,2% against last year's 9%. Inflation for the CFTA sector was 17% for the year, so nominal sales growth was 19,2%.

Against this background, Edgars did well, with nominal sales growth of 26% and real growth of 9%. Clearly, the group has grown at the expense of its competitors. In fashion retailing, Kahn says, "success depends heavily on correctly anticipating the needs and tastes of all our customers within the ever-changing fashion trends." Buying is probably the most important function in the industry and Edgars showed keen insight in this regard.

Interestingly, in a period of high interest rates, the group's two chains with a large credit base, Edgars and Sales House, saw the best turnover growth. Edgars, which targets the upper and middle income market, gained 0,5% in market share to 10,5% on the back of greater promotional expenditure, more productive use of existing space and shrewd buying. Turnover was up by 24% to R1,3bn, but margins were under pressure from higher promotion costs.

Sales House markets high quality branded fashion to blacks. Sales growth, up 27% to R344m, was a little ahead of that for Edgars, understandable given its much lower base. However, interest costs, promotions and bad debts squeezed the operating margin and after-tax profit grew 14%. The final quarter of the year saw serious deterioration in the socio-political environment, which dented the chain's performance. The fledgling cash-based chain, Express, managed by Sales House, was particularly badly hit by these developments, but remains a good growth area.



Edgars' Kahn ... more fashionable than some

While Jet's turnover growth was a rather low 15% to R268m, strict cost controls, better merchandising, more cost-effective use of space and new technological resources gave rise to a major turnaround. After-tax profit rose by 150%.

Trading conditions this year are hardly better, if not actually worse. Interest rates remain high, with little respite in sight. PCE growth is forecast to decline further to 0,5% and consumer confidence is still wilting.

"The continuing squeeze on consumer spending will impact on the CFTA market and a cause for contraction in real terms this year," says Kahn. "Nevertheless, the group expects to increase market share still further and to reflect an improvement in EPS."

Large, strong groups can survive a downturn far better than small, weak ones and Edgars may well be able to gain market share this year. The market will be shaky for most of the year, though, and Edgars is unlikely even to repeat the 1990 performance.

Longer-term, the group should be in a very sound position. Serving virtually the entire community but with a strong foothold in the emerging upper- and middle-income black sector, Edgars should be able to take full advantage of growing demand in a new SA.

Gillian Findlay

F/M 22/6/90 (30)

Soweto traders join hands in new wholesale venture

30

Sowetan 22/6/90

By JOSHUA RABOROKO

A GROUP of Soweto independent shopkeepers has formed a private company aimed at establishing a wholesale concern that will help members to engage in bulk buying for the advancement of blacks in the area.

Announcing the formation of the company at a meeting in Soweto this week, the deputy secretary of the Soweto Independent Shopkeepers Association, Mr Boy Shogwe, said the company had been registered under the name of Champion Challenge (Pty) Ltd.

Shogwe said shareholders would be invited to participate in the activities as well as the interests of the company.

It would be open to the business community in view of the growth in wholesaling and theprevailing monopoly by a few cartels.

Soweto shopkeepers must come together to tackle the problem of "how to keep the bulk of the money in the township and to let it circulate among the townships' traders within the area before it is exchanged to other hands.

At the same meeting shopkeepers made a scathing attack on 'irregularities' as well as poor''' supply of beverages to their stores by a leading soft drink company.

They claimed that deliveries were poor and no explanations were given to business people who often became victims of rude customers.

The poor service rendered by the company would lead to the downfall of the enterprise, they said.

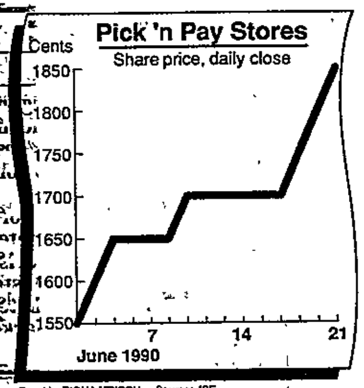
The shopkeepers also complained about the safety of their businesses following a spate of violent incidents, including robberies and harassment from "tsotsies" whom, they said, made their lives a misery.

"It is no longer safe to be in business in our townships and we are living in fear," one shopkeeper said.

"We are going through a torrid time in the history of black business,"he added.

A senior black sales manager of Amalgamated Beverage Industries, Mr Lucas Mokonyane, said his company would look into the problems of the traders and report back to them next month.

B/Day 22/6/90 (30) B/Day



Graphic: FIONA KRISCH Source: JSE

Pick 'n Pay's move upmarket attracting investors

LESLEY LAMBERT

CAPE TOWN — Renewed investor interest in Pick 'n Pay — the share gained R1 to close at a new high of R18,50 yesterday — may be attributed to the retailer's imminent move into upmarket food and the weight of institutional money looking for a new home in industrial blue chips.

"If there's anything else happening, I don't know about it," financial director Chris Hurst said yesterday.

Chairman and CE Raymond Ackerman is abroad and MD Hugh Herman is on leave.

The normally stable share has risen about R3 this month. Half the increase was gained during the past two days.

Hurst believes the share's relative stability and the group's good growth track and position in the retail market make it a popular choice for institutions when the market is turning down.

Apart from Woolworths, Pick 'n Pay's share is one of the most highly rated in the retail sector.

The fact that it is poised to take on Woolworths in the value-added food market in August may also have something to do with the renewed interest.

For the past four months the group has been planning to introduce new upmarket and competitively priced food products at all its stores. It is also testing demand for upmarket fashion clothing in a new store in Port Elizabeth.

Analysts attribute the price movement to the weight of institutions looking for solid industrial blue chips to house previous gold and cash holdings.

Pick 'n Pay met analysts' most optimistic profit expectations with earnings up 22,4% to 105,9c for the year to February, in spite of a 13,2% improvement in turnover which, at R4,38bn, showed little real growth.

Taxed earnings of R82,8m were boosted by impressive growth in investment income of R14m (R10m), which reaped good returns from tax-free insurance investments during the year.

RETAIL SECTOR F/M 22/6/90 (30)

Around the tight corners

Bigness isn't always beautiful in supermarket territory

Can SA's food retail giants find the key to retailing in the Nineties while some are still grappling with trading and asset management problems of the past? They all run the risk of losing their trading edge to the independents and the informal sector, particularly as the trend is towards smaller, convenient and specialised shops — away from one-stop shopping.

Conditions in the food retailing industry started to deteriorate after Christmas 1988 and they are getting tougher. By March this year, the formal sector's food and grocery sales were recording an annual growth rate of only 14%, which represents declining real sales. Contrast that with the higher growth in sales of durables and semi-durables, which were supposed to have been curbed by government's austerity measures.

The retail cake is not growing in real terms, so competition is keener than ever. Retail executives reckon SA's retail food industry is probably the most competitive in the Western world and deregulation has brought in a host of additional players.

The major chains — Checkers, OK and Pick 'n Pay — are bearing the brunt of the meagre growth, while Spar, Woolworths, independent operators such as Shoprite and the informal sector are doing better.

The share price performances of the majors highlights the increasingly difficult trading environment. Checkers' holding company, Tradegro, the OK and Pick 'n Pay have underperformed the industrial index for a number of years — reflecting the lack of sales growth and highly competitive environment. Pick 'n Pay's comparatively better rating indicates it has competitive trading advantages but Woolworths — having situated itself in higher growth and margin markets — overshadows it.

In their last financial years, Pick 'n Pay and OK both increased turnover by 13,2%, about 1,5 percentage points less than inflation, though Checkers MD Sergio Martinengo says there was real growth until February. He adds "sales have fallen in real terms since then and I expect this to continue." Market shares held by the major groups have remained stable, but they confirm that inroads are being made by the independents and informals.

A comparatively small Woolworths has become an important force in the market and Spar has grown strongly with the opening of many new associated stores. Growth of the informal sector, including spazas and hawking, is difficult to quantify directly, though food and non-durable manufacturers report increased sales to the black market. Pick 'n Pay chairman Raymond Ackerman concedes that "market share is definitely going to the informal sector and independents. Competition from this source is substantial but not measurable."

The majors may be increasing turnover at similar rates, but their bottom lines look markedly different because of different approaches to trading and asset management. OK's attributable income peaked at R32,9m in 1982 and stood at R20,2m in the last financial year with a 5,5% return on capital employed. In contrast, Pick 'n Pay's income has risen to R82,8m from R23,6m with a 14,8% return. Woolworths' and Shoprite's returns are 24,9% and 12,2% respectively.

Over the same period, OK's turnover has almost trebled to R4,22bn while Pick 'n Pay's increased 4,5 times to R4,38bn.

Margins, already far lower than those in Europe, are being squeezed further as customers respond to tighter household budgets by downgrading their purchases; as stockturn rates trend lower; as shrinkage rises and some overheads remain heavy.

OK and Checkers, which have greater exposure to lower- and middle-income groups, are more vulnerable to downgrading by customers. A greater proportion of low-margin products such as rice, pasta and house brands are being purchased as customers tighten their belts, putting pressure on the overall margin.

These stores are also more vulnerable to closures because of social unrest. OK MD Gordon Hood says that if these disturbances had not occurred in the last six months of his company's 1990 financial year, "sales would have been up 18%." Martinengo says sales losses run into "multi-millions of rands."

At the trading level, Pick 'n Pay remains the market leader. Its operating margin slipped to 2,6% in fiscal 1990, but remained substantially above OK's 1,6% and the 0,9%

Checkers notched up in the year to mid-1989. Checkers' margin was 0,54% at the December interim stage and Martinengo expects a lower year-end figure.

Hood is dubious about OK's margin being compared to the other majors because of his chain's relatively greater contribution from non-food. OK's food to non-foods mix is 60:40 against Pick 'n Pay's 80:20 and 89:11 at Checkers, the purest grocer. Even so, as the OK is a major player in furniture and clothing retailing in the country, its margins in these areas should match those of similar stores. On a weighted basis, analysts argue, OK should be able to achieve a 6% margin.

Stock-turn, also partly a function of product mix, again provides Pick 'n Pay with a competitive advantage. The lower the stock-turn, the greater the cost of holding stocks — particularly when interest rates are rising and demand slows. OK's annual 6,1 times stock-turn to some extent reflects the higher non-food element, but nevertheless clearly lags Pick 'n Pay's 12,4 and Checkers' 11,5.

All see scope for improving their stock-turn. Hood says a "principal objective is to drive stock-turn and we have a positive plan to do it." He hopes the newly installed stock control system in his stores' grocery and health and beauty-aid sections will go some way to achieving this. Again on a weighted basis, a realistic stock-turn for OK would be more than 10. Martinengo wants to lift Checkers' to about 15 times.

The level of shrinkage or theft is another key factor in determining the margin. The accepted level of shrinkage in the industry is 1%, but tougher economic conditions and social instability have pushed it up.

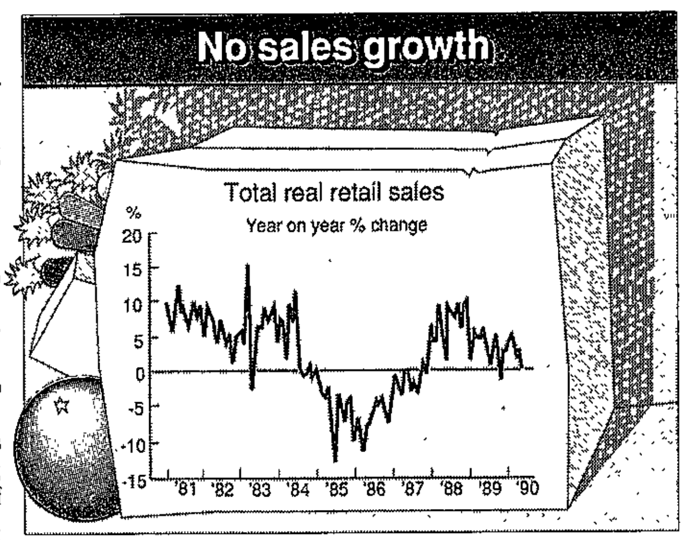
OK and Checkers, with their larger numbers of locations, particularly in lower-income areas, have suffered the most. Ackerman says Pick 'n Pay's shrinkage has "remained constant at 1% or just under." This compares with Checkers' "not even 1,5%" and OK's which is mid-way between.

Since about 70% of shrinkage is staff-related, Ackerman believes the level of wages, the group's share participation scheme for staff and the decentralised nature of the group help keep shrinkage low. Both Hood and Martinengo deny that wages affect theft levels. Understandably, perhaps, where there is greater personal contact between workers and management, as in Spar stores, theft appears to be lower.

Margins are also being shaved by weighty overheads. Again OK and Checkers are at a disadvantage because of their age. But, their sales/m² compared to levels achieved by Pick 'n Pay point to other serious difficulties, besides differing sales mixes. In the past, both Checkers and OK have consistently relied on increasing their store numbers to capture market share. This resulted in sales/m² rising more slowly than turnover, increasing the overhead cost per rand of sales.

Former Checkers MD Clive Weil realised the folly of opening stores at the expense of margins and started closing unprofitable ones. The chain has since shrunk from 201 to 170 stores and total trading area is 350 000 m², slightly more than Pick 'n Pay's 329 000 m². Ackerman says Pick 'n Pay has not fallen into the market share trap and has always stressed volume per store. The higher throughput in his group's stores is reflected in the comparative sales/m² figures: Pick 'n Pay R13 937; Checkers R7 000; and OK R5 151.

Martinengo says "one of Checkers' objectives is to optimise sales/m² and not to grow market share through opening new stores." He hopes to do this through a marketing-related increase in sales, redesigning or reducing the size of stores or, where necessary, additional closures. But this is a long-term exercise.



Unlike Checkers, OK has continued to increase its store numbers and trading area. And, despite recent publicity surrounding store closures, total trading area is expected to remain virtually constant. Hood says the "bottom line is a priority" but "OK is still driving for market share." In future OK will open new stores with the emphasis being "sales density," indicating a shift towards the more successful Hyperama chain.

Both Checkers and OK want to increase the contribution of non-food to sales in an effort to boost their margins. Martinengo says the "long-term strategy is to increase the non-food sales mix in Wharehouses — Checkers' no-frills super-stores — in favour of semi-durables." At the moment Wharehouses operate on slimmer margins. OK is already a major furniture, appliance and clothing retailer but has failed to gain margin advantage.

Hood scoffs at the contention that the majors' relative performances are mostly a function of differing management and employee skills and satisfaction. Pick 'n Pay again leads the average wage and sales per employee field, with OK and Checkers lagging though they do allow their staff purchase discounts. In addition to higher wages, 8 000 of Pick 'n Pay's employees are eligible to participate in a share incentive scheme; the chain's stores are mostly in locations which are preferred by staff and they operate on a decentralised basis — all of which seems to benefit performance.

A competitive advantage which Pick 'n Pay has always used successfully and which Checkers has emulated in the last two years, is moving stock faster than payment of creditors, reducing the burden of stock financing. Both chains are net interest earners, whereas OK's R33,4m interest payments in 1990 exceeded attributable income. Hood says OK "has been moving towards this method of trading in an effort to reduce its interest bill."

Effective tax rates also differ with OK at 43,6%, Pick 'n Pay at 36,6% and Checkers at zero as its R100m tax-loss base is still intact.

OK and Checkers are still struggling to overcome their trading and financing heritages and are now faced with a shift in the market. Convenience and specialisation may be the keys to future growth. With time increasingly at a premium for most shoppers, location, availability of convenience foods and a choice of higher quality products are paramount.

The strong growth of Woolworths' grocery section, Spar, Shoprite and the informal sector, underscores these trends. Ackerman says Pick 'n Pay has 10 formats which can be used to meet rising demands. Among them are Pantry Stores for niche markets, Price Clubs to supply rather than compete with the informal sector and Chain Reaction for quality clothes at reasonable prices. Quality convenience foods will be specially merchandised in existing stores.

Martinengo believes the use of micro-marketing — adapting individual stores to meet the demographic and behavioural profiles of customers — will see it well placed in the future. Convenience products, quick check-out and parking in convenient locations will become important. Hood maintains there is "still a demand for a one-stop shop" as typified by the new Cresta OK.

The removal of group areas and a more peaceful climate could provide good location opportunities for the majors within predominantly black areas. But black traders' ambitions seem more likely to ensure that smaller, lower-profile stores or the franchised operators will have the advantage. Black owner-cum-operators gaining the benefit of central purchasing, advertising and other expertise will probably find more acceptance than the white-owned chains.

All the majors believe the industry's growth potential is substantial and that it will be realised if a more stable labour and peaceful trading environment can be realised.

Pam Baskind

Tradegro companies in shake-up

B/Day 26/6/90

MANDY JEAN WOODS

TRADEGRO subsidiaries Frasers Consolidated (Frascon) and Frasers Ltd will be delisted from the JSE on Friday, and the black clothing chain Smart Centre will be listed on July 2, merchant banker for the deal, DMB Securities, says in a statement issued today.

This follows a deal in which Frascon and Frasers opted for voluntary liquidation as part of a major restructuring of Tradegro.

According to the terms of the deal, for every 100 Frasers ordinary shares, shareholders will receive 84 shares in Metro Group, eight shares in Cashbuild, and 200 shares in Smart Centre.

30

Cash

Frascon shareholders will receive 41 shares in Metro, three shares in Cashbuild and 98 shares in Smart Centre for every 100 ordinary shares they hold.

Holders of Frascon and Frasers shares will receive a cash consideration of about 133,9c and 70,9c respectively for each share.

DMB Securities says final liquidation and distribution accounts of Frasers and Frascon will incorporate interest on the cash resources of the companies for the period since the date of liquidation.

Shareholders will be notified of details of the final cash award once the final liquidation and distribution accounts have been confirmed by the Master of the Supreme Court, DMB Securities, says.

STAR 27/6/90

30

NEWS

Stayaways cost stores R25-m

By Shenaaz Bulbulia

In the past four months consumer boycotts and stayaways have cost two supermarket chains a loss of turnover of over R25 million.

Checkers has been the worst-hit by sporadic countrywide protests and has claimed a loss of turnover of over R20 million. Pick'n Pay has calculated losses amounting to R5 million.

A spokesman for OK said its outlets had been affected by unrest-related protest action but declined to comment on the effects on the company as a result of strike-related activity.

Sergio Martinengo, managing director for the Checkers Group, told The Star yesterday that since mid-February stayaways and boycotts in 17 areas countrywide, including homelands, had cost the group a loss of turnover of over R20 million.

The Checkers Group was concerned of the possible effects of Cosatu's planned work stoppages due to take place on July 2 and July 7 in sympathy with the Natal conflict.

In order to circumvent the expected damage that may be caused by the July protest organised by Cosatu, the Checkers Group planned to man their stores with causal staff on the designated days and merchandise its branches the day before, said Mr Martinengo.

The area worst-hit by consumer boycotts and work stayaways in the past months was Temba in Bophuthatswana, he said.

Some of the other areas significantly affected by boycotts and stayaways includes Welkom, Louis Trichardt, Klerksdorp, Groblersdal and East London. However, Johannesburg was the only area that did not suffer the strain of protest action, he said.

If the boycotts and stayaways continued, the Checkers Group may have to assess the viability of continuing business in a particular area, said Mr Martinengo.

Pick 'n Pay chairman, Raymond Ackerman, told The Star that consumer boycotts and stayaways had affected several of its outlets, mainly in Bophuthatswana and Ciskei.

The financial director of O K, Brian Borcherdes said O K stores were significantly hit by unrest related protest action particularly in Bophuthatswana and Natal during March and February.

Consumer boycott in full swing

(30)

Sowetan 28/6/90

THE consumer boycott in Tzaneen, Duiwelskloof and the Letsetele areas in the northern Transvaal, got into full swing yesterday.

A spokesman for the organisers, who include the Tzaneen Youth Congress and civic associations, said the boycott would continue until all their demands were met.

The spokesman said the boycott was sparked off by:

*Police harassment of activists;

* the large-scale detention of students in the area;

*The demand of a living wage by workers;and

*The re-instatement of sacked Dithaba Citrus workers who were fighting for the recognition of their union, Fawu.

The spokesman said they hope the boycott would unite the business community into pressurising the Government to heed their demands.

"Once our demands are met, the boycott would cease immediately," he said.

Two more stores to go as OK accelerates closures

B/Day 27/6/90 (30)

DANIEL FELDMAN

OK BAZAARS has accelerated its programme of closing marginally profitable stores and intends to close two more stores within the next three weeks, company and SA Commercial Catering and Allied Workers' Union (Saccawu) spokesmen confirmed yesterday.

In addition, OK's Goodwood West store in Cape Town is scheduled to be closed on Saturday.

The two latest stores which are scheduled to be closed are in Pretoria and Durban and have a combined workforce of about 200 employees. One will close in two weeks' time and the other in three weeks, industry sources say.

They will be the fifth and sixth stores OK has closed this year after the closures of the Sea Point store in January, the Bonaero Park store in April and the Faraday and Goodwood West stores this month.

About 17 stores were targeted by OK at the start of this year for closure over a 12- to 18-month timespan.

OK spokesman Gavin Brown said the proposed stores were chosen because they were no longer profitable, were older than other stores, or the demographics affecting the stores' customers had changed. The company "would attempt to relocate the stores' employees and would do everything possible to avoid their retrenchment".

The rate of store closures had been speeded up by the strike, he said, but if it was resolved the urgency in closing the stores would lessen and OK would revert to the original timetable of closures.

Negotiations

Saccawu national organiser Jeremy Daphne said the union had been notified of the proposed closures and would formulate a response to the company today.

A Saccawu national bargaining team met yesterday and would continue to meet today in preparation for the resumption of wage negotiations with OK tomorrow.

Judgment is scheduled to be delivered today on Saccawu's urgent Industrial Court application against OK. The union has applied for an order to declare some company actions unfair labour practices.

suspended," said Steenkamp.

in South Africa to the Rev Michael Lapsley on April

suspended," says the report. - Sapa.

Consumer boycott in full swing

(30)

Sowetan 28/6/90

THE consumer boycott in Tzaneen, Duiwelskloof and the Letsetele areas in the northern Transvaal, got into full swing yesterday.

A spokesman for the organisers, who include the Tzaneen Youth Congress and civic associations, said the boycott would continue until all their demands were met.

The spokesman said the boycott was sparked off by :

*Police harassment of activists;

* the large-scale detention of students in the area;

*The demand of a living wage by workers;and

*The re-instatement of sacked Dithaba Citrus workers who were fighting for the recognition of their union, Fawu.

The spokesman said they hope the boycott would unite the business community into pressurising the Government to heed their demands. "Once our demands are met, the boycott would cease immediately," he said.

Katlehong, Tokoza launch Alberton consumer boycott

(30) Star 28/6/90

East Rand Bureau

Residents of Katlehong and Tokoza have launched a consumer boycott against white-owned businesses in Alberton from Monday.

Pamphlets distributed by the Tokoza Civic Association to residents demanded that the Alberton Town Council agree to negotiate and resolve the problem of electricity supply to Tokoza and other related matters.

The pamphlets also said the council should stop demolishing homes of squatters in Phola Park and negotiate the provision of more land to solve the housing problem in Tokoza.

"The Tokoza Civic Association calls on all our people to fight side by side and not to buy in Alberton.

"We demand affordable houses, security and comfort for all," the pamphlet said.

Retailers' woe over boycotts

30

Sowetan 28/6/90

CONSUMER boycotts and stayaways have cost two supermarket chains losses of over R25 million in the past four months.

Checkers has been the worst-hit by sporadic countrywide protests and has claimed a loss of turnover of over R20 million.

Pick'n Pay has calculated losses amounting to R5 million.

A spokesman for OK said its outlets had been affected by unrest-related protest action but declined to comment on the effects on the company as a result of strike related activity.

R20-m loss

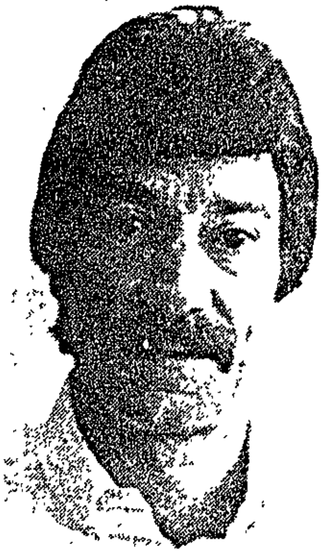
Sergio Martinengo, managing director of the Checkers Group, yesterday said that since mid-February stayaways and boycotts in 17 areas countrywide, including homelands, had cost the Group a loss of turnover of over R20 million.

The Checkers Group was concerned about the possible effects of Cosatu's planned work stoppages, due to take place on July 2 and July 7, in sympathy with the Natal conflict.

"There is no doubt that even this would affect our turnover. While at this time I don't have figures, we are taking steps to lessen the damage," he said.

In order to circumvent the expected damage that may be caused by the July protest, the Checkers Group plan to man their stores with casual staff on the designated days and stock its branches the day before, said Martinengo.

The area worst-hit by consumer boycotts and work stayaways in the past months was Temba in Bophuthatswana, he said.



MARTINENGO
Checkers

Some of the other areas significantly affected by boycotts and stayaways include Welkom, Louis Trichardt, Klerksdorp, Groblersdaal and East London. However, Johannesburg was the only area that did not suffer the strain of protest action, he said.

If the boycotts and stayaways continued, the Checkers Group may have to assess the viability of continuing business in a particular area, said Martinengo.

"We will have to assess whether a particular store will remain viable or whether we have to close temporarily. However, we don't intend closing any stores in the near future," said Martinengo.

Pick 'n Pay chairman, Raymond Ackerman, said that consumer boycotts and stayaways had affected several of its outlets, mainly in Bophuthatswana and Ciskei.

The total damage has cost Pick'n Pay a loss of about R5 million in terms of loss of turnover, Ackerman said.

ACKERMAN
Pick 'n Pay

The financial director of OK, Brian Borcherdes, said OK stores were significantly hit by unrest related protest action, particularly in Bophuthatswana and Natal during March and February.

Borcherdes declined to comment on the effects on the company as a result of strike related activity. - Own Correspondent.

Morkels positive in spite of results

BDay 28/6/90 (30)

MANAGEMENT at newly independent furniture and sports goods retailer Morkels is positive, predicting a major reversal to end-March 1991 of the 35% drop in attributable profit the group reported in its previous financial year.

This is in spite of its expectation that inflation and interest rates will remain at current levels for most of the year, "at best" declining marginally.

Directors say in Morkels' latest annual report they are aiming for a 22% rise in turnover to R250m and a 42% climb in taxed profits to R8,7m in the current year.

Their optimism follows West German company Daun et Cie's buyout of Federale Volksbeleggings' 75% stake in the group with effect from April 1.

They say if management attains its goals, the group will post an operating margin of 9% (8,1%) and earnings of 21,8c (15,3c) a share. It will also reduce its gearing to 50% from 53%.

Chairman Rian Pauw says in his review current levels of inflation and interest rates for most of the year will continue to constrain consumer demand, which is expected to grow in real terms by around 1%.

"However, the semi-durable and durable sectors within which the company operates are not projected to match this performance and volume declines to the order of 1% to 2% can be expected."

Directors remain confident they can

SYLVIA DU PLESSIS

achieve sales growth of 21% for Morkels and 32% for Totalsports. "The achievement of these objectives will restore market share and, with tight control over expenses, should yield earnings growth of around 40%. Increased focus on asset management, especially stocks and debtors, should ensure the maintenance of healthy balance sheet ratios."

Pauw says if these targets are achieved, the base will have been re-established for an accelerated expansion of existing operations and pave the way for diversification in the years ahead.

Suffer

Morkels, buckling under high interest rates and the retention of government restrictions on credit sales of and surcharges on electrical products, posted earnings of 15,3c (23,5c) a share to end-March.

Pauw says with group turnover improving a slender 2,6% and with a relatively high fixed cost base in terms of premises and people, it was inevitable profit generation would suffer.

"Nonetheless, the 35,1% reduction in attributable profits, which brought to an abrupt halt five consecutive years of above average growth, is a severe setback."

The option granted to management to acquire 10-million of Daun et Cie's shares within five years will act as a "significant spur to re-establish the profit base".

BDay 28/6/90

Martin Jonker's earnings a share fall

EDWIN UNDERWOOD

MARTIN Jonker Holdings, which retails and maintains motor vehicles, has reported a 43% drop in earnings a share from 10,9c to 6,2c for the year to end-February.

Attributable earnings showed a net growth of 29% to R1,73m (R1,34m) but earnings a share dropped due to the substantial increase in the number of shares in issue due to last year's acquisition of Martin Jonker by Schus.

The economic downturn saw a decline in demand though turnover increased by 78% to R136,9m (R76,7m) as a result of the acquisition.

Loans

Martin Jonker chairman Leendert Dekker attributed the major part of the group's 90% increase in operating income — up from R2,4m to R4,5m — to last year's restructuring and the 172% jump in interest rates to an increase in stock levels of new vehicles.

Dekker refused to disclose the group's assets or liabilities for the year to end February 1990: the balance sheet is due to be published next week.

Last year Martin Jonker reported total borrowings of R9,76m — of which over 90% were bank loans and overdrafts — and a debt:equity ratio of 2,70.

Last year's acquisition of Martin Jonker by Schus resulted in an extra 15,66-million shares being issued. A dividend of 2c (4c) a share was declared.

The accumulated loss at the beginning of the year of R2,7m has affected the group's tax payments.

Sowetan Motoring

Car sales figures misleading - Toyota

30

Sowetan 29/6/90

A CAUTIOUS approach should be adopted in the analysis of May vehicle sales, especially those of the passenger vehicle sector, says Toyota SA managing director Brand Pretorius.

"It is our feeling at Toyota that the May passenger vehicle sales figures could be a little distorted and should not be taken in isolation as an indicator that the market might be on an upward swing.

"The introduction of the Uno would certainly have provided some impetus to the market, as would pent up demand created through a lower than normal number of selling days in April."

Query

He said that while on the face of it the market showed a quite dramatic 29.7 percent increase over April, it was in his view that true market demand would have been for about 18 000 units in May rather than the actual figure of 18 712 units.

"By taking an aggregate of sales for April and May one comes out at a figure of just 16 571 units which is 14 percent down on March sales so their is really no reason for any euphoria.

Tight

"Right now we are looking at around 205 000 units for the year which will be eight percent down on 1989."

Against a background of a slide in the gold price and a lack of resurgence in business confidence, Pretorius expects that things will remain tight until at least the end of the year.

"The macro economy is really making things quite difficult and the consensus is that growth in the GDP could be just 0.5 percent for the year, which is down from the previously forecast one percent growth." - Sapa

FINANCE

'Bright future for retailers'

ACHMED KARIEM (30)

THE retail sector could become one of the fastest growing industries in the 1990s as income was redistributed and disposable incomes increased, Amrel chairman Meyer Kahn said in the group's annual report.

SA's largest specialist retailing group operates four main product areas — furniture, footwear, apparel and selected consumer services. It has 956 retail stores and 361 service depots, and employs 9 166 workers.

Kahn said socio-political and economic challenges facing SA made forecasting difficult. B/Day 28/6/90

"Notwithstanding this uncertainty, long term prospects for retailers in a new SA remain most exciting, as only 7-million of SA's 35-million inhabitants are currently discretionary consumers in terms of international criteria," Kahn said.

Government initiatives to uplift people through expenditure on housing and education would create opportunities for furniture retailers, he said.

"I am confident that Amrel is, and will remain, ideally positioned to meet the needs and aspirations of these emerging customers."

He said the decline in consumer spending was expected to continue in the months ahead as interest rates remained high.

F/M 29/6/90 (30)

Activities: *Retails family clothing.*
Control: *Directors 43,9%.*
Chairman: *E Ellerine; joint MD: A Brodkin; H Regenbaum.*
Capital structure: *10,8m ords. Market capitalisation: R13,0m.*
Share market: *Price: 120c. Yields: 5,4% on dividend; 19,3% on earnings; p:e ratio, 5,2; cover, 3,6. 12-month high, 260c; low, 120c. Trading volume last quarter, 41 000 shares.*

Year to Feb 28	'86*	'87*	'88*	'90
ST debt (Rm)	4,2	5,7	2,2	9,2
LT debt (Rm)	2,9	13,3	21,7	30,9
Debt:equity ratio	0,76	0,82	0,93	1,5
Shareholders' interest	0,31	0,31	0,29	0,27
Int & leasing cover	1,46	1,50	3,1	1,6
Return on cap (%)	9,8	9,1	12,0	12,5
Turnover (Rm)	48	92	132	188
Pre-int profit (Rm)	2,9	6,5	10,3	12,2
Pre-int margin (%)	6,1	7,1	7,8	6,5
Earnings (c)	20,1	35,5	38,4	23,1
Dividends (c)	7	10	13	6,5
Net worth (c)	131	203	229	245

* Year to Dec 31

the second half, while interest charges soared and the final dividend was passed.

Joint MD Hymie Regenbaum says sales slowed from September, but turnover for the 14 months to February 1990 rose 42%. The tighter trading conditions were reflected in a sharp fall in margin from 8,7% at the interim stage to 4,8% in the final eight months. Regenbaum contends that the decline reflects the unprofitable January and February sales months being included in the final period because of the fiscal year-end change. For the period January to December 1989, margins were in line with the previous year.

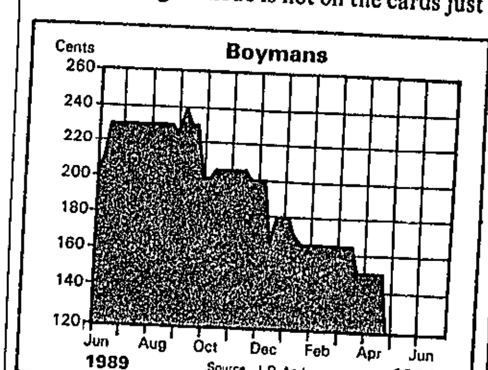
Debt has increased rapidly since the acquisition of Uniewinkels, the John Orrs name and Sandton store in 1988 and John Orrs Maritzburg last year. The refurbishing of these stores and installation of an extensive computerisation system have also been financed through additional borrowings. Interest charges, on a comparable basis, almost doubled in fiscal 1990 and, in the final period, all but wiped out operating profits. With earnings of 23,1c, 1,3c in the second half, the final dividend was passed.

Joint MD Abe Brodkin admits that the acquisition programme may have been too ambitious in terms of the company's capital base, but with no further capex planned, he expects to see bottom-line benefits this year. The debt situation is being addressed through stock reduction and improved cost controls; a rights issue is not on the cards just yet. Little relief is expected from interest payments.

Sales for March to May are up on the same period last year and margins are back on track, says Regenbaum. Cash flow is improving and this should assist in reducing debt. He and Brodkin believe that the company can trade out of its over-geared situation and reap the benefits of store refurbishments and the John Orrs name. But, with difficult trading conditions expected for the rest of this year, 1990 earnings will be difficult to match.

The share is currently trading at 140c, almost half its net worth and is delicately poised.

Pam Baskind



Shaking things up at Checkers

30

FM 29/6/90

Serge Martinengo has been MD of Checkers for six months. He spoke to the *FM* about his plans for the chain.

***FM:* What has been the main thrust of your policy so far?**

Martinengo: We have implemented a comprehensive programme of decentralisation of services such as purchasing, advertising and security to the divisions. I felt that the divisional managers were handcuffed by central control, so we decided to make them more responsible and accountable for their activities.

In a separate move, we parted company with our advertising agency, Kuper Hands, because I was unhappy with their existing campaigns; their response to the new briefs we gave them wasn't up to expectations. Five agencies are pitching for the business and we'll make an announcement soon.

I don't want to suggest that there was anything wrong with the way Clive Weil ran the company, but people have different ways of working.

Would it be true to say that the revamping of the Warehouse division is your top priority?

Yes definitely. It's no secret that the Warehouses have been a drain on the bottom line. Our mistake was to market the Warehouses too closely to the supermarkets. There were numerous complaints when special offers advertised for supermarkets weren't available in the Warehouses. Many people took the concept of "no-frills" to mean the merchandise was second-rate. And some people assumed a Warehouse was a wholesale not a retail operation.

The Warehouses generally aren't big enough to compete with hypermarkets. Hypers are usually at least 15 000 m² and only our store in Brackenfell in the Cape is that size. Their real niche is the one occupied by superstores. We would like to improve the proportion of general merchandise, which carries a higher margin than food, to at least 30%. At some Warehouses, general merchandise accounts for just 11% of the mix, which is no better than a supermarket.

We are considering a name change and new colours. The stores have had several names, Hypers, Multimarkets and Big D as well as Warehouses. But since the present name isn't appropriate, we're looking at others.

There are three really bad performers, especially our South Hills Warehouse, that we need to address urgently.

As for supermarkets, will there be changes in their format?

Our new format stores in Epsom Downs, Brooklyn and Walmer have been well received. We have used colour coding for each department and used grey and light blue as well as yellow. Our research shows that customers don't consider yellow to be a clean colour so we'll be diluting the amount of yellow when we repaint our old stores.

What are the prospects for new store openings?

There are a few under-traded areas, including the near East Rand, but there aren't many opportunities in the main urban areas — we may even have too many stores in Pretoria and the southern suburbs of Johannesburg. The best opportunity will come when we can open in the black dormitory areas, probably with black equity participation.

Stores can become redundant in a few years because of the changes in the demographics of the area. In some areas the store is too small, in other areas we are trying to reduce the floor space, say, from 4 000 m² to 3 000 m². We are also moving our Eastgate store, which is twice as large as it should be, out of the main centre into a self-standing centre with dedicated parking.

Unfortunately, our leases have continuous trading provisions that usually make it very difficult to move. But this year we'll see relocation of our stores in Grahamstown, Arcadia (Pretoria) and Kroonstad.

In terms of completely new areas, we are opening at the new Moroleta shopping centre in Pretoria and at Betalsdorp, a coloured area near Port Elizabeth.

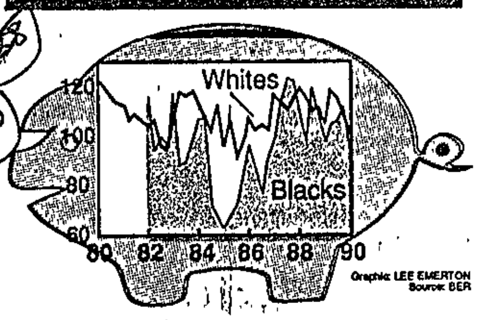
Your year-end is on June 30. What kind of results do you expect?

We had a very good first half of the year, in which turnover increased by 21%, but in the second half that's been sharply reversed. The economy's extremely volatile and we seem to change our forecasts every week. We'll be lucky to stay the same in real terms. Things won't get any easier in our next financial year. We're expecting problems on the labour front and we're not ruling out further consumer boycotts.

But there are still ways in which we can improve our margin. We're investing in scanning, which is already installed in 22 of our stores and which should reduce shrinkage. We should also improve efficiencies by rationalising distribution. We are working towards a dedicated third-party Warehouse to rationalise the present system where individual suppliers make a total of 150 deliveries a week to each store.

The chain that will do best is the one that offers the best added value. I'm not talking about gourmet foods, which isn't our market, but additional service, friendlier staff, longer shopping hours and greater convenience.

Consumers' outlook gloomy



SYLVIA DU PLESSIS

WHITE consumers' outlook on their financial situation over the next 12 months has deteriorated to its lowest level in nearly five years, according to the Stellenbosch University-based Bureau for Economic Research (BER).

In addition, they have grown more pessimistic in their views on the near-term future of the SA economy.

BER director Ockie Stuart says in the bureau's latest trade and commerce survey report the findings indicate that spending on high-priced goods is likely to be "very sluggish" during the second half of the year.

The index reflecting white consumers' views on their financial situation dropped from 112 to 90 during the second quarter — on a par with the figure for the fourth quarter of 1985 and the lowest measured since then.

"Blacks also reported an anticipated deterioration in their financial situation, but their index is still somewhat above that of whites," he says.

The index measuring white consumers' attitude on the near-term economy dipped from 105 in the first quarter to 97, slightly below the neutral 100 level. The index for black consumers was even lower at 92.

"The implication of these drops is simply that both groups will be reluctant to buy goods, particularly on credit," Stuart says.

These factors contributed to a feeling among all consumers that it was not a good time to buy products such as domestic appliances, cars and furniture.

"The index figure of 80 measured in the case of whites is the lowest in three years. Black consumers also view the current time as being bad for buying high-priced goods, but they are not quite as pessimistic."

According to Stuart, the tempo of activity in the wholesale, retail and motor sectors is slackening "fairly rapidly".

Wholesalers' sales volumes during the survey period failed to match expectations, while retailers — the majority of whom plan to place fewer orders in the third quarter — anticipate demand to become more sluggish.

Sales of both new and used motor vehicles also failed to meet forecasts, with the majority of dealers projecting further declines. Even the spare parts sector found the going "a little bit tougher than usual", Stuart says.

The BER's survey of the SA manufacturing industry found manufacturers' business confidence has "turned negative" for the first time since 1987.

Stuart says the main constraints hampering business activities were the current level of short-term interest rates, insufficient demand, the skilled labour shortage and current general political policy.

Sanctions as a constraint "eased somewhat", but the extent to which this can be ascribed to talks about the easing of sanctions is uncertain.

MEYER KAHN AND GORDON HOOD

Different strokes

30 FM 29/6/90

It would be hard to find two more contrasting characters than the chairman and MD of the OK, Meyer Kahn, and Gordon Hood.

Everyone who describes Kahn says he's "laid-back," which is not a term readily applicable to Hood — particularly after his somewhat wooden TV commercials.

The contrast extends to their working background. Kahn is a trader and marketer by instinct and training, while Hood's background was in architecture and hotel and store planning.

Both men have huge energy, excellent memories and a command of detail. But while Kahn has an informal management style — making him an ideal holding company CE — Hood is called "hands-on" or "autocratic," according to taste.

Kahn is most comfortable in the SAB pub telling jokes well into the night, while Hood is in his element in the more formal atmosphere at the stewards' enclosure at the racetrack. Kahn is a larger-than-life character, usually portrayed as a kind of business Superman — but he must take some of the blame for the slack performance of the OK. It has proved a poor investment for SAB.

Kahn was himself MD at the OK from 1977 to 1983 and was responsible for the relaunch of the Hyperama, the most successful division of the OK. Profits were sound in the buoyant early Eighties. He predicted in 1978 that the OK would hit R50m pre-tax profit within five years and it reached this figure in three years instead.

But Kahn did little to weed out the poorly performing older stores from the OK portfolio and they have been a drain on profits ever since. As an avowed "people person" who makes a point of being friendly with everybody from top executives to junior staff, Kahn is not a natural hatchet man.

Hood ... energetic but autocratic

After the roller-coaster 16-year tenure of Dick Goss, in which SAB bought and sold everything from banks to food companies and retail chains, acquisitions have been slower under Kahn. His two major ones have been Lion Match and Da Gama textiles. He was appointed executive chairman of SAB earlier this year after Murray Hofmeyr's retirement — an indication of the faith major shareholder JCI has in his abilities.

Vic Hammond, CE of Edgars, says: "I've worked for many people in my life but I would rate Meyer Kahn the best and the shrewdest. He gives the impression of being very laid back, but he has an incisive mind that can get to the bottom of problems. He's full of imagination and not scared of detail. He doesn't interfere with the day-to-day running of the business, but is extremely helpful on big issues."


Kahn ... shrewd, 'people man'

Graham Mackay, MD of the Beer Division, says Kahn deserves his reputation as one of the country's top businessmen. "He has an extraordinary head for a crisis. I've never known him to panic."

Kahn's willingness to delegate and his intense loyalty to his team are suited to high-performance subsidiaries such as Edgars and the Beer Division — but those qualities may not be as well suited to the OK.

Kahn has been reluctant to intervene in the running of the chain and problems have got out of hand.

The choice of Hood as successor to Kahn at the OK in 1983 took everyone by surprise. There was no question of his ability in hotel and store planning, first at Southern Sun and then at the OK — but it was unusual not to give the job to a marketer.

Hood was reluctant to adopt the flamboyant image of a supermarket boss (an image used to great effect by Clive Weil). Until 1986, Hood was a backroom manager not known to the public. A few may have remembered him for his appearances in films of the late Fifties and early Sixties, such as *Die President en die Prikkelpop*, in which he starred opposite Gordon Mulholland and Paddy O'Byrne. But it was his controversial ads for the OK that brought him media fame.

Hood has ensured that the OK is the most centralised of the major chains. Fifteen directors report directly to him. Colleagues find his energy extraordinary. A close colleague says: "Gordon is autocratic, but then the OK isn't a democracy." Hood has a more formal management style than Kahn and tends to see criticism as a personal affront.

He has chased turnover rather than bottom line; the number of OK branches has grown.

This policy was reversed this year, largely under the influence of recently appointed financial director Brian Borcherds and the OK is now closing branches.

Could Kahn have prevented the OK from getting into its present predicamant? Kahn and Hood are friends and Kahn has confidence in Hood's managerial skills. But who knows what the OK would look like if Kahn had been a more hands-on chairman?

LOUIS SHILL

An orderly life

"When my great-grandfather left the village of Shill, in Lithuania, and moved to a small town nearby," says Johannesburg financier Louis Shill, "the family adopted the name. Originally, our name was Janower, which is

DROP-INN FM 29/6/90

29/6/90 FM

Profits drop out

Activities: *Retail and wholesale liquor distributors.*
Control: *Directors have control.*
Chairman: *S R Berk; MD: J E Miles*
Capital structure: *50,0m ords. Market capitalisation: R17,5m.*
Share market: *Price: 35c. Yields: 9,3% on dividend; 17,6% on earnings; p:e ratio, 5,7. 12-month high, 46c; low, 30c. Trading volume last quarter, 467 000 shares.*

Year to Feb 28	'88	'89	'90
ST debt (Rm)	3,8	3,9	9,3
LT debt (Rm)	—	—	—
Debt:equity ratio	0,20	0,19	0,43
Shareholders' interest	0,59	0,52	0,54
Int & leasing cover	—	—	13,0
Return on cap (%)	16,0	17,0	14,1
Turnover (Rm)	86,0	108,9	123,2
Pre-int profit (Rm)	4,94	6,71	5,68
Pre-int margin (%)	5,7	6,2	4,6
Earnings (c)	6,00	8,01	6,16
Dividends (c)	2,60	3,25	3,25
Net worth (c)	36	41	43

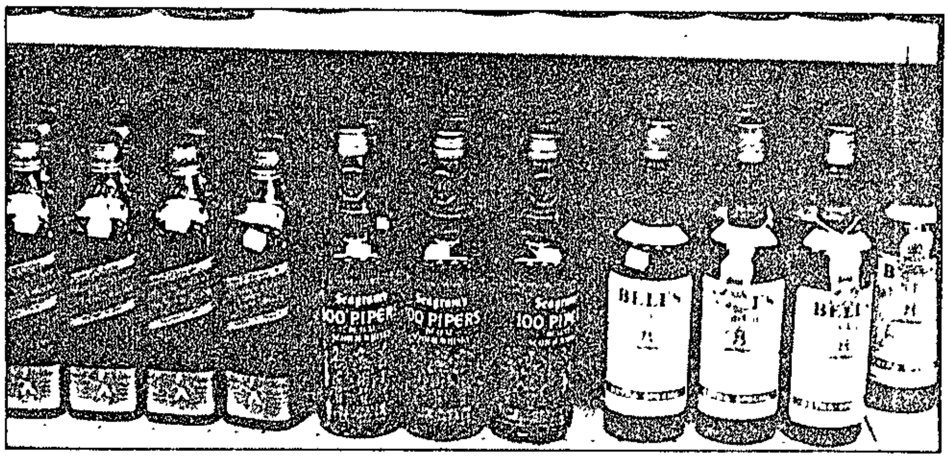
The past financial year is one that Sam Berk, Drop-Inn's chairman and principal shareholder, would prefer to forget. It brought to a head two major problems as a number of his

F/M 29/6/90 30

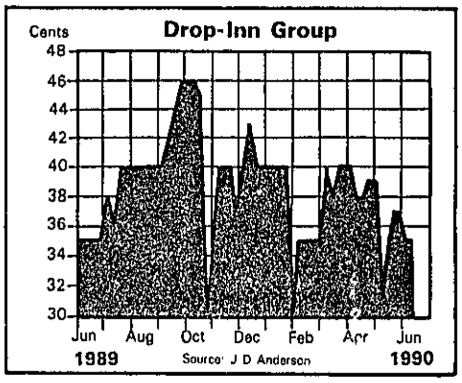
senior executives abruptly walked out of the company and as revenues were hammered by a big theft ring in the Johannesburg Benny Goldberg's outlet.

While turnover recorded a 13% improvement, it was principally the influence of these factors that resulted in the 23% drop in pre-tax profit. Non-recurring expenses of R248 000 were involved in legal and severance fees attaching to the management departures. And Berk reckons the thefts at Benny Goldberg's cost the company more than R1m. But for these set-backs, Berk says, the results would have presented a far healthier picture.

The drop in profitability effected both return on shareholders' equity and return on capital. Nevertheless, the financial structure of the company remains sound. There is no long-term debt and short-term bank borrowings of R9,3m are well covered by accounts receivable of R4,9m together with reduced stock holdings of R19,7m. Accounts payable have been reduced to just R7,3m (R12,8m) and this reduction almost entirely accounted for the increase in overdraft finance. Clearly, Berk must have obtained good discounts from suppliers to make the cost of short-term bank finance worthwhile.



Drop-Inn ... trading hopes scotched by theft



While the retail trade in general is suffering from recession and austerity measures, Berk believes the liquor trade is not seriously affected. After the first quarter, Drop-Inn's sales were 30% up on last year and showing a bottom-line increase of about 20%.

Even though the Transvaal does not seem to be as buoyant as the rest of the country, Benny Goldberg's turnover is 20% ahead of last year. With its shrinkage problem under control, the Johannesburg store should make a sound contribution to company profits this year.

After the lifting of restrictions on vertical integration in the liquor industry, Drop-Inn is planning to increase the number of stores it manages. The finance for that will be found internally.

