COMMERCE – GENERAL

1991

NOV. — DEC.

Shell to help its dealers

Sowetan 1/11/91

30

By
Ali Mphaki

A SPECIAL committee to focus on the problems and opportunities for black Shell dealers is planned in the Transvaal.

Transvaal Shell Dealer Council chairman Mr George Gani said he was concerned that they were not doing enough to assist black dealers "who often have different problems to those experienced by other dealers".

Problems such as security, electricity supply and unrest could make the black dealer's job difficult.

Active role

"I am personally going to try and see that we play a more active role in this area, and I would like to appeal to all black dealers to contact me, as we would like to devote a special session at our next meeting to black dealer issues," he said.

He added that if enough interested people come forward, a special permanent sub-comittee for black dealer affairs may be formed to formally tackle the special problems experienced by these dealers.

The next meeting of the Shell Transvaal Dealer council will be on November 7 and interested dealers can contact Mr Gani on (011) 854-1005.

EDGARS Fm 1/11/91

Stocks mounting (30)

Until reporting the 1992 interim results this week, Edgars had produced earnings growth that exceeded the inflation rate for more

Fm 1/11/91 (30) **FOX**

than five years. It is an indication of the state of the clothing market that attributable earnings increased by only a tenth in the six months to end-September.

Labour unrest

CE George Beeton says that, until the end of August, Edgars hoped to report increases of around 17% in both sales and earnings. In September, labour unrest hit the chains and national consumer sales slumped.

Financial director Mark Bower contends that these results should not be compared with any competitors' results for periods ending June or August, as September was a difficult trading month for everybody. In the clothing market overall, sales were down 0,2% in rand terms on the previous September.

Edgars' current priority is to move stock. It has been marking down goods, causing the operating margin to fall from 14,8% to 14,1%. At the end of September, the group held R464m in stock, up nearly 40% on the year-ago figure. The upsurge in working capital invested in stock lifted gearing to 0,58, from 0,50 at the previous interim.

Sales House had the best performance in the group, while Edgars' results were in line with the group's. Sales House, however, is

continue →

Fm 1/11/91 (30)

growing off a much lower base. The cash chain, Jet, made a loss, but Beeton says it is at last finding an identity as a chain focusing on the fast-moving core merchandise.

Beeton says the store opening programme will not be slowed down. If anything, Edgars will increase its marketing exposure. The chain lost two key executives to Woolworths earlier this year— marketing director Carol Grolman and men's fashion director Farrell Ratner. Beeton says there have been further approaches to managers but these have been unsuccessful. Initially, there was speculation that Woolworths would enter the credit market, which would be masterminded by Grolman. Edgars believes its competitor has abandoned the idea.

The modest Edgars results might encourage investors to downweight their exposure to consumer-based counters. Management does not expect the full-year results to be any better. But Edgars continues to gain market share, up from 16% of the semi-durable market a year ago to 17% now. It continues to bring new lines to the market. It recently expanded its shoe ranges by introducing athletics and leisure departments and the Bubblegummers range. It also introduced the Penny C range of larger lingerie.

On a rolling 12-month basis, Edgars trades on a demanding dividend yield of 1,9% and a p:e of 19,4. Its results were in line with other retailers in the sector such as Wooltru and Specialty Stores and well ahead of most clothing manufacturers, but are hardly encouraging. The consumer recession has started in earnest.

Stephen Cranston

SALES FLATTEN

Six months to	Sep 30 '90	Mar 31 '91	Sep 30 '91
Turnover (Rbn)	1,14	1,33	1,29
Operating income (Rm)	169	184	182
Attributable (Rm)	71	79	79
Earnings (c)	141	155	155
Dividends (c)	33	80	36

Department stores on the decline

B/Day 1/11/91

MARCIA KLEIN

SPECIALITY stores will be the future of SA retailing, taking market share away from the multinational mass retailers.

Storeco joint MD Stewart Cohen told the conference the successful stores of the '90s would have to differentiate in terms of assortment, presentation, pricing, store design and service. (30)

The consumer of the '90s was better informed and educated and had less time than in the past. Stores had to cater for these lifestyles.

The successful retailer today had to look at demographics, lifestyles and social trends, Cohen said.

Technology was reducing the risk and "the dependence on gut feel decisions". Management of people would also separate the winners from the losers, and SA retailers had to look at incentives and giving employees a share in the business.

In SA there were massive opportunities for at least 30 new speciality store concepts, as well as joint ventures and franchising opportunities in partnership with black entrepreneurs.

Cohen said the start of the decline of the large departmental store in the US was the assault that came from the discounters. This had happened also in SA, where the department stores fell to the likes of Game, Dion and the hyperstores, who were low rental and high volume-low margin businesses.

But the major decline was caused by the speciality stores, which offered better store presentation and service, and responded quickly to changes in demand.

Marketers get ahead of the Christmas game

BDay 1/11/91

MARCIA KLEIN

(30)

MARKETERS are eagerly promoting their products well before the Christmas period this year, with media owners reporting a sharp increase in advertising expenditure in recent weeks.

The Media Shop MD Dick Reed said although this was the season for increased promotion, the recent rise in adspend could be one of the first signs towards an upswing in the economy.

Media owners were not confident that it represented the start of an upswing, as adspend generally increased in the run-up to Christmas. One said that this year companies would be trying even harder to sell stock over the holiday period, which might not be that buoyant.

Reed said there seemed to have been a steady increase over the last few months, and the pace of media investment was definitely accelerating. Adspend figures for January to August showed a 24,5% growth, which represented a real growth in volumes and pointed to a projected R2,3bn in adspend for the full year.

In 1990, Adspend grew by 19,1% to bring media investment for the year to R1,84bn. This represented no real growth for the industry as the media inflation rate had been running at between 19% and 20%.

Reed also attributed some of the recent growth to the change from GST to VAT.

While GST was previously levied on advertising, advertisers were now able to reclaim tax as an input credit.

Some exciting new developments in the marketplace were also instilling new interest in advertising. These included the relaunch of TV2/3/4 as CCV TV and the launch of new magazine titles.

Reed said the increased adspend was "not just a flash in the pan although marketers are going into the season of more promotion". He forecast that adspend would continue at a higher level next year.

Although adspend figures for September and October had not been released, Reed expected adspend to rise in these months.

Adspend has shown a compound growth rate of about 20% over the last five years, with television showing the fastest growth.

Fund managers overlook a well-tuned McCarthy Group

S Times

S Times (Buss) 3/11/91

30

BRIAN McCARTHY, chairman of McCarthy Group, raised laughs and eyebrows at a presentation to the Investment Analysts Society.

The laughs came from his anecdote about the young investment analyst who approached him at the end of his previous presentation to the society with these words:

"Mr McCarthy, as you were talking, I couldn't help but ask myself the question: 'Would I buy a second-hand car from this man?' "

The eyebrows were raised by the myriad new- and used-car outlets that fall under the McCarthy banner.

High-street leaders such as Dan Perkins, Forsdicks, Daytona, Olympic, Capital Motors, Grosvenor, McCarthys, Cartoria, Atkinsons, Car Bar, Clarke and Burchmores are but a few at which Fords, Mazdas, Toyotas, BMWs, Mercedes-Benzes, VWs, Audis, Hondas, Nissans, Rolls-Royces and Bentleys may be bought.

Mr McCarthy also queried the judgment of fund managers who appear to shun motor-linked companies in their portfolios in spite of their superior performance — Toyota in particular.

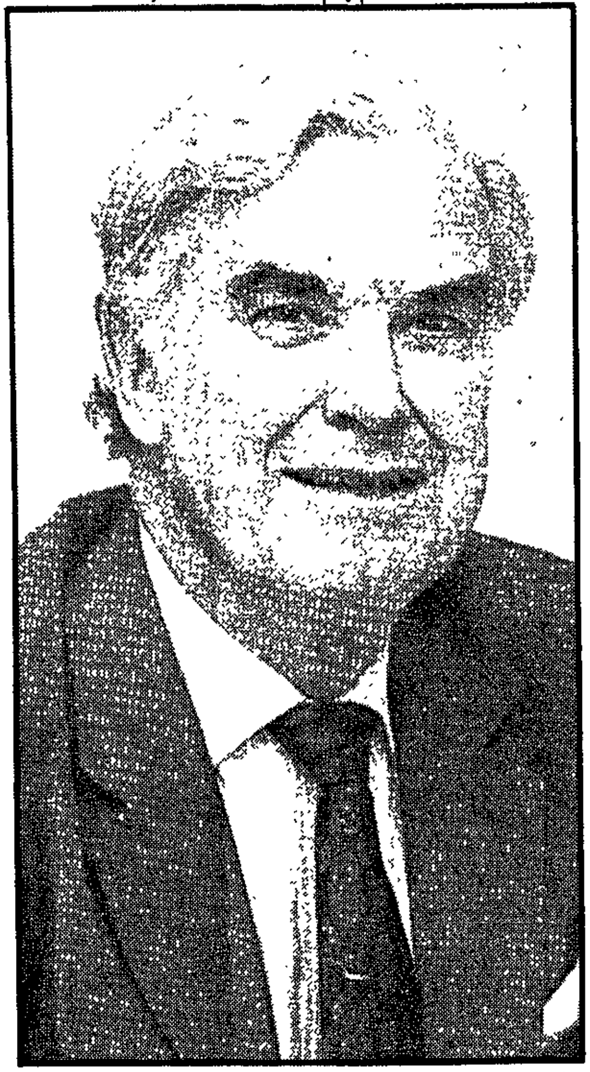
Mr McCarthy — who together with his family owns 12% of group equity — outlined the global car market.

He showed how Japanese vehicles dominate sales. In 1990, Japan sold 13,49-million, 36% more than closest rival America. American cars took 60% of South Africa's market in the 1950s, now it is zero. Japanese sales of cars and commercial vehicles account for 67% of the market.

Japan has 30% of America's market. Its success has led to an outcry by the likes of Chrysler and Ford, resulting in Japan's attention turning to Europe. It now has 12% of that market, which Mr McCarthy says can grow to 30% in a market free of restrictions and quotas..

SA sales make up only 0,75% of the global total, but it is still high enough to rank 16th largest producer of vehicles.

Car plants account for one in six German jobs, one in seven in America and one in 14 in SA even though new-vehicle sales have slipped steadily since peaking in 1982.



BRIAN McCARTHY: Laughs and raised eyebrows from the investment fundis Picture: JIMMY HUTTON

Mr McCarthy says that although sales are lower, the numbers have been more stable in the past four years.

His group's share of the SA market has risen from 10,7% to 12,6% in 10 years. He admits that there will be a ceiling on market share.

Manufacturers feel uneasy about a dominant single distributor and McCarthy's top is probably 17% — still plenty of room for growth.

The group has countered this trend by expanding into allied businesses, such as used cars, workshops and parts. It also has R43-million of property.

Joint managing director Theo Swart says new-car sales are projected to rise gradually between 1992 and 1994.

Mr Swart does not foresee radical changes to the distribution of cars. He believes franchising will prevail.

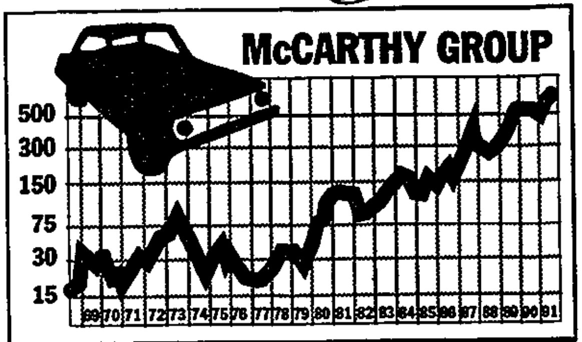
Parts will benefit as the average age of the cars on SA's roads lengthens. In 1985 it was eight years, by 1990 it had reached 10,5 years and will probably reach 12,5 years by 1995.

The profile of car ownership will change. By the year 2000, 465 out of every 1 000 whites and 30 in every 1 000 blacks will own cars. But black ownership will rise from 9% of today's car park to 22% at the turn of the century.

This is in spite of rising costs, attributable in part to the erosion of SA's currency. The price of a standard Toyota has climbed 48% in three years, that of a Mercedes-Benz 70%.

Corporate buying accounts for 80% of sales, compared with 50% a decade ago. That means greater stability in the market because companies have fixed policies about vehicle replacement.

Mr Swart says there are



excellent opportunities for McCarthy Group because of its assets, skills and franchises.

Dudley Saville, who will retire as joint managing director next March, outlined the strategy of the group's industrial holdings.

He said the group had expanded to achieve more balance, but had not been afraid to call it a day on ventures that did not meet its requirements.

McCarthy built up a 30% market share in truck hire, but sold it because the return on investment was not high enough.

Diversification into Yamaha — bikes, engines, sports goods and outboard motors — had been highly successful, as had the entry into full-maintenance leasing, credit instalment financing and the purchase of Budget Autolease.

Mr Saville says Midas, in which McCarthy has slightly more than a third share, has 11% of the R6-billion-a-year car spares market and its profitability is improving under new management.

Mr Saville says 68% of the group's assets are in motor dealerships, 23% in other industrial operations and 9% in property. The group's largest investment is in SA's most successful franchise — Toyota.

Interest-bearing debt has fallen to 20% of shareholders' funds.

Mr Saville says productivity improvements can also be made. Margin is all-important on annual turnover of R3-billion — a 0,1% improvement adds R3-million to the bottom line.

Mr McCarthy returned to question the conventional wisdom of not holding motor shares in an investment portfolio. Only two general equity unit trusts — ironically top performers UAL with Toyota and Old Mutual with McCarthy — hold any motor shares.

He showed that Toyota and McCarthy shares had done far better than a selection of blue chips appearing in most unit trust portfolios in terms of earnings growth, dividends and share price appreciation.

One analyst commented that McCarthy shares were hard to come by — a common gripe about top-quality scrip.

Mr McCarthy gave a breakdown of share ownership. Anglo American has 38%, his family has 12%, 31% is held — perhaps invisibly — by the top 10 institutions and there are 1 506 individual members.

Ten years ago there was almost twice that number of individuals — "something that is happening throughout the JSE".

McCarthy shares jumped 50c to 525c — well above the January low of 275c. For those lucky enough to get them, they should continue to do well.

M-Net ou

M-NET has attracted as many only a few years as the whol trust industry has managed in 2

This observation comes fro manager Kevin Cockcroft, repo by Hugo Lambrechts of the Un toria's Graduate School of Mana

The view is that more shoul form the public of the benefits unit trusts.

Assets of SA's 38 unit trusts billion at the end of Septembe doubling in four years and show annual growth rate of 19,7%.

One problem is that unit tru payable to brokers who offer vice are low, whereas the a other forms of investment ar This issue is long overdue for

Dr Lambrechts says few pe quate provision for retiremen generally unaware that unit tr

Ellerines workers stand firm

Star 4/11/91

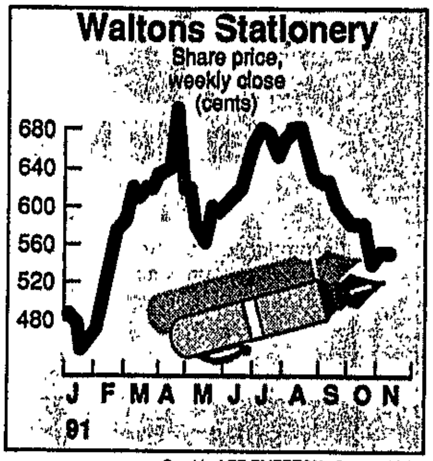
By Brian Sokutu

SA Commercial and Catering Allied Workers' Union members, in a national wage dispute with Ellerines, last night called for a boycott of the company and a march on its offices throughout the country during today and tomorrow's anti-VAT strike.

The ANC, Pan Africanist Congress, Azanian Peoples' Organisation, Cosatu and the National Congress of Trade Unions supported the call.

Converging at the union's Johannesburg offices, singing and slogan-chanting workers said their demands included:

- March 21 as a paid holiday.
- An 8 percent increase in commission on sales.
- A R205 across-the-board increase.



Graphic: LEE EMERTON Source: I-NET

Waltons stifled by tough conditions

(30) MARCIA KLEIN

WALTONS Stationery's (Waltons') growth has been stifled by tough trading conditions in the office supply industry.

The group, whose interests include Helios, Minolta, Ozalid and listed toy company Reggies, has reported a 13,3% reduction in earnings to 18,7c (21,5c) a share for the six months to end-August. BlDay 4/11/91

Despite the reduction in earnings, the interim dividend was maintained at 7c a share by improving gearing levels.

At the February year-end Waltons reported a decrease in earnings — the first time in the past decade that it had not shown profit growth.

☐ To Page 2

Waltons BlDay 4/11/91

(30) ☐ From Page 1

This trend continued into the interim stage, where it showed a 13,3% decrease in attributable earnings to R12,7m (R14,7m).

Waltons' turnover grew by 6,2% to R356,3m (R335,6m) because of a depressed and uncertain economy, and operating profits dropped by 18,8% to R39,1m (R48,2m), reflecting a reduction in margins.

A tight rein on borrowings saw the interest bill reduced by 24% to R8,4m (R11,0m). A reduction in taxation from R18,7m to R15,2m resulted in a 16% drop in earnings after tax to R15,5m (R18,4m). Attributable earnings were 13,3% down after an increase in equity accounted earnings and slightly lower earnings for outside shareholders.

Chairman Frank Robarts said the core stationery business continued to perform satisfactorily.

Reggies would trade profitably for the full period, with the Christmas season still to come, and Lithosaver System's results had shown "a pleasing improvement".

Financial director Mark Davis said that borrowing levels were good, and Waltons was well placed for an upturn in the economy.

Waltons Consolidated Investment Holdings (Walhold), which has a 50,1% holding in Waltons, reported earnings of 17,9c (20,7c) a share, and maintained its interim dividend of 7c a share.

Saficon keeps costs in check

Star 5/11/91

By Jabulani Sikhakhane (30)

In spite of tough trading conditions in the motor retail market, Saficon turned in a 23 percent advance in earnings for the six months to September, from 31c to 38c a share.

The dividend is unchanged at 7c.

Financial director Peter Glendining says these results were achieved despite buyer — both company and individual — resistance to acquiring capital goods.

The resistance was further exacerbated by the increase in perks tax on company cars and uncertainty ahead of the introduction of VAT.

Mr Glendining adds that these factors made trading conditions difficult, putting margins under pressure.

In the circumstances, Saficon did well to hold the pre-interest operating margin at 3,6 percent, largely due to tight control of operating costs.

Turnover rose 8 percent to R822,5 million and operating profit rose 7,4 percent to R29,4 million.

At R11,33 million, the interest charge was marginally higher, as group gearing rose to 71 percent (67 percent).

The increase in gearing is largely attributable to the group having to finance an additional R25 million worth of debtors during the review period.

However, the group benefited from the reduction in the company tax rate from 50 percent to 48 percent.

Tax charge

This meant that the tax charge was only 3 percent higher at R8,68 million, boosting taxed profits by 14 percent to R9,399 million.

A near doubling in associated company earnings (mainly Boumat) to R2,72 million (R1,18 million) boosted attributable income by 31,4 percent from R8,93 million to R11,73 million.

But this was diluted by the conversion of 1,1 million automatically convertible debentures into 1,7 million ordinary shares. Earnings a share rose 23 percent.

Mr Glendining says with no significant changes expected in the economy, and Boumat's updated forecast, Saficon is expected to earn 74c (53c) a share for the year and pay a total dividend of 19c a share.

This suggests earnings of 36c a share for the second six months to March 1992.

However, Saficon's revised forecasts are lower than the 95c a share earnings and 24c dividends made in the 1991 annual report.

Saker's finance and investment corporation, which holds 51,5 percent of Saficon, reports earnings of 64c and an unchanged dividend distribution of 11c.

Its original forecast has also been revised to earnings a share of 122c and a dividend payment of 31c a share for the full financial year.

NEWS

Business losses varied 'from thousands to millions'

Star 6/11/91.

By Louise Burgers and Helen Grange 30

Losses to business during the strike varied from millions to a few thousand rands.

The motor manufacturing industry alone suffered production losses of about R135 million, sacrificing another 3 000 vehicles to the backlog, according to the National Association of Automobile Manufacturers of SA (Naamsa).

Sacob economist Keith Lockwood said it was difficult to quantify the cost to the economy as it was possible for business to make up losses in time.

"The economy did not close down for two days. Every business would have been hit in a different way. The real loss was in worker salaries and job opportunities."

The Johannesburg City Council transport department was hard-hit, losing close to R2 million. Transport director Stan Verrier said about 70 percent of bus drivers took the time off, leaving the council with only about 50 percent of its service.

Many passengers were transported on the municipal buses for free, as relief drivers did not know how to operate the ticket machines, he said.

Putco was virtually non-operative, said managing director Dr Jack Visser. Losses in turnover totalled R3 million in the two days.

Rail Commuter Corporation manager Roelie Snyders estimated that the company lost less than R500 000 in fares during the strike as a high percentage of regular passengers had weekly or season tickets.

Pick 'n Pay director Mike van der Merwe said the company had lost about R5 million in sales, but this would be offset by savings in staff wages.

Those that incurred the most losses were small businesses, forced to close early as they had no customers.

Dions marketing manager Howard Davidson said, however, that his stores showed no losses during the strike.

Motor manufacturing plants will be shutting down over four weeks in December, causing a further backlog in certain vehicle models, according to Naamsa spokesman Nico Vermeulen.

"It may be difficult to make up the production losses."

According to Sacob, a long weekend would have more impact on the national economy than the two-day stayawav.

A public holiday on a working day costs the economy between R400 million and R600 million, Sacob estimates.

Shield set to keep on growing

30

Bday 6/11/91.

MARCIA KLEIN

SHIELD Trading Corporation (Shield), which has posted a 24,5% earnings growth to 7,9c (6,3c) a share in the six months to end-August, expects this trend to continue in the full year.

The company, which distributes food and allied products to retail and wholesale franchise holders, increased its turnover by 23,3% to R377m (R306m), and its operating income grew by 27,4% to R10,5m (R8,3m).

Joint MD Mark Smith said the projected turnover for the full year to end-February "indicated that the R800m mark was in reach".

He said the combined group turnover for all franchise members would exceed R2,7bn.

He attributed the good results to management's meticulous attention to keeping operating costs down, its ability to maintain a positive cash flow, and improved strategic buying.

The group has no borrowings. Rebate payments to its franchise members increased by 31,8% to R6m (R4,5m).

Smith said Shield's growth "showed no signs of abating", especially as the group had access to the growing black market via its franchise holders.

Rationalised Picapli pulls itself out of a debt mire

30 LESLEY LAMBERT

PICARDI Appliances, the mainstay of the diminished Picardi Group, has cut its debt:equity ratio from 319% to 130% by reducing interest-bearing debt from R106m to R61,7m over the past two financial years.

This strengthening of the balance sheet was part of the rationalisation programme which had contributed to the company's dramatic turnaround last year from the previous year's R13,2m loss to a pretax profit of R14,6m, Picapli chairman Jan Pickard Snr said in the annual report.

The programme was aimed at refocusing the company's wholesale trading towards its core business, domestic appliances.

With continued pressure on the cost of imported products, locally manufactured appliances contributed a much greater proportion of business than in the past, Pickard said.

The manufacturing division expanded its range of refrigerators, built-in ovens and geysers; and introduced a new range of free-standing stoves. The division has advanced to the final phase of its microwave localisation programme. B/Day

Pickard expected consumer expenditure on durables to remain depressed during the current financial year as tough trading conditions continue. Market pressures were likely to be compounded by the effect of VAT on disposable incomes. 6/11/91

"However, our concentration on established branded products ... will ensure that our market position is maintained, while our focus on working capital management and operating efficiencies will provide the basis for sustained profitability," Pickard said.

B4

Zukile See me re my issue — please,

Bateman confidently defies poor conditions

B Day 6/11/91

MARC HASENFUSS

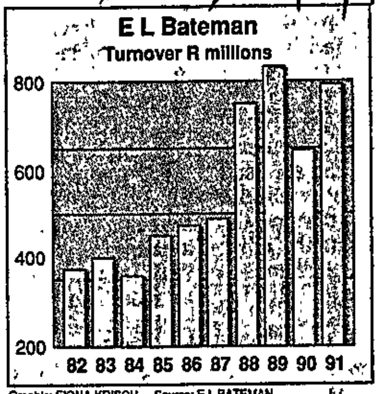
DETERIORATING conditions in the engineering sector are not intimidating Edward L Bateman (ELB) and the group is forecasting a repeat of 1991's earnings in real terms for the year ahead.

In his annual report, chairman Bill Bateman said delays in announcing incentives to major industries, low gold and commodity prices, and the depressed economy, made conditions in the industries served by ELB very difficult.

"In the circumstances, maintenance of earnings in real terms is a reasonable and challenging objective for 1992."

ELB's activities are divided into two broad categories — equipment supply and engineering/contracting — which have a profit contribution of about 63% and 37% respectively.

ELB's Equipment (Bateman) MD Peter Brereton said that more of the division's businesses were feeling the strain of the business downturn than at this time last year. However, the operating order book was higher than a year ago, though at a lower margin.



Graphic: FIONA KRISCH Source: E L BATEMAN

Brereton said that business and product acquisitions made during the year, and new markets, should enable Bateman to improve earnings in the year ahead.

Bateman had achieved a balance between supplying capital equipment and providing the aftermarket with spares and service.

Exploration, mining and mineral beneficiation still remained the biggest profit contributors in the equipment division. The weak rand gold price had forced the industry to take remedial action and the market for equipment and consumables remained depressed, Brereton said.

Increased emphasis was placed on orders received from the platinum, coal, diamond, iron and steel, base metals and ferro-alloy industries.

ELB's Engineering (Batepro) MD John Herselman said that an improvement on last year's results in real terms would be difficult to achieve. "Batepro enters the new financial year with a reasonable order book and cautious optimism."

He said Batepro was well positioned for growth and broader involvement in future projects.

Acceptance of SA in the international community had increased the demand for local services and products abroad, and Batepro was placing considerable emphasis on the development of these markets, Herselman said.

Brian Porter Holdings relying on cost control

B Day 6/11/91

MARC HASENFUSS

THE continuing slump in new and used vehicle sales will see Cape-based motor retailer Brian Porter Holdings (Port) relying heavily on cost control to resume earnings growth in the year ahead.

Executive chairman Brian Porter said the group would continue its stringent control over working capital, particularly the policy of closely watching debtors' acounts.

In the year to end June, Port increased turnover 7% to R307m but higher operating costs knocked margins and operating income declined 6% to R4,4m.

Port recently extended the Porter BMW Somerset West, Porter MMI Parow and Porter MMI Muizenberg dealerships and also purchased new electronic workshop equipment.

The group's new car franchises include BMW, Delta/Isuzu, Ford, Jaguar/Daimler, Land/Range Rover, Nissan/Uno, Porsche, Rolls Royce/Bentley and Toyota in the Western Cape. It also has Mazda/Ford/Mitsubishi dealerships in the PWV.

Porter said that a close monitoring of new developments and marketing techniques in the US car market enabled the group to pioneer the concept of major sales over weekends.

He said the group would remain on the alert for takeover opportunities. It recently acquired businesses at Olifantsfontein and Midrand.

Porter said the Transvaal operation continued to grow well. The acquisition of a site in Germiston is expected to be of great value to the group in the years ahead.

The development of Port's action display boards remained disappointing but opportunities in the UK and Australia were being investigated, he said.

Port was untraded at 400c yesterday, wedged between its July high of 500c and November 1990 low of 320c.

Making amends for illegal transactions

Sowetan 7/11/91 (30)

PROPERTY acquired in contravention of the Group Areas Act can be transferred without paying transfer duties, stamp duties or feet of office.

Individuals who acquired property in contravention of the Group Areas Act have the opportunity to take transfer of the property in question paying stamp or transfer duty or fees of office if application is made to the Registrar of Deeds before or on December 29, 1991.

According a property expert, Mr Lawrence Kaplan, under Section 48 of the landmark legislation, the Abolition of Racially

By JOSHUA RABOROKO

Based Land Measures Act 1991, a transaction whereby a nominee owner acquired property for another person (the principal in violation of Section 40 of the group Areas Act is no longer deemed illegal or as constituting of offence.)

The new legislation makes provision for the principal to take transfer of the property without paying stamp or transfer duty or fees of office by submitting to the relevant registrar of deeds by December 27, 1991, a written request accompanied by the title deed and affidavits or solemn affirmation by the nominee owner and the principal who is to become the registered owner of the property.

These documents must state that the individuals were party to an transaction, the exclusive object of which was to circumvate the Group Areas Act.

If a nominee owner refuses, omits or cannot be found to make such a statement, the principal can apply to court for an order authorising the transfer.

Transfer, which is by way of endorsement, is subject to certain provisions, such as that any mortgage bond over the property has to be disposed of before or upon application to the Register of Deeds, and that the usual rate clearance must be lodged with each application.

Provisions of the legislation also apply in cases where a company or close corporation is nominee owner.

"This is a unique opportunity for individuals affected by the Group Areas Act to literally put their house in order, and to take advantage of a concession that could save a significant amount of money," Kaplan said.

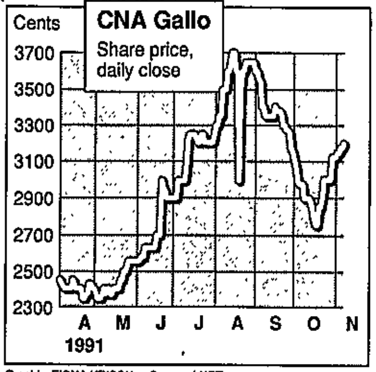
"It is essential, however, to lodge the application with the Registrar of Deeds by December 27 1991, if the transaction is to be exempted from the relevant duties."

CnaGalo earnings edge forward for half-year

30

B/Day 7/11/91

MARCIA KLEIN



Graphic: FIONA KRISCH Source: I-NET

THE sharp dip in consumer spending and pre-VAT confusion during September are reflected in CNA Gallo's (CnaGalo's) pedestrian 2% increase in earnings to R12,8m (R12,5m) in the six months to end-September.

The retail and entertainment group's turnover rose 8% to R364,2m (R337,6m), after having lifted 17% at the March year-end.

Trading income was 8% down at R17,7m (R19,3m), reflecting pressure on margins.

An 85% higher interest bill of R3,2m (R1,7m) was offset by a reduction in taxation and an 18% increase in earnings from associates.

The net result was the 2% earnings increase and marginally higher earnings of 38,7c (38,5c) a share on more shares in issue.

MD Dennis Cuzen said that despite the results, the balance sheet was strong. CnaGalo had been focusing on controlling working capital, especially stock levels.

A stock reduction plan which had been in progress since April had shown encouraging results.

Cuzen said full year results were highly dependent on trading conditions for the Christmas and back-to-school season, and forecasts indicated there would be little improvement through to year-end.

In line with this forecast, an unchanged interim dividend of 13c was declared.

The CNA retail division showed a 14% sales increase to R275,2m and a 12,1% reduction in pre-tax profits to R2,3m.

The entertainment division reported a 7,1% reduction in turnover to R83,2m and a 46,4% decrease in pre tax profits to R5,7m, with its contribution to group profits being reduced from 26,5% to 22,8%.

Cuzen said the entertainment division's results were in line with the dip in consumer spending, with a noticeable decline in sales and profits.

He said CnaGalo had made a policy decision not to curtail its expansion plans and upgrading programmes.

Its long term view was to be well positioned for better times rather than to be shortsighted and terminate its development programme.

CNA had opened about five new shops towards the end of the reporting period. In the new Village Walk development, Nu Metro had opened up 10 new cinemas and Exclusive Books had opened a store. Cuzen said both of these were doing well.

He said he was satisfied with the group's acquisition last year of 50% of Nu Metro, as the cinema group had excellent potential.

He was working with management to develop the chain over the next few years, and Nu Metro management had secured a site at the Cape Town waterfront for an 11-screen complex.

In line with its intention to prepare itself for long term growth, CnaGalo had also continued with its aggressive advertising and marketing campaigns, especially with regard to the CNA retail operation.

Cuzen said that despite the results, the group's strong balance sheet and continued focus on expansion and upgrading would place it well when the economy turned.

COMPANIES

Amrel produces gloomy results

MARCIA KLEIN

FURNITURE, footwear and clothing retailer Amalgamated Retail (Amrel), feeling the effects of depressed sales, low margins and high financing costs, has seen earnings plummit 29,7% to R5,4m (R7,7m) in the six months to end-September.

The SA Breweries subsidiary's turnover fell by 3% to R462,6m (R476,6m) on the back of stifled consumer spending during the period, and operating profits more than halved to R10,3m (R23,6m). (30)

Financial director Bruce Sinclair said yesterday that all divisions were affected, especially footwear and apparel which were primarily cash businesses.

A 34,3% rise in financing costs to R10,2m (R7,7m) saw pre-tax profits slashed from R16m to R146 000. However, profits after tax were 29,7% lower at R5,7m (R8,0m) after a re-evaluation of deferred tax.

Sinclair said that Amrel had previously provided fully for deferred tax at 48%, but it has now applied Inland Revenue's Practice Note 13 to its numbers, going back some years. Amrel now provides comprehensively at 40%. B/Day 7/11/91.

Earnings were reduced by 29,8% to 59c (84c) a share, and a 32,1% lower interim dividend of 19c (28c) a share was declared, in line with the group's policy to cover its dividend three times.

MD Stan Berger said results for the full year are expected "to remain well below last year's earnings", and that there was little promise of any improvement in the trading environment.

CNA Gallo starts to feel the pinch

Star 7/11/91.

By Ann Crotty (30)

A severe deterioration in consumer spending sees CNA Gallo reporting virtually unchanged earnings for the six months to September.

It is the first time since the early Eighties that CNA Gallo has failed to achieve a significant advance in earnings.

From interim earnings of 38,7c (38,5c) a share, a dividend of 13c has been delcared.

After holding up against the ravages of a deteriorating economy, CNA Gallo is now feeling the effects of an economy grinding to a halt.

Sales were up eight percent to R364 million (R337,6 million).

This reflects a squeeze on volumes felt at operating profit level — down eight percent to R17,6 million (R19,3 million).

The drop in operating profit was exaggerated by the exclusion from the September '91 figure of Gallo Home Video, which was sold to Nu-Metro and now falls under associates.

Interest payments jumped 85 percent to R3,2 million (R1,7 million). Funding the Nu-Metro acquisition accounted for the R1,5 million increase in interest cost.

All of this combined to produce a drop in pre-tax profit of 20 percent to R6,5 million (R7,7 million).

An 18 percent hike in income from associates to R7 million (R5,97 million) produced a recovery at the earnings level.

Earnings rose a marginal two percent to R12,8 million (R12,5 million).

The strong performance from associates was achieved despite the knock at Waltons and is attributable to the first-time inclusion of Nu-Metro (with Gallo Home Video).

Nu-Metro's contribution is thought to be in the region of R1,5 million — the same amount as its interest costs.

Management expects an increasing contribution from this source.

Looking to overall group performance, little improvement is expected in the second half.

Retailers face gloomy festive sales (30) Sacob

SHARON WOOD

THE SA Chamber of Business (Sacob) has predicted a gloomy Christmas for retailers, with forecasts of a 4,8% real-term drop in sales for the months of November and December.

A Sacob survey released yesterday showed retailers expected sales to be R17bn for the November/December period, compared with R15,5bn in sales for 1990. B/Day 8/11/91

The expected 9,9% year-on-year rise in sales is well below the actual 16,75% increase in sales in 1990.

"In general, the retail sector has a pessimistic outlook for the Christmas period," Sacob economist Bill Lacey said.

Retailers who expected to be most severely affected during the festive season were those selling sports goods (down a real 7,2%), beauty products (6,1%), hardware (5,6%) and books (3,7%).

The expected decline in real retail sales could mirror what was happening in the economy, but the evidence from last year suggested that in times of recession retailers tended to take an over-pessimistic view, Lacey said.

"A feature of the returns this year has been the lacklustre expectations from the coastal cities," he added.

"Nevertheless, it must be recognised that low economic growth and rising unemployment are major constraints on the consumer's spending power."

Survey respondents indicated the effect of VAT on consumer spending, inflation and high interest rates were among the factors which could affect Christmas sales.

Consumers were expected to be more conscious of price than last year, but quality consciousness remained the same, Lacey said.

In the survey retailers attempted to quantify the size of the "shrinkage" problem and returns showed they allowed for between 1% and 2% of turnover.

There was a tendency for this to be somewhat higher in the more exclusive retail outlets in contrast to chain stores, Lacey said.

● See Page 3

WALTONS STATIONERY (30)

Still falling

FM 8/11/91

For the first time in a decade, earnings declined in Waltons' 1991 financial year to February. Now the interim results suggest that 1992 will be a repeat performance.

Strange to say, though, management can be pleased with itself. For while the deterioration in trade is upsetting and perhaps demotivating, there is evidence that the core business remains profitable and well run.

There is, after all, only so much that can be done to make consumers buy stationery and associated products. It is a difficult task, particularly when some industries (like mining) have had to make massive cutbacks.

That interim turnover grew by only 6% is due in part to the disposal of subsidiary Reggies' factories. But there is no denying by management that business has been bad. It shows up especially in the 19% degeneration in operating profit. Had net financing costs remained the same, the drop would have been even larger but, because long-term debt has been almost halved in the past 12 months, finance costs were minimised and contained the fall in pre-tax profit to 17%. Lower tax and minority interests limited the decline in EPS to 13,3%.

DOWN-SLIDE

Six months to	Aug 31 '90	Feb 28 '91	Aug 31 '91
Turnover (Rm)	335,6	349,7	356,3
Pre-interest profit (Rm)	48,2	57,9	39,1
Attributable (Rm) ..	3,8	4,7	3,1
Earnings (c)	21,5	31,1	18,7
Dividends (c)	7	12	7

FM 8/11/91 (30)

Prospects for a turnaround do not look good for the rest of the financial year. Chairman Frank Robarts candidly points out that only an upswing in the economy will enable the group to improve on these results.

Meanwhile, he says, with the Christmas season still to come, toy retailer Reggies will trade profitably for the remainder of the year. The original stationery division will also produce satisfactory profits. The rest of the organisation will produce mixed results.

The bottom line is that EPS for the full year is unlikely to equal financial 1991's 52,6c. Financial director Mark Davis says 12-month EPS could fall by about the same amount as the interim, to end up at about 46c. Since the interim dividend has been held at 7c there is however a good chance that the total will also be maintained at 19c.

At the current 550c, an EPS of 46c projects a forward p:e of 12, compared with the historic 10,5. This may be a trifle high, bearing in mind the short-term outlook for the economy.

Gerald Hirshon

FM 8/11/91 (30)

PEPKOR FM 8/11/91

Acquisitive boost (30)

Figures in the interim report for the six months to August are so inflated by acquisitions that comparison with a year ago is meaningless. A more accurate assessment of trading performance and profitability is gained from the interim reports of the subsidiaries, Pep Ltd (Peplim) and Shoprite.

But, because the acquisition trail also embraced Peplim and Shoprite, even these do not present a clean comparison. Inclusion from March 1 of the Frasers outlets and from June 1 of the 200 Harties stores is the main reason why Peplim's turnover shows a respectable increase of 21%.

Operating profits, however, which rose by 17%, were not similarly influenced. Chairman Christo Wiese says the figures present a fair picture of trading at the Pep Stores and Ackermans outlets because the new outlets did not contribute to profits. Operating profits included exceptional one-time costs on restructuring and integration.

An increase in the rate of tax and a smaller contribution from associated companies curtailed attributable profit growth to just 14%.

Including the Grand Bazaars outlets is why Shoprite's six-month turnover leaped by 94% to R524m. Operating profit was up a handsome 35% but the cost of financing the expanded business and an 18% increase in the tax rate held EPS growth to 11%.

Pepkor's Wiese ... *aiming for another 15%*

Wiese and his colleagues have been careful and judicious when making the many acquisitions that now have to be bedded down.

Consider Smart Centre. Within a year of buying control, paper profits were sufficient to prompt Wiese to contract into the Tradehold deal, which involved buying control of Checkers, Coreprop and Greatermans/Stuttafords (*Fox* October 25).

He now points out that all these latest acquisitions have involved no more than 6% of Pepkor's market capitalisation of about R1,5bn — just short of R100m altogether. This should be seen in the perspective that cash resources are expected to be about R400m after consolidation at year-end.

It is commendable that, in current economic circumstances, Pepkor, with the formidable task of assimilating new acquisitions, can keep EPS growth roughly parallel with inflation. But it is unlikely that disposable incomes will grow in the next year — just the contrary.

PEPPED UP PROSPECTS

Six months to	Aug 31 '90	Feb 28 '91	Aug 31 '91
Turnover (Rm)	849	1 108	1 302
Pre-int profit (Rm) .	64,0	104,1	83,2
Attributable (Rm) ..	28,9	50,4	35,9
Earnings (c)	207,3	350,7	238,8
Dividends (c)	62	150	71

Retailers' struggle to capture this expenditure will therefore become even more difficult. But both the size and spread of the Pepkor operation across the demographic profile of consumers position it well to optimise sales and profits.

Wiese reckons it will be satisfactory if Pepkor maintains second-half EPS growth at 15%. If it does — while simultaneously digesting the acquisitions — it will be a laudable achievement.

Gerald Hirshon

Small businesses urged to assist in labour legislation

(30) VERA VON LIERES (IIIA)

SMALL businesses should not expect to be excluded from future labour legislation, National Manpower Commission acting chairman Frans Barker has said.

Speaking at a recent FSA-Contact annual labour law seminar, Barker said the commission had proposed that a facilitator be set up in the Department of Manpower to liaise with small business to ease potential problems small business may have with the department. B/Day 8/11/91

Barker said it was essential that small business employers involved themselves in the debate on future labour legislation and in employer associations to influence the process leading to new legislation.

He said a restructured Labour Relations Act (LRA) was now only likely to be implemented in 1994 due to current restructuring processes, including those taking place within the commission.

Recommendations which had been completed by the commission included the establishment of a small labour court which would serve as an informal forum for settling disputes — similar to the Small Claims Court.

The privatisation of conciliation mechanisms through the establishment of private conciliation centres was also suggested.

OK's 1% earnings rise beats forecast

(30)

B/Day 8/11/91.

MARCIA KLEIN

OK Bazaars has posted a marginal 1% growth in attributable earnings to R8,9m from R8,8m in the six months to end-September.

Although pedestrian, OK's earnings are above market expectations and reflect an improvement over the March year-end, when earnings dropped by 26,2%.

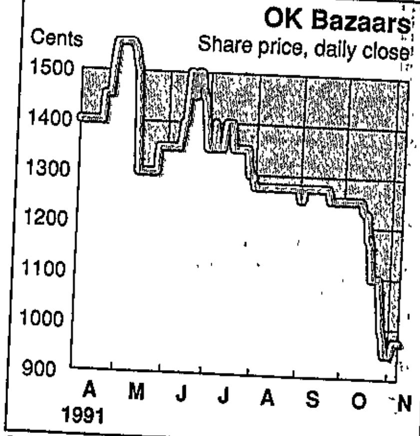
Turnover growth of 10% to R2,4bn (R2,2bn) was constrained by the depressed economy and aggravated by continuing high inflation, unrest and escalating retrenchments, MD Gordon Hood said yesterday.

A major area of improvement was operating income, which rose by 25% to R47,5m (R37,9m) on the back of increased interest earnings, well-controlled expenses and "far better contained shrinkage levels".

However, "persistently high levels of interest rates and lower than budgeted activity levels" saw financing costs increase by 59% to R29,8m (R18,8m), resulting in a 7% drop in pre-tax profits to R17,7m (R19,1m).

Borrowings shot up to R404m from R316,2m for the comparable period last year, but up 36% from last year-end's R259,6m.

The heightened borrowing requirement stemmed from investments in refurbishment, warehousing and new outlets for the period, and pushed gearing from 87% to 111% (71% at the March year-end). Hood said this was seasonally high, and would improve by year-end.



Graphic: FIONA KRISCH Source: I-NET

Tax allowances on capital spending resulted in an 11,3% reduction in the tax bill to R8,5m (R9,5m), leaving profits after tax reduced by 3% to R9,2m (R9,6m).

Attributable earnings were slightly up following reduced outside shareholder participation, translating into earnings of 71,9c (71c) a share. The group maintained

☐ To Page 2

OK Bazaars

B/Day 8/11/91

(30)

☐ From Page 1

its interim dividend at 37c a share.

Hood said the OK was not disappointed with the results, particularly when viewed against current market conditions. "While there had been an inevitable increase in debtors, stock growth was contained to below 5%, and related interest-free funding has expanded," he said.

He said there was still room for improvement with regard to stock levels which would have a significant effect on borrowings.

In this light, he dismissed speculation that the OK would delist.

He said the previous year's earnings would at best be maintained as no improvement in the trading environment was expected in the second half.

In line with its store focus strategy, OK closed a further five stores in the six months. It has closed 17 of the 31 stores it had earmarked for closure.

"We will move logically as we can negotiate a lease or a sale to suit a tenant, and will also look after our staff," he said.

The opening of a Hyperama in Kempton Park next week allowed it to accommodate many of the staff affected by recent closures.

Hood said sales had been good until the end of August.

He said the OK had managed to report a reasonable result on the 10% turnover increase, but he was not expecting a buoyant Christmas.

VAT fails to deliver upswing in spending

(30) Star 8/11/91

By Sven Lünsche

Recent political developments have delayed the upswing in spending, which was expected to follow the introduction of VAT last month.

SA Chamber of Business (Sacob) economist Keith Lockwood says the chamber's monthly survey of the manufacturing industry reveals that the expected upsurge in new orders for both consumer and capital goods did not materialise in October.

"Purchasers of capital goods, who were expected to take advantage of the cost-lowering effect of full input credits on such purchases, have been discouraged by recent economic and political developments," Mr Lockwood said yesterday.

"As a result, many capital expansion projects have temporarily been shelved."

On the retail front, he said, the recent decline in sales had given rise to a reluctance on the part of retailers to place new orders, and to stock up for the festive season.

Sacob forecasts that retail Christmas sales in November and December this year will fall in real terms by almost five percent, compared with the same period last year.

Sales of R17 billion are predicted for the two months, representing an increase of nine percent in nominal terms, but a decline of 4,8 percent in real terms.

Over the past two years real Christmas sales have risen by one percent each year. Retail sales over the Christmas period constitute roughly 22 percent of total annual sales.

Recent poor results by major retailers underline the slump in sales.

Even companies that have for so long seemed to be immune to ravages are now feeling the effects of an economy that seems to be grinding to a halt.

Last week Edgars produced very sluggish results for the six months to September.

The real damage to the group's performance was apparently done in the three months to end-September when there was no volume growth.

September, in particular, proved to be a disastrous month, with few signs of spending in any sector of the clothing market.

It was the same story at CNA Gallo. A sluggish six-month period was knocked for six by a September that just didn't happen.

Indications are that next week's results from SAB will reveal a similar grim picture at its beer division.

Analysts say this is particularly distressing because beer sales traditionally hold up well in trying economic times.

Retailers who have reported for the six months to September are pessimistic about Christmas.

Cost savings

They see little excitement in terms of sales growth and only the opportunity to make some cost savings by reducing stock levels.

Looking further ahead, however, Sacob says manufacturers are planning to step up their capital expenditure programmes in the next 12 months.

"The survey shows that a significant number of industrialists are planning to increase their real capital expenditure — both to maintain existing capacity and to create new capacity," Mr Lockwood said.

Spending on wear and tear and on new capacity are forecast to rise by 10 percent each, the survey shows.

Mr Lockwood said it was doubtful, however, whether the higher capital programmes would boost employment of either skilled or unskilled labour in manufacturing.

To the contrary. In the next 12 months the industry expected to lay off 15 percent of its unskilled workforce and up to five percent of its skilled labour.

Sacob chief economist Dr Ben van Rensburg said that while this reflected the need for companies to invest in new technology, it also showed the concern of businessmen about the impact of industrial action, such as this week's stayaway.

Recent political and labour developments had also had an adverse impact on business confidence.

Sacob's Business Confidence Index in October declined slighly to 88 points from 88,2 points in September.

Dr van Rensburg said business confidence had been knocked by the uncertain political and economic climate.

"While there are no signs to suggest the recession is deepening, there has been no marked improvement either."

Gearing dampens OK's improved performance

Star 8/11/91

By Ann Crotty (30)

OK appears to have defied its critics with a 10 percent increase in sales and a 25 percent hike in operating income for the six months to September.

But this was accompanied by disturbing developments in the group's gearing.

A sharp rise in interest payments meant that earnings were little changed at 71,9c (71c) a share.

An unchanged interim dividend of 37c a share has been declared.

Turnover was up 10 percent to R2,4 billion (R2,2 billion), which represents a slight decline in volumes.

Despite this, operating income rose 25 percent to R47,5 million (R37,8 million), taking margins to 1,9 percent from 1,69 percent.

This is a commendable achievement, given the tough trading conditions prevailing in the review period.

The strong showing at this level was attributed to the successful bedding down of the relatively new centralised warehousing system.

Problems on this front had been a significant factor in the poor showing in the second half of financial '91.

In addition, management produced major improvements on the shrinkage front.

On the trading side, MD Gordon Hood says operating income was lifted by finance charges from furniture sales that came on to the group's books in the previous financial year when HP restrictions were eased.

But taking much of the gloss off this performance was the sharp hike in interest payments — up 59 percent to R29,8 million (R18,7 million).

The balance sheet shows that interest-bearing debt at end-September was up only 28 percent, which means that either OK was paying a fortune for its money or that the average monthly debt was significantly higher than the end-September figure.

End-September gearing shot up to 111 (87) percent and, given the imperceptible increase in shareholders' funds, it is difficult to see how this will not move to even more worrying levels in later trading periods.

Particularly so in view of the growth in the group's asset base and its generous dividend policy (R4,6 million of the R8,9 million interim earnings will be paid out in dividends).

Fixed assets were up by R50 million and there are outstanding capex commitments of a further R46,3 million.

On a brighter note, stock levels were kept well under control, with an increase of just 4,8 percent to R778,9 million (R742,6 million).

The sharp increase in interest payments left pre-tax profit showing a 7 percent decline to R17,7 million (R19,1 million).

Taxed profit was down 3 percent to R9,2 million (R9,5 million) and, helped by a lower payout to minorities, attributable earnings were up 1 percent to R8,9 million (R8,8 million).

Management expects no improvement in trading conditions in the second half and that full-year earnings will at best be unchanged on the financial '91 figure.

Festive sales drop forecast

30

By Paula Fray Star 8/11/91
Consumer Reporter

South Africans will buy less this Christmas, and retailers predict a 4,8 percent drop in sales allowing for inflation, according to the South African Chamber of Business.

At a press briefing in Johannesburg yesterday, Sacob economist William Lacey said retailers expected sales, in real terms, to be down this year.

However, Len Polivnick, chairman of the Fedhasa National Standing Committee on Liquor Affairs, says everything points to a "bumper" Christmas for the liquor industry.

There are also indications that it will be a good season for the hospitality industry.

In a survey of Sacob members, sales for November/December were forecast at R17 billion — a 9,9 percent increase from last year's R15,5 billion.

However, taking inflation into account, the overall retail sales in real terms would be 4,8 percent less than last Christmas.

FM 8/11/91 (30)

SAFICON FM 8/11/91 (30)

Buyers reluctant

Vehicle distributors have been hit by eroded business confidence, which led to reluctance to buy cars, especially upmarket ones. An increase in perks tax made this worse.

Saficon, which sells mainly Mercedes-Benz and Volkswagen as well as imported cars such as Porsche, saw its volume sales decline. Turnover in rand terms was up 8%.

Many purchases were deferred until the introduction of VAT, which is one of the reasons that debtors are 33% up on September 30 1990. Financial director Peter Glendining says October sales are disappointing but stocks and debtors are now in line with market requirements.

On interim EPS of 38c, Saficon has revised its forecast for the full year from 95c to 74c a share.

Saficon has managed to put the lid on its interest bill. After two years of sharp increases, interest increased by 6% to R11,3m and interest-bearing debt by 10%.

Unlike last year, there was no significant

Saficon chairman Sydney Borsook ... *revising earnings forecast*

industrial action at suppliers. This year Saficon had the opposite problem. Demand was down for Mercedes-Benz models and Volkswagen just held its share of a reduced market. Increased competition put pressure on gross margins but Saficon's operating margin was unchanged at 3,6%.

The most encouraging feature is the much increased contribution from 36%-held **Boumat,** which made a loss in the second half of

MOVING AGAIN

Six months to	Sep 30 '90	Mar 31 '91	Sep 30 '91
Turnover (Rm)	760	703	822
Operating inc (Rm)	27	30	29
Attributable (Rm) ..	8,9	6,0	11,7
Earnings (c)	31	22	38
Dividends (c)	7	7	7

financial 1991. Its first-half contribution was up nearly 130%, and a comparable contribution is expected for the full year.

Over the past 12 months tighter working capital disciplines have been brought in at Boumat, which slashed debtors by 15% and stocks by 4%.

Gearing was cut from 55% to 48%.

Chairman Irvine Brittan sees little evidence of any of the billions of rands reported to have been marshalled for low-cost housing. Sales are expected to be lower in the second half but this should be more than offset by a reduction in borrowings.

The Saficon share price has fallen from a 700c peak in July-August to 625c. This gives a rolling 12-month p:e of 6,9 and dividend yield of 3,5%. It is not overpriced, but, in view of the uncertainty of the motor industry, is not yet a buy.

Stephen Cranston

CNA GALLO FM 15/11/91

Breaking the record (30)

Just six months ago, the *FM* pointed out that CNA Gallo had grown EPS by a remarkable compound 45% a year over the past five years *(FM* May 17). The latest results show there is no way that the recession will permit it to maintain this record.

EPS may even show no growth this year, if Christmas does not deliver the usual rush.

The dip in real consumer spending has had a major depressant effect. Interim turnover rose a meagre 8%. In volume terms, this means there was a decline. While trading income fell 8%, finance and interest charges took the fall further, to 20% in pre-tax profit.

This poor showing in part reflects the sale of Gallo Home Video to Nu-Metro last year: therefore, it no longer contributes above the line but in the share of associates' earnings.

MD Dennis Cuzen, like most retailers, attributes the poor performance to diminishing consumer spending and the fact that the customer — black and white — has little cash for anything but basics. So the entertainment division was especially hard hit.

The table shows just how important the second half is and how profitability over the Christmas and back-to-school periods forms the backbone of annual performance. So all is by no means lost — yet. But, in the current climate, says Cuzen, not much improvement on last year's second half is budgeted.

The balance sheet remains strong. Though short-term borrowings have climbed by R6m, the debt:equity ratio is still low.

It is premature to judge whether long-term prospects have been impaired by the recession. But the short-term outlook is anything but good.

Gerald Hirshon

SLIPPED DISC

Six months to	Sep 30 '90	Mar 31 '91	Sep 30 '91
Turnover (Rm)	337,6	460,7	364,2
Operating income (Rm)	19,3	72,7	17,7
Attributable (Rm)	12,5	42,7	12,8
Earnings (c)	38,5	130,0	38,7
Dividends (c)	13	54	13

Millions lost in export tax scam

S/Times (Buss) 10/11/91 (30)

GROCERIES and toiletries valued at an estimated hundreds of millions of rands have been sold without sales tax on the pretext that they are to be exported.

The scam is at the taxpayer's cost and has put severe pressure on legitimate traders. Theo Muller, chairman and managing director of wholesaler Shield Trading Corporation, says that in the past two months his company has been offered goods worth R75-million at low prices.

By DON ROBERTSON

He believes all were bought without Vat or GST being paid.

Mr Muller says it would be possible to multiply this figure by eight or nine to show the extent of the racket.

Carlos dos Santos, managing director of Metro Cash & Carry and Trador, subsidiaries of the Premier Group, is also aware of the scam.

Products have been coming on the market at cut-throat prices that were obviously not negotiated with suppliers.

Forged

Mr Dos Santos says: "It was a racket worth hundreds of millions of rands about six months ago. But most of the loopholes have been closed."

It is believed that crooks buy the goods from manufacturers on the strength of forged Customs documents that specify the goods as being for export.

This entitles them to exemption form Vat — in effect a 10% discount — and export incentives paid by the Government.

The goods never leave SA and are sold at much less than similar ones traded legitimately.

An executive of a wholesaler says the matter has been reported to the Deputy Minister of Trade and Industry and the Board of Trade and Industry. They have passed the complaint to the Receiver of Revenue.

Dennis le Riche, director of special investigations in the Department of Finance, says that in terms of Section 4 of the Income Tax Act he is unable to comment.

Premier Group chairman and chief executive Peter Wrighton says: "We are aware of the situation and are concerned. Premier is not involved."

Labels

Steve Malherbe, managing director of fish canner Federal Marine, says his company was caught out last year with the sale of Lucky Star pilchards which were supposedly destined for Mozambique.

They were sold at between 10% and 15% below normal prices. The labels were printed in English and French for the export market. The crime was discovered when the labels were found on SA shelves.

He says it was a small amount of about 20 000 cartons compared with total production of about 6-million. Controls have been tightened and Mr Malherbe says its could not happen again.

Veekom Intertrade managing director Joe Viljoen says his company was offered 150 000 cases of Lucky Star pilchards at R35 each compared with the normal R42. The deal would have been worth about R5,2-million.

The pilchards were offered by "small people", whom Mr Viljoen declines to name. The pilchards were offered to Shield Trading, but he was unable to deliver because the consignment never reached him.

Another wholesaler says he was made aware of a consignment of 500 000 cases of pilchards offered at R30 a case — a R15-million deal.

Bakers Biscuits managing director Louis Heilbron learnt about the bogus exporters two years ago and has since tightened up on deals. He insists on documentation to prove that the products have left SA before discounts are offered.

Mr Heilbron says hijacking has become a major problem and most grocery manufacturers have been hit. Stolen goods are often sold through small retailers.

Other wholesalers say many groceries are stolen in the spate of hijackings.

A Pretoria wholesaler, who wishes to remain anonymous, says many products destined for Zambia or Mozambique never leave SA. They are sold here at prices 25% lower than can be negotiated by a legitimate dealer.

Fuel

"I can get a brand of toothpaste for R28,50 a dozen using all the buying power I have. I was recently offered the same product at R23 a dozen."

A similar export scam was recently uncovered in the fuel industry. Several oil companies were forced to pay Customs and Excise considerable sums to make up for duties that were not paid on diesel. The companies had been duped by the buyers.

ST Times 10/11/91

(30)

Town faces ANC boycott

WHITE businesses in strife-torn Richmond in the Natal Midlands are facing an ANC boycott which could last the rest of the year.

The boycott started on Wednesday as a result of police action against 3 000 ANC protesters who were stopped from marching through the town a week ago.

Business and farming representatives will meet ANC members tomorrow to discuss the impasse which could cripple many small businesses, said town board chairman Ravenor Nicholson.

Natal MEC Peter Miller is expected to address a meeting on Wednesday.

New vehicle sales sharply down

B Day 11/11/91 (30)

MARC HASENFUSS

SALES of new vehicles in October were disturbingly low, the latest National Association of Automobile Manufacturers of SA (Naamsa) figures show.

Naamsa, in figures released at the weekend, said trading conditions in all segments of the industry had deteriorated further recently and combined vehicle sales had, for the sixth consecutive month, recorded declines on a year-on-year basis.

New car sales fell a marked 12% to 15 590 units in October against the 17 460 units sold in the corresponding month last year. Light commercial vehicle (LCV) sales dropped 15% to 8 478 units compared with 9 977 units in October last year.

The expected surge in demand for medium (MCV) and heavy commercial vehicles (HCV) after the introduction of VAT failed to materialise. MCV and HCV sales for October showed only marginal improvement over September's sales.

Econometrix's Tony Twine attributed the decline in sales to delays in new-vehicle buying ahead of the introduction of an array of new models next year.

Toyota remained dominant as regards total market share. The group boosted its passenger sales share to 27,9% in October, while securing 33% of the total commercial vehicle market.

Sales for the best selling Corolla-Conquest range alone constituted 21,7% of the total passenger car market, more than total passenger sales of Toyota's nearest competitor. Volkswagen held on to second spot with 20,6% of new car sales.

The effects of delayed buying and withdrawal of incentives to buyers for October were reflected in Samcor's sales for October. The group's market share fell from around 19% in September to 13,75% in the month under review.

Delta and Nissan performed to expectations, achieving a 10,3% and 9,1% share, respectively, of the new car market.

Nissan performed well in the commercial vehicle market, recording a solid 22,4% in LCV sales and 21,5% of HCV sales. The relaunch of the Cabstar allowed Nissan to snap up 7,5% of the MVC market.

Both luxury car makers performed strongly in October.

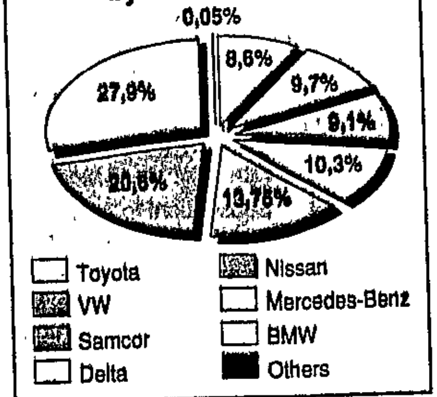
BMW was steady at 8,6%, helped by the introduction of financial packages aimed at making luxury cars more affordable.

Combined new vehicle sales in the year to date at 283 687 units are 7,5% down against last year and Naamsa expects trading conditions in all segments to be difficult during the months ahead.

Some monetary policy relaxation, coupled with fiscal stimulatory measures in next year's Budget, were warranted, Naamsa said.

☐ Mercedes-Benz's manufacturing plant in East London will extend its annual closure over the Christmas period because of tooling-up requirements for the introduction of new Honda models and market conditions.

October new car sales by manufacturer



Graphic: FIONA KRISCH Source: NAAMSA

Entrench business basics — Parsons

(30) ARG 12/11/91

MICHAEL MORRIS
Political Correspondent

FUNDAMENTAL economic principles should be entrenched in a new constitution to instil confidence in businessmen and foreign investors, says Mr Raymond Parsons, director-general of the South African Chamber of Business.