Berk expects earnings to grow by at least 20% this year, though that merely recovers part of the past year's decline. *Gerald Hirshon*

PEP STORES FM 29/6/90

Feeling the squeeze

Activities: *Retails clothing, footwear and household softs — also manufactures clothing and household softs for own stores.* 30
Control: *Pepkor 89%.*
Chairman: *C H Wiese; MD: A Haughton.*
Capital structure: *45,64m ords. Market capitalisation: R730m.*
Share market: *Price: 1 600c. Yields: 4,25% on dividend; 10,8% on earnings; p:e ratio, 9,2; cover, 2,6. 12-month high, 1 700c; low, 1 200c. Trading volume last quarter, 1 300 shares.*

Year to Feb 28	'87	'88	'89	'90
ST debt (Rm)	16,64	—	—	1,2
LT debt (Rm)	0,49	—	7 000	5,8
Debt:equity ratio	n/a	n/a	n/a	n/a
Shareholders' interest	0,52	0,52	0,49	0,49
Int & leasing cover .	9,4	n/a	n/a	n/a
Return on cap (%) ..	21,5	20,2	23,5	22,1
Turnover (Rm)	508	649	805	988
Pre-int profit (Rm) ...	52,6	64,0	96,4	111,7
Pre-int margin (%) ..	10,4	10,0	12,0	11,3
Earnings (c)	89,4	129	161	174
Dividends (c)	40	48	58	68
Net worth (c)	257	338	441	547

The **dramatic** drop in real consumer spending during the past year was the primary reason why, even with a turnover growth of 23%, Pep Stores failed by a hair's breadth to reach the R1bn turnover mark in its financial year ended February 1990.

Remembering that the interim report posted a 28% turnover improvement, the consumer spending drop was also the cause of the obvious deterioration in sales in the second half of the fiscal year. Even so, the final figure shows commendable real growth in turnover of about 8% when assessed against a inflation in the 15% region.

The context of the CPI is critical to a performance appraisal of the company in these inflationary times. Pre-interest operating profits are recorded as showing a 15,8% increase, just about level-pegging in real terms. MD Tony Haughton explains that, in addition to the effects of reduced disposable incomes, operating profit was also restrained by unexpectedly large non-recurring costs incurred in restructuring the company into fully autonomous trading divisions. Apart from the expenditures on separating management and back-up technologies so that Pep and Ackermans could operate entirely at arms length, there was a period when Ackermans was understocked while Pep was overstocked. And, while Ackermans' turnover suffered as a result, there was no equal compensation from Pep.

Chairman Christo Wiese estimates these non-recurring losses at R4m. These have been fully absorbed and Haughton stresses that substantial benefits are expected to flow from the restructuring, which has already led to better marketing focus.

The tax rate increase to 32,5% from 28,3% was largely responsible for the low 8% growth in earnings. Most of Pep's large tax losses have now been utilised, so the effective rate will rise again this year. Still, this should be accompanied by a reduction in dividend cover, which will help sustain distributions.

This year's store expansion programme is not expected to be as extensive as it was last year. Pep itself will open about 55 new stores against 68 last year, Pep Peninsula and Pep Reef will open a further 20 or so and Ackermans' openings will be restricted to about half a dozen.

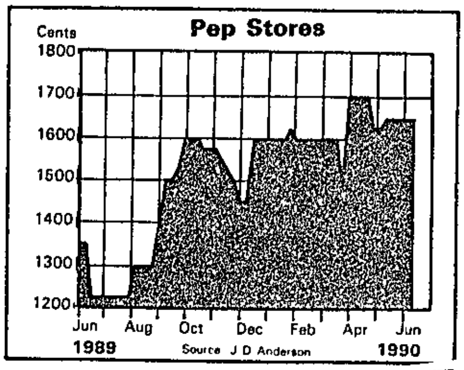
Haughton makes no bones about March and April being very tough trading months. Turnover growth beat inflation but was less than budgeted, though budgeted levels were achieved in May.

Wiese remains confident that the trading sectors in which Pep is involved hold excellent prospects. And there are the exciting but tentative moves that the operation is making to establish a presence in Europe as well as expanding the network into other southern African countries.

Two months ago Wiese said the group had budgeted for a turnover and operating profit increase in excess of 20%. Haughton is cautious about tacking a figure on to expected earnings growth for the 1991 year but reckons it will be between 15% and 20%. He is holding thumbs that consumer spending will not deteriorate any further.

The JSE Industrial index topped out some time ago, as did the retail index. Both appear as if they could fall further in the short term. If they do then clearly major players like Pep are also likely to drop in price.

So maybe this is not the best time to accumulate the share. But with the management structure in better shape now than it has ever been, and R62m in cash, some real EPS growth is possible.



Source J D Anderson

FM 29/6/90 (30)

The retail sector's average p:e is currently 12,1, so Pep at 9,2 is relatively underpriced.

Gerald Hirshon

New strategy helps small businesses

W/Mail 29/6/90

30

ANGLO American Corporation has adopted a two-pronged strategy of doing business with small businesses.

Called the Small Business Initiative, one arm is a company called LITET Limited (previously Labour Intensive Industries Trust Limited) which acts as a vehicle for investing in smaller business concerns. The aim is to provide financial and managerial assistance through the taking of minority stakes in emerging businesses.

The other arm is the Small Business Unit, the purpose of which is to increase Anglo American Corporation's and its associate companies' business transactions with the small-business sector.

According to the Corporation's latest annual report, LITET's first investment was made in Masakhane Industrial Cleaning Services, which has a contract to clean a mine hostel in the Free State goldfields.

During the 1989-90 financial year, Anglo American Corporation agreed to invest another R1,3 million over five years in the Small Business Development Corporation (SBDC), bringing its total commitment to R5-million.

LITET also financed a contracting fund, managed jointly with the SBDC. It was specifically established for the assistance of small businesses dealingwith the Corporation.

● Anglo American Corporation and its associated companies have spent more than R200-million on skills training during the 1989/1990 financial year.

Of the 2 696 people in trade apprenticeships, almost 20 percent were drawn from outside the white community.

The Corporation and its associated companies have invested in educational programmes at a variety of levels: 23 high school scholarships, 122 pre-university programme bursaries, 669 university scholarships, 581 technikon scholarships, 101 in-service bursaries and 422 company-sponsored part-time students at universities and technikons. — Sapa

Mr Chris Hull, finance manager of Anglo American Industrial Corporation Limited (AMIC) has been appointed a director of AMIC

Mealie town faces the crunch

By DAN DHLAMINI (30) Star 1/7/90

THE farming town of Bothaville is the latest in the Free State to be struck by a consumer boycott similar to the one that hit the economy of Welkom.

Residents of Bothaville's Kgotsong township have for the past five weeks withdrawn their buying power from white-owned businesses in solidarity with about 350 workers dismissed from the agricultural equipment companies Vetsak and Nalva.

Bothaville's town clerk and member of the Afrikaanse Sakekamer, Johan Potgieter, told *City Press* this week that white businesses had lost a staggering R7,2 million since the 55 000 Kgotsong residents stopped buying in the town five weeks ago.

He said about 5 000 blacks would lose their jobs if the boycott continued for another month.

Three rounds of talks between his organisation and the boycott organisers had ended in stalemate.

A spokesman for the organisers, Stephen Tsoai, said the boycott would continue until the fired workers were reinstated.

Terrence Otto, group industrial relations manager of Vetsak and Nalva, said the sacked workers had been involved in an illegal strike in April.

The group had offered to re-employ some of the workers but they had rejected the offer and the companies had now engaged "scab" labour.

National Union of Metalworkers of South Africa (Numsa) organiser Joe Maake told *City Press* the strike had been for the reinstatement of local branch union chairman, Freddy Nthabiseng, and about 38 others.

Sub-contracting takes off

W/C Argus 2/7/90

30

THE efforts to forge ties between big, established corporate business and those at the semi-formal end of the economic spectrum are beginning to bearing fruit and show signs of gathering momentum.

It is a bridge-building exercise, practically described as sub-contracting, which is gaining currency as one of the building blocks essential to success in moulding a new South Africa.

More and more large corporations are beginning to mirror the initiatives set in train first by organisations such as the Anglo American Corporation and the SBDC, and the purpose of this column is to illustrate that benefits have accrued to the big and small sides of the partnership; and ultimately to the economy as a whole.

It is hoped it will also spur a further expansion of these joint ventures in a manner such as fuelled the economic achievements seen in countries such as South Korea, Taiwan, Hong Kong and Japan.

The benefits to small business are:

- Integration with more formal big business provides them with access to a bigger market;
- More formal business often helps to stabilize the smaller operator through the involvement with larger contracts;
- It provides an establishment base, facilitating expansion and growth;
- The interface provides contact with business knowhow and principles;
- Contact with big business provides potential access to technology;
- Stable contracts and contacts improves access to credit facilities; and,
- It provides necessary stimulation to small business to continually improve its methods, products, services and competitiveness.

Experience of the benefits to big business to date has highlighted that the sub-contracting arrangement between big and small is not merely philanthropy, but offers distinct advantages:

- Small business often has lower overheads and different cost structures, enabling it to contract at very competitive prices;
- Small business can generally provide a more personalised service that offers material spin-offs;
- Small businesses are often able to cope and adjust better with innovative, special, short-run products;
- There is greater potential with supporting small business in establishing competitive prices; and,
- Often small businesses can perform certain in-house functions more effectively, i.e. catering, garden services, cleaning and security;

The benefits to the economy include helping to stimulate and develop the small business sector, a partnership that can in turn boost the economy by creating more jobs efficiently and helping to reduce the high rate of unemployment.

Research has consistently shown:

- Small business is by far the most effective job creator in a free enterprise economy;
- It promotes free enterprise and generates self sufficiency;
- It fosters healthy competition;
- It uses more labour intensive technologies and is more capital efficient;
- It generates wealth at grassroots;
- It has the potential to help dampen inflation by impacting on the wage/cost spiral; and,
- It will help positively to redistribute the economic base of the country, enabling more people to hold a stake.

W Cape initiative

SBDC sub-contracting initiatives in the Western Cape have shown gains in the clothing industry, where a host of home-based cut, make and trim operations have been set up recently to service bigger industry. More than 250 jobs have been generated as a result. Examples of some of these include:

- Evelyn Sitengile started a small sewing operation from her home in Crossroads with the help of a small SBDC loan in 1987. She struggled to develop the business until she became involved in the SBDC's CMT project. She has already enjoyed tremendous success, receiving on-going orders from a few factories;
- Ingrid April obtained a loan from the SBDC in October 1988 to set up a home- based CMT operation. She employed three machinists but battled to make ends meet owing to the absence of reliable suppliers, and had to find temporary work elsewhere. Through becoming involved in the project, Mrs April was able to concentrate on her CMT business, and it provided her with supply and financial stability and placed her in a favourable bargaining position with other suppliers; and,
- Peter and Bardine Matthysen started up a CMT business in Worcester in 1984 with four sewing machines and six employees. Business grew and, with an SBDC loan granted three years ago, now has a staff of 90 and 78 machines.

Capabilities were overstretched and performance was poor until the Matthysens ventured into sub-contracting, handing out work to other small CMT operators. Business has continued to grow with ...

SMALL BUSINESS INDABA

Compiled by the SBDC

THE Small Business Indaba is a bi-monthly column, a joint venture between the Small Business Development Corporation (SBDC) and Weekend Argus. It is designed to offer advice to those considering entering business for themselves and to act as a sounding board for those encountering problems. For further information contact ☎ 438 7019.

Focus Holding launches Smiley Blue franchise

BDay 2/7/90 Business Day Reporter (30)

RETAIL-LISTED Focus Holdings is to launch a franchise programme for its Smiley Blue clothing chain from July, the group announced on Friday.

The franchise format encompassed a programme covering site selection, training, operating procedures, inventory plans, financial, budgeting and merchandising and marketing support, it said.

"The international success of franchising and the group's success with its Mattress World franchise programme, has shown that motivated owner operators can achieve highly successful sales performance.

"Through a policy of controlled expansion of company-owned and franchised outlets, Smiley Blue will be well-positioned to participate in its market niche in the annual R5bn ladies retail clothing industry."

Focus' strategy will be to locate stores in prime sites in large neighbourhood shopping centres, in major shopping malls and in the CBDs nationwide.

"It is therefore not inconceivable that in the years ahead Smiley Blue will emerge as a major force in the ladies retail clothing field," the group said.

Smart Centre makes its debut on the JSE today

B.Day 24/7/90 SYLVIA DU PLESSIS (30)

SMART Centre Holdings (Smart) makes its debut in the retailers and wholesalers sector of the JSE today, with directors forecasting a 12,8% rise in earnings to 20,2c a share for the current year to end-June.

A dividend of 8,1c, covered 2,5c times, will also be declared, they say.

The upmarket clothing chain, previously a wholly owned Frasers subsidiary, lifted bottom-line earnings by 43% to R6,1m in the six months to December after excellent Christmas sales helped boost turnover by 23% to R72,1m.

It moves to the board following a comprehensive restructuring of the Tradegro Group, in terms of which Smart Centre became a 48%-owned Tradegro subsidiary.

MD Charles Fox said on Friday he expected growth in consumer spending in Smart's target market — the middle to upper income black consumer — to be sustained.

Growth was also expected to come from the establishment of new stores, with an additional 14 Kappa stores having been acquired with effect from July 1, he said.

Fox said directors planned to launch a new chain of upmarket menswear stores under the name of Patrick Daniel in the year ahead, with eight existing Smart and Top Centre stores having been earmarked for the first phase ending in December.

The new chain would trade on a cash basis and would be sited in "high customer flow areas".

The 139-store group's consistent growth record was due primarily to innovative merchandising and marketing strategies, together with a clear definition of market positioning, he added.

Bomb blasts mark start of anti-Inkatha campaign

Star 2/7/90 (30)

Big response to stayaway call

Staff Reporters

Tens of thousands of people across the Reef and in Natal today heeded the ANC/Cosatu stayaway call, part of the organisations' national week of protests.

Three bombs exploded on the Reef as the national week of protest, aimed at isolating Inkatha politically, was launched today.

No serious incidents of intimidation were reported and few buses and taxis were in operation. Putco planned to withdraw its service from Soweto following the stoning of at least one of its vehicles.

Two railway stations, one at Katlehong on the East Rand and the other at Dube in Soweto, were the targets of limpet mine blasts.

A bomb made of commercial explosives detonated at the home of prominent ANC and union activists in Kagiso near Krugersdorp at 1.30 am. Damage was extensive and 11 other houses were damaged.

No one was hurt in the blasts.

Police said the situation countrywide was quiet early today, with no major incidents reported.

In Soweto, police said the stayaway was virtually total, with very few people going to work.

About 200 youths had barricaded streets in Emdeni, but had run away when police arrived.

Taxis took different routes from Soweto to Johannesburg today for fear of reprisal.

In Pretoria, city businesses reported a mixed response from staff to the stayaway; in some stores no black employees had reported for work, others said many workers had arrived or were expected to arrive.

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'Too frightened'

Virtually no buses were running from local townships and traffic authorities reported fewer taxis than usual on the roads from Mamelodi, Atteridgeville and Soshanguve.

This was borne out by a taxi operator at a central city rank who said few taxis would operate this morning as drivers were "too frightened to load passengers".

Many Soshanguve residents were seen arranging lifts in private cars early today after queueing in vain for taxis to the city.

If taxis follow the pattern of previous stayaway calls, they will begin to operate as normal by mid-morning after establishing the demand versus the level of intimindation.

Thousands of workers on the East Rand townships stayed away from work. A complete stayaway was reported in Tsakane, Daveyton, Katlehong and Tokoza, and only a few people were seen leaving Tembisa.

Security forces have been placed on full alert, with the country braced for outbreaks of violence.

Damage estimated at R300 000 was caused to the Katlehong sub-station. The bombers cut the wire surrounding the installation before planting the mine, police said.

'Hit ruling class'

Thousands of policemen and soldiers were today deployed at hundreds of railway stations, taxi and bus terminals to enable people who wished to go to work.

The Government, Inkatha, the Pan Africanist Congress and Azapo oppose the stayaway.

In a statement issued yesterday, Azapo's central committee expressed concern at the "undemocratic" way in which the stayaway was called and for the possible consequences.

"Stayaways are, in our opinion, meant to hit hard at capitalists and the ruling class to advance the interests of workers. Stayaways are not meant to injure the struggling masses," said the Azapo statement.

Cosatu spokesman Neil Coleman said yesterday police were giving a "massive show of force" in Natal in spite of Cosatu's appeal to workers not to use any form of intimidation.

The stayaway today will be followed by mass marches and rallies on Saturday, Mr Coleman said. This week, demonstrations would be held, depending on the local conditions.

A spokesman for Cosatu's Eastern Transvaal regional office in Secunda said the stayaway would be observed throughout the region.

He said there would be marches in most towns, although in most cases they would be confined to the townships and not business areas.

Specialty Stores on track for R1bn turnover soon

BDay 2/7/90 SYLVIA DU PLESSIS (30)

CLOTHING and home product retailer Specialty Stores is on track to achieve turnover of R1bn within five years, according to chairman Nic Labuschagne.

Addressing the Durban-based group's AGM on Friday, he said management would reach this target — based on operating profits exceeding R100m by 1994 — through "steady and continued expansion" of existing operations.

Specialty, with its Milady's, The Hub, Mr Price and Footgear chains, produced a 57,5% rise in attributable income to R10,4m to end-February on turnover up 35,4% to R185,4m. Operating income grew 39,2% to R22,4m.

Labuschagne said 141-store fashionwear chain Milady's had the ability to double its size, while The Hub had potential to expand nationally. Off-price clothing operation Mr Price had grown during the past year from three to 14 stores and would reach 50 stores within three years, while Footgear was also scheduled for expansion.

Labuschagne said compound growth in profits for the past five years had averaged 48% annually, a performance "well ahead of the rest of the retail sector".

The group was well-funded, with shareholder funds of more than R61m and gearing of 36%, and was "adequately-structured" to achieve five-year growth targets. Sales for the first four months of the current financial year were more than 40% ahead of 1989's. He was confident Specialty would post an increase in full-year earnings.

MY WAY

C Press.

With Khulu Sibiya

1/7/90 (30)

To work or not to work

TO go or not to go to work tomorrow is a big question.

Millions of black workers throughout the country face this uncertainty tomorrow in response to a national stayaway call by Cosatu, endorsed by the ANC and UDF.

Unlike previous campaigns where most anti-apartheid movements were in agreement on stayaways, this time there is division among black political movements.

The PAC and its allies, the National Council of Trade Unions and affiliated student bodies, are opposed to the campaign.

So too are the Black Consciousness Movement, Azapo and its student affiliates. Tomorrow it will be business as usual for their members.

Chief Mangosuthu Buthelezi's Inkatha movement, which gave rise to this campaign, are also opposed to the call.

According to Cosatu, the aim of the stayaway is to force the government to take action against the KwaZulu Police who are accused of bias in handling the Natal strife, and against Inkatha warlords who they believe are responsible for the deaths of UDF and Cosatu members in Natal.

If tomorrow's national stayaway has succeeded in doing one thing so far, that is to widen rifts between black political organisations.

It will be interesting to see what kind of action is taken by those sympathetic to either the ANC, PAC, Azapo or Inkatha, but who are not necessarily members.

"The success or failure of the stayaway will not be a true reflection of support any political organisation enjoys. Whether we like it or not, there will be intimidation.

The target of tomorrow's action was meant to be the government and Inkatha, but it will turn out to be black versus black.

"The masses are behind us," our leaders have often said, but they are not interested in the opinions and emotions of the masses.

The organisers of the stayaway say the aim is to force the government to intervene and stop the Natal violence.

Many people, especially the victims in that area, have no problems with this. They have always welcomed any suggestions that may bring the situation in Natal back to normal.

But will this stayaway achieve its aims? I doubt it.

Despite the South African Council of Churches' plea for political tolerance, past experience has proved that black politics is not about theory or communication through the media, it is very much a bread-and-butter issue.

Tomorrow morning there will be uncertainty among people as to whether to go to work or not. Those who finally go may not experience problems in the morning, but certainly when they return in the evenings.

This is when the tsotsi element takes advantage of the confusion. We have seen people being robbed and molested using the cover of "sellout".

Transport will also pose a problem. Taxis and buses are normally withdrawn from the townships on such days, making it difficult for those who may want to go to work to travel safely.

I want to sound a warning to our political leaders: while stayaways and other forms of pressure are welcomed by the masses, these decisions should not be taken unilaterally.

We have fought hard for democracy in this country and we should be the people to hold this principle dearly.

Business warns on stayaway

(30)

Sowetan 4/7/90

THE economy and all its players will pay the cost of Monday's stayaway called by the ANC/Cosatu/UDF, the South African Chamber of Business.

Sacob suggested that the stayaway cost the country about R750 million in loss of productivity and that the day's action had made no contribution to the end of hostilities and violence in Natal.

Violence marred the day's peaceful intentions with reports of arson, sabotage, violence and death filtering in from all over the country.

The police unrest report noted an alarming increase in violence for the 24-hour period ending at midnight on Monday.

The police report said one person was killed yesterday. The name of the dead person was withheld.

30

ANC upset by Gumede 'opposition'

Political Staff

The African National Congress (ANC) has expressed its disapproval of United Democratic Front (UDF) co-president Archie Gumede's public opposition to the national stayaway on Monday, Mr Gumede has confirmed.

Mr Gumede said the stayaway, called jointly by the Congress of South African Trade Unions and the UDF, and endorsed by the ANC, was not necessary because not all efforts had been made to resolve the situation in Natal through discussions.

Isolate

The stayaway was meant to isolate KwaZulu Chief Minister Mangosuthu Buthelezi and to call on the Government to control the violence.

Mr Gumede said he held to his view that the best way to handle the demands made on the Government to intervene in the Natal violence was "first to have discussion then, if they are not successful, to hold a stayaway".

Said Mr Gumede: "It is the duty of the State to protect its people and this responsibility must be brought to their notice. If they don't respond to talk, then further action should be taken.

"I would not have opted for the stayaway before discussing the matter with them first."

Mr Gumede revealed that UDF publicity secretary and ANC southern Natal convenor Patrick "Terror" Lekota phoned him on Monday to express his approval of Mr Gumede's public opposition to the stayaway.

He said Mr Lekota told him he would get in touch with him again, "and I took it he was going to consult with others."

Anger, he said, was behind the organising of the stayaway, and he did not think acting out of anger was good. He, who lived in the Durban area, was well-positioned to study the situation.

"There was a good response to the call for a stayaway, but it remains to be seen whether it will create a situation where no lives will be lost (in future). If the purpose of the stayaway was not to stop the violence and the loss of human lives, then what was it for?" the UDF leader asked.

However, he said, despite the difference in opinion with the ANC, the matter was "minor" and was not to be construed as any major split between the two organisations' affiliation.

Mr Lekota, who was reported to be in Johannesburg for a meeting, could not be reached for comment.

SBDC's Cape offices told to expand black client base

B Day 5/7/90 LESLEY LAMBERT (30)

CAPE TOWN — Regional offices of the Small Business Development Corporation have been issued with a major challenge from head office — to expand their relatively low black client bases substantially by the year end.

GM of the SBDC's western Cape branch Wolfgang Thomas said the regional offices had been told to aim at targeting about 200 new black businesses by then.

This would place substantial pressure on existing advisory and education resources and would require the recruitment of additional black advisers, he said.

The challenge to the western Cape region would probably be far greater than in the other regions because of its relative size and the newness of many of its more recently urbanised potential clients to the business world, another SBDC official said yesterday.

He said the aim would be to expand the client base for loans larger than R5 000.

Thomas also said the SBDC was hoping to make more use of national servicemen wanting to do alternative forms of national service.

While the process of using servicemen as consultants in the small business sector had already started, he said he hoped more would be allowed to do such alternative service.

White-run business should open its ears

C/Press 5/8/90 (30)

By Z B MOLEFE

BLACK business is on the warpath.

But its stance is not yet clear, judging by this week's four-day National African Federated Chamber of Commerce annual conference in Durban.

Predominantly white-run big business should start listening, a number of delegates said after the conference which focused on black participation in a mixed economy of the new South Africa.

ANC international affairs director Thabo Mbeki told the delegates: "Nelson Mandela's estimation of Nafcoc is that it is representative of the democratic movement in the business world of South Africa."

ANC's Tito Mboweni . . . looking closely at the monopolies.

ANC economist Tito Mboweni told the conference a clear policy on conglomerates would have to be formulated.

He said: "This could take the form of anti-trust legislation or an anti-monopoly commission backed by the law."

ANC Southern Natal convenor Patrick "Terror" Lekota said: "We can't allow monopolies when we become the government."

Azapo publicity secretary Strini Moodley, who spoke on behalf of Azapo president Jerry Mosala, said: "We regard the liberation of black people as a priority. In that context, the liberation of the land is a primary objective.

"Technical details on how distribution of land shall be implemented will have to be worked out in finer detail by the government that comes to power.

"What is crucial to understand is that land distribution as an economic strategy must be given a new meaning."

National Union of Mineworkers assistant general secretary Marcel Golding painted a grim picture of the mining industry's future.

He said the odds were heavily stacked against black miners and warned: "No South Africa can be called 'new' until its black miners' position has been addressed.

"Our view is unashamedly socialist. We say the State must play a central role in the economy of a future South Africa."

Accountant Israel Skosana said South Africa's financial sector had to be transformed to make capital available to victims of apartheid.

Skosana said he believed the financial sector had the unavoidable choice of making changes itself or having them imposed by the State. He said: "I believe the survival, let alone the future prosperity, of the country and its people is dependent on a financial sector which is responsive to its people."

Mbeki said: "You can have Nelson Mandela sitting there as President of South Africa, but as long as problems of poverty persist, he can't hold the country together."

Nafcoc has set up an economic commission co-ordinated by United States-educated and trained economist Vincent Phaahla.

Its brief is to survey a cross-section of people and organisations countrywide, including the ANC and PAC, on the question of a new economic order in a new South Africa.

■ This week, America's largest-selling national daily, *The Wall Street Journal*, looked at nationalisation and the Anglo American Corporation.

The journal's Johannesburg correspondent said Anglo and many South African corporations went beyond the realm of business by challenging government to scrap apartheid and white-minority rule in favour of power-sharing with the black majority.

The correspondent said: "In the boardroom, Anglo is circling the wagons against threats from newly legal organisations to nationalise or break up the company as a means of dismantling the white economic monopoly.

"In the new politics of correcting the inequalities of apartheid, Anglo is the fatted calf."

Anglo embarks on new aid programme

Sowetan 5/7/90

(30)

BUSINESS REPORTER

ANGLO American has embarked on a two-pronged strategy to help small businesses development.

To be known as the Small Business Initiative, one arm is a company called Litet Limited, formerly Labour Intensive Industries Trust Limited, which acts as a vehicle for investing in smaller business concerns.

The aim is provide financial and managerial assistance through the taking of minority stakes in emerging businesses.

The other arm of the initiative is the small business unit.

The purpose of this unit is to increase the corporation's and associate companies' business transactions with the small business sector.

In its 1990 annual report, the corporation says the first such investment was made in Masakhane Cleaning Services (Pty) Limited which has a contract to clean a mine hostel in the Free State Goldfields.

Additional contracts for this company are under consideration and a number of other potential investments for Litet are being evaluated.

Litet also has investments in companies involved in making bricks and handwoven products employing about 760 people in Ciskei and Lebowa.

Agreed

The report says during the year the corporation agreed to invest R1,3 million over five years in the Small Business Development Corporation, bringing its total commitment to R5 million.

Litet also financed the contracting fund, managed jointly with the SBDC, specifically established for the assistance of small businesses dealing with the corporation.

The small business initiative is based on sensible and rational business decisions aimed at improving profitability and, in the process, expand the free enterprise system and the economy to the benefit of all South Africans.

The corporation and its associated companies have spent more than R200 million on skills training during the 1989/90 financial year.

C/Press 5/8/90 (30)

Education-probe shock

190 000 black pupils drop out annually in their first year

By DESMOND BLOW

AS MANY as 190 000 black schoolchildren – or 25 percent – drop out of school annually because of poverty.

The shocking state of black education – far worse than black education's severest critics have ever claimed – was revealed this week in a R400 000 research into black education by Market Research Africa, Markinor and Integrated Marketing Research on behalf of The Third Alternative – a group of concerned businessmen.

It proves the reason for the huge number of drop-outs in every standard is not, as the DET claims, because of unrest – but because people are so poor they cannot afford to send their children to school.

The Third Alternative announced the findings after canvassing 10 000 people during a 30-month study sponsored by 75 South African businesses.

They discovered there were about 666 000 drop-outs a year, although some of them returned to school at a later stage if they could afford it.

The survey said most children would probably continue their schooling if their families were not so poor.

Boycotts and stayaways accounted for only five percent of boys and one per cent of girls dropping out, compared to 64 percent of girls and 50 percent of boys dropping-out because of poverty.

Pregnancy – 10 percent – accounted for 10 times as many drop-outs among girls as did boycotts.

Three percent of boys and five percent for girls drop out because of failure.

The study also found that about 60 percent of blacks lived in rural areas, although this figure was expected to drop to about half that in a decade, because people in rural areas were poorer than those in the cities.

In rural areas, families average six children, compared to about five in urban areas, and they survive on an average of one-eighth of a hectare when their need for proper survival is between four and five hectares a family.

Education plays a major role in the earning power of blacks.

Blacks who had no formal education earned an average R175 a month, while those who had matric earned an average R772 a month, and graduates averaged R1 851 a month.

In 1985, 22 percent of black adults had no schooling at all, and this year the figure had increased to 24 percent. This means one black person in four in this country has no education and can only expect to earn an average R175 a month.

Only five percent of adults have completed high school and only two percent of adults have tertiary qualifications – 23 000 out of a population of 21-million, compared with more than 200 000 white graduates.

The black population in 1960 was 12-million and it is expected to reach 37-million by the year 2000.

Children under the age of six make up 19 percent of the black population, while 31 percent are between six and 18 years. Only 50 percent of blacks are older than 19 years, compared with 69 percent of whites and only five percent of blacks are over 60.

At present there are only 180 000 teachers at black schools. The number needed in 10 years' time to provide even the equivalent inadequate education of today is 457 000 teachers, more than double the number.

To put black education on par with white education would cost R29-billion a year – half the country's budget.

Parents say they are prepared to pay extra for their children's education – but most have already proved they cannot afford it.

Although DET says the average classroom has no more than 38 pupils, the survey found that 31 percent of teachers had to teach more than one class at the same time – particularly at farm schools.

Only five percent of children between the ages of 14 and 21 have desks to work on at home and only 21 percent have a place to study.

Single households – people living in squatter camps, backyards and hostels – make up 62 percent of wage earners.

Unemployed parents make up 59 percent of the population.

Thirty percent of households with children aged between 14 and 21 have no books at all. The remainder have an average of between six and nine.

The Third Alternative research concludes that a single, unitary, national, nonracial and compulsory education system is needed. Most of those interviewed said the State should responsible for the educations of its citizens.

Meanwhile, there is a pressing need for a bold initiative by the private sector in close consultation with community representatives.

"The message is loud and clear," said Teddy Langschmidt, managing director of IMR when he presented the findings. "No project will succeed unless it is an alliance of all the relevant parties and is firmly rooted in the community."

He said such an alliance would launch and manage a host of educational projects aimed at addressing the problems identified in the research.

Priorities would be set by a controlling board, which would comprise representatives of the community, key educationists and business leaders of all races.

thought.

Fabcos group meets ANC to examine 'burning issues'

By JOSHUA RABOROKO

HIGH-powered delegations of the Foundation for African Business and Consumer Services and the African National Congress met in Johannesburg this week to discuss a wide range of subjects in the emergence of an apartheid-free South Africa.

The one-day consultation, which was chaired by Fabcos projects coordinator, Mr Tebello Radebe, marked an important milestone as delegations shared views on some of the burning issues, including forming a joint commission whose task it will be to examine points of mutual concern.

Sowetan 6/7/90

The Fabcos delegation consisted of Ms Nonia Rampomane, president of National Black Consumer Union; Mr Simon Kgaobeosele and Mr Ken Dlamini, both executive members of South African Taverners Association; Mr Kehla Lukhele, president of the National Stokvel Association of South Africa, and Mr David Moshapalo, managing director of SATA marketing.

The ANC delegation consisted of top officials from the liberation movement's economic desk in the form of Mr Tito Mboweni and Ms Vivian Menamin.

The parties, in a joint statement, said their discussion was "frank and formal" as it discussed important economic and other matters in the changing South Africa.

Brave and rare: an indendent bookshop

W/E Mail 6/7–12/7/90

30

In a bookseller's world dominated by CNA-Gallo, it has been a long time since anyone tried to launch a wholly independent bookshop. Now a couple of bookish entrepreneurs are trying it. **FABIUS BURGER** spoke to them

THE gaily-coloured, Africa-patterned pillars at the entrance to Phambili Books on Plein Street mark an ambitious and rare venture: an independent new bookshop.

"When we first thought of opening the bookshop," say Jean Knoppersen and Stéfan Maré, co-owners of the shop, "everyone said we were mad, that we couldn't open a bookshop with less than R200 000 capital."

They opened on Sunday with very little money, shelves not yet full, and a ready-made image: successors in spirit, if not in fact, to a long tradition that started in the 1930s with Vanguard Booksellers and continued with the late and lamented De Jongh's in Braamfontein.

This shop, under owner Marcus de Jongh, specialised in political books — it was the only shop where one could get works by Marx and Engels, for example — and a range of books not available elsewhere that are called "upmarket" in the commercial jargon of the book trade, but that are essential if one wants to be well-informed on any subject.

In fact, Knoppersen and Maré wanted to buy De Jongh's when the owner left for overseas a few years ago, but that didn't work out.

Still, De Jongh's was limited. Located next to the University of the Witswatersand, the accent was academic.

"We will keep the sort of books Marcus kept," says Knoppersen, "but we also want to become a popular political bookshop, a people's bookshop, a community centre where you will be able to get information on what's happening, say, in the various political organisations.

"It will be the sort of bookshop where you can come in, have coffee (for a small donation) and a chat. Jage Jander will be running the bookshop, and he's a very friendly fellow and loves talking books."

How will they fit into a scene dominated by CNA-Gallo?

At present, a lot of political books are being unbanned. And the changing political climate has made it possible to supply books from the Soviet Union and the People's Republic of China.

Aren't those sort of books now, perhaps, out of date?

"Not at all," say Maré. "Readers will be surprised. Glasnost has had an effect, and their works have become critical. And the children's books from these countries are outstanding."

But Soviet and Chinese books are only part of the shop. They also intend to keep a full range of local and African literature.

Much of the new, post-apartheid discourse will be through novels, non-fiction, political pamphlets and so on — and even T-shirts and badges. It is important to have a centre where this material is readily available.

There is, however, one complaint: local publishers don't give any credit, they say, while overseas publishers allow 120 days credit. That's very [illegible], according to Knoppersen and Maré.

Phambili Books will also stock Afrikaans books. This is good news for Afrikaans readers because, surprisingly, Afrikaans books are difficult to obtain — at least those that aren't pulp bestsellers — and stocks kept in most bookshops are highly limited.

And they will keep selected fiction — but don't expect rows of the latest Wilbur Smith.

Catalogues from various publishers will be available, and Jander will place orders for customers. The shop, too, will operate a postal service to cater for readers in inaccessible areas or areas where there are no bookshops.

FM 6/7/90 (30)

RETAIL FM 6/7/90

A new deal

(30)

Shopping centre developers are looking to British models to help them "clean up their image" amid growing criticism that they ignore the needs of both retailers and the market in siting new centres.

They are major retailers, but their margins are being squeezed as the downturn in the economy starts to bite. Increasingly, they are laying the blame for large parts of SA being overshopped at the door of gung-ho developers.

However, retailers themselves — particularly the majors — are not above criticism. They stand accused by developers of driving development decisions, frequently the wrong ones, and taking up whatever space becomes available — even if it means going into competition with themselves rather than risk a competitor getting a toehold in a lucrative market.

They are also frequently ably assisted by the financial institutions eager to invest, but limited by retail and office property investment opportunities.

The bottom line is invariably over-development with the major retailers operating more stores but with diminishing returns.

Earlier this year, Sapoa charged Gavin Main of Liberty Life Properties and Coreprop's George Skinner with the task of repairing the damage.

Skinner, who has just returned from abroad where he studied the British Shopping Centre Council system established seven years ago, believes it could hold the key to SA's problem.

Based on his recommendations Sapoa has circulated a questionnaire — the first of two, according to Skinner — to about 250 decision-makers on all sides of the retail spectrum, from developers and financiers to centre managers and major retailers.

"The first questionnaire seeks to identify those who would be interested in establishing an SA Shopping Council. Later we will circulate a more detailed document setting out our objectives and seeking the agreement of those who do express an interest."

He believes the new council could be launched as soon as October or possibly early next year.

Explaining his support for the UK council, Skinner says since its establishment enormous strides have been made in improving the standard of retail property development and mangement. He adds that the system, administered through the Centre for Advanced Land Use Studies at the College of Estates Management (linked to Oxford University), has become a model which is attracting widespread interest from the US retail industry, among others.

"A cornerstone of this success," says Skinner, "is a two-year diploma in shopping centre management, putting the focus in Britain on education. It also provides a forum for debate among the major players, particularly financiers, developers, landlords, retailers and the various professions. That is what is lacking in SA."

It will be interesting to see whether Skinner and Main can sell the idea of a local shopping council. If past experience is anything to go by, it will be tough job.

Over-development — at least in the short term — is likely to continue in areas like the East Rand (where Skinner himself is trying to put together a major centre in Benoni) and Natal, where Durban and Westville are involved in an unseemly scrap over two rival regional centres. ■

Businessmen less optimistic about real growth this year

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The South African Chamber of Business (SACOB) says its business confidence index (BCI) declined marginally during June to 91,8 percent from May's 92.

Sacob says that the decline would have been harsher had it not been for "One-off" developments in the CPI figures and a bunching in motor car sales as a result of the launch of the Uno.

The three main factors affecting the BCI were:

- The weak gold price;
- The length and depth of the current economic downswing and
- The uncertainty arising from political developments internally and abroad that affect South Africa.

The main negative factors affecting the BCI, says Sacob, are:

- A small decline in imports which is seen as a slow-down in the economy;
- The fall in share prices on the JSE and
- The rise in the number of insolvencies and a sharp decline in the value of building plans passed.

Positive developments are:

- A slight improvement in the rand/dollar exchange rate;
- A decline in the rate of increase in the consumer price index;
- A slight decrease in the three month BA rate;
- A sharp increase in new car sales;
- The number of new companies registered continued to increase slightly and
- An improvement in the net immigration figure.

Star 6/7/90

Milder slowdown

Sacob comments that at the moment the economy is in a relatively modest recession but that business slowdown is milder than the two previous downswings in the last decade.

"Overall, it would seem that, although the current downswing is somewhat harsher than expected, it cannot yet be designated a deep recession."

The body went on to say:"There is less optimism now about the real growth rate for 1990 which is likely to be zero or slightly negative.

"Two big disappointments which have affected growth performance this year are the weak gold price and a less than satisfactory agricultural season."

Sacob goes on to emphaise the negative impact that the low gold price has had on confidence and says that prevailing supply and demand patterns indicate that there is little reason to expect a significant increase in the bullion price within the next 12 months or more.

Sacob concludes by saying: "1990 Must be seen basically as a year of adjustment and consolidation for the economy so that a sound basis is built for renewed growth next year. Business sentiment will adjust to the new economic and political realities as they evolve.— Sapa.

AMREL FM 6/7/90

Modest recovery 30

Activities: *Retails furniture, footwear and clothing.*
Control: *SA Breweries 69%.*
Chairman: *J M Kahn; MD: S J Berger.*
Capital structure: *9,21m ords. Market capitalisation: R77,4m.*
Share market: *Price: 840c. Yields: 9,8% on dividend; 29,2% on earnings; p:e ratio, 3,4; cover, 3. 12-month high, 860c; low, 700c. Trading volume last quarter, 105 000 shares.*

Year to Mar 31	'87	'88	'89	'90
ST debt (Rm)	7,6	6,8	7,2	0,6
LT debt (Rm)	155,3	132,5	121,2	94,8
Debt:equity ratio	1,67	1,25	1,09	0,72
Shareholders' interest	0,21	0,29	0,29	0,32
Int & leasing cover	1,42	3,30	3,34	5,80
Return on cap (%)	11,6	13,8	13,4	12,1
Turnover (Rm)	627	694	760	849
Pre-int profit (Rm)	43,3	52,8	53,6	48,8
Pre-int margin (%)	6,9	7,6	7,1	5,7
Earnings (c)	164	231	241	245
Dividends (c)	61	77	81	82
Net worth (c)	1 072	1 189	1 272	1 361

The latest results appear out of line with the more upbeat figures of some furniture retailers but are a modest recovery from a poor first half. Pre-tax profit for the year rose 8% on a 12% turnover rise. Even though a 27% hike in the interest bill, higher tax rate and lower contribution from equity-accounted associates (mostly Boymans) held the gain in

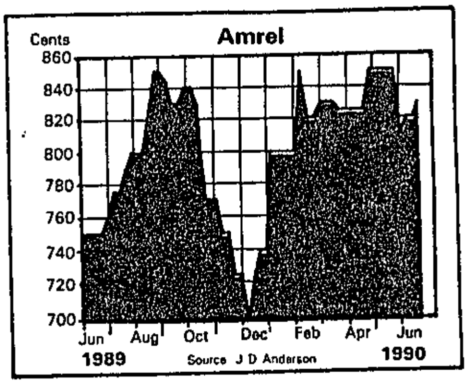
FM 6/7/90

attributable earnings to 1,8%, this compares with a half-time decline of 8,3%.

Management is happy with this. MD Stan Berger says the strategy in recent years has been to strengthen the balance sheet and earnings quality, not chasing sales at the expense of sustainable profitability.

National retail furniture sales were buoyant throughout the year, but turnover of the furniture and appliances division rose only 12,9% and earnings 6%. Appliance sales were generally weak in 1990 due to tight credit restrictions, whose easing may benefit Amrel later this year. (30)

First-half sales of footwear and apparel held up well, but Berger says thereafter margins came under increasing pressure. The loss-making Smiley Blue, Goophees and Rock Bottom — with about R4m turnover at mid-year — were sold for R2,8m. The 9,1% sales growth and 22% fall in earnings from



the footwear and apparel division largely reflect bad results from Select-a-Shoe/Footprint and the 36% stake in Boymans.

Turnover of the small services division (Early Bird, Multiserv and Prontaprint) grew 15,4%, but earnings were slightly off.

Berger says the intention is to increase the profit contribution from cash-based footwear and apparel, slowly reducing furniture's contribution to 50% from the present 66%.

The balance sheet has been rationalised. The debt:equity ratio is down for the third straight year. The interest in 50%-owned finance company Amretfin has been reduced by greater use of external debt and tighter control of debtors. Berger says all debtors' books improved; net debtors, including those financed by Amretfin, rose only 8%.

Stocks were written down and deferred tax comprehensively provided for; no further arrear write-downs are expected. Foreign subsidiaries over which there is effective control — such as those in Bophuthatswana and Swaziland — have been consolidated.

Berger says depressed retail activity will make it difficult to increase earnings this year but the group is well placed. He is cautious about prospects for furniture but expects improved profitability from footwear and apparel. New store openings will be resumed and systems will be upgraded.

With the sustainability and quality of earnings now looking better than those of some competitors, the share price, at 840c, is close to the 12-month high. *Pam Baskind*

BREAD F/M 6/7/90

Off to market

30

Next March, the bread subsidies, which cost government more than R250m a year at their peak, will finally end.

The good news is that this will usher in an era of deregulation and competition that will see the price of government bread and flour and the profit margins of millers and bakers set by the market, not government.

But what the impact will be on the price and supply of bread, not to mention the effect on the income of bakers, millers and

F/M 6/7/90

farmers, is anybody's guess. This type of uncertainty is the inevitable consequence of removing the type of price distortions that subsidies create.

Bakers, for one, have been forced to take wafer thin margins, often as low as 1c a loaf, and they look set to capitalise once the bread price is decontrolled. 30

Says Fedbake's Johan Brand: "It would be naive to expect an extended price war between bakeries when price control ends because there isn't much to cut. In urban areas that are located near bakeries, the price might come down. But in more remote towns, the price can only go up."

He is also sceptical about claims that additional companies will bake government bread once the regulation that restricts production to only six licensed bakers is removed. "A bakery would cost at least R10m to build. Are chain stores going to make that kind of investment for the returns that standard bread brings?"

But Pick 'n Pay chairman Raymond Ackerman is determined to enter the market. "We won't be able to bake all our requirements, but it would be a disaster if we still had to buy from Bokomo, Fedfood, Premier and Tiger, who would be in a position to push up the price and take the public to the cleaners."

Ackerman maintains that if the chain can bake 30% of its requirements, it will have sufficient leverage over the bakeries to keep bread prices down.

Johan van Zyl, professor of agricultural economics at Pretoria University, predicts that the price of bread will go up in the short term. "Bakeries have been allotted their own geographical areas, so there's no competition. But, if these bakeries are seen to be making reasonable profits, then competitors will enter the market."

Checkers MD Serge Martinengo says his chain has no plans to set up a factory-sized bakery. "Once the effects of deregulation have been worked into the system, I'm confident that the price will stabilise, as has been the case with milk." The milk price was decontrolled in 1983 and since then the price has fallen sharply in real terms.

Martinengo predicts that the government loaf will lose its dominant position when it is unsubsidised and taxed like all other bread. "There'll be a lot more diversity of shapes and sizes and there'll be branding of bread from different bakeries."

Premier Foods MD Willem de Kock confirms that Premier plans to push branded sliced and wrapped bread.

A warning comes from Wheat Board GM Ivan Hemingway, who says competition could drive some bakers out of the market. He points out that Spillers withdrew from the market in the UK because of low margins.

Of course, if this deregulation is successful, Hemingway's fears will come true. Competition is all about the removal of inefficient producers and that will tend to hold prices down. ■

SPECIALTY STORES F|M 6|7|90

On track

(30)

Activities: *Retails ladies' and men's clothing.*
Control: *Storeco 63%.*
Chairman: *N A Labuschagne; joint MDs: L Chiappini, S Cohen.*
Capital structure: *5,2m ords. Market capitalisation: R28,7m.*
Share market: *Price: 550c. Yields: 4,5% on dividend; 12,8% on earnings; p:e ratio, 7,8; cover, 2,8. 12-month high, 560c; low, 340c. Trading volume last quarter, 115 500 shares.*

Year to Feb 28	**'89**	**'90**
ST debt (Rm)	16,8	22,1
LT debt (Rm)	10,4	1,7
Debt:equity ratio	1,21	0,39
Shareholders' interest	0,27	0,48
Int & leasing cover	5,6	6,4
Return on capital (%)	18,7	18,1
Turnover (Rm)	134	185
Pre-int profit (Rm)	15,4	22,4
Pre-int margin (%)	11,5	12,1
Earnings (c)	66,2	70,3
Dividends (c)	24,0	25,0
Net worth (c)	224	362

A capital reconstruction and rights issue left the trading operation much the same, but with a larger, sounder financial base.

The Orrco Retail subsidiary took over Storeco's trading assets and was renamed Specialty Stores before being listed in June 1989. Storeco then became a pyramid, its main asset being 10,4m Specialty shares. (Since Storeco itself has 5,2m ords, each Storeco is effectively worth two Speciality.)

From the R16m rights issue, Specialty raised enough to finance rapid expansion without straining resources.

In general, stock and creditors net out at around 20% of turnover, so when a new store is opened, essentially just the cost of fixtures and fittings needs to be financed. But since the trading operations rely heavily on credit sales, growth in the debtors' book requires substantial financing.

This persuaded management to consider a takeover offer from Pepkor, whose cash flow would have been ample to fund this. As it was, during the year accounts receivable jumped to R72,8m from about R46,6m, indicating that all and more of the increase in working capital of roughly R24,7m was ab-

FM 6|7|90 (30)

sorbed by the R26,5m rise in debtors (R10m more than was raised in the rights issue).

Direct comparison of performance of the trading divisions is hindered by the reconstruction, but pre-interest margin increased consistently in the past three years from 7,5% to 12,1%. Over that period return on capital employed has held above 18% and return on equity is up from 16% to 19,4%.

Turnover and profitability have grown significantly in recent years. Last year was no exception. Sales rose by 35% and taxed profits by more than 60%. The increased number of shares because of the rights issue diluted EPS growth to 10,9%, but the balance sheet has undoubtedly assumed a stronger appearance. Accounts receivable alone are comfortably in excess of short-term borrowings and the modest long-term loans.

Chairman Nic Labuschagne told the AGM in Durban that the long-term target is sales of R1bn and operating profits of R100m-plus (against the present R22m) by 1994. He said the group is adequately structured financially to achieve this. More specifically, he envisages Milady's (now 141 stores) doubling its size and The Hub expanding out of its Natal base.

To judge performance simply on EPS growth may be harsh; more time should be allowed to demonstrate the benefits of reconstruction and recapitalisation and the progress of the expansion programme. If this goes according to plan, an historic yield almost 1% above the sector average could offer good growth prospects. *Gerald Hirshon*

A business nod for alternatives to army service

By PHILIPPA GARSON

THE South African Chamber of Business yesterday supported alternative service for conscientious objectors. 30

Sacob also recommended that the army not employ conscripts in townships, but should help improve their skills to make employment easier.

The chamber submitted a policy statement earlier this week to the Van Loggerenberg Committee (investigating military service), recommending that conscientious objection be decriminalised and brought to international standards. W/Mail 6/7-8/7/90

Sacob motivated that objectors do alternative service, which "should make provision for community work, including humanitarian and similar work appropriate to the man's qualifications."

Sacob suggested basic courses be provided for unskilled individuals.

Sacob said it supported conscription because the maintainance of a permanent force was not economically feasible. "However, if defence requirements are less than manpower only the necessary number should be called up."

A ballot system could be introduced, Sacob suggested.

Responding to Sacob's motivations, an End Conscription Campaign representative said yesterday her organisation was encouraged that groups like Sacob were seriously addressing the issue.

UDF man Gumede may get boot for his views

By S'BU MNGADI

UDF co-president Archie Gumede may have destroyed his political career by publicly opposing last week's national stayaway.

The ANC's internal leaderhip this week told Gumede, 75, not to talk to the Press any longer.

(30) C/P 8/7/90

The decision follows pressure on the ANC/-Cosatu/UDF alliance – which called the stayaway – to prevent Gumede publicly questioning the wisdom of the stayaway.

Last Sunday Gumede said: "If those who called the stayaway are really interested in peace, then it is not going to produce the results they want. It will have the opposite effect.

"The only solution is for political organisations to come to an agreement. Their presidents should meet and carry the agreement to the people."

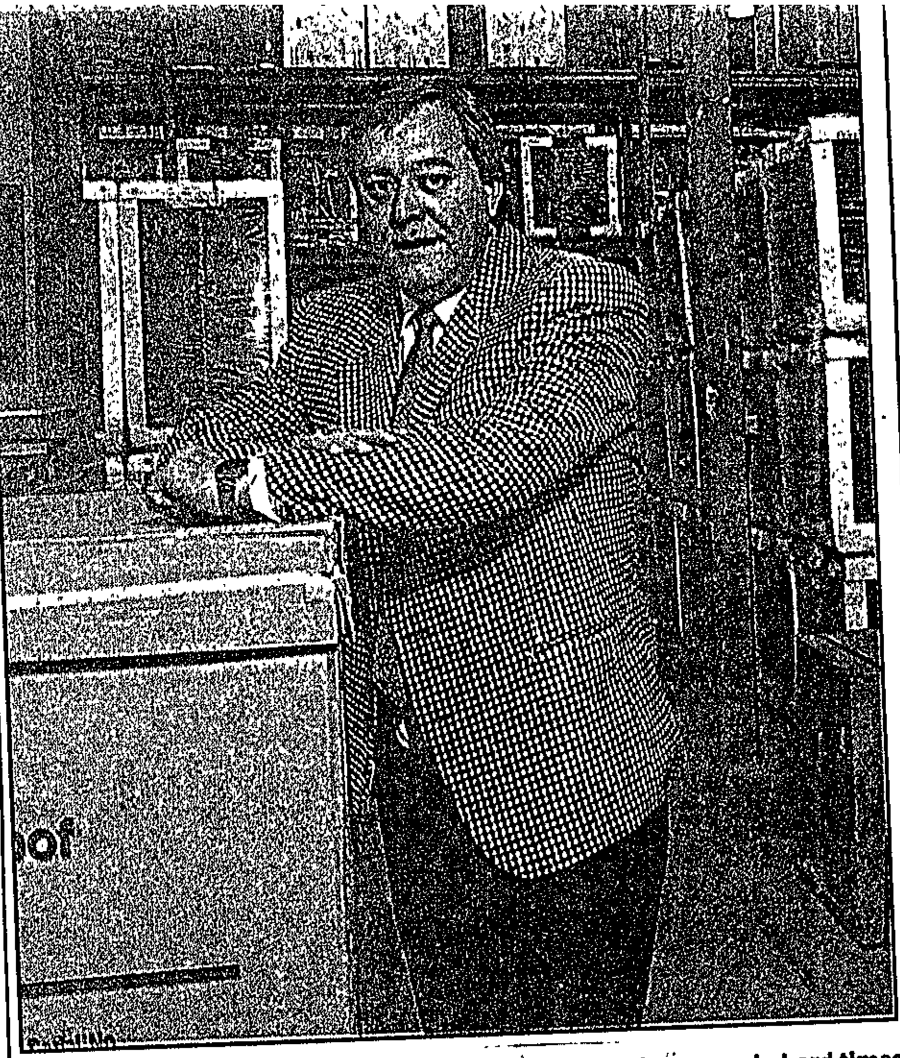
The decision to hold the week of national protest action was endorsed two weeks ago by the ANC's national executive council.

Internal ANC leader Walter Sisulu on Thursday took responsibility for gagging Gumede, but said his difference of opinion with the alliance was not "a division in the ranks".

Before being gagged, a defiant Gumede told *City Press*: "I believe I have been rapped over the knuckles by the ANC for my views, but this is the way I feel and I will continue to voice my opinion."

Senior ANC and UDF activists this week said the latest incident was the last straw and that Gumede had dug his political grave.

Political comment and newsbills by K Sibiya, headlines and sub-editing by K Naidoo, both of 2 Herb Street, New Doornfontein, Johannesburg.



JANNIE ELS . . . keeping the goods moving out of the showroom in hard times

Dion heads for R32m after four lean years

S/Times 8/7/90 (30)

By IAN SMITH

TIMES have been hard for the retail sector, hit by pressure on consumer spending, high interest rates, strikes and civil unrest.

But discount department store Dion has completed a remarkable turnaround in the past four years — moving from a R6m below-the-line loss in the year to June 1987 to a R25,2m profit in the year just ended.

"Prospects for continued growth are still good," says chief executive Jannie Els.

He is budgeting for a profit of R32m in the current year, and turnover should top R500m for the first time.

Four stores have opened in the four years, bringing the total to 15.

Not only the good numbers should ensure that Dion remains a major contributor to the listed Rusfurn group. Systems have been put in place which have cut millions from the shrinkage bill (aka theft), staff and management are highly motivated, labour relations are good and plans are in place for expansion of the chain. The group is unborrowed — "we earn interest," says Mr Els — and credit sales account for only 15% of turnover, which topped R412m last year. "We are happy with this level of credit. It has meant that we have ridden high interests."

He is particularly happy that Dion is increasing turnover in some sectors which are not showing overall growth. "This means we must be increasing market share."

This is one of the reasons why Dion has targeted furniture. Within a month there should be seven furniture outlets, most of them within existing Dion stores.

By the end of October Mr Els will have his strategy in place for a chain of mini-Dion high-tech stores in smaller towns. The first is likely to open in the next financial year.

Market research has been done on customers' demands and staff have been motivated by incentives which can double a monthly salary.

"We pay a lot of attention to customer service, and we do keep the promises we make," says Mr Els.

"Great care is taken to ensure that we have the right range of products. Direct imports account for about 5% of our sales, but they give us better margins."

vel bug still bites

...es 8/7/90 (295)

By DON ROBERTSON

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Sales of tickets to South Africans heading abroad in April rose by 18% to R81,3m — R12,7m more than in the same month last year. Sales in the first four months of 1990 were worth R521,3m — R174,6m higher than in the corresponding time last year.

There has, however, been little real income growth for travel agents in the past two to three years, partly because of higher fares, says Rupert Lawlor, president of the Association of SA Travel Agents.

Mr Lawlor says latest figures show that 488 000 SA tourists went abroad last year compared with 478 000 in 1988.

GAF puts out business directory

Star 11/7/90

(30)

The Get Ahead Foundation has launched a directory aimed at assisting emerging small businesses locate the various business development and resource organisations.

Listing about 100 business development agencies, the directory will be distributed free of charge countrywide.

Get Ahead's Israel Skosana said at the launch in Soweto yesterday that the business directory aims to reach existing businesses and to those people who wish to become involved in setting up their own businesses.

"It is hoped that this book will act as catalyst to people more involved in economic activities, and hence, their own economic empowerment."

Boycott takes effect in Potgietersrus

30

Sowetan 11/7/90

TWO Potgietersrus businesses are beginning to feel the pinch of a consumer boycott by residents of Mahwelereng township and nearby villages.

An organiser of the boycott, Mr Sam Montane, alleged the management of Supervleis, a butchery in the town owned by a Mr C van Zyl, had fired workers "without good reason" thus sparking the consumer boycott.

Residents were also boycotting Bosveld Bottlestore which also belonged to Van Zyl.

Business slow

Mrs Elize Meyer, a manager of the bottlestore, said business was slow since shebeen owners were their main buyers.

She said some of the shebeen owners who had bought on credit had stopped paying their accounts.

They had consulted lawyers to help them retrieve money owed, she said.

Meanwhile, consumers are still boycotting businesses in the OK Bazaars shopping complex in Potgietersrus for allegedly paying rent to the OK - whose workers embarked on a countrywide strike more than a month ago. - Sapa

to July 18 1990

South NEWS

Rural reprisals

South 12/7-18/7/90

30

GRAHAMSTOWN. — As a consumer boycott of white-owned shops in Burgersdorp enters its third week,white-owned shops are imposing their own consumer boycott on blacks by refusing to sell to them.

They are also sending their workers on "unpaid leave" until the boycott ends.

The move, believed to be initiated by right-wing elements within the Burgersdorp Chamber of Commerce (BCC), has been described as an attempt to break the boycott.

A pamphlet issued by the chamber of commerce distributed among white businessmen said a meeting held on July 5 by 50 businesspeople and members of the farmers' union resolved that no black person would be allowed to buy at any business.

The meeting also aresolved that "no whites may buy goods for their employees". Workers and domestic servants were included in the decision.

The pamphlet said from July 23 all employees would go on unpaid leave and should return to work after the boycott had been ended.

"The effect of the boycott is that employees will eventually be retrenched," the pamphlet said.

The chairman of the BCC refused to comment on the matter "at this stage".

A spokesperson for the Burgersdorp Residents' Association (Bura), Horatius Moleko, said residents decided to embark on the boycott after "fruitless" attempts to call for one town council for all races and the resignation of the Mzamomhle town council.

Moleko said residents had told the council that they regarded it as an "apartheid structure".

"The issue of the white consumer boycott will be taken to the residents and we can only respond to it after we have consulted them".—*ANA*

Large firms urged to pay up promptly

30

Sowetan 12/7/90

By JOSHUA RABOROKO

THE managing director of Small Business Development Corporation, Dr Ben Vosloo, this week appealed to large corporations to pay promptly when dealing with small businesses.

In a statement, Vosloo pointed out that a stable cash flow was of vital importance for the financial survival of a small business.

He said that was particularly evident in the present economic climate.

Liquidations of companies and close corporations increased sharply during the period January-April 1990, while the average number of liquidations a month in 1988 and 1989 was 130. In March and April this year, they were 172 and 170 respectively.

Annualised, that represented an increase of 16 percent on the number of liuquidations during 1989.

Cause

Undoubtedly, a major cause of the increased occurence of liquidations was the high interest rate. This affected all business by increasing the cost of loan capital which, if not matched by increased prics, reduced profits.

Consumer boycott planned to hit Vaal area next week

(30) Star 13/7/90

By Shareen Singh

A consumer boycott will begin in the Vaal region on Monday.

It will affect Veereniging, Vanderbijlpark, Meyerton and Sasolburg, Cosatu spokesman Zwelinzima Vavi told a press conference in Johannesburg.

The boycott, called by Cosatu's Western Transvaal region, Sayco and UDF affiliates, is a protest against "repressive measures" by Vereeniging and Vanderbijlpark town councils.

Protest rights

A statement by the Vaal Boycott Committee listed 20 incidents of harassment of leaders, banning of meetings and protest marches.

In the most recent incident, Cosatu's application for a march last weekend against the Natal violence was turned down. Mr Vavi said people could not understand why marches were permitted elsewhere but not in the Vaal.

The boycott will continue until the Vereeniging and Vanderbijlpark town councils recognise the right of every citizen to protest.

Other demands include:

- One nonracial town council with a single tax base.
- That Vanderbijlpark Town Council stops demolishing shacks.
- A constituent assembly to elect leaders to negotiate a new South Africa.
- An end to police harassment.

The boycott decision was taken after consultations with community organisations.

Boycott organisers are planning carefully to ensure that black shop-owners do not exploit the situation. Shops in the townships will have to be well stocked and prices reasonable.

Meetings have been held with the Vaal African Chamber of Commerce, South African Black Taxi Association and the Taverners Association to discuss the boycott.

F/M 13/7/90 (30)

OK BAZAARS

Bouncing on the bottom line

When OK's traditional customers began to drift, the company did not adapt

Something is seriously amiss at OK Bazaars. Once SA's premier retailer, it has deteriorated into an unfocused, marginally profitable, strike-torn operation whose performance must be of serious concern to controlling shareholder SA Breweries. Is there a plan to get it back on track? Better asset management has been promised and should materialise, but a necessary change in philosophy doesn't appear to be on the cards just yet.

Only the most patient or uninformed shareholder would hold on to an investment whose attributable earnings and return on equity peaked in financial 1984 at R40,7m and 17,6% and now stand at R20,2m and 5,9% respectively. Last year interest cover was an all-time low and the debt:equity ratio a high. Has SAB executive chairman Meyer Kahn, who turned OK around when MD, no advice for its present chief, Gordon Hood?

OK was established in 1927 by Michael Miller and Sam Cohen as a traditional bazaar which sold goods cheaply and for cash and was said to be "Everyman's Store." Shops were sited conveniently for lower-income consumers, who remain loyal — though not as much as they once were.

The chain grew rapidly and became the biggest, most powerful force in retailing. The establishment of Checkers in 1956; Pick 'n Pay, Spar, Shoprite and Metro in the Sixties; and Makro, Shield and Jazz in the Seventies increased competition. Earnings growth levelled off. With the founders fading from the scene and in hope of re-establishing direction, SAB acquired a controlling interest in 1973.

Cyril Atkinson was appointed MD but failed to stem the operating margin decline — the result of heightened competition and a swing away from higher-margin furniture and clothing towards food.

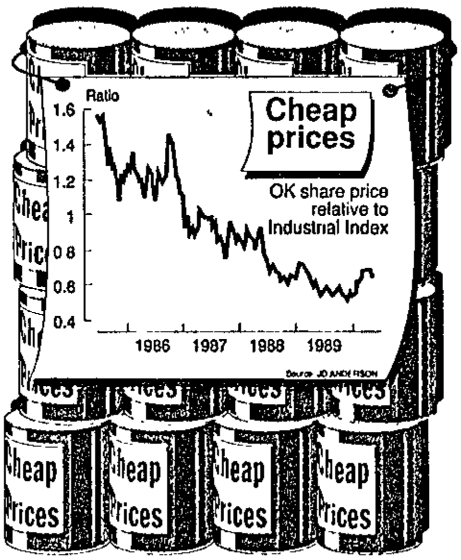
Kahn, known as a "superb trader" and a people's person, succeeded Atkinson in 1977, stabilised the operating margin and reversed the swing towards non-durables. Perhaps luck was on his side — the economy was buoyant, the first Hyperama was opened — boosting turnover, and, post-1976, the socio-political environment was quieter. Turnover and profits increased steadily. Earnings and dividends per share peaked near the end of Kahn's reign in financial 1982 at 307c and 142c — compared to 163c and 86c last year.

If Kahn was simply lucky, has Hood maybe been unlucky? He assumed the helm in 1983 midway through a recession and was faced with a fierce price war when new Checkers MD Clive Weil tried to buy market share and the other majors retaliated.

The shift towards food resumed and margins again came under pressure. Between 1982-1985 the operating margin dived from 4,8% to 1,7% and hasn't recovered. Last year it slipped to 1,6%, a sad comparison to the 8,2% in 1970 and 4,9% in 1980.

Not only profits have come under pressure — so has market share, despite Hood's desire to push turnover. It has lost sales to wholesalers at the bottom of the market and more specialised retailers at the top end.

During the 1985-1986 unrest there was a shift in the lower end of the market. OK's



core low-income customers increasingly began to buy from the informal sector. Wholesalers supplying spazas and informal traders benefited at the expense of retailers, particularly OK, which lost out on capturing market growth emerging from rapid urbanisation and the rise in black buying power.

Market share lost to more specialised retailers seems to be the result of sticking to the strategy of trying to be "Everyman's Store" — a slogan recently updated to "OK is for Everyone" and "Where you get what you ask for" — a strategy very successful in the Miller-Cohen era. But the "wheel of retailing" concept suggests that greater affluence leads to greater demand for specialisation, choice and quality. Big stores need to become smaller and more focused.

OK has not adapted and now competes on at least three fronts with companies in clearly identified markets. OK stores have spread into areas serving all income groups and are stocked with a wide range of merchandise. Competitors have identified particular sectors and customer profiles and aim at them.

In clothing, specialised opponents include successful SAB fellow-subsidiary Edgars, Pep, Woolworths and Foschini — all competing in various market niches.

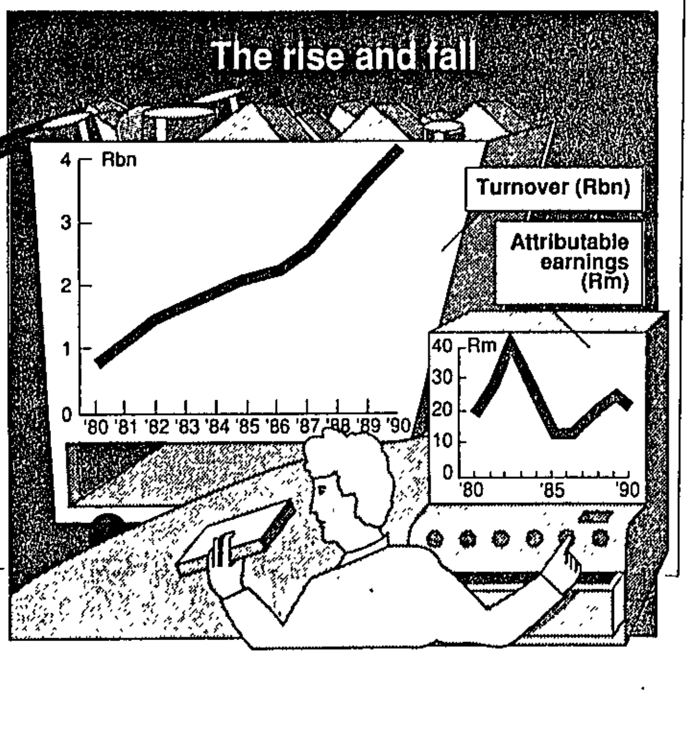
In furniture and appliances, formidable and focused opponents include yet another SAB sister company Amrel, Rusfurn, Ellerine, Morkels and Joshua Doore.

Pick 'n Pay recognised the need for focus when it spread out of the white upper-income market and developed 10 different formats for this. Checkers remains focused in middle-income territory since hiving off Jazz.

OK knows that clear identification of markets leads to success. Its Hyperama chain catering for middle to upper-income groups and marketed as a distinct entity is the most successful part of the operation.

Nonetheless, Hood maintains that there is still a place for a one-stop shop as typified by the Cresta OK, where a food hall and higher-quality clothing and furniture cater for specialisation. He is not about to change OK's philosophy but intends to rely on asset management to improve performance.

Advertising director Bob van Coller says that while OK has a broader range than any of its SA competitors, US groups like Wal-mart and K-Mart have grown successfully with equally broad ranges and simple marketing strategies. Though Hood still sees maintenance of market share as important, the "bottom line is a priority." Unprofitable stores are being closed despite the negative effect on market share. Closures may be accelerated if the strike continues.



FM 13/7/90 30

Central warehousing and computerised space allocation in some departments should lift stockturn from a miserable 6,1 times and cut stockholdings and shrinkage. Lower financing needs should in turn ease the interest bill — which, R33,4m last year, topped attributable profit by more than R13m.

New computer systems will assist relations with suppliers, who, according to Perry & Associates' Manufacturers Opinion Panel, are unhappy about hold-ups at OK's back door. Suppliers' attitudes are increasingly important since they provide substantial resources by way of confidential rebates, cooperative management (in-store help to merchandise products) and advertising. The survey also indicates that OK is positively perceived as understanding the black market and sited to take advantage of its growth.

Exposure to the black market is frequently cited by management as grounds for difficult trading conditions and falling profits. Boycotts, strikes and stayaways may hurt it more than competitors — but by now it should have adapted to events which have become part and parcel of the trading environment.

Van Coller says recent MRA research indicates that there is no retail chain as skilled and effective as OK in marketing to blacks. He claims that perceptually, the OK's reputation is stronger than ever.

But analysts feel OK has been buying customers: advertising campaigns centre on sales and discounts to all since it doesn't know precisely who its customers are any more. Though it is the biggest advertiser in SA people are not being attracted back into the stores. The general perception of an OK store is unfavourable and must be changed.

Van Coller disagrees totally: "OK is better placed than any other chain to benefit from the changing SA, given its enormous black customer base. OK has a proven record of mass merchandising. This unique skill coupled with a loyal customer base provides management with a strategy for the Nineties."

OK needs help in adapting to the changing retail environment and getting asset management right. Maybe Kahn can provide the right recipe again — he turned OK around before and now has additional insights provided by SAB's successes.

But as a leading retailer puts it: "SAB and Kahn seem to have a blind spot about OK Bazaars." Even if not justified, that's a dangerous perception which OK must overcome.

Pam Baskind

Call for consumer boycott in Vaal

By ISMAEL LAGARDIEN

COSATU, Sayco and the UDF have called for an indefinite consumer boycott in the Vaal from Monday.

The move follows what the three groups call "an onslaught against freedom of expression, assembly, speech and association" by the Vereeniging and Vanderbijlpark city councils.

They listed 20 alleged incidents of harassment, intimidation, restriction, killings and refusals to hold meetings over the past 12 months as the cause for the protest boycott.

Among the greivances was the killing of 17 people on March 26 this year. Hundreds of people were injured ~~in the~~ same incident. (30)

A spokesman for Cosatu said yesterday that these "atrocities" took place in the home towns of two of the prime movers of reform and negotiations, President FW de Klerk and Minister of Constitutional Development Dr Gerrit Viljoen.

"We fail to reconcile what these two have been advocating with what is happening in the Vaal. Our people in the Vaal fail to understand why marches could be allowed in every town in South Africa except in the Vaal," the spokesman said. Sowetan 13/7/90

He said the consumer boycott would continue "until Vereeniging and Vanderbijlpark recognise the right of every citizen of South Africa to protest".

Councillors' shops in the townships, "including Evaton Butchery" have been targetted.

The organisations urged black businesses not to exploit the situation by increasing their prices.

Vital services like chemists and doctors would not be affected.

Boycotts planned in FW's hometown

WMail 13/7 - 16/7/90 (30)

By JO-ANNE COLLINGE

ORGANISATIONS of the Mass Democratic Movement have called a boycott of stores in four Vaal towns because local officials refuse to allow free political activity in "the backyard of two foremost advocates of reform, President FW de Klerk, whose residential town is Vereeniging, and Minister Gerrit Viljoen, from Vanderbijlpark".

The boycott is due to start on Monday in Vereeniging, Vanderbijlpark, Sasolburg and Meyerton, according to a statement released jointly by the Western Transvaal region of Cosatu, the Vaal branch of the South African Youth Congress and the United Democratic Front Vaal Area Committee.

"The people of Vaal have had enough of the onslaught against freedom of expression, assembly, speech and association by the Vereeniging and Vanderbijlpark city councils," the statement declared.

"We say we are not going to buy even a box of matches in Vanderbijlpark, Vereeniging, Sasolburg and Meyerton until our demands are met."

Among the demands are that:

- Vereeniging and Venderbijlpark town councils recognise "every citizen's right to protest, including marching and picketing in town".
- The Vanderbijlpark council halt shack demolitions and make land available for housing.
- Police cease harassment and respect political freedom.
- An interim government be established and elections held for a constituent assembly.

The immediate trigger of the boycott was the refusal of the Vereeniging Town Council to allow a march through the town last Saturday.

A massive security force operation was mounted to ensure no unsanctioned demonstration took place.

But, insisted the organisers, this was just the tip of the iceberg. They cited 15 other instances during the last year of Vaal magistrates or councils preventing the activities of unions and community organisations.

Even shop stewards' meetings were repeatedly banned in the latter half of last year.

The fatal March 26 police shootings at Sebokeng were preceeded by refusal to permit a march in central Vereeniging.

The statement by MDM organisations called for "discipline and honesty" in the boycott, which they stressed was to be entirely voluntary.

They urged people to avoid confusion by shopping for groceries only within the township and not to resort to commercial centres like Johannesburg.

The Northern Cape community of Huhudi, which was also refused permission to mount a march in the nearby town of Vryburg last Saturday, is to decide today whether to institute a consumer boycott.

Organisations had already indicated that they were committed to mass action, said Darkey Africa of the Huhudi Interim Co-ordinating Committee, but the particular form of such action had to be finalised.

While the question of inadequate housing and services are at the heart of the action, the Vryburg Council's attitude to the town's black residents is an additional factor.

"We call on the Vryburg Town Council to shed all apartheid legacy and open all amenities to all races," said Africa. "The council's refusal to allow us to march to town last Saturday smacks of utter racism which does not reflect the new climate in South Africa," Africa said.

Star 13/7/90 (30)

Rash of holidays hitting profits

By Jabulani Sikhakhane

An increasing number of companies are running at a loss or closing shop because of the increase in official and unofficial public holidays, according to Ken Mason, general manager: industrial, at the Johannesburg Chamber of Commerce and Industry (JCCI).

Mr Mason says in most instances trade unions do not understand that out of the 25-day business productivity cycle of most companies, only 5 days are profitable. The rest of the days just cover the direct and overhead costs of the company.

A day's loss of production means less profits for the company and this also means less opportunity for employees to share in the company's profits, says Mr Mason.

"My opinion is that we should adopted a system similar to that in Canada where holidays are moveable; if a public holiday falls on Friday, it can be moved to Monday which is less disruptive to the productivity cycle."

Estimates are that the daily economic cost of each public holiday is no less than R400 million. Unofficial stayaways are even worse, with the South African Chamber of Business (Sacob) putting the cost of the recent ANC/UDF/Cosatu stayaway at more than R750 million in lost productivity.

Dr Azar Jammine of Econometrix says caution must be read into the figures being bandied about, as the case may be overstated.

"We have had the holiday problem for many years now. The problem is that different people are taking different holidays at different times."

He estimates that the effect of public holidays could be around R600 million per day. Based on forecasts of R260 billion gross domestic product for 1990, the effect of the public holidays on the economy this year would come to about R7,2 billion — equivalent to R20 per person.

Vehicle sales still falling

S Times 15/7/90

By DON ROBERTSON

CAR sales are heading for the predicted 10% decline this year after another drop in June.

But the light commercial segment, boosted by mini-bus sales, is expected to show the forecast modest increase.

Sales of the Fiat Uno, launched in April, helped the June figures.

Volumes declined by only 0,5% to 18 622 units compared with 18 712 in May. Sales were, however, well down on the 20 261 in June last year.

Shade

In the first six months, car sales declined by 8,6% to 103 861 from 113 726 in the same time last year.

June sales of light commercials continued to rise — by 10,6% to 10 111 units from 9 139. The total for the first six months was a shade higher at 56 360 compared with 56 322 last year.

Sales of medium commercials, although lower in June at 373 compared with 406 in May, were nevertheless higher for the first half at 2 434 (2 110).

Used-car dealers fear death blow from VAT

By DON ROBERTSON

USED-CAR dealers fear their business will be devastated when value added tax (VAT) is introduced in October next year.

VAT will replace GST on all deals between buyers and dealers — but no tax will be charged on those between individuals.

VAT charged to dealers will be based on the difference between the buying and selling price, and any other value added to the car, such as new tyres or engine reconditioning.

S/Times 15/7/90

Request

The National Automobile Dealers Association (Nada) has asked the Department of Finance to reconsider the matter.

Nada president Errol Richardson suggests that a "catalogue system" be applied to used-car sales over perhaps 10 years.

This system, used in Europe, allows for the depreciation of a car's value each year. VAT is charged on this value every time the car is sold.

His suggestion would also apply to private deals. It would require that the odometer reading be attached to each deal to prevent people from winding back the kilometres.

Mr Richardson says that as a result of a quirk in the proposed legislation, it is possible that used-car sales would increasingly be handled privately by "brokers" — not dealers.

About 75% of annual used-car sales of 500 000 worth about R6-billion are handled by dealers. Mr Richardson quotes the example of Germany where 80% of used-car sales were once handled by dealers. After VAT's introduction, the figure fell to 20% — and it was made up mostly of demonstration models belonging to dealers.

Mr Richardson says Nada has been watching the development of the VAT legislation for some time and was told by the Department of Finance in April that it had plenty of time to object.

He believes that under the proposed change, most sales could be shifted outside the tax net into private hands. The State would lose a large tax take. The ploy could be extended to heavy machinery and tractors.

He says it is vital that a strong dealership network be maintained. Dealers offer the buyer protection, he says.

"You would not by a Rolex watch from a man in the street and for the same reason you would be ill advised to buy an expensive car from the same person."

The new-car market could, however, benefit from VAT. It is generally accepted that VAT will come in at less than the 13% of GST.

Evasion 30

Economic consultant Econometrix believes that the Government's intention to raise R18,5-billion from GST in the current fiscal year could be achieved through a 7% VAT levy provided there is no "leakage" or evasion.

Even allowing for a generous tax "leakage" of 30%, the same income could be raised by 10% VAT.

If this were the case, the new-car market would benefit, says Nico Vermeulen, director of the National Association of Automobile Manufacturers of SA.

Shareworld plan to become Mega City

Star 16/7/88 By Guy Jepson

The first details of a plan to transform Shareworld into a multimillion-rand shopping and business complex, accommodating a taxi interchange with 400 platforms and a post office, were unveiled last night.

Announcing the concept, Paul Asherson, chairman of the Johannesburg City Council's transport and taxi committees, urged the private sector to consider using Shareworld to its fullest potential.

He had invited Shareworld manager Rene Lion-Cachet to brief the council so that its facilities and expertise could be mobilised to bring about the renewal of Shareworld by a wide spectrum of private-enterprise participants.

A source close to the project said: "If implemented, it would yield the most far-reaching and fantastic change to the social fabric of Johannesburg."

A post office with 25 000 boxes would form the core of the development, providing an essential service to Sowetans whose postal service was in a lamentable condition, the source said.

The post office and the proposed taxi rank — probably the biggest in the world — would form the lifeline of the complex, catering for an estimated 6 000 taxis a day.

The complex, which could be named Mega City, would have about 90 shops and businesses — including building societies, banks, filling and repair stations — and a hotel.

Fear of clashes in Vaal boycott

BDay 16/7/90 30

PETER DELMAR

A NUMBER of leading black organisations appeared at the weekend to be heading for a showdown with organisations in the ANC camp over the indefinite consumer boycott due to start in the Vaal Triangle today.

Spokesmen for the PAC, Nactu and Azapo indicated their organisations were unlikely to support the boycott, which has been called by Cosatu, the UDF and the SA Youth Congress (Sayco) to support demands that political marches and meetings in the region be allowed.

Fears have been expressed that the boycott — in Vereeniging, Vanderbijlpark, Sasolburg and Meyerton — could be characterised by clashes between boycotters and non-boycotters.

Union of Public Service Workers and Nactu spokesman Big Boy Mohapi said at the weekend Nactu had not been consulted about the boycott.

Mohapi, who is an additional member of the Azapo regional executive, said the boycott call was out of order as the local community had not had a chance to air their views.

Nactu leaders, he said, were attempting at the weekend to contact Cosatu and UDF representatives to discuss the issue.

He said Nactu had declined to attend a meeting called by Cosatu last week because it would have been expected to simply approve prepared resolutions.

PAC spokesman Benny Mtoele said as far as he was aware the organisation had not been consulted.

According to Cosatu Western Transvaal regional secretary Zwelinzim Vavi, however, the boycott call had met with an overwhelming response.

He said it was in the interest of other organisations to support the boycott as their meetings and marches had also been banned and restricted by the Vereeniging and Vanderbijlpark councils.

Cosatu, he said, would be prepared to end the boycott if its principal demand — that free political expression be allowed — was met.

The boycotters' demands also include a constituent assembly and an immediate interim government.

The SA Chamber of Business (Sacob) said on Friday the boycott was a senseless way of trying to achieve political aims.

The chamber said in a statement that SA was facing its most challenging year, with exciting opportunities for the future.

The success with which it tackled those challenges and exploited the opportunities depended not only on a political settlement but on strong economic growth.

This was particularly important if more jobs were to be created, it said.

Consumer boycott in 4 towns to begin today

By Melody McDougall,
Vereeniging Bureau

A consumer boycott in protest against "represive measures" by the Vereeniging and Vanderbijlpark town councils is set to begin in four Vaal triangle towns today.

The boycott is being called by the Cosatu's western Transvaal region, the UDF and Sayco affiliates, and will affect Vereeniging, Vanderbijlpark, Meyerton and Sasolburg.

Star 16/7/90

30

Protest

A statement issued by the Vaal Boycott Committee last week listed several incidents of harassment of leaders, and the bannings of meetings and protest marches amongst the reasons for the boycott.

In the most recent incident, Cosatu's application to stage a protest march through Vereeniging last Saturday was turned down by the Vereeniging Town Council.

Although there will apparently be no intimidation of black residents in the area who oppose the boycott, it is expected to continue "until the Vereeniging and Vanderbijlpark town councils recognise the right of every citizen to protest".

Other demands being made include:

- One non-racial town council with a single tax base.
- That the Vanderbijlpark Town Council stop demolishing squatters' shacks.
- A constituent assembly to elect leaders to negotiate a new South Africa.
- An end to harassment by police.

Furniture sales increase

MARCIA KLEIN 30

FURNITURE retailers have expressed cautious optimism about increases in sales since the lifting of credit restrictions in March, according to Furniture Traders Association (FTA) executive director Frans Jordaan.

National sales figures issued by the FTA on Friday showed a growth of 29,9% in retail sales for May 1990 over May 1989.

Jordaan says sales of radios, TVs and videos have been particularly good, with a growth in sales to black consumers "who did not have access to alternative forms of credit when the restrictions were in force".

Bday 16/7/90

His statement on Friday said the reason for expressing caution was that the effect of the pent-up demand when the HP deposit was lowered and the repayment period lengthened was still being felt, and that current figures were measured against an exceptionally low 1989 base.

The FTA would have more realistic picture in the next few months, he said.

Star 17/7/90 (30)

Conflicting claims on Vaal Triangle boycott

Melody McDougall

Conflicting views have been voiced on the effects of the consumer boycott which began yesterday in four Vaal Triangle towns.

Although Vaal Chamber of Commerce and Industries president Myer Weitzmann said it was too early to determine an effective pattern, organisers of the Vaal Consumer Boycott Co-ordinating Committee claimed the boycott was "almost 100 percent successful" throughout the affected areas.

Christo van Wyk, secretary of the Afrikaanse Sakekamer, who is also an industrial relations consultant and senior lecturer in industrial sociology, agreed it was still too early to determine the effects of the boycott.

However, he said although it appeared the boycott was not very effective after its first day, the situation could change by the weekend.

The boycott, which is to contiune indefinintely in Vereeniging, Vanderbijlpark, Meyerton and Sasolburg, is being called by Cosatu's Western Transvaal region, the UDF and Sayco affiliates in protest against "repressive measures" by Vereeniging and Vanderbijlpark town councils.

One of the major reasons listed for the boycott was the intransigence shown by the two municipalities over the granting of permission to stage protest marches through the towns.

The larger chain stores in the area were reluctant to comment on the effects of the boycott yesterday, but other businessmen agreed that there had been little support for it so far.

Mr van Wyk said he understood that it was estimated that if the boycott did succeed it could result in a revenue loss of about R2,5 million a day to traders in the whole Vaal Triangle area.

Half of this amount was spent on food.

Help black business, urges academic

By Michael Chester

The white business sector has been urged to build new bridges with black communities by the launch of a series of loan-based joint ventures to bring black business more into the economic mainstream.

The advice comes from Professor Lawrence Schlemmer, director of the Centre for Policy Studies at the University of the Witwatersrand, in the latest issue of the South Africa Foundation Review.

Professor Schlemmer reminds business leaders that redistribution of economic empowerment would take time as well as massive resources. More immediate strategies were needed to provide short-term results.

One aim could be the creation of loan-based trusts to launch and help manage new business ventures in which black directors and managers had co-ownership.

Business also needed to consider such strategies as black share-ownership schemes on an expanded scale.

Black community leaders as well as black businessmen should be encouraged to become partners in new initiatives — with white companies sending in management teams on contract, if necessary, under the authority of community boards, to provide experience and guidance.

Business also had to become engaged in negotiations about a new constitution. This required prior negotiation with both government and the opposition.

"It will be a delicate task and any attempt to play the major political actors off against one another should be avoided," he said.

"It might be best for business to restrict its participation to its own sphere of expertise — economic and related issues."

Business could also consider working towards the establishment of a specialised statutory council with powers of review and re-formulation of economic and labour policy.

Vaal consumer boycott goes off to a slow start

By MATSHUBE MFOLOE

THE start yesterday of an indefinite consumer boycott in Vereeniging, called by Cosatu, appeared to be a flop although organisers claim the action is enjoying significant support.

Residents from the Vaal triangle townships and farms were seen still shopping, some at the strike-hit OK Bazaars, in the morning.

At lunch-time workers bought their lunch packs from white-owned shops and business appeared normal at most of the town's fast-food outlets visited by *Sowetan*. Sowetan 17/7/90

A woman who bought from CNA at the OK Bazaars complex was confronted by a group of youths wearing Cosatu stickers.

She was warned to return the goods, which she did.

The woman said she was not aware of the boycott.

However, a spokesman for the Consumer Boycott Committee, Mr Zwelinzima Vani, said the boycott had overwhelming support and he believed it was "100 percent successful". 30

He said some people "are not aware but they will become aware of it as time goes on".

A police spokesman said yesterday there had been no incidents or reports of intimidation.

The protest suffered an early blow last week when the National Council of Trade Unions refused to back the boycott.

Nactu's Vaal region co-ordinator, Ms Maggie Mmamatlhare, said her unions were not properly consulted.

Although she acknowledged a letter of invitation for talks with Cosatu last Tuesday, she said a decision for an indefinite consumer boycott was reached by Cosatu before last week's meeting.

Star 18/7/90 (30)

Effects of Vaal boycotts differ

Small traders in Alberton said the consumer boycott launched by Tokoza residents recently had hit them hard and if it continued they would be forced to close.

The chairman of the Alberton Traders' Association, Ismail Loonet, said it was unfortunate that Indian traders were boycott targets, as they had nothing to do with the grievances of the Tokoza residents.

Although organisers of the consumer boycott in four Vaal Triangle towns claim the boycott was even more successful yesterday than on its first day, Vereeniging appeared to be thronging with black consumers during the lunch hour.

The boycott in Vereeniging, Vanderbijlpark, Sasolburg and Meyerton was called by organisations including Cosatu. — East Rand and Vereeniging Bureaux.

Star 18/7/90 (30)

NEWS

UK calls for black enterprise

The Star Bureau

LONDON — Mr William Waldegrave, Britain's Minister of State for Foreign Affairs, has called for blacks to play a full part in South Africa's economic life in order to increase the country's chances of making a peaceful transition to democracy.

Speaking at a Centre for Policy Studies conference on Britain and South Africa yesterday, he said: "Free enterprise in South Africa must mean black enterprise, as well as white."

There was general agreement that British aid was proving very effective in helping to improve the lot of black South Africans, Mr Waldegrave added. "It is also an expression of our opposition to apartheid. But at the end of the day, it is blacks and whites themselves who will determine the shape of post-apartheid South Africa.

"They will determine whether there is to be the substantial inflow of foreign investment that is needed if economic growth is to keep pace with a population increasing by nearly one million every year."

Mr Waldegrave said that potential investors had to be offered "the right economic climate".

If negotiations were to succeed, "whites must see a secure future for themselves ... but blacks, too, must feel they will be better off."

Mr Waldegrave credited British companies with playing an important part in opening doors to black workers in South Africa. But they could still accomplish more. "If I might mention one area where there is scope for better performance: there can be no excuse in 1990 for segregation at the workplace. British companies should continue to set the pace of abolishing such vestiges of apartheid."

No one could doubt the determination of black South Africans to build up something for themselves. But "it will need helping hands ... black South Africans will be looking for an imaginative response both from the State and the business community."

Arthur Kaplan Jewellers shows sustained progress

(30)

MARCIA KLEIN

THE listed Arthur Kaplan Jewellers (AKJ) retail and wholesale jewellery chain continued to show sustained progress in the year to end-June, says group chairman Arthur Kaplan in the latest annual report.

He says although economic trends this year have reflected reduced consumer demands, budgeted sales for the first quarter were achieved. He says strong asset management and strict control of overheads has led to an increase in profitability. B Day 18/7/90

Although affected by high interest charges, net income was up 20% to R1,7m (R1,4m). Operating income before interest of R4,1m was up 31% on the R3,1m of the previous year. Gearing dropped to 42% (68%), and a dividend of 4,5c (4,0c) was declared, covered 2,6 times.

Kaplan says the abolition of excise tax on jewellery will benefit the company by reducing the cost of replacing stocks off a low base, which has negatively affected turnover over the past year.

He says AKJ is fully equipped to maximise the relaxation of credit agreement restraints, making payments easier for clients.

Retail trade sales set to drop further — economist

B Day 18/7/90 SYLVIA DU PLESSIS (30)

RETAIL trade sales, already on a declining trend, are set to drop further this year as boycotts, stayaways, strikes and political uncertainty combine with the economic downswing to put a damper on consumer spending, RMB economist Rudolf Gouws warns.

Gouws said yesterday these factors all promised a "worse picture" for retail sales as the year progressed. "I see no turning point for either the economy or retail trade sales before mid-1991 or the third quarter of next year," he said.

Latest figures from the Central Statistical Service (CSS) — for the first quarter of this year — confirmed retail sales were in a downswing, he said. The CSS said total real retail trade sales for this period, at constant prices and seasonally adjusted, showed 0,7% growth during the first quarter of 1989 and a 1,4% drop compared to the last quarter of 1989.

Gouws said: "Sales will be even poorer in the second quarter, certainly showing negative real growth. Thereafter they will either be flat or show small declines." But tax refunds and smaller deductions would have a cushioning effect.

Standard Bank economist Nico Czypionka agreed strikes and "other disruptions" would weaken retail trade sales during the second quarter, but said they would not have a major effect as they tended to be isolated. "Overall, retail trade sales are reflecting just what the authorities wanted — weakened consumer demand."

'No one exempt from boycott'

Star 20/7/90

By Brendan Templeton

Indian businesses would not be exempt from the consumer boycott being conducted in Vereeniging and Vanderbijlpark, Cosatu's Vaal consumer boycott committee (VCBC) said yesterday.

And it would take firm action against looters who "intimidated and persecuted" delivery truck drivers taking commodities to the surrounding townships, the committee said.

The boycott is being held to pressure for the establishment of a non-racial town council with a single tax base, and to protest against shack demolition in Vanderbijlpark and the clampdown on protest marches.

A number of businessmen had approached the committee to say they could be forced to close down because of the drop in business, but the boycott would be maintained until its objectives were reached, the committee said.

Indian businessmen would also have to bear the weight of the boycott because it was not a racist one and was intended to pressure all businessmen to force the councils to greater democratisation, the VCBC said.

The boycott call was heeded by all sections of the black community, it said.

- An irate Vereeniging businessman, Ken Rogers, telephoned The Star and said he could be forced to close down due to the boycott.

He criticised the local council for failing to make attempts to solve the issue or to make a statement: "While bureaucracy goes on according to its own pace, the man in the street is totally forgotten."

The boycott was 99 percent effective and people buying at his business had their goods confiscated by youths outside the store.

"There's intimidation going on here the whole time ... if this continues, in two weeks I don't think I'll still be here," he said.

Oceana pushes up net profit by 33%

B 104 20/7/90

LIZ ROUSE

OCEANA Investment Corporation plc achieved a 33% rise in net profit to £619 857 (£467 289) in the year to March on ordinary activities after tax and amortisation of goodwill.

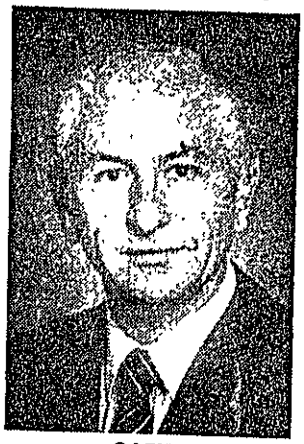
Earnings per ordinary stock unit increased by 30% to 11,5p on a larger issued share capital. The dividend has been increased by 36% to 7,5p (5,5p).

Shareholders will again have the option of a stock dividend as an alternative to the cash dividend in terms of the policy to increase the equity base.

The Lewis family (of Foschini fame) has developed Oceana, a rand-hedge stock for SA investors, from an investment trust into a corporation free to build up larger stakes in target companies.

Chairman Stanley Lewis said in London yesterday that this was the first year that attributable earnings of an underlying investment had been brought to account in the income statement.

This related to the company's share of earnings of Gioma Group B V, a restaurant chain operating in the Netherlands and Belgium. Gioma's results exceeded budget and were highly saisfactory, said Lewis.



● LEWIS

Oceana participated in a syndicate which made a substantial investment in Aquascutum Group plc. Although the syndicate was unable to exert management influence on the company, which was the prime objective, a satisfactory outcome was achieved and the investment was sold at a substantial profit, said Lewis.

Oceana's net asset value increased by 20% to 293,1p from 244,8p, largely as a result of the profit earned on the sale of the investment in Aquascutum.

The past year was a watershed for Oceana. Investment trust status was relinquished with effect from April 1, 1990, and the company's name was changed from Oceana Development Investment Trust plc.

Since the year-end a significant minority interest of 28,9% was acquired in Handbags International, which is the largest independent retailer of women's handbags and travel goods in Australia, operating through a chain of 158 stores.

The stake in Gioma was increased to 50%. Since the acquisition, a further two restaurants have been opened and two more are under construction, all in the Netherlands.

A refurbishment programme to update the older restaurants and bring them in line with the new image for the 1990s was under way, said Lewis. In due course a pilot outlet would be opened in the UK. This new market would be fully tested before expansion.

Boycotters call off talks with council in Vereeniging

B10 aug 20/7/90 THEO RAWANA (30)

THE Vaal Boycott Committee yesterday called off talks with the Vereeniging Town Council, which it was due to meet in an attempt to resolve the Cosatu-led consumer boycott in the Vaal Triangle.

Committee spokesman Zwelinzima Vavi said a meeting of MDM organisations had decided that the talks, set for August 8, would serve no purpose since the council knew what the boycotters' demands were.

Cosatu, UDF affiliates and the SA Youth Congress (Sayco) called the boycott after the council's refusal to allow a protest march on July 7.

The boycott, which Vavi said had been heeded by all sections of the community, started on Monday. It is in support of demands for the recognition of the right to peaceful protest. The towns selected as targets are Vereeniging, Vanderbijlpark, Meyerton and Sasolburg.

Vereeniging Town Clerk C K Steyn said the talks had been requested by Cosatu and the decision to call them off was tragic.

"The council has nothing against the march as such, but we cannot guarantee that the inhabitants of Vereeniging won't react. The council was objecting to the vast number of people set to march and, apart from the possible disruption of traffic on a Saturday morning there would be chaos, confrontation and possible loss of life," he said.

Crossfire

Vavi said the MDM meeting had also considered a request from Indian businessmen for exemption from the boycott, but had resolved that all businessmen concerned about the boycott should picket in Vereeniging and Vanderbijlpark and demand that blacks be allowed to march.

Checkers MD Sergio Martinengo said Vaal Triangle branches and those in Alberton (where a boycott began in June) reported an average 10% drop in turnover.

OK Midlands Province regional director Norman Nunan said it was difficult to assess the effect on turnover as the chain had been hit by strike action — which also barred black consumers from shopping there.

"We won't know until the strike is over, but July sales won't be down on last year," he said.

A Vaal Chamber of Commerce spokesman said: "The clothing shops are reporting losses, but the other shops don't seem to be suffering much."

Vanderbijlpark CBD Association chairman Woolfie Sussman said local traders should not be viewed in the same light as multinationals. "We are apolitical, but are caught up in the crossfire."

Pick 'n Pay Vaal spokesman Ashley van Wyk said the "boycott has not had an effect on sales". But he said its effects could be better assessed today.

Boycott vs boycott: Burgersdorp boils as whites retaliate

W/Mail 20/7-22/7/90

(30)

By BULELWA PAYI

TENSION has gripped the Eastern Cape town of Burgersdorp as white and black communities boycott each other.

White businessmen glower in the doors of their empty shops; refusing to sell to blacks most of whom refuse to buy from whites anyway.

The tension eased somewhat when township residents and the chamber of commerce agreed to swop petrol for jobs.

Black motorists would buy petrol from the garages, and in return the chamber agreed to cancel enforced unpaid leave which was to have been implemented on July 23.

According to a representative for the Burgersdorp Residents' Association (Bura), Horatius Moleko, a delegation from the residents' association met with the Burgersdorp Chamber of Commerce (BCC) to plead to them not to go ahead with an earlier decision to send black employees on unpaid leave.

The residents, however, have reiterated their commitment to strengthen the boycott until the black community council resigns.

The threat of unpaid leave, and ultimate retrenchment, came in a recent circular from the chamber, which said blacks would not be allowed to buy anything in town — an attempt at retaliation.

While the chamber says no shops had to close as a result of the four week-old boycott, white businessmen have been hard hit and have taken an aggressive line to deal with "intimidators".

A resident, Monwabisi Bangiso, was beaten up by two shopowners who alleged Bangiso — one of a group of residents monitoring the boycott — had intimidated shoppers.

But in Mzamomhle township shopowners say they have "never had it so good" as black customers stream in to stock up.

Among those shop-owners, former mayor Dinti Gxalaba — who resigned in May because of pressure from residents — is selling petrol he had trucked in from Aliwal North.

Gxalaba says he could not stay on the council when people who had voted for him were asking him to resign.

"I am working with the residents now and help them wherever I can".

The boycott followed "fruitless" attempts by Bura to pressurise the township council to step down.

The chamber of commerce was asked to participate in the call which aims to form one city council for all races.

Moleko accused the council's superintendent of urging the "illiterate" councillors to stay on.

He said apart from a hall which was built against the wishes of the residents, nothing had been done by the council.

Moleko said the council had failed to resolve a burning issue: providing residents with decent houses.