He said references to the fundamental norms of common law on personal freedom, property rights and the law or contract would have "no decisive legal significance" if they were merely part of the preamble to the constitution.

"To acquire direct constitutional meaning, these principles would have to be taken up as specific articles of the constitution itself," he told a conference organised by Stellenbosch University's Bureau for Economic Research at Somerset West yesterday.

"The rights of ownership, corporate and individual, including the ownership of the means of production, are fundamental to a democratic social and economic order.

"Against a background in which everyone will have access to property rights, a new constitution might say that 'no person or organisation shall be deprived of their property without due process of law and without just compensation'.

"This entrenches the principle without making it totally inflexible."

Constitutional ground rules could help establish trust and confidence in the economy.

"It would be helpful, for example, to avoid political structures that encourage an unduly short-term economic view. A five-year cycle of parliamentary elections would be better than, say, three years.

"Predictability and trust in the political system are important requirements for business," he said.

Metcash buys out Stax in R17m deal

30

MARCIA KLEIN

METRO Cash and Carry (Metcash) has bought out Stax management and its four discount stores for R17m.

Metcash is the Premier Group's new wholesale division formed through the merger of Metro and Trador following Premier's acquisition of Metro and Score.

The Stax deal, concluded through Metcash's Trade Centre division, will mean Stax founder and CE Colin Scott takes over as MD of Trade Centre with immediate effect. Metro Group MD Carlos dos Santos said one of the main reasons for the deal was to bring the right expertise into Trade Centre. "The acquisition of Stax management puts us up there in a league of our own," he said.

BD 12/11/97

As part of the deal, Scott and his co-shareholders have agreed to invest 30% of the purchase price in the new Trade Centre. Scott was involved with Dion Friedland in establishing Rave and later the Dion group. He started Stax 16 years ago.

Stax will become a division of Trade Centre but will continue to trade under the Stax name from existing premises.

Trade Centre is Metcash's hyper-wholesale arm which sells a broader range of food and non-food items than its parent. The five Trade Centres have an annual turnover of more than R600m.

Stax deals only in non-food items.

Landlords add 10% to office rents (30) Tager

SEAN VAN ZYL

OFFICE rental rates had increased by an average 10% in October, indicating landlords were not passing on VAT input credit savings to tenants, Vatwatch chairman Louise Tager said yesterday. B/Day 12/11/91

A Vatwatch survey indicated landlords were adding the full 10% VAT rate on rentals while office tenants were unperturbed by the excessive increases, she added.

"What these business people lose sight of ... is that their landlords are in a position to recover substantial amounts of tax that previously had to be paid in the form of GST."

The survey, of 50 PWV office tenants, showed they were not demanding rental reductions and appeared unaware of cost savings their landlords were enjoying under VAT.

Most commercial property in SA was owned by large financial institutions which enjoyed savings as a result of the elimination of GST on advertising, stationery, office equipment, furniture and the maintenance of buildings, Tager said.

"These savings must be passed on to tenants before VAT is added."

Coopers Theron du Toit accountant Kevin Fagan, who has been assisting Vatwatch in its queries, said the lower VAT rate, coupled with savings on costs, should result in reduced selling prices. More than 95% of VAT costs could be reclaimed, he said.

While there were cases of profiteering, Fagan said inadequate passing on of credit input savings was mostly due to ignorance in the business community.

Although the large retail chains had been forthcoming about VAT price queries, Tager said Vatwatch had encountered numerous problems with small independent operators. With Vatwatch's task expected to be completed by the beginning of December, Tager said the organisation might not break up but be reformed into a general price watching body. The decision would depend on funding.

Little prospect of bumper Christmas

GERALD REILLY

PRETORIA — Record consumer debt levels and widespread and worsening unemployment virtually rule out the possibility of a bumper Christmas season, says the Information Trust Corporation (ITC).

ITC director Richard Stothert said yesterday retailers would be fortunate if they achieved last year's level of Christmas sales in real financial terms. "As business and consumer confidence is at its lowest level for years a bumper Christmas is a remote possibility indeed."

He said it was unlikely that stores would risk stretching credit limits to boost sales "in the face of record debt levels, a two-and-a-half-year-long recession, high and rising unemployment, inflation levels of 16% and interest charges of 20%-29%".

Stothert said ITC's Johannesburg office had been inundated with inquiries from merchants investigating applicants' creditworthiness.

"The jolting fact was the record number of civil judgments for consumer debt reached in July — a total of 45 800 judgments, an average of 2 100 each working day."

Absa economist Adam Jacobs agreed it was unlikely Christmas consumer spending would rise in real terms and there could be a slight decline.

Stellenbosch University Bureau for Economic Research head Ockie Stuart said he expected spending over Christmas to remain at a similar level as last year in real terms.

● See Page 11

Star 12/11/91

Campaign for 'Black Christmas' in S Tvl

By Kaizer Nyatsumba
Political Staff (30)

The Azanian People's Organisation will join the Civic Association of the Southern Transvaal to arrange a consumer boycott over the Christmas season, Azapo publicity secretary Strini Moodley said yesterday.

He said his organisation's national council meeting at the weekend had decided on a nationwide anti-VAT boycott and would discuss this with other bodies.

He said Azapo would "consider most favourably" CAST's decision to call for a "Black Christmas" from December 15 to January 10 in the southern Transvaal to protest against the police's failure to bring to book the assassins of former CAST publicity secretary Sam Ntuli, who was shot dead two months ago.

The police have denied reluctance to bring assassins of anti-apartheid leaders to book, reiterating their commitment to the National Peace Accord.

ANC national executive committee member and spokesman Gill Marcus said she would have to consult her colleagues about a boycott.

ANC PWV regional spokesman Ronnie Mamoepa said his region would discuss the proposed Black Christmas as soon as CAST had approached it.

Cosatu spokesman Bangumzi Sifingo said the union federation would also discuss a Black Christmas drive.

Security scare after shopkeepers slain

(30)

Star 12/11/91

By Anna Louw
East Rand Bureau

In the wake of the fatal shooting of a Boksburg supermarket owner at the weekend — the second Boksburg shopkeeper shot dead in the past week — the local chamber of commerce has called a meeting to discuss security with frightened shopkeepers this week.

Former Boksburg Chamber of Commerce president and current committee member Johan Viljoen said the attacks were very disturbing.

"The time has come to improve security at local shops."

He said measures would be discussed to make Boksburg a safer place for shopowners.

"Shopkeepers must be more alert and institute better safety measures for their own protection," he said.

In a further effort to curb violent crime, troops are to be deployed in high-risk crime areas on the East Rand from December 1 to assist the police in their task of combating crime.

Germiston district commandant Brigadier Johan Coetzee said troops would patrol certain areas to curb crime during the Christmas holidays.

"Criminals usually think twice about perpetrating crimes when they spot a man in uniform," he said. He asked the public to co-operate.

Brigadier Coetzee added: "The crime rate is not astronomically high, but it is the repulsive and violent crimes which make the headlines."

The latest victim, Paul Perez (41), died in Boksburg-Benoni Hospital on Sunday, nearly four hours after being shot in the head behind the counter.

Mr Perez's grieving widow, Frances, said her husband had been robbed at gunpoint on two previous occasions.

"The motive no longer appears to be robbery but terrorism," said Mrs Perez, a mother of two children aged 12 and seven.

"I love this country but this is the last straw. Our house looks like a prison and my children and I are scared. We have decided to leave this country.

"Many of our friends are shopowners and everyone who has been to see me since my husband's death is talking of leaving South Africa because of the crime and violence."

Mrs Perez said she and her husband had talked about leaving "but I'm afraid we left it too late". She said they had reshuffled staff after buying the supermarket in April.

"The killers left my husband's watch and the money in his pocket, and nothing appeared to be missing from the shop."

She said a revenge attack on her husband after the staff reshuffle was a possibility.

COMPANIES

Standard's home loans grow by 30%

B/Day 12/11/91

ROBERT GENTLE

STANDARD Bank's home loans book grew 30% to R7,5bn for the year ending September 1991, divisional GM Eric Tomlinson said yesterday.

The increase in loans granted, running at the rate of R350m a month since February this year, was attributed to increased advertising, co-operation with estate agents and the bank's large customer base.

"The total value of loans on our book will probably reach R8bn by year-end," he said.

He said that at R350m a month, the bank was pulling in business about twice as fast as at the same time last year, with a significant portion of business coming from existing bank customers.

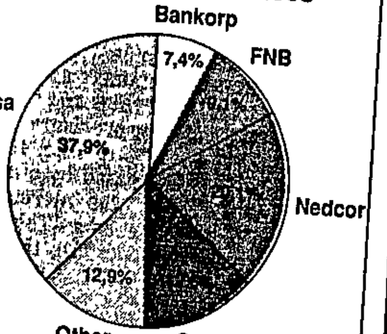
Asked if Standard was not over-stretching itself, given the generally high level of bad debts in the banking industry over the past year, Tomlinson said: "We have the reputation in the market of being cautious in our lending criteria."

Overall arrears rates had come down in the past few months, while the level of repossessed properties was "lower" than industry norms, he said.

The PWV region accounted for about R3,5bn of the R7,5bn total home-loans book. Other important regional areas were the Cape (R1bn) and Natal (R1bn).

Amalgamated Banks of SA (Absa) is still the dominant force in the home loans market. Comparative market-share figures, as of end-December 1990, gave Absa 37,9% of the total market, followed by Nedcor (20,1%), Standard (12,6%), First National Bank (9,1%) and Bankorp (7,4%).

Comparative market share of mortgage advances



Graphic: FIONA KRISCH Source: ABSA

High rates hit jeweller

WILLIAM GILFILLAN

A WEAK economy combined with high interest rates caused earnings for the Arthur Kaplan jewellery group to plummet 56% to R304 000 from R691 000 for the six months to August. B/Day

Earnings a share were down 58% to 2c from 4,8c. 12/11/91

Although a turnover figure was not given the financial statements show that there was a nominal 4,3% turnover rise year on year for the six-month period. (30)

Operating income fell 31% to R1,1m from R1,6m which, after the higher interest charges of R573 000 (R376 000), saw profits before tax decline by 56% to R538 000 from R1,2m.

The higher interest charges were linked to the jump in long-term liabilities. In August long-term liabilities were R3,6m.

PAC warns over planned boycott

Sowetan 13/11/91 (30)

By MONK NKOMO

THE Pan Africanist Congress yesterday warned against unilateral decisions that might anger blacks following confusion over a planned consumer boycott of white businesses in the Pretoria-Witwatersrand-Vaal area next month.

PAC spokesman Mr Fortesque Mtimkulu, angered that his and other organisations were not consulted, said: "The majority of the people must decide.

"We must not take unilateral decisions that may anger the people who support us."

The Civics Association of Southern Transvaal and the Azanian Peoples Organisation separately called for the boycott.

Azapo cited the Government's unilateral implementation of VAT for the action. Cast said the decision followed continuing violence in the townships.

Yesterday, however, Cast denied it had called for a "black Christmas".

● To page 2

Boycott move attacked

Sowetan 13/11/91 (30)

● From page 1

Its publicity secretary, Mr Sandy Lebese, said: "The general council of Cast only recommended at a meeting held at the weekend that a consumer boycott of white businesses in the PWV area should be launched between December 15 and January 10.

"The issue will be extensively discussed by all the black political organisations and labour movements before a final decision is taken," he said.

Azapo national publicity secretary Mr Strini Moodley said his organisation's call stemmed from a resolution taken at its consultative meeting last weekend.

The ANC said it also had not yet received representations on the matter and would therefore not participate in the protest.

Depressed industry hits Jonker

30

Cit Day 13/11/91

MARC HASENFUSS

VEHICLE retailer Martin Jonker Holdings (MJH) continued to idle along as trading conditions in the motor industry during the first half of the year remained depressed.

Interim earnings crept up to 2,2c (2,1c) a share for the six months to end August. No interim dividend was declared.

Turnover increased 11% to R79m (R71m) but tough trading conditions in the new and used vehicle market eroded margins and operating profit showed a slender 3,4% rise to R2,6m.

Directors said that strict asset management facilitated a reduction in the interest bill from R1,52m to R1,49m. This led to an 11,7% improvement in net profit.

According to the group's annual report, MJH was to dispose of fixed property and to conclude a leaseback agreement subsequent to the improvement and upgrading of these properties.

The transaction was expected to generate a cashflow benefit of R3m and an interest saving of about R246 000.

However, a 25% increase in the provision for taxation knocked bottom line, restricting the rise in attributable earnings to R602 000 (R591 000) for the period under review.

Shopkeepers climb on bread bandwagon

Star 13/11/91

(30)

By Paula Fray
Consumer Reporter

Some unscrupulous shopkeepers pushed up their bread prices by as much as 60c after November 1 when the new wheat prices came into effect, according to complaints received by the SA Co-ordinating Consumer Council.

Consumer Council spokesman Ina Wilken said the council had received numerous calls from consumers who complained that bread at their local stores had increased by between 20 and 60c over the past two weeks.

Agriculture Minister Dr Kraai van Niekerk and the Wheat Board recently said the 14 percent rise in the basic selling price for wheat would add only 7c to the cost of a loaf.

However, further increases could be expected due to the cost increases of millers and bakers who had to process wheat into bread, they said.

Bread prices vary dramatically on the PWV and range from R1,07 for brown bread and R1,29 for white at a major retail store to as much as R1,30 for brown and R1,60 for white.

In rural areas, surveys have shown consumers pay as much as R1,65 for brown and R2 for white. When the industry was deregulated in March, bread cost, on average, R1,05 for brown and R1,20 for white.

Mrs Wilken said a joint effort was needed to give consumers affordable bread.

"The Wheat Board subsidy softened the impact of the wheat price increase for the milling and bakery industry."

She said that if everyone in the distribution chain were prepared to pass on the benefits derived from VAT, including input credits for current expenditure and capital goods, bread should not have increased to the extent it has.

"The retailer who is not prepared to accommodate the consumer in this country might be facing a low income in the near future. The consumer of today is much more enlightened and aware of prices than ever before," she warned.

Despite substantial increases in the wheat price as from November 1, major retailers have been keeping their prices down.

Pick 'n Pay southern Transvaal buyer Geoff Kahn said prices would stay at present levels until November 17.

"When VAT was introduced we brought down the price of brown bread to below cost for two weeks. When the new increases in the price of wheat came into effect on November 1 we decided to hold the price of bread until November 17."

that policy," he said.

The future government needed to look carefully at ways of making more land readily available for housing and the bureaucratic red tape, accompanied by sheer inefficiency in some cases, characterising

... housing objectives, important adjustments in housing technology and design will be required, in addition to adjustments in the financial and construction sectors if the housing needs and demands of the new SA are to be adequately met," Brand said.

A concentration that makes Johannesburg a power base

Bloay 13/11/91 (30)

THE Johannesburg CBD remains the power base of the economy with about 52% of the country's top 50 organisations, ranked by total assets in the latest FM Top Companies survey, having their head offices there, property economist Neville Berkowitz says.

"The location of these head offices determines the concentration of decision-making power and economic influences. The concentration of power is evidenced in the 50km strip from Johannesburg to Pretoria, where 84% of the top companies are located," he says.

Good infrastructure in the form of transport, parking, access to retail facilities and hotels all play a part in selecting a head office location. The suburban locations of office blocks are limited in the bulk they can supply.

"A trend among top companies is to develop head offices in out-of-the way areas near good freeway infrastructures and, in this way, achieve low- to medium-rise bulk buildings with sufficient parking provisions," he says.

The 21 head offices located in the Johannesburg CBD predominantly feature mining and banking houses, including Anglo American, Stanbic, JCI, Anglovaal, Allied and FNB.

The Sandton area is second, with 14% or seven of the major corporations having their head offices there. These include Eskom, Barlow Rand, Tiger Oats and Malbak.

"The sprawling grounds of Megawatt Park and Barlow Rand Park provide the out-of-town location large enough to accommodate the 'bulk' required," Berkowitz says.

Pretoria has six of these head offices, accounting for 12% of the total. However, most of these are public-sector bodies like the Reserve Bank, the Post Office, Iscor, Armscor and the Land Bank. Saambou is the only private sector company with its head office in Pretoria.

Cape Town, with 8% or four organisations, is the home of the insurance corporations, housing Old Mutual, Sanlam and Southern Life. Durban hosts 4% of the top 50 organisations, including NBS and Tongaat Hulett.

"Braamfontein has 6% or three head offices, with Crown Mines, Parktown, Rosebank and Midrand all housing a head office each," he says.

Stayaway took heavy toll

INDUSTRIAL and mass action, such as the one called by Cosatu, Nactu and 12 independent trade unions last week, have had serious and negative economic implications and may contribute to instability and violence in South Africa. Sowetan 14/11/91

This view was expressed by the South African Chamber of Business in its economic monitor released at the chamber's monthly meeting in the aftermath of the two-day national stayaway on November 4 and 5.

Sacob's deputy director, Dr Ben van Rensburg, said business had lost hundreds of thousands of rands as a result of the action, although he did not have the exact figures.

30

Callers split over boycott

Sowetan 14/11/91 (30)

Sowetan Reporter

SOWETAN RADIO METRO TALKBACK

CALLERS to the Sowetan/ Radio Metro Talkback Show were yesterday split over the call for a black Christmas and a boycott of white-owned businesses.

The call, which was made by Azapo's National Council and Cast, has confused people because different dates have bee proposed for the action.

Azapo wants the campaign to start on December 15 and continue to January 2.

Cast has set December 15 to January 10 as the dates.

The callers told Metro DJ Tim Modise that black organisations should consult one another about the dates.

Pat of Cape Town said consumer boycotts were useful weapons to fight the owners of capital.

He warned against intimidation by elements "taking advantage of the situation".

But Peter of Kagiso said it was improper to cripple the country's economy.

He felt boycotts should not be conducted along racial lines.

Ruben of Sasolburg said it was advisable to have consumer boycotts only in certain areas and not nationally.

Zola, a Johannesburg Black Consciousness supporter, said she felt this time the call would disturb the happy moments with "our families".

FM 15/11/91 FM (30)

CASHBUILD (30) FM 15/11/91.

Cherry for Pep

Activities: *Retails building materials for cash through Cashbuild, Buy 'n Build and U-Build outlets.*
Control: *Pepkor 46%.*
Chairman: *C H Wiese; CE: G R S Haumant.*
Capital structure: *21m ords. Market capitalisation: R98m.*
Share market: *Price: 465c. Yields: 3,2% on dividend; 7,9% on earnings; p:e ratio, 12,6; cover, 2,5. 12-month high, 475c; low, 180c. Trading volume last quarter, 146 000 shares.*

Year to June 30	'88	'89	'90	'91
ST debt (Rm)	—	3,0	—	—
LT debt (Rm)	0,7	1,3	1,2	1,1
Shareholders' interest	0,27	0,33	0,29	0,32
Int & leasing cover	—	—	—	84,3
Return on cap (%)	13,4	17,4	14,3	16,8
Turnover (Rm)	192	242	321	387
Pre-int profit (Rm)	7,5	10,3	13,6	17,7
Pre-int margin (%)	3,9	4,2	4,2	4,6
Earnings (c)	15,6	22,6	30,5	36,8
Dividends (c)	6,75	10,0	13,0	15,0
Net worth (c)	71,7	90,2	110,1	131,9

Cashbuild was the cherry on the top of Pepkor's acquisition of Tradehold. Initially, Sankorp intended to keep Cashbuild, possibly moving it into the Murray & Roberts stable. But Cashbuild was used as a bargaining chip, forming part of a package deal.

CE Gerald Haumant is confident that Pepkor will respect management autonomy. He says that Cashbuild is now at least part of a winning team. Like Smart Centre, another former Tradegro subsidiary, Cashbuild was underrated when it was part of the underperforming Sankorp subsidiary. After the Tradegro unbundling was announced in February, the Cashbuild share appreciated from 280c to 400c in about two weeks.

It is surprising that Cashbuild did not achieve its present p:e of 12,6 earlier. Turnover and EPS have increased four-and-a-half times since the May 1986 listing. EPS rose by 20,6% last year.

Cash resources of R11m comfortably exceed borrowings of about R1m, though they fell R5m last year as eight new stores were opened, increasing trading space by 15%. Haumant says cash will continue to exceed borrowings, even though nine more stores will open this year.

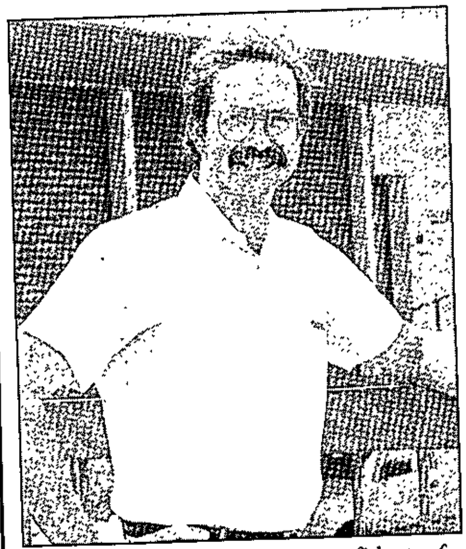
Cashbuild's principal competitors have been building material merchants, offering credit and deliveries. Cashbuild offers some credit in retail arm Buy 'n Build, but this amounts to about 7% of sales and is only granted to risk-free customers, such as financial institutions and development corporations.

Haumant says granting credit adds from 2% to 5% to the final selling price and delivery a further 10% to 11%.

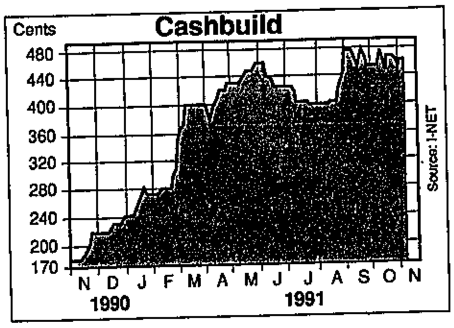
Building materials cash and carry, unlike conventional cash and carry, is by no means mature. Haumant says the population can support 100 Cashbuild stores, compared with the present 59, which are in urban and rural key distribution points. Cashbuild wants to expand northwards as it believes the format is ideal for African conditions.

The number of Buy 'n Build home centres could rise to 20 from the present six by the year 2000.

The most speculative format is U-Build, a joint venture retailer in black townships. Haumant admits that it has fallen well short of objectives, especially the Soweto outlet. He says there has been consumer resistance, as there is still a perception that township stores do not offer as much value as city stores.



Cashbuild's Haumant ... *confident of management autonomy*



Haumant adds that stolen goods were readily available and proved formidable competition in those areas.

More conventional competition should also increase. Metro is committed to expanding Builder's Bucket stores, set up by Trador as a direct competitor of Cashbuild. Prefcor plans a chain of credit building materials stores, using credit systems already in place.

Nevertheless, Cashbuild is still the dominant cash and carry building materials chain. Building in the townships is sure to increase with the population, even if the low-cost housing boom has not yet materialised.

Cashbuild offers value on a dividend yield of 3,2%. Now that it is under the well-rated Pepkor umbrella, a further upward rerating can be expected.

Stephen Cranston

FM 15/11/91 (30)

OK BAZAARS FM 15/11/91 (30)

Efficiencies improving?

The market expected a further drop in earnings in the interim to September, but in the end, earnings were held.

There are signs that efficiencies are improving. The operating margin improved from 1,7% to 1,9%, thanks largely to a reduction in shrinkage. The central warehousing network has been set up; the last in a series of central distribution centres was opened in Cape Town recently. According to MD Gordon Hood, the mix of goods improved as more high margin items were sold.

Stocks rose by 5%, against sales growth of a tenth, marking a further improvement. Hood says stock levels were particularly high in September, not only because of the overall downturn, but because consumers held off clothing and durable purchases until the onset of VAT. At the end of August, year-on-year stock levels were static in rand terms.

Stock turns and margins were both improved by the closure of five more smaller stores, which means that 17 stores have been closed since the OK decided to concentrate on superstores and Hyperamas.

Gearing is a cause for concern. It increased to 111% from 87% in September 1990, leading to an increase of 59% in interest paid. Financial director Brian Borcherds says that part of the increase in borrowings was to fund the increase in furniture debtors, but only in the homelands. Borcherds says R300m was needed to fund stock, which he calls unacceptably high.

According to the SA Breweries group financial model OK can sustain gearing of 75% to 80%. But Ed Hern, Rudolph analyst Syd Vianello says OK has to borrow, because it is not generating enough retained earnings to expand and fund working capital. He believes it will either have to recapitalise through a rights issue, or parent SAB may have to take out minorities.

OK INCHES UP

Six months to	Sep 30 '90	Mar 31 '91	Sep 30 '91
Turnover (Rbn)	2,23	2,57	2,44
Operating inc (Rm)	38	20	48
Attributable (Rm) ..	8,8	6,0	8,9
Earnings (c)	71,0	49,3	71,9
Dividends (c)	37	26	37

OK needs to spend to expand its successful Hyperama division. There are R46m outstanding capital commitments, mainly for the new Hyperama in Kemptom Park and for central warehousing. Another two Hyperamas are planned in Fourways, north of Johannesburg, and in Westville, near Durban.

OK has moved its advertising in-house from Grey Advertising to save money. It spends R55m on advertising, equivalent to almost four times the 1991 bottom line. Hood says all advertising will be handled in-house from March 31. He believes that because OK will no longer pay agency mark-ups it will be able to spend more efficiently.

Last year, a relatively good first half was followed by a weak second half. Unrest and boycotts were among the culprits. Boycotts continue to hit OK more than other chains. Much hinges on Christmas sales and whether OK can meet its rebate targets. Extraordinary write-offs relating to store closures are also expected.

The share ran down from 1 550c to 975c in recent weeks, giving a p:e of eight. The results stemmed this downturn and, by Tuesday it rallied to 1 025c. But full-year figures will be needed before the market acknowledges any improvement. *Stephen Cranston*

CNA GALLO FM 15/11/91

Breaking the record (30)

Just six months ago, the *FM* pointed out that CNA Gallo had grown EPS by a remarkable compound 45% a year over the past five years *(FM* May 17). The latest results show there is no way that the recession will permit it to maintain this record.

EPS may even show no growth this year, if Christmas does not deliver the usual rush.

The dip in real consumer spending has had a major depressant effect. Interim turnover rose a meagre 8%. In volume terms, this means there was a decline. While trading income fell 8%, finance and interest charges took the fall further, to 20% in pre-tax profit.

This poor showing in part reflects the sale of Gallo Home Video to Nu-Metro last year: therefore, it no longer contributes above the line but in the share of associates' earnings.

MD Dennis Cuzen, like most retailers, attributes the poor performance to diminishing consumer spending and the fact that the customer — black and white — has little cash for anything but basics. So the entertainment division was especially hard hit.

The table shows just how important the second half is and how profitability over the Christmas and back-to-school periods forms the backbone of annual performance. So all is by no means lost — yet. But, in the current climate, says Cuzen, not much improvement on last year's second half is budgeted.

The balance sheet remains strong. Though short-term borrowings have climbed by R6m, the debt:equity ratio is still low.

It is premature to judge whether long-term prospects have been impaired by the recession. But the short-term outlook is anything but good.

Gerald Hirshon

SLIPPED DISC

Six months to	Sep 30 '90	Mar 31 '91	Sep 30 '91
Turnover (Rm)	337,6	460,7	364,2
Operating income (Rm)	19,3	72,7	17,7
Attributable (Rm)	12,5	42,7	12,8
Earnings (c)	38,5	130,0	38,7
Dividends (c)	13	54	13

M-Net MD Koos Bekker ... *eyeing foreign expansion*

March year-end, generates gross subscription revenues of about R30m a month.

Management reckons decoder sales could reach 700 000 before the market is saturated. M-Net has already begun to gain leverage from this base by introducing business broadcasts and data transfer services.

It has also made no secret of its desire to expand beyond SA and the possibility of some international deal is probably causing the most excitement among investors. The group is understood to have discussed some reciprocal agreement with Canal Plus but management declines to confirm this. It is unclear whether these talks are related to the cautionary announcement.

Since June M-Net has used an international satellite service to broadcast outside the major metropolitan areas, such as Pietersburg, Nelspruit and Richards Bay, that were previously inaccessible. This has opened markets outside SA and M-Net has already appointed agents in Namibia and Malawi. Discussions are taking place with representatives from, among others, Kenya, Zambia, Zimbabwe and Mozambique.

A tie-up with an international partner could enable M-Net to exploit better the African market. It might also open doors to the highly lucrative European market.

As the share is driven by emotion more than reason it is difficult to anticipate its performance. Logically, the counter is overpriced. However, its performance has defied logic for most of the year. *Simon Cashmore*

OK BAZAARS FM 15/11/91 (30)

Efficiencies improving?

The market expected a further drop in earnings in the interim to September, but in the end, earnings were held.

There are signs that efficiencies are improving. The operating margin improved from 1,7% to 1,9%, thanks largely to a reduction in shrinkage. The central warehousing network has been set up; the last in a series of

FM 15/11/91 (30)

central distribution centres was opened in Cape Town recently. According to MD Gordon Hood, the mix of goods improved as more high margin items were sold.

Stocks rose by 5%, against sales growth of a tenth, marking a further improvement. Hood says stock levels were particularly high in September, not only because of the overall downturn, but because consumers held off clothing and durable purchases until the onset of VAT. At the end of August, year-on-year stock levels were static in rand terms.

Stock turns and margins were both improved by the closure of five more smaller stores, which means that 17 stores have been closed since the OK decided to concentrate on superstores and Hyperamas.

Gearing is a cause for concern. It increased to 111% from 87% in September 1990, leading to an increase of 59% in interest paid. Financial director Brian Borcherds says that part of the increase in borrowings was to fund the increase in furniture debtors, but only in the homelands. Borcherds says R300m was needed to fund stock, which he calls unacceptably high.

According to the SA Breweries group financial model OK can sustain gearing of 75% to 80%. But Ed Hern, Rudolph analyst

OK INCHES UP

Six months to	Sep 30 '90	Mar 31 '91	Sep 30 '91
Turnover (Rbn)	2,23	2,57	2,44
Operating inc (Rm)	38	20	48
Attributable (Rm) ..	8,8	6,0	8,9
Earnings (c)	71,0	49,3	71,9
Dividends (c)	37	26	37

Syd Vianello says OK has to borrow, because it is not generating enough retained earnings to expand and fund working capital. He believes it will either have to recapitalise through a rights issue, or parent SAB may have to take out minorities.

OK needs to spend to expand its successful Hyperama division. There are R46m outstanding capital commitments, mainly for the new Hyperama in Kemptom Park and for central warehousing. Another two Hyperamas are planned in Fourways, north of Johannesburg, and in Westville, near Durban.

OK has moved its advertising in-house from Grey Advertising to save money. It spends R55m on advertising, equivalent to almost four times the 1991 bottom line. Hood says all advertising will be handled in-house from March 31. He believes that because OK will no longer pay agency markups it will be able to spend more efficiently.

Last year, a relatively good first half was followed by a weak second half. Unrest and boycotts were among the culprits. Boycotts continue to hit OK more than other chains. Much hinges on Christmas sales and whether OK can meet its rebate targets. Extraordinary write-offs relating to store closures are also expected.

The share ran down from 1 550c to 975c in recent weeks, giving a p:e of eight. The results stemmed this downturn and, by Tuesday it rallied to 1 025c. But full-year figures will be needed before the market acknowledges any improvement. *Stephen Cranston*

RAINBOW CHICKEN FM 15/11/91

Squawk, squawk

Have the chickens come home to roost? That is what shareholders are asking Rainbow Chicken after the near-elimination of earnings in the six months to September.

Support for the integrated broiler producers remains strong in the market, with the share price highly rated. At 400c, Rainbow sits on an historical p:e of 20, ahead of all food counters other than Cadbury Schweppes. This is remarkable in a group which has seen operating profit fall from R30,3m to R20,9m and earnings dive from R36,2m to R5,7m.

There was a disastrous start to the year. The broiler industry went through one of its toughest times as a severe chicken shortage, caused by a viral epidemic, was followed by a surplus as production pushed stocks well into excess. Prices plummeted below the cost of production for most of the first quarter.

Prices have since normalised and Rainbow has the capacity to increase production as soon as demand dictates, says financial director Chris Wells, who adds that supply and demand are now well balanced.

Chicken sales grew by a compound 9% in the 10 years to 1990 and Wells expects growth of at least 6% until end-century.

Rainbow's influence on the market has increased with the acquisition of Bonny Bird, and this could lead to greater price stability.

Greater output should have a quick and dramatic effect on profits, especially considering that, as prices were discounted to clear stocks at the beginning of the year, Rainbow's sales prices increased by a paltry 3,6%.

The low chicken price was the main reason for poor performance. But results were not helped by the poor contribution from Bonny Bird Farms, acquired for R224m from Premier, along with 50% of Premier stablemate Epol for R20m.

Rainbow puts reduced income down to these acquisitions — funded by a rights offer which raised R252,5m — saying acquired debt and the amount owing to the vendors resulted in interest and other income decreasing from a net R7,3m in the previous period to a negative R14,7m this time.

Though separate figures are not given for Epol, which was not a strong performer for Premier, animal feed producers saw lower demand eat into margins.

So why the aquisitions and when will they add to profits? Bonny Bird was, of course, a logical buy, bringing Rainbow full control of its biggest competitor and around 50% of the chicken market. Wells puts the figure closer to 47%, saying the effect of the informal

Cont →

With the disappearance of apartheid restrictions, small township businesses are coming under intense competitive pressure from corporate giants, writes JOE LOUW. (30)

"IT'S like a contest between the shark and the sardines," lamented one Soweto businessman, describing competition black businessmen are feeling from the white business establishment.

"The sardines don't stand a ghost of a chance against being swallowed up eventually."

With the old "protective" cover of apartheid now gone, big white business has begun massing on the perimeters of townships so as to better chase the profits to be had there.

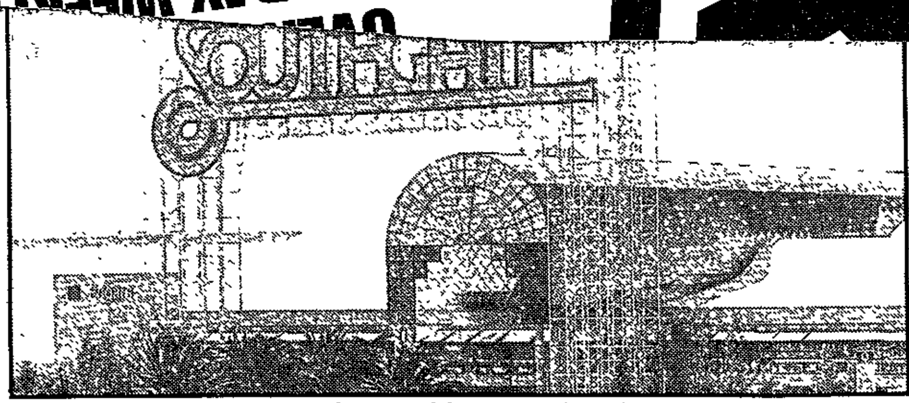
Gigantic supermarkets and hypermarkets, such as Highgate and Southgate, have sprung up within a taxi ride from most black homes, and cut-throat competition has prompted small businesses to call on the government and black business organisations to help.

Said Jerry Khumalo, who owns several small shops in "deep" Soweto: "The free enterprise system — or capitalism — is quite ruthless. The name of the game is survival of the fittest and effective competition is crucial to that survival.

"But what we are facing here is not competition — it's a slaughter."

Soweto Chamber of Commerce executive director Max Legodi tends to confirm that view. "The primary problem is that we have inherited an uneven field and we are starting off way behind in everything that makes for success in business: investment capital, training and skills in manufacturing and supplying."

Sam Noge, treasurer of the Soweto Chamber, who tried unsuccessfully to run a stationery business in Soweto, describes the typical problems encountered by the average Soweto businessman.



IN FOR THE KILL: Supermarkets and hypermarkets have begun massing on township perimeters in their quest for profits. ● Pictures: JOE LOUW

OUTGUNNED: Corner stores such as this one cannot compete with supermarkets, which benefit from economies of scale.

"Our major problem stems from the fact that we are small. There is no capital to stock up so we cannot buy in bulk and therefore cannot get levels of discount that are given to big bulk buyers such as Pick 'n Pay or OK Bazaars.

"We buy dozens of a product; they would buy thousands of dozens of the same product from the same manufacturer."

The result of this is that small businesses often have to charge higher prices than the supermarket chains for the same product to make a profit. This drives customers out of the townships into perimeter supermarkets to shop for lower prices.

In addition to this, Noge points out, the supermarkets often own the factories which supply them — or they are owned by the same conglomerate. He gives as an example M&T (Metro and Trado), owned by Premier Milling, which compete with Melusi Wholesalers operating in Emdeni.

"Both competitors buy mealie meal from Premier — so how can they compete evenly?" he asks.

What of the traditional advantage corner shops have over chain stores — the possibility of opening until late, being conveniently close by and giving credit?

such as Checkers and OK now open late, and most people now have credit cards. Even the inconvenience of distance no longer matters, because taxis ply those routes practically up to people's front doors."

The same problem of economies of scale affect even the larger and more succesful businesses in Soweto. Manas Shole, whose very successful Medicos Production manufactures a number of high quality, up-market, cosmetic products at the SBDC's industrial park in Orlando, is bitter about the fact that his company has not been allowed to buy the land on which it was established.

"We have been paying rent to the SBDC for years," he says, "enough to buy the plot outright. With ownership we would have collateral and could expand our business."

Medicos's products — "ethnic" hair care products that include perm systems and hair conditioners — cater for a multimillion rand market which Shole says is under-supplied.

"South African manufactured and imported products are not covering 15 percent of the potential market, but as much as we want to grow and expand, we are harnessed by a host of petty frustrations.

"We are sending our product into neighbouring countries — Zimbabwe, Botswana, Zambia and soon to Kenya — yet we have great difficulty getting our product into downtown up-market stores.

"As black manufacturers we encounter a lot of prejudice. Despite the fact that we have highly qualified people running our factory — pharmacists, doctors and skilled technicians, as well as a research and development department — many of the corporate chain stores simply will not accept our product on their shelves"

Many Soweto businessmen feel that the structures set in place to negotiate the future of South Africa's economy need to be aware of the problems of small businesses.

Cafe owners live in constant fear

(30)

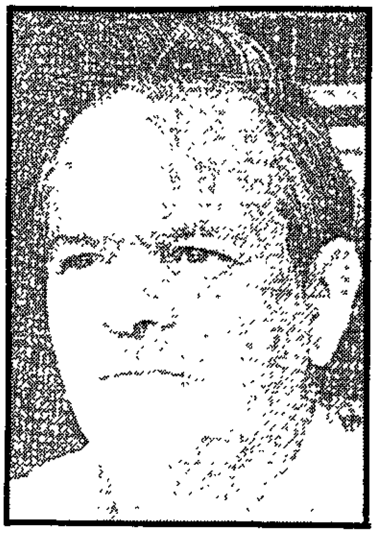
AL-AMEEN KAFAAR

CORNER cafes on the Witwatersrand could become something of the past if nothing is done to prevent robbers from preying on them. Star 16/11/91

That's the view of the majority of cafe owners contacted by the Saturday Star this week. Many of them, especially the ones in white suburbs, are considering selling their businesses and/or leaving the country.

Andreas Petrides, owner of a cafe on the corner of Jan Smuts and Westminster avenues, Hyde Park, has been robbed three times and injured twice in the past 18 months. On one occasion there were 20 customers in the cafe when Mr Petrides was assaulted and robbed of R1 000 in cash. He now works in a state of constant fear.

"I don't know how long I'm going to last. Every time someone suspicious enters, I get a cold feeling. You can only hold your breath when the customer goes for his pocket. We can't even arm ourselves because it's too dangerous. Two or three robbers can easily disarm you. Who knows what can happen then?.



ANDREAS PETRIDES: Robbed three times in past 18 months.

The fear of some of the owners was clearly illustrated by their requests to remain anonymous. To disclose their identity would make them more vulnerable, they said.

A 35-year-old cafe owner, robbed and assaulted twice, was nearly in tears when he spoke about his experiences.

"I'm not concerned about the money, but my life. Not even an emergency button deters them. It took the robbers less than five minutes to take the money and assault me. By the time the security gaurds had arrived, they had been long gone."

Housewives League president Lyn Morris deplored the increase in cafe robberies, saying the corner cafe had, over the years, created a special niche for itself in South African shopping.

"Consumers would suffer a great loss if the small cafe disappeared," she said.

Witwatersrand police spokesman Sergeant Andy Pieke said robbers had started realising, especially after security at banks had been tightened, that the small cafe was a much softer target.

He advised owners to be on the alert for suspicious-looking people and bank their money regularly. He also said cafe owners should establish good relations with the police and if someone suspicious entered the shop, they should phone the police immediately.

"They should trade when there are a lot of people in the area. And most important, don't give any resistance and educate staff members what to do in case of a robbery."

Azapo works on 'black Christmas'

AZAPO was meeting other anti-apartheid organisations to discuss a national consumer boycott and a "black Christmas" anti-VAT campaign, Azapo publicity secretary Strini Moodley said on Friday.

(30)

11/11/91

Pre-boycott buying bash

CIP ners

1/11/91

By THEMBA KHUMALO

SOME black consumers in the major cities are stocking up early with Christmas presents and other seasonal goods because Azapo and the Civic Associations of Transvaal (Cast) have called a nationwide consumer boycott of white businesses from next month.

Azapo publicity secretary Strini Moodly said the main reason for the call was the government's unilateral decision to implement VAT. Cast said the move was to protest against escalating township violence.

30

First Milly's son is back in the group

(30)

S/Times (CM) 17/11/91

MILLY'S delicatessen chain — which is now part of JSE-listed Hyperette Group — has the son of the original founder back in its ranks as an advisor to the group.

Mr Les Milner, whose father started the convenience food chain — once famous for its bakery, delicatessen and catering divisions — has bought a major share in Milly's Sea Point branch and will take over the running of the store in March.

Plans are afoot to reintroduce to Milly's some of the unique products that made it so famous years ago.

Mr Hein Ehlers, managing director of Hyperette, says he plans to bring back the old Milly's charm and style of operating as well as its exclusive ranges of delicatessen products.

"Milly's is all set to begin making its own smoked and prepared meats and we have also developed a unique Milly's pie which we are sure will be a hot seller.

"Milly's also has its own development kitchen and catering division and will enter the catering market early in 1992.

"We will also have a full range of Milly's prepared convenience foods in store — top-quality products specially developed in-house for us."

Mr Ehlers, who took over the ailing Milly's two years ago after it made massive losses and reverse-listed Hyperette into it, has spent the past two years revamping the stores and putting the division back on its feet.

He converted all unsuccessful Milly's stores into Hyperette stores, but three remain — the flagship store in Mill Street, Cape Town, one in Sea Point and a franchised store in Claremont.

Mr Ehlers says the long-term plan is to grow the Milly's division by franchising new outlets.

"The delicatessen and prepared foods section is by far the most profitable of the convenience food market in which Hyperette operates and we see this as having the largest growth potential."

Mr Milner, whose parents started Milly's in 1938, joined the business in the late 1940s.

He sold it to the Checkers group in 1980, repurchased it three years later and resold it again in 1986.

For the past five years he has been living in London and America, where his business was manufacturing and supplying fresh and frozen bagels.

"Living in London and America has shown me that the old-style deli can be revolutionised and that is what I aim to do here," Mr Milner says.

LIKE FATHER LIKE SON ... Les Milner, whose father started Milly's, has joined the delicatessen group as an advisor

Why I'm quitting the town

Trade boycott, race conflict 'will make Phalaborwa a ghost town'

(30)

S/Times 17/11/91.

By JOCELYN MAKER

SUPERMARKET manager David Labuschagne settled in Phalaborwa three months ago to start a new life.

Now he cannot wait to get out of the conservative Northern Transvaal town, which is being torn apart by racial conflict.

"This place is sick," he said. "It's riddled with racism, hatred and tension which is about to explode."

A consumer boycott was launched by township residents five weeks ago in retaliation against right-wing resistance to Palabora Mining Company's policy of moving black workers into its formerly whites-only suburbs.

The boycott has bitten deep. Five shopkeepers have closed their doors while corner cafes, butcheries, wholesalers, shoe stores and other traders are losing hundreds of thousands of rands in turnover.

Some businessmen say if the boycott does not end soon Phalaborwa will become a ghost town. Others foresee a racial war with many lives lost.

Mr Labuschagne, who moved from Durban to invest in the supermarket he manages, believes there is no hope for the town.

"People are afraid to discuss their political views in case they become targets," he said.

Mr John Giannopoulos, owner of Phalaborwa Fruit and Supermarket, said he had lost R70 000 in turnover because of the five-week boycott.

"I am throwing away food I cannot sell. The situation is bad, but I cannot close my doors in case I lose my white customers. This has got to end or else there will be no future in this town."

Mr Lewis Lood, of Loods Butchery, said he had been dumping meat he could not freeze.

"I am very upset. At least 45 percent of my business is black. People are going to be killed in this town because of what is happening." He said he had been accused of poisoning meat he had dumped, but he denied the charge.

SURVIVING: Willie Struwig, his wife, Truir, and their son, George, who are making a living in the town's black community Picture: SUE KRAMER

"I threw salt on the offal and bones I usually sell to the black trade. I told my staff it was poison.

"Why should they have it for nothing if they are not prepared to buy the meat?"

Mr Ludwig Raklabala, spokesman for the boycott committee, said two white men tried to poison Namakgale township's water supply last week.

"The whites in the town will have to realise we are serious. We are prepared to negotiate with the town council, but it refuses to meet us."

The ANC boycott committee has deployed defence units to patrol the townships of Lulakane and Namakgale after right-wing attacks.

Shot

Committee members and residents say right-wingers are trying to break the boycott by starving the people in the townships.

Residents claim vehicles travelling into the township have been shot at late at night by white men.

Mr Raklabala said roadblocks manned by the CP-controlled town council's traffic department, with AWB members in full uniform in support, were set up around the townships early in the morning to interrupt bread deliveries.

"We are getting our bread from an Acorn Hoek supplier, but it never reaches the township before children have to go to school," Mr Raklabala said.

Strike

"They stop the trucks containing food and the drivers have to have their vehicles tested for roadworthiness for the slightest reason.

"They are trying to starve us out, but it will not work."

Meanwhile, staff at a number of businesses in the town are on strike.

The owner of Amersa Rock Crushers, Mr Karl-Heinz Sullwald, said he would never employ a black man again.

"They went on a wildcat strike for higher wages and they have been fired. I have replaced 69 people with 23 whites and they are doing the job better.

Destroyed

"These whites were unemployed and many did not have food on their tables until they were employed by me."

Palabora Mining Company's policy of mixed housing has enraged the AWB, which has warned it would stop at nothing to get rid of the black families in white suburbs.

Earlier this week, a black employee of the Palabora Mining company who moved into one of the company houses in a white suburb woke up to find his luxury car burning in the garage.

Mr Thennyson Pilusa, a father of three, said: "My car was destroyed by someone who set it alight with petrol.

"I have worked for my company for 23 years. It is like a dream come true to live in a comfortable house and be close to work.

"I will not leave. Those who set my car alight will have to kill me first."

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ARGE

N MQUQO

Women are scoring by selling at home

S Times [CM] 17/11/91

(30)

SELL clothes at home — it's the latest fashion!

Fashion-conscious women with a flair for selling are making money at home by showing full-colour mail order clothing catalogues to their friends and relatives, and in many cases modelling the clothing themselves or getting younger members of the family to do so.

This direct-selling approach to entrepreneurship is appealing to an increasing number of South African women of all races and social groups.

Mr Brian Retief, managing direct of Cape Town-based Retlan, markets locally-made Sensations fashionwear throughout South Africa using a nationwide network of fashion consultants.

He says: "Sensations enables a woman to create her own business for an outlay as small as R50.

"For this she receives a supply of glossy, full-colour catalogues featuring a range of fashionwear, much of it exclusive to Sensations.

"She also gets another brochure illustrating an attractive selection of underwear — bras, panties, vests and so on — plus regular newsletters explaining in detail the mechanics of presenting the fashionwear to her clients, how to handle the accounts and how to ensure customer satisfaction.

"Then, of course, she can use the telephone for urgent queries or for giving a detailed explanation of some obscure point to her clients.

"Most of our consultants begin by selling to family and friends and later, if they are working and have joined Sensations to supplement their income, to business colleagues."

Mr Retief explains that the customer at home or business orders the goods, the fashion consultant forwards the order by mail or fax to Sensation's head office and the garments are immediately despatched from stock.

"The customer pays on receipt of her order and the fashion consultant receives her commission as soon as the order is filled.

"At no time is she required to make a heavy capital expenditure.

"We feel this offers women the ideal way to go into business for themselves — they don't have to have a large amount of capital to begin with and they can work just as much or as little as they want to.

"It can be a full-time job bringing in several thousand rands a month or just part-time earning five or six hundred."

The company finds the scheme appeals particularly to married women who find it difficult to find jobs — particularly part-time clerical jobs — at hours which suit them.

Women in the higher income areas of the townships are also increasingly interested in the scheme.

Supermarkets praise two for VAT cuts

S|Times 17/11/91 (30)

By GWEN GILL

ONLY two manufacturers have brought prices down since the start of VAT, say the three biggest supermarket groups.

But consumers are expected to benefit in January when the annual round of price increases is expected to be lower than usual to compensate to some extent for VAT.

Checkers managing director Sergio Martinengo said both Lever Brothers and Elida Ponds had decreased prices by "about five percent" on average.

Mr Mervyn Kraitzick, food director of OK Bazaars, also said Elida Ponds had dropped its prices by about one percent.

Mr Alan Baxter, general manager for foods of Pick 'n Pay supermarkets, said Lever Brothers had allowed a five percent promotional decrease for about six weeks from September 30, when VAT began.

However, Mr Brian Frost, director of foods for Woolworths, said no decreases were coming through at all.

Among the supermarket items that have gone down in price as a result of these decreases are Mentadent P and Close Up toothpastes; Surf, Skip and Omo washing powders; Shield and Ego deodorants; Geisha, Breeze and Lifebuoy soaps; and Ponds beauty products.

No other manufacturers show any sign of lowering their prices, according to the retailers.

This is despite the fact that costs should be dropping as input credits on capital goods and savings on items on which manufacturers previously paid GST, but do not pay VAT — such as advertising — are reflected in selling prices.

"Some suppliers have been offering rather larger discounts than usual, but that's because of the state of the economy, not VAT. Manufacturers want to clear their stocks," said Mr Baxter.

Asked if retailers were badgering suppliers to drop prices, Mr Martinengo said: "We say: 'Come on guys, what about decreases because of VAT?' all the time, but it's not helping."

Mr Baxter said that Pick 'n Pay was also urging manufacturers to drop prices, but all he heard was the familiar excuse that VAT would slow down future increases.

At least two of the big retailers are confident that the usual round of automatic hikes in January would either not come at all or be smaller than usual.

"So far, I've had not had a single indication of a price hike in the New Year. This is interesting — usually by now my file is full of increase details. But these could still filter through, I suppose," said Mr Baxter.

Mr Martinengo said he was expecting price hikes, but these would be "lower than in previous years".

Exploring small business

Sowetan 18/11/91

Title: Small Business Opportunities in South Africa
Authors: Ian Clark and Eric Louw
Price : R24,95
Publishers: Struik Timmens
Reviewer: Joshua Raboroko

30

EVERY day of our lives we see businesses that have been enormously successful and others that have been dismal failures.

From the giant skyscrapers of the most powerful companies to the cardboard boxes of the street-corner hawkers, there are examples of flourishing businesses.

However, starting one's own business begins with indentifying a viable opportunity. Whether you want to make millions, escape from the shackles of salaried employment, supplement your income or overcome the hardships of unemployment, this book will help you do just that.

It focuses on entrepreneurship - the act of creating a new business - and deals with what happens between the time that you decide to "go it alone" and that point at which you draw up a detailed business plan.

It's time to make most of VAT's true potential

Star 18/11/91 (30)

Are businesses passing on vital VAT savings to consumers? Vatwatch chairman Professor Louise Tager wants this answered with a resounding "yes" before VAT becomes a silent tax. PAULA FRAY reports.

FOR MANY consumers and some businesses, the advantages of VAT are linked to the 3 percent drop in the tax rate.

So much so, that Vatwatch is still concerned about ignorance surrounding the real potential savings· the elimination of sales tax as a cost to business.

"We know that all kinds of interest groups would like to see VAT become a silent and uncontroversial tax as soon as possible. But neither the consumer nor business can allow this to happen before the savings potential of the new tax has been realised," said Professor Tager.

The Vatwatch message is clear: "VAT is not a 10 percent issue. The rate may be 10 percent but the effect is not."

Vatwatch has appealed to businesses to check their cost savings and pass these on to consumers. An estimated R6 billion could be saved as a result of the elimination of GST.

"Can you imagine the significant blow we could deal inflation if a saving of this magnitude could be achieved," asked Professor Tager.

Outlining how VAT savings could be achieved, accountant Kevin Fagan said the change from GST to VAT would mean positive savings for business as far as, among others, consumables, advertising and capital equipment were concerned.

Businesses operating in a VAT vacuum assumed that VAT was 10 percent and, therefore, suppliers' costs would go up 10 percent, their costs would go up 10 percent, businesses would have to charge 10 percent more and, therefore, VAT was inflationary.

"This chain of thought creates the VAT vacuum," said Mr Fagan. "However, VAT is not a 10 percent issue. GST was a 13 percent issue as it was a cost to business, and the person at the end of the chain paid 13 percent tax.

"People who register for VAT pay the tax but get it back. VAT is not a cost to business ... it means a substantial saving to business."

With few exclusions, input credit could be offset almost immediately against the VAT charged to customers.

"A registered vendor may deduct all input tax incurred, provided it was acquired wholly or mainly for the purpose of making taxable supplies, he has a tax invoice, or is specifically prevented from doing so by legislation," said Mr Fagan.

Registered vendors would make substantial savings which could be passed on to consumers, according to Mr Fagan.

"There is increasing evidence that this is not happening. Businesses are putting the extra bit in their back pockets and not passing it on," he said.

Presenting four examples of how business could tackle the new tax, tax consultant Bronwyn Allen showed how under GST a product from raw material to the end of a production line could cost R2 945.

Under VAT, and operating in the incorrect VAT vacuum where savings were not taken into account, the same product could cost R3 098.

The same product chain going a step in the right direction, where VAT invoices for businesses were eliminated, would mean a drop to R2 850.

When input credits in the entire process were highlighted and deducted so that prices were marked up on a lower base, the product could cost as little as R2 666 — R279 less than under the GST system.

If business costs were calculated correctly, prices could come down by as much as 9 percent, Ms Allen pointed out.

In order to move out of the VAT vacuum in which many businesses found themselves, the entire chain had to be looked at.

Business's reluctance to pass on savings to consumers was a mixture of ignorance and profiteering, Mr Fagan said.

According to Mr Fagan there were three choices facing businesses under VAT:

- The VAT vacuum, in which businesses faced the prospect of business decline or even failure.
- A step in the right direction, where businesses would still lack a competitive edge.
- Neutrality, where businesses would have a VAT-driven competitive edge which would not cost them a cent. □

Three towns still in grip of boycott

Sowetan 18/11/91

(30)

By DON SEOKANE

CONSUMER boycotts gripping Tzaneen, Phalaborwa and Duiwelskloof continue and indications are that white businesses may not derive any benefit from the festive season spending spree.

Blacks in these areas have demanded the withdrawal of soldiers from the townships and villages, the arrest and conviction of the killers of black workers, trading licences for blacks in town, toilets at the taxi rank, an end to alleged harassment of union officials and the reopening of Tivumbeni College of Education and a living wage for domestic workers.

Meeting

In efforts to resolve the boycott the Phalaborwa Chamber of Commerce requested a meeting with the boycott committee.

However, Mr Manie Kriel, president of the chamber, said businessmen who are members of the Conservative Party and the Afrikaner Weerstandsbeweging "are not playing ball".

A letter from Mr HF Meyer of the AWB Wenkommando stated that the AWB considers the ANC to be a band of communist murderers and "in the words of the former president Mr PW Botha as disciples of the devil".

The boycott has been in force since October 4 at Tzaneen and Duiwelskloof and October 9 at Phalaborwa.

Meetings have been held with residents and for Tzaneen and Duiwelskloof the boycott has been extended to cover businesses owned by Lebowa and Gazankulu chief ministers Mr Nelson Ramodike and Professor Hudson Ntswanisi.

Township and village retailers have Mondays, Wednesdays and Fridays to stock up while consumers may patronise the chemists for medicinal purposes.

The two towns are devoid of any custom, particularly Phalaborwa, are like ghost towns with few blacks in evidence.

In Tzaneen, people still go to work but stand at store entrances looking at passing consumers who gaze at shop windows.

Mr Molebatsi Masedi of Tzaneen and Duiwelskloof Consumer Boycott Committee assessed the boycott as being at least 65 percent effective.

He said the boycott continues despite the activities of an unknown Stop Boycott Committee which has been distributing pamphlets saying that since the boycott started several shops have closed and workers have been retrenched, said Mr Eric Ngobeni of the Phalaborwa Consumer Boycott Committee.

Assessing the boycott, Ngobeni said it was about 90 percent effective and that shopkeepers were dumping unsold food that had rotted on the shelves.

The danger was that some people were salvaging the rotten food which at some stage had apparently been poisoned.

"Fortunately, some baboons arrived and ate most of it. People were surprised to see one of the baboons writhing in pain and clutching some food from the dump.

"Since then we have told our people not to go to the dumping area in search of food," said Ngobeni.

Meetings to review the boycotts, according to the two committees would be held every four weeks. Unless people decided to the contrary, the boycotts would continue over the festive period.

The two committees said people had the power to call off or demand emergency meetings if the going was tough and a review of the boycott was needed.

ANC vows to go on with boycott

Sowetan 19/11/91

AN ANC community meeting in Ndaleni, near Richmond, on Sunday resolved to continue a 13-day-old consumer boycott of white businesses in the Natal Midlands town.

The boycott will continue until demands are met. These include convening a meeting between the ANC and police and handing over a taped cassette of last week's National Party meeting in Richmond.

The ANC leader in the town, Mr Sifiso Nkabinde, said yesterday that the ANC believed events at the meeting had led to the murder of three people in Magoda township later that night.

"We demand a cassette of the meeting and a full report by the town board of what happened because that meeting led to the killing of our people."

Volatile

The meeting was addressed by Natal MEC Mr Peter Miller who said afterwards that the situation was extremely volatile and needed one incident to "make the situation ugly".

Angry farmers and townsfolk at the meeting vowed to fight back against the ANC's boycott which they claimed was riddled with intimidation, and many voiced their support for the Inkatha Freedom Party.

IFP Midlands leader Mr David Ntombela at the meeting called for unity among white residents and Inkatha supporters and said the IFP would act against alleged intimidators enforcing the boycott.

That night, two white men allegedly abducted and assaulted an Indian man who worked at an Indian-owned garage, while three people were killed in the ANC-supporting Magoda township. - *Sapa.*

30

Mashold earnings up by 25%

B Day 20/11/91 (30)

SEAN VAN ZYL

MAIL-ORDER sales specialist Mas Holdings (Mashold) lifted earnings by 25% to R5,5m for the six months ended August despite experiencing one of its toughest trading periods yet, CE Marco van Embden said yesterday.

Earnings a share — diluted on the previous year by an increase in shares in issue — came in at 25,8c a share (1990: 22,8c) from which a dividend of 8c (7c) a share has been declared.

Van Embden said Mashold's growth prospects had been strengthened by the company's expansion into Africa and the UK. African business accounted for about 10% of total mail order sales for the period.

"The very nature of our business allows us to operate throughout the country and across its borders with little capital investment and no risk", Van Embden said.

He said Mashold's main source of income was generated through mail order sales, eliminating the capital expenditure normally incurred by retail concerns on distribution and by setting up trading outlets. As a result, Mashold could expand its outlet infrastructure at no cost to wherever post office outlets were erected.

Star 20/11/91 (39)

Mashold lifts profits

CAPE TOWN — Mail-order and direct retail company Mas Holdings has turned in good results for the half-year to August, increasing attributable profit 25,1 percent to R5,57 million.

The group produced earnings per share of 25,64c, while the dividend has been increased by 14,3 percent to 8c.

Chief executive Marco van Embden says measures taken to counter the tight trading conditions included venturing into other parts of Africa and Britain.

The expansion into the UK focused on one product and was expected to contribute significantly to profits in the next financial year. — Sapa.

Retail sales' decline expected to continue

B Day 22/11/91 (30)

SHARON WOOD

RETAILERS expect sales to plunge by a real 5,2% next month, figures released yesterday by Central Statistical Services (CSS) show.

The decline would continue a steady slide in total sales which began in the latter half of last year and would reverse the trend cycle to July which hinted at an upturn.

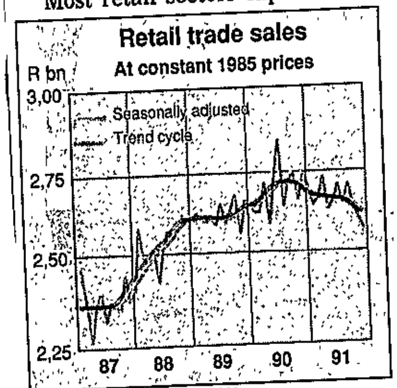
The CSS figures are in line with a recent Sacob retail survey which showed retailers were bracing themselves for a poor Christmas.

Trends in the retail sector during the recession were unusual because sales of essential items reacted more promptly to the economic recession, while sales of durable goods continued climbing until the second half of last year.

Most retail sectors experienced a delayed reaction of about six months to the economic recession which began in the fourth quarter of 1989.

Sectors which remained on a downward trend in July were food, cigarettes and tobacco, inedible groceries, pharmaceuticals and men's clothing.

However durable goods, which include domestic appliances, furniture and televisions, bounced back in the first quarter of this year following a brief slowdown in the second half of last year.



Graphic: FIONA KRISCH Source: CSS

GERALD REILLY reports that another CSS release yesterday reflects a worsening employment situation. The total employed in the non-primary sector of the economy at the end of the second quarter this year decreased by 0,5% to 4 472 213 compared with the first quarter.