"The recent four-roomed houses that they have built are sold at R16 000 and have no toilets."

The houses, however, overlook two large sewerage dams.

Attempts to resolve the boycott have recently been marred by the community council's refusal to put their claim — backed by a large following — to the table for discussion.

Councillors walked out of a meeting scheduled to discuss ways of holding a referendum to test opinion.

The idea, has since been temporarily dropped. — ANA.

Boycott buster ... former mayor of Mzamomhle township in Burgersdorp, Dinti Gxalaba, in his shop with petrol he trucked in from Aliwal North after whites in town met the consumer boycott with a boycott of their own.

Picture: AFRAPIX

A resident of Baguio, in the Philippines, carries his belongings as he leaves the city on foot. Thousands of people have fled the quake-hit area because of fears of aftershocks. The death toll has risen to nearly 500, and late reports yesterday claimed that hundreds more might have perished in landslides in the remote northern mountains. Picture: REUTER

Police believe they are closing in on Rudolph

LINDEN BIRNS

POLICE believe they are hot on the trail of Piet "Skiet" Rudolph after the arrest of a prominent Johannesburg advocate in connection with the illegal possession of explosives.

Police said they seized a number of handgrenades during a Wednesday night raid on the Robertsham, Johannesburg, home of Adv A A Smith, who has previously represented AWB leader Eugene Terre'Blanche and other AWB members.

Witwatersrand liaison officer Capt Eugene Opperman said yesterday Smith was arrested in Schreiner Chambers in Johannesburg after intensive SAP investigations into a recent spate of explosions on the Reef.

He added that the SAP was "rapidly closing in" on Rudolph, fugitive Boerestaat Party deputy leader and self-confessed arms thief.

In the raid on Smith's home, police confiscated an M26 grenade, a Mills "pineapple type" grenade and an "instant light" grenade.

Sapa reports a Witpoortjie man, John Roesch, who was recently detained with Daryl Stopforth, Leonard Veenendal and other right-wingers under Article 29 of the Internal Security Act, yesterday appeared briefly in the Johannesburg Regional Court with Smith. Neither was asked to plead to any formal charges.

Opperman said a charge of illegal possession of explosives was being investigated. Smith and Roesch were released on bail of R4 000 and R5 000 respectively.

Sapa quoted the SAP as saying they were still searching for Fanie Goosen and Cornelius Lottering in connection with recent terror blasts.

Both men are allegedly members of the extreme right-wing "Order of Death".

AWB spokesman Kays Smit said Smith had last been involved with the AWB many years ago.

"Why don't the police say that he was a member of the NG Church — he had more to do with them than with the AWB," he added.

Boycotters call off talks with council in Vereeniging

THEO RAWANA (30)

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Soft drinks may be in short supply

Star 20/7/90

By Brendan Templeton

Soft drinks in the Johannesburg area may be in short supply at cafes and small stores due to a work stoppage at the Coca Cola main bottling plant in Benrose.

Personnel manager Rudi Bosch said supplies were disrupted after drivers complained they were being intimidated not to deliver to strike-hit supermarkets.

The stoppage began last Tuesday when drivers refused to work.

Deliveries are being continued by part-time crews.

Food and Allied Workers' Union spokesman Ernest Buthelezi said workers were being intimidated by management and "unknown workers".

The resultant stoppage was a result of the intimidation and solidarity with a request by Cosatu that workers at all SA Breweries subsidiaries take sympathy action to pressurise the umbrella company to accept striking workers' demands at Southern Sun and OK Bazaars, he said.

MDM warns Vaal looters: We will take tough action

W Mail 20/7 - 26/7/90

(30)

By PHILIPPA GARSON and Sapa

THE Mass Democratic Movement said yesterday it would take tough action against anyone caught looting in townships around the Vaal River Complex, where a consumer boycott of white businesses was enforced on Monday.

The organisation condemned "this barbaric practise" and called on the perpetrators to immediately stop the looting.

"It is the decision of the organisations that delivery trucks should have commodities available in the townships," the MDM said.

The warning followed the MDM meeting late on Wednesday afternoon in the Vaal, held to assess the boycott.

Vaal police on Wednesday reported two incidents of alleged intimidation in which shoppers' goods were dropped on the ground by youths.

In another development, the Vaal Consumer Boycott Committee confirmed this week that Indian businesses would not be exempt from the boycott action.

A delegation of Indian businessmen had previously requested that their stores be excluded from the consumer action, which is to protest against continued clampdowns on protest marches and pickets.

The Vaal Consumer Boycott Committee issued a press statement yesterday stating that while the Indian community had played an important role in the struggle against apartheid, the aim of the boycott was to put pressure on the town councils of Vereeniging and Vanderbijlpark.

The Vereeniging town council had said previously that protests could not be held because the business community was against them, according to the organisers.

"All businessmen concerned about the consumer boycott should approach the town councils concerned ... and demand that we be allowed to march as well", read the statement, adding that the boycott had so far been heeded by all sections of the community.

The committee also decided that a meeting between themselves and the Vereeniging town council scheduled for August 6 would be cancelled, on the grounds that the council was well aware of boycotting residents' demands.

BUSINESS

W/E Mail 20/7 – 26/7/90

Toy prices are no longer child's play

30

The price of toys has risen sharply. **ROBERT LAING** looks at some of the reasons for the increases.

AS any parent knows, most popular toys are shockingly expensive.

A low-technology labour-intensive industry like doll production should be just the thing to ease South Africa's unemployment problem.

However, local toymakers claim it would take decades for this country to become a significant producer of children's toys.

Joint-MD of Prima, which manufactures 60 percent of local toys, Joe Diamond says: "Anybody producing toys in this country can't be 100-percent sane.

"South Africa has become one of the most expensive places in the world to manufacture in.

"We can't export because labour costs are too high and quality plastic resin has to be imported.

"Local volumes don't allow us to buy raw material in bulk and packaging costs are far too expensive in this country."

Importers accuse local doll manufacturers like Prima of being over-protected by the government.

Toy Association chairman Norman Wetterhahn says: "South African toys carry some of the highest import duties in the world.

"Metal, wooden, cardboard and soft toys carry 25 percent, plastic toys carry 35 percent and dolls with an FOB value of more than 20c carry a 60 percent surcharge."

This is why plastic Mutant Ninja Turtles, imported by Prima, sell for nearly R30.

The growing popularity of licensed products, linked to film and television characters, cannot be made here and are another hurdle for local manufacturers.

Diamond says: "South African retailers used to be dynamic, but they don't market new products effectively anymore.

"We have to rely on American films to do it for them now.

"Wood and soft toys are also prohibitively expensive to manufacture.

"Only very bulky toys, like plastic balls, are worth making locally because of their high freight cost."

Redgwoods director Tony Croudace says: "The major toy market is the United States.

"To target it, companies must either go very big or not bother. The general tendency is not to bother."

'Debt erasure won't end boycott'

Star 21/7/90 (30)

JOVIAL RANTAO

THE erasure of R800 million rent arrears by the Transvaal Provincial Administration (TPA) would not necessarily mean that Soweto residents — who have not paid rent and service charges for four years — would resume paying.

This warning came from Soweto community leader and member of the Soweto Peoples Delegation, Mr Lebamang Sebidi in an interview with Saturday Star.

"Until the Government addresses the real grievances of the people, no one will be prepared to pay," Mr Sebidi said.

"The rent arrears were not part of the people's grievances because when the rent boycott started there were no arrears."

'Big step'

Last week the Government announced it was consdering erasing the R800 million debt mountain accumulated by various local authorities through proctracted rent boycotts.

Mr Sebidi said by scrapping the debt, the Government would not be addressing the complaints of the residents but would be paving the way to negotiations about the improvement of services. "It's a big step foward," he said.

Mr Sebidi emphasised that Soweto residents wanted to pay, but they would do so as soon as everything was set right.

"People demand affordable and high quality services. No Sowetan in a right frame of mind would want to stay without paying for good services," the community leader explained.

Another big problem, according to Mr Sibidi, was the question of townships not being treated as part of their adjacent cities.

He said Soweto people also felt that the ownership of houses should be transferred to the residents who have paid rent year on end.

"Soweto residents are not happy about not paying service charges.

"I want to pay, Frank Chikane wants to pay ... everyone wants to pay but only after everything has been set right," said Mr Sebidi.

Mr J J van der Walt director-general of the TPA said the scrapping of arrears was a significant issue in the rent boycott, as were other issues, one of which related to the improvement of services.

"The local authorities are giving their urgent attention to the question of services, but it stands to reason that they will only be able to improve them if residents are prepared to pay their municipal accounts," Mr van der Walt added.

The contribution of the Regional Services Council was considerable, but did not contribute towards the maintenance of existing services.

Said Mr van der Walt: "One therefore finds the situation that services will only be improved substantially if the entire community co-operates in order to improve the quality of life of every member."

On the question of the transference of the ownership of houses, Mr van der Walt said the TPA has not been officially approached for its views on the issue.

"And it has therefore not yet formulated its views on the matter."

Mr Tom Boya, President of the United Municipalities of South Africa (Umsa), welcomed the scrapping of the debt as a definite step in the right direction.

Upgrading

He also did not believe that township residents did not want to pay rent and service charges.

"I don't think people don't want to pay, people will pay only if they are rendered good and effiencent service by the councils," he said.

The Daveyton mayor believed what was needed now was a programme of upgrading through which local authorities could improve their service to the residents.

Sales up by 24%

(30)

Business Times Reporter

FURNITURE retailers are cautiously optimistic about the increase in sales since credit restrictions were lifted in March this year. Sales in May were 29% higher than in the same month last year. S[T]imes 22/7/90

Furniture Traders Association executive director Frans Jordaan says: "We are cautious because we are still feeling the effects of pent-up demand unleashed when the hire-purchase deposit was lowered and the repayment period lengthened.

"Sales are also looking good because they are measured against an exceptionally low 1989 base."

Mr Jordaan says a levelling off in sales is already evident.

Business Times, July 22, 1990

Ellerine heads for best in 40 years

S'Times 22/7/90 (30)

ERIC ELLERINE ... founder, chairman and managing director turned £108 into a fortune

RETAIL furniture giant Ellerine Holdings celebrates its 40th anniversary this month with record profits and dividends, a peak JSE price and a commitment to expand.

Nationwide chain born in one small furniture store

By DON ROBERTSON

Founder, chairman and managing director Eric Ellerine says income for the year to August, to be disclosed in October, will be the best ever and shareholders will receive record dividends.

By then, the Ellerine group will include 321 stores, with the addition of another 17 outlets in the next three months.

He forecasts that by the end of the century, 500 stores will carry the Ellerine name throughout Southern Africa.

The embryo of the Ellerine group was established in July 1950 by Eric Ellerine who left university to fill a gap he had seen in the furniture business — the burgeoning black market.

Basic

With only £108 in his pocket, the 16-year-old entrepreneur opened a furniture store in High Road, Germiston, to meet the needs of the increasing number of blacks who were drawn to the city for work.

Their basic needs were beds, tables, chairs, coal stoves and wardrobes.

Eric's Furnishers was an immediate success and by 1952 it had moved to better premises in Knox Street. Eric Ellerine was joined by his brother Sidney, who is now director responsible for developing group marketing, merchandising and promotional strategies.

The company's capital had increased to £10 000 by 1956.

In 1976, the Tedelex group gained control. Gencor bought Tedelex in 1983. The Gencor interest was eventually acquired by its subsidiary Malbak, which now holds slightly more than 60%. The Ellerine family maintains its 20% stake and has full management control.

The 100th store was opened in 1974, the 200th in 1981 and the 300th this year.

New stores do not come cheaply.

"It costs between R1,5-million and R2-million in the first two years to open a store," says Mr Ellerine.

Team

All the stores do not bear the Ellerine name. Also in the team are Royal Furnishers, Oxford Furnishers, Town Talk Furnishers, Rheingold Furnishers, Volks Furnishers, Jako Furnishers and FurnCity. They are spread throughout SA, Bophuthatswana, Botswana, Lesotho, Transkei, Swaziland, Ciskei, Venda and Namibia.

FurnCity, which deals in a more affluent market, is destined for growth.

In the difficult six months to February this year when the sector went through hard times because of hire-purchase curbs and high interest rates, Ellerine confounded JSE sceptics with excellent results.

Sales rose by 31% to R239-million from R182-million. Earnings a share rose by 88% to 327c from 174c. Dividends climbed to 109c from 58c.

The reason for the improvement, says Mr Ellerine, was a decison taken in 1988 to clean up the debtors book and manage assets more carefully.

The benefits of this timely action and an increase in turnover were felt in the first half of the current year.

Mr Ellerine says: "This decade could be one of real growth and major developments as our market expands."

Agreed

But Mr Ellerine is aware of the pitfalls — labour problems, boycotts and stayaways. He is happy that Ellerine's wages for the next year have been agreed on.

The group has about 700 000 current account holders and a debtors book of R430-million. It has, however, an extremely strong balance sheet with no borrowings and minimal stocks. At the end of last year, stocks were a mere R28-million.

"We are able to turn stock over 12 times a year by dealing directly with furniture manufacturers. This is an example of excellent asset control."

Training

Mr Ellerine claims to run one of the largest private training schemes in SA, an excercise which is not curtailed even in bad times.

"The welfare of my staff is uppermost in my mind."

The motto in the reception area at the firm's Germiston headquarters reads: "Our success is people."

Mr Ellerine is still excited by his business — even after 40 years. But after an 11-hour day, he refuses to take work home. He spends time with his wife and family, jogs on sunny mornings and plays a "poor but enthusiastic game of golf".

The share is trading at a peak of R27,50 compared with a low of R10 last August. It offers a historic price earnings ratio of only 4,1 and a dividend yield of 7,9%.

Nafcoc's status set to increase

THEO RAWANA

TWO events bound to set the National African Federated Chamber of Commerce (Nafcoc) on its way to being part of the African economic scene are on the cards. (30)

The Preferential Trading Area for Eastern and Southern Africa committee has requested the SA black business organisation to send an eight-man delegation to take part in a meeting to be held in Harare from August 20 to 23. B/Day 23/7/90

In the next few weeks representatives from the Southern African Development Co-ordination Conference (SADCC) will visit Nafcoc for talks about its representation in that body, Nafcoc executive director Mofatsi Lekota said last week.

Nafcoc public affairs director Gab Mokgoko said the organisation saw itself as a force to market the SA of the future to Africa and the world.

With the help of the International Chamber of Commerce — of which Nafcoc president Sam Motsuenyane is a member — and the ANC, a 16-man Nafcoc delegation visited Egypt, Ethiopia, Kenya, Tanzania and Zambia last year.

Aim of the visit was to exchange experience with chambers of commerce north of the Limpopo and expose black SA businessmen to post-independence challenges and opportunities in the countries visited.

Star 23/7/99

Indian traders close

30

Pretoria Bureau

Almost all the Indian traders in the boycott-hit town of Bronkhorstpruit in the Eastern Transvaal closed their businesses at the weekend in an attempt to protect their black customers.

The action follows the distribution last week of new boycott pamphlets by the Consumer Boycott Co-ordinating Committee, which represents the civic associations of Zithobeni, Rethabiseng and Ekangala.

Broken

The pamphlets extended the boycott to all white-owned businesses, and to Indian traders, who had previously been excluded. Chemists, surgeries and one petrol station are excluded from the boycott.

A committee spokesman said the decision to include Indians had arisen because some had broken an undertaking not to buy from white businesses.

The Indian Traders' Association told The Star its members had supported the boycott from the beginning, but had experienced problems with some of the leaders.

The spokesman said they had set up meetings with leaders of the black communitities, but nothing concrete had come of them because they always met new leaders, who did not recognise decisions taken at previous meetings.

He said they had decided to close their businesses to protect customers from the marshalls who enforced the boycott.

"Sometimes we tried to advise customers not to purchase anything, but they insisted. A few minutes later the same customers would be forced by the marshals to return the goods."

He appealed to the committee to meet his association in an attempt to reach a better working method.

Easing of restrictions boosts appliance sales

BDay 23/7/90 MARCIA KLEIN 30

BUOYANT sales of television sets, appliances and sound equipment over the past few months have reflected the positive effect of government's easing of HP restrictions and import surcharges in March.

Sales figures issued by the Furniture Traders' Association for April and May were higher than last year's by 29% and 30% respectively for furniture and appliances.

While no separate figures were available for TV and radio equipment, 20% to 30% increases in sales have been shown by most major retailers since March. However, most retailers expressed reservations about the growth in sales which had been measured off a very low base. They said sales would level off once pent-up demand had been met.

Sales should stabilise at a more realistic increase of 20% over the next few months, OK furniture goods marketing director Arthur Solomon said last week.

Improved credit facilities had made goods more affordable, with deposit payments on HP agreements reduced from 20% to 12% and repayment periods increasing from 18 to 24 months. Radio and Television Manufacturers' Association chairman Jack Cohen said this had led to a more even spread between purchases of furniture and appliances previously restricted.

Import surcharges have been reduced from 60% to 40%. VCRs were not affected.

Morkels MD Carl Jansen said the sale of TVs had taken off with a 70% growth over the past year. The audio market has also shown an increase in sales despite a shortage of supply.

The lifting of restrictions had a favourable effect on growth in sales this year at Dions, especially over June, financial director Mannie Chaimowitz said.

Retail adspend expected to drop sharply this year

B Day 24/7/90

30

Media Spot
SYLVIA DU PLESSIS

INDUSTRIAL action and boycotts, coupled with a slowing economy, are threatening to send retail adspend figures plummeting to negative growth levels this year.

This is the warning from Young & Rubicam (Y & R) SA Hedley Byrne media director Terry Naude, who predicted yesterday that total 1990 retail adspend could reflect negative real growth of as much as 10% over last year's R343,7m.

Share

Naude said figures for the first four months of the year — Adindex's May statistics are due out later this week — indicate retail adspend has climbed in rand terms over 1989, but has not shown real growth.

"The primary medium for retail adspend is traditionally print, but its share of this medium dropped to 40,6% between January and April, compared with 41,7% in the same period last year," he said.

While supermarket adspend had grown in rand terms during the four months to R37,2m from a corresponding R32,7m, this represented a decline if adjusted in terms of media inflation, estimated to be "at least 17%".

"All this means the ad industry is not in for a good year in terms of retail advertising. I believe the trend we have seen in the first four months of the year will continue."

Media Shop MD Dick Reed said while he did not expect a dramatic decline in 1990 retail adspend, it would be "optimistic" to predict real growth.

"Obviously factors such as industrial unrest have an effect, but I believe retailers need to advertise to get results. In addition, there's still a large amount of money out there, and retailers advertise necessities.

"Retailers and advertisers must do it smarter, better and more effectively. My advice to them is don't cut your advertising investment, but make sure it's working 110% for you," he said.

Y&R SA (Retail) chairman Dave Buirski, whose unit bills about R100m annually, recommends that retailers hard hit by industrial action and boycotts be more selective in their adspend.

They should ignore boycott areas and rather go for regional advertising, he added.

Traders plan counter-boycott

Eastern Transvaal bid to cut off supplies to black townships

Star 25/7/90

By Clyde Johnson, Lowveld Bureau

NELSPRUIT

Businessmen in the predominently right-wing Eastern Transvaal are planning counter-boycotts aimed at cutting off supplies to black townships in the face of a massive consumer boycott of white stores due to start this week.

The African National Congress confimed today the boycott would be spread across the Eastern Transvaal.

Activists said stores from Witbank to Komatipoort would be targeted.

Included would be conservative strongholds such as Nelspruit, Malelane, Barberton and White River, where traders told The Star they would not take the boycott "lying down".

Pamphlets being distributed in townships on behalf of the "Eastern Transvaal ANC Consumer Boycott Co-ordinating Committee" refer to the Eastern Transvaal as the "killing fields of the AWB and other right-wing lunatics".

Details of the proposed boycott were due to be made known at a press conference at ANC headquarters in Johannesburg later today.

The Lowveld Business Club, an organisation comprising right-wing businessmen, has pledged a whites-only counter-boycott.

'Other plans'

Wholesalers of groceries, petrol and other commodities would be urged not to sell in black townships, said chairman Louis Badenhorst.

"If the people want to boycott, let's show them how and see who lasts the longest," he said.

All businesses affected by the boycott would immediately give their black staff unpaid leave.

Should the employees fail to resume duty after the boycott, people willing to work would be employed.

Mr Badenhorst said the club also had "other plans of action", which he declined to divulge.

Other businessmen have also indicated they would give leave without pay to all staff during the boycott.

Asked to comment, Nelspruit Chamber of Commerce chairman Auke Keyser said he was shocked and disheartened by the contents of the boycott pamphlet.

"With the changes that have and are taking place, surely we should be negotiating rather than boycotting."

Afrikaanse Sakekamer chairman Wouter Mocke said a meeting had been called to discuss the matter.

The boycott call, which the pamphlet warns will be closely monitored, includes demands for the dismantling, disarming and prosecution of the AWB; the scrapping of the Local Authorities Act; the right to hold protest marches through all towns; and the establishment of an interim government and immediate elections.

Disputes at centre of boycotts

NEWS

By Helen Grange

Consumer boycotts around the country have resulted largely because of disputes between black township residents and town councils.

The most politically charged consumer boycott in force is in the Eastern Transvaal town of Bronkhorstspruit, where demands from black civic associations have not been met.

Demands include the opening of all public amenities, including hotels, sports facilities and swimming pools, to all races; the abolition of separate consultation rooms at surgeries in town; the withdrawal of charges against the arrested members of the Zithobeni residents' organisation; the immediate resignation of the Zithobeni town council; the scrapping of the Black Local Authorities Act and the declaration of the town of Bronkhorstspruit as a free settlement area.

In the Vaal Triangle towns of Vereeniging, Vanderbijlpark and Sasolburg, boycott action followed the refusal by the Vereeniging Town Council to allow protest marches.

In Alberton on the East Rand, a consumer boycott was launched because township residents alleged the Alberton Town Council was not prepared to discuss the issue of the council's control of electricity to Tokoza.

Other grievances which they say have gone unaddressed include the town council's refusal to recognise the Tokoza Civic Association and the council's unwillingness to address housing problems in Tokoza.

In the Orange Free State towns of Bothaville and Viljoenskroon, the causes of the consumer boycotts are local.

In Bothaville, the boycott was sparked by a strike for higher wages at a local factory while in Viljoenskroon residents said the council was not addressing poor living conditions in Rummulotsi.

In the small farming community of Burgersdorp in the northern Cape, reasons given for the consumer boycott were that fruitless attempts were made to call for one council for all races and that demands that the black town council be dissolved went unheeded.

Checkers results will not be great, says MD

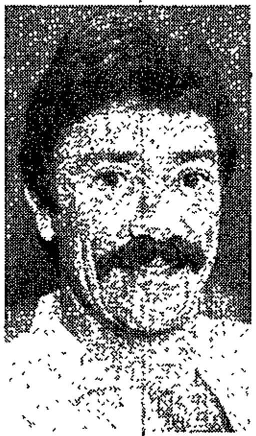
B/Day 25/7/90 (30)

SYLVIA DU PLESSIS

JUNE year-end results from Tradegro subsidiary Checkers — to be announced early next month — would not be sparkling and prospects for the current year were equally bleak, MD Sergio Martinengo said yesterday.

Martinengo said the retail chain, which posted a 70% climb in pre-tax profit to R23,9m in June 1989, had turned in a healthy performance in the first six months.

But a depressed economy and consumer boycotts had weakened trading conditions in the second half, and while full-year turnover would reflect real growth of "a couple of percentage points", overall results would not be great.



● MARTINENGO

Commenting on Checkers' current integration of its 10-store warehouse division into its supermarket division, Martinengo said the move would have an effect this year "certainly on the expense side, where there will be major savings.

"However, my outlook for the current year is that trading conditions will remain tight. The economy will still be weak, and unfortunately we will continue to be plagued by some consumer boycotts. As it is, the current PWV boycott is reducing sales by between 10% and 15%."

According to Martinengo, the main impact of the recent two-week strike would be on sales, and directors remained hopeful of achieving a 2% margin by 1992.

Mathison & Hollidge analyst Aloma Jonker said 1990 margins were at best likely to be maintained at 0,9% if the group was not paying interest.

"That doesn't bode too well for the current year's results. In addition, to begin a new financial year with a strike is to start off on the wrong foot. And the economy is also likely to remain poor until at least mid-1991," she said.

"If Martinengo is expecting boycotts, that will hammer results in the current year. Checkers won't be much worse off than OK, but it's performance during this period will be nowhere near Pick 'n Pay's."

At that rate, Martinengo's prediction of a 2% margin by 1992 was unlikely, she added.

"Assuming margins of 0,9% for the 1990 financial year, directors will have to produce a 122% improvement over a two-year period. A 1,5% margin by 1992 would demand a 66,7% improvement — and that's not easy to achieve," said Jonker.

Checkers could produce a 2% margin by 1993 or 1994, provided the economy picked up towards the second half of 1991.

Boycott planners turn down talks

Star 26/7/90 (30)

By Melody McDougall, Vereeniging Bureau

Organisers of the Vaal consumer boycott have rejected a call by the Vereeniging Town Council for discussions today to try to end their deadlock.

The Cosatu/African National Congress-inspired boycott, which began in four Vaal Triangle towns last week, has had a crippling effect on local traders, with drops of more than 90 percent in turnover reported.

Cosatu spokesman Zwelinzima Vavi confirmed he had received the council's invitation to meet today, but said the boycott organisers were not interested.

The organisers' demands include the right to stage peaceful protest marches through Vereeniging and Vanderbijlpark and the establishment of a non-racial town council with a single tax base.

A delegation of the Roshnee Action Committee (RAC) yesterday presented a memorandum to the Vereeniging Town Council's deputy town secretary, Charles Pechet, urging the council to allow peaceful protest marches in the town. About 90 percent of businessmen in the Vaal area signed the document.

A copy of the memorandum was also handed to Vanderbijlpark Town Council officials.

Mr Pechet emphasised to the RAC the council was not opposed to marches in principle.

R6-m for Natal unrest areas

DURBAN — The Government is to contribute R6 million to reconstruction and rehabilitation in unrest areas in Natal. (30) Star 26/7/90

The Deputy Minister of Provincial Affairs and Planning, Tertius Delport, addressing about 60 businessmen, said yesterday that the money would be used for reconstruction of unrest areas in Natal and the rehabilitation of unrest victims.

He said that the contribution would be subject to peace being restored in the areas. — Sapa.

Star 26/7/90 (30)

NEWS

Give black business a chance in tourist industry

Staff Reporter

A conducive atmosphere should be created for black businessmen to enter the tourism industry, delegates to Fedhasa's annual congress in Johannesburg heard on Tuesday.

Willy Ramoshaba, chief executive of W R Consultants, told about 60 hotel owners and managers that unless they started talking seriously to black entrepreneurs, the call for nationalisation would never cease.

"You have called on the Government to open the doors of your hotels, but you can play a much greater role.

"This does not mean a major exercise, it means sharing advice with black businessmen."

One

Mr Ramoshaba said Soweto had only one hotel and it was not graded.

Lawrence Mavundla, president of the African Council of Hawkers and Informal Businesses (ACHIB), told delegates that prosperity in the hotel industry depended entirely on the black market.

"The only way any hotel or company can benefit in the future is by creating some form of partnership with black businessmen."

Mr Mavundla said there were attitude problems towards black customers in hotels. The fact that some hotels and restaurants were still reserved for whites also needed urgent attention.

Businessman's home attacked

Star 26/11/90

East Rand Bureau

The house of prosperous Vosloorus businessman Justice Radabe, whose businesses were at one stage boycotted because he allegedly associated with councillors, was stoned and petrol bombed on Sunday causing damage estimated at R60 000.

Mr Radebe said on Friday that his truck was also stoned and petrol bombed and the driver narrowly escaped death when his jacket caught fire.

"When the attack took place my wife was alone in the house watching television. She heard a loud bang at about 10.30 pm and then realised that the house had been petrol bombed.

"She escaped through the back door and screamed for help. While outside she saw a car leave the house at high speed.

"While my wife was trying to extinguish the fire in the front with the neighbours, there was another attack at the back of the house."

FM 27/7/90 (30)

MORKELS FM 27/7/90

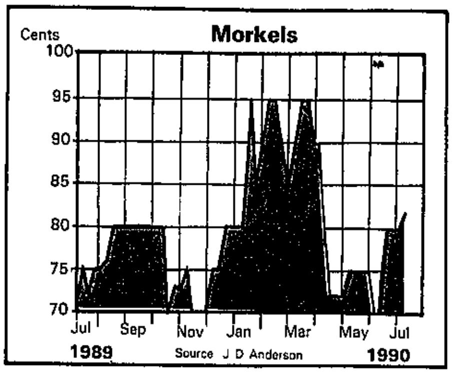
Things in store (30)

Activities: *Retails furniture, appliances, audio and video products and sporting goods and apparel.*
Control: *Daun et Cie AG 75,15%.*
Chairman: *G R Pauw; MD: C Jansen.*
Capital structures: *40,07 m ords. Market capitalisation: R32,9 m.*
Share market: *Price: 82c. Yields: 8,5% on dividend; 18,7% on earnings; p:e ratio, 5,4; cover, 2,2. 12-month high, 95c; low, 65c. Trading volume last quarter, 45 000 shares.*

Year to Mar 31	'87	'88	'89	'90
ST debt (Rm)	26,1	23,4	24,0	27,8
LT debt (Rm)	0,7	0,6	1,5	1,6
Debt:equity ratio	0,69	0,55	0,52	0,56
Shareholders' interest	0,38	0,33	0,33	0,35
Int & leasing cover	1,4	6,7	4,8	2,5
Return on cap (%)	9,4	13,4	14,9	10,9
Turnover (Rm)	115	157	199	205
Pre-int profit (Rm)	9,3	17,2	22,2	16,6
Pre-int margin (%)	8,0	11,0	11,1	8,1
Earnings (c)	6,4	18,9	23,5	15,3
Dividends (c)	—	8,0	10,0	7,0
Net worth (c)	95	106	123	132

The strong growth trend Morkels established over the last five years ended abruptly in the March 1990 year. Turnover was static and earnings plummeted. But management, who, with the backing of a German investor have bought effective control, are confident of a turnaround this year.

Turnover rose 2,6% compared to growth of 27% and 36% in the previous two years. MD



Carl Jansen says the Morkels chain's sales were severely hit by restrictive HP regulations introduced on electrical products in August 1988. Sales of these products account for about 60% of the chain's total turnover.

In contrast, sales of the Totalsports chain rose 51,8%. It now contributes 11% to group turnover but, due to start-up costs of new stores, generates only 2,7% of operating profit.

In an effort to move stock, the group heavily discounted merchandise. This and the high fixed cost base put pressure on the operating margin, which fell to 8,1% from 11,1% in financial 1989. Stock turn declined for the second consecutive year, boosting financing costs.

Interest-bearing debt rose only 15% during the year and is mostly short term. Financial director Terry Simon says financing requirements are matched to the needs of the debtors book (which remains on balance sheet) and that the group is not at risk. In addition, leases were used to finance expenditure on equipment and vehicles. The overall effect of the higher debt and leases was a 63% rise in interest and leasing charges and a fall in the cover to 2,5 times.

The lower margin and higher interest charges resulted in a 35% fall in attributable earnings. Cover was reduced and the dividend was cut 30% to 7c.

The management-led consortium which, with the backing of German industrialist Klaas Daun, bought 74,9% of Morkels from Fed Volks for 95c a share cum dividend (an effective price of 91c) — with effect from the beginning of this financial year — is confident of a "major turnabout in the company's fortunes." Sales growth targets of 21% for the Morkels chain and 32% for the Totalsports chain have been set, indicating earnings growth of around 40%.

Trading conditions have apparently improved. Simon says sales of electrical products since the March 1990 relaxation of restrictions have strengthened and furniture sales are reasonable. Higher turnover will benefit recovery of fixed costs and boost margins. Excessive stock remains a problem, but the group apparently is trading out of it.

Though consumption expenditure is set to remain depressed, some investors appear to have confidence in the group's management. The share has moved up to 82c from a low of 70c in June.

Pam Baskind

Going on a mission

When 80 SA business leaders travel to the US in October for an 18-day observation mission it will be with the blessings of the ANC, which says the trip will help to prepare "black business persons for a more meaningful role in post-apartheid SA."

With that seal of approval Willie Ramoshaba, the businessman arranging the mis-

F/M 27/7/90

FINANCIAL MAIL JULY 27 1990

sion, can move ahead with his grand plan to help the black business community get ready for its next stage of development. He has already run trade missions to Malawi and Zimbabwe and his plans for next year include visits to Nigeria and Europe.

Ramoshaba

"Apartheid is just about to go," says Ramoshaba, of Johannesburg-based W R Consultants. "It's time for blacks in business to prepare themselves to play a major role in commerce and industry. They should be at the doorstep."

Making the trip will be manufacturers, retailers, wholesalers, farmers and bankers as well as 40 people from Swaziland, Zimbabwe, Malawi, Botswana and Lesotho. Ramoshaba says 10% of the delegates are white, 5% coloured and 5% are Indian. They will visit trade shows, farms and corporate headquarters, tour the World Bank and White House, and in general get the red-carpet treatment from business concerns — such as franchisers — looking for a toehold in the SA market, where blacks hold half the spending power.

The trip echoes Nelson Mandela's visit with stops in New York, Washington, Atlanta, Los Angeles and Detroit. The mission adds on Chicago. Hosting them will be the US Chamber of Commerce and three groups comprising leading black Americans: Brain Trust of America, Coalition of 100 Black Women and 100 Black Men, which lists New York mayor David Dinkins and actor Sidney Poitier as members.

Leading the mission are Nthato Motlana, of the Get Ahead Foundation; Ellen Kuzwayo, Foundation for African Business and Consumer Services; James Ngcoya, SA Black Taxi Association; Solomon Morewa, Soccer Association of SA; and Jeff van Rooyen, Association of Black Accountants.

Ramoshaba says American interest in the mission has exploded since Mandela's visit last month. It makes sense, considering that Americans have developed a new love affair with things South African, especially those approved by the ANC. What's lacking in the States is a real understanding of the status of black business, which many assume to be non-existent or illegal.

"Americans have a negative image of black South Africans," says Matthews Malefane, who is producing a video about the country's black business community to take on tour. "We have to show them we (business people) are a reality, not an aberration."

In addition to seeking contributions to help defray the trip's expenses, organisers are still looking for R200 000 to pay for the 30-minute documentary, which will focus on the effect of apartheid and reforms on black business.

A Washington company is interested in syndicating the video to US TV stations. It will be produced by South Africans and Americans with an American news presenter supplying the narration.

Though it has approved the trip, the ANC is quick to point out that the mission "should not be construed as signalling a relaxation of economic sanctions . . . and neither should it be used to circumvent these."

Ramoshaba says the mission is a get-acquainted session and not an attempt to do business, even though US trade with black South Africans is not prohibited by sanctions legislation. That's why the trip is called an observation mission and not a trade mission.

"This is not a sanctions-busting trip," he says. "We want to do deals when sanctions go. We say: 'Politically, you chaps are talking. Can we?' "

Maureen Sullivan

CAPE RETAIL FM 27/7/90

Oriental promise (30)

Government has agreed to sell for R2m Cape Town's 7 000 m² Oriental Plaza to the Indian merchants who trade in it. This is well below market value but nearly double what traders hoped to pay.

The sale agreement should be concluded within a few weeks. It follows a storm last year (*Property* December 8) when the House of Delegates, which administers the plaza, tried to sell it for R2,2m to an investor who wanted to redevelop the prime site. The Plaza Merchants' Association said then that it had been promised first refusal on the property in 1985 but was not told of the House's plan to sell it by tender.

The merchants believe they deserve a special deal because they were among the many businessmen — white, coloured and Indian — forced out of neighbouring District Six 10 years ago and given new shops in the plaza. Bad planning and the removal of the District Six community made the plaza a business disaster. Traders could keep going only through heavily subsidised rents, which average only about 80c/m².

Traders said last year they should be allowed to buy the plaza for its cost of R1,2m. They argued that they would have to spend a good deal on renovating and redeveloping it to make it succeed.

Association spokesman Coomarasa Nair says R2m is more than they want to pay but it's fair considering the market value of the property. The plaza is being sold to traders as a shareblock scheme. Renovation plans are still being considered.

Several traders believe new housing development plans announced for District Six (now called Zonnebloem) recently will boost business, particularly if the plaza is made more attractive. Cape property developer Ilco Homes intends to build another 176 townhouses on its 34-unit Sondorp complex, completed four years ago.

Recent declaration of Zonnebloem as a free settlement area and the relatively modest homes in the new Ilco development are expected to attract young buyers. ■

FINANCIAL MAIL JULY 27 1990

Sto 23/7/90

Blacks stock up to beat shop boycott

By Clyde Johnson

NELSPRUIT — Last-minute shoppers, bracing themselves for the consumer boycott called for by the ANC's co-ordinating boycott committee, flocked to supermarkets and stores in Nelspruit yesterday.

At closing time, Checkers store was crammed with buyers — nearly all black.

Wholesalers throughout the region reported record sales as traders from the townships stocked up.

"It looked like a pre-Christmas shopping spree," said shop-owner George Mathebula, as he drove away in his loaded car.

Although township traders are delighted by the increased business, many black consumers have expressed concern.

"The ANC first killed innocent people, placing bombs in supermarkets. Now they are starving us by preventing us from buying at the supermarkets," said Grace Msibi, clutching her young baby. "I am interested in rearing my children — not in politics — and if the ANC want to burn my house or kill me for saying this, let them do so."

Montsi resigns

Cape Times 28/7/90

'Realist' looks to consultant business

By AUDREY D'ANGELO
Business Editor

SAM MONTSI, GM of the beer division of SA Breweries in the Western Cape for the past three years, has resigned to set up in business as a consultant.

As director of Montsi & Associates, with offices in Incholm Place, Gardens, he plans to act as a facilitator in the setting up of partnerships and joint ventures between black and white business people.

He will be working closely with the Small Business Development Corporation (SBDC) whose Western Cape regional manager, Wolfgang Thomas, recently stressed the need for more black entrepreneurs to be seen to succeed in the formal sector.

Interviewed in his office at the SAB headquarters in Newlands yesterday, Montsi admitted to being excited "and a little nervous" at resigning from one of the top jobs in the Western Cape to start up on his own.

"But I have done it before," he said cheerfully. "I prefer to work for myself."

He was MD of the Lesotho Development Corporation when he resigned in 1982 to set up Maseru-based MB Consulting, which mainly offers feasibility studies and surveys for products and industries in nine countries belonging to the Southern African Development Co-ordinating Council (SADCC).

The main object of his work then was to help make these countries less dependent, economically, on SA. But, with apartheid disappearing, Montsi is likely in the future to play a part in developing Southern Africa as an economic region in which SA will play a leading part.

"I am a realist," he said."Things are changing and it does not make sense for the other countries in Southern Africa to live apart from SA.

"The SADCC countries want, now, to engage with SA. They realise that SA is the engine to power development in the whole region."

It was as a result of contacts with SAB made when he was MD of the Lesotho Development Corporation that Montsi was approached in 1987 and offered the job of GM of the beer division in the Western Cape.

"I told them that I would give it three years, to broaden my perceptions and gain the experience of working for a large corporation, but that then I would go back to working for myself."

He believes he has "gained a lot — and hopefully contributed something. Now I am ready to move."

His appointment surprised some people in the Western Cape, but Montsi — who disapproves strongly of the practice some companies have followed in the past of appointing "token" blacks to managerial positions without real responsibility — says things are changing.

"More SA companies, especially the large groups, have realised that they cannot rely on white people for managerial and technical staff because the numbers are not there. The days are gone when it was easy to attract expertise from England and America.

"This is not due only to political perceptions — which are changing — but because the European economies are doing very much better than ours. These people are needed in their own economies and can earn more there.

"And more SA companies are realising that it is only fair to give their own people a chance."

Montsi said the visible success of black managers would have an impact on the thinking of people in the townships. "One of the tragedies of SA has been that, because of Verwoerdian thinking, some blacks were also convinced that they would not be able to develop the ability to take over some jobs."

He is optimistic about the future of SA and convinced that, in spite of black-white polarisation and fighting between extremists, most people in this country are in the middle ground. "That is why I have not gone back to Lesotho or anywhere else, but have bought a house in Cape Town and am opening an office here."

But he stresses the importance of training blacks for a fair share of the top jobs to avoid the mistakes and disasters of "Africanisation" — with inexperienced people given responsibilities for which they were not ready — which have occurred in some other countries.

"White graduates will still have good prospects in this country. There will be no need for them to feel that they must leave to have successful careers."

But he believes it is vital that, when a new government comes to power, it finds that business is already racially integrated.

Conglomerates look safe from carve-up

(30) Star 28/7/90

STAFF REPORTER

ALTHOUGH it was theoretically possible to dismantle conglomerates like Anglo American, as the ANC has demanded, the Competition Board "wouldn't even begin to think about it", the board's chairman, Pierre Brooks said this week.

In an interview at Fedhasa's annual congress in Johannesburg, Dr Brooks said there were "immense practical problems" in breaking up a major company or a conglomeration of companies.

"While one should be careful not to generalise, in certain companies, conglomeration might even be necessary.

"Because of the size of the economy, it might be necessary for a firm to protect its existence and its workers, and it may be obliged to diversify."

The Americans had found that dismantling conglomerates was not as simple as it appeared. In the case of the giant AT&T Corporation, de-conglomeration did not have the desired effect, Dr Brooks said.

The task was found to be more difficult than at first thought, and eight years later it was realised that it was "not such a bright idea and it did not solve any problems or improve matters".

Potential buyers

In South Africa, there were a number of issues to consider, including the fact that a dismantled conglomerate did not have many potential buyers with ready cash available.

Dr Brooks said the Competition Board had "no problem" with the fact that the ANC was not keen on conglomerates.

"Anybody who knows about these things is concerned about the extent of conglomerates. Whereas we see it from

Competition Board has 'no problem' with the fact that the ANC is not keen on conglomerates. — chairman

the point of view that conglomeration is perhaps contrary to effective competition, they (the ANC) might be against conglomeration for political or ideological reasons."

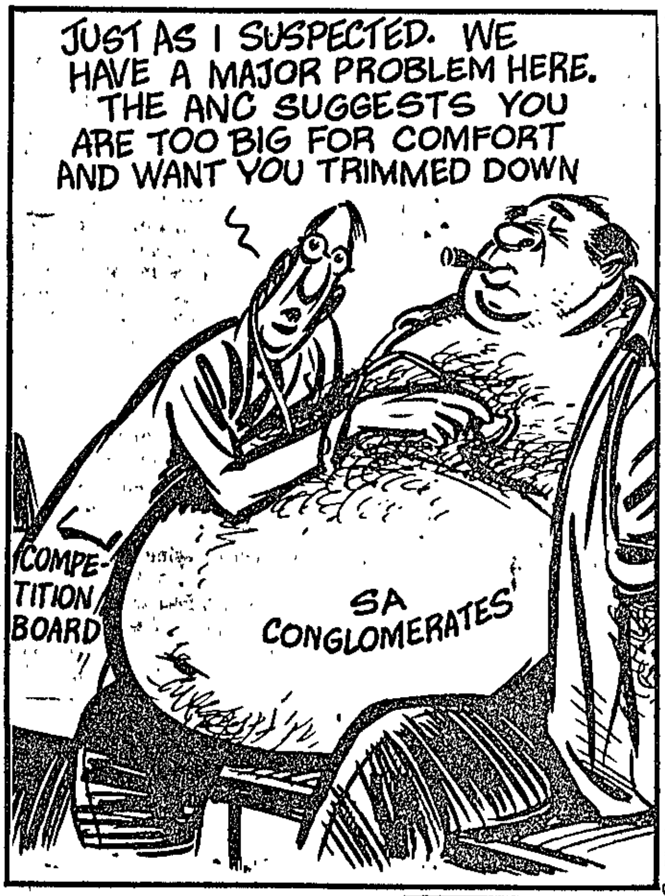
He did not believe South Africa had nationalised industries, as this implied putting a private entity under state control.

For various historical and economic reasons in South Africa, there were industries that could not get off the ground initially had the state not been prepared to put in the money, he said.

"If you do have a nationalised industry, then from a competition point of view one should at least try to see that it is not given a statutory monopoly.

"It might be a problem we still have in this country, where organisations under state control are given a monopoly in terms of legislation.

"In other words, there might be clauses precluding somebody else from coming into that industry. This may be



something we would have to look at in the future."

The first step in looking at the various conglomerates was to ensure that they were in competition with each other.

"Then at least you have some competition in the market and they (the conglomerates) can't take liberties which they would otherwise be able to take," Dr Brooks said.

[illegible]rou[illegible]e in store [illegible]

ST Times 29/7/90

Business's colours clash with the town's right wing

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TWO Afrikaans businesswomen, trying to cash in on the Mandela name, have infuriated right-wingers in their town.

Rudi van Wyk and Elize Faul, owners of "Mandellas — Clothing For The People" have been abused, threatened and attacked because of their plan to attract black customers.

Mandellas, a second-hand clothing shop in downtown Vanderbijlpark, is hardly a month old but its plateglass windows — painted green, yellow and black — have been smashed twice.

Mrs Van Wyk and Mrs Faul, who say they support President FW de Klerk's reform policies, have lost R10 000 worth of stock and have received a torrent of abusive phone calls.

One anonymous caller asked the owners why they did not rather open their shop in the neighbouring black township of Sebokeng and name it after Eugene Terre Blanche.

Mrs Van Wyk said: "Someone else called to say we should be ashamed of ourselves. He said blacks were terrorists, Communists and the anti-Christ and we did this because we wanted to sleep with them."

But the defiant women say they have the support of their families and friends and are not prepared to change the shop's name or close it down.

"We are providing a service and don't see anything wrong with the idea."

They said they had no problem securing a trading licence from the Conservative Party-controlled town council.

Mrs Faul said young whites in cars have pulled up in front of the shop to hurl abuse about Nelson Mandela and the African National Congress.

"When some of them walk past the shop — even if they don't say anything — you can actually see the agitation in their faces," she said.

The controversy over the shop is so intense that the signwriter they hired to paint the shop windows in ANC colours would only do the job after trading hours so that passers-by would not recognise him.

The shop also sells ANC T-shirts and Mrs Faul said that, to her surprise, she has sold more of the T-shirts to white college students than blacks.

"When I asked one of them why he was buying the shirt, he said he wanted to shock somebody," she said.

While businesses in the Vaal Triangle are being strangled by a black consumer boycott, the owners of Mandellas say a significant number of shoppers are buying goods on a lay-by system, to take home once the boycott is over.

On the night before the first day of business, right-wingers broke a huge hole in the shop's plateglass facade. Five bricks were found in the shop and a large amount of stock still in bales was stolen.

Two weeks later, as the row heated up, right-wingers struck again, this time breaking two side windows.

Soweto

The two women then placed an advertisement in the local newspaper asking for information about the attacks and giving their phone number. Instead, they received a torrent of abusive phone calls.

Said Mrs Van Wyk: "The way these people have been carrying on you could swear this has something to do with Mr Mandela himself.

"The only caller who was not threatening or abusive was a sweet old lady who said that instead of closing down the shop or changing the name why didn't we just open it in Soweto."

Mrs Faul and Mrs Van Wyk said they definitely did not support the Conservative Party.

"We are not choosing sides politically. We have no problems with Mr De Klerk, in fact, we support the new reforms," said Mrs Van Wyk.

Reality

"We simply chose Mr Mandela's name because he is playing such an important political role among blacks and whites. We think he is a symbol of the new South Africa.

"If you really think about it, it's time whites in Vanderbijlpark and elsewhere faced up to reality.

"Well, we also chose the name because we thought it would attract a lot of black customers."

But what if Mr Mandela himself is not amused by the idea?

"Then we can always tell him that its not really his name. The shop's name is spelt differently from his name. But we think Mr Mandela will like the shop because it promotes the ANC."

By MANDLA TYALA

NAME DROPPING . . . businesswomen Elize Faul and Rudi van Wyk outside their shop in downtown Vanderbijlpark. Picture: JOE SEFALE

Black look at economic future

By MANDLA TYALA

ORGANISED black business, caught between restrictive apartheid legislation and political violence in the townships, meets over the next two days to consider a future role under what could be an ANC-led government.

The National African Federated Chamber of Commerce, which has championed the cause of thousands of fledgling black capitalists for 25 years, will come to grips tomorrow with the contentious issue of what form a post-apartheid economy should assume.

Unlike the white business community which has been vocal about its disquiet at what it considers the questionable economic policies espoused by the ANC, black business has not yet taken a position on front-burner issues like the ANC's threat to nationalise certain sectors of the economy.

Although Nelson Mandela went out of his way on his recent overseas trip to tone down ANC rhetoric and committed the movement to the quest for a vibrant economy that would enhance the wellbeing of all South Africans, the other components of the tripartite alliance — Cosatu and the SA Communist Party — have made no bones about their commitment to socialism.

■ ■ ■

Nafcoc public affairs manager Gab Mokgoko said the organisation would "attempt to bring to the fore what the real issues ought to be in the reconstruction of a mixed economy, the extent of the mix and the mechanisms required to ensure and hasten full black participation" at its crucial congress in Durban.

Keynote speakers will include ANC foreign affairs spokesman Thabo Mbeki and Deputy Finance Minister Org Marais.

S/ Times 29/7/90

Black business leaders have been expressing optimism in the current political climate.

They are encouraged by the prospect of moving closer to the centre of the action in a new economic order, after decades of being confined to corner stores and spaza shops while a huge chunk of the black rand was spent in white businesses.

The Nafcoc indaba comes at a time when some captains of big business, in the midst of the Marxism-Capitalism debate, have been calling on their constituencies to understand the factors underlying black calls for economic retribution to redress deprivation caused by decades of apartheid.

Peter Wrighton, Premier Group chairman and Transvaal chairman of the Consultative Business Movement, this week pointed out in an article, urging big business to be sensitive to black economic priorities, that nearly 90 percent of SA's wealth was owned by five percent of the population which is overwhelmingly white, and that blacks own less than two percent of assets.