And compared with the second quarter of last year by 1,6%.

Employment changes in some sectors in the second quarter compared with the same quarter last year were manufacturing (down by 2,1%); electricity, gas and water (down 5,9%); construction (6,3%); wholesale and retail trade and catering and accommodation services (2,8%)

Transport, storage and communication was also down — by 5%.

LABOUR BRIEFS

Saccawu to launch boycott of Ellerines

W/Mail 22/11-28/11/91

■The South African Commercial, Catering and Allied Workers' Union is to launch a national consumer boycott of the Ellerines group in a bid to force a settlement of the seven-week wage strike at the retail chain. 30

Saccawu's Lucky Masuku told a Johannesburg press conference this week his union would soon meet community organisations to discuss details of the boycott, which would continue until the strike ended.

The move follows a meeting between the parties on Tuesday, which failed to break the deadlock.

Saccawu has demanded a R197,50 across-the-board monthly rise, as against a company offer of R170, and a minimum wage of R1 090. The company has proposed a R1 055 minimum.

Second sporting arm for Morkels

S Times (Buss) 24/11/91. (30)

By IAN SMITH

MORKELS, which has suffered from the recession-led downturn in big-ticket sales, has made a strategic acquisition to balance the cyclical nature of furniture retailing.

It has bought sports goods and clothing importer and distributor Ajay Sports for an undisclosed amount.

The acquisition fits in well with Morkels' thriving national chain of 32 Totalsports shops.

Morkels managing director Carl Jansen says Ajay will have no material effect on the group's assets in the year to March 31.

Leisure

"But it does herald a significant shift in the thrust and nature of the group's future business."

Traditionally the group, which had turnover of R268-million last year, derives its earnings from the credit-driven chain of 93 Morkels furniture outlets and the cash-based Totalsports shops.

The Totalsports chain, initially dismissed as an idea ahead of its time, is benefiting from rising spending on leisure-based goods. It will have increased to 36 shops by the end of the current year.

Its contribution to group turnover has risen from 5% five years ago to 17% and is accelerating.

Mr Jansen says: "Our entry to a different level of the fast-growing sports goods and ath-leisure market will be a major counter-balance to the furniture business."

Ajay fits into the group and he looks to it to build turnover to R100-million within two years.

Morkels lifted turnover by 31,2% in the last full year. Furniture stores increased turnover by 6,9%, which was ahead of the market.

But Totalsports raised sales by 57,8% against the market's estimated growth of 22,8%.

Half-year results will be out soon, but analysts do not expect any great encouragement.

Mr Jansen says Ajay will not be captive to Totalsports. Supplies to independent or family-owned sports retailers will not be disturbed.

"Ajay will continue to do what it does best — brand building and distribution. It will treat Totalsports the same way as any other retailer."

The chain will not receive "favoured company" status because both companies are members of the Morkels group.

Group executive director Gabor Sperber has given up all Totalsports responsibilities and now heads Ajay as an independent operating division of Morkels.

Rim

Day-to-day management will be left with Howard Joscelyn, based in the new R2-million headquarters at Midrand, and his brother Bruce, who heads the Cape Town operation. Ajay has a branch in Durban.

The company will take over Morkels' fast-growing import, distribution and export operations.

It will distribute many best-selling brand names and will export Morkels-designed sports clothing which is selling well in Europe and is about to be marketed in Pacific Rim countries.

CARL JANSEN: Major shift in thrust

JD Group promises t deliver goods in a tick

(30) S/Times (Buss) 24/11/91.

MORE than 40 000m² of storage space will be available at JD Group's new central distribution centre in Aeroton, Johannesburg.

The distribution centre will handle deliveries to customers currently served by at least 45 stores in the Johannesburg region.

JD Group chief executive David Sussman believes the centralised route is the lead furniture retailers will be obliged to follow because of its lower cost and other advantages.

At the mammoth warehouse there are 12 receiving bays to take delivery of pantechnicon loads from the manufacturers.

Stocks will be managed through a computer. Dispatch vehicles will be filled at 18 bays, each of which has two back-up cages.

Pre-determined times for each operation will optimise the flow of traffic through the warehouse. The 60 delivery vehicles will make up to 600 deliveries a day.

Mr Sussman says existing group staff members will man the warehouse in shifts. There is work for 210.

"We don't believe that laying people off helps at all in this economy.

"We have installed canteen facilites that will always be open. There is overnight accommodation for drivers.

"This is only the first of the JD Group's regional warehouses. We plan to develop the concept in Cape Town, East London, Pretoria and Pietersburg."

Mr Sussman says furniture manufacturers are going through a tough patch and unprecedented numbers are closing. A major East London furniture maker has told JD Group it will not open for business next year.

The upshot of the slump is that retailers who do not carry or manage enough stock of their own will lose customers.

DAVID SUSSMAN: Furniture going through unprecedented rough patch Picture: COBUS BODENS

In the highly competitive furniture retailing business, says Mr Sussman, that opens the door for JD Group to pick up dissatisfied customers.

Other benefits arise from the central distribution centre concept. Shops will be able to make greater use of their floorspace as showrooms, not as storerooms.

Transport will be more efficient because a single lorry can deliver to all the group's customers in an area rather than each trading chain's vans having to go on their own.

The site will house a showroom as well as a repair shop and facilities for recyc repossessed or shop-so goods.

The R18-million inv ment is being developed Rand Mines Properties.

JD Group — the secc largest retailer after Rust — rates a price-earni ratio of below three time spite of holding up in the cession.

Mr Sussman — who st ed his career in furniture tailing as a receiving clerk the Joshua Doore store Boksburg — intends that Group will occupy No 1 s in both categories.

Boycott over shack demolition

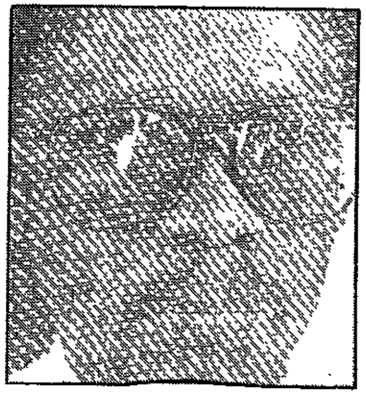
MAOKENG Civic Association has called for an indefinite consumer boycott of white-owned businesses from tomorrow in protest against the demolition of shacks at the ZR Mahabane Square and the alleged shooting of a 17-year-old youth by police. C P News 24/11/91 (30)

Maca spokesman Dennis Bloom said township residents decided on the boycott tactic to show anger at the demolition of the shacks and the alleged killing of Ezekiel Mohoka by the police.

Police spokesman Capt SJ Wentzel confirmed the demolition of the shacks, but said the task was carried out by the local council and municipal police. He knew nothing about the youth's death.

BOYCOTT!

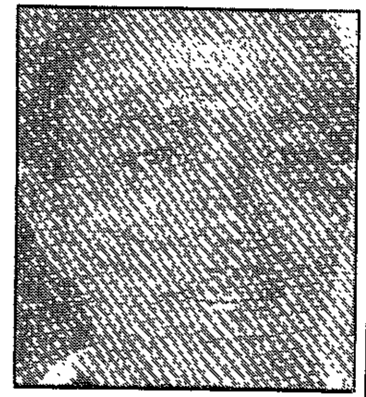
NOMBULELO MAKHUBU



JACOB TSHABALALA

THOBILE NHLAPHO

CHARLES BULO



WILLIE KAMBULE

People back Azapo protest call

C/Press 24/11/91

(30) (~~220~~)

By THEMBA KHUMALO

BLACKS overwhelmingly support Azapo's call for a national boycott of white businesses during Christmas to protest against VAT and the ongoing township violence, a City Press snap survey found this week.

All 18 people interviewed in the Johannesburg CBD said they supported Azapo's boycott call.

Nearly half those interviewed said they supported the boycott, provided the organisation consulted other political bodies.

Strini Moodley, Azapo's publicity secretary, said they would know by the end of this month whether to go ahead with the boycott call.

His organisation was busy consulting its rank-and-file members through its branches and other political organisations countrywide before making a final decision.

Those interviewed by City Press said there was no point in celebrating Christmas when the township violence had cost money and many innocent lives this year.

Under the VAT system, basic foodstuff was taxed, leaving those who were employed penniless and the unemployed destitute, said those interviewed.

Boycotting white businesses would force white employers to use their influence on the government to reconsider its implementation of VAT and to end township violence, most of those interviewed said.

However, they warned black businesses not to misconstrue the boycott and use it to enrich themselves by increasing prices on consumer goods.

Nombulelo Makhubu of Orlando West, Soweto, said: "The government remains recalcitrant after our two-day stayaway to protest against VAT."

While Thobile Nhlapho of Meadowlands supported the boycott, she said she had already done her Christmas shopping and the action would not affect her.

"I wasn't trying to circumvent the boycott, I usually avoid the last minute Christmas rush by buying in time."

An insurance company employee, Jacob Tshabalala, of Mofolo North, also supported the call on condition it was broad-based and other organisations endorsed it.

"At least we must be given three weeks before the boycott comes into effect.

"VAT and township violence have been dominant features of our political scenario this year and we must put more pressure to force the government to reconsider VAT and end the township carnage."

Nomsa Mabale, a filing clerk with a department store, said she and her four children were prepared to sacrifice the Christmas luxuries in sympathy with the unemployed and the bereaved families of people who died during the violence.

Although her children would be disappointed not to have Christmas presents, she would explain to them why they were not celebrating this year and she hoped they would understand.

"When I think of the people who lost their breadwinners and loved ones this year, I can't see my family celebrating. Instead I'll consider taking my children to church on Christmas Day and afterwards we will have a Sunday lunch," said Mabale.

There was nothing new in township folk having "Black Christmases" because they had been there since 1976, said receptionist Wendy Ramolosa.

"I don't think anyone in his right mind will oppose Azapo's call because VAT and violence affect everyone. If one survives the train attacks or the random street killings in the township streets, one will certainly not avoid VAT, said Ramolosa.

Charles Bulo commented: "I'm ready to sacrifice my Christmas pleasures to fight VAT and the township violence," while Willie Kambule had the last word. "Azapo is right," he said.

Shrinking margins hammer Morkels

BDay 25/11/91 (30)

MARCIA KLEIN

MORKELS' earnings were slashed from 8,9c to 1,1c a share in the six months ending September, as trading conditions worsened and its interest bill grew.

The furniture and sports goods group, which owns the Morkels and Totalsports chains, also announced the strategic acquisition of the family business, Ajay Sports for an undisclosed sum.

Ajay would strengthen Morkels' position in the sports goods and leisurewear market, and would "lessen our dependence on the cyclical and cash-hungry furniture sector", MD Carl Jansen said at the weekend.

Morkels' results follow what Jansen described as "even tougher market conditions than were anticipated after the first quarter".

Group turnover grew by 13% to R136,2m (R120,5m). Jansen said the Morkels chain had recovered market share, as its turnover had increased by 7,1% "in a lacklustre market which grew by a nominal 6,2%". At the end of the first quarter Morkels' turnover was down by 6,9% compared with the market's growth of 6,1%.

The Totalsports sports goods and apparel chain had "forged ahead", showing a 56% sales increase to R22,8m compared with a market increase of 9,6%. Totalsports' sales represented 16,7% of group turnover, compared with 5,1% five years ago.

Jansen said tough market conditions had resulted in a 29% reduction in operating profit to R7,8m (R11,0m).

Pre-tax profit of R391 000 was 95% below the previous year's R7,3m on the back of "shrinking margins, escalating costs and a high interest bill".

The group enlarged its store base by adding four Morkels stores and seven Totalsports stores, and plans to open another one and five stores respectively before the March year-end.

This expansion would bring its store count to 131, 31% more than the 100 stores in place only two years ago.

The borrowings necessary for this expansion, as well as conservative accounting policies led to high gearing, and saw interest double over the period to R7,5m (R3,7m).

Jansen said: "Against this background, and with no indication of an improvement in the economy or consumer demand in the short term, the directors have decided to pass the interim dividend."

But Morkels would continue to provide in full for deferred tax, make ample provision for doubtful debts and disclose all assets and liabilities on the balance sheet.

Newly acquired Ajay holds the franchise for Japanese high-tech Mizuno athletic footwear and apparel, the world's fourth largest sporting brand name.

Jansen said the acquisition would have no material effect on the group's assets in the current year, and could place further strain on the group's financial resources in the medium term, but it did herald a significant shift in the nature of the future business of the group.

He said the acquisition presented "exciting long-term prospects, coinciding as it does with SA's re-entry into the international sports arena".

Indaba focuses on plight of city CBD

STAR 25/11/91

By Louise Burgers
Municipal Reporter

The perception that Johannesburg was a dangerous, dirty city with a lack of transport has to be changed.

This was the message given to the 150 invited delegates to a major conference on inner-city problems which began yesterday.

Businessmen, community leaders, and city councillors and officials have been brought together in a unique initiative by the business sector and the city council to set up an agency to deal with serious problems in the city's centre.

Representing the business community, Anglo American Property Services managing director Gerald Leissner said he did not believe people's perception of Johannesburg was true — and it had to be changed.

Overdue

Community leader Dr Nthato Motlana, who opened the conference, said the major issues in the city were violence, a lack of security, the flight of business and investment to the suburbs, and a lack of management in the city centre.

Johannesburg civic spokesman Cas Coovadia said the initiative was long overdue.

Mr Leissner also said structures should be set up to involve the vast majority of people not represented in city government.

During the two days, delegates are divided up into workshops.

International Downtown Association president Richard Bradley was brought in to act as a facilitator. He emphasised that the conference was not an exercise in talk, but a forum to decide action.

Partnership

Workshop topics included: improving the economy and attracting investment, business assistance and job creation, urban development, security and public safety, transportation, housing and social infrastructure, retail strength, culture and entertainment, marketing the city, and managing the city.

Johannesburg City Council management committee chairman Ian Davidson said the council was very aware that the CBD was the nerve centre of the city, which was in turn the heartland of SA. To support that centre, there had to be a partnership between the council, the private sector and the broader community.

Mr Coovadia said delegates needed to recognise the seriousness of the situation, not only in the CBD but in the entire metropolitan area.

"There are no easy solutions, but we should arrive at a process by which we can address the problems."

The conference ends today with a press conference this evening.

More bad news for Morkels shareholders

30

STAR 25/11/91

By Jabulani Sikhakhane

Furniture retailer and sports goods chain Morkels, whose earnings for the six months to September collapsed 88 percent to 1,1c has warned that shareholders should expect a substantial decline for the full year to March 1992.

No interim dividend is being paid as the directors do not expect any improvement in the economy or consumer demand.

They comment: "As yet there is no indication of renewed consumer spending and although retailers should expect demand to pick up prior to Christmas, it is doubtful whether this will be sustained into the new year."

During the review period group turnover rose 13 percent to R136,185 million. The furniture chain did well, reversing a 6,9 percent decline in sales in the first quarter into a 7,1 percent growth to R113,4 million. Over the six months to September industry growth was 6,2 percent.

The best performer was Totalsports, recording a sales increase of 56 percent (against the market increase of 9,6 percent) to R22,8 percent, thus increasing its contribution to group turnover from over 12 percent to 16,7 percent.

However group margins were under pressure and operating profit declined 29 percent to R7,85 million. A major factor here could be the furniture chain where provisions for bad debts and unearned finance charges totalled 25 percent of the total debtors book.

Borrowings increased substantially to fund group expansion. Short-term loans more than doubled to R67,79 million, lifting gearing to 133 percent (77 percent). This resulted in the interest bill shooting up 104 percent to R7,46 million.

Pre-tax profits dropped from R7,33 million to R391 000. But a reversal in the tax charge of R67 000, helped reduce the fall in taxed profits to 87 percent to R458 000.

Meanhwile the group has announced the acquisition of sport distributor Ajay Sports for an undisclosed sum.

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(in the Republic of South Africa
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ry Report

ounce the following financial results of the company for the year ended 31 October 1991.

	Year ended 31.10.91 R'000	Year ended 31.10.90 R'000
it		
e taxation	37 267	33 426
	131	96
	37 136	33 330
taxation	27 365	—
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e		
	34 981	6 690

Call for boycott

Sowetan

THE Maokeng Civic Association has called on residents to boycott white-owned businesses starting tomorrow. 25/11/91

MCA spokesman Mr Dennis Bloem said the boycott was being launched in protest against the demolition last Wednesday of more than 50 shacks - belonging mostly to the aged - police and members of the SADF.

Tough fight likely for Christmas sales

30

B/Day 25/11/91

MARCIA KLEIN

RETAILERS have stocked up for Christmas, despite gloomy predictions for sales over the period.

Although recently released CSS figures showed retailers expected sales to plunge by a real 5,2% in December, it seems they have not put their money where their mouths are, and have gone ahead and planned for a busy season.

A major retailer said on Friday that while all signs pointed to a sluggish Christmas in which retailers struggled to meet budgets and maintain their market shares, retailers were bullish "because they had to be".

But another retailer said Christmas prospects should be viewed against depressed sales throughout the year. While retailers could be increasing stock — as they should — this would not be at the same levels as in previous years.

Pick 'n Pay marketing director Martin Rosen said his group was preparing for a good Christmas as it had good ranges and prices were competitive. Its advertising plans were all in place.

He said results from the November month-end would be crucial in determining trends leading up to Christmas.

Rosen did not expect a large amount of price cutting, as prices had been sharp and margins had already been cut throughout the year. However, if retailers were sitting with too much stock, there were few buyers and it was two days before Christmas, prices could be cut to get rid of stock.

Checkers financial director Francois Rossouw said the chain had stocked up in the hope of a good season, and would increase advertising as it always did at this time of year. He said retailers would have to remain competitive, and this could mean some specials and discounts.

OK Bazaars marketing director Mervyn Kraitzick said there would not be the same rate of growth in sales as in the past, but business would still peak over Christmas. He expected some retailers could spend more money on advertising, and there could be some additional discounts in the hope of attaining increased sales. But generally, prices should not come down as retailers were "involved in a permanent price war".

Woolworths MD Sid Muller said Christmas would be tough and his group expected there would be discounting in the retail market. But he would not comment further on strategies Woolworths would use to attract sales.

Another retailer said there had been some excellent offers during the year as companies tried to attract sales, so he did not expect any substantial price decreases in the run-up to Christmas.

PE boycott is working — shop owners

CT 26/11/91

PORT ELIZABETH — Shop owners here have admitted that the consumer boycott — which began three weeks ago — is damaging trade.

Local ANC spokesman Mr Bongani Gxilishe claimed the effectiveness of the boycott had prompted the business community to consult with the boycott committee in a bid to reach a compromise. He said yesterday the boycott will be reviewed this week.

Port Elizabeth Chamber of Commerce president Mr Anton Vlok confirmed yesterday that meetings with the committee had been held.

Richmond shop boycott ends

(30)

Own Correspondent

eT 26/11/91

DURBAN. — It's business as usual in Richmond after a decision by the ANC at the weekend to lift the boycott of white-owned businesses which started on November 6.

The town clerk of Richmond, Mr Tony Brown, said the decision was taken at a meeting on Saturday between the ANC and the town board, chaired by the MP for Natal Mid-East, Mr William Whyte.

Mr Brown said it was agreed that the board's responses to issues raised by the ANC on November 12 were acceptable, subject to an amendment to an item dealing with the incorporation of Ndaleni.

Food hikes continue to reflect VAT

BDay 20/12/91

MARCIA KLEIN

(30)

FOOD industry spokesmen said yesterday the fresh 10-year peak in the rate of food inflation could reflect the continued effect of VAT as well as seasonal price changes.

But they said the latest figures were, nevertheless, disturbing and added that the current investigation by the Board of Trade and Industry into the food price issue could clear the air regarding the source of price hikes.

Retailers said yesterday that increases resulting from VAT would continue to be reflected in the year-on-year figures for food price inflation. The higher month-on-month increase could reflect the fact that many major retailers refused to accept price increases before VAT and during its implementation, and these increases were only now starting to filter through.

The major contributors to higher food prices in November were fruit and nuts, which showed an increase of 9,2% over October, meat (5,1%), vegetables (3,4%) and coffee, tea and cocoa (3,3%).

A Red Meat Producers' Association spokesman confirmed that since October, production prices had shown a marked increase after lagging for about four years. He said this cyclical phenomenon was common over a seven-year period, and prices could be expected to increase over the next two years.

Pick 'n Pay chirman Raymond Acker-

☐ To Page 2

Food

BDay 20/12/91.

(30)

☐ From Page 1

man said apart from the effect of VAT on meat prices, meat was generally more expensive when there were good rains, and there was a glut of meat on the market during a drought.

He said the changes in the prices of other produce was often climatic, and some of the increases could be purely seasonal. Ackerman added that his group had recorded a 13% increase on all food prices.

OK Bazaars marketing director Mervyn Kraitzick said meat prices had risen by about 7% to 8% over the past few months, excluding the effect of VAT, and fruit and vegetable prices had risen by 5% to 7%.

The tea, coffee and cocoa price hike mainly reflected an increase in the price of tea. He said this was because the OK had not accepted price increases by suppliers before VAT and during the VAT changeover, but these increases could not be held off indefinitely.

Consumer Council deputy director Ben Stafford said while the drop in the inflation rate was good news for consumers, the council was concerned that the food price index was still increasing. He also expressed concern about "businesses that abuse the Christmas season by drastically increasing their prices".

Call for lower interest rates

(30) LINDA ENSOR

CAPE TOWN — A reduction in interest rates was long overdue, Pick 'n Pay chairman Raymond Ackerman said yesterday.

"I do not think government realises how tight the economy is and how widespread is unemployment," Ackerman told a function marking the appointment of retired Arthur Andersen MD Colin Hultzer to the main board of Pick 'n Pay Stores. B l Day 26/11/91

"Now is the time to stimulate the economy. There is far too little business activity," Ackerman said.

Ackerman said real sales of sugar, bread and mealie meal from January to date were down on the same period last year.

He said that group turnover for September and October was below budget but that there had been a slight improvement in November, lending hope to prospects of a reasonable festive season. Savings in some areas had offset below-budget performance.

He added that the group was quietly confident about results for the second half of the financial year.

Scab labour sparks consumer boycott

B Day 26/11/91 (30) 243

VERA VON LIERES

LOCAL businesses at Dannhauser in northern Natal were hit by a consumer boycott as a wage strike by more than 3 000 miners at Iscor's Durban Navigation Colliery (Durnacol) entered its fourth week yesterday, the NUM said.

Media officer Jerry Majatladi said workers and community members last week started boycotting local businesses to protest against "scabs, mainly recruited from the town".

More than 3 000 coalminers have been on a legal wage strike at Durnacol since November 4 after wage talks deadlocked at a conciliation board hearing, Majatladi said. The union was demanding wage increases above the inflation rate while the company is offering increases ranging from 10% to 14%. The current monthly minimum for surface workers was R447.

Iscor spokesman Ernest Webb-Stock said yesterday the company was offering a 10% wage increase.

Sapa reports Webb-Stock said Durnacol was the only operation where Iscor had not signed a pay agreement with 14 unions, including the NUM. NUM members had accepted a 10% increase at, among others, the Sishen iron ore mine in the northern Cape and the Thabazimbi iron ore mine in the north-western Transvaal.

Majatladi said the NUM was prepared to hold talks with Iscor management to resolve the dispute.

"Scab labour can never be an answer to workers' legitimate demands but could lead to a strained relationship between NUM and management."

Good showing from Teljoy despite stiff competition

B/Day 26/11/91

30

MARCIA KLEIN

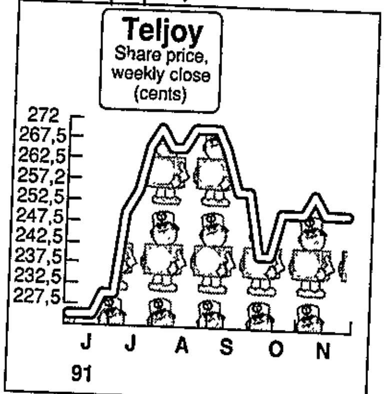
TV AND video rental company Teljoy reported a 25% increase in profit after normal taxation to R8,3m (R6,6m) in the six months to end-September.

However, a high tax bill — following a one-off R1,6m deferred tax benefit in the previous financial year — saw it increase its net profit by a marginal 1% to R8,3m (R8,2m) and its earnings similarly to 14,3c (14,1c) a share.

Apart from the effect of the tax bill on bottom-line earnings, the company reported good results, with a 20% turnover growth to R86,0m (R71,9m), and a 23% higher operating income of R17,7m (R14,4m). This reflected improved margins, which executive chairman Theo Rustein said was pleasing in light of competitive trading conditions.

The interim dividend of 4,5c a share was maintained, covered 3,2 (3,1) times.

During the six months, Teljoy invested R24m in TVs and VCRs to support the rental division's sales drive, but Rutstein said capex in the second half would be lower than the previous year following the completion of the fleet standardisation programme.



Graphic: LEE EMERTON Source: I-NET

The benefits of the Mastercare restructuring and reduced gearing in Teljoy Rediffusion would only be felt towards the end of the year, Rutstein said.

A major thrust in the future would be an extention into new areas of security, especially into the area of retail shrinkage control and security.

In terms of the rental division, there were some opportunities with SA having increasing access to international sporting events. Teljoy had "not even begun to scratch at the surface in terms of the black sector".

Rutstein said he also expected longer term opportunities in terms of television education.

All divisions — particularly the rental division which contributes 80% to 85% of group turnover and profits — had grown market share in the face of tough competition.

Rutstein said that the finance charge — which rose by 22% to R6m (R4,9m) — did not yet reflect the fact that strong cashflows had reduced gearing from 140% to 117% (121% at the March year-end). Gearing would go down in the second half, barring any acquisitions, he said.

A 32% rise in pre-tax profit in the core rental business was partially diluted by "poorer than expected results from Mastercare and Teljoy Rediffusion" (the maintenance and video security divisions), resulting in a 24% increase in pre-tax income to R11,8m (R9,5m).

STAR 27/11/91

Boycott ends in Messina

By Abel Mushi (30)

The Messina Civic Association (Meca) yesterday called off the two-week-old consumer boycott of white businesses in the northern Transvaal town after some of their demands were met.

Meca chairman Abram Luruli said the organisation had reached agreement with the Messina Town Council on issues including the dissolution of the Nancefield Local Authority Committee, removal of a dumping site from the township and withdrawal of charges against residents who took part in marches in the town.

"Remaining demands include the resignation of Johan Kok as the chief executive officer of Nancefield," he said.

Residents have agreed to apply for permission to stage marches if their applications are not be unjustly rejected.

Christmas boycott

Activists in the Transvaal town of Warmbaths yesterday announced a consumer boycott of white businesses from December 3 to January 2. Bela-Bela township civic association spokesman Jan Thubakgale said the boycott was sparked by the refusal of the town's authorities to allow protest marches against alleged police harassment.

30

STAR 27-11-91

Milstan has tough six months

MARCIA KLEIN

CONSUMER electronic products retailer Milstan Holdings (Milstan) had a tough six months to end-August, when attributable earnings almost halved to R995 000 (R1,9m). B/Day 27/11/91

The company, which trades as Stans and Miltons and has a controlling interest in Hi-Fi Specialists, increased its turnover by 13,4% to R68,4m (R60,3m), the rise being mainly due to the opening of four new stores in prime shopping centre locations, financial director Laurance Etkind said. Two stores were closed during the period.

Increased pressure on margins was reflected in a 41,2% reduction in operating profit from R2,8m to R1,7m. Milstan's bottom line performance was further affected by the fact that it paid interest of R32 000, after receiving interest of R96 000 at this time last year. (30)

Profit after a reduction in ~~taxation~~ taxation was 45,7% lower at R1,1m (R1,9m), and earnings declined by 47,8% to 3,6c (6,9c) a share.

Directors said "in view of the traditional strong cashflows, as well as the underlying strength of the business" and its long term market strength, an interim dividend of 2,0c was declared, 11,1% down on the previous year's 2,25c.

Etkind said Milstan remained "aggressively committed to building market share by placing consumer electronics within reach of a broad target audience". The company planned to open two stores over the next four months.

Milstan hoped for good Christmas sales.

Barprop sets out rules for more developments

B/Day 27/11/91

PETER GALLI

BARLOW Rand Properties (Barprop), under current property market conditions, will undertake new property developments only if they are substantially pre-let or existing vacancies have been reduced, and the economy shows signs of recovery.

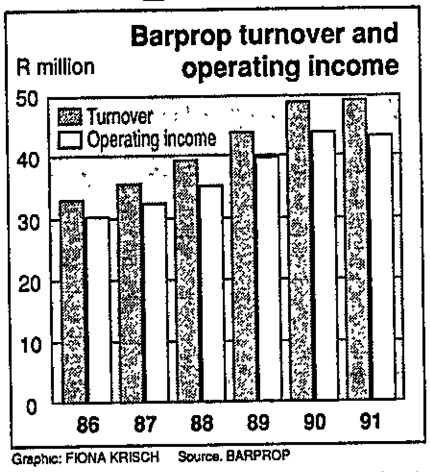
In his chairman's statement in the latest annual review, Evert Groeneweg said management continued reviewing its property portfolio in the light of market requirements and urban expansion trends so as to optimise growth over time.

"Balancing the spread of properties and concentrating the portfolio into the major centres continued, with R19,9m being realised from the sale of decentralised properties over the year," he said.

The weaker economy prevented the group from disposing of all property investments previously identified, with the remaining decentralised properties and vacant land, valued at R22m and R14m respectively, to be sold in 1992 should conditions permit.

"After these sales, Barprop will have almost completed its disposal of 75 identified decentralised and low-growth properties. The R114m cash realised over the three-year period from 1990 to 1992 will be reinvested," Groeneweg said.

Developments to the value of R10,9m were completed in the year under review, and have been leased on a long-term basis to the tenants. A number of property acquisitions were made over the year, and several new developments were started.



Graphic: FIONA KRISCH Source: BARPROP

Barprop's portfolio was 99% let at the year-end and it is not expected that any material vacancies will occur during 1992.

In the year to end-September, Barprop paid dividends 7,7% higher at 11,53c a share, with the annual rate of interest paid to loan stockholders rising to 16,91% from 15,71%.

Turnover rose to R48,882m from R48,531m, with operating income dropping to R42,979m from R43,796m.

Spescom reverses loss

B/Day 27/11/91

WILLIAM GILFILLAN

ELECTRONICS group Spescom has reported earnings of R751 000 for the six months to October, having made a loss of R431 000 in the comparable period last year.

Whereas a 2,2c loss a share was recorded last year, earnings a share of 3,8c were turned in this year.

Turnover, at R18,6m, was 42% up on last year's R13,1m converting into an operating profit of R1,8m against last year's operating loss of R39 000.

MD Johan Steyn was bullish on potential growth in the export market. He hoped exports, which had generally accounted for no more than 10% of turnover, were to rise to between 20 and 30% by 1994.

EXECUTIVE SUITE

earnings of R476 000 last year.

the last four weeks, Kardol said.
John Russell, who will remain as Pro-

throughout the country. There are offices in Durban, Cape Town and Johannesburg.

Rabie abandons black housing to go upmarket

B/D cuy 27/11/91

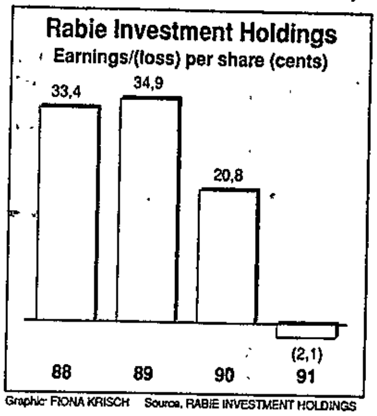
WILLIAM GILFILLAN

RABIE Holdings had cut back the number of houses it built in the black market to 30 a month from its peak of about 300 a month a few years ago, finance director Ken Maggs said yesterday.

The group, which was previously one of the largest black housing developers, was now heavily involved in the upmarket residential market in Cape Town, he added.

Following this direction change, the group had enjoyed "phenomenal success" with its R100m Dolphin Beach development and R21m Sea Glade development.

Eighty percent of the 150 units at Dolphin Beach — on the shores of Table Bay — had been sold before construction started.



Graphic: FIONA KRISCH Source: RABIE INVESTMENT HOLDINGS

Three-quarters of the 71-unit Sea Glade development, at Hout Bay, had been sold before building began.

Rabie had drastically reduced its exposure in the black housing market after a R708 000 operating loss for the year to June. (Last year a R5,7m operating profit was earned.)

Although the group remained exposed to this market in the Transvaal, it had withdrawn from it in Natal and the Cape. The group was continuing in the Transvaal because it still had some land holdings to develop there, Maggs said.

An industry source said he believed the black housing market to be dead. "Financial institutions have curtailed their lending and reassessed the risk in this market. Also, with high unemployment and high interest rates, only a few people are in this market."

But Rabie remained exposed to the low-income housing market through its 40% holding in Kwikspace, which included the Zozo, Portacamp and CI Park Homes businesses.

In the 1991 annual report, chairman John Rabie said the real need in the low-income housing market was "in the area of shelter and below a cost of R10 000".

Beare shows sales growth

B/D cuy 27/11/91

MARICA KLEIN 30

PREFCOR's furniture subsidiary Beare Group seems to be defying poor trading conditions in the furniture industry, says Beare Group chairman Hymie Sibul.

Recently released figures show that sales in the furniture and appliances sector grew by 3% in October over the same month last year, but Beare has shown a 27% growth, he says.

Not only has the 200-store chain kept its sales up during the recession, but Sibul claims it is also one of SA's most active furniture and appliance retailers.

Beare has embarked on a major expansion programme. Growing markets have been identified in neighbouring countries.

Sibul says although trading conditions are certainly tough, "we are doing things a little different", and Beare's aggressive consumer-oriented marketing programmes have seen it gain market share.

He attributes this to Beare's intimate knowledge of the market, looking after its staff, careful credit control and selective organic growth.

There has been some increase in sales over the past week to 10 days, "which is pleasing in the current climate", he says.

Boycott: Shop's door welded shut

THE only business in Kuruman which has been exempted from the local consumer boycott was this week welded shut by vandals.

The lock and front door of a take-away restaurant in the Northern Cape town was welded shut on Monday night.

Death threats were also made against the owners and staff of Hamburger King, which belongs to Frenchman Mr Laurent Mathieu and his wife Maria, who are both members of the ANC in Kuruman. Their customers are mostly black.

Mrs Mathieu said her sister Mrs Maisie Petersen had arrived at the shop on Monday morning and had found that the lock and part of the door jamb had been welded up.

Mrs Petersen later received a telephone call from an Afrikaans-speaking man who told her: "You and your ANC people. We will kill all of you in the shop."

On Tuesday morning Mrs Mathieu and a policeman found that the lock had once again been welded shut.

CT 28/11/91 30

The consumer boycott was launched by the ANC on November 22 to pressure the Kuruman Town Council into opening municipal facilities to all races and permit peaceful demonstrations in the town. — Sapa

Car rental spending revs up

MARC HASENFUSS

SLUGGISH new vehicle sales will receive a much needed boost from increased spending by the big three car rental firms next year.

Fleet replacement spending by Avis, Imperial Car Rental and Budget Rent-a-Car will top 15 000 units at a cost of about R600m next year, industry spokesmen say.

Although rental volumes have dropped 20% in 1991 and are expected to drop a further 8% in 1992, a steady improvement in overseas tourism has prompted a more bullish outlook from the main rental firms.

Imperial Car Rental MD Carol Scott was optimistic about prospects for the car rental sector. The group is set to spend R240m on 6 000 new vehicles next year. She said the group had seen tremendous overseas demand as well as a rapid recovery in domestic business in the past few months.

Avis will buy 5 500 new vehicles, 7% up on the previous year, while Budget expects to maintain spending at this year's levels and will buy 3 650 vehicles next year.

Budget MD Tony Langley said that overseas tourists were pouring in, pushing up rental levels. And Avis MD Grenville Wilson said business was picking up steadily with the group's overseas connections ensuring a strong inflow of business.

Generally business in the car rental industry, which traditionally leads the upturn in the economy, had been encouraging in the past few months, Wilson said.

In the past two years rental companies have pruned their fleets and the national fleet now stands at 10 000 vehicles — 40% down against two years ago. Increased spending on new vehicles will see the fleet jump 50% to more than 15 000 in 1992.

Eddies puts in a strong performance

BIDay 28/11/91 (30)

MARC HASENFUSS

PRETORIA-based motor spares retailer Eddies Stores put in a strong interim performance under tough trading conditions, lifting earnings 39% in the six months to end-August.

The results are in line with indications that business levels in the motor industry aftermarkets started improving in the second quarter of this year.

Eddies, an associate of listed vehicle retailer Vaaltrucar, reported earnings of R1,6m or 5,7c a share compared to R1,2m or 4,1c a share in the six months to end-December 1990. No interim dividend was declared.

The group's financial year-end was changed from end-June to end-February and subsequently comparative figures are for the six months to end-December.

Although no turnover figure was disclosed, MD Lewis Slotow said the profitability of group operations had increased substantially.

This resulted in an improved cash flow, reducing interest paid dramatically from R280 000 to R4 000 in the period under review. He said Eddies would earn a substantial amount of interest in the next six months.

Bottom line was further aided by nil taxation stemming from assessed losses accrued under the group's former management before takeover by a consortium consisting of Vaaltrucar, Broshure Investments and IGI.

Slotow said it would take another six months to a year before Eddies paid tax again.

In the previous interim period Eddies was also hit by a R460 000 extraordinary loss relating to restraint of trade payments and the write-off of amounts previously owned by former holding company Spareco.

Slotow is optimistic about the remainder of the year. Second half results would benefit from traditionally strong Christmas sales, he said.

Eddies was untraded on the JSE yesterday at 30c, near its September high of 35c. The share bottomed at 18c in February.

FM 29/11/91 (30)

SMART CENTRE

Sales slowing

Activities: *Retails clothing.*
Control: *Pepkor 55%.*
Chairman: *C H Wiese.*
Capital structure: *34,5m ords. Market capitalisation: R143m.*
Share market: *Price: 415c. Yields: 2,4% on dividend; 7,2% on earnings; p:e ratio, 13,8; cover, 3. 12-month high, 475c; low, 110c. Trading volume last quarter, 347 000 shares.*

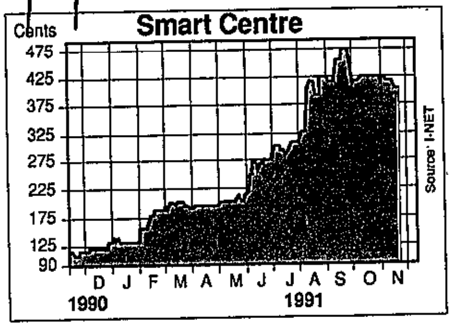
Year to June 30	**'89**	**'90**	**'91**
ST debt (Rm)	14,0	3,1	23,3
LT debt (Rm)	16,1	2,1	3,1
Debt:equity ratio	2,1	0,1	0,5
Shareholders' interest	0,2	0,6	0,5
Int & leasing cover	3,0	4,2	6,2
Return on cap (%)	24,5	24,1	23,6
Turnover (Rm)	105	129	182
Pre-int profit (Rm)	14,2	18,5	26,3
Pre-int margin (%)	13,6	14,4	14,5
Earnings (c)	18,0	23,2	30,0
Dividends (c)	—	8,5	10,0
Net worth (c)	n/a	142	155

In every 1991 annual report in which he appears, Christo Wiese's picture has one unmistakable characteristic — his smile. Wiese is naturally good-natured, but if financial success is the criterion, he has seldom had better reason to smile.

Pepkor's acquisition of control of Smart Centre (Smart) has been like a triumphal march. Smart was listed in July 1990, when it first traded at 155c. Wiese bought control in February this year at a price of 195c, cum a dividend of 3c (*Fox* March 1). It was as if he had thus alerted the stock market to the profit record of Smart and the share price doubled.

There was good reason for the rerating. Since 1985, turnover has grown from R23,3m to R182m, a compound annual rate of 40%. Operating profit has grown no less than 62% a year. The 1991 year did not produce growth rates to enhance the record; nor should it have been expected, because the company now trades off a much higher base. Still, given the present trading conditions, and comparing results with other retailers, it was another very good year.

Smart Centre's Wiese
... reason to smile



Almost all cash retailers suffered from the swing by consumers away from cash to credit purchases. Because it is essentially a credit operation, Smart was well placed. Sales leaped by 40% and operating profit climbed 62%. The interest bill jumped by 47% to R4,2m, but the ratio of interest paid to operating profit remained much the same, at 16%. A higher tax rate trimmed the earnings advance to 31% — a performance that was better than those of most retailers.

Most notable change in the balance sheet is the increase in long-term debt. In 1990, the debt:equity ratio was low and left capacity to increase borrowings. Pepkor has recently been particularly efficient in using borrowed funds to maximise returns. This is probably why total interest-bearing debt has reached R26,3m (R5,2m). The stock increase to R30,2m form R15,8m is rather worrying because trading has not been buoyant since year-end. However, days/debtors decreased during the year.

But Smart faces the real test this year. Sales are not meeting targets and budgets are suffering. Introduction of VAT has caused some hesitancy in consumers whose disposable incomes have decreased and the mood is one of caution.

It will be interesting to see how Smart weathers the 1992 year. If it can again show real growth, it will fully deserve the optimistic rating that the market has accorded the share. *Gerald Hirshon*

Azapo speaks on consumer boycott

Sowetan 29/11/91

(30)

A CALL for a consumer boycott during the festive season did not mean people should not celebrate or forgo ceremonies in keeping with the spirit of Christmas, the Azanian Peoples Organisation said yesterday.

Azapo's publicity secretary, Mr Strini Moodley, said he wished to dispel "misconceptions that are being mischievously spread by the mainstream media" about the boycott.

"With regard to the spirit of Christmas, Azapo sees it in the context of its true implications: the celebration of the birth of a great person in conditions of simplicity, poverty and dignity.

"Big businesses use the spirit of Christmas to advance their profits. Consequently, Azapo has called on all people to stop spending their money from December 16 through to January 2," Moodley said.

"Because it is big (white) business that profits the most from the Christmas season, they are the ones that are being targeted.

"It is this same big business which aided and abetted in the imposition of the hated VAT system," he said.

He said Value Added Tax was now taking its toll on the poor, the aged, the unemployed and the underpaid.

Consequently, Azapo was trying to reflect the material conditions and feelings of the vast majority of black people.

The organisation was meeting and consulting with other liberation movements and trade unions and would also meet black business organisations to outline its position with regard to the boycott.

Moodley warned people to avoid using hotels which had been in dispute with the SA Commercial, Catering and Allied Workers Union.

Checkers 'victimisation'

W/Mail 29/11 - 5/12/91 (30)(24)

By FERIAL HAFFAJEE

THE Checkers grocery chain is seeking to weaken the South African Commercial, Catering and Allied Workers' Union in readiness for the closure and sale of certain stores next year, Saccawu has alleged.

Saccawu legal officer Rosalind Nyman this week claimed the firm was "victimising" key shop stewards.

A major flashpoint is the dismissal of Ivan Molefe, a chief shop steward and member of the union's negotiating team. Nyman said national strike action on the issue was looming. The company maintains Molefe acted dishonestly and that his dismissal was procedurally fair. Saccawu claims he was unfairly dismissed.

Nyman said two other members of the negotiating committee had recently crossed swords with management. "A weaker union will not be able to fight the retrenchments restructuring is likely to bring."

Checkers has denied all claims of victimisation.

● In a fresh bid to end the six-week strike at Ellerines, management has proposed new talks with Saccawu. In the past fortnight, 300 striking workers have been arrested for defying an interdict restricting pickets.

PENNYPINCHERS/PENBOARD

FM 29/11/91 (30)

Panel flexes its muscle

The Securities Regulation Panel has intervened in the bid by building materials supplier Pennypinchers Holdings (Penpin) to minorities in listed subsidiary Pennypinchers Boards (Penboard), by telling the holding company to raise its offer.

Citing Rule 5.1 of the Securities Regulation Code, which came into effect in Febru-

FM 29/11/91 (30)

ary, the panel ruled the offer must be increased from 65 to 75 Penpin shares for every 100 Penboard. Penboard is currently quoted at 30c against Penpin's 50c.

Rule 5.1 stipulates that if a party acquiring a company has dealt directly or indirectly in that company's shares in the three months before making an offer to minorities, those minorities should be offered terms similar to the most favourable conditions of the previous acquisitions.

Penpin, of which P G Bison holds 48%, announced on November 21 that it was offering to buy the 2,2m Penboard ordinary shares (17%) it does not already own or control. In the event of acquiring more than 90% of minority interests it intends to invoke section 440k of the Companies Act and compulsorily acquire the oustanding shares.

However, panel executive director Doug Gair says Penpin last month acquired 11 200 Penboard at 40c each, so the group was instructed to improve its offer to minorities accordingly. Gair says this is the first time this section of the Securities Regulation Code has been applied. The closing date of the revised offer has been extended from December 13 to 17.

Simon Cashmore

'Sin' to shop on Sundays

ARG 30/11/91

DI CAELERS
Weekend Argus Reporter

EVERY Sunday thousands of people in Cape Town are unwitting "accomplices" to crime — simply by going shopping.

Sunday trading is proving extremely lucrative for store-owners despite continued opposition from churches. But the official word is that it is illegal.

And, says the Cape Town Chamber of Commerce's business affairs manager Mr Albert Schuitmaker, the controversial issue of Sunday trading is unlikely to be resolved soon. "Sunday trading has been left out of the new Businesses Act which will come into effect on January 1," he says.

A Cape Town City Council spokesman said trading on Sundays and certain public holidays was still restricted to a list of "essentials" — which included chemist and cafe-type goods — according to the Shop Hours Ordinance of 1976.

However, there is overwhelming public support for Sunday shopping. A Chamber of Commerce survey of 17 stores one Sunday morning two years ago noted 65 000 transactions in just four hours.

Mr Schuitmaker said he was surprised that the wish of consumers, "which is made clear every Sunday ", had not brought deregulation.

"Sunday trading is continuing and expanding. Consumers are voting in favour of it with their feet but the regulations have not yet been amended."

An interesting development was the apparent voluntary code of conduct which had developed in the private sector with regard to Sunday trading hours. "Although there are no relevant laws, businesses seem to stick to the 9am to 1pm opening hours," he says.

Professor Johan Heyns, vice moderator of the general synod of the Ned Geref Kerk, told Weekend Argus that the extent of Sunday trading was "very worrying" and the possible introduction of Sunday cinema "very disturbing".

The NGK wanted "no trading" for Sundays or alternatively for it to kept down to bare essentials.

"The real difference between Sundays and the rest of the week has disappeared. We are very strongly against that since it alters the holy character of Sundays," he said.

A quick survey of Cape Town's major shopping malls showed that almost half their stores opened regularly for Sunday trading.

All the major supermarket chains had stores open for business.

But cinemas remain firmly closed on Sundays although sources in the industry predict exciting changes for the new year.

Ster-Kinekor's managing director, Mr Philip McDonald, said there was "much more acceptance" for the idea.

Late last year a Ster-Kinekor survey revealed that 70 percent of the public was in favour of Sunday movies.

Mr Sven Nothard, Numetro's managing director, said the government had "taken a positive attitude on Sunday cinema".

He said South Africa was the only country left in the world which did not allow Sunday movies.

Cape to get a new Chain Reaction? (30)

PICK 'n PAY's third clothing-only outlet, Chain Reaction, "could well be opened in the Cape", Mr Raymond Ackerman, chairman of Pick 'n Pay, said in an interview this week. S Times (CM)

The group's first Chain Reaction store opened successfully in Port Elizabeth in April last year, while the second opened in Claremont, Cape Town, in early October this year. 1/12/91

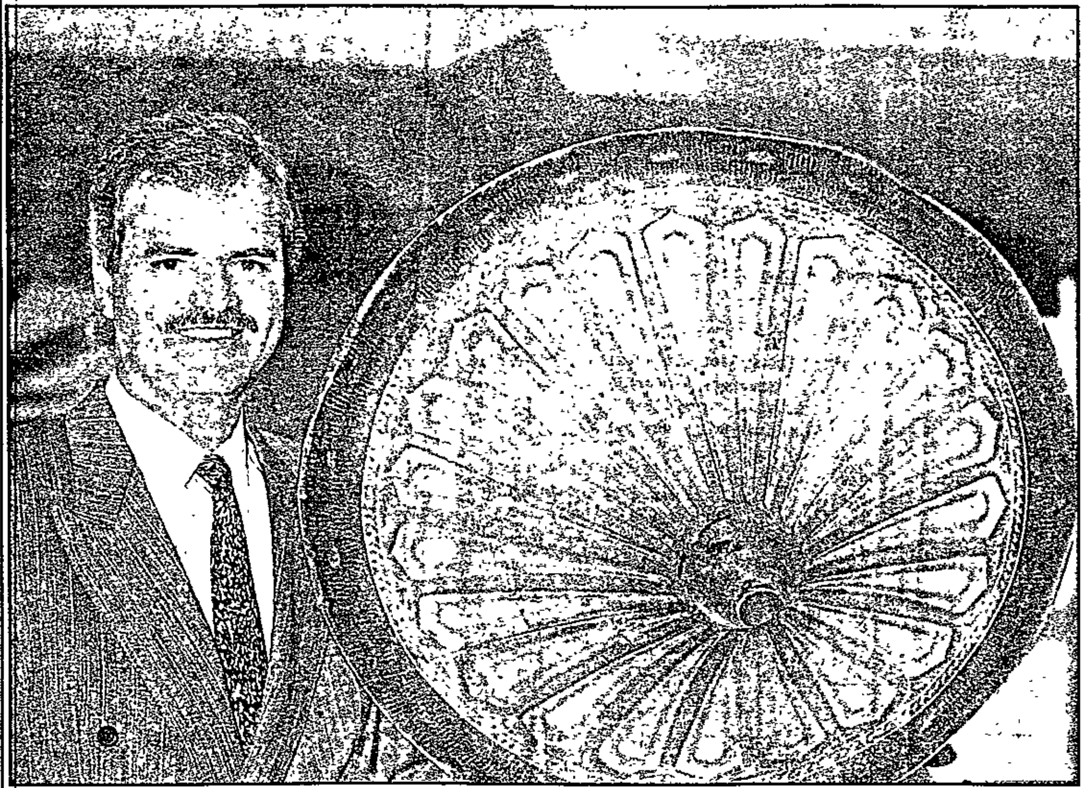
The stores offer high-quality clothing and household textiles.

Mr Ackerman said the site of the third store would be decided after a full evaluation of trading at the Claremont store.

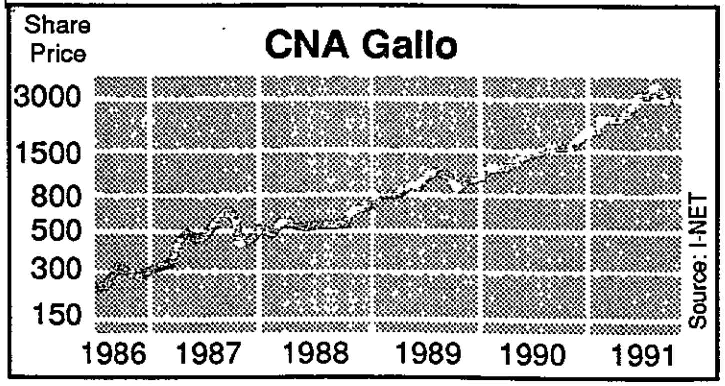
"This will take place early next year, and the third store could well be opened in the Cape," Mr Ackerman said.

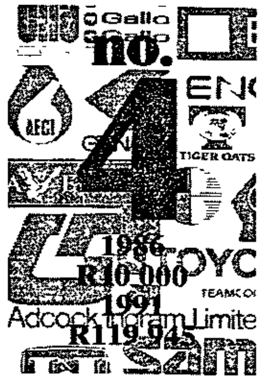
Up to five new Chain Reaction outlets are planned annually throughout South Africa.

Dennis passes the kudos



DENNIS CUZEN . . . sweet music from an old-time phonograph amid good news of fantastic dividends and growth for shareholders





DOUG BAND'S BAND KEY TO THE CNA GALLO GALLOP TO PROFIT PEAK

30 S/Times (BUSS) 1/12/91.

By JULIE WALKER

A MASTER plan implemented five years ago by then chief executive Doug Band is one of the major reasons behind CNA Gallo's success.

This tribute is paid by current chief executive Dennis Cuzen, who has been in the group long enough to have the history right. Mr Cuzen says Mr Band is one of three factors to CNA Gallo's fantastic returns for shareholders.

The second reason is the high quality, depth and loyalty of management and staff and the third, the inherent potential of the core businesses in which the group trades.

TOP 100 COMPANIES

Everyone knows the retailing arm of the CNA Gallo group — the one that is first with the goodies.

There is a retail and a wholesale side to the division. There are 315 CNA outlets selling reading matter, home leisure, education and entertainment goods.

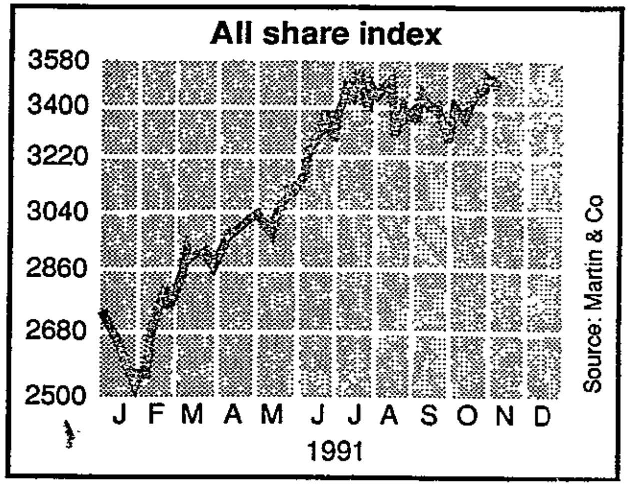
The Literary Group houses such names as Exclusive, Pilgrims, Bookworm and Campus as well as a library supply and subscription service and a wholesale book agency

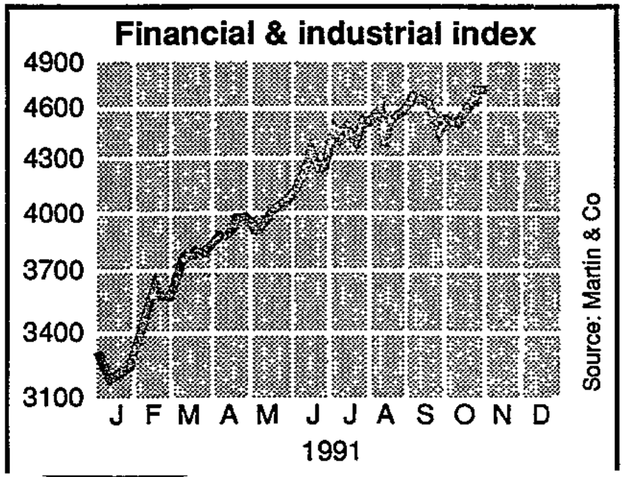
In 1983 CNA and Gallo Africa were merged. Mr Cuzen was with Gallo at the time and headed that Group, whose chairman Peter Wrighton is one of Business Times Top Five businessmen for 1991.

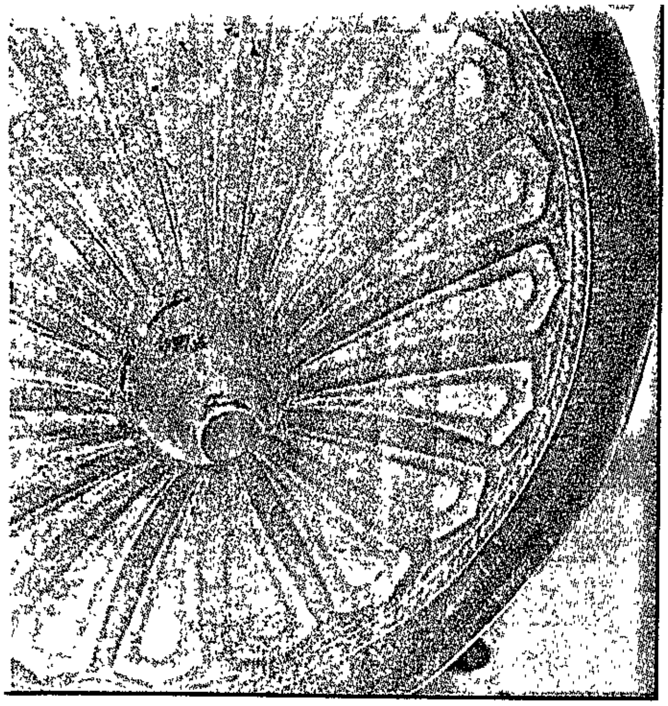
Mr Cuzen says management of the group is highly decentralised. There is a small head-office complement and managers run their divisions autonomously.

Place

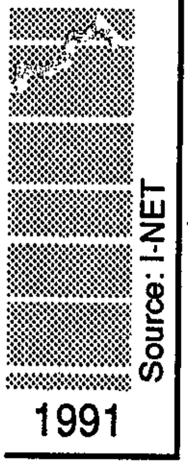
It is no coincidence that

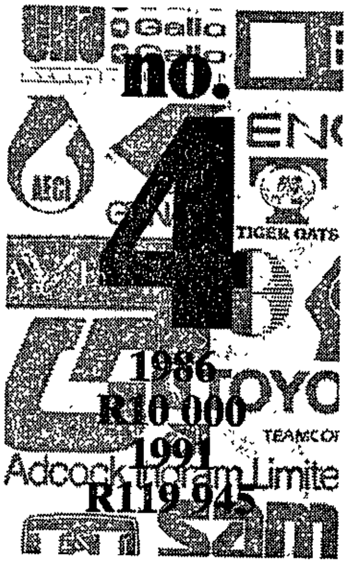






d news of fantastic dividends and growth for shareholders





GALLO GALLOP TO PROFIT PEAK

(30) (17)
S/Times (BUSS)
1/12/91.

By JULIE WALKER

A MASTER plan implemented five years ago by then chief executive Doug Band is one of the major reasons behind CNA Gallo's success.

This tribute is paid by current chief executive Dennis Cuzen, who has been in the group long enough to have the history right. Mr Cuzen says Mr Band is one of three factors to CNA Gallo's fantastic returns for shareholders.

The second reason is the high quality, depth and loyalty of management and staff and the third, the inherent potential of the core businesses in which the group trades.

TOP 100 COMPANIES

Everyone knows the retailing arm of the CNA Gallo group — the one that is first with the goodies.

There is a retail and a wholesale side to the division. There are 315 CNA outlets selling reading matter, home leisure, education and entertainment goods.

The Literary Group houses such names as Exclusive, Pilgrims, Bookworm and Campus as well as a library supply and subscription service and a wholesale book agency.

In 1983 CNA and Gallo Africa were merged. Mr Cuzen was with Gallo at the time and headed that division for four years before succeeding Mr Band in April this year.

Studios

Gallo is the entertainment division, making, distributi‿, and supplying records, tapes, compact discs, videos and allied goods.

It operates recording studios and is active in music publishing.

CNA is supplied with greeting cards from the group's Constantia Greetings.

CNA Gallo holds between 20% and 50% of various publishing, stationery, education and training, shipping and film and video companies.

The two largest shareholders of CNA Gallo are Argus, where Mr Band now presides, and Premier Group, whose chairman Peter Wrighton is one of Business Times Top Five businessmen for 1991.

Mr Cuzen says management of the group is highly decentralised. There is a small head-office complement and managers run their divisions autonomously.

Place

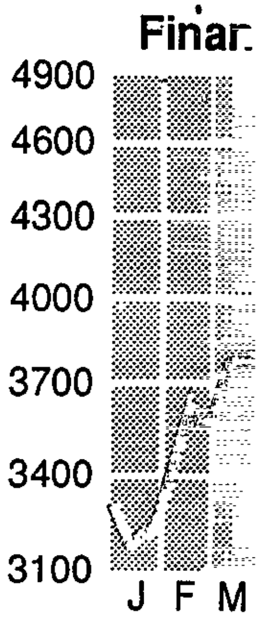
It is no coincidence that CNA Gallo has one of the best records over five years — the same length of time Mr Band's orchestrations have been in place.

His method was to focus on the core businesses, motivate management and staff members, upgrade shops and to embark on what has become one of the most recognised advertising campaigns in SA.

The product ranges are carefully selected to be on target.

List

Extended trading hours are important to the group. Mr Cuzen is highly optimistic about the group, saying: "Our products will be on the shopping list of everyone in the new South Africa. People need to read, be educated and they love to be entertained."



SBDC gives birthday present to shareholders

C|Press 1/12/91

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TO mark the 10th anniversary of the Small Business Development Corporation (SBDC), and in recognition of the commitment and support of its shareholders, a special dividend of 10 percent was declared at the SBDC's 10th Annual Meeting last week.

Issued share capital at March 31 this year amounted to R224 718 602, equally split between private ("A") and public sector ("B") shareholders.

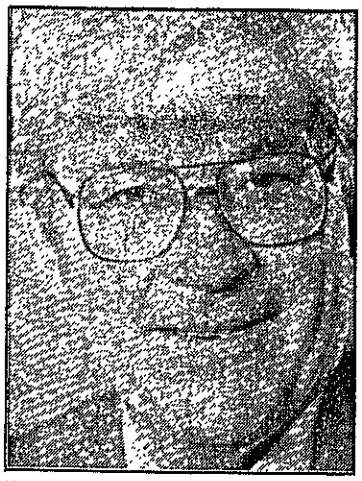
As the SBDC's Articles of Association stipulates that public sector shareholders may only participate in a dividend declaration exceeding eight percent, the 10 percent dividend was declared as follows: 10 percent of "A" shares making R11 235 930; 2 percent of "B" shares making R2 247 186.

Shareholders were given the option of receiving the dividend in cash or by capitalisation of shares.

This is the third dividend declared by the SBDC since its inception in 1981.

A dividend of eight percent was declared in 1984 by way of a bonus issue of shares to all private sector shareholders.

Another dividend of five percent, amounting to R4 294 million, was declared in 1989 and



BEN VOSLOO . . . Managing director of the SBDC.

shareholders were given the choice of receiving it in cash or capitalisation of shares.