Against this background, black business has found itself in a curious position.

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Over the years, black businessmen have been committed to free enterprise, although legislation like the Group Areas Act made a mockery of this principle.

Lately, in the debate on how to redistribute resources, some have been strongly sympathetic towards calls for nationalisation — although they accept that economic wisdom militates against it.

Nafcoc, in particular, has been accused of being over-eager to support ANC positions, sometimes at the expense of its own interests.

But in the volatile political world that is the townships the lot of black businessmen has not been a comfortable one.

Nafcoc Natal regional chairman Rodger Sishi observed:

"So many of our members have described how unpleasant it is to be in business these days. The businessman is caught in the middle of a drama over which he has no control."

Individual businessmen complain that legislation has stunted skills training efforts and political upheavals on their doorsteps have created a climate hostile to good business.

They say they are expected to close their businesses to observe certain protests and are not always told in advance of such activities — with the result that they suffer huge losses.

While big business may have the capacity to absorb such losses, they sometimes sound the deathknell for township businesses — many of which do not adopt no-work-no-pay policies for fear of antagonising activist groups.

On the flipside, there is satisfaction that the threat of nationalisation has jerked big business out of its complacency.

Many spokesmen say there was general silence until the threat of sanctions forced big business to engage in serious discussions on ways and means of bringing blacks on to the playing field.

"Look for yourself," says butcher Joe Buthelezi after youths alleged he kept dead bodies in his fridge.

Bogus consumer boycott cripples Daveyton butcher

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By ELIAS MALULEKE

C/Pres 19/7/90

DAVEYTON businessman Joe Afmark Buthelezi is being crippled by a three-week old consumer boycott following unfounded allegations that two bodies were found stored in his butchery.

Buthelezi says his once-popular butchery has lost a lot of business.

"There is no truth in the allegations," he says.

The 41-year-old former bootlegger and popular businessman also owns a bottle store in another section of the township and is busy building a supermarket.

He says only the butchery is being boycotted.

Buthelezi says he doesn't know how the rumour started, but he suspects a rival local businessman was behind the move to ruin him.

"I spoke to the police who checked and found the rumours to be untrue, but the youths continued to spread the lies about me."

Buthelezi then took the matter up with the Daveyton People's Delegation (DPD) but he was told the boycott call did not come from UDF affiliated structures.

David Raseshu, a spokesman for the DPD, said: "Even the so-called witnesses who said they saw the bodies failed to come forward."

DPD Chairman James Ncqubo said action would be taken against anyone found intimidating Buthelezi.

Buthelezi's wife and mother of three children, Esther, said a youth came into the butchery while her husband was out at the beginning of this month and ordered her to close shop for two weeks.

The youth told her the bodies of an Indian woman and a black girl were being stored in the fridge.

"When I refused to close, the youth left and minutes afterward a group of youths started to stone the butchery," she said.

She Buthelezi said the youths then put up notices warning people about the boycott, and customers were turned back.

Star 30/7/90

(39) (43)

New bid to resolve Soweto boycott

By Stan Hlophe

Three key organisations have agreed to form a technical committee in an effort to resolve the four-year rent boycott in Soweto.

Transvaal Administrator Danie Hough, his executive committee, the Soweto City Council and the Soweto People's Delegation (SPD) agreed to form the committee after a closed meeting on Friday.

All three bodies will be represented on the committee.

Upgrading

The committee will look specifically into the writing-off of R570 million in arrears, the upgrading of municipal services in Soweto, affordable tariffs for municipal services, the transfer of rented housing, and a common fiscal base for Soweto and Johannesburg.

The first meeting of the committee is to take place tomorrow and is expected to report back to the the three bodies on August 9 with firm proposals.

The committee has also been sanctioned to co-opt the Development Bank, Johannesburg City Council and other concerned local government bodies.

Both SPD spokesman Isaac Mogase and Transvaal Provincial Administration spokesman Piet Wilken said the discussions were held in a positive spirit.

Budgeted

After the meeting, a TPA spokesman expressed concern about the insufficient funds available for bridging finance for 49 Transvaal councils.

Of the R428 million budgeted for 1990/91, only R99 million was available. The TPA had paid R213,6 million during the past four months.

The total amount owed by the 49 councils is R1,1 billion and Soweto alone owes R570 million.

The spokesman said it "was up to the people" to help ensure that sufficient funds were available.

'Right-wing' towns are target of ANC boycott

(30)

B/Day 26/7/90

PETER DELMAR

THE ANC yesterday announced plans for a consumer boycott throughout the eastern Transvaal, particularly targeting a number of what it called extreme right-wing centres.

ANC eastern Transvaal secretary Joe Nkuna announced yesterday that the boycott — principally against alleged right-wing violence — would start tomorrow in towns across the "entire eastern Transvaal", including the Highveld and Lowveld.

While some reports were received of businessmen planning to counter the boycott by cutting off supplies to black areas, the presidents of several chambers of commerce in the region indicated that business was more likely to enter negotiations with the ANC.

AWB leader Eugene Terre'Blanche yesterday dismissed allegations of AWB intimidation and warned that right-wingers in the eastern Transvaal, an AWB stronghold, would not allow themselves to be intimidated.

Nkuna said the boycott would be reviewed on August 29, except in a number of towns described as "pure rightist towns", including Nelspruit, Barberton, Ermelo, Bethal and Middelburg.

The boycott in these centres would be reviewed on September 12, Nkuna said.

ANC members in the region, he said, had been subjected to increased harassment since the ANC's unbanning.

He particularly singled out AWB members, some of whom he said were in the SAP and army and who were attempting to disrupt the ANC's efforts to organise the movement in the region.

ANC pamphlets being distributed in the eastern Transvaal list the boycott demands as the dismantling, disarming and prosecution of the AWB and "other right-wing lunatics" as well as the scrapping of legislation which enabled right-wingers to arm themselves.

Other demands are the establishment of non-racial municipalities in the eastern Transvaal, the right to protest and an end to harassment of taxi owners.

Asked why businesses were being singled out, UDF regional secretary Jackson Mthembu said the white business community had to ensure that the negotiation process was not "derailed".

The Nelspruit Chamber of Commerce, Afrikaanse Sakekamer and the town council yesterday agreed not to take any action, but committed themselves to holding discussions with the boycott organisers.

Witbank Chamber of Commerce president Rodney Francis said there were as yet no indications that conservative businessmen were planning to cut off supplies to black areas.

The Middelburg chamber's Charles Deiner said the chamber would be prepared to meet the local ANC to discuss a way out of the boycott.

Barberton chamber president Edwin Sturgeon said businesses were adopting a wait-and-see attitude.

Terre'Blanche said: "They (the ANC) should beware that the AWB does not come up with similar boycott actions. Then they will sit without work or food.

"If the AWB withdraws white workers, industry will come to a standstill."

He said the AWB would monitor the situation in the eastern Transvaal and decide on appropriate action.

Consumer boycott: hawkers expelled

Sowetan 30/7/90 (30)

By MATHATHA TSEDU

MORE than 100 hawkers operating from the Marble Hall bus and taxi rank have been expelled from the centre as whites retaliate to the continuing consumer boycott in the north eastern Transvaal towns.

The director of the Organisation of Progressive African Healers and Informal Business, Mrs Maggie Rankuesi, said yesterday the owner of the complex, Mr JJ Garden, had informed all hawkers through a loud hailer that they would have to leave.

"He said he could not allow them to sell in the complex anymore because black people were boycotting white-owned shops.

"As a result, many hawkers are now destitute with rotting stocks. The attitude of these whites will only lead to the lengthening of the boycott," she said.

Comment

Garden said he had no comment to make on the matter. He said he was involved in meetings to try and resolve the boycott.

The consumer boycott, affecting Marble Hall and Groblersdaal, started last Saturday. It was organised by the Groblersdaal/Marble Hall Consumer Boycott Committee which comprises activists from Azapo and the ANC.

SBDC to put 'more blacks in formal sector'

Business Editor

THE Small Business Development Corporation (SBDC) will make determined efforts to help more black entrepreneurs become successful in the formal sector, its Western Cape regional manager, Wolfgang Thomas, said yesterday.

It is forming a new business services department which, among other things, will put more emphasis on training.

And it is hoping to persuade established businesses to "adopt" small firms starting up, making experienced people available to give practical advice.

Thomas believes this would be more successful than the present mentor system, under which retired executives help small businesses. He pointed out yesterday that some mentors have a communication problem with people from less privileged backgrounds.

Often the mentors were accustomed to working for large companies, which provided an infrastructure, and do not understand the difficulty a small firm starting up would have in acquiring equipment and following their recommendations.

Stressing the need to help more blacks get to the top, Thomas said that when ANC leaders became part of the government they would expect the SBDC to have achieved such results.

He pointed out that private enterprise was increasingly providing loans for new business, although there was a lack of venture capital to help those whose security was not good enough to satisfy the banks.

And, as the downturn intensified, some banks were placing small firms in difficulty by reducing their overdraft facilities. "They are coming to us for help."

One of the SBDC's biggest successes so far had been its "hive" complexes, where businesses starting up could hire small units of accommodation and share some services, at low rents.

Now private enterprise was also starting to build small units for new businesses.

Emphasising the need for training, Thomas said the SBDC now had its own course for people preparing to start up in business. He expected some of the people running private courses to copy some of its ideas.

Boycott in Middelburg: 43 arrested

Highveld and Lowveld Bureaux

Star 30/7/90

Police arrested 43 people outside Checkers' store in Middelburg on Friday after a placard demonstration by three women supporting the consumer boycott in the Eastern Transvaal.

A police spokesman said the 43 bystanders had tried to prevent the police from arresting the women.

In Nelspruit, business continued as usual this weekend except at Checkers and OK Bazaars.

Smaller towns in the region, however, reported sharp drops in turnover, some as much as 80 percent.

Shoprite features in acquisition talk

(30)

SYLVIA DU PLESSIS

PEPKOR-controlled retailer Shoprite appears to be poised to acquire Score Foods' wholly owned Grand Bazaars supermarket chain for between R50m and R60m.

This follows separate announcements from both groups on Friday advising shareholders that negotiations were underway and warning them to exercise caution in dealing in their shares.

Pepkor group MD Arnold Louw yesterday admitted his group was "busy talking to (Score Food subsidiary) Trador about acquiring one of its divisions".

"Negotiations are fairly far advanced and we'll probably make an announcement tomorrow or Wednesday," he said.

"We've cleared the decks and are now cash-flush. All divisions are now autonomous and looking at their own acquisitions. And Grand Bazaars is in line with what Shoprite would be looking for," he said.

Score Food MD Carlos dos Santos and directors John McLean and Ronnie Taurog could not be reached for comment.

03/11/1996

Blacks confused about boycott

Star 31/7/90 (30)

By Therese Anders, Highveld Bureau

There was confusion throughout the Eastern Transvaal among black consumers yesterday about whether those observing the ANC's call for a consumer boycott were allowed to buy from Indian traders.

The ANC's Eastern Transvaal interim convenor, Ntombi Shope, said the position was that all shops in white CBDs were to be boycotted, irrespective of whether they were owned or managed by Indians.

In several towns the boycott has been postponed briefly to allow for planning and meetings with Indian businessmen.

Miss Shope announced that at the request of Lowveld businessmen the ANC's Eastern Transvaal boycott co-ordinating committee would be meeting a group of businessmen from the region on August 8. The venue has not been announced.

Boycott leads to rip-offs in the townships

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Sowetan 7/8/90

By JOSHUA RABOROKO

RETAILERS in the Vaal Triangle are overcharging consumers as the boycott of businesses in white areas continues in its third week.

Frustrated consumers, mainly pensioners and the unemployed, say the township retailers have taken advantage of the protest action and have raised prices of basic foodstuffs and other commodities.

The Consumer Boycott Committee is to investigate complaints by residents.

Spokesman Mr Swayi Mokoena warned that a group had been appointed to monitor retailers who overcharged people. Anybody found ripping off innocent blacks might have similar action taken against his operations.

Meanwhile, the boycott has spread to certain parts of the townships where business ventures belonging to community councillors have been affected, according to Mokoena. He said the action was as a result of their continued intransigence not to resign from their positions.

A snap survey has revealed that consumers pay R4 for a 5kg of maize meal; R3,50 for sugar of the same size and R1.40 for a cake of Palmolive soap, whereas they pay R3, R2,50 and 79c respectively for the items in the towns.

"This is a complete rip off," said one customers, who added that the many other items were expensive in the townships compared with those in the towns.

A businessman, who did want his name mentioned for fear of reprisals, said that the black retailer was always under stress because they did not buy in bulk. "We are only surviving," he said. However, the issue will be discussed with customers, especially pensioners.

White business in Vereeniging, Vanderbiljpark, Meyerton and Sasolburg estimate that they have now lost business of up to R7 million because of the MDM-Cosatu inspired boycott of their businesses.

According to the president of the Vaal Chamber of Commerce and Industries, Mr Wyer Weitzmann, business had dropped to about 15 percent of the normal level of trading.

The small Asian traders have also reported that their businesses were "extremely quiet".

The boycott has been accompanied by reports of intimidation, aggravating relations between the town councils and the township communities.

However, Mokoena said they had appointed a special team to monitor the situation and such actions must be stopped.

He added that they may reconsider their action against Vereeniging town following a decision by the council to allow marches before negotiations with officials of Cosatu to ensure safety when such actions took place.

The chairman of Sabta's region 8, Mr Elijah Phali, said their members no longer filled petrol at businesses owned by community councillors as well as those in the affected towns.

BDay 2/8/90

(30)

Shield MD expecting earnings of at least 25%

MARCIA KLEIN

SHIELD Trading Corporation foresees significant growth in profits during an extremely competitive year ahead, MD Theo Muller says in the annual report.

Muller says the provisional results for the first five months to July 1990 "clearly indicate that we are going to post earnings well in excess of 25% for the current year".

The distributor of food and allied products posted an increase in earnings for the year to end-February of 70,8% — off a low base — to 9,4c a share as a result of growth in core company Shield Multi Trade and its decision to franchise the Success operations.

Turnover

Shield Multi Trade increased its turnover by about 40%.

The group's turnover increased by 20,5% to R512,2m, and net income rose by 70% to R3,1m.

Cash resources of the group are very healthy, with more than R20m in the bank at year end.

Muller says that these results reflect the "correctness of the decision to franchise and to sell the Success outlets".

Shield distributes to 225 retail supermarkets and 160 wholesalers in SA and neighbouring states, all of which act independently and contract with Shield on a franchise basis.

Branch offices opened this year in Namibia and Bloemfontein to offer better services and improve Shield's market share in the regions.

Muller believes the company is geographically well placed due to a spread of members "and will be able to absorb any downturns in any one particular area", caused "by consumer boycotts and the like".

Mail order retailer set for growth

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BDay 2/8/90

MARCIA KLEIN

MAIL order retailer Mas Holdings (Mashold) is confident of once again posting a strong profit performance for the 1990-1991 year, according to the annual report.

Mashold posted a turnover growth of 58% for the year to end-February, with profits attributable to shareholders of R6,36m rising by 29% over the previous period. Earnings a share rose 28% to 32,7c, with a total dividend for the year of 14,5c (12c) a share.

Management control of subsidiaries of the troubled Springtex group — Charles Velkes and Tablekraft — has benefited the group whose policy is "to take advantage of favourable opportunities to grow by acquisition," CE Marco van Embden said. The group is still hoping to acquire Springtex in the near future.

Export trade with sub-Saharan Africa has proved gratifying, and "augurs well for continued growth in export turnover".

Score sells its Grand Supermarkets chain

SYLVIA DU PLESSIS

SCORE Food has sold its Grand Supermarkets chain to Pepkor subsidiary Shoprite for about R60m in a deal expected to boost Shoprite's annual turnover to over R1bn in the next financial year, the groups confirmed yesterday.

The transaction, effective from August 20, is for R17m in cash plus stock at cost thought to amount to about R40m, and follows the publication a week ago of separate cautionary announcements from the retail-listed groups.

Score MD Carlos dos Santos said the 27-store Grand Supermarkets chain, with annual sales of about R300m, was trading "very well".

While he conceded it had been "a headache" for Score since its acquisition in mid-1986, he denied that was the reason for the disposal.

"We had two choices: double the size of Grand Supermarkets very quickly and turn it into a national chain, or get out of it," he said.

Shoprite MD Wellwood Basson said the acquisition would give his group a projected annual turnover of more than R1bn by end-February 1992 and provide a strong base for further growth and expansion. The group posted turnover of R471,4m to end-February 1990.

(30)

Score's shares, which shrunk from 700c a year ago to a low of 325c in March, rose 5c to close at 630c yesterday. Shoprite's shares, which hit a year's low of 210c last week but have been rising ahead of the announcement, were bid at a last-traded price of 225c.

PEP/GRAND BAZAARS (30)

Grand ideas FM 31/8/90

Grand Bazaars, acquired and delisted by Score several years ago, is seen as the target of current takeover talks involving Pepkor.

Score's formerly robust profit record weakened some time after the group took over Grand Bazaars. Analysts believe Score's management had not been successful in injecting more life into Grand Bazaars — which had long been seen as an uninspiring performer.

On that basis, both groups could gain if Pepkor does acquire the 27-store supermarket chain. Pepkor's supermarket subsidiary, Shoprite, which published a cautionary announcement last week, as did Score, has turned in buoyant results over the past four years. Its stated objective is to "forfeit a measure of profitability in a continued drive to gain market share."

More market share

I understand a price has already been agreed to, at about R55m for Grand Bazaars' stock, fixtures and fittings and trade names. That assumes Pepkor would buy assets but not the liabilities — and also that the deal goes ahead.

Certain conditions precedent have yet to be fulfilled before the deal can be struck and apparently there is a stumbling block relating to certain conditions in the leases attaching to Grand Bazaars' occupied properties.

Pepkor is cash flush, though, and the deal would result in greater market share for Shoprite. It currently has around 40 supermarkets, so its outlets would increase by well over half should Grand Bazaars be absorbed; both operate in a similar market segment. Score, in turn, could concentrate more closely on the business where it has been most successful, namely wholesaling.

Gerald Hirshon

Pepkor aims for R2bn turnover

Cape Times 3/8/90

By PIETER COETZEE
Financial Editor

THE Pepkor group of companies expects turnover to exceed the R2bn-mark in the present financial year to end-February 1991, said group chairman Christo Wiese at a banquet on Wednesday night in Upington to mark the group's 25th anniversary.

The results for the first six months of the year show an improvement of more than 30% over the corresponding period last year, when turnover rose to just under R1,5bn.

"A total turnover of R2bn is therefore within our reach as the best months of trading still lie ahead," said Wiese.

"We expect operating profit to increase to the same degree — from R135m last year to R180m this year."

The Pepkor group has shown a dramatic increase in turnover since it was started 25 years ago. It rose from just R100 000 in 1966, to R6,6m in 1970, to R158m in 1980, and to R1,5bn in the 1990 finacial year.

Pepkor, which grew out of a small shop in Upington, has just become the first SA retail operation to have 1 000 branches country-wide. The group currently employs about 15 000 people.

The celebration at Upington coincided with the opening of a R8m shopping complex by Shoprite, one of the operating companies in the Pepkor group.

In R17m cash deal . . .

CMI 7/4/3 3/8/90

Shoprite buys Grand Bazaars

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By AUDREY D'ANGELO
Business Editor

SHOPRITE, the rapidly expanding supermarket chain in the Pepkor group, has bought Grand Bazaars — for only R17m, in cash, plus the value of grocery stocks.

A joint announcement was made by Pepkor and the sellers, Score, late yesterday afternoon. Market rumours had put the price in the region of R24m.

The acquisition of Grand makes Shoprite, which will open its 49th store this month, one of the largest food chains in SA with a projected annual turnover of more than R1bn.

Grand has 27 stores, of which 17 are in the Western Cape.

Asked if the present recessionary conditions made this a good time to take over a supermarket chain catering mainly for the lower end of the market, Shoprite MD Wellwood Basson commented: "This is the best time in terms of buying it."

The announcement said Grand had been bought as a going concern, with effect from August 20. Basson said that, in addition to the R17m, Shoprite would pay for stocks in hand on August 20.

It was estimated that these would be worth R35m. But it could be less, because they would be run down for the stocktaking.

A statement issued by Score MD Carlos dos Santos said: "The transaction will enable Score to concentrate on expanding its traditional core businesses of Trador Cash and Carry and Score Supermarkets.

"We will also be looking at opportunities in the rest of Africa."

Grand, de-listed after control was bought from the Sachar family by Score Food Holdings three years ago, did well at first under its new management.

Score achieved a R925 000 turnaround after Grand had reported a loss of R275 000 in the first half, and lifted earnings to 75,1c (43,5c) a share.

But in 1988 a weak performance by Grand was blamed for Score's failure to lift earnings in the first six months. It was said this was due to stock write-downs at Grand, and pressure on margins.

Last year control of Grand was switched from its head office in Epping to Johannesburg.

Basson said yesterday that the Grand stores had "not been doing very well if you relate it to what Shoprite was doing".

But he hoped this could be changed. Score supermarkets had smaller stores than Grand and "it must have been difficult to run two different types of supermarkets".

He said this problem did not exist for Shoprite. Both chains had stores similar in size and were aimed at the same target market.

Grand would in future be managed from Shoprite's headquarters. Barney Rogut, who was the founder of Shoprite and a former director of Grand, would play a key role in its management.

Basson said Grand would retain its separate name and identity. But the acquisition would give his group an entry to areas where it had been unable to obtain suitable premises, including Sea Point and the Southern Suburbs.

Nafcoc establishes joint economic commission with ANC

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By MZIMKULU MALUNGA

THE National African Federated Chamber of Commerce and Industry (Nafcoc) has established a joint economic commission with the African National Congress. W/Mail 3/8-5/8/90

The main objective is to formulate guidelines for the future restructuring of the South African economy, with a view of ensuring some degree of meaningful and equitable participation by blacks.

The organisation has already appointed economist Vincent Phaahla to co-ordinate research activities to provide members of the joint commission with necessary technical support.

Nafcoc's economic research department had also compiled a document on the findings of the economic conference held in the Transkei in May this year. The document will be discussed in a series of economic workshops later this year.

Another leading economist, Prakash Sethi, professor of management and associate director of the centre for management at Baruch College, has been appointed as the organisation's economic adviser.

Nafcoc president Sam Motsuenyane said Sethi would help formulate appropriate policies and strategies in order to lobby more effectively with the government and a wide variety of companies in the private sector for the purpose of:

- Promoting increased ownership and control of productive assets by blacks.
- Greater representation of blacks on the board of quoted companies.
- Facilitating greater representation of blacks in top management structures of large and small companies.

"The achievement of economic parity among all sectors of our population will be Nafcoc's primary goal for the 1990s," said Motsuenyane.

He said construction of the envisaged management and leadership development centre on the organisation's property in Soshanguve had begun. "According to our latest planning schedules the centre will obecome operational by March 1991."

(30)

Shoprite buys Grand

■ PEPKOR'S food arm Shoprite has acquired food retailing chain Grand Supermarkets from Score Food Holdings for around R17-million cash. In terms of the agreement, it will be taken over as a going concern from August 20 1990. WlMail 3/8-5/8/90

Announcing this, managing director Wellwood Basson said the acquisition would make Shoprite one of South Africa's largest supermarket food retailers, with a projected annual turnover of more than R1-billion.

Grand will in future be managed from Shoprite's headquarters. Barney Rogut, founder of Shoprite and a former director of Grand, will play a key role in this management.

Of the 27 Grand supermarkets acquired, 17 are in the Western Cape. Basson said this would make Shoprite the largest supermarket food retailer in the Western Cape.

Score's Grand slam

S Times 5/8/90

By IAN SMITH

SCORE's sale of the 27-store Grand Supermarket chain to Pepkor subsidiary Shoprite makes sense for both sides.

Score will be able to focus more closely on its core businesses of Score Supermarkets and Trador cash-and-carry. The deal will increase the Shoprite chain to 77 stores with turnover close to R1-billion this year.

Grand Bazaars trades in the same market sector as Shoprite, and the acquisition gives the group a strong base in the Transvaal.

For Shoprite a competitor has been transformed into a complementary operation.

The acquisition cost R17-million in cash plus the value of stock and fittings on August 20.

Score managing director Carlos dos Santos says: "We are expanding our traditional businesses where our returns are highest. We are bullish about opportunities to expand in the rest of Southern Africa."

Grand's turnover of well over R300-million will be added to Cape-based Shoprite's R500-million last year.

Shoprite managing director Wellwood Basson says: "This makes us one of the country's largest supermarket food retailers with projected turnover of more than R1-billion." (30)

Mr Dos Santos says Grand presented the group with two choices. "We either needed to expand it quickly into a national chain and double its earnings, or we had to get out.

"We did not believe we could generate the return we wanted if we kept Grand as a regional chain."

Grand has a natural affinity with Shoprite, and the negotiations between the two groups went smoothly.

The deal will not be reflected in Score's results for the first half-year to August, but the benefits will flow through at the yearend.

AWB threatens Indian trader

Star 6/8/90 (30)

By Theresa Anders, Lowveld Bureau

A group of uniformed members of the Afrikaner Weerstandsbeweging (AWB) allegedly harassed an Indian businessman who is involved with welfare work in the local black township at Carolina.

"Perhaps the AWB thinks I am behind the local consumer boycott," said Aboobaker Jina after the incident.

Mr Jina said he believed white Carolina shopkeepers were desperate because the two-month-long local consumer boycott was crippling their businesses.

Death

He has been getting regular death threats over the phone from Afrikaans-speaking people since the boycott began.

On Saturday about eight men, all under 40 years old, arrived outside his general store soon after he opened at 8 am. They arrived in a tow truck flying an AWB flag. After a while the men walked into his shop.

"Only one of them was visibly armed, but they were all armed to the teeth with hatred. They used abusive language to me and my staff, then walked out."

He said that soon afterwards an Afrikaans-speaking man telephoned the shop — by now packed with people — to say there was a bomb in the store.

Mr Jina said he knew most of the AWB men who had visited his store.

"They are local businessmen. And the irony is that they are running businesses from Indian-owned properties."

From The Star's Lowveld Bureau, Clyde Johnson reports that with the exception of Checkers and OK Bazaars, the consumer boycott in Nelspruit — now in week two — has had little effect.

Most businesses report trading as usual with some having better than normal business.

In a curious twist, a number of white traders — for reasons unknown — have been given permission by the ANC boycotting committee to sell to black consumers.

Rumours that they (the shopowners) have either joined the ANC or made donations to the organisation have been denied.

And, in many cases, white shopowners — though well-stocked — are refusing to supply blacks with much-needed items, telling them: "Sorry, out of stock."

near Em-
stabbed a

age was extensive.

Five youths were arrested and po-

taxi driver's home was badly damaged by a petrol-bomb. — Sapa.

Vaal consumer boycott talks to start today

OWEN MAUBANE

THE Vaal Consumer Boycott Committee would meet the Vereeniging Town Council today to attempt to resolve the two-week-old Cosatu-initiated consumer boycott, the Mass Democratic Movement said.

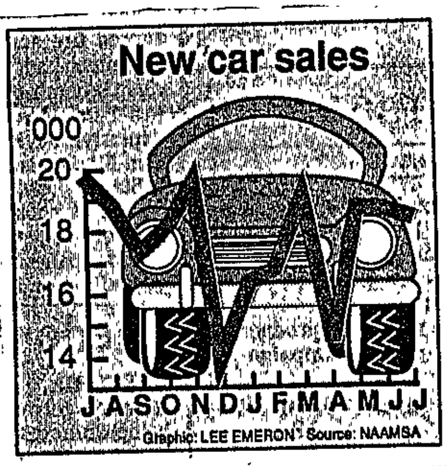
At a Press conference in Johannesburg on Friday, the MDM said it had met on Thursday to respond to a Vereeniging Town Council letter stating that new council policy allowed peaceful protest marches in Vereeniging.

The consumer boycott began after the council had refused to allow a protest march on July 7.

MDM spokesman Zwelinzima Vavi said it was decided at the meeting the committee should meet the council at Vereeniging town chambers at 5pm today.

30

6/8/90



Sales of new vehicles fall in tough climate

30

EDWIN UNDERWOOD

NEW vehicle sales dropped slightly during July because of the prevailing economic climate and unit sales comparisons would remain negative for several months, the National Association of Automobile Manufacturers of SA (Naamsa) said yesterday.

Naamsa said that as business and trading conditions in the industry remained difficult, the decline was in line with industry expectations. B/Day 9/8/90

However, if interest rates declined towards year-end, new vehicle sales should show a slight improvement.

Figures released by Naamsa yesterday showed new car sales for July had declined by 292 units (1,6%) to 18 367 unit sales from the June sales figure of 18 659 units.

However, July new car sales recorded a steeper decrease of 1 480 units (7,5%) against the same month in 1989.

Naamsa said the combined effect of high interest rates, conservative fiscal policy and disruptive industrial action in certain sectors of the industry did not augur well for consumer and business confidence.

Sales of light commercial vehicles and minibuses fell by 585 units (5,8%) to 9 526 from the June figure of 10 111. Compared with the corresponding month last year,

☐ To Page 2

Vehicle sales

B/Day 9/8/90 (30)

☐ From Page 1

light commercial vehicle sales declined by 1 284 units, nearly 12%.

The National Automobile Dealers Association (Nada) said pricing would be below inflation this year for the first time since the early 1980s — an accumulative increase of about 10%.

Nada forecast a 15% rise in 1991 as the local content investment levels rose and expected that the heavy demands on motor manufacturers to raise local content would result in vehicle prices remaining above inflation for the next five years.

The decline in sales saw the net profit of wholesalers and retailers decrease by 11,3% for the first quarter of 1990 compared with the last quarter of 1989, Central Statistical Service figures showed.

Boycott of white shops called off

PRETORIA — A two-month black consumer boycott of white-owned businesses in the eastern Transvaal, called by the ANC to pressure for the right to legal protest in towns in the region, will be suspended on Monday. (30) BDay 9/8/90

The Eastern Transvaal ANC Consumer Boycott Committee, the SA Police and the Eastern Transvaal Business Association met in Nelspruit yesterday to resolve the issue, SABC radio news reported.

A statement from the Eastern Transvaal Business Association said it had been resolved that every person or organisation had the right to peaceful protest marches.

It was, however, also agreed that local liaison committees would be established in all towns which have a local authority to consult with interested parties before a march was undertaken.

The ANC Consumer Boycott Committee undertook not to reinstate the consumer boycott unless consultations and negotiations had failed.

The statement also mentioned that the parties held a meeting with the Transvaal Provincial Administration in Witbank yesterday to discuss several issues related to local authorities. — Sapa.

Merger of environment bodies urged

30

BDay 10/8/90

SYLVIA DU PLESSIS

THE SA Chamber of Business (Sacob) has called on government for the merger "under one umbrella" of directorates directly responsible for environmental management and control.

It has also suggested the consolidation of existing environmentally related Acts into three or four Acts to be administered by the new structure, Sacob environment affairs committee vice-chairman Hennie Viljoen said at a media conference yesterday.

He was commenting on the chamber's oral submission this week to the President's Council (PC), which is currently investigating a national environmental management system for SA.

Viljoen said a "holistic approach" could be achieved by the formation of a new state department responsible for all environmental matters, or the strengthening of one department by the transfer of relevant directorates to it.

"We made it clear we felt a specific state department could be given the umbrella responsibility to co-ordinate activities and rationalise the 86 pieces of legislation concerning the environment," he said.

Sacob told the PC that fragmentation under the current structure led to uncoordinated action by the departments, duplication of efforts, inconsistencies in norms and standards "and, from the developer's point of view, confusion and sometimes unnecessary delays in project development".

Vereeniging boycott to be lifted

Star 10/8/90

Staff Reporter

The three-week consumer boycott in Vereeniging is to be lifted.

This follows an agreement by the town council to allow protest marches through the streets, the Congress of South African Trade Unions (Cosatu) said yesterday.

But consumer action in Vanderbijlpark would continue because peaceful protest was still prohibited there, it added.

Cosatu said boycotts in Sasolburg and Meyerton would be lifted.

Cosatu has not wasted any time in putting the new agreement into practice, announcing a march on August 18 to protest against the proposed switching off of township lights and police action against Sebokeng hostel inmates.

"This will be the first legal march in the Vaal where people will be marching without fears of being gunned down," it said.

Talks with PAC are a 'first' for SA business

30 Star 10/8/90

A 20-member Pan Africanist Congress (PAC) delegation will meet the American Chamber of Commerce in South Africa in Harare at the weekend.

They will discuss a wide range of economic issues, it was announced yesterday.

The meeting on will be the first between organised business in South Africa and the PAC. — Political Staff.

was reported yesterday ... public
manager Keith Whitfield was gathering in the area.

Object achieved, so boycott ends

B/Day 10/8/90

(30)

LINDEN BIRNS

THE Vaal Triangle consumer boycott has been called off from today because the mass democratic movement (MDM) believes it achieved its primary objective of getting the Vereeniging Town Council's permission to stage marches.

In a Vaal Consumer Boycott Committee statement released by Cosatu yesterday afternoon, the MDM said the boycott would be lifted in Vereeniging, Sasolburg and Meyerton. The Vanderbijlpark council had also met demands for freedom of expression and assembly and the communities of Bophelong and Boipatong townships would be assisted in implementing their decision effectively, the MDM spokesman said.

Negotiations would begin between the township communities and taxi associations for direct transport to Vereeniging.

The Chinese-owned Evaton Butchery would still be boycotted until local residents decided otherwise, he said.

A peaceful protest march sanctioned by the Vereeniging council would start at the Vaal showgrounds on August 18. The main aim of the march would be to demonstrate against the proposed "switching off of township lights and the maiming of Sebokeng hostel residents by the SAP and municipal police", the MDM said.

Vereeniging town clerk C J Steyn said yesterday he knew nothing about the decision, but would be delighted if the boycott was to be lifted.

He said the Vereeniging Town Council agreed in principle with peaceful demonstrations.

After being read the MDM statement, Steyn said he was disappointed that Vanderbijlpark was not included.

He added: "The proposal to turn off the township lights in Sharpeville was put forward by us in a bid to secure some sort of guarantee or service deposit from the Lekoa Town Council for the bulk supply of electricity to the areas."

DURBAN RETAIL FM 10/8/90

Seconds out (30)

Natal's coastal shopping war has entered a new phase now that the province has granted permission for a limited amount of retail space to be developed on the site of the proposed Westville regional shopping centre.

The decision is being seen as a Pyrrhic victory for Durban which tried to block the Westville development in favour of a new regional centre of its own at nearby Sherwood.

Westville, the much smaller authority, has for 17 years been nurturing a plan to develop a 75 000 m² retail centre, for about R300m,

FM 10/8/90

near the Westville off-ramp of the N3.

However, the province has given permission only for joint developers M&R Properties and Retail International to develop a much smaller 45 000 m² centre on the site for about R200m. Durban seems quite happy with the decision because it believes it would be too small to constitute a regional centre.

Westville, however, now wants permission to develop another 30 000 m² — a move to which Durban has taken strong exception.

It doesn't stop there. Westville wants to protect its own interests by blocking the Sherwood proposals which envisage a R500m centre on a 300 000 m² site near the N3's spaghetti junction. The total lettable area would be around 120 000 m² of which 90 000 m² would be for shops and 30 000 m² for offices. The scheme was originally conceived in 1985 but shelved because the owner of the site, the House of Representatives, had plans, since scrapped, to build a teachers' training college there. (30)

Durban is to apply to the province this month for permission to rezone the site from residential to commercial — a move to which Westville is almost certain to object. The ultimate victor in the dispute will get rich spoils — namely an attractive purse in terms of big-name tenants.

M&R says it will move on to the site this month and is quietly confident it will be given the go-ahead to develop the additional space. ■

MONDI PAPER FM 10/8/90

Tapping the parents

Mondi, the unlisted paper giant in the Anglo group, is to receive a large injection of funds while its shareholding is to be restructured. A rights issue is to raise R514m (R318m from De Beers and R136m from Anglo), with Amic ceding its rights to De Beers as well as selling a small proportion of its holding to that group. Amic's interest in Mondi will consequently fall by nearly 11% to 53% and De Beers' holding will rise to 17%. Anglo's interest will remain at 30%.

Associate company, NTE, which supplies timber to Mondi and has the same parentage, will receive R42m from De Beers and R18m from Anglo. The same changes will be made to the NTE shareholder structure in order to keep them uniform.

Amic subsidiaries have other capex projects in the pipeline, not least the Highveld joint venture with Samancor to build a stainless steel plant and improvements at Scaw Metals, hence the parent would prefer not to dip into its cash at this stage. In fact, Amic itself has rather little cash as most of the group's cash is in the hand of subsidiaries.

Both Mondi and NTE are involved in heavy capex programmes. Mondi saw the opening this week of its R220m modernisation and expansion of the BM6 board machine at Springs while the R180m rebuild of the PM1 paper machine at Merebank in Durban should be completed during this quarter. The funds are, however, to be used for future expansion in the medium- to long-term. To this end, a recycled fibre plant costing some R155m, also at Merebank, is on the cards.

NTE has invested heavily in timber plantations and land for afforestation in recent years. It will, however, take a number of years for NTE to become self-financing.

Gillian Findlay

HOLDING MONDI

Redealing the cards

	Before %	After %
Amic	63,7	53,0
Anglos	30,0	30,0
De Beers	6,3	17,0
	100,0	100,0

SHOPRITE FM 10/8/90

Grand good buy

(30)

For Wellwood (Whitey) Basson, MD of Shoprite, the purchase of Grand Bazaars (GB) from Score represents a significant coup. All 27 GB stores are to be transformed into Shoprite outlets, thereby eliminating the usual difficulties involved in site location, rental contracts, construction plans and all the other paraphernalia involved in setting

FM 10/8/90 (30)

up new ones.

GB was originally a Cape-based chain which expanded into the Transvaal. There are now 17 outlets in the Cape and 10 in the Transvaal — where Shoprite has been seeking to establish a foothold. When these are added to the Shoprite outlets, the combined operation will have 17 in the Transvaal, 4 in the OFS and 54 in the Cape. Shoprite thus becomes a big-league player in the supermarket scene, while GB will disappear.

Basson reckons that combined turnover should exceed R1bn this financial year with existing Shoprite stores contributing about 60% and GB the balance. But achieving the eventual economies of scale implicit in the takeover will take time.

At first blush, it seemed as though there could be a conflict of culture but this potentially inhibiting factor falls away since the Shoprite stamp is to be imposed on the GB stores. And this decision makes good sense from two aspects. Firstly, GB has not been producing the level of profits needed to sustain growth. Secondly, analysts hold out that the image of Shoprite is better in consumer's minds than that of GB.

Cost price of the deal is R17m for the business including the fixtures and fittings but excluding liabilities. In addition, Shoprite is to purchase the stock which is in the process of being valued. Basson's estimate is that this figure will turn out to be in the range of R30m-R40m.

The transaction will initially be financed by Shoprite, rather than its parent Pepkor. Arnold Louw, MD of Pepkor which holds 79,4% of Shoprite, says that the take-over is specifically attributable to Shoprite rather than Pep and will not impinge upon the R100m cash resources in the Pep group. He explains that Shoprite will use gearing to pay for the purchase but adds that since it is group policy that gearing should not exceed 50%, it may become necessary for Shoprite to go to the market with a rights issue later.

At February 1990 year-end, Shoprite showed current assets of R100,5m and current liabilities of R91,6m. Interest-bearing debt amounted to a relatively paltry R1,5m. Assuming that the total purchase price amounts to R52m of which stock is R35m, fixtures and fittings R5m and the balance of R12m is goodwill, after the purchase Shoprite's current assets would rise to R135m and current liabilities to R143m. It is expected that by offsetting stock against creditors the interest-bearing portion of current liabilities can be kept down to about R19m.

The consequent negative current ratio would not be unusual for a supermarket operation. But interest-bearing debt would amount to roughly 85% of ordinary shareholders' funds and annual interest payments would add up to about R4m, which need not be serious if the GB shops contribute reasonable profits.

Shoprite's track record since 1986 has been exemplary. Compound annual growth in turnover and pre-tax profit over the period is recorded at 39% and EPS a strong 46%. By

FM 10/8/90 (30)

turning in this sort of performance management has demonstrated that they have developed the formula for growing all aspects of the operation successfully. There seems no reason to doubt this capability now, especially when the additional outlets come ready-made and just begging for economies of scale to be enjoyed.

Gerald Hirshon

STANDARD'S BIDS

Malbak subsidiary Standard Engineering is negotiating to buy out the minorities of three of its unlisted subsidiaries. The idea is that 100% holdings will allow the group to exploit the subsidiaries' domestic and export growth potentials more effectively.

An offer has been made for 41,8% of steel pipemaker Hall Longmore, 53,3% of Union Carriage and the 32,4% of motor parts manufacturer Astas. The Anglo American and Gencor groups jointly hold the lion's share of the minority stakes in the first two while Sankorp owns the minority interest in Astas.

In round figures, and based on the companies' operating profits in the 1989 financial year and the R37,2m purchase price of 67,6% of Astas in February 1990, the buy-out will cost Standard about R70m.

That implies a fairly substantial issue of shares as the group's interest-bearing debt had risen to R90,4m at the February interim stage. Based on Standard's present market capitalisation of around R138m, the equity base will have to be increased by about half.

The company confirms the offers but won't discuss terms.

Pam Baskind

YORKCOR FM 10/8/90

Knotted profits

Yorkcor has been through a tough half-year, but chairman Solly Tucker is unperturbed and reckons second-half earnings will recover. The first half's earnings were a dismal 1,5c against 19,3c in the corresponding period of 1989, but Tucker believes the year will end with full earnings of 25c.

Turnover rose by 17% to R16,9m for the six months to June 30 and operating profit fell 67% to R1m on a drop in margins 6,1% (20,4%). Net asset value a share before bonus share issue is 240c (238c).

Tucker was reluctant to forecast earnings when he wrote his last annual statement. And the fact that he is now prepared to do so

HAMMING IT

Six months to	Jun 30 '89	Dec 31 '89	Jun 30 '90
Turnover (Rm)	14,4	21,6	16,8
Operating income (Rm)	2,9	2,9	1,0
Attrib income (Rm)	1,7	2,0	0,14
Earnings (c)	19,3	22,8	1,5
Dividends (c)	5	8	6

MASHOLD FM 10/8/90

Direct costs

(30)

Activities: *Mail order retailing, general retailing, direct selling, mail insertion and advertising.*

Control: *Mascon 56,8%.*

Chairman: *H van Embden; MD: M van Embden.*

Capital structure: *19,45m ords. Market capitalisation: R52,5m.*

Share market: *Price: 270c. Yields: 5,4% on dividend; 12,1% on earnings; p:e ratio, 8,2; cover, 2,3. 12-month high, 280c; low, 170c. Trading volume last quarter, 147 000 shares.*

Year to Feb 28	'87	'88	'89	'90
ST debt (Rm)	2,3	3,9	13,5	27,31
LT debt (Rm)	—	—	—	—
Debt:equity ratio	0,16	0,19	0,56	0,85
Shareholders' interest	0,58	0,61	0,46	0,39
Int & leasing cover	n/a	18,0	6,4	3,0
Return on cap (%)	14,0	16,5	13,9	14,7
Pre-int profit (Rm)	2,5	4,9	7,3	12,1
Earnings (c)	16,0	20,1	25,6	32,8
Dividends (c)	8,0	10,0	12,0	14,5
Net worth (c)	62	96	123	165

Successful direct retailers claim economic downturns do not hit their operations, and Mashold seems to offer some support for that view.

Turnover again rose strongly, this time by 58% after the previous year's 52%. Most of the growth was generated internally by the six main subsidiaries, though some businesses — Charles Velkes (mail order) and Tablekraft (direct selling) — were acquired from the group's now defunct competitor, Springtex, in the last quarter of the year.

Mashold comprises 10 mail order catalogue companies which sell COD. It claims

FM 10/8/90

to be a major customer of the post office by using the service's 2 500 outlets. There are some exports to neighbouring countries on the cash-with-order option. (30)

Pre-tax profit rose 34% to R8,3m and the figure would have been higher but for the increase in finance costs to R3,8m from R1,1m. Unfortunately, the Springtex deal has also boosted funding costs.

Stock grew by 58% and debtors by 72,5% and these items together required an additional R27,7m, while creditors rose by 53% to R20,8m and the bank overdraft doubled to R27,3m. Net current assets have thus risen by R6,1m which, with small increases in the value of mailing lists and fixed assets, was funded by issue of 2,2m ords for R5,5m as well as retained profits.

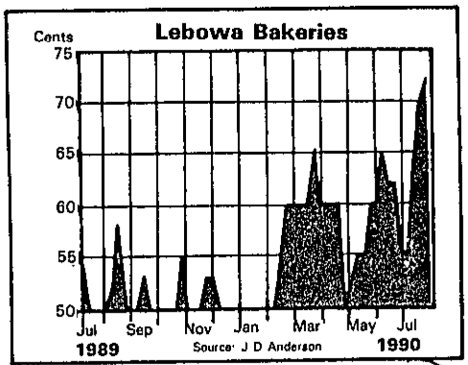
The 2,2m ords were issued to fund the acquisition of Charles Velkes and Tablekraft (*FM* June 1), which partly account for the increases in stock and debtors and the hefty rise in the overdraft. For the first time the group is starting to look overgeared. Financial director Brian Taylor notes that in February, when the balance sheet was drawn up, stocks tend to be high as new catalogues are dispatched then. He adds that the overdraft has been reduced by about R3m since year-end.

Mashold has increased taxed profits at an annual compound rate of 33,4%, EPS by 26,5% and the dividend by 36,3% since 1986. When the Springtex deal was announced, CE Marco van Embden said he expected Charles Velkes and Tablekraft to achieve earnings of R2,6m in the 1991 year. In addition, he says all subsidiaries are exceeding sales and profit forecasts.

If forecast earnings from Velkes and Tablekraft were simply added to the 1990 attributable profit there would be EPS growth of about 27%. The 1991 year could thus be a favourable year for Mashold — provided it sees a meaningful reduction in interest rates and the overdraft.

The share appears to offer good value at the current price. *Gerald Hirshon*

F/M 10/8/90 (30)



F/M 10/8/90

Activities: *Baker and confectioner.*
Control: *Lebowa Development Corp.*
Chairman: *P C Mokgokong; MD: J W B McKenna.*
Capital structure: *25m ords. Market capitalisation, R18m.*
Share market: *Price: 72c. Yields: 10,8% on dividend; 29,0% on earnings; p:e ratio, 3,4; cover, 2,7. 12-month high, 72c; low, 50c. Trading volume last quarter, 193 000 shares.*

Year to Mar 31	'88	'89	'90
ST debt (Rm)	nil	0,2	0,9
LT debt (Rm)	1,4	3,3	4,3
Debt:equity ratio	0,09	0,19	0,17
Shareholders' interest	0,73	0,64	0,62
Int & leasing cover	—	18,3	11,5
Return on cap (%)	24,8	27,2	26,4
Turnover (Rm)	39,0	64,4	73,6
Pre-int profit (Rm)	5,2	8,6	11,6
Pre-int margin (%)	13,4	13,5	12,1
Earnings (c)	10,7	15,5	20,9
Dividends (c)	4,5	6,0	7,75
Net worth (c)	60	69	82

region is strategically poised to take advantage of this new economic potential," says chairman Pothinus Mokgokong in the 1990 annual report.

Lebaka, already serving a region with a growing population now around 4m, with a staple food, can't go far wrong.

Attributable earnings rose 35% during the year to R5,2m. The group plans to restructure its debt, thereby reducing interest paid. It hopes to settle loans bearing high interest rates and renegotiate them for loans which require lower interest payments. Interest paid on long-term loans ranges from 18,7%-20,5%.

Long-term loans were taken mainly to pay for capital development projects which Mokgokong reports as virtually completed. The value of fixed assets as a result rose 43% to R20,4m. However, this forced down the turnover:asset ratio from 2:3 in the previous year to 2:1.

At 72c, the share is at its highest in over a year, but the 3,4 earnings multiple and 10,8% dividend yield seem appropriate given Lebaka's growth prospects. *Heather Formby*

MAST HOLDINGS F/M 10/8/90

Learning curve (30)

Mast Holdings' service-orientated business has left it in the enviable position of receiving net interest rather than paying it, a situation most companies would prefer in times of

Activities: *Education, training, time management systems and recruitment.*
Control: *Management and staff 54,6%. CNA Gallo 34,5%.*
Executive chairman: *S W B Dallamore.*
Capital structure: *20,3m ords. Market capitalisation: R14,3m.*
Share market: *Price: 70c. Yields: 5,6% on dividend; 11,4% on earnings; p:e ratio, 8,8; cover, 2,1. 12-month high, 75c; low, 50c. Trading volume last quarter, 164 300 shares.*

Year to Feb 28	'88	'89	'90
ST debt (Rm)	—	0,3	0,4
LT debt (Rm)	—	0,8	0,02
Debt:equity ratio	—	0,21	n/a
Shareholders' interest	0,68	0,44	0,43
Return on cap (%)	29,0	26,9	30,8
Turnover (Rm)	4,7	8,4	15,1
Pre-int profit (Rm)	1,1	1,6	2,6
Pre-int margin (%)	22,6	18,8	17,4
Earnings (c)	5,3	6,4	8,0
Dividends (c)	2,4	3,0	3,9
Net worth (c)	14,4	15,9	17,7

high interest rates. Its policy of not owning bricks and mortar — it does not own its new building in Johannesburg's Oxford Road — and low stockholding allows it to keep debt minimal.

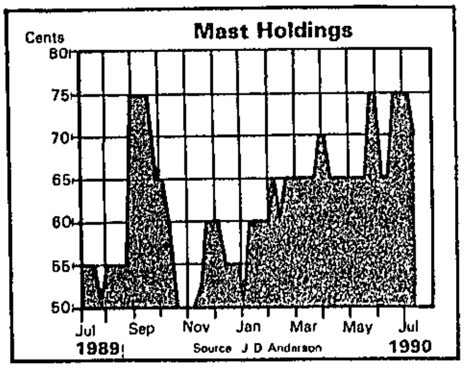
However, it has the problem of low growth potential, common in a purely service-orientated industry. As a result, management decided to diversify from only time-charging businesses into products related to the firm's core business of education and training.