So far, total dividends of R7 531-million have been paid by the SBDC to its shareholders. The retained income held by the SBDC at March 31, 1991, amounted to R86-million.

"It is unusual for a development organisation to be declaring dividends at all," said Dr Ben Vosloo, managing director of the SBDC.

"The declared dividend is proof that the SBDC's unique structure of private sector control enables it to apply sound business principles and financial discipline, which is the only real guarantee for sustainable economic growth."

Vosloo said dividends were declared whenever possible to emphasise the SBDC's market approach.

Further proof of the financial discipline and sustained performance of the SBDC was the fact that the value of the shares of the original investors had nearly doubled over the past 10 years.

"With both the past declarations, 95 percent of our shareholders opted to plough their dividends back into our development projects. We believe that the majority of our shareholders will once again decide to do the same," said Vosloo.

Over the first 10 years of its operation, the SBDC granted loans to the value of R1,1-billion to 31 000 entrepreneurs and 280 000 jobs were created and maintained in the process. Nearly R100-million was paid in taxes.

"To maintain a growth rate of 20 percent over the next five years, the SBDC requires an additional capital injection of R750-million," said Vosloo.

ADVERTISING FEATURE

Hives of industry pay off

30 Clpress 1/12/91.

"HIVES of industry" represent an attempt in this country to bridge First World and Third World economies.

They offer an established foundation, or nest, where fledgling enterprises are provided with sufficient breathing space to demonstrate whether they have what is necessary to survive and grow.

The "industrial hive" created by the Small Business Development Corporation (SBDC) is a cluster of workshops, or a large number of workstations, under one roof. It represents a comfortable means for backyard enterprises to move into a more formal mode of economic activity.

Aside from providing basic accommodation at minimal rental, it provides tenants with the SBDC's collective support services, such as loans, business and legal advice, marketing assistance and often, where circumstances warrant, bulk buying facilities.

Most of the hives created so far by the SBDC have been developed inside redundant factories, warehouses and other buildings which the Corporation has bought and converted at minimal cost.

Not only have these provided the means of stimulating self-employment and job-generating opportunities, but also have provided a base for spawning a host of small infant businesses which are beginning to have a material influence on the regional economies where they are located.

The evidence indicates they are providing a means of creating self-employment and job creating opportunities more profilic than home-based activity.

They are also spawning a host of small higher profile infant businesses which would otherwise still be seeking what is sometimes described as "survival recognition".

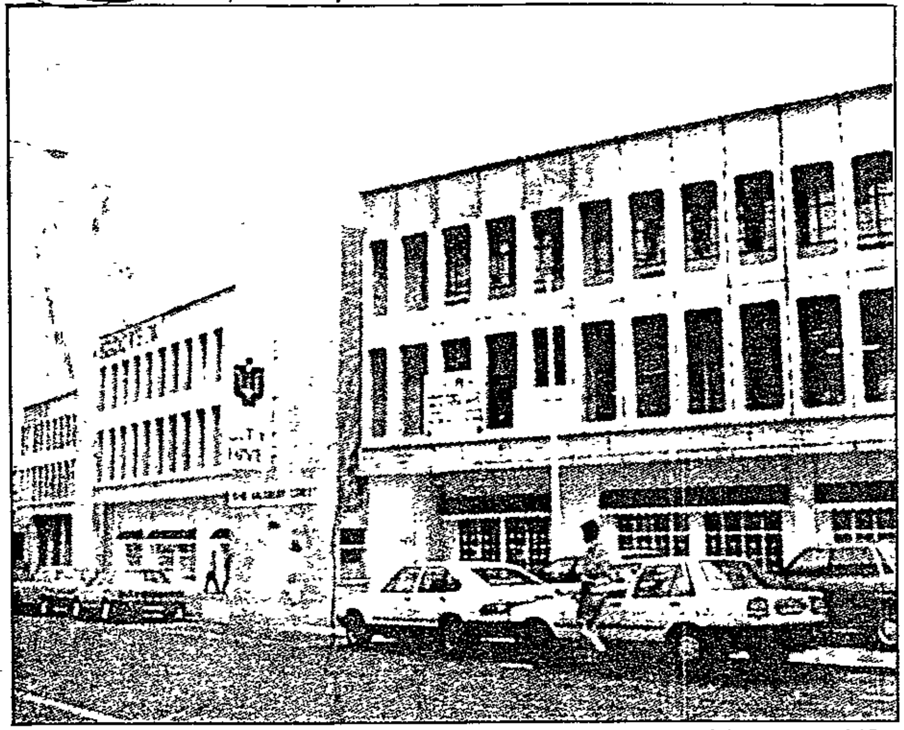
According to the SBDC, the hives are also playing an important role in facilitating sub-contracting partnerships between big and small businesses.

The SBDC's first hive was established in Port Elizabeth in 1985. More have been established throughout the country as the deregulation process has taken hold.

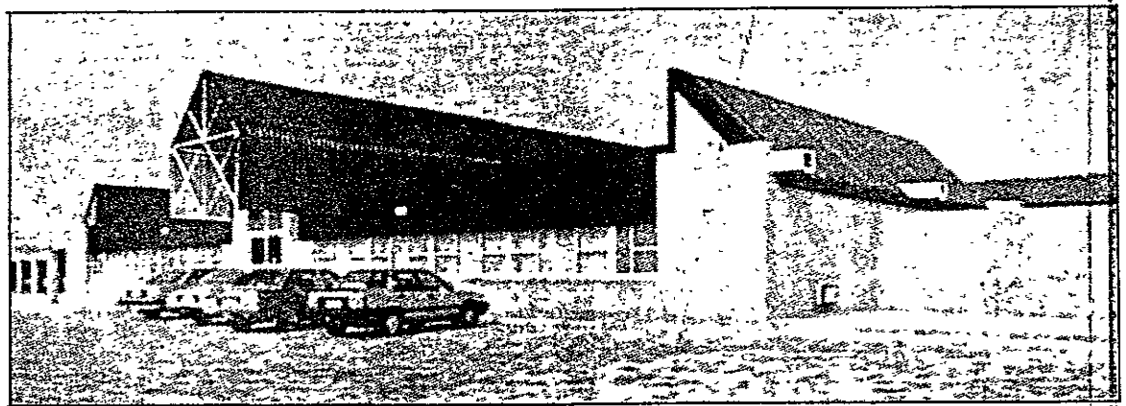
The two largest are Pennyville Hive, on the outskirts of Soweto, and City Hive in Salisbury Street, Johannesburg, currently under conversion. Each accommodates 200 individual small businesses.

In the Western Cape the hive population consists of cluster developments in Blackheath, Athlone, Paarl and the Strand. Further hives are being planned for Worcester, Mitchells Plain and Springbok.

The Blackheath hive currently has a population of more than 100 small businesses, and has a total job creation of more than 500



FOR BUSY BUSINESS . . . City Hive, the SBDC's newest industrial hive, in the Johannesburg CBD.



The industrial hive and branch office of the SBDC in Vanderbijlpark. Hives have spawned businesses which are having a material influence on the economies of the regions where they are located, providing further job opportunities.

No business too small for help

Clpress 1/12/91 30

THE Small Business Development Corporation strives to harness the power of entrepreneurship by developing small and medium enterprises for the benefit of all South Africans.

No business is too small to be considered for help, but the SBDC usually prefers that it:

■ Should be independent.

■ Should have total assets of less than R15-million.

■ Must be economically viable.

■ Should be under the control of somebody with appropriate experience, ability and entrepreneurship.

■ Be profit motivated.

■ Be situated within the Republic of South Africa.

Financial services are provided to clients by means of loans, share capital, instalment sale agreements, hire purchase and credit schemes in co-operation with commercial banks.

The SBDC also helps to assist entrepreneurs with how to locate premises such as industrial parks, factories and shopping centres in areas where it is economically viable.

The SBDC development support services consists of:

■ Advice and information services – they have qualified personnel advising on practically any aspect of business financing, marketing, the law, general administration and management.

■ Consulting services – external consultants and mentor advisers complement the SBDC's service to small businessmen.

■ Training courses dealing with topics from starting a business to improving a business as well as developing the managerial skills of the entrepreneur.

■ SBDC also has sub-contracting services projects – which promote the purchase of goods and services of small firms by large companies.

Promotions and projects include market stalls, container shops, community projects, competitions, a National Small Business Week, marketing support programmes and a variety of media projects.

The SBDC is actively involved in advocating deregulation and the removal of restrictive legislation on behalf of the small business sector.

People applying for financial assistance are helped to keep five basic rules of sound financial management in mind:

■ Funds needed for longer than a year should be obtained from sources allowing long-term repayment (such as the SBDC).

■ Funds needed right away, such as to buy stock, can be obtained from short- and medium-term sources. The SBDC will consider loans for buying stock and banks also grant overdraft facilities for this purpose.

■ Funds and other appropriate assets provided by the owners of the business should normally amount to 25 percent or more of the total capital requirements of the business.

■ The value of current assets should always exceed the value of current liabilities.

■ Your cash flow in and out of the business should always be such that there is enough cash available for normal payments.

Interested parties should contact their nearest SBDC offices to arrange an appointment.

The SBDC is always happy to discuss your requirements with them.

Kuruman's only open shop is sealed

THE lock and front door of a takeaway restaurant in Kuruman – the only business exempted from a consumer boycott in the Northern Cape town – was welded shut by unknown people this week.

Death threats were also made against the owners and staff of Hamburger King, which belongs to Frenchman Laurent Mathieu and his wife Maria, both members of the ANC in Kuruman. Their patrons are mostly black.

Maria Mathieu said her sister, Maisie Petersen, had arrived at the shop on Monday morning to find the lock and part of the door jamb welded. She alerted the police, who took fingerprints. (20)

The lock was later removed and the door was forced open. Soon afterwards an Afrikaans-speaking man telephoned and said: "You and your ANC people. We will kill all of you in the shop."

On Tuesday morning, Mathieu asked a policeman to accompany her to open the shop. They found the lock welded again. Citizen 1/12/91

The consumer boycott was launched by the ANC on November 22 to pressure Kuruman Town Council into opening municipal facilities to all races and to permit peaceful demonstrations in the town.

Mathieu said she had asked police to guard or patrol the premises at night and spent Tuesday night guarding the shop herself. Her husband is away on business in Pretoria. – Sapa

Anguished shopkeepers waiting for return of shell-shock shoppers

30

S/Times (Buss) 1/12/91

"NEW South Africa" euphoria lifted retail and wholesale shares 34% by early November — on top of the 50% rise posted in 1990.

However, as the graph above shows, the index underperformed the all-share and financial and industrial indices since February. By early November, it was 7% off its 1991 high.

Although the view remair ... at consumer shares will be winners in the new SA, they simply became too expensive (Wooltru on a PE of 18 times in February and Pick 'n Pay 23 times), particularly when juxtaposed against the increasingly difficult conditions that traders virtually across the board encountered from the second quarter of 1991 onwards.

By JANET MILLS
Martin & Co Inc

Results from industry leaders Wooltru and Pick 'n Pay were disappointing and earnings and divident forecasts in general were cut back as the year progressed.

Bed

Price movements aside, the sector was dominated by the Tradegro saga. Major rationalisation was finally put to bed late in the year when Pepkor bought half of holding company Tradehold, which effectively owns 50% of Checkers.

At the same time Pepkor bought Sanlam's 32% holding in Cashbuild. Earlier in the year it acquired Smart Centre from Tradegro.

Pepkor is now SA's larges retailer, with annual turnover of about R4-billion.

Metro also left the Tradegro stable when Premier bought 70% in July. Metro's subsequent offer to Score led to the merging of its and Score's wholesale interests under Metcash and the separate listing of these group's supermarket retailing interests under Score.

Foschini obtained a toehold in the UK when its 35%-held associate Oceana gained control of 32% of retailer Etam. This was a hostile bid and Oceana will have to wait a year before it can again try to increase its holding to the targeted 50%.

Preholf, which owns Beares, Game and BeeGee clothing outlets, was listed in August.

Amid increasing gloom in the furniture retailing industry and the Rusfurn debacle the shares traded at below their listing price.

Further major industry rationalisation appears unlikely in 1992, although Pepkor has the option to acquire Sankopr's remaing 36% of Tradehold.

Stable

Control of Clicks, now in the Score-Clicks stable, is likely to be shuffled to Premier.

Most of 1991's problems of excessive shrinkage, socio-political unrest, squeezed incomes, etc, will make at least the first half of 1992 another difficult trading time.

Profit growth in general will remain under pressure and reduced forecasts mean that ratings are still demanding.

As a result, the chances of a high performance from the sector much before the second half of 1992 look slim.

SBDC urges promotion

THEO RAWANA (30)

SMALL and medium enterprises formed about 85% of the 800 000 formal businesses in SA, a sector which should get more promotion for economic betterment, SBDC MD Ben Vosloo said yesterday. 6 | Day

In a statement marking the SBDC's 10th anniversary, Vosloo said the imbalances created by policies aimed more at supporting activities of big business than those of small and medium enterprises should be addressed. 2|12|91.

"What is needed now in order to unleash the full job and wealth creation potential of this vital sector of the economy is a comprehensive and cohesive national small and medium enterprises strategy," Vosloo said.

New strategies should address such constraints as lack of access to capital, affordable business premises and markets, unnecessary regulation and inadequate support systems.

● See Pages 8-10

Smaller loans can be obtained in 48 hours

(60) (30)

B\D(w) 2\12\91

THE Small Business Development Corporation (SBDC) is sometimes criticised for the time taken in processing loan applications.

Yet decisions on mini loans can be taken within 48 hours, says senior manager Kees de Haan.

"The homework required to establish viability on larger enterprises takes more time. We operate in a high risk market and it is in our clients' and our shareholders' interests to perform a proper evaluation," he says.

Over the past 10 years the SBDC has granted loans worth R1,1bn to some 31 000 entrepreneurs.

Only 10% of the funds lent had to be written off and only 18% of busineses financed by the SBDC have not survived — a track record it is proud of.

De Haan says the first step is to contact one of the SBDC's 46 financing service points and discuss the enterprise with a consultant.

He will help complete an application form and say what additional particulars are necessary.

"We recommend personal interviews because our evaluations are not mechanistic — each enterprise is evaluated on its own merits."

De Haan says the benefits of dealing with the SBDC is that it offers financing programmes which cater for the full spectrum of development financing needs.

Its interest rates are structured to level the playing field for the small and medium entrepreneur who must compete with big business, and it offers financing facilities in areas considered too risky by conventional financing institutions.

The SBDC has a holistic approach to business development and combines financing with business support.

"We also give advice, counselling and training, not only money," says De Haan.

Every loan application is allocated to a business adviser who investigates and evaluates the enterprise's management, market, profitability, financial structure, job creation and multiplier effect in the community, among other things.

Once the functional aspects of the enterprise are established the SBDC focuses on the entrepreneur.

"The one thing we cannot create is entrepreneurial spirit.

"If this is lacking the enterprise will not succeed, regardless of the amount of support we give," says De Haan.

Options

If skills training is needed, the SBDC will propose training options ranging from basic technical skills to advanced general management, marketing and financial management courses.

Another requirement is that the entrepreneur must put his own money at risk as a direct investment in his enterprise and as collateral for his loan.

The recommendations made by the business advisers are considered by a committee which makes the decision whether to grant the loan or not.

Plural decision making is essential for impartiality and improves the quality of decisions, De Haan says.

Virtually all loans carry conditions which must be met before money is paid out.

During this implementation phase, the SBDC can assist the entrepreneur with buying equipment, machinery and stocks.

The SBDC can often get a better deal than the small businessman on his own.

"Once the client is up and running he is allotted a mentor and starts repaying," De Haan says.

The SBDC has 225 retired business people taking part in its Mentor Advisory Programme (MAP) through which clients are provided with on-site business expertise, advice and training.

On the subject of repayments, the SBDC is "supportive but firm".

If the repayment schedule cannot be maintained due to circumstances beyond the borrower's control the repayments can be restructured and additional support action taken.

the decision whether to support action taken.

SA now much sought after for its experience

SOUTH Africa's re-entry into international markets and its unique mix of First and Third World elements has made it much sought after for advice and expertise. BDay 2/12/91

The SBDC is no exception to the flood of queries emanating from both black Africa and Eastern Europe.

The corporation's approach to development technology and hive support is believed to be unique, and many foreign organisations have asked the SBDC for help, says senior GM Toni Kedzierski.

However, the export of development technology is only a dream at this stage.

Senior manager, financing, Kees de Haan says local demand is so vast and resources so limited that the SBDC is unable to afford to withdraw expertise from the local environment.

It is, however, not inconceivable that SA may soon be selling its development technology internationally.

Special 10c dividend to mark anniversary

TO MARK the 10th anniversary of the SBDC, a special dividend of 10c was declared at the AGM in November.

This was the third dividend declared by the corporation since its inception in 1981.

A dividend of 8% was declared in 1984 by way of a bonus share issue to all private sector shareholders.

Another of 5% was declared in 1989 and shareholders were given the choice of receiving it in cash or capitalisation of shares.

MD Ben Vosloo says: "It is unusual for a development organisation to be declaring dividends.

"The dividend is proof that the SBDC's structure of private sector control enables it to apply sound business principles and financial discipline, which is the only guarantee for sustainable economic growth."

Development through four main areas

BDay 2/12/91

THE SBDC, in its quest to stimulate and develop entrepreneurship among all South Africans, operates in four main areas — financing, support services, provision of business premises and the promotion of small businesses in general.

Its involvement in property development makes it different to other development companies and indicates the level of the corporation's commitment to development in SA, says senior manager, development promotion, Dawie Crous.

The SBDC provides basic industrial and commercial premises in areas where specific needs are not being met by other developers; it provides reasonably priced premises in areas where a shortage of suitable accommodation exists; and promotes private ownership of business premises.

The corporation's property portfolio is valued at about R280m (cost) with nearly 700 000m² of lettable industrial and commercial property floor space.

To date, the SBDC has completed 267 buildings comprising 143 industrial projects at a cost of R124m and 124 commercial properties at a cost of R113m.

Approved

A further 36 industrial and 14 commercial property projects are under construction or have been approved, at a cost of R82m.

In the early days, because of the political situation in which white companies were not allowed to buy property in black areas, the SBDC's involvement was often informal.

For example, the transfer of one property bought by the SBDC in Soweto in 1981 was only finalised in 1987.

Assistant GM, property, Kevin Paige says, however, thatdifficulties in buying property in black areas are not restricted to problems associated with the Group Areas Act.

"Much of the land in those areas is unsurveyed, which makes transfer of ownership difficult.

"For a start, how can one identify which piece of land the deal refers to?"

The SBDC's approach to property development has not changed with the shifting political climate.

"We have always insisted that blacks and whites should be able to work together. Our hives of industry have always been non-racial," Crous says.

The SBDC owns about 24 completed hives with a floor space of 102 580m² and comprising 1 207 lettable units.

Clusters

Within these buildings are clusters of workshops in which backyard enterprises are semi-formalised and encouraged to move into the formal sector.

Crous says the advantage of the hive concept is that it provides basic accommodation at reasonable rentals, while tenants are also provided with the SBDC's collective support services such as loans, business and legal advice, marketing assistance and, where circumstances warrant it, bulk buying facilities.

Aggressive promotions boost Clicks' earnings

(30)

B/Day 3/12/91.

LINDA ENSOR

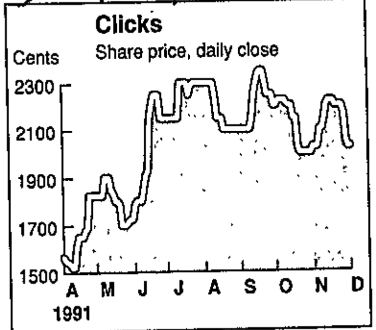
CAPE TOWN — Retailers may have been hit by hard times but the relatively recession-proof toiletries and gift group, Clicks Stores, achieved a 23% increase in earnings a share on a 36% rise in turnover in the six months to end-August.

The disparity between the top and bottom line performance was mainly due to high finance charges.

The group's interim report published today is for the eight month period to end-October as its year-end was changed to end-April following a restructuring which saw it incorporated into the Premier Group. As no basis for comparison exists, figures for the period to end-August were also supplied.

Interim earnings a share to end-October rose to 56,09c (34,56c for the previous six month period) and a 22c (15c) dividend has been declared.

Turnover, excluding GST and VAT, rose to R423,2m and the operating margin was almost maintained at 5,7% (5,8%), generating a R24m operating profit. Attributable income amounted to R11,2m.



Graphic: FIONA KRISCH Source I-NET

CE Trevor Honeysett said that despite the recession, store performance continued to show real growth. Both the Diskom and Clicks chains performed well. The high turnover growth was driven by aggressive promotions, with no cutbacks being made on marketing and advertising spend.

However, Honeysett said that while Clicks had performed well, "the excellent top-line performance was tempered by the difficulties of maintaining the bottom-line in a recession-led economy".

Short-term seasonally high debt of R47,3m at end-October, compared with R18m in October 1990, and higher rates saw a surge in the interest bill to R2,9m, compared with the small inflow of interest in the previous interim period.

Honeysett said borrowings had increased to finance large stock increases in preparation for Christmas. The interest bill would fall if Christmas was good and Clicks generated a cash surplus.

"We are reasonably recession-proof though when the economy takes off we won't show the same growth as other companies," Honeysett added.

During the period seven Clicks and 12 Diskom stores were opened and by year end there would be 200 stores in the group, 130 Clicks and 70 Diskom — 31 more than the end of the 1990 financial year.

Honeysett said performance for the 14 month period would depend on how good the Christmas period was.

"We are projecting a turnover for the full 14 month period of more than R800m which means that we are on track to showing sustained real growth in turnover and profit to April 1992," he said.

The group has embarked on a programme to install new technology and scanning systems.

CAST opts for partial consumer boycott

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By Paula Fray STAR 3/12/91.

The Civic Association of Southern Transvaal yesterday backed down on calls for a Black Christmas and instead announced a "partial consumer boycott" to force the Government to take decisive steps to end the violence.

The partial boycott was also to raise the level of vigilance and awareness of protracted violence during the festive season, which CAST president Moses Mayekiso described as a "Christmas of mourning".

Last week two of the country's largest trade union federations said they had not been formally consulted about the initial proposed call for a Black Christmas.

"This council felt there would be no reason for our communities to behave as if this had been a normal year. It is known that hundreds of our people have been killed, maimed and their property destroyed," said a CAST statement read by general-secretary Dan Mofokeng.

CAST members felt that:

- People supported cutting down on excessive spending. This did not imply that people could not buy their basic foodstuffs and medicines from white-owned shops.
- People would refrain from big parties.
- In the tense atmosphere that existed today, firecrackers were bound to heighten tension and confusion. CAST had appealed to businessmen to act responsibly by not selling firecrackers during this period.
- People should be wary of picnics and excessive drinking.

CAST official Oupa Thibile said it was hoped the boycott would force the Government to take action which was viewed by the community as action to stop the violence — such as the arrest of the perpetrators.

No single culprit — Vatwatch

Soaring food prices blamed on retailers

B/Day 3/12/91.

30

SHARON WOOD
and ANDREW GILL

THE SA Consumer Council yesterday put the blame for soaring food prices squarely on the shoulders of the retail industry.

Council assistant director Ina Wilkins said it was clear food prices rose months before VAT's implementation.

A council survey found a 9,4% hike in the prices of essential foodstuffs — meat, milk, cheese and eggs — in the three months before VAT's implementation.

An identical 9,4% increase occurred in October as a direct result of the implementation of the tax, bringing the increase over the full four months to 19,6%. The survey was conducted across a basket of the four food items at three major retail chains.

Wilkins said: "I am not asking retailers never to increase their prices, but I am appealing them to earn their place in the market with respect and dignity. The consumer has become very price-conscious — by giving him a fair deal the retailer can assume a place in the market."

According to the council, meat prices rose by more than 15% between June and October, with prices for a whole chicken up by 32,8% during the period. This compares with a 10,6% rise in meat prices recorded in the October CPI.

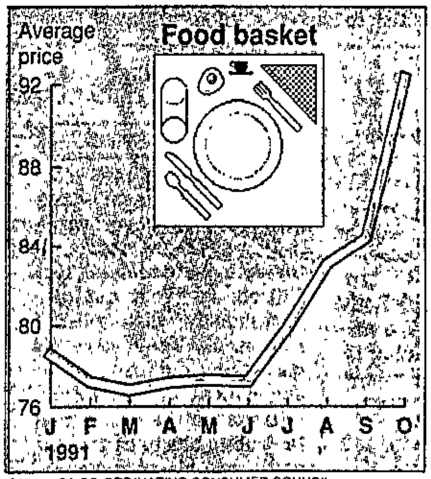
Pick 'n Pay chairman Raymond Ackerman said the blame for the increases in the prices of meat, milk, cheese and eggs before VAT lay firmly with the manufacturers. There had been a huge hike in the supply prices for these goods from July to August because suppliers claimed they were not covering costs, he said.

Retail margins were lower than they had been before and Pick 'n Pay had absorbed R5m of price increases before and after VAT, he said. "Manufacturers are not passing on the VAT savings. . . ."

Meat Board production and research manager Thys Botha said prices had soared when meat supplies had fallen because of late rains. Farmers had kept stock back. "Supply is still larger than last year but there is bigger demand and supply has not jumped to meet it. But we expect the situation to stabilise before Christmas."

Vatwatch chairman Prof Louise Tager said it was not fair to pin the blame solely on retailers. "We have to look through the whole value chain for the answer. There are many factors out of the control of both manufacturers and retailers, such as con-

☐ To Page 2



Source SA CO-ORDINATING CONSUMER COUNCIL
Graphic FIONA KRISCH

Food prices

B/Day 3/12/91.

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☐ From Page 1

trol boards and tariffs."

Tager agreed it was still too early to see companies passing the benefits of VAT on to the consumer.

Analysis shows that the reason behind the VAT-fuelled increase in inflation in October to 16,8% from 15,4% in September was VAT's larger spread over the components of the CPI. This made the three-percentage-point saving represented by VAT's 10% rate against GST's 13% ineffective for consumers.

GST was payable on 45% of the basket of goods surveyed in compiling the CPI and VAT is payable on 80% of the CPI basket.

The 1,9% increase in inflation in October from the previous month was partly a reflection of this.

Economists' calm approach to the latest figure is partly technical. They feel the inflation rate for November will find it difficult to post a further increase. A 26% petrol price hike in October last year was reflected only in November's figures, and it was responsible for a large portion of that month's 2,1% month-on-month increase in the CPI. As a result, November 1991's CPI would be coming off a high base 12 months previously, making a year-on-year gain as high as October's 16,8% almost impossible.

● Comment: Page 3
● See Page 9

Inkatha, PAC reject black Christmas call

WILSON ZWANE
and TIM COHEN

SHOPPING sprees and parties will be a no-no for supporters of the Civics Association of Southern Transvaal (Cast) and Azapo this Christmas. But Inkatha and PAC members in the PWV can let their hair down.

The ANC will decide only this afternoon whether to support the call by its ally Cast for a black Christmas.

Cast president Moses Mayekiso told a news conference in Johannesburg yesterday that township violence made Christmas a time of mourning. Cast was not issuing a directive but merely calling on residents to refrain from excessive spending and throwing big parties in an attempt to press government and big business to take "decisive steps" to end violence.

The PAC's Transvaal regions, however, said yesterday they would not participate in Cast's black Christmas, calling it "pathetic" and "counter-productive".

PAC Transvaal convener Ntsundeni Madzunya said in a statement there was inadequate consultation and consensus.

Inkatha spokesman Suzanne Vos said the call was a destructive strategy not conducive to the peace process, but Azapo spokesman Strini Moodley said his organisation had also made such a call.

Cast vice-president Kgabisi Mosunkuthu stressed that buying basic foodstuffs and medicine from white-owned shops would not be affected, while Mayekiso urged the public not to heighten "tension and confusion" by buying firecrackers.

Mosunkuthu said the call was the first in a series of campaigns to force government to address "grievances".

BDay 15/11/91

(30)

ANC calls off boycotts on Reef for Christmas

(30)

ARG 4/12/91

JOHANNESBURG. — The ANC in the PWV region will not support calls for a "black Christmas" — a consumer boycott of white-owned businesses over the festive season.

This was decided at a meeting of the ANC's regional executive committee late yesterday, spokesman Mr Ronnie Mamoepa said.

The regional leadership believed the community deserved a break from mass action.

"We believe our people should be accorded the opportunity to celebrate Christmas and New Year in a spirit of goodwill and to use that period to regain their strength and dedication to launch higher forms of mass action in the new year," he said.

The community had been involved in the national campaign against Value Added Tax and it would be difficult to organise a national consumer boycott before Christmas, Mr Mamoepa said.

The campaign "was not sufficiently canvassed . . . and may cause more confusion and unnecessary conflict," he said.

Azapo is the only political organisation fully committed to a "black Christmas".

The organisation's stance is that the black community has nothing to celebrate. — Sapa.

Pep clinches deal with Peninsula

(30)

STAR

Finance Staff 4/12/91.

Pep Ltd is to acquire, through a subsidiary, the full issued share capital of Pep Stores Peninsula Holdings Ltd.

In terms of the scheme, shareholders will receive one share in Pep for each "A" share surrendered in Pep Peninsula. Shareholders can take a cash alternative of R35, the price at which Pep shares traded on the JSE at the end of August when the offer was made.

To date most of shareholders have indicated that they prefer the share swop option.

Pep Peninsula has been controlled since the founding of the company in 1974 by the Coloured community through its 51 percent "A" shareholding. The other 49 percent, classed as "B" shares, was held by a subsidiary of Pep.

The proposal to turn Pep Peninsula into a wholly-owned subsidiary of Pep and to integrate its activities with those of Pep Stores was put forward by Pep Peninsula's majority shareholders after the Group Areas Act was abolished earlier this year.

Acquiring the 51 percent, represented by 377 910 shares, from its 871 shareholders will cost Pep R15,1 million.

With Pep's shares at present trading at R40, the share swop represents a growth of 8 000 percent in the value of Pep Peninsula shares, which were issued at 50c each.

Government urged to ease consumer's burden

STAR 5/12/91

30

By Derek Tommey

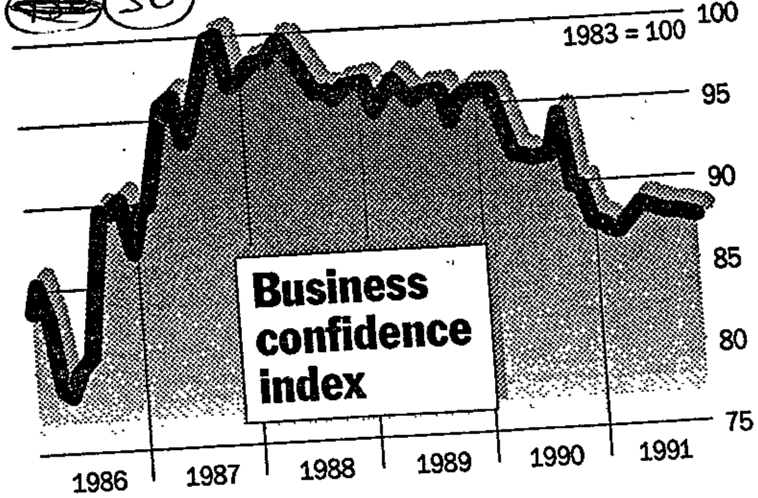
The Government must guard against further economic decline by ensuring that consumer spending is maintained at least at current levels, says Chamber of Commerce (Sacob) economist, Dr Ben van Rensburg.

The Government must make certain in the next Budget that tax rates are adjusted for fiscal drag and that the benefits are passed on as soon as possible, he says.

Sacob's Business Confidence Index (BCI) suggests that businessmen have put their expectations on hold for the time being, though their mood might be slightly more positive than it has been.

The index (1983 equals 100) for November is 87,9 — only fractionally lower than the October figure of 88 and not much different from those for the preceding months of the year.

This lack of movement suggests that businessmen are in a waiting mood, unwilling to spend the money required to give the economy and the index a shove, but still spending enough to stop them from contracting.



However, despite the slight October fall, by straining a little one can detect a slight improvement in the business mood.

The main reason for the drop in the index was the Vat-induced jump in prices.

Dr van Rensburg says that uncertainty about the future, together with difficult trading conditions, continued to depress the mood in November.

"There are increasing concerns within the business community that the long-expected recovery will be further delayed and that severe damage could be done to a number of sectors if conditions do not start to improve soon."

He says some of these fears may be based almost exclusively on the experience of current conditions and that businessmen may have failed to recognise factors pointing to a recovery.

But faltering confidence could serve to undermine such funda mentals.

"Businessmen must see an improvement in activity before embarking on new ventures," he says.

Political and economic developments are contributing to this high degree of uncertainty. But the continuing slowdown is now the primary concern of most businesses, he says.

Dr van Rensburg says poor economic conditions are the result of three over-riding factors — low consumer confidence and declining real incomes, low levels of investment and problems in the world economy.

The steady decline in retail sales in real terms shows the deteriorating financial state of the consumer.

With unemployment 83 percent higher than last year and wage increases below the inflation rate, consumers have less to spend.

"With interest rates remaining high, credit is not an attractive option to most people — particularly those who do not have secure employment."

Dr van Rensburg says that faced with this prospect, it is essential that the Government prevent a further erosion of personal disposable incomes.

One way of doing this is to provide for the effects of bracket creep in next year's Budget and to make the adjustment at the earliest possible moment so that the benefits are felt immediately.

ANC 'no' to boycott call

30

By BARRY STREEK
Political Staff

THE ANC in the Western Cape has rejected a call by the Azanian Peoples Organisation (Azapo) for a consumer boycott over the festive season.

"The ANC wishes to state very clearly that it has made no call for a consumer boycott over the festive season," it said in a statement by its publicity secretary in the region, Mr Mziwonke Jacobs.

The ANC had met with Azapo on November 29 to discuss Azapo's proposal for a consumer boycott in protest against VAT over the festive season.

CT 5/12/91

The ANC's response had been that any protest action against VAT should be co-ordinated by the VAT Action Committee.

"The ANC raised concerns about the lateness of the call as people are already preparing themselves for the festive season."

The ANC added that it would find it very difficult to support any call for a consumer boycott over the festive season.

ANC in the PWV area as well as the PAC and the Inkatha Freedom Party have also rejected Azapo calls for a black Christmas, as has the ANC in the Northern Transvaal.

Metcash profits after restructuring

B/Day 5/12/91. (30)

MARCIA KLEIN

NEWLY formed Metro Cash and Carry (Metcash) has reported a dramatic turnaround since reporting a R53,2m attributable loss at the June 1991 year-end.

Results, which reflect the change in the company's year-end from June to April, show Metcash was back in the black with attributable income of R2,3m for the 18 weeks ending October. Results for the 17 weeks to end-October 1990 — in which the group showed an attributable loss of R16,5m — have been restated to provide meaningful comparison.

The proceeds of the R87,4m rights offer have not been brought into account for the interim period, but the benefits of reduced borrowings and improved cashflow controls would have a positive effect on results at the year-end.

MD Carlos dos Santos told shareholders that in line with expectations of continued growth, dividend payments could be restored at the April 1992 year-end.

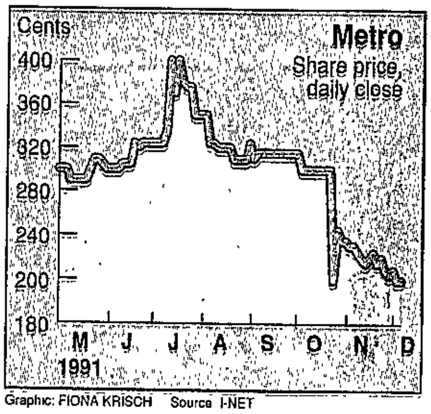
Metcash was acquired by the Premier Group and restructured. This involved merging Trador and the Metro Cash and Carry chains to form Metcash, the separate listings of retail chains Score and Fairways, and the closure of Frasers Greenstein and Rosen and 31 stores.

The benefits of this rationalisation are evident in the results, which show turnover from Metcash's continuing operations grew 15,5% to R1,56bn (R1,35bn), and operating income rose from R1,1m to R16,7m.

Dos Santos said results were ahead of budget, and figures were "particularly pleasing" as trading conditions had continued to be difficult and October had been an extremely bad month. He said gross margins were steady and overhead expenses were running below budget.

After a reduction in the interest bill to R9,7m (R15,9m) and substantially higher taxation, income after tax was R3,5m against a loss of R15,5m last year.

Earnings — on a large increase in shares in issue — were 2,2c (loss of 24,7c) a share.



Graphic: FIONA KRISCH Source I-NET

Chicken price hikes stay below inflation

BDay 5/12/91.

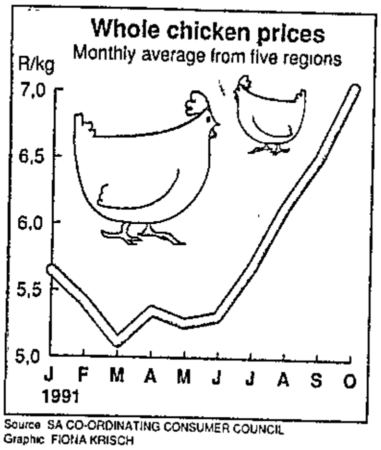
(30)

SHARON WOOD

RETAIL chicken prices climbed after mid-year but increases were still well below consumer price inflation, Rainbow Chicken sales director Bill Brown said yesterday.

An SA Co-ordinating Consumer Council survey of three major retail chains showed chicken prices rose 32,8% between June and October.

Pick 'n Pay national perishable buyer Ian Edy said suppliers' chicken prices had almost doubled this year. Pick 'n Pay was paying R6,37 for a whole chicken compared with about R3,80 in March.



Source SA CO-ORDINATING CONSUMER COUNCIL
Graphic FIONA KRISCH

At the producer level chicken prices climbed by a year-on-year 12,9% excluding VAT in October, said Brown. This followed year-on-year increases of 7% in July, 11% in August and 14% in September.

Feed costs, which made up 85% of production costs, rose in excess of Rainbow's price rises this year.

Chicken prices declined in the first few months of the year because there had been a large stock build-up prior to winter.

A Festive Farms spokesman said its chicken prices had risen at about the same rate as Rainbow's.

Chicken producer prices were subject to cyclical conditions and were solely determined by supply and demand conditions, Brown said. Demand exceeded supply in the winter months, thus pushing up prices, and as summer approached supply began to equal demand.

GERALD REILLY reports from Pretoria that SA Agricultural Union economist Koos du Toit said yesterday farmers could not be blamed for soaring consumer prices.

He said the culprits had to be found elsewhere in the food chain.

Turnaround at Score helps beat forecast results

BDay 5/12/91 (30)

MARCIA KLEIN

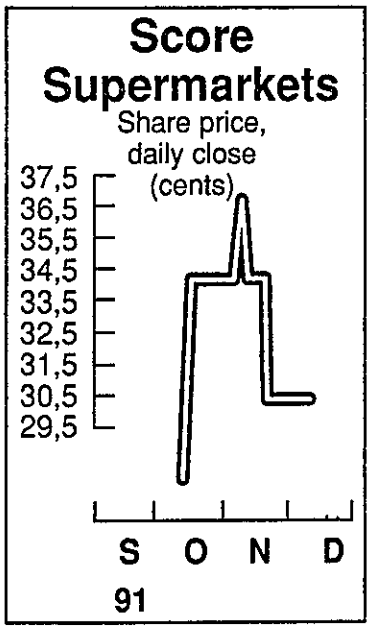
RECENTLY listed Score Supermarkets has produced a higher turnover and operating income growth in the 18 weeks to end-October than forecast in its pre-listing statement.

But an attributable loss of R3,1m, against a forecast loss of R3,3m, mainly reflects the effect of the group's R4,1m interest bill, which does not take into account the R55m proceeds from the group's rights offer.

Had this been taken into account, the interest figure would have been in the region of R740 000, MD Chris Burgess said. Therefore the interest bill did not reflect the group's borrowings. The rights offer, as well as improved working capital control and more efficient operational controls would also see gearing come down to 25% from 38% at end-June.

The group, formed through the merger of Metro's and Score's retail operations after the Premier Group's acquisition of Metro, reported R201,1m turnover — which was 3% ahead of the forecast R195,4m.

Burgess said that operating income of R2,2m was a pleasing 44% higher than the budgeted figure of R1,5m and margins were also improved. But the interest bill resulted in a R1,9m (R3,0m) pre-tax loss.



Graphic: LEE EMERTON Source: I-NET

Score reported a hike in taxation from R243 000 to R896 000. Burgess said this was higher than anticipated as performances from certain partnership companies were better than expected.

Burgess said earnings a share were not stated as proceeds of the rights offer flowed through only in November, making the actual weighted average earnings debatable.

He said results, which reflect the group's changed year-end in line with its holding companies, showed "a respectable and creditable performance, especially when viewed against where the group came from".

In terms of the merger, all systems had been standardised and most of the operations had been bedded down. While there were not any major areas of drain on the group, he said there were still one or two operations subject to scrutiny.

Burgess said that despite the fact that turnover remained tight, the group had effectively turned around due to operating efficiencies and the containment of costs.

Although turnover would remain under pressure in the second half — the group has forecast a 1% turnover growth for the full year — growth was nevertheless sustainable.

Burgess was confident the group would meet its forecast earnings of 2c a share or R761 000 for the full year. It has also forecast a dividend of 0,8c a share at year-end. The pre-listing statement said a single dividend would be paid this year, with two a year declared thereafter covered at least 2,5 times.

Forecasts show an expected turnover of R522,8m and operating profits of R8,7m for the year.

IFP is opposed to Maokeng boycott

(30)

Sowetan 5/12/91

By NKOPANE MAKOBANE

THE Inkatha Freedom Party has issued pamphlets opposing the consumer boycott and stayaways in Kroonstad.

A Maokeng Civic Association spokesman, Mr Dennis Bloem, said the pamphlets were issued by the IFP office in the Orange Free State on Sunday.

An IFP spokesman, Mr Thabiso Chomane, yesterday confirmed that the pamphlets had been issued by their office after they were asked to do so by their members in the Kroonstad township of Maokeng.

He said: "We have members in Kroonstad. We even held a meeting on Sunday after we distributed pamphlets attended by executive members of different branches in the Free State".

The pamphlets called on Maokeng residents to refuse to align themselves with boycotts and stayaways.

The pamphlets read in part: "Are we to lose our jobs by being stopped from going to work? Are we to expose ourselves to hunger by not going to work or buying?

"We are tired of being forced to do senseless things. Let us stand together. We want no stayaways and boycotts. We of Inkatha shall not allow it".

Bloem condemned authors of the pamphlets, saying they were trying to start an outbreak of violence in the area. He said the people of Maokeng stood together and "no evil force" would break their unity.

He said: "We are surprised that Inkatha has the audicity to issue such pamphlets when it does not exist or have any support in Maokeng.

"The civic association want to make it very clear that nobody was ever forced to support the consumer boycott and we shall never force anyone to do so, " he said.

SOWETAN

Way forward lies in small businesses

(30

Sowetan 5/12/91

By JOSHUA RABOROKO

SMALL business has become South Africa's biggest job creator, managing director of the Small Business Development Corporation Dr Ben Vosloo said.

Vosloo said his organisation had played a major role in creating a climate for small business development by campaigning for deregulation and introducing support services and training.

Speaking at the SBDC's 10th anniversary, he said what was needed now was to unleash the full job and wealth creation potential of this vital sector of the economy by coming up with a comprehensive strategy. This strategy would focus on small- and medium-sized enterprises (SME).

He said: "In the light of the importance of the SME sector in the future economic development of this country, it is absolutely essential that the economic policy should not continue to be biased in favour of the large business sector.

"There is a need for SME development strategy that provides equal opportunities to all businesses."

Such a strategy, he felt, should address the major constraints hampering the sector such as lack of access to capital, unaffordable business premises and markets, unnecessary regulations and inadequate support systems.

Based on international experience, Vosloo said, any comprehensive SME strategy should:

- Foster an enabling environment for the encouragement of entrepreneurship and SME creation and growth;
- Mobilise financial resources by way of appropriate financial assistance programmes;
- Provide appropriate low-cost rental or individually owned premises when they are not available through normal commercial developers;
- Improve the skills and technology at SMEs; and
- Provide appropriately structured, staffed and financed assistance schemes.

"No economic miracle is going to happen through foreign investment and export incentives alone," Vosloo said. "Real economic development is a 'do-it-yourself' process at the grassroots level that can at best be helped along by sound economic policies."

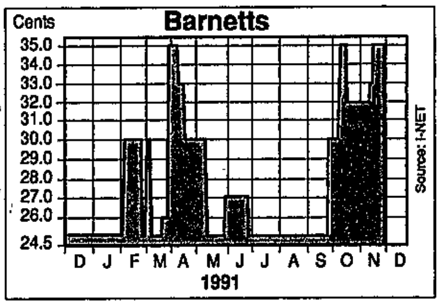
FM 6/12/91 (30)

Activities: *Retails furniture to lower and middle income groups.*
Control: *Directors 43%.*
Chairman and MD: *M M Lewkowski.*
Capital structure: *13,5m ords. Market capitalisation: R4,7m.*
Share market: *Price: 35c. Yields: 7,1% on dividend; 39,7% on earnings; p:e ratio, 2,5; cover, 5,6. 12-month high, 35c; low, 25c. Trading volume last quarter, 66 000 shares.*

Year to June 30	'88	'89	'90	'91
ST debt (Rm)	0,7	3,0	7,9	5,0
LT debt (Rm)	3,0	5,4	1,4	0,8
Debt:equity ratio	0,26	0,55	0,57	0,20
Shareholders' interest	0,42	0,36	0,38	0,41
Int & leasing cover	7,3	2,6	2,3	2,7
Return on cap (%)	16,5	10,4	10,6	10,2
Turnover (Rm)	35,1	44,5	50,0	52,7
Pre-int profit (Rm)	5,6	4,4	4,6	4,4
Pre-int margin (%)	15,8	9,9	9,1	8,3
Earnings (c)	20,1	12,1	9,9	13,9
Dividends (c)	6	3,75	—	2,5
Net worth (c)	109	117	122	128

annual statement, chairman Myron Lewkowski repeats the reasons for this cited in the interim report: tight asset management, that led to an improvement in the quality of the book and lower funding requirements. In fact, if we consider that most financial ratios improved while operating ratios did not, it seems that the group resorted to the classic (and, no doubt, justified) practice of accepting lower margins to move stocks.

These, in fact, were cut by R350 000, improving year-end stockturn from 11,8 to 13,6 times, while the book is down by about R2m. Coupled with high retentions, this allowed net borrowings to be pared by R5,8m — almost exactly equivalent to operating cash flow. Closing the manufacturing business led to a R641 000 extraordinary loss.



Barnetts applies fully for deferred tax; on the partial method adopted by many competitors, Lewkowski says reported earnings would have been 20,3c and NAV 199c.

The company gives no indication of its policies on providing for bad and doubtful debts, but deputy MD Bala Pillay tells the *FM* that any debt 90 days or more is written off fully, and the overall provision is "somewhere in excess of 30%."

Lewkowski says upgrading and resiting of stores will continue this year. Despite adverse economic conditions, he is confident of an increase in earnings. Especially in relation to the figures on the partially deferred tax basis, the share price looks ludicrously low. But it is paying the penalty of two years of sub-par earnings from which it has still not fully recovered. In any event, trading volumes are extremely thin. *Michael Coulson*

CLICKS FM 6/12/91 (30)

In pursuit of value

Clicks is a good enough business all on its own. Add to it the Diskom chain and you have an operation which continues to produce earnings well ahead of inflation.

The Clicks operation is the epitome of niche marketing. Group CE Trevor Honneysett and his team have gone to great lengths to identify categories of merchandise basic to householders' needs — pricing the ranges competitively to offer real value. To this formula they have added gift ranges which appeal precisely to those income groups that shop at Clicks.

In the same spirit, the Diskom chain, led by MD David Danziger, is targeted at shoppers with lower disposable incomes than typical Clicks customers. Diskom stores are smaller than Clicks outlets and can therefore be more easily positioned in smaller towns. This partly explains why more Diskom stores (21) than Clicks (10) have been opened this year; and why Diskom is putting in an appearance across the country at a rapid pace.

In 1989 there were 19 Diskom stores; in 1990 this grew to 49; and by end-February there will be 70. All this growth has been financed internally.

Interim results for the group over the eight months ended October 31 again show

FM 6/12/91 (30)

healthy growth, but direct year-on-year comparisons are not possible because the company is changing its year-end to conform with the Premier Group. However, if the figures are annualised over a six-month period, and compared with the same period in 1990, turnover has jumped by 37%, net operating profit by 34% and attributable earnings and EPS by almost 22%.

Main reason for the discrepancy between operating profit and EPS growth lies in what the directors call short-term, seasonally high interest-bearing borrowings. These amounted to R47,3m compared with R18,1m at the same time last year.

Honneysett notes that group performance for the full period depends on festive season trade levels. He recognises that recession is likely to harvest flat retail sales in general but believes consumers will be at Clicks and Diskom in pursuit of value. EPS for the year should outstrip inflation to match growth achieved in the interim — about 23%.

This is one good reason why the market has rerated Clicks shares to stand on a historic dividend yield of 2,1% and a p:e of 19,6 at a price of 2 025c. Its growth record has been remarkable and there is every reason to believe it will continue unabated for at least the next two years.

An interim dividend of 22c has been declared.

Gerald Hirshon

Financial Mail

POWER AND RESPONSIBILITY (30)

FM 6/12/91

To everything its season

Calls for a Black Christmas are not making much headway. The idea emanates mainly from the Civics Association of Southern Transvaal (Cast) — the body which has sought to replace "government" township authorities with itself in conditions of violence and uncertainty for which it must bear some responsibility.

A Black Christmas is one in which blacks neither buy anything nor celebrate on the basis that there is nothing to celebrate. In fact, of course, this would mean a consumer boycott over the holidays, enforced, one must assume, by a variety of means. It must be expected that in certain areas Christmas gifts will have to be taken home in brown paper parcels disguised as essential medicines and foodstuffs which are exempt from the boycott.

Retailers are gloomily anticipating a Black Christmas in any case. Consumer spending is depressed and likely to remain so for some months. What most people want for 1992 is a job. To compel entire communities to forgo any enjoyment that the coming season might bring is to compound misery with discomfort. Perhaps that is the point.

What Cast and Azapo both appear to need is reassurance that nothing whatsoever is getting better — not the political situation, not the daily lot of average people, not even a sense that someday violence will abate and normality return. Cast's demand that government should take decisive steps to end township violence is either meaningless or disingenuous; a Christmas consumer boycott would bring with it fear and recrimination in the affected communities.

What such calls and demands have in common is that they monotonously insist upon seeing blacks as perpetual victims. They are the sackcloth to go with the ashes of destitution. By implication, blacks can never improve their political or economic lot except through the negative force of boycott.

As last weekend's preparatory meeting on constitutional negotiations demonstrated, blacks are perfectly capable of sitting down to make significant deals on a common future. The presence of the ANC, for example, suggests that the main liberation movement now sees its best advantage in smoke-filled chambers of debate rather than in the streets — a major shift in emphasis from its stance earlier this year when it suspended negotiations because of violence.

The big question for next year is not who can appear most revolutionary in terms of street theatre. It will be whether the sharing of power will also mean, as it should, the sharing of responsibility. It is one thing to rant about taxes and the resdistribution of wealth — quite another for an interim government to take a cold look at the national accounts and decide what is best for all. ■

ELLERINE HOLDINGS FM 6/12/91

Past the peak

(30)

Activities: *Retails furniture and appliances predominantly on HP, through the Ellerines, Town Talk, Royal Furnishers, Oxford, Rhein Gold and Furn City chains in RSA, the homelands, Swaziland, Botswana, Lesotho and Namibia.*
Control: *Malbak 59,5%.*
Chairman and MD: *E Ellerine.*
Capital structure: *7,2m ords. Market capitalisation: R381m.*
Share market: *Price: 5 300c. Yields: 4,8% on dividend; 14,6% on earnings; p:e ratio, 6,8; cover, 3,0. 12-month high, 7 200c; low, 4 000c. Trading volume last quarter, 15 000 shares.*

Year to August 31	'88*	'89	'90	'91
ST debt (Rm)	23,5	—	—	22,9
LT debt (Rm)	—	—	—	—
Debt:equity ratio	0,17	—	—	0,10
Shareholders' interest	0,49	0,57	0,54	0,53
Int & leasing cover	19,8	n/a	n/a	n/a
Return on cap (%)	14,3†	21,0	25,5	24,6
Turnover (Rm)	206	389	483	592
Pre-int profit (Rm)	16,0	58,9	87,1	104,8
Pre-int margin (%)	12,6	15,1	18,0	17,7
Earnings (c)	305†	513	669	774
Dividends (c)	134†	166	221	257
Net worth (c)	1 966	2 304	2 583	3 128

*eight months to August 1988. †annualised.

The year's trading falls neatly into two parts. Furniture sales continued to boom during the first half but fell sharply in the second.

Chairman Eric Ellerine says trading since year-end has been exceptionally poor, which is confirmed by results from competitors such as Morkels and Amrel.

Ellerines has the strongest balance sheet of the retail furniture chains. It was ungeared in 1989 and 1990 and, because of the present expansion programme, gearing rose last year to just 10%.

Ellerines opened 26 stores last year and

Ellerines' Ellerine ... *trading turned exceptionally poor.*

plans to have 400 stores by 1994. Since year-end, it has opened three FurnCity stores which cater to the more affluent market.

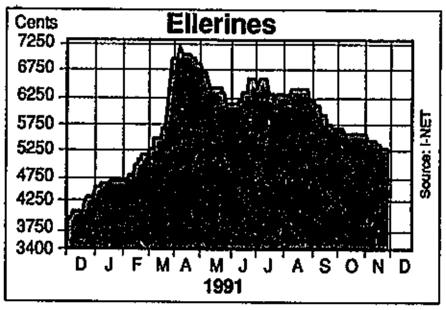
Its debtors' book is funded entirely from internal funds, without an off-balance sheet joint finance company. The book has a gross value of R472m, of which R160m, or 34%, is provided for doubtful debt, which is down from the previous year's 37%.

Ellerines also provides comprehensively for deferred tax, which is worth more than R71m on the balance sheet. Unlike competitors Amrel, Morkels and J D Group, Ellerines did not give itself a credit from the deferred tax provision when company tax was reduced.

Ellerines therefore has healthy provisions to fall back on in difficult times. It looks well placed to take market share from its more financially strapped competitors, apart from the Beares group which is expanding aggressively.

Its market is almost exclusively black, except in the FurnCity chain. Over the longer term, black spending power and aspirations have increased, to the benefit of the group, but Ellerines is vulnerable to boycotts and stayaways.

With the market becoming more sophisticated, Ellerines has converted almost all its stores from outdoor sites, where furniture was sold near trees, to conventional retail stores. It is spending R12m on branch com-



91 (30)

puterisation, most of it this financial year.

Ellerines is broadening its geographical spread: 22% of sales were derived outside SA, compared with 19% in financial 1990. Through FurnCity, it has moved into the Western Cape, where it was previously under-represented. On the whole, a good balance is maintained between urban and rural markets.

Since peaking in April, the share price has dropped almost R20, losing almost all the gains of the early part of the year. At 6,8, the earnings multiple is well below those of the top rated retailers in the semidurable and food businesses, despite a creditable 16% increase in EPS, with an 8% advance in the tough second half.

In the longer term, Ellerines is well placed to benefit from increased urbanisation and spending power. It is certainly strong enough to ride out the downturn. Still, Ellerine says earnings are likely to be down in the first half. The price will probably fall further, though the share may already offer value to the long-term investor. *Stephen Cranston*

Tourists in Victorian garb visit historical Majuba Mountain.

Business is set to boom after a few bad years

30

THE economic downturn has bottomed out as far as Newcastle is concerned and business shows promise of booming, says Chamber of Commerce & Industry president Francis Trickey.

"We have had such a bad time during the past few years that it's unlikely to get any worse.

"From now on we expect business to get steadily better.

"We're seeing a lot of building of shops, offices and factories, especially by Chinese businessmen who have been in the town long enough to build up a cash flow and are taking root.

Turnovers

"Pick 'n Pay has been experiencing excellent turnovers during the past few months, as have some motor dealerships," Trickey says.

One factor contributing to optimism is the approach of 1997 and the changes expected to follow in Hong Kong.

"Most of the major players in Hong Kong have made their plans to move to Australia or Canada.

"But Newcastle has proved popular among medium-sized Chinese businessmen and as world markets open up to South Africa its appeal is likely to increase," he says.

But the town is not yet out of the tunnel.

Retrenchments are continuing in various businesses and some companies are working a shorter week.

In this climate the small businessmen are doing more to hold the town together than the larger corporations, and their numbers are growing.

"Growth is assured because we have an excellent infrastructure in an excellent location at unrivalled land prices," he says.

During the early '70s the town council extended the town's infrastructure in anticipation of the second and third phases of Iscor's works.

Those have never been developed, but Newcastle now has the infrastructure, including high voltage power supply, to serve heavy industry.

Because it was established at a cost of only R25m, the town has a head start on other industrial centres, which are putting in services at 1991 costs.

Another important factor from the point of view of most heavy industries is the town's abundant water supply from two large dams.

At the same time labour is plentiful.

Trickey says the unofficial estimate is around 750000 people.

The next step, and one Trickey is negotiating for, is to link with established major industrial areas through an amalgamation at Chamber of Commerce & Industries level.

S/Day 6/12/91

Revamp proves a boon to Premier

BDay 6/12/91 (30)

MARCIA KLEIN

PREMIER Group, significantly restructured following its acquisition of a controlling interest in Metro Cash and Carry (Metcash), Score Supermarkets and Clicks, has lifted its interim earnings by 15% on a like-for-like basis with the previous year.

Results, which compare seven months to end-October with the six months ending September 1990 and reflect the change in year-end to April, cannot be directly compared to the previous year.

In addition, the sale of 50% of Bonny Bird Farms, 50% of the Epol animal feeds division and the decision to equity account CNA Gallo make comparisons difficult.

However, Premier CE Peter Wrighton said yesterday the group had "comfortably exceeded" its own budget, with a 34,5% jump in earnings to 113c (84c) a share. Earnings adjusted for a six-month period were 97c a share (on more shares in issue), reflecting a 15% rise on the previous year.

Results showed that attributable earnings were 40,6% higher at R84,8m (R60,3m), or 15% higher at R72,7m on a six month like-for-like basis.

Wrighton said in an interview that Premier had basically become a new group which had sold off its underperforming assets and made substantial acquisitions in the cash and carry and retail businesses. This had been successful.

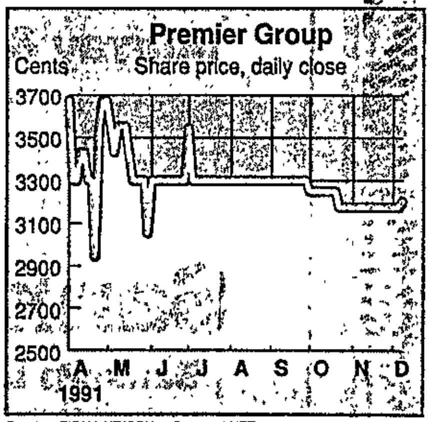
Apart from declaring a 14,3% higher interim dividend of 32c (28c) a share, Premier has also declared an adjustment dividend of 5c a share in order to smooth out the change in the group's year-end.

Turnover, which more than doubled to R5,22bn (R2,53bn), included the results of the substantial acquisitions. But Wrighton said turnover for the existing operations rose by 13% on a comparable basis.

Trading profit was 43,3% up at R227m (R158,4m), and pre-tax profit was R181m (R121m) after interest of R46m (R37,2m).

Wrighton said interest had been contained despite the huge turnover increase,

□ To Page 2



Graphic: FIONA KRISCH Source: I-NET

Premier

BDay 6/12/91 (30)

□ From Page 1

and gearing of 46,8% (43,3%) would be materially reduced by the year-end.

After a 53,9% higher taxation of R79,9m (R51,9m) and reduced dividend income and equity accounted earnings, profit after tax lifted 35,9% to R114,4m (R84,2m).

Wrighton said all divisions — with the exception of CNA Gallo — had contributed to the growth in earnings.

The food division — aided by the sale of interests in Bonny Bird and Epol — had performed exceptionally well, Atlantic Fishing had made a good contribution, and Premier's investment in the Kraft plant was showing a return.

However, he said volumes in the core food business were under pressure and were exacerbated by VAT's introduction.

Twins Pharmaceuticals and Clicks had also produced good results, while Gresham's results were encouraging, he said.

Commenting on the food inflation debate, he said Premier's basket was up by 13,2% for the period August to October.

There were "all sorts of opportunities for alliances and joint ventures globally", he said. Premier had all the expertise in its international division for global opportunities, but it would take time to move into new markets.

Sowetan

'Big head' upset at Indian store

6/12/91

6/12/91 By (30)
GRACE RAPHOLO

A CUSTOMER at Kalies in Randburg was allegedly told that black people became big-headed as soon as they passed Standard 9.

Miss Maria Mokwena told the shop attendant that blacks went beyond Standard 9 and studied business at university so that they could learn how to serve customers.

Insults

The shop manager, a Mr Naran, said the store was aimed at the black market and there was no way they could make racial insults like those.

Mokwena said the attendant had been swearing at another employee and accused him of pricing items incorrectly so that "his black brothers and sisters could buy at a lower price".

Mokwena then commented in an African language that the attendant was insulting them.

Pietersburg boycott meeting

By DON SEOKANE

(30)

A CONSULTATIVE meeting called by Azanian Peoples Organisation will be held with political and professional bodies and trade unions tomorrow to discuss the impending consumer boycott.

The invited organisations are mostly from Northern Transvaal regions as the boycott will hit Pietersburg.

Azapo's regional organiser, the Rev Kgotsupo Leputu, said the meeting will be at the Workers' Centre, 18 Devenish Street, at 2pm.

Leputu said organisations invited include National Council of Trade Unions, Congress of South African Trade Unions, Pan