The acquisition of Gallo Vision from major shareholder CNA Gallo in April last year has contributed R665 000 out of a total R2,9m pre-tax profit and is one of the reasons for the 80% growth in turnover to R15,1m. Profits from this division exceeded the R500 000 in the sale agreement with CNA Gallo, so an additional purchase consideration of R165 000 will be settled by the issue of a further 366 666 Mast shares at 45c apiece to CNA Gallo.

This division and Time/System, which sells time management systems, were the best performers in the group. According to chairman Stephen Dallamore, the exceptional performance of Time/System was mainly because of an increase in the number of products offered and "an increased awareness of managers and business professionals of the need to utilise their time more effectively."

However, Dallamore expects more emphasis to be placed on education and training in future years. To cater for this, the group has hived off Mast Education from Mast SA. The new division started in March and Dallamore believes this could become the most important in the group.

Mast Education provides training programmes for schools and businesses. Mast SA, which focuses on commercial and industrial training services, remains the main contributor to group profits — it contributed about 35% pre-tax in the 1990 financial year but failed to reach its targets in the Cape and Natal because of "people problems." However, Dallamore says "enormous potential for growth in these regions, coupled with a



strong existing client base and greater management expertise, should see improved performance in the coming year."

The financial and computer training division achieved budgeted results and broadened its operations during the financial year under review. However, recruitment agency Paul Tingley Management Services only just managed to end the year on target because of the drop-off in demand for head-hunting and recruitment.

Investors seem impressed with the previously DCM-listed share, ranking it on a 5,6% dividend yield and an 8,8 earnings multiple. *Heather Formby*

MASHOLD F/M 10/8/90

Direct costs

Activities: *Mail order retailing, general retailing, direct selling, mail insertion and advertising.*
Control: *Mascon 56,8%.*
Chairman: *H van Embden; MD: M van Embden.*
Capital structure: *19,45m ords. Market capitalisation: R52,5m.*
Share market: *Price: 270c. Yields: 5,4% on dividend; 12,1% on earnings; p:e ratio, 8,2; cover, 2,3. 12-month high, 280c; low, 170c. Trading volume last quarter, 147 000 shares.*

Year to Feb 28	'87	'88	'89	'90
ST debt (Rm)	2,3	3,9	13,5	27,31
LT debt (Rm)	—	—	—	—
Debt:equity ratio	0,16	0,19	0,56	0,85
Shareholders' interest	0,58	0,61	0,46	0,39
Int & leasing cover	n/a	18,0	6,4	3,0
Return on cap (%)	14,0	16,5	13,9	14,7
Pre-int profit (Rm)	2,5	4,9	7,3	12,1
Earnings (c)	16,0	20,1	25,6	32,8
Dividends (c)	8,0	10,0	12,0	14,5
Net worth (c)	62	96	123	165

Successful direct retailers claim economic downturns do not hit their operations, and Mashold seems to offer some support for that view.

Turnover again rose strongly, this time by 58% after the previous year's 52%. Most of the growth was generated internally by the six main subsidiaries, though some businesses — Charles Velkes (mail order) and Tablekraft (direct selling) — were acquired from the group's now defunct competitor, Springtex, in the last quarter of the year.

Mashold comprises 10 mail order catalogue companies which sell COD. It claims

Black consumer boycott to end

Sowetan 10/8/90

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A TWO-month black consumer boycott of white-owned businesses in the Eastern Transvaal, called by the ANC to pressure for the right to legal protest in towns in the region, will be suspended on Monday.

The Eastern Transvaal ANC Consumer Boycott Committee, the SA Police and the Eastern Transvaal Business Association met in Nelspruit on Wednesday to resolve the issue.

A statement from the Eastern Transvaal Business Association said it had been resolved that every person or organisation had the right to peaceful protest marches.

It was however, also agreed, that local liaison committees would be established in all towns which have a local authority to consult with interested parties before a march was undertaken.

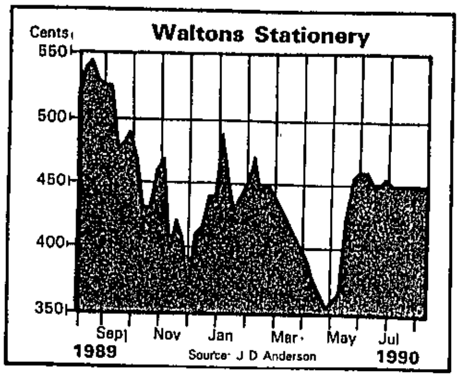
The ANC Consumer Boycott Committee undertook not to reinstate the consumer boycott unless consultations and negotiations had failed.

The statement also mentioned that the parties held a meeting with the TPA in Witbank on Wednesday to discuss several issues related to local authorities. - *Sapa.*

WALTONS F/M 10/8/90

Gearing down (30)

Not all the acquisitions made by Waltons in the past few years have produced the results expected. The 1990 year was one of painful



(30)

Activities: *Manufacture and supply of commercial stationery, toys and babywear.*
Control: *Waltons Consolidated Investments 50,1%.* F/M 10/8/90
Chairman: *J M Parrington; MD: F E A Robarts.*
Capital structure: *68,25m ords. Market capitalisation: R307m.*
Share market: *Price: 450c. Yields: 4,7% on dividend; 14,1% on earnings; p:e ratio, 7,1; cover, 3,0. 12-month high, 550c; low, 355c. Trading volume last quarter, 996 170 shares.*

Year to Feb 28	'87	'88	'89	'90
ST debt (Rm)	10,0	10,9	38,8	40,0
LT debt (Rm)	13,7	34,5	119,4	92,1
Debt:equity ratio	0,51	0,55	1,87	0,95
Shareholders' interest	0,36	0,38	0,25	0,36
Int & leasing cover	12,1	23,3	4,8	3,9
Return on cap (%)	28,7	27,3	26,0	30,5
Turnover (Rm)	214	330	548	648
Pre-int profit (Rm)	34,9	52,5	85,6	109,0
Pre-int margin (%)	16,2	15,9	15,6	16,8
Earnings (c)	21,1	39,6	55,0	63,6
Dividends (c)	6,9	13,0	18,0	21,0
Net worth (c)	59,9	88,7	90,2	149

digestion and profitability has suffered.

The core stationery division continued to prosper, producing solid results in both manufacturing and distribution sectors. In July 1989, eight stationery outlets were bought from CTP Holdings for R17m. At the time, these were operating at a loss. Corrective action was applied and, according to chairman Maurice Parrington, they are now profit contributors.

Other recent acquisitions have not fared so well. Lithosaver, in which Waltons holds 30%, is clearly a source of frustration for management. As Parrington puts it: "Management of Lithosaver does not appear to be capable of producing acceptable results themselves and do not readily accept suggestions for improving the position." Appropriately, R5m has been written off the original R9,5m cost and only the estimated net worth is reflected in the books.

Ozalid, bought for R42m cash in 1988, has performed poorly. After a major reorganisation, improved results are expected for the 1991 year. Listed toy and babywear manufacturer and retailer, Redgwoods (Reggies), also turned in dismal figures. Earnings fell to R338 000 from R3,1m and there was a loss of R1,6m after write-offs. Remedial action has been taken but an immediate turnaround is not expected. Waltons has nevertheless acted on its conviction that profitability can be restored to Reggies, by buying another 4,8m shares for R1,3m, taking the holding up to 60%. (30)

Waltons thus produced bottom line growth in difficult circumstances, but the result was uninspiring. While pre-interest profit rose by 27,4% to R109m, a R10m leap in the interest bill meant that attributable income rose 18,4%, while EPS were up only 15,6% — well below the historical growth rate. F/M 10/8/90

MD Frank Robarts, appointed executive chairman in May, correctly predicted gearing would be brought down to about 100% (*Fox* February 2); debt was, in fact, reduced by R26m. This, with the issue of 3m Walton shares at 600c apiece — which lifted issued share capital from R20,1m to R38,1m — accounted for the improved (but still high) debt:equity ratio.

For the 1991 year, Parrington forecasts only a modest improvement in results because of "the prevailing poor economic conditions, a probably higher tax ratio and continuing high interest rates." Despite the economic situation, the stationery business should again perform well and Robarts tells me Ozalid's problems have been resolved.

A 25% increase in EPS to 80c could be attainable for 1991, though it would take some doing. This would place the share, at 450c, on a prospective p:e of 5,6 compared with the historical p:e of 7. *Gerald Hirshon*

Business 'must not rely on dialogue'

30

The likelihood of the ANC making concessions to business as a result of dialogue is limited, says Centre for Policy Studies director Prof Lawrence Schlemmer.

TIM COHEN

In an article in SA International, Schlemmer says while dialogue has other worthwhile benefits, the duty of business leaders to protect their interests calls for more serious strategies.

Some of the "political" interests that all businesses have in common are, among others, stability, predictability in the policy environment, sensible rates of taxation, sound administration and effective education and training.

Lawrence Schlemmer, of the Centre for Policy Studies.

Schlemmer says spokesmen have suggested several "political" strategies to achieve these interests.

He quotes SA Foundation president Warren Clewlow as saying: "What I cannot accept is degeneration into economic chaos.

"Any constituency trying to bring this about will have to contend with the not inconsiderable strength and resources of the business community ranged against them."

Schlemmer writes that while resolute opposition is always a useful strategy, the method it would use is unclear.

He also suggests that redistributive development and black empowerment could be promoted on the assumption that such strategies would reduce the ANC's and other movements' "legitimate" reasons to oppose the established economic order.

But this would take time and massive resources, and although it is vitally essential in the medium term, on its own it will not be sufficient.

The third suggestion has been to give blacks a greater vested interest in a free economy through development strategy, black business development and empowerment.

Although this would be worthy in the medium term, a more immediate strategy would be to build alliances and constituencies.

He quotes JCI economist Ronnie Bethlehem as saying businessmen should work creatively with socialists, promoting co-operatives and even seconding management.

Schlemmer points out that co-operatives have a poor track record in Africa but adds that Bethlehem's idea of loan-based joint ventures should be taken further.

Business should also be involved in the creation of a new constitution.

Quarterly results point to a reversal in fortunes for Morkels

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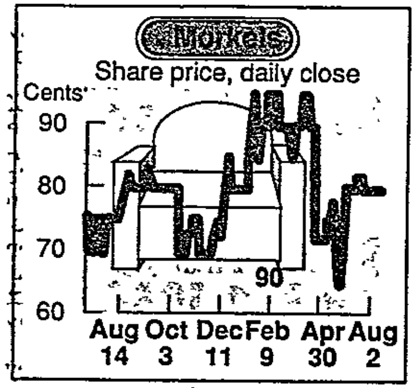
BDay 13/8/90

SYLVIA DU PLESSIS



Graphic: LEE EMERTON Source: JSE

LATEST quarterly results from Morkels indicate that directors of the newly independent group are on track to meet their forecast of a major reversal this year of the 35% drop in attributable profits posted at March year-end.

But while management was confident its objectives remained within reach, it would be "negligent" to ignore the potentially damaging outcome of political instability and prolonged labour unrest, MD Carl Jansen warned.

The group, in the Fedvolks fold until West German company Daun et Cie bought its 75% stake from April 1, has posted a 25% hike in taxed profit to R1,8m for the three months to end-June. Earnings are 4,5c (3,6c) a share.

Jansen said growth at the bottom-line was level with directors' objectives of generating R8,75m in attributable profits in financial 1991, which would translate into a 42% improvement over 1990's R6,1m.

Turnover during the period under review surged 27% to R61,7m against a slow 2,6% rise at year-end, while operating profit grew 24% to R4,9m (R3,9m).

The Morkels furniture chain realised sales of R54,6m, a 24,1% advance in a market which grew 29%, while sports goods and apparel chain Totalsports posted a 53,9% rise in sales to R7,2m, against a market base of 22,2%.

Jansen said resurgent demand for lower margin earning electrical products contributed an abnormally high proportion of group sales after restrictive credit curbs were lifted in March.

But the "mini-boom" was probably due to the release of pent-up consumer demand and was unlikely to continue.

"This trading pattern curtailed operating profit growth to 24% above the previous year. Against this, no fewer than 74 out of the 82 furniture stores achieved better than sales budgets," he said.

Several new stores would be opened in the next few months, he added.

The shares closed unchanged at 80c on Friday.

Morkels 'returns to real growth'

Cape Times 13/8/90

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JOHANNESBURG. — The Morkels Group has reported a 27% improvement in turnover for the first quarter to June 1990 of R61,740m, compared with R48,648m the previous year.

Chairman Rian Pauw and MD Carl Jansen say this jump from the "disappointing" 2,6% growth in group turnover for the 1989 financial year "heralded a return to real growth standards".

The Morkels furniture chain realised sales of R54,6m, an advance of 24,1% in a market that grew by 29%.

Group after-tax profit of R1,813m, 25% better than the R1,448m achieved a year earlier, is in line with the objective announced by Morkels in its annual report of generating R8,750m in attributable profits in the 1991 financial year, which would translate into a 42% improvement.

But the directors warn that while management remain confident that the group's objectives for the year remain well within reach, it "would be negligent to ignore the potentially damaging outcome of mounting political instability and prolonged labour unrest which threatens already fragile consumer confidence in a lightening trading environment".

Resurgent demand for lower margin-earning electrical products contributed an abnormally high proportion of group sales after the restrictive credit curbs were lifted in March, which gave the market some buoyancy.

However, this was in all probability a mini-boom due to the release of pent-up consumer demand, and not likely to be sustained. This trading pattern curtailed operating profit growth to 24% above the previous year. Against this, no fewer than 74 out of the 82 furniture stores achieved better sales budgets.

"This is another motivating indication that places the business firmly on track to achieve its operational goals," Jansen said.

Notwithstanding clear evidence that the projected slow-down in the economy was rapidly becoming a reality, both Morkels and the Totalsports chain were pursuing expansion and several new stores would be opened in the next few months. — Sapa

10 The Argus, Tuesday August 14 1990

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Furniture sales soar on eased credit curbs

By MAGGIE ROWLEY,
Business Staff

RETAIL sales rose an average 18,5 percent for the 12 months to end June, according to the Furniture Traders Association (FTA).

Mr Frans Jordaan, executive director of FTA, said furniture sales were up 25,6 percent, compared with the previous 12 month period, appliances by 9,1 percent, audio equipment by 14,8 percent and TVs and Videos by 14,8 percent.

He said the growth in retail sales continued to be steady since the lifting of credit restricitions in March this year.

"Right now there are too many rogue factors influencing sales figures for us to be able to extrapolate a great deal of meaningful information or predict longe-term trends.

"The growth for the month of June still represents a great deal of pent-up demand that happend after the credit restrictions in terms of higher HP deposits and longer repayment periods were eased.

"While there is a feeling of cautious optimism in the industry, June sales have shown there has been strong growth specifically in the volumes of appliances, audios and TVs.

"Pre-March credit restrictions were particularly stringent for these products. There has however been some slowdown in furniture sales, which is cause for concern, and we understand there has already been some retrenchment on the furniture manufacturing side," said Mr Jordaan.

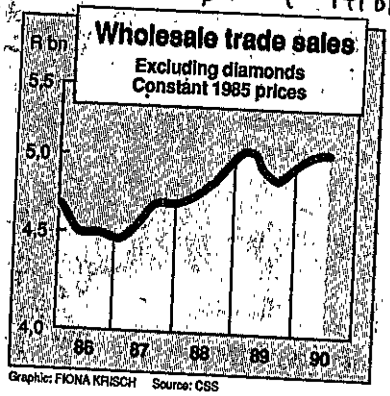
He said the credit restrictions, which were imposed between August 1988 and March 1990, caused many inequities in the industry and had created pent up demand.

"It distorts growth trends and it is the earnest hope of the industry that the government does not impose similar restrictions again," he said.

Wholesale trade expected to rise

B Day 14/8/90

CONNIE MOLUSI (30)



Graphic: FIONA KRISCH Source: CSS

THE expected value of wholesale trade sales — excluding diamonds and after seasonal adjustment — reflected an increase of 0,2% to R9,11bn for May compared with April this year, CSS figures show.

Total value of wholesale trade for April shows a seasonally adjusted increase of 2,4% compared with March.

Largest wholesale increase was in livestock and produce, with a record 29,2% increase to R301,7m in April, but lower sales are predicted for May.

Furniture sales and wholesale requisites dropped 7,5% to R219,8m.

Overall furniture sales show steady growth

BDay 14/8/90

(30)

SYLVIA DU PLESSIS

OVERALL furniture sales continued to grow steadily in the 12 months to end-June, reflecting an average rise of 18,5% over the previous year, Furniture Traders Association (FTA) executive director Frans Jordaan said on Friday.

But there were too many "rogue" factors influencing the figures for the FTA to extrapolate much meaningful information or predict long-term trends, he added.

Latest national sales figures — statistics for the month of June are not supplied — indicate that furniture sales at current prices grew 25,6% in the 12 months compared with the corresponding period.

Appliances registered 9,1% growth — negative growth if inflation-adjusted, audio 14,8% and TV/video 18,5%.

Jordaan said month-on-month growth for June still represented a "great deal" of pent-up demand following the easing of HP restrictions in March.

"June sales have shown that there has been strong growth specifically in the volumes of appliances, audio and TV," he said.

● JORDAAN

"Pre-March credit restrictions were particularly stringent for these products. There has, however, been some slowdown in furniture sales, which is a cause for concern."

"Credit restrictions were imposed between August 1988 and March 1990, which caused many inequities in the industry and has had the effect of creating pent-up demand. It distorts growth trends."

Jordaan said July figures were expected to reflect a "better spread" among the different commodities.

Mashold's markets expanding

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SYLVIA DU PLESSIS

AN IMPROVED political climate throughout Africa had opened new markets to direct mail order group Mas Holdings (Mashold), MD Marco van Embden said yesterday.

Addressing the Cape Town group's AGM, he said directors had stepped up exports to the rest of Africa and were on track to achieve "another good year of profits" in spite of a tougher business environment. BDay 15/8/90

"Because Mashold's customers shop from home, the group is generally not adversely affected by economic hardships. But we are not being complacent.

Efforts had been concentrated on expanding the export market, he said.

Goods were currently supplied to more than 3,5-million customers in southern Africa.

The mail order business was non-cyclical, and Mashold would continue trading at a brisk pace for the remainder of the year, he said.

Slashed

The group, which recently acquired two of non-store retailer Springtex's trading divisions, posted earnings of 32,7c (25,5c) a share in the year to end-February after attributable profits rose 34% to R6,4m (R4,7m).

Van Embden told shareholders borrowings had since been slashed by R4m, and the group's balance sheet would be strengthened further this year.

Stayaway call in Tokoza

Star 16/8/90

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By Stan Hlophe

The Tokoza Civic Association (TCA) has called for a mass stayaway today in protest against the violence in the East Rand townships.

The TCA and the South African Youth Congress (Sayco) will hold a protest meeting at the local stadium today.

Residents have been urged to end "apartheid violence" and "ethnic chauvinism".

Pamphlets distributed in the township blamed the apartheid regime with its "repressive, unjust and inhuman" system for the wave of violence in the township.

The pamphlets say: "Apartheid has enforced ethnic chauvinism. It teaches black people to see themselves as Zulus, Xhosas and Sothos.

"TCA and Sayco therefore call upon all the people of Tokoza to stop this fight."

Boycott of two towns goes on

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Sowetan 16/8/90

By SY MAKARINGE

THE Groblersdal-Marble Hall Consumer Boycott Committee this week vowed to continue their action against the two Conservative Party-controlled towns following allegations of increased intimidation and harassment.

The boycott has been going on since July 27 in protest against alleged racist attitudes of the councils.

The demands include the scrapping of the Separate Amenities Act, the abolition of the Job Reservation Act, an end to white-on-black violence, the re-instatement of workers dismissed after a stayaway on July 2 and the provision of proper transport for farm workers in the area.

Mr Nkobeng Maepa, chairman of the committee, said the town councils were applying "delaying tactics" in meeting their demands.

Committee member Mr Themba Mahlangu said senior officials of the two councils also insisted that negotiations must be conducted in Afrikaans.

"We are prepared to review the situation as long as those people can meet our demands.

"As people who have no vote and are unarmed, we view this strategy as the only reasonable method we can embark on," Mr Themba Mahlangu of the committee said.

Bidvest's Joffe declares results 'satisfactory'

BIDay 14/8/98

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SYLVIA DU PLESSIS

BIDCORP subsidiary and former cash and property owning company Bidvest — soon to be restructured — has posted earnings of 241c a share for the year ended June, with a 51c final dividend lifting the total distribution to 96c.

This follows an attributable profit of R5,7m, based on turnover of R115,1m and operating profit of R17m which yielded an operating margin of 14,8%.

No comparative figures are provided because the nature of the company's business changed substantially after it disposed of its property interests and acquired effective control of Afcom and Afcom Packaging and Industrial Corporation (Afpac) in November.

Bidvest's results for the period under review include its attributable interest in Afcom, acquired with effect from July 1 1989.

Chairman Brian Joffe said yesterday Bidvest's performance was "satisfactory" in view of competitive market conditions in the packaging and fastening materials market and the economic downturn.

The group recently announced a complete reorganisation, effective from July 1, in terms of which Bidvest would become the holding company of all Bidcorp's activities.

The proposed reorganisation entails Afcom's acquisition of all Afpac's operational assets, rendering it a cash shell whose shares will be suspended pending the acquisition of further assets.

Joffe said the restructuring would give clearer focus to Bidvest's business.

Its performance in the current year would be influenced largely by business conditions and the opportunities arising for the investment of substantial cash resources resulting from the reorganisation, and directors were optimistic of achieving a satisfactory performance, he said.

30 The Star Friday August 17 1990 13

Business draws up strategies to counter consumer boycotts

The SA Chamber of Business (Sacob) has sent out a special 10-point guideline to alert businessmen on the vital role they can play in trying to tackle the wave of consumer boycotts and in defusing potential flashpoints.

The plan has been prepared amid growing alarm at the toll of economic damage caused to black communities as well as business operations when boycotts drag on and sometimes flare into violence and looting.

One radical approach suggested by Sacob is that the authorities should sometimes consider releasing an influential black leader held in detention to act as peacemaker in boycotts jammed in serious deadlock.

Sacob legal manager Ken Warren takes the attitude that drastic problems demand drastic solutions.

"If there is a chap with lots of influence locked up in detention, able and willing to lend a hand in finding a settlement, he should be allowed out temporarily to help break any deadlock," he says.

"It sounds unorthodox, but we need to mobilise the most effective ways possible to meet the boycott problem."

Mr Warren has called on a network of well over 100 chambers of commerce and industry to urge their 35 000 member companies to swing into action on the first rumours of boycott trouble.

The first aim will be to identify the grievances at the root of any new boycott threats and then speedily seek discussions with boycott leaders and perhaps third parties on possible settlements.

Mr Warren has emphasised to chamber executives that there are no instant solutions or quick fixes as far as boycotts are concerned.

However, chambers in all areas should focus on ways to prevent boycotts through active participation in social upliftment programmes, and by keeping open channels of communication with black communities.

Amid growing alarm at the economic damage caused by consumer boycotts, the SA Chamber of Business has drawn up a set of guidelines outlining the role businessmen can play in tackling and defusing such actions. **MICHAEL CHESTER** spoke to the chamber's legal manager, Ken Warren (above).

Mr Warren has listed a number of flashpoints where organised business scored successes by intervening to help resolve grievances — including Boksburg, Carletonville, Port Alfred and the Eastern Transvaal.

"The underlying causes were varied, from confrontations over apartheid segregation to poor water supplies," he points out.

"But it was often proved that business had a key role to play as mediator when it was shown that chambers of commerce were firmly apolitical.

"Our new set of guidelines are based on a distillation of our actual experience, and should make a valuable contribution to peaceful settlements.

"The last thing we want is antagonistic counter-boycott action, such as threats to retaliate by shutting off consumer supplies to black townships, or similar action that could only make matters worse."

The main points in the guidelines are:

- Whenever a boycott is threatened, early action should be taken to make contact with the boycott leaders.
- Chambers should seek discussions with the leaders and with boycott opponents. But clear distinctions should be made between grievances on purely political issues over which they had no powers of negotiation — and social and economic grievances where business could make a contribution.
- Concerted action should be planned with the assistance of the authorities to prevent intimidation and to protect shoppers.
- All member companies should be encouraged to hold discussions with their black employees to explain what makes business tick and the dependence of jobs and working conditions on profitability — discussions likely to cause a more balanced attitude towards boycotts.
- Negotiations should take place directly with black leaders — rather than negotiation through the press, radio or TV which runs the risk of raising false expectations that could easily prove counter-productive.
- Chambers should make use of the services of professionals skilled in the art of negotiation, such as experienced industrial relations officers.
- Chambers should not overlook the possibility of a commercial answer to a specific boycott threat, perhaps underlining the sacrifices faced by shoppers.
- Communications with the authorities should be discreet to avoid any suspicions of collusion. ("Where the authorities can assist by releasing an influential black leader who is in detention, for example, then clearly this is a useful exercise for a chamber to undertake.")
- Chambers should avoid trying to use counter-boycott measures as a weapon — "if we believe in the free enterprise system".
- Use every opportunity to emphasise and publicise business initiatives concerning economic, political and social reform.

SCORE-CLICKS

Growth plans FIM 17/8/90 (30)

SCORE-CLICKS — Activities: *Retails and wholesales groceries, toiletries, cosmetics and gifts.*
Control: *Directors 34%.*
Chairman: *D Tabatznik; MD: C dos Santos.*
Capital structure: *57,2m ords. Market capitalisation: R143m.*
Share market: *Price: 250c. Yields: 4,9% on dividend; 11,9% on earnings; p:e ratio, 8,4; cover, 2,4. 12-month high, 260c; low, 180c. Trading volume last quarter, 2,2m shares.*

Year to Feb 24	'89	'90
ST debt (Rm)	18,1	7,8
LT debt (Rm)	8,4	15,9
Debt:equity ratio	0,13	0,10
Shareholders' interest	0,33	0,30
Int & leasing cover	3,8	3,9
Return on capital (%)	15,3	14,6
Turnover (Rm)	1 345	1 786
Pre-int profit (Rm)	46,7	66,5
Pre-int margin (%)	3,5	3,7
Earnings (c)	21,1	29,8
Dividends (c)	9,5	12,2
Net worth (c)	178	205

SCORE FOOD — Activities: *Wholesales and retails groceries and other consumer goods.*
Control: *Score-Clicks 60,69%*
Chairman: *D Tabatznik; MD: C dos Santos.*
Capital structure: *14,7m ords. Market capitalisation: R92,6m.*
Share market: *Price: 630c. Yields: 6,3% on dividend; 15,8% on earnings; p:e ratio, 7,8; cover, 2,5. 12-month high, 700c; low, 325c. Trading volume last quarter, 158 000 shares.*

Year to Feb 24	'87	'88	'89	'90
ST debt (Rm)	—	—	17,4	18,9
LT debt (Rm)	4,6	7,1	8,4	15,9
Debt:equity ratio	0,13	0,09	0,50	0,61
Shareholders' interest	0,34	0,29	0,26	0,22
Int & leasing cover	2,3	5,8	2,5	2,4
Return on cap (%)	12,1	16,8	13,5	12,8
Turnover (Rm)	745	923	1 099	1 360
Pre-int profit (Rm)	20,7	28,5	26,3	33,0
Pre-int margin (%)	2,8	3,0	2,4	2,4
Earnings (c)	75	100	81	100
Dividends (c)	27,5	37	37	40
Net worth (c)	269	269	308	347

Score-Clicks' strong turnover and earnings growth in the 1990 year reflects the strong performance by Clicks Stores and a turnaround in Score Food's fortunes. With no let-up in Clicks' growth expected, and the sale to Superite of Score Food's problematic Grand Supermarket chain, the outlook for Score-Clicks this year looks rosy.

A 33% rise in turnover — reflecting 50,01%-held Clicks Stores' 73% increase and a 24% increase at 60,69%-held Score Food — translated into earnings growth of 41%. These results include a full year's trading by Clicks for the first time.

Clicks, the retail speciality toiletries and gift chain, produced good trading results (*Companies* June 15) and in its 21st trading year opened its 101st branch. Clicks Stores' other division, Diskom, which caters for C and D income groups, now operates out of 33

Score-Clicks' Dos Santos ... aggressive expansion programme

stores, 14 having been opened in the 1990 year. The group's operating margin slid to 7,7% from 8,1% in financial 1989, reflecting tougher economic conditions. A higher stockturn and the debt-free balance sheet allowed the strong growth at operating level to flow through to the holding company.

Clicks Stores contributed 23,9% to Score-Clicks' turnover and 48% to attributable earnings.

Score Food, comprising the cash-and-carry wholesale grocery chain Trador and the Grand Score supermarket chain, apparently overcame operating problems during the year. MD Carlos dos Santos says an aggressive marketing and store expansion programme boosted turnover ahead of the industry average, while maintaining the operating margin.

The 30-store Grand supermarket chain contributed to group profit in the latter part of the 1990 year, having made losses in the first-half. Trador benefited from reduced shrinkage, tighter margins and improved merchandise control and also lifted its market share.

Score Food's interest-bearing debt continued to rise and a net interest charge of R7,6m — 50% more than in 1989 — detracted from the operating performance; the debt:equity ratio rose to 0,61 (0,50). The growth in debt is related to rapid expansion rather than from funding increases in working capital requirements — creditors appear to be doing this.

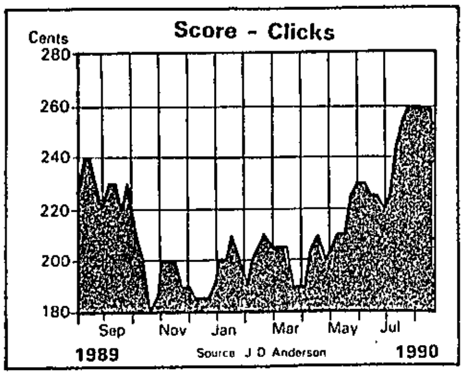
On the whole, prospects for both Clicks Stores and Score Food now appear promising.

Clicks Stores MD Trevor Honneysett expects growth of Clicks and Diskom stores "to be even more impressive within the next five years than in the past 21." The Clicks chain will probably double in size within five years and Diskom is expected to grow from 33 to about 150 stores in the mid-1990s. In the 1991 year, the two chains will each open 15 additional stores and older stores will be refurbished to the tune of R7,1m.

Score Food's Dos Santos believes the wholesale and retail trading environments will be tough this year and margins will remain under pressure. Trador will open three additional stores and establish a national chain of cash-and-carry building supply outlets — the Builders' Bucket — aimed at the black market.

The recently announced sale of Grand Supermarkets, for R17m cash plus the cost of stock at August 20, will relieve the group's debt burden and allow it to focus on the Trador wholesale operation and Score Supermarkets. Grand's annual turnover of about R300m represents 22% of Score Food's 1990 turnover, but Dos Santos says the effect on earnings and NAV will be negligible.

Investors looking for a relatively cheap entry into "bluish-chip" Clicks Stores, and who are prepared to gamble on Dos Santos's ability to sustain Score Food's growth and



make a success of the new building supply operation, should opt for Score-Clicks. At 250c, it is trading at a discount of about 50c to intrinsic market value, based on prices of the listed subsidiaries. *Pam Baskind*

DATAKOR FIM 17/8/90

Digesting Unisys

Many observers believed Nic Frangos's Datakor group over-reached itself in paying R132m for the SA subsidiary of Unisys in September 1988. After a year of consolidation, with emphasis placed on improving

TAFELBERG F/M 17/8/90

Sales picking up

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Company results over the past few months have clearly reflected the worsening state of the economy. Though durable sales have been hard hit, however, some furniture groups have continued to lift earnings at a rate close to inflation.

Tafelberg is not among them. In the 1990 year pre-interest profit rose only 6,6%, and this gain was reduced by a R126 000 rise in the net interest bill; earnings thus showed a 5,5% decline.

Chairman Eugene Theron admits it was a tough trading year. Margins were squeezed to the bone by competition and there has been an obvious reduction in consumer demand. But, he says, trading now has a "different feel" and he is optimistic about the current year's results.

He reckons consumers' inclination to save in difficult times has resulted in pent-up demand that is beginning to show; Tafelberg is said to be experiencing higher turnover across the board.

Furthermore, Theron says the warehouse that opened in October has strengthened operations. It has eliminated stock bottlenecks which had seriously inhibited sales, enabled the use of more floor space in the sales showrooms and allowed a better display of a broader range.

The R1,47m cost of the warehouse has doubled the value of fixed assets. As it was financed by a first and second mortgage bond for a total R1,3m, long-term liabilities have risen accordingly. Though interest-bearing debt has increased by 19%, Theron believes the additional interest attracted should be easily offset by better trading results.

The balance sheet shows an 18,4% increase in stock, but Theron says this results from price escalations of around 25% a year in the furniture industry rather than greater stock volumes.

Because 95% of Tafelberg's sales are for cash, cash flow does not present a problem for this small and seemingly well-run 21-year-old Cape group.

Despite the economic downturn, Theron is expecting a soundly based rise in turnover, with EPS up about 20% this year. If this is achieved the dividend should rise accordingly.

Gerald Hirshon

F/M 17/8/90

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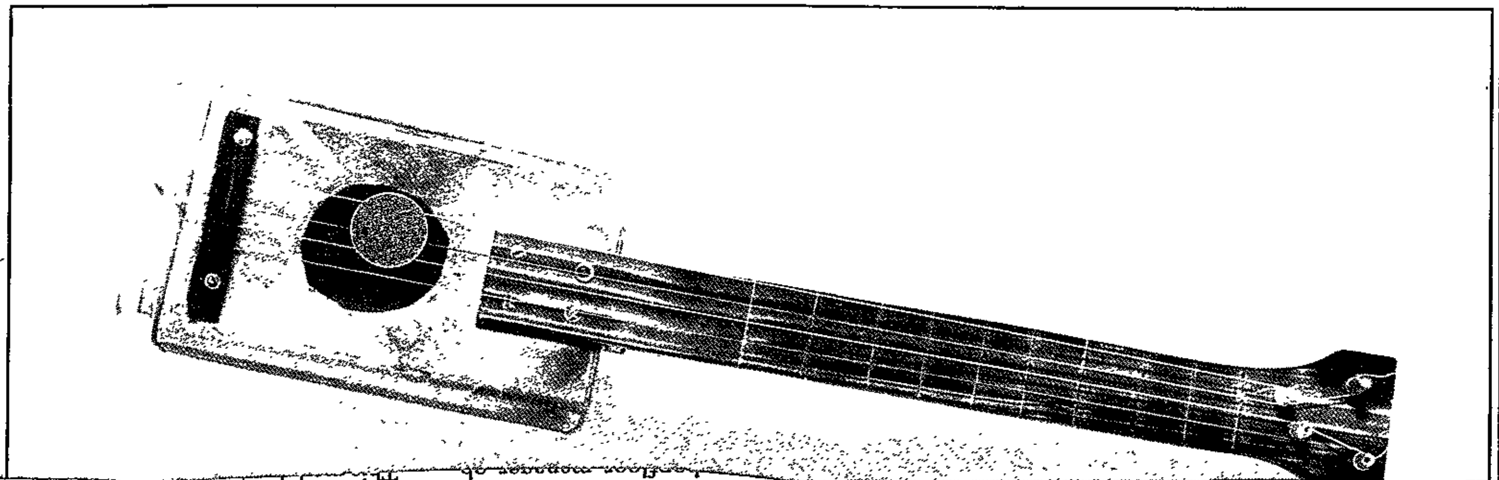
Activities: *Furniture retailers and TV renting.*
Control: *Directors 62%*
Chairman and MD: *E J Theron.*
Capital structure: *12,4m ords. Market capitalisation: R2,48m.*
Share market: *Price: 20c. Yields: 17,5% on dividend; 35% on earnings; p:e ratio, 2,9; cover, 2,0. 12-month high, 30c; low, 18c. Trading volume last quarter, 115 100 shares.*

Year to Feb 28	'88	'89	'90
ST debt (Rm)	0,4	1,7	0,7
LT debt (Rm)	0,1	0,1	1,4
Debt:equity ratio	0,17	0,53	0,53
Shareholders' interest	0,36	0,37	0,32
Int & leasing cover	33	581	11
Return on cap (%)	16,2	19,3	15,5
Turnover (Rm)	19,3	29,5	31,1
Pre-int profit (Rm)	1,3	1,7	1,8
Pre-int margin (%)	16,3	5,8	5,8
Earnings (c)	5,4	7,4	7,0
Dividends (c)	2,6	3,5	3,5
Net worth (c)	22,7	26,7	30,2

SMALL BUSINESS

Creating jobs is only one task of Job Creation SA. The company is also often asked to implement small business development programmes



Laws a big obstacle for job creation company

W/Mail Suppl 17/8-19/8/90

Job Creation SA's first major commission was to create 500 jobs through 100 small businesses. It accomplished the task — and now it has to create another 250 jobs. A **WEEKLY MAIL REPORTER** *spoke to the two men who started the company*

IAN HETHERINGTON and Martin Manala did not believe that politicians were really interested in the development of small businesses so they started a business to do it.

They spoke to *TheWeekly Mail* in their Job Creation offices in Rhodes Field (near Jan Smuts Airport), which they share with the non-profit Small Business Advisory Services.

Job Creation SA, set up in late 1985, is jointly owned by Nafcoc and, ironically, Barlow Rand. Its mixed parentage is reflected in the managerial staff, Hetherington, a former Barlow Rand man, and Manala, who came from Nafcoc.

It sells its services to companies and organisations which commission employment creation and small business development.

Its first major commission, from Barlow Rand, was to create 500 jobs through 100 small businesses. This target having been accomplished, Barlows commissioned another 250 jobs — the current major project for Job Creation.

Manala, Hetherington, and the other staff mem-

promote co-operation on issues of ... through the ranks of the workforce. economy as a whole.

there is no guarantee that data which has been processed in the past

...5

One lacuna in the internal control system would be if the operating system did not ensure that changes to programs and data were made as a matter of course. It would be even worse if communication between the DP and other sections were to be bad. If the computer is installed in t ... than the client risks the operation of a 'closed shop ... nvolved in allowing free access to ke ... ey could throw the whole system into ... experiments. The only advantage wi ... nputer is that they should not be ten ... s or data.

3.3 Auditing data

The aim here is ... intact from start to finish through ... mputer system. Only authorised perso ... rations to the data. The relevant poi ... 1 3). Computer-supported contro ... basic components of applications pro ... ercial software for micros, since th ... be kept down. It is possible to lim ... sswords. The availability of ... ing to affect the security of the

3.4 Auditing pr

Auditors should ... of the DP application by checking th ... tered applications, as well as loo ... ases. Risks connected with the hando ... 1 above and there are no restriction ... dual cases with small computer users

If the process ... then it will not normally be p ... alone the bookkeeping system as a w ... nally allowed. If documentation ... will almost inevitably conclude that ... perly. When ready-made software is i ... n short supply, then it is going to be well-nigh impossible to change the software with no documentation.

looking for small suppliers, by employers retrenching workers and looking for ways of enabling the laid-off workers to employ themselves, and they are consulted by landlords looking for small business tenants.

As in the Barlows commission, Job Creation is also prepared to implement small business development programmes. However, they do not loan small entrepeneurs money or house them in their own buildings, as the government sponsored Small Business Development Corporation does.

The link with the Small Business Advisory Service (SBAS), which Hetherington helped set up in the mid-1970s, comes into play when Job Creation is asked to implement projects. Job Creation contracts some of the work out to SBAS.

Job Creation says the Alexandra project, which formed part of the first Barlows contract, is one of its substantial successes. Job Creation officers sought out entrepreneurs in Alex, some of whom came through Nafcoc, and found an empty factory in Kew which the owner was persuaded to convert into a hive for 35 businesses.

One of Job Creation's toughest tasks was to cut through regulations and other obstacles to make the project viable. Hetherington is a fervent lobbyist for deregulation, having been a member of the Swart Commission which formulated the deregulation of the Ciskei.

Though he is disappointed that the only element of the Ciskei plan fully implemented was tax reform, he feels that the forces for deregulation in South Africa are winning. The next milestone, apart from the removal of the Group Areas Act, Hetherington believes, is an omnibus Bill due to go before parliament next year which will slice through licensing provisions in 60 existing pieces of legislation.

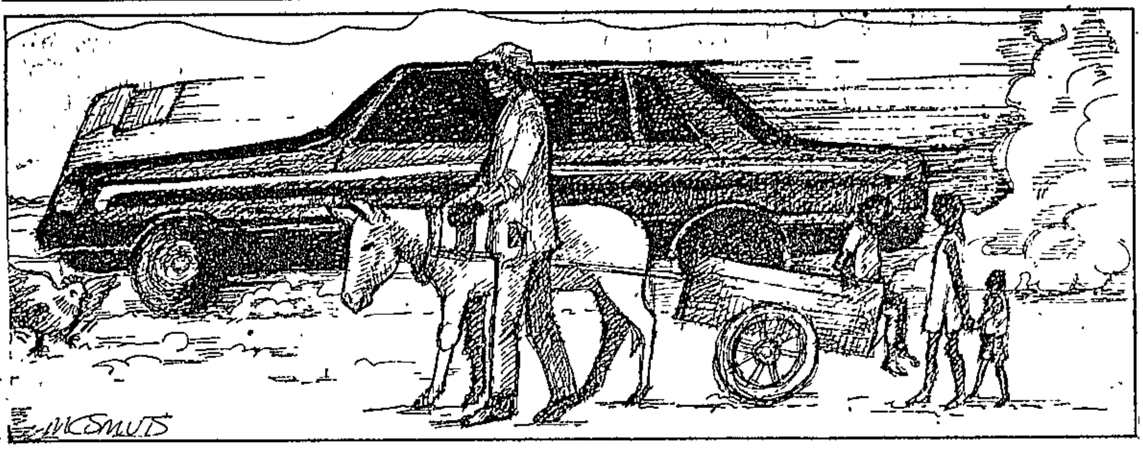
Manala and Hetherington see a range of areas where small businesses are already effective, and that can accommodate a proliferation of entrepreneurs, most of which are offered by the continuing urbanisation process.

They include: building and building supplies; furniture manufacture and sale; the production of garments; food manufacture, preparation, and sale; transport and its auxiliary services such as tyre repairs, mechanical work, and re-upholstering; and niche markets like computer furniture.

While contracting-out by big firms would seem to be a potentially important source of small business development in South Africa, the experience so far is very disappointing, says Hetherington. A major obstacle is a lack of trust on both sides. The principle expects the sub-contractor to be unreliable, and the small operator expects to be the first to be sacrificed during a recession.

Sub-contracting won't really take off, until the degree of trust between big and small firms is developed here, Hetherington argues.

SMALL BUSINESS



"The lack of land ownership among blacks seriously restricts their ability to provide collateral for loans and could be viewed as one of the most debilitating factors for black entrepreneurial growth"

Finding a new strategy for black business

W | Mail suppl 17/8 - 17/8/90

Black entrepreneurs remain largely powerless. But this is changing with the political climate and pressure from organisations like the SBDC. 30

By **WOLFGANG THOMAS**

Western Cape Regional Director of the Small Business Development Corporation

THE small number of independent black businesses, except in the informal sector and a few special types of small enterprises — primarily taxis, spazas, panelbeaters and taverners — has often been seen as proof of black powerlessness in the South African capitalist economy.

Whether black employees in managerial positions of larger enterprises set out to either take over a business or start on their own, or if the group approach is followed like Black Chain and few other shareholder schemes — it is difficult to show spectacular success stories at this stage.

Aside from the informal sector, the significance of which itself is often disputed, the share of African owned or effectively controlled enterprises in the business sector is probably still less than four percent, irrespective of the criteria used for measurement.

The Small Business Development Corporation (SBDC), in existence for almost a decade, shares this experience, even though it operated on a strictly non-racial basis right from its formation.

Reacting mostly to applications for loan capital, the bulk of its black applicants have come from the informal sector, where high risks and lack of security restrict the mini-loans to R5 000 and much of the effort centres around the collection of repayments and rather basic "after-care".

Pro-active involvements largely focused on the development of a wide range of shopping centres inside black townships — where virtually no other developers were willing to risk their capital — and the rapidly increasing number of small industry hives, located in close proximity to townships, but open to all races.

Recently the SBDC opened its 52nd hive with more than a dozen more under construction.

The quest for more rapid black advancement in the business sphere caused the SBDC to reconsider its strategy for black business support and step up efforts in a variety of areas.

Most progress has probably been made in the legal sphere where most of the hundreds of restrictions on black entrepreneurial participation — still stringently enforced a mere 10 years ago — have gone into disuse or been abolished, many of them thanks to low-key pressure from the SBDC.

●To PAGE 9

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SA's black yuppies opt for ANC

Credit for FW, but NP 'not to be trusted'

advertising agency McCann in May among 18- to 50-year-old upper and middle-income black residents in Transvaal urban townships. Qualitative research makes use of fewer respondents and in-depth group discussions as against "quantitative" research which involves a greater number of respondents and simple question-and-answer procedures. CHRIS MOERDYK reports on Rubicon 2 — how black South Africans view current politics and the future of the country.

dents who took part in the Rubicon 2 project believed that the National Party was "not to be trusted", that it practised "double standards" and that it was F W de Klerk who was committed to change without general party backing.

Mr de Klerk was recognised as "a man not afraid to take risks" and the majority of respondents felt he deserved "enormous credit" for what he had achieved.

However, many respondents criticised him for demanding minority rights and felt that he might "never be forgiven" for holding the post of Minister of Education.

Suspicions of NP

They felt that the NP was continuing to offer cosmetic changes in an effort to cling to power for as long as possible while at the same time wanting to qualify for international acceptance to salvage an economy that "was heading for the rocks before Nelson Mandela was released".

But some blacks did feel that the NP had changed from a stance of black oppression to one in favour of change and negotiation. Said a number of respondents: "They are learning from their mistakes."

Many believed that Mr de Klerk was "way ahead" of his party colleagues with regard to the new South Africa and as a result saw Mr de Klerk as the ideal vice-president to Nelson Mandela.

The vast majority of respondents regarded black-on-black violence and the state of the economy as the two most pressing problems in South Africa at present.

Rubicon 2 showed massive support outside of Natal for the ANC which was regarded as representative of a non-racial society. Respondents believed that the ANC was the only political party to be recognised internationally and the only party that genuinely attempted to accommodate the desires of all race groups while promoting black advancement and the creation of a "middle class".

ANC supporters were described as "those who forgive and forget" and were made up of "fair-minded and hopeful individuals" who were genuinely concerned about the future of South Africa.

Respondents believed that when Mr Madela had been released from prison he carried the "hopes and dreams of the entire nation on his shoulders". While many continued to believe this, there was now a growing realisation that he was now merely a spokesman for a wider group, albeit an effective one, and that he was being used to great effect by the ANC.

He has remained a greatly admired man, respected for his achievements for encouraging peace and advising children to return to school.

Mandela role

But, while Mr Mandela was still largely admired by most respondents some felt that he had not lived up to expectations and criticised him for his "high living".

In contrast to the ANC, the PAC was seen as an "uncompromising, non-conciliatory party" which was described by a number of respondents as "a black AWB".

The PAC promoted an exclusively "Africanist" viewpoint and a South Africa in which whites were either unwelcome or "made to suffer".

Respondents felt that the bulk of PAC support came from rural areas and from the "radical youth" and "violent" people.

According to Ms Sue Lerena, planning director of McCann, the group discussions on Inkatha were "interesting".

She said that although Inkatha was identified with Zulus, it was seen by respondents as a narrowing tribal party representative not even of Zulu interests in general but of Gatsha Buthelezi's political ambitions.

The majority of respondents, she said, viewed Inkatha "with loathing".

It was felt to be an organisation which exploited and intimidated people in Natal and was representative of black on black violence.

Ms Lerena said that as a result of intimidation it had been impossible to conduct research in the Natal townships. However, a number of Zulus were represented in the research groups in the Transvaal and even these, she said, had a very low opinion of Inkatha.

In most groups respondents expressed the opinion that Gathsha Buthelezi had manipulated Inkatha for his own ends and some respondents felt that the organisation was being used to advantage by the Government.

They had a poor opinion of Inkatha members, describing them mainly as "illiterates".

They believed Inkatha's biggest mistake was being seen to be in opposition to Nelson Mandela and the ANC.

"Inkatha seems to be fighting with Mr Mande- to say with regard to the Democratic Party and when opinion was voiced it was generally uncomplimentary. Respondents saw the DP as "elitist liberals able to support democratic change from a buffer zone of unaffected comfort".

With regard to the future of South Africa there was general concensus that the ANC would win an immediate general election.

Some respondents felt, however, that the ANC might have to fight off a growing and powerful threat from the PAC.

But they believed that the future government of South Africa would have to be non-racial and not multi-racial, with some respondents in the 18- to 24-year-old group believing socialism to be the best option.

Virtually all respondents acknowledged the "vital role" whites could continue to play in South Africa both economically and politically. They stressed, however, that the presence of whites would only be welcomed if they adapted to their "changed status" in both social and political terms.

Respondents felt whites needed to accept blacks on equal terms and to "show respect".

Respondents were also asked to describe what they understood by the terms "redistribution of wealth" and "nationalisation".

Rich to poor

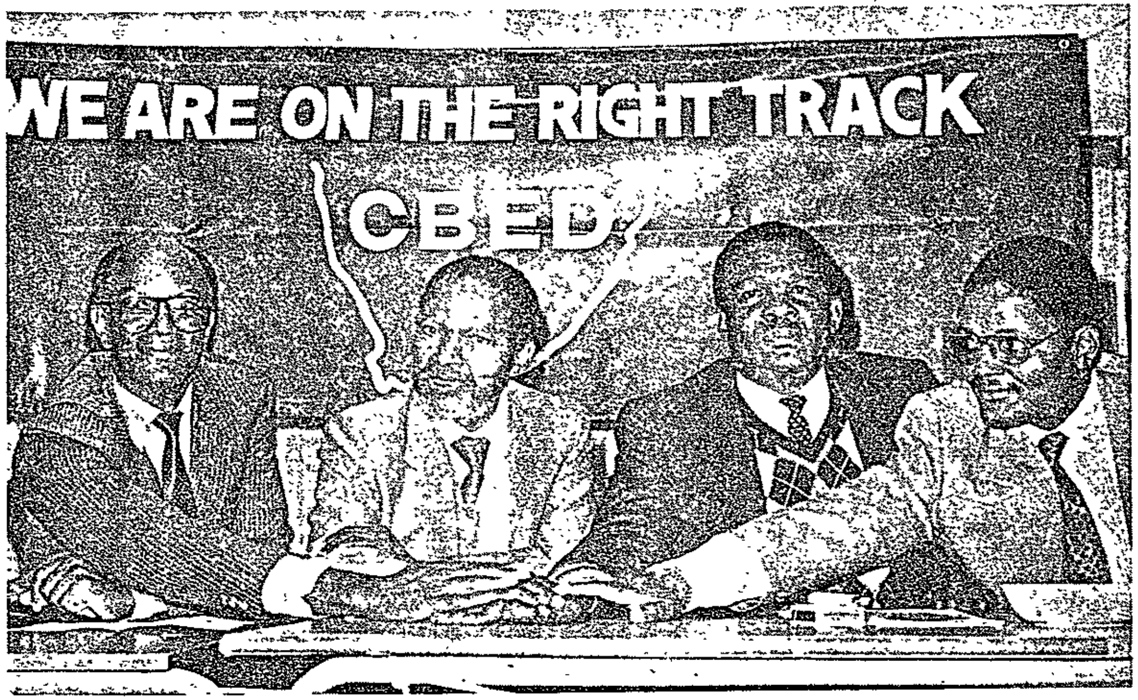
The majority understood "redistribution of wealth" to be simply taking from the rich to give to the poor. It was also a concept that respondents associated mainly with the ownership of land.

Nationalisation was generally accepted to mean state control of major industries such as mining and banking.

Respondents believed state control of these industries would mean that the profits "would go back to the people and not remain in white hands".

Rubicon 2 showed that there was by no means any measure of concensus over whether nationalisation actually worked or whether it was effective.

New umbrella body for co-ops



CBED directors John Makhene, Nthato Motlana, Bobby Makwetla and Sam Muofhe ■ Pics: ANDRIES MCINEKA

Black economic upliftment comes under the spotlight

By ZB MOLEFE

SOME people left their homes at the crack of dawn while others had already been driving for hours. All had braved a freezing Sunday morning last week.

They were going Soweto's Funda Centre to launch the Association of Co-operative Societies of South Africa, under the auspices of the Centre for Black Economic Development.

Almost 200 delegates from burial societies, women's clubs and megodisano (money syndicates) countrywide have been nurturing the dream of this launch for years.

Determination and the vision of economic equality were the driving force, while the battlecry at the launch was clearly "black economic empowerment".

The launch was very different from today's fashionable seminars. There were no high-profile speakers, no swank city hotels or conference venues. This meeting was attended by simple men and women, fathers and mothers, friends and rivals.

For years, every weekend or month-end has seen them in townships countrywide pooling their meagre incomes to bury each other, while some have tried other forms of economic self-upliftment.

CBED chairman Prof John Makhene told the launch: "The tradition of sharing has been the mainstay of our people. Today, in a changing political climate, it has become important for us to co-operate."

Makhene said developments in the country meant the tide of politics was turning in favour of blacks, but that the road was still long.

He said: "When you look at blacks today, what do you see? You see massive poverty. We need to do something. If we do not do something, our children will blame us."

Makhene said by the year 2000, blacks would comprise 90 percent of the South African population.

"The best we can do is to start with the things we do best. Megodisano and stokvels can be the best starting points.

"We will flex our (economic) power as blacks. Remember the (white) financial institutions are using your money for something else. How we get out of poverty is crucial. We are standing on the frontier of progress politically and economically, but we have to do it ourselves," he said.

Accountant Israel Skosana said: "We are in the majority but we are the poorest. And those in the minority are the richest.

"We have looked at the resources at our disposal and we have found human resources. And we have brains, although our brains have been underdeveloped for so long because of apartheid."

Soweto community leader and CBED deputy chairman Nthato Motlana painted a sobering picture of post-apartheid South Africa when he said: "I worry when I hear the ANC or a black-dominated government will nationalise everything when it comes, of the game is that individually we will not succeed."

Possibly Makwetla was thinking of his days as chairman of one of the country's biggest soccer teams, Orlando Pirates, as he drove his message home.

"The ground is being prepared by our political leaders, but we should prepare our economic ground as well."

A speaker from a Daveyton burial society told the gathering blacks had been disadvantaged for so long that they had ended up mistrusting each other, especially in matters involving money.

The burning question was the role of CBED in relation to Acssa.

Said Makhene: "The CBED board of directors are acting as facilitators to form Acssa. We will then impart management skills and relevant training."

Skosana said: "The CBED will look at broader economic issues (in its dealing with Acssa). For instance, we will look at things like the transfer of technology to our people."

After four-and-a-half hours of discussions, the delegates resolved to elect a 100-person steering committee charged with the responsibility of drawing up a constitution for Acssa.

The process of economic upliftment has already begun at Acssa-organised workshops in Pretoria, Johannesburg, the East Rand, western Transvaal, Soweto and northern Transvaal.

...body for co-ops

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"A black government will not feed and clothe you, but it will give you an opportunity to accumulate wealth."

Businessman Bobby Makwetla said well-known black organisations such as the National Council of African Women, "which is as old the ANC", the liquor group Ukhamba, the Black Housewives' League and the South African Soccer Association, were examples of black economic upliftment.

He said: "What the people of these organisations have realised is the need for numbers (in the economic empowerment game). And the name of the game is that individually we will not succeed."

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Israel Skosana ... "We are the majority but we are the poorest."

4/Prn 19/8/90

Land a burning issue – NLC

By ZB MOLEFE

PRESIDENT FW de Klerk has often said private property and free enterprise should be the cornerstone of a new South Africa, says the National Land Committee.

"Yet no one has answered the question of how black people who lost their land, their livestock, their capital and their homes through forced removal and eviction will be able to compete in a free market," it adds.

The extent of black impoverishment through apartheid "means they (blacks) will not afford to buy land or farm it effectively unless there is a programme of redressing historical wrongs and compensating people for these losses", says the NLC in its latest publication *Land Update*.

The publication said to open a free market in land, before questions of its affordability are answered, would cause wide-scale property speculation – and increase land prices.

It said the government remained silent on what it intended in place of the 1913 and 1936 Land Acts, adding a free market approach "applied blandly" to the land question would have devastating consequences for the rural poor.

But, it said, future government policy would probably do away with the racial character of land ownership.

The NLC – formerly the National Committee Against Removals – predicted a bleak future for blacks should land fall under the government's free market plans.

"Unless the new policy adresses the dispossession which apartheid has brought about, landlessness and poverty will continue to plague the poorest of our country ... and the land question will remain a burning, unresolved issue."

People who needed land most – or depended on it for their livelihood – did not have the substantial capital needed to buy land at current market rates, it said, citing the "Coloured" reserves of Namaqualand and the northern Cape where the House of Representatives has adopted a policy of privatising communal land.

This has been fiercely resisted by the predominantly semi-nomadic farming communities in the area.

"Privatisation means surveyed plots are to be sold to individual owners who will acquire exclusive holding to a portion of the land.

"For the poor majority of farmers in the area, privatisation brings the prospect of losing access not only to residential land, but also to grazing land.

"Towards the end of May this year the government was preparing to sell a number of state-held farms in the western Transvaal – some of which previously belonged to black freehold communities who were forcibly moved to the bantustans.

The government planned to sell the farms to white farmers before it could abolish the Land Acts, the NLC claimed.

On May 20 this year Transvaal representatives from 28 rural areas called for "a moratorium on the sale of all state-owned land until a process of negotiation between the government, local communities and their political representatives can work out a way in which historical wrongs can be redressed – and landless people supported in their attempt to gain land", said the NLC.

The hunger for land

C/Press 19/8/90

Black political organisations have made it abundantly clear that land will be the central issue in post-apartheid South Africa. The National Land Committee has fired the debate's first salvo at the National African Federated Chamber of Commerce's annual conference in Durban recently by stating blacks will not have enough money to buy land unless there is a programme to redress historical wrongs which have led to this state of affairs. At the meeting, Azanian People's Organisation publicity secretary STRINI MOODLEY pointed to the anomaly of white control over a massive 87 percent of the land in this hard-hitting speech:

AZAPO sees land as a commodity available to all Azanians. It belongs to all the people and not to individuals.

Personal ownership is only acceptable where it is used for building homes, not for profiteering.

Land distribution as an economic strategy must be given new meaning and placed in the right context.

This "meaning" lies outside the capitalist notion of land being an exploitable commodity at the expense of human needs and life itself.

If it is used for exploitative purposes, it shall be expropriated and returned to the State.

People who contribute to the economy of the country must be allowed to build their homes without having to pay for land.

When it is used for the creation of wealth, certain conditions will have to be met. For instance, persons may have access to a site for business reasons, but will have to pay rent to a national treasury.

It is clear that because land is the primary means of production, it belongs to the people and cannot become the property of individuals.

The obvious question is: what happens to land which is presently occupied? Leadership will have to work out a mechanism by which redistribution and appropriation can be executed in an orderly fashion.

Above all, black people have become alienated from the land. For black people, land is no more than a hovel in which you sleep or a place at which you work for starvation wages.

Many people have argued that blacks did not use their initiative and that wealth created in this society was a result of white efforts.

The argument is fallacious. Whites used the labour of black people to earn their security, privilege and power. They convinced themselves blacks were inferior, lazy and came to this country at the same time as they did.

But whites realise that if they confront historical reality, they will have no legitimate claim to the land.

Legislation on the statute books today is testimony to the notion of racism, or apartheid.

Some people argue about democracy. White society has no right to talk about democracy. It has never understood or respected democracy. It practices racim with a fervour akin to the Nazis under Hitler.

Today no person can debate democracy without calling for the total redistribution of the land and wealth of this country.

White society controls 87 percent of the land. If we are to talk about its redistribution as an economic strategy for the future, then we must first come to terms with the reality that 87 percent of South Africa must be included in this redistribution.

Racism has led blacks to believe they have an inferior claim to the land. They see themselves as searching for unoccupied areas while, in their heart of hearts, they desire to occupy the land on which white people live and work.

In other words, they see the mansions and secretly believe they have a right to them.

Consequently, racism has distorted the value of land. It has made it a private thing – a thing which can be exploited for profit. This country bears all the scars of colonialism.

Black people are landless and have been forced to accept a culture of labour – producing the wealth of this country.

Land did not bear wealth automatically. Somebody had to work it and white people needed to create reasons to turn blacks into a faceless labour force.

The process of colonisation came in three phases. First, the defeat of black people and therefore conquest of the land.

Second, the creation of justifications for exploiting blacks as cheap labour. Third, the introduction of legislation which made blacks landless.

The blood, sweat and tears of black people labouring on their own land for the profit of white society over the last 320 years is a vital factor in appreciating the struggle.

A major element of the struggle is the fight to free land from the clutches of white society and place it back in the hands of the oppressed and exploited majority.

We are not only talking about returning land to an indigenous people. We are talking about freeing it from a society that has taken it illegally. We are talking about ensuring it does not become the basis for exploitation.

Land must become what it is – a resource which ensures the equal development of the whole society.

What centuries of oppression and exploitation have done to black people is to deny them the ability to see themselves as complete human beings. They have been dehumanised violently and psychologically.

Black people are made to feel like foreigners in the land of their birth. Politically, economically, socially and culturally they have been turned into slaves through racist policies.

There are certain realities we have to come to terms with. Land distribution will have to be radical if it is to constructively and adequately address the problems facing the vast majority.

We regard the liberation of black people as a priority. In that context, the liberation of land is a primary objective.

Technical details of how the distribution of land shall be implemented will have to be worked out in finer detail by the government in power at the time.

Land must be returned to its original function. It must provide shelter and a base for productivity.

Soweto traders link up against criminals

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Sowetan 20/8/90

SOWETO businessmen have formed a working committee to combat the spate of murders and robberies against entrepreneurs in the area.

By VANESSA PERUMAL

The committee is to investigate, monitor and try to come up with solutions that will help eliminate this scourge.

This was decided at a special meeting of the Soweto Independent Shopkeepers Association where concern was expressed at this new trend in the townships.

Although figures have not been given, the number of attacks in and around the Soweto area has increased dramatically from the latter part of 1989 to 1990.

Thami Skenjana, general secretary of SOINSA said that he assumed that most of the attacks and murders take place with the sole motive of robbery.

"However, because the businessmen are unable to protect themselves, many die and others are crippled," he said.

The director of Easy Loo, Mr Sam Matuna suggested that a working committee be established for this purpose.

Formulate

The group resolved to formulate the committee and Matuna was subsequently chosen as the chairperson of the committe.

Most of the people present at the meeting agreed that some sort of action had to be taken by the traders themselves, because, they claimed, police have so far proved to be inefficient in tracking down the criminals and eliminating the spate of attacks.

They did, however, acknowledge that they themselves were not people who were prone to form vigilante groups and attack the gangsters and robbers.

They realised this would again result in crimes and seem as if they were taking the law into their own hands.

For the smooth functioning of this new committee, Soweto has been divided into seven zones, each with two representatives.

Skenjana made it clear that the working committee was not part of SOINSA simply because not all the business people and traders were affiliated to their organisation.

All business people in and around Soweto are welcome to participate in formulating decisions and structuring the working community to best benefit all of them.

Anyone interested to know more about the function and aims of the working committee should contact Matuna at (011) 939 2121

Willie Ramoshaba.

'Township stress' inhibits productivity

Star 23/8/90 (30)

By Shareen Singh

Conflict between management and workers is aggravated in South Africa by township stress, therefore employers need to play a constructive role in reducing its adverse impact on the workplace.

Stress

Speaking at a seminar organised by human resources consultants, Mandate, consultant Jacqueline Duke said township stress manifested itself in the workplace in counter-productive ways and employers can no longer ignore community-based issues.

A survey conducted by Ms Duke covering 16 townships in the PWV area, using a sample of 231 workers, revealed a number of stress factors in township life.

Apart from the extremely high levels of stress due to the unrest, other factors such as inadequate housing, the education crisis, eviction, fear of violence and theft and lack of sleep are factors contributing to stress levels.

Accommodation problems stood out as the highest stress factor. Fifty percent of those surveyed were unable to find a place to live and 65 percent had problems with water, sanitation and electricity.

Townships are often far from work demanding long travelling hours. Research by the HSRC showed that 80 percent of the black workforce travel on average two-and-a-half hours daily between work and home.

These factors adversely affect work performance and contribute to the low levels of productivity evident in South Africa, Ms Duke says.

The research showed that community experiences are important determinants of work-related attitudes. Extreme life stress has been found to be related to work alienation and hence poor organisational commitment.

These manifest themselvesin the workplace in the form of reduced job satisfaction.

Unrest

Political unrest impacts on the workplace in the form of absenteeism and lateness. It also creates anxiety about shift work and returning to the townships late at night.

Labour-management conflict is increased, resulting in higher levels of worker militancy and polarised racial attitudes and racial antagonism on the shop floor.

Political aspirations, economic disparities, racial differences and the education system and broader socio-political conditions are presented to management as shop-floor demands.

Hence, employers faced with more than just the old shop-floor ethic should see it as imperative to recognise township issues, their impact on the workplace and develop a strategic management style in addressing the issues.

The message is clear, Ms Duke says: "South African organisations seeking to manage their businesses effectively and increase worker productivity and commitment, need to address community issues."

Flexible urbanisation policy urged

Dr Ben Vosloo, managing director of the Small Business Development Corporation, outlined a programme for the development of small businesses when he was named the 1990 winner of The Sunday Star's annual Emeritus Citation Award at a banquet in Sandton last night. WINNIE GRAHAM reports.

South Africa has been challenged to develop a more flexible and dynamic urbanisation policy to improve the dynamics of urban development through the involvement of blacks in the total urban development pattern.

In his acceptance speech, Dr Vosloo said town authorities and planners would have to give up their pathological obsession with the implementation of set "chessboard" patterns.

"Integrated land-use patterns — that is, multi-utilisation of land instead of the strictly laid down mono-utilisation — must be allowed," he said. "By doing this, living and working areas will be brought closer together.

"This means that the present racially determined group areas must be scrapped to make full use of their market potential. It will also de-racialise and desegregate business activities and help to reintegrate black and non-black initiatives and skills."

Dr Vosloo suggested that South Africa rid itself, through nationwide deregulation action, of deeply rooted obsessions with the application of First World standards. South Africa, he added, was not a First World country; it was a Third World country with a strongly developed modern sector.

It was urgent that licensing requirements and zoning, building and health regulations be made more suitable.

"Deregulation amounts to the realisation by authorities and the broad public that a greater variety of economic agents be allowed to do business," he said. "In short, greater tolerance is needed for the informal sector."

More attention had also to be given to the upgrading of operators in the informal sector — for example, low-cost shelter for hawkers, the establishment of safe and well-placed bazaar and flea-market facilities, micro-financing facilities, and simple and practical training programmes had to be provided.

Practical counselling and training services to revise the general standard of business knowledge among small business entrepreneurs by using pensioners as well as knowledgeable and experienced volunteers had also to be provided.

Black and non-black partnerships, he said, were a significant vehicle for skill transfer.

South Africa part of Third World . . . Dr Ben Vosloo, managing director of the Small Business Development Corporation.

Martin Rafferty . . . All entrepreneurs are people with a different view of the world — and right now in South Africa, they need help.

Greater support had to be given in both the private and public sectors for the promotion of activities such as the contracting-out of cleaning services, garden services, vehicle repair services, maintenance services and so on.

Small businesses were the epitome of the hard-work ethic, frugality and independent self-advancement. They gave economic expression to the creative desires of individuals to control the challenges of their environment.

But small business depended on and thrived in a free-enterprise system. Small business enterprise was open to all and invited all to compete as entrepreneurial citizens on the basis of equality.

Dr Vosloo added: "I believe the new South Africa should be based on a socially oriented market system which encourages entrepreneurship, but which at the same time sets out to provide non-discriminatory opportunities to all its people to acquire the education, skills and social services needed for a civilised life.

"This is surely the kind of society we all wish to see: a society that is free, fair and productive. Small business entrepreneurship is an essential part of this kind of society."

Nafcoc wants leaders to act against violence

Sowetan 23/8/90

By JOSHUA RABOROKO

BLACK business would welcome any moves and actions by deputy president of the ANC Mr Nelson Mandela and Inkatha president Chief Mangosuthu Buthelezi to resolve the violence in the country.

The National African Federated Chamber of Commerce has reiterated its concern over the ongoing violence and pledged its members to serve as a unifying factor in promoting peace and understanding among warring groups.

Nafcoc's chief executive Mr Mofasi Lekota said the bloodbath in the townships was disturbing and needed serious attention by leaders of the warring groups.

"Let us stop this violence" he said, adding that that the question of violence, especially in Natal, formed part of the resolution Nafcoc took at its 26th annual conference in Durban a few weeks ago.

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Lekota said black business had been pledged to serve as a unifying factor in promoting peace and better understanding through the process of consultation and negotiation.

In the light of the rejection of the country's present racially-based and exploitative economic policy, Nafcoc should move forward and occupy the front seat in the socio-economic debate in searching for a viable alternative, Lekota said.

Plans for new projects to be unveiled

(30) Star 24/8/90

In line with growing membership and their needs in a field of business endeavour that is flourishing, the SA Franchise Association (SAFA) is to unveil plans for new projects.

SAFA chairman Michael Collins says the association is vitally concerned with the advancement of franchising in the country.

He believes this is of ultimate interest to all players, including those franchisors who wish to be around in the year 2000 and beyond.

"To this end we hold frequent seminars, publish books and lecture notes and provide many other services."

At its forthcoming annual general meeting, plans for 1991 will be unveiled. Among many exciting projects he says the following stand out:

- Franchise Week, a series of seminars and lectures aimed at a cross-section of entrepreneurs, offering choices according to needs varying from those of the layman to those of the seasoned franchisor;
- Franchise awards — following the success of the first awards this year, the event is to become an annual one. Four categories will be opened next year to honour contributions by franchisors, franchisees and the media to "excellence in franchising."
- Franchise survey — SAFA wishes to create a database of information of all firms active in franchising. Sponsorship has been secured and the survey will begin soon, with results due to be published in the first quarter of 1991;
- Franchise Forum — a new bi-monthly magazine will promote the offers of SAFA members wishing to grow faster. Unlike its handbook, which lists all members, the Forum will reflect updated information on those members on the expansion trail.

Mr Collins says SAFA's low-cost, high-quality material is aimed at three groups:

Firstly, at potential franchisees who wish to start their own business but not be on their own.

"SAFA helps them grasp the concept and ask the right questions from a franchisor, before signing the agreement, to ensure the right decision is made."

Then there is the entrepreneur with an existing business who wishes to expand through franchising to others.

He says SAFA publications and seminars will help them understand the benefits and point out the pitfalls of the franchise route.

Finally, the association addresses government departments, the media and anyone else interested in franchising with a demonstrated ability to promote the franchise concept according to sound ethics.

SAFA claims all the major players are members of the association.

"A look at a broad selection of these franchise operators provides some interesting insight, not just into franchising, but into the hub of a varied business sector," says Mr Collins.

Michael Collins . . . chairman of the SA Franchise Association.

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Date is set for R5,5-m fraud trial

Star 24/8/90

Austrian businessman Rainer Moringer and a co-accused were told in the Rand Supreme Court yesterday that their trial on charges of fraud involving R5,5 million would start on February 26 next year.

Mr Justice P J Schabort earlier this week ordered the State to provide — by August 31 — Mr Moringer (48), former manager of Ciskei Aircraft Industries, and Ulrich Leitich (49), an Allied Bank divisional manager, with further particulars about their alleged offence.

The men are charged with fraud, alternatively contravening the foreign exhange regulations. It is alleged that they obtained financial rands through false pretences. Both remain on bail. — Staff Reporter.

Star 24/8/90 (30)

Smaller centres could cash in with vehicle-hire businesses

A growing number of opportunities are occurring for vehicle companies to appoint franchisees as a means of expanding their operations away from the major centres.

Fleetrent director Simonette Minnaar says franchising is not fully utilised in this industry.

The addition of a truck rental franchise, particularly in the many smaller centres, would be a substantial revenue earner for established garage and dealership operations, she says.

"Vehicle hire, lease and contracting is a growing industry and provides a golden opportunity for any garage operation looking to expand and develop its business scope. Financial rewards can be substantial."

Companies like Fleetrent, which provides specialist consultants in transient hire, full maintenance leasing (FML) and contractual hire, are positioned to advise and consult with interested aspirant franchisees.

In Fleetrent's case, it carries out the groundwork for a franchisee.

This includes advising on the most profitable vehicle mix for local conditions and providing a full training programme for all personnel in the new franchise, says Ms Minnaar.

The company, a member of the McCarthy Group, has about 1 500 vehicles on the road. They include specialised trucks such as crane-mounted and refrigerated vehicles.

For strategic reasons Fleetrent, a leading national truck rental company, is not prepared to divulge how many franchisees and vehicles are involved, nor its plans to establish more this year. It established a base on which to build a nationwide network of franchise operations nine years ago. Fleetrent franchisees are found in the Transvaal and Natal.

FRANCHISING

Creating opportunities in a new SA

By Lynn Carlisle

Franchising is set to play a greater role in creating small businesses and additional job opportunities in a "New South Africa," say industry sources.

They say franchising has become an integral part of the entrepreneurial system and, though still pitched far above the limit of the informal sector, it is expected to make an important contribution in bridging the gap in economic growth.

Graeme Victor, chief executive of accounting firm Kessel Feinstein Horwath, says small businesses have proved worldwide to be the leading source of new job opportunities at a fraction of the costs incurred by large organisations.

"It is clear that for the future economic growth and development of South Africa, urgent attention must be given to both the establishment of small businesses and the training and development of entrepreneurs to operate these businesses."

He says franchising lends itself to such progress, particularly as the franchise package is a low-cost blueprint for successful operation of many businesses.

Typically, it is developed by the franchisor over several years (take the example of the Wimpy restaurant chain), distilled from hands-on experience in running his own outlets, and honed to near-perfection.

The system combines the infrastructure, skills, training resources and business methods of big business (the franchisor) with the entire partnership and flair of small business (the franchisee).

With franchising no longer linked to any particular industry (initially, the fast food industry led the way), South African franchisors now operate successfully in many fields while franchisees come from many different backgrounds.

Dr Ben Vosloo, managing director of the Small Business Development Corporation, bases his belief of enormous growth potential for franchising in SA on the fact that some 35 percent of all retail sales in the United States are channeled through franchised outlets.

Although this figure is around 6 percent in SA, it is expected to at least double over the next few years as vast opportunities exist for the development of low cost local franchises, says Dr Vosloo.

International experience over the past 30 years illustrates beyond doubt that franchising works, says SA Franchise Association executive director Kurt Illetschko.

He says the franchise arrangement has economy-of-scale backup for nationwide marketing and promotion, and many other advantages:

- The business name is known to the public and to suppliers;
- As the franchisor has done it all before and ironed out the pitfalls, the franchisee simply picks up the ball and runs, saving time and materials;
- Because they are a regional or national chain, they provide the advantage of sophisticated group advertising which the single unit could not afford;
- Through the national network and his own resources, the franchisor provides the benefits of research and development to keep abreast of industry and consumer trends.

Mr Illetschko says there are some drawbacks to franchising, notably having to pay an upfront fee, an ongoing management fee, and a contribution to the marketing or advertising fund.

"In addition, there is a reduction of operational freedom, experiencing the effects of a bad franchisor management decision, restrictions in the sale of the business and making the mistake of choosing a fly-by-night franchisor," he adds.

Kurt Illetschko . . . SA Franchise Association executive director.

Chamber warns of 'wasteland' if violence continues

Star 24/8/90

(30)

By Michael Chester

The entire southern African subcontinent would be reduced to the status of an "economic wasteland" unless the current wave of violence was halted, the SA Chamber of Business warned yesterday.

Sacob deputy director-general Ron Haywood said an end to political unrest was crucial to the faster economic tempo needed to generate the millions of new jobs required to counter the threat of still worse unemployment and ensure better living standards for everyone.

Mr Haywood delivered the keynote address at a conference held by the Security Association to review trends.

He said the rate of economic growth in South Africa, down to zero at the moment, needed to be boosted to at least 5 percent a year even to keep abreast of current demands, let alone clear the backlog in education and social services.

The ultimate success of the reform process depended on progress on the economic front as well as political solutions.

"The sooner the various parties settle down and decide on their leaders and their strategy, and move forward in an orderly fashion towards political debate, the better."

South Africa, he said, had to set an example to the continent in showing how economic growth was an essential ingredient in any formula for stability.

WOOLTRU F/M 24/8/90

Setting the pace

Wooltru has sprinted ahead of other major consumer groups in its 1990 year. Net income and EPS are up by 35% and the dividend was lifted virtually in line — exceeding the most optimistic forecasts. (30)

CE Colin Hall conservatively describes

FINANCIAL MAIL AUGUST 24 1990

F/M 24/8/90

the period as a good year and points out the figures include 53 weeks rather than the usual 52. Adjusted to a 52-week period, sales are up by 27% on 4% more trading space, so productivity has evidently improved.

All divisions performed well in sales terms and contributed to earnings in roughly the same proportions as in the 1989 year. However, Hall says Makro, which was operating from a smaller base, can be singled out as showing a faster profit pace than the rest of the group. (30)

During the first part of the year Woolworths adopted a policy of "widening and deepening" its product lines. This paid off but stocks were brought under tighter control as the trading environment became tougher. Stocks in both Makro and Specialty Retail Group were kept to more prudent levels throughout the year.

Figures for the first half of the current year appear promising so far. Hall says sales are 27% ahead of the same period last year, though he does not expect this growth rate to be maintained. Real growth in sales and profits is forecast for this year, but not at the same rate as last year.

After firming ahead of the results, the share, at R52, now offers a yield of 2,9% and a p:e ratio of 13,9. It looks fully priced.

Gerry Hirshon

J D GROUP

Debtors squeezed

30 FM 24/8/90

Activities: *Furniture retailing.*
Control: *Homemakers 49%.*
Chairman and MD: *David Sussman.*
Capital structure: *35,7m ords. Market capitalisation: R114,2m.*
Share market: *Price: 320c. Yields: 5,3% on dividend; 32,1% on earnings; p:e ratio, 3,1; cover, 6,0. 12-month high, 365c; low, 230c. Trading volume last quarter, 400 397 shares.*

Year to Dec 31	†'87	†'88	'89
ST debt (Rm)	—	—	0,4
LT debt (Rm)	—	—	79,2
Debt:equity ratio	—	—	0,54
Shareholders' interest	—	—	0,36
Int & leasing cover	—	—	2,94
Return on cap (%)	—	—	16,3
Turnover (Rm)	351,8	421,6	471,7
Pre-int profit (Rm)	33,8	50,4	66,5
Pre-int margin (%)	9,6	11,9	14,1
Earnings (c)	62,8	86,8	102,6
Dividends (c)	—	—	17
Net worth (c)	311,6	374,0	412,9

† Pro forma

JD Group's Sussman ... financing from within

Times are getting hard for furniture retailers and that has pushed the J D Group (formerly Joshua Doore) into placing greater emphasis on improving the quality of its debtors book. According to chairman David Sussman, the group has reduced the length of its hire purchase book and has also increased collection rates.

The new emphasis is, perhaps, not altogether surprising given the debt burden weighing down J D's ultimate controlling shareholder, FSI. "The key to our business is quality turnover rather than turnover for the sake of it," Sussman says. As usual for the group, the annual report was issued almost five months after the financial year's end, which tends to devalue the worth of the year's figures in projecting the future. However, in 1989, turnover increased a fairly modest 12% on the previous year (based on pro-forma 1988 figures because of the year-end change to December).

Cash flow should have been boosted by more than would appear from the turnover rise as all of the group's four chains have increased deposits taken from customers to an average of 20%. They have also lifted the proportions of cash sales in the total sales mix and cut the length of their HP books.

"We have very short lines of communication," Sussman says. "So it's not difficult to assess and reassess the situation and put new strategies into operation at short notice."

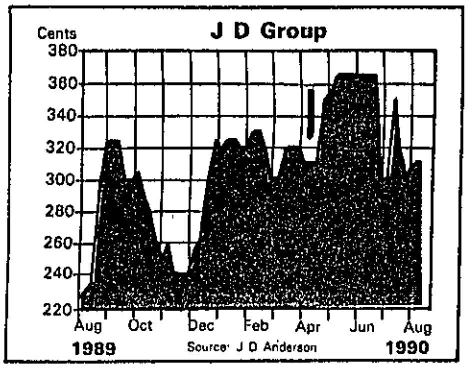
Though earnings increased 18% to 102,6c (still using pro-forma figures), Sussman is reluctant to make any projections based on 1989 annual figures because interims are due out August 27. He does say, however, that the group is planning to open six new stores in the remaining part of this year: two each of Bradlows, Price & Pride and Joshua Doore. And, in the medium term, further new Bradlows premier stores will be opened. Sussman says all new developments are financed from within the business.

In 1989, borrowings looked as if they could pose a problem. Finance costs rose over 200% mainly as a result of borrowings for the restructuring of World Furnishers which the group bought in 1988. However "on-going monitoring of gross margins and expenses produced a further increase in operating margin and enabled us to absorb the expected increase," Sussman tells shareholders. He expects finance costs will continue to increase in 1990 but at a slower rate. And he is also comfortable with interest and leasing cover of 2,94, down from 4,52 in 1988.

Sussman believes J D's obsession with keeping overheads low, pushing for high deposits and increasing collection rates has put the group on a sound footing. "Even in recessionary times the group continues to show good growth in quality turnover," he says.

At 5,3% on dividends, the group is the lowest yielding stock in the furniture sector. Its share took a knock in July but has since remained fairly stable. The tighter controls over debtors should help offset any trading difficulties as consumers tighten their belts. Next week's interim figures will be the first indication of just how great a help it has been.

Heather Formby



ANBEECO FM 24/8/90

Ticking over

Activities: *Imports, markets and distributes watches and audio equipment.*
Control: *Directors 64%.*
Executive Chairman: *A N Brookstone.*
Capital structure: *14,9m ords. Market capitalisation: R9,7m.*
Share market: *Price: 65c. Yields: 12,3% on dividend; 34,9% on earnings; p:e ratio, 2,9; cover, 2,8. 12-month high, 70c; low, 50c. Trading volume last quarter, 231 000 shares.*

Year to Apr 30	†'86	†'87	†'88	*'90
ST debt (Rm)	6,3	1,9	0,1	0,3
LT debt (Rm)	—	0,2	0,3	0,7
Debt:equity ratio	2,66	0,21	—	—
Shareholders' interest	0,17	0,39	0,50	0,49
Int & leasing cover	2,2	13,8	10,0	13,6
Return on cap (%)	16,2	26,1	33,1	29,8
Turnover (Rm)	29,1	52,4	72,8	95,5
Pre-int profit (Rm)	2,0	7,0	9,8	10,5
Pre-int margin (%)	6,7	13,4	13,5	10,9
Earnings (c)	6,0	20,1	20,3	22,7
Dividends (c)	—	7	8,0	8,0
Net worth (c)	22	54	73	88

* 16 months period. † Year to Dec 31.

Anbeeco managed to fend off the problems of high interest rates, restrictive credit controls and pressure on consumer spending faced by the audio equipment industry in its 1990 financial period. That is because it is cash-flush, sells mass market watches and because its latest 16-month reporting period includes an exceptionally buoyant January to April 1990 period. If, as expected, trading continues at the same pace for the rest of this year, real growth is a certainty.

Turnover for the 1989 calendar year was virtually the same as in 1988 and profits dipped. But a dramatic turnabout in the first four months of 1990 saved Anbeeco from reporting lower earnings. So while turnover rose by 0,3% and taxed profit fell by 9,2% in calendar 1989, the sales surge of the first four months of 1990 lifted turnover by 38% on the corresponding period of 1989 and taxed profit by 147%.

Anbeeco's subsidiary division, which distributes Kenwood and Cortina audio equip-

Bloch dividend up 20 percent

W/Mail 24/8 - 26/8/90

BLOCH reported a 20 percent improvement in dividends from after-tax income of R801 151 for the 12 months to June.

The final dividend of 2,4c a share, compared with 1989's 2,0c, brought the total for the year to 4,2c (3,5c) a share.

This came from earnings of 4,3c a share, as against 3,6c in 1989 and 3,0c for 1988 (16 months).

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Bloch derives most of its income from royalties paid for the use of trademarks by trading companies in the Bloch Supermarket group which operate in the southern, western and eastern Cape.

Chairman Bernard Rabinowitz says the advance in after-tax income to R801 151 (R672 546) was achieved in the face of a slowdown in the economy.

"Royalty income grew by 17 percent, and interest received by 48 percent due to larger cash balances and high interest rates." — Sapa

	2 961,0	+8	429,0	−36	461,0	−20	110,0	0
Guardian	—	—	17,3	−30	134,7	−13	55,0	+22
Grincor	228,1	+22	13,0	−1	23,5	+24	10,0	+18

* Plus special dividend of 50c.

Trencor pulls ahead of field

S/Times 26/8/90 (30)

By JULIE WALKER

COMPANY results reported this week showed a general trend — the past six months have been tough, but not terrible.

Of the 13 interims, none showed a loss. But only Liberty and Grincor lifted earnings a share by more than 20%. FIT's were 19% up, and four more showed single-figure percentage increases.

Amic's bottom line fell by 20%, Progress Industries was hit by trouble in Natal and Reichmans suffered a 19% decline. Time Holdings' earnings were a third below the previous six months.

Companies reporting for a year generally felt the benefit of the better first six months. Only Control Instruments incurred an absolute loss out of the 25 giving results, and 13 improved their earnings a share by more than 20%. Six showed declines. The rest had small growth or non-comparable figures.

Top honours go to truckers Trencor and holding company Mobile, which outpaced the rest in the year to June 1990. Trencor's turnover climbed by 14% to R785-million, but its profit before tax was up 44% at R112-million.

Space

Tax breaks because of export activities and foreign associates kept the Receiver's share down. Earnings rose by 70% to 572c a share. Exports and foreign business accounted for more than half of earnings.

By and large, retailers excelled. Wooltru pushed earnings 35% higher to 375c in the year to June on a 27% rise in turnover on a comparable 52-week trading time. Turnover for the 53 weeks was R2,7-billion. There was a rise of 4% in trading space, reflecting real growth.

This year's sales are 27% up on last year's, and management expects more real growth in earnings although not as big a leap as this.

The Tradegro group was mixed. Cashbuild's turnover for the 53 weeks to June grew by 33% to R321-million. Earnings a share were 35% up at 30,5c, and the dividend was lifted 3c to 13c.

Smart Centre, listed earlier this year, beat its forecast in the year to June. Turnover was 23% up at R129-million, and earnings 28% higher at 23c a share. Management says job losses and retrenchments will affect Smart, but it expects satisfactory growth providing things do not get much worse.

But Metro struggled. An 11% rise in sales did not give rise to more profit. "The deep-seated nature of problems at the Jazz retailing operations" saw to that. Operating margins slipped from 2,6% to 2,1% and the interest bill rose on higher borrowings.

Former Tradegro company Rusfurn did well in the year to June with a 38% jump in sales to R1,28-billion and a 55% climb in earnings to 56c a share.

Rusfurn expects tighter trading conditions, but is cautiously confident of its earnings growth beating inflation — given reasonable stability.

Group Five shaped up in the year to June, remaining cash flush. Turnover grew by 22% to R1,3-billion and pre-tax profit by 40% to R36,3-million. Group Five says its productivity — pre-interest profit divided by turnover — was 22% higher and earnings a share rose by 28% to 170c.

It says prospects in road building, building, civil engineering and properties are declining although civils work is available outside SA. Housing is difficult, engineering is buoyant to stable, and there are prospects for acquisitions in industry. However, Group Five is placed to weather recession, and expects an improvement in taxed profits in the current year.

Killer

Control Instruments went out of control in the year to June. A R6-million easing in turnover to R67-million was due to lost exports. An operating loss of R208 000 looked terrible against the previous year's profit of R5,7-million.

The killer was an interest bill of R4,4-million, and an extraordinary loss of R4,9-million lifted the total to R9,5-million. The directors say borrowings have been reduced and will have a positive impact on interest charges in the current year. But they do not expect trading conditions to improve. It is 75% geared.

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for all

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en and allow them and their ts to "spend" the subsidies at hools they prefer. This could ne with a voucher system by every child or school-going regardless of race or gender, receive an equal amount for tion.

h a system would provide a incentive for private schools er the market. Farm schools, n schools, schools offering le's education" and store-front es would mushroom. Industry ommerce would be encourao train youngsters in technical if they could obtain vouchers sidise their costs.

ernment institutions would o compete with private ones ouchers, which would spur to greater efficiency and highndards.

re is no logical reason why the should provide welfare ser- The private sector invariably better job at a lower cost. nments should be restricted to ing the needy, and this can be effectively with vouchers for service besides education.

chers increase the options of beneficiaries, whereas most nment programmes *remove* s — they take initiative and from the people and transfer to bureaucrats and dors.

Government should scrap all ort subsidies and give needy

'Deaf' council hit by rent boycott

CPress 26/8/90 (30)

By DAN DHLAMINI

KANANA township, which is R900 000 in the red due to rent arrears, has been hit by a massive rent boycott.

Despite numerous advertisements in newspapers, and on television and radio by the Transvaal Provincial Administration calling on township residents to pay rent, residents of Kanana, near Orkney in the Western Transvaal this week resolved to not pay rent until their demands were met.

Kanana People's Delegation spokeman Mpho Mentoor said residents began the rent boycott after councillors failed to address their grievances.

Mentoor said residents had asked the council to stabilise fluctuating rent and service charges, but the request fell on deaf ears.

Other demands included:

- That all rent arrears be waived because nobody caould afford to pay the high amounts;
- That the council stop handing rent defaulters to lawyers in town;
- That pensioners and the disabled be exempted from paying rent;
- That the R42 rent and the R250 for sites at Mandela Park were too high; and
- That bad roads be repaired.

Kanana Town Council spokesman Steve Cornelius said arrears could not be cancelled.

Cornelius said the Klerksdorp Town Council was already R900 000 in the red and should the rent boycott by the 40 000 residents continue for two months, everything would grind to a halt.

He said the council was, however, prepared to talk to boycott organisers in a bid to resolve the matter.

"If people do not pay, then their water and electricity supply will be cut and refuse removal will be stopped."

Mentoor said the Kanana People's Delegation would no longer talk to the council because it was inefficient, but would liaise directly with the TPA.

Meanwhile the Ipelengeng Town Council near Schweizer-Reneke, a Conservative Party-controlled town in the Western Transvaal, has given squatters until August 28 to leave council land on which they have erected shacks.

Ipelengeng Civic Association chairman Jerry Maine told *City Press* that squatters would not move.

He said police had earlier demolished some of the shacks, which was denied by Western Transvaal police spokesman Maj Ben van Heerden.

Soweto stayaway call for mass burial of victims

CS 29/8/90

By SOPHIE TEMA and CHARLES MOGALE

A STAYAWAY has been called for tomorrow to observe the mass burials of Soweto victims who died in the recent violence.

The Reef death toll stood at 514 yesterday.

Two more bodies were found on the East Rand yesterday morning. A badly burnt body was found in Vosloorus and the body of a person who had been shot was found in Daveyton.

A four-year-old Kagiso child was hospitalised in a serious condition on Friday after being hit on the head with an axe when rival groups clashed, police said.

The Soweto Civic Association (SCA) in conjunction with other organisations has called on residents to stay away from work to mark the untimely deaths of those killed in the strife-torn townships.

Eight of the victims will be buried tomorrow and five today, while five were buried yesterday.

The SA Council of Churches (SACC) has called for a national week of prayer for peace. It said the week would begin with a day of prayer and fasting tomorrow and end on Friday.

Organisers of the stayaway told *City Press* it had been called in the name of residents' demands that:

- Police should stop collaborating with Inkatha.
- All those who carry and were in possession of dangerous weapons be disarmed.
- The dismantling of hostels for conversion into family units.
- The rejection of the notion of "traditional weapons" which have caused the misery.
- The unreserved condemnation of those who were the aggressors must be made known.

Tomorrow's burial service for the victims will be held at the Jabulani amphitheatre from 10am until 12, when the procession will proceed to the Avalon cemetery.

The SCA said Soweto undertakers had offered the bereaved families free coffins, hearses, family coaches and graves.

Families who had already bought coffins and paid for burial expenses would be refunded.

■ Orlando East residents were rudely interrupted from their sleep this week by men shouting through a loudhailer – driving from street to street advising them to arm themselves.

Black-on-black warfare had not reached Orlando and residents believed the men, driving a white Nissan Skyline, were "agents of apartheid" trying to spread the conflict.

They ignored the war call.

JD on track to meet analysts' forecasts

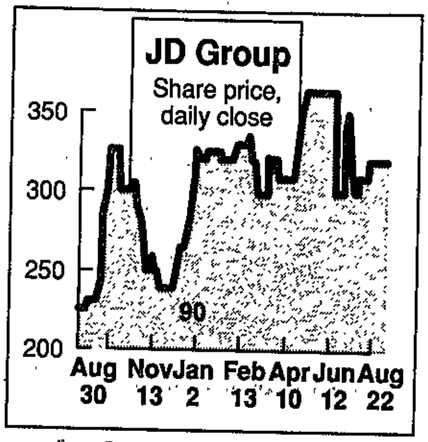
BDay 27/8/90 (30)

SYLVIA DU PLESSIS

A GENERAL improvement in furniture sales, coupled with growth in market share, has enabled listed furniture retailer JD Group to boost interim earnings by 32,8% to 35,7c a share during what is traditionally a slower trading period.

A dividend of 8c — 33,3% higher than a corresponding 6c with cover maintained at 4,5 times — has been declared.

These figures put the 169-store group firmly on track to meet analysts' forecasts of full-year earnings of about 124c a share and dividends of 21c.



Graphic: LEE EMERTON Source: JSE

JD, in the FSI fold by virtue of Homemakers Holdings' 49% stake in it, buoyed turnover by 28,1% to R271,3m, to achieve an operating income of R27m (R20,9m).

After finance costs of R9,9m (R7,9m) and a marginally lower tax rate, bottomline income was 32,8% higher at R12,7m.

Chairman David Sussman, commenting on the group's performance, said at the weekend the level of growth in turnover was due to better furniture sales and a further increase in market share.

"The latter was achieved while maintaining the highest standards for the granting of credit — deposits average 20% across our four chains," he said.

JD's debtors book increased by R80m to R464m during the six months, but long-term borrowings rose by only R19,8m, he said.

"The benefits of our focus on the quality of business conducted is further underlined by the fact that the debtors book is growing at a slower rate than turnover — 21% and 28% respectively in the period under review."

On prospects Sussman said its chains — Bradlows, Joshua Doore, Price 'n Pride and Score — were trading well.

Business and ANC have many common interests

(30) Star 27/8/90

Corporate South Africa and the African National Congress are closer to each other than is realised and the present heated debate over nationalisation should not blind business to the overlaps in agenda that exist.

The key to such co-operation lies not in finely tuned economic argument but rather in effective practical contribution to the process of social reconstruction. This would demonstrate the private sector's ability to play a meaningful and important role in the South Africa of the future, not only in the economic sphere, but also socially.

This is according to a study by Lance van Sittert and Andrew Feinstein of Concept Interface, a company which specialises in interfacing between communities and the corporate sector.

They found CSI programmes needed to adjust to the new South Africa otherwise they would be doomed to failure.

Black communities have long viewed the corporate sector as an exploiter grown rich and fat on apartheid. Communities feel the people should be given control over social spending.

Money spent on CSI did little to bolster the credibility of business with the target communities. It was seen by these communities and their political organisations as being paternalistic and devious. Many companies used CSI as a hedge against disinvestment, strike or boycott pressure and as a crude marketing, promotions or public relations tool.

On the other hand, black community organisations showed little understanding of business and the constraints under which it operates in the social sphere.

This state of affairs created by different agendas, mutual distrust and misinformation on both sides, flourished under the state of emergency and the repressive environment of the 1980s and effectively polarised the social sphere into hostile camps.

As South Africa undergoes the transition to a post-apartheid society, the massive socio-economic needs facing the country have become a priority on the political agendas of the ANC and the National Party.

Since February 2 there have been protracted conflicts over education, health and land. The Government has responded to these spiralling social demands with the so-called R2 billion "Steyn Fund" and an appeal to the private sector for assistance. The ANC has made a similar appeal. Individual companies have also unveiled new initiatives in the social sphere, the prime example being Liberty Life's R100 million trust fund.

However, money has never been the problem. It is the way in which that money is controlled that lies at the bottom of past failures.

Even with its new-found urgency and copious resources, this latest corporate crusade is doomed to failure if it does not re-orientate its basic thinking to the new realities.

In the current context what is needed is a market-driven approach to corporate social spending which recognises that the market is changing and seeks to secure business's future within it. Such an approach should be proactive and see social intervention not as a responsibility but an investment.

This requires the identification of investment opportunities through consultation with the communities; a clear idea of desired returns; and management to achieve those returns.

Returns should be looked for not in increased sales or media hype, but rather in the less easily defined areas of community and employee goodwill and a stable business environment.

Both business and the ANC have a vested interest in social peace. Both recognise that such peace can not be achieved without the other. While they still differ on the exact nature of the relationship between the private sector and the State in the future mixed economy, they agree co-operation not conflict will be the basis for any future modus vivendi.

The present heated debate over nationalisation should therefore not blind business to the overlaps in agenda which exist and should not drive it into a laager-type conflictual position. The nationalisation debate is an important one, but so is the process of building the new relations of co-operation crucial to the future economic order.

The key to such co-operation lies in the corporate sector's commitment to social reconstruction. This, coupled with a shedding of collective corporate guilt about the past and a seeking out of common ground with the communities is essential to securing business's place in the sun.

This notion of co-operation will be best served by business developing proactive strategies during the period of negotiations and transition. One such strategy that has been mooted — and needs to be further researched and developed — is that of a compulsory contribution of companies above a certain size to a committee of social reconstruction.

It has been estimated that if this contribution was 1 percent of pre-tax profits, R1,6 billion would be made available every year.

This should be matched by the State and the total amount made available to a committee chaired by a State-appointed development specialist. Representatives from all interest groups should form the committee that will attempt to reach compromise on how this R3,2 billion should be spent.

30 Star 27/8/90

Investing in People

A Star study into corporate social investment

Firms' social involvement has changed

Corporate Social Investment dates back to the Industrial Revolution when writers of the day, such as Charles Dickens, alerted businessmen to the conditions under which employees lived and worked.

The history and development of CSI is outlined in a study done by Dr Peet Strydom, head of Strategic Research at Sankorp Limited.

He says that this particular form of community involvement has changed over time and although many firms conduct their own projects, there are organisations through which companies channel their funds — such as the Urban Foundation in South Africa, the National Council for Voluntary Organisations in the United Kingdom and the Community Chest in the United States.

In his study he identifies the three main categories of CSI and their historical development, namely: Philanthropy, Good Citizenship and Corporate Social Legitimacy.

Responsibility

Philanthropy is cash payment of a charity nature which dominated social responsibility activity prior to World War 2. It was (and still is) characterised by paternalistic corporate attitudes.

"Today social responsibility is no longer primarily characterised by philanthropy, but the corporate sector is unlikely to escape benevolent actions.

"In this regard the SAB group is a very interesting example.

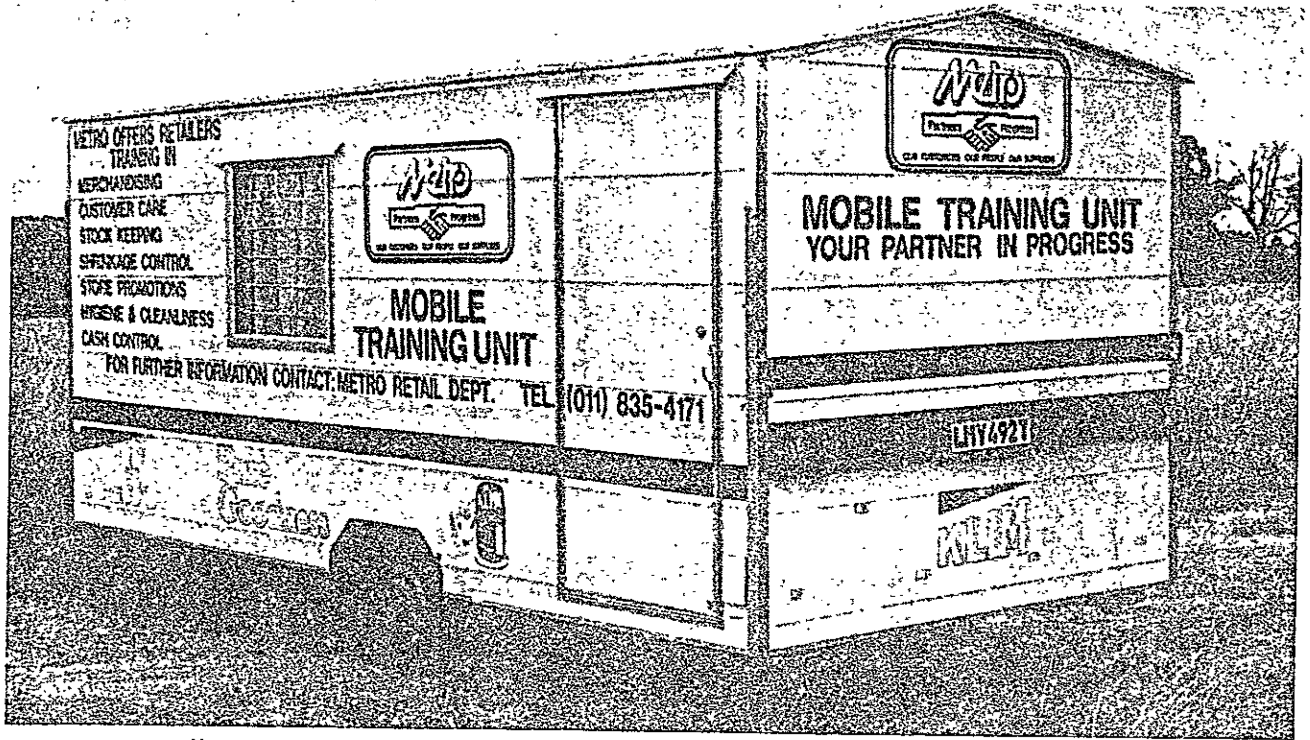
"Although the group gives top priority to education, which means it is the most important element of its CSI programme, welfare and charity donations feature prominently, particularly programmes that aim at reducing social hardship, such as those resulting from unemployment, crop failures and trade sanctions.

"The company also assisted refugee camps on the Mozambican border, particularly regarding health problems."

Good Citizenship is a more diverse approach towards social responsibility, as it implies a closer relationship between firm and society.

However, the firm takes into account its own image when dealing with community projects.

"This approach developed as part and parcel of the professional management style during the post-World War 2 period and expenditure on these community projects played a major part in the development of the public image of the company, primarily for marketing purposes."



Metro runs a programme to train black small business retailers by sending mobile training units to the traders.

In Good Citizenship projects, the image of the company is likely to dominate management's decision.

The importance of managerial judgement is illustrated by the fact that companies that have pollutionary production processes tend to focus on nature preservation projects in order to alleviate the negative effects on the company's image and markets.

Similarly companies which sell products with negative health connotations such as cigarettes and alcoholic beverages tend to concentrate on particular social responsibility projects which counterbalance the negative associations that go with these products.

Corporate Social Legitimacy refers to the meaningful role which the firm has in its relationship with the new open society which evolved since the early 1980s.

The open society is characterised by more flexibility in human relations, with a rejection of racism, sexism and authoritarianism.

Dr Strydom said that in the new dynamic environment of the open society where interaction between the corporation and society is imperative, the good citizen approach is becoming outmoded and the firm has to discover new ways of developing interaction with the community.

"In this sense, social responsibility has reached the crossroads."

The fact that the open society communicates its demands more explicitly and expects the corporate sector to participate in shaping social developments has led to business executives playing a greater role in public and social life.

In South Africa the corporate sector has become directly involved in the efforts by society in encouraging the evolutionary process towards a post-apartheid country.

In many instances business enterprises were the target of consumer boycotts, and in other instances, businesses were expected to support certain community actions morally as well as financially.

The participation of senior management in protest marches in support of human liberties has become a common feature in certain South African companies

This direct interaction is a typical element of the new open society.

Dr Strydom cited an example in Europe of how the chemical industry responded to demands of the open society and agreed to phase out the application of important compounds for environmental reasons.

He said research has shown that successful companies are seen as those who become interactively engaged with the community in social projects, while their prime driving force remains an economic one.

"The new challenge is a succesful integration of the economic and social functions of the corporate sector through interaction with society while maintaining a performance-driven business approach which is profit-orientated," he said.

Dr Strydom said large amounts are spent on CSI programmes in South Africa but when the amount is expressed as a percentage of gross domestic product, South African companies spend less than their British counterparts.

Measured as a percentage of pre-tax profits, the big South African business groups spend approximately the same percentage as their US and UK counterparts.

First National Bank seems to be the exception as it spends a relatively large amount of pre-tax profit.

Priorities

In terms of priorities, education is the most important followed by job creation, environmental projects, the arts, health care and general welfare.

Dr Strydom also looked at the major projects in this country.

He found that in the field of education the Anglo American-De Beers groups were particularly committed to education. In 1988, out of a budget of R53,7 million, R45,4 million was earmarked for education.

In the educational field, the main emphasis is on secondary and tertiary education and non-racial schools.

Training is also widely supported (this does not include on-the-job training).

Barlow Rand, Sappi and Murray & Roberts run specific training projects to enhance the skills of the community while Metro runs a programme to train black small business retailers.

Housing plays an important role in CSI and all the major groups such as Anglo American, De Beers, Barlow Rand, Rembrandt and Gencor contribute large amounts to finance the activities of the Urban Foundation.

Job creation and support for small businesses is an important part of CSI and many companies contribute to the Small Business Development Corporation.

The arts are supported by companies such as Sasol, Sanlam and Rembrandt, while environmental projects are gaining increasing support in South Africa.

Star's a pioneer of social projects

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The Star newspaper has long been at the forefront of corporate involvement in the community and in some projects has shown itself to be a pioneer in the field.

Some of the newspaper's more ties as early as 1917 when it launched the Star Seaside Fund. Today more than 100 000 underprivileged children have been given the opportunity to visit the sea as a result of this fund

Funding priorities are how and what

Companies with a bit of money to spend on CSI invariably look at education, yet how informed are they and how effective will their contribution be?

Education researcher and consultant Jane Hofmeyr has studied educational options and practical strategies for businessmen.

Mrs Hofmeyr said 70 percent of most CSI budgets are for educational projects therefore making the need for informed action all the more urgent. To reinforce this she quotes what she calls the "Noah Principle" which is: "No prizes for predicting rain, prizes only for building arks."

She said funders had to face two realities — fiscal constraint and demographic explosion. For these reasons it is important to prioritise, decide what is most important and to spend money wisely.

"The first thing to understand is that structural change to the educational system is dependent on constitutional change — something that won't be immediate," she said.

"We also can't kid ourselves that when apartheid goes we will have enough money for all educational needs. So for this reason we have got to decide what is important and to prioritise. Another problem that has to be faced is we will have to get children who are alienated from education to want to learn again. At present education is an area where there is a lot of uncertainty, conflict and debate."

Mrs Hofmeyr said the interest in an educational policy by the corporate sector had grown dramatically over the last two years. The days of handing a cheque are over, with businessmen now wanting guidelines and inquiring about laws, policy and finance.

Their involvement has also intensified and this can be seen in the recent move by JCI's Murray Hofmeyr in the Johannesburg Girls' High School's "Save our schools campaign".

Community groups are increasingly powerful: "People have to talk to people like the National Education Co-ordinating Committee (NECC) and also to teachers — a group of people who are presently flexing their muscles," said Mrs Hofmeyr.

Political parties such as the National Party and African National Congress are increasingly being consulted on community issues.

Education researcher and consultant Jane Hofmeyr.

She said the involvement by the corporate sector in education now included small and medium-sized companies as well as the bigger groups.

Although large amounts are being spent on education, the bulk of it still goes on tertiary education while only 4 percent goes on pre-primary and 3 percent on primary education.

"All the evidence from developing countries show that the most important investment is primary education so we have skewed private sector funding here," she said.

Mrs Hofmeyr said research showed corporate South Africa spent about 15 percent of what the State spent on education.

She identified three main areas of involvement: internal CSI (bursaries, employee benefits etc), intervention in formal and non-formal education, and the changing of policy (where you lobby, form alliances, find ways of changing the system).

"Basically you have to do all three to be effective," she said.

In the formal and non-formal education spheres Mrs Hofmeyr has identified guidelines for businessmen to consider. These are:

- The gross inequalities in educational provision.
- The lack of quality education.
- The need for teacher development.
- The need for text books.
- The need for management skills.
- Integration between black and white.
- Encouraging institutions to share resources.
- The use of appropriate technology (research has shown that a gift of computers is not necessarily the best thing. The single most effective medium is the radio.)

Mrs Hofmeyr has also provided some guidlines for the million dollar questions of WHAT and HOW to fund.

The answers to the What to fund arise out of the process of consultation but research can also inform initiatives.

She said that apart from the obvious targeting of specific formal educational levels such as pre-primary, primary, secondary and tertiary, there are other areas businessmen could look at.

These include non-formal education, and projects involved in teacher development, early childhood development and curriculum development.

At the policy level there are various factors the funder has to take into account, such as the need to lobby, to co-operate on initiatives, the need to do policy research (no use wanting change without understanding policy options available) and to find the right brokers, and to ensure maximum benefit to the community.

The HOW questions are as, if not more, important than the WHAT questions.

The process will only be facilitated if homework is done, strategies planned, consultation and negotiations are undertaken and if there is co-operation. It is important too to focus on a few areas rather than to dabble all over the place and most important of all, to evaluate the effectiveness of a project to find out what works and what doesn't.

Once the funder has solved most of these problems, he needs to take into account the fact that more than just money is required (skills, equipment, facilities and "sweat equity" is needed) and that investment in education must be in the medium to long-term. Short-term projects seldom have an impact.

If possible other donors should be encouraged to join the project as one-donor projects are vulnerable because they are overly dependant on one source of funds.

Mrs Hofmeyr said it was vitally important to address the following problems when trying to solve the education crisis: racial inequalities, the male/female imbalance in education (females tend to drop off especially at the post-graduate level) and the emphasis on urban rather than rural education.

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Investing in People

A Star study into corporate social investment

Fund spends R44-m a year on CSI activities

De Beers Chairman's Fund
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Michael O'Dowd, chairman of the Anglo American and De Beers Chairman's Fund, and Jenny Kenyon, acting principal, at the official opening of St Angar's School.

housing because of the group's vast contributions to the Urban Foundation — it has contributed more than R11 million in the last 10 years.

In order to be proactive and to encompass a diverse approach as is possible, the fund adopted two strategies in 1973— the Number One fund keeps an open door to appeals while the Number Two fund undertakes special projects.

The Number Two fund requires input from representatives of the constituency which is to benefit from the service, experts and money.

"Even an organisation as large as the combined Anglo American Corporation and De Beers groups cannot do everything.

"There are limits to its resources and there are limits to its expertise. The Chairman's Fund tries, by recognising these limits, by acknowledging what it cannot do as well as what it can, to be as effective as possible.

"The fund has money but it has limited manpower and expertise, so it can achieve little alone but much in partnerships with others.

"It seeks partnerships with those who are experts in its various areas of endeavour and also with those who stand to benefit from its activities.'

"The fund is conscious of the wide range of other organisations promoting social development in southern Africa. It seeks to avoid unnecessary duplication and to co-operate with others wherever this will be effective."

In particular the Fund does not duplicate the work of the Urban Foundation in the fields of housing and urbanisation.

Because the fund's contribution must always be small compared with the totality of society's needs, it attempts to operate always at the forefront of constructive change. As priorities change with time, so do the fund's main areas of endeavour.

Constrained

The fund does not allow itself to be constrained by ideological considerations from addressing real needs.

"In attempting always to be innovative, the fund necessarily runs risks. Some of the projects which it has supported have failed or have been less successful than had been hoped.

"It is accepted that this must sometimes happen if the fund is to avoid becoming excessively cautious and conservative. Nevertheless, or perhaps because of this policy, the fund has had some spectacular successes and has played a major role in launching what have become leading institutions in South Africa such as the Mangosuthu Technikon and READ."

New chamber established

THE National African Federated Chamber of Commerce and Industry is to establish a new chamber, the National Industrial Chamber, which will focus on developing black industrial concerns. Sowetan 27/8/90

The NIC will be an independent chamber, with its own administrative staff. It will also raise and control its finances.

Members of the dissolved Nafcoc Industrial Committee, which initiated industrial conferences and other services for manufacturers, have formed a steering committee for the launch.

A spokesman for the committee, Mr Joe Mogodi, said that the NIC had the following objectives;

* To be of service to the emerging industrialists by providing information, facilitating consultations, seminars, workshops and conferences;
* To facilitate and negotiate for better deals on the purchasing of raw materials by industrialists;
* To publicise a regular newsletter, matters of interest to manufacturers.

(30)

Used car market in bottom gear

Day 28/8/90

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HIGH interest rates and generally depressed economic conditions have put the squeeze on SA's used car market, which has fallen off by 20% since 1988, joint McCarthy Group MD Theo Swart said.

"Two years ago, national annual used car sales totalled around 500 000 units. The market has shrunk to 400 000 today as more and more buyers have dropped out because of lack of affordability," says Swart.

On the brighter side, according to Swart, it would seem that the used car market has probably bottomed out and that a steady, albeit modest, improvement in sales is on the cards from now on.

The McCarthy Group sells more vehicles, new and used, in SA than any other single organisation. The group's sales of used cars alone total around R700m a year.

Swart says a drop of one or two percent in interest rates appears to be a strong possibility later this year.

"This will have the effect of putting more disposable income in the hands of the man in the street and will thus help to stimulate used car demand.

"Furthermore, for those who have held onto their vehicles for longer than normal, the cost of running and maintaining their high-mileage cars is beginning to outstrip the cost of buying a replacement, so we expect to see them come back into the market soon," he adds.

● SWART

Swart says used car prices are tending to come down to lower levels than have prevailed in the past, when demand was higher and stocks of vehicles were more difficult to come by. — Reuter.

Teamwork needed to ease

SOW 28/8/90 (30)

RON HAYWOOD, deputy director-general of the South African Chamber of business, calls for more realism and less rhetoric

February 2 1990 — when President de Klerk announced the guidelines for far-reaching change to bring about a new South Africa — was a red-letter day in the country's history.

The announcement caught most South Africans and the bulk of the world completely by surprise.

Mr de Klerk and his Government were praised for their courage and boldness in deciding to implement a reform programme which, while overdue, would change the face of South Africa and positively affect all of its peoples.

Mr de Klerk's policy was obviously based on "what was right for South Africa" and not "who was right". This aspect is very important. However, in the opening of Pandora's box, two spirits were released — the first, "great expectations", the second, "uncertainty".

Opportunities

These were great expectations because some of our people's lives were going to be completely changed, in most instances very much for the better. A degree of hopelessness had been changed to undreamt-of opportunities. But we have to question whether or not the "great expectations", also those built up since that day, were and are realistic.

At the same time, the speed and far-reaching nature of the changes that were announced evoked for a considerable number of people a resistance to change.

Uncertainties over the future even saw a right-wing backlash. But, as with the degree of "great expectations", perhaps we all somewhat underestimated the overall depth of the feelings evoked.

Politicians and other potential main players in the new South Africa took advantage of both these aspects to further their own and their parties' interests.

As a result, expectations and uncertainty have increased out of all proportion. This undermines stability, which is a much-needed ingredient if discussions and negotiations are to succeed.

The time has come for leaders, in political and the private and labour sectors, to start putting their country first and their personal aspirations second.

Nelson Mandela, at a recent meeting with business leaders paraphrased the words of President J F Kennedy when he said "we should not consider what South Africa can do for us but what we can do for South Africa".

This statement is particularly apt and, therefore, disappointing to note that on Mr Mandela's recent international visit the pressure of either his party or other influences made him act in completely the reverse manner.

Mr Mandela, by putting his party and himself ahead of his country, lost perhaps the most important opportunity he would ever have of setting the whole process of reform off to a flying start.

Instead of encouraging the world to see South Africa as a place for major future investment opportunities, he created considerable uncertainty. He did both short and long-term damage to this country and its peoples. This was a clear case of "too much rhetoric and too little realism".

The question we therefore need to ask is: How are we going to go forward in a positive manner?

There are basically two separate but interrelated activities: how to bring about political change and reform which will be acceptable to most of our people, and how to generate sufficient economic growth to enable political solutions to be brought about in an orderly manner.

In this regard we must address the urgent need to create job opportunities and not to let them shrink, as is currently the case.

Perhaps, the economic aspect is, as in the case with Russia and East Bloc countries, even more important to correct in the short term than achieving a political solution.

There is, over and above other suggestions, an urgent need for the Government to ensure that we have a smaller but more efficient bureaucracy.

Ignored

● It is quite amazing how in the current debate, it has been completely ignored that the business community — through the Afrikaanse Handelsinstituut, Assocom and the Federated Chamber of Industries — only last year carried out a major investigation into government expenditure and made recommendations to bring about a smaller and more efficient civil service.

It is also surprising how many people seem to have forgotten that the issue of "privatisation" was an economic one and not a political one. Privatisation was intended to reduce the number of parastatals which were seen to have been a drain on our economic growth. We would, therefore, question the economic realism of now re-opening this debate.

Government, besides making itself more efficient, obviously has to address our extremely pressing social issues, such as education, health, housing, creation of job opportunities etc.

But it will not be able to address all these issues without the private sector's involvement. We would like to highlight certain of the actions which we believe need to be taken by other parties to assist in the necessary changes. The first category is external help.

● Overseas countries need to help boost our economy and also to assist with our social needs. In many instances these countries have helped damage our economy and their actions have led to considerable suffering among the poorer of our population groups.

● We believe we need to have markets opened to us so that we can trade freely and competitively.

● Financial restraints on investments and loans to South Africa should be lifted.

● The world should help in social issues such as education, housing, medical aid and skills training. The emphasis could well be on the less privileged of our people.

Next aspect: internal action

● There has to be a greater commitment by all our leaders and our peoples to South Africa itself.

● We have to bring about immediate stability and this means the elimination of all violence.

● We have to become once again important partners in the world "global village". Tremendous goodwill exists and the barriers to re-entry are starting to crumble. All of us need to work towards the elimination of sanctions.

● Workers, the entire labour force, need to start putting their comcrisis

companies first. They must have a personal interest in their company's growth in order to create wealth and job opportunities for themselves and those less fortunate. The current programme of planned unrest can only damage the labour force and act as a break on creating more job opportunities.

Our labour union leaders have done a considerable amount of positive work in bringing employers and employees closer and in obtaining benefits for their constituents, but we need to see our labour leaders moving away from political to economic issues.

- We have to all work together towards achieving a realistic and achievable economic growth. The time has come for responsible suggested programmes and not "pie in the sky" options.

Rhetoric

Furthermore, the ongoing rhetoric, for example the call for nationalisation; continues to damage the prospect for international investment. The risk/reward profile of industry and the manufacturing sector, for example, needs to be improved dramatically if our economy is to grow.

- An aspect which has hardly been discussed, because it is considered to be extremely sensitive, is that of population growth. Has not the time come for us to bring this into the open? Frankly, our excessive population growth is placing a tremendous strain on the country.
- Hidden agendas also need to be placed on to the table. Much of the action taking place is because people are trying to become power-players in the new South Africa.
- As regards realism, we need to face up to the calls for equality in education, opportunities for all and improved health services and housing.

If we are to bring about parity among all our population groups in education, social pensions, health and housing, it is estimated that these areas would have to grow from 8,3 percent of GDP to 21 percent of GDP and 31,5 percent of our total budget to 79,5 percent. This is an unrealistic task in the short term and we need to realise the size of the challenge. Solutions have to be found, but must be quantified against available funds.

To summarise, we have a lot to do in a very limited time, but with a totally integrated and committed approach by all South Africans, we can bring about the necessary change.

It, however, needs a total Team RSA approach and regrettably this is something South Africans have not been able to do very well.

At this moment we do have a crisis and the opportunities offered far outweigh the risks involved. We owe it to ourselves and our children to meet this challenge.

Residents launch boycott of shops

(30)

RESIDENTS of the Free State township of Tumahole yesterday announced an indefinite consumer boycott to force the authorities to accede to their demands.

The boycott begins tomorrow and will target white and Indian businesses in Parys, said Mr Ace Magashule, a spokesman for the township's consumer boycott committee. Sowetan 28/8/90

He said, however, some Indians were members of community organisations and the situation would be reviewed soon.

Authorities accused

Magashule accused the authorities of failing to respond to petitions sent in July to the Tumahole and Parys town councils and the local police station. Residents had no local mechanism for "our grievances to be addressed."

"We demand an end to the harassment of the community at large and the release of detained pupils," he said.

He pledged the boycott would not be violently enforced, urging youths to desist from such actions. - *Sapa.*

Planned centre angers traders

Sowetan 28/8/90

(30)

By JOSHUA RABOROKO

MORE than 20 shops and small businesses near the Baragwanath bus and taxi terminus in Soweto are likely to be demolished to give way for a new shopping complex in the area.

Details of the planned new centre will be explained to shopkeepers at a meeting to be held at the Diep/Meadow Council's Central Camp at 9am today.

The move has angered entrepreneurs as well as the informal sector, who claim that they have been trading at the centre for periods ranging between five to 15 years and that the council has not replied to their requests to buy property and land on the premises.

Protest

One of the businessmen, Mr Isaac Segole, who owns a general dealer, said yesterday that the business people were planning to protest against the move after the council failed to reply to their applications to buy the shops.

He said while the traders were waiting for a reply, they were shocked to receive letters from a Scott and De Waal consulting company inviting them to a meeting today.

"We do not know who these people are and what they want from us. However, we believe they have been consulted by the council.

"We have been trading at the area for a long time and feel it is proper for us to own the shops. The area is conducive to trade and its destruction will cripple our businesses," he said.

Survey

According to informed sources a survey has been conducted regarding the operations of taxis, buses and the movement of visitors to Soweto and Baragwanath Hospital. It was found that the area was congested and needed re-planning.

The survey recommended that a new shopping centre should be built in the area. It was not clear whether the present shopping complex will be destroyed, but there is a strong possibility that it will have to go.

The planned shopping complex, to consist of a mall and other business ventures, will stretch up to Toby's Garage, a move likely to affect other businesses in the area.

● VOSLOO Picture: ROBERT BOTHA

Call to free entrepreneurs by scrapping group areas

THEO RAWANA (30)

PRESENT racially determined group areas must be scrapped to enable entrepreneurs to make full use of their market potential, SBDC MD Ben Vosloo said in Johannesburg last night. DIDay 29/8/90

Addressing the Sunday Star's Emeritus Citation for 1990, Vosloo said the move would also deracialise and desegregate business activities and help to integrate black and non-black initiatives and skills.

"One of the shortfalls in the present SA economy is the limited number of people who practise entrepreneurship as successful new entrants into business, or as creators of new business within existing enterprises.

"There is, especially in the coloured and black population groups, a large shortage of successful people practising business on a significant scale," Vosloo said.

He attributed this to: restrictive official rules, shortage of available loan funds, shortage of business knowledge and management skills, paucity of supporting development services, a poorly developed entrepreneurial culture and lack of business confidence as a result of mismanagement of the economy.

a was maritime patrol, as the Force no longer had aircraft capable of fulfilling the role effectively, Woodburne said.

ledge and management skills, paucity of supporting development services, a poorly developed entrepreneurial culture and lack of business confidence as a result of mismanagement of the economy.

SBDC 'helped lay the foundation' for growth

BDay 29/8/90 (30)

THEO RAWANA

THE Small Business Development Corporation (SBDC) had granted about R800m in loans to more than 25 000 people since its inception nine years ago, chairman Anton Rupert said in Johannesburg yesterday.

Giving his chairman's report, Rupert said this had laid the foundation for further economic growth in towns and cities and created about 250 000 job opportunities.

"In addition, the SBDC has appropriated some R300m for the provision of business infrastructures with an area of more than 650 000m² in underdeveloped areas in our countries," Rupert said.

He said the success of any political model that participants might decide on at the negotiation table would be determined by its economic viability.

"Economic growth in southern Africa, and elsewhere in Africa, will also depend to a greater extent on whether the SA economy will have a strong and large enough structure to embrace the political model, with all its high expectations.

"The SBDC has committed itself over the past nine years to the strengthening of this structure, through various initiatives which it has undertaken on behalf of the small entrepreneur."

The SBDC's aim was to act as a catalyst for development "to unleash and to amplify the entrepreneurial potential which has remained latent for too long in many of our communities", Rupert said.

As a promoter of development, the corporation strove to support excellence which often comprised nothing more than dedication, perseverence, discipline and hard work, he said.

"It acts as a catalyst and facilitator and aims to reward the entrepreneurial spirit which has been smothered too long by shortages of capital, proper work places, knowhow, and by legal constraints."

He said a recent study in Mexico had indicated that the official statistics could underestimate the GDP by as much as 25%, since these figures did not take into account the wealth generated by about 1,5-million businesses in the formal sector.

Reverse

"We probably have a similar situation in SA. Instead of carrying on lengthy discussions about the merits of one or the other economic system, we should rather remove all the remaining shackles which still inhibit our economic performance, and allow all people to utilise their talents fully," Rupert said.

It was not the rulers who produced wealth, the population did, he said. Economic freedom was the reverse side of the coin of political freedom and the one was not possible without the other, he said.

"The SBDC's role, as I see it, is to free from want those South Africans who have the urge to be self-supporting and who are prepared to earn their economic freedom."

Now the SBDC had graduated to its real role — matching the skills, enterprise and idealism of newly emerging entrepreneurs with the opportunities, needs and resources to create a "vibrant, prosperous and free society", he said.

New bus sales set to plunge

30

EDWIN UNDERWOOD

SALES of new buses were expected to fall by 44% to about 450 units this year because of a lack of confidence in the future of the industry, Associated Automotive Distributors (AAD) truck and bus director Mike Elsbury said yesterday.

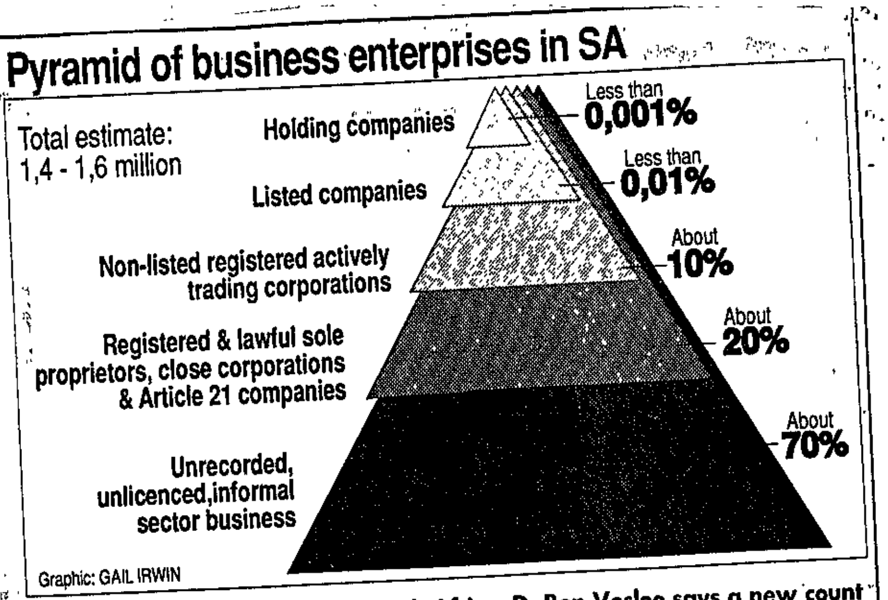
B Day 27/8/90

Elsbury said the proposed reduction of government subsidies and the political sensitivity of increasing bus fares had had an adverse impact on the confidence of the industry to operate economically and to secure long-term viability.

He said about R600m was being paid out annually and the government had a stated intention to reduce this amount over the coming years.

The 200% to 300% rise in the cost of new buses over the past few years had diminished confidence further and costs of operating fleets were becoming more punitive he said.

However, Elsbury said a less volatile climate and a strategy to develop tourism should boost revenue for the bus industry.



Pyramid of business ventures in South Africa. Dr Ben Vosloo says a new count shows the total of business enterprises at between 1,4 and 1,6 million.

Star 29/7/1990

Blacks boost SA business

By Michael Chester 30

The number of small business ventures now in operation in South Africa has increased to well over a million as more and more black entrepreneurs join the economic mainstream. 180

The phenomenal spread of small enterprises in both the informal and formal sectors was confirmed yesterday in the 1990 report of the Small Business Development Corporation.

SBDC managing director Dr Ben Vosloo, who was among the first active critics of the red-tape barriers that blocked or delayed black economic advancement in recent years, said small operators now accounted for more than four in every five business enterprises in SA.

He said a new count showed the total of business enterprises at between 1,4 and 1,6 million — with as many as 85 percent of them listed as small-scale operations. Small business accounted for 40 percent of all economic activity.

Moreover, 75 percent of all the new job opportunities were generated by small operators — at only a fraction of the cost incurred by big business.

The number of new loans approved by the SBDC to encourage small business ventures stayed on an even keel — at about 3 000 in the past 12 months — but the annual amount handed out jumped from under R117 million to well above R197 million.

The average value of loans climbed from R39 138 to R68 240.

The cumulative total of SBDC loans granted to pioneer projects now stood at 8 660, to small builders at 5 122 and to start-up ventures at 2 455. The value had grown to R776 million.

● In recognition of the initiatives he led in giving fresh impetus to the small business sector since the SBDC was formed in 1981, Dr Vosloo has been named 1990 winner of the annual Emeritus Citation awarded by Sunday Star.

The presentation was made at a banquet at the Sandton Sun last night.

● **Flexible urbanisation plea — Page 17.**

Small business could help to build bridges

30

By Michael Chester

A top international financier has listed the small business sector as the ideal bridge to straddle the social, political and economic divisions in South African society.

The potential role of new small enterprises was underlined by Martin Rafferty, chairman and director of several international financial institutions and conglomerates, when he addressed business leaders in Sandton last night.

He was guest speaker at a banquet held to honour the 1990 winners of the annual Emeritus Citation Award, presented by the Sunday Star, and the Visionary of the Year Award, presented by the Allied Group.

There was every likelihood that at the current stage of its evolution and development, South Africa had an even greater need than most countries to make a significant further investment in the development of small business, he said.

Entrepreneurs, whatever the level of their education, were people with a different view of the world, Mr Rafferty said.

In some of the more developed economies, small business had in the past five years provided no fewer than between 55 and 75 percent of all the new jobs created.

Experience showed that between 20 and 30 percent of all small businesses did not survive beyond their first two years in operation. Also, as many as 70 percent of the survivors would employ fewer than 10 people and only 1 percent of the operations would ever have a labour force of more than 50, he added.

Stark new facts showed that 80 percent of all the jobs created and sustained by the survivors were provided by only 20 percent of the new small firms.

Investment by the State in grants based on the number of full-time jobs created — 50 percent paid out when the employee started work and the balance when the job had stayed in place for six months — could be more productive than aid related to a percentage of fixed assets used in the launch of the operation.

Competitors

But the mixture of assistance programmes needed to be under constant review.

Also to be considered were:

- Was it realistic to think that big business could have a direct policy-making input into the development of small business, which, if successful, could emerge as competitors?
- Politicians often encouraged what was politically attractive in their own interest — rather than the immediate needs of the small business sector.
- Bureaucrats needed to understand the inability of many small businessmen to digest and handle complex paperwork and procedures that were framed with large companies in mind, Mr Rafferty said.

CAPE TIMES 29/8/90

JD Group lifts earnings 32,8%

30

Financial Editor

FURNITURE retailer JD Group beat the downswing in the economy in the six months ~~to end~~-June with an increase of 32,8% in attributable earnings from R9,58m to R12,73m.

This gives an earnings per share of 35,7c against 26,9c in the corresponding period the previous year.

The interem dividend was increased from 6c to 8c a share keeping the dividend cover at a high 4,5 times.

Chairman David Sussman says: "The 28,1% increase in turnover to R271,3m reflects a combination of a general improvement in furniture sales and a further increase in our market share.

"The latter was achieved while maintaining the highest standards for the granting of credit — deposits average 20% across our four chains.

Sussman says the group expects to achieve growth in earnings per share in excess of the rate of inflation for the full year ending December 31, 1990.

"All four chains that make up JD Group, Joshua Doore, Price 'n Pride and Score, are trading well.

"In line with our policy of constant upgrading, in 1990 we will relocate two stores and refurbish four, while opening new stores in Transvaal and Cape to raise our total to 176 by December.

"Given no worsening in the situation, the directors expect to achieve growth in earnings per share in excess of the rate of inflation for the full year." Sussman said.

R25 000 gears up to a R100 000 total investment, including gearing," he said.

... on the lookout for suitable properties for syndication and will announce our next project soon," Mr Kalkoven added.

SBDC job creation since 1981 put at 250 000

News 29/8/90

From DUMA GQUBULE

JOHANNESBURG. — Creating jobs was South Africa's top priority, SBDC managing director Mr Ben Vosloo has stressed.

Small businesses could make a significant contribution to providing jobs for the estimated 300 000 people who entered the market each year.

"In the past decade the total economy has created 540 000 non-agricultural jobs. On the other hand, the SBDC has created an estimated 250 000 employment opportunities since its inception in 1981," he said.

"Since these opportunities were created at an average cost of R3 000 a job, this is a bargain for the country," Dr Vosloo said.

According to the annual report for the year to March, the SBDC expanded its share capital by almost R30 million through a 40 percent rights issue, with more than 80 percent of private shareholders following their rights.

A special dividend of 5 percent on class A shares (held by the private sector) has been declared. Most shareholders chose to take their dividends as capitalisation shares rather than cash.

Operational assets (loans and business premises) grew 36 percent, compared with the previous year.

An amount of R62 million was approved for the provision of business premises in developing areas.

"We are involved in property development because most developers do not enter into developing areas because of perceived risks," Dr Vosloo said.

REAL AIM

The real aim of the SBDC was to act as a catalyst for development, to unleash and to amplify the entrepreneurial potential latent for too long in many of our communities, said SBDC chairman Dr Anton Rupert.

This entrepreneurial spirit had been smothered too long by shortages of capital, proper work places, know how and by legal constraints, he said.

In his chairman's address to the SBDC's ninth AGM in Johannesburg, he said: "By granting more than 25 000 loans totalling about R800 million over nine years to entrepreneurs in many of our deprived communities, the SBDC has laid a solid foundation for further economic growth in our towns and cities.

"In addition, the SBDC has appropriated R300 million for the provision of business infrastructures, with an area of more than 650 000 square metres in underdeveloped areas," Dr Rupert said.

He said political freedom was not possible without economic freedom.

"Instead of carrying on lengthy discussions about the merits of one or the other economic system, we should rather remove all the remaining shackles that still inhibit our economic performance, and allow all people to utilise their talents fully,"

Consumer boycott starts today in Parys

Star 29/8/90 (30)

By Thabo Leshilo

A consumer boycott to protest against alleged police harassment and high rent in Tumahole, near Parys in the Free State, is scheduled to begin today.

Tumahole Civic Association (TCA) spokesman Vuyo Dabi said the boycott was called after the police and the Parys Town Council (PTC) had failed to respond to township residents' grievances.

Mr Dabi said the boycott, which affects only white businesses, would last until residents' demands had been met.

Among their demands are affordable housing and a monthly rent of R18,50 a month.

PTC secretary Jacob Versfeld said he did not understand why the boycott had been called, because Tumahole was outside the PTC's jurisdiction.

He explained that Tumahole had its own local authority which was responsible for the levying of tariffs.

The PTC only sold services to Tumahole, Mr Versfeld explained.

Mr Dabi said Parys town clerk Joop Ferreira had visited him on Monday to arrange a meeting to be held later that day to discuss the boycott.

The meeting could not take place because Mr Dabi needed to consult other members of the civic body. The meeting might be held next week.

Rejected

The secretary of the Tumahole Town Committee, Gert Prinsloo, denied that the committee had failed to respond to residents' demands, adding that he had responded to demands from the TCA on Friday.

He added that police conduct was not a matter to be dealt with by the town committee.

A spokesman for police headquarters in Pretoria, Lieutenant Nina Barkhuizen, said the SAP rejected harassment. She referred The Star to the Free State police for comment on the TCA's allegations against the police in Tumahole.

The Free State police could not be reached at the time of going to press.

More Blacks enter the business world

Sowetan 29/8/90

30

THE number of small business ventures now in operation in South Africa has been boosted to well over 1 million as more and more black entrepreneurs join the economic mainstream.

SOWETAN Correspondent

The phenomenal spread of small enterprises in both the informal and formal sectors was confirmed yesterday in the 1990 annual report of the Small Business Development Corporation.

SBDC managing director Dr Ben Vosloo, who was among the first active critics of the red-tape barriers that blocked or delayed black economic advance in recent years, said small operators now accounted for more than four in every five business enterprises at work in the country.

He said a new count showed the overall total of business enterprises at between 1,4 and 1,6 million - with as many as 85 percent of them listed as small-scale operations.

The combined clout of small businesses in both the formal and informal sectors today accounted for no less than 40 percent of all economic activity.

Moreover, 75 percent of all the new job opportunities were generated by small operators - at only a fraction of the cost incurred by big business in the creation of extra employment.

No fewer than 70 percent of business operations were unrecorded by official statistics and run without formal trade licences.

The number of new loans approved by the SBDC to encourage small business ventures stayed on an even keel at about 3 000 in the past 12 months, but the annual amount handed out jumped from under R117 million to well above R197 million.

The average value of loans have climbed from R39 138 R68 240.

The cumulative grand total of loans granted to pioneer projects now stood at 8 660, to small builders at 5 122 and to start-up ventures at 2 455.

The value had grown to R776 million.

However, because of the combination of the economic slowdown and political instability and unrest, many businesses were struggling to meet financial and rental commitments.-

Gunman kills woman walking on bridge

A WOMAN was shot and fatally wounded at a footbridge on a Lindley, Muldersdrift plot on Monday by a white gunman who ordered her and three companions to turn around and leave the area.

Captain Henriette Bester, liaison officer for the West Rand Police, said Elizabeth, Lena and Charles Nkumu and Eric Banda were walking to the river on the plot which is situated behind the Lanseria Airport.

They were on a small bridge crossing the river when an unidentified white man ordered them to turn around and leave.

They turned to go and a shot was fired. Elizabeth was fatally wounded.

The police are investigating the incident and no arrests have yet been made.

Tumahole boycott of Parys begins

(30)

A CONSUMER boycott to protest against alleged police harassment and high rents at Tumahole, Parys in the Free State, begins today.

Tumahole Civic Association spokesman Mr Vuyo Dabi said the boycott was called after police and the Parys Town Council had failed to respond to township residents' grievances, including affordable housing and a monthly rent of R18.50.

The secretary of the Parys Town Council, Mr Jacob Versfeld, said he did not understand why the boycott was called because Tumahole was outside the jurisdiction of the council.

Tumahole had its own local authority which was responsible for the levying of tariffs.

The secretary of the Tumahole Town Committee, Mr Gert Prinsloo, denied the committee had failed to respond to residents' demands, adding that he had responded to "various" demands from the TCA on Friday.

Police could not be reached at the time of going to press. - *Sowetan Correspondent.*

Tradegro earnings slump

CAPE TIMES 30/8/90

Own Correspondent

JOHANNESBURG. — Tradegro, hammered by the late receipt of proceeds from its Rusfurn sale, strikes, boycotts and a huge shrinkage bill, has announced a 47% slump in fully-diluted earnings to 20,7c (39,2c) a share in the year to end-June.

A final dividend of 6c bumped total distribution up to 11c (10c).

But CE Donald Masson, who yesterday described the figures as disappointing, said he expected real earnings growth in financial 1991, barring further "abnormal" deterioration in the economic and political climate.

The retailer/wholesaler's poor showing came on the back of virtually standstill growth of 0,4% in turnover to R7,2bn — including Rusfurn — and a 1,7% drop in pre-interest operating profit to R155,5m.

Retained businesses grew 13,7% at the turnover level.

This filtered down to net attributable profit — including Rusfurn's contribution of R41,8m last year — which was 47,4% lower at R38,4m.

Bottom-line profit excluding Rusfurn's contribution grew 23,5% to R38,4m, while undiluted earnings fell 72% to 22c (78,6c) a share.

Masson said the main reason for the 47,4% fall was that proceeds from the Rusfurn sale, effective from mid-1989, were received only in October and interest earned was insufficient to offset the loss of its profit for the year.

Star performers included Coreprop, Cashbuild and recently-listed Smart Centre, where pre-tax profits grew by 126,7%, 35,3% and 32,2% respectively.

However, non-recurring losses at Metro subsidiary Fairways (formerly Jazz) saw the wholesaler report a 21,4% drop in pre-tax profits, while opening costs at a new store sent profits for Stuttafords/Greatermans into a 42,3% decline.

Retail chain Checkers also turned in a disappointing performance, posting a 24% profit fall to R18,2m on turnover which grew 16,2% — 13% in the second half — to R3,2bn.

Masson said the Rusfurn disposal had "considerably" strengthened Tradegro's balance sheet, which reflected a cut in interest-bearing debt to R118m (R311m) at year-end. The group also held net cash balances of R204m.

"The results are disappointing, but we did not bring back provisions. In fact, we increased these," Masson said.

"I believe the current year will be tough, but we've got to manage the environment and I feel our directors are up to this challenge."

Masson added he was "sorry" he had sold Rusfurn, from an earnings and management point of view.

"But it's like owning a Ferrari — it's wonderful if you can afford it. Rusfurn was too rich for my blood and I don't miss its debt."

Tradegro earnings plunge by 47% (30)

B/Day 30/8/90

SYLVIA DU PLESSIS

TRADEGRO, hammered by the late receipt of proceeds from its Rusfurn sale, strikes, boycotts and a R70m shrinkage bill, has announced a 47% slump in fully diluted earnings to 20,7c (39,2c) a share in the year to end-June.

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Masson said the main reason for the 47,4% fall was that proceeds from the Rusfurn sale, effective from mid-1989, were received only in October and interest earned was insufficient to offset the loss of its profit for the year.

Star performers included Coreprop, Cashbuild and recently listed Smart Centre, whose pre-tax profits grew by 126,7%, 35,3% and 32,2% respectively.

However, non-recurring losses at Metro subsidiary Fairways (formerly Jazz) saw the wholesaler report a 21,4% drop in pre-tax profits, while opening costs at a new store sent profits for Stuttafords/Greatermans into a 42,3% decline.

Retail chain Checkers also turned in a

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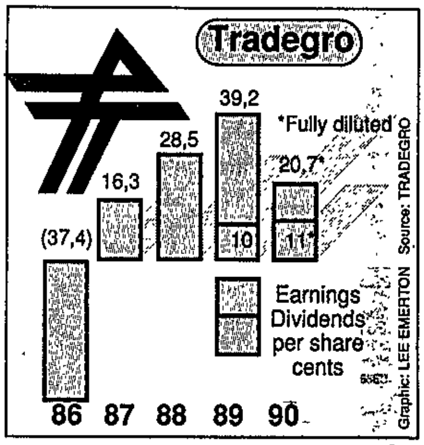


Tradegro

B/Day 30/8/90 (30)

☐ From Page 1

disappointing performance, posting a 24% profit fall to R18,2m on turnover which grew 16,2% — 13% in the second half — to R3,2bn.

Masson said the Rusfurn disposal had "considerably" strengthened Tradegro's balance sheet, which reflected a cut in interest-bearing debt to R118m (R311m) at year-end. The group also held net cash balances of R204m.

"The results are disappointing, but we did not bring back provisions. In fact, we increased these," Masson said.

"I believe the current year will be tough, but we have got to manage the environment and I feel our directors are up to this challenge."

Masson added he was sorry he had sold Rusfurn, from an earnings and management point of view. "But it is like owning a Ferrari — it's wonderful if you can afford it. Rusfurn was too rich for my blood and I do not miss its debt."

BDay 31/8/90

Slow-down hits Curnow growth

MARCIA KLEIN (30)

RETAIL and wholesale-listed Curnow M & G continued to show the effects of the economic slowdown by registering no growth in real terms in the six months to end-June.

The distributors of automotive refinishing products reported a bottom line increase of 1,7% to R586 000 (R576 000) — a negative real growth if inflation adjusted. Earnings a share remained static at 2,7c, as did the interim dividend of 1c.

Turnover increased 16% to R19m (R16m), and operating profits rose by 27% to R1,5m (R1,2m). However, these were offset by increased finance charges of R586 000 (35 000).

Chamber supports measures

Star 31/8/90 30

By Staff Reporter

The South African Chamber of Business (Sacob) said yesterday it supported measures taken by Law and Order Minister Adriaan Vlok, who declared a number of townships "unrest areas" this week.

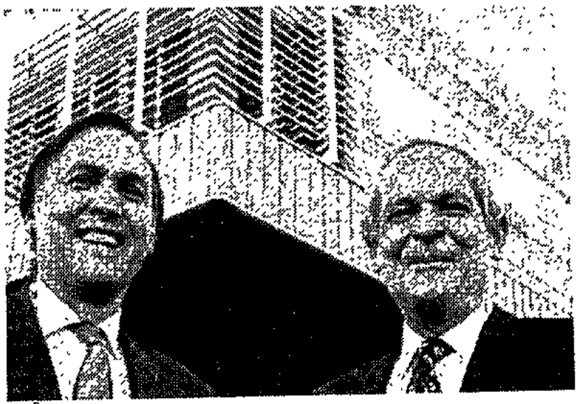
The chamber regretted the decision, but felt it was made necessary due to the high level of violence which resulted in significant economic and human costs, it said.

Chambers of Commerce and Industries from unrest areas on the Witwatersrand met for two hours yesterday to discuss the violence and concern was expressed for the serious implications for growth, employment and investor confidence in South African, Sacob said.

The violence also had a negative impact on the climate for political negotiation, it added.

The Chamber called on leaders Nelson Mandela and Chief Mangosuthu Buthelezi to meet as soon as possible to discuss the unrest situation.

30. MRS P SOMANA



Pepkor chairman Christo Wiese, left, and Pep Stores founder Renier van Rooyen. Picture: ROBERT BOTHA

(30)

Pepkor unveils R8m centre

MARCIA KLEIN

PEP Stores founder Renier van Rooyen opened an R8m Shoprite shopping centre in Upington on Wednesday during Pepkor's 25th anniversary celebrations.

Pepkor — which began as Pep Stores in Upington — is the holding company of retailers Pep Stores, Shoprite and Ackermans.

Chairman Christo Wiese and director Van Rooyen — both from Upington — opened the 49th Shoprite store in SA, and announced that Pepkor would open its 1 000th store this year.

Wiese said Pepkor — which employed about 15 000 people — would be the first SA retailer to open 1 000 branches in SA.

At the celebratory banquet on Wednesday night, Wiese said Pepkor expected turnover to exceed the R2bn mark in the year-end February 1991.

Turnover was R1,5m for 1990 and he said R2bn was within reach as the best months of trading lay ahead. Operating profit was expected to reach R180m (R135m).

The group — which had cash surpluses — was looking at several prospects, he said. An announcement regarding this would be made in the next few weeks.

In terms of prospects in southern Africa, Wiese said the group already had a substantial operation in Botswana, and was looking at possibilities in Malawi, Maputo and other countries.

An export programme was started prior to 1984 and Pepkor was almost ready to get involved in exports in a big way, he said.

Budgeted turnover in exports for the current year was R10m, but the group hoped to make about R20m.

BD 21/8/90

'Let's persuade Mandela'

Star 31/8/90 (30)

Political Staff

DURBAN — African National Congress deputy president Nelson Mandela stood ready to be persuaded that nationalisation was not the correct economic solution for the country, Minister of Foreign Affairs Pik Botha said yesterday.

"Let us go and persuade him," he told National Party delegates at the party's Natal congress in Durban. He urged businessmen to talk to the ANC about future economic policies for South Africa.

Mr Botha said he had told Mr Mandela during their August 6 discussions that his talk about nationalisation had done damage to the country internally and abroad.

"He said to me: 'Look, I'm not married to the concept and we stand ready to examine other policies and programmes to address backlogs that exist today'."

Mr Botha said it was therefore unfair to blame the ANC for being committed to nationalisation. It was untrue, and he urged the private sector to talk to the ANC about this.

In another part of his speech, Mr Botha said the NP would have stood accused by history of destroying South Africa and sacrificing the whites if it had not undertaken its reform programme launched on February 2.

South Africa had been "on the way to total isolation, and destruction of our economy. We were on our way to becoming a bankrupt state, a banana republic, in which military or other forces inevitably could be used against us effectively.

"It has never been the NP's objective to let the country die."

The white man's security lay in making himself indispensable for the survival and progress of sub-Saharan Africa, Mr Botha said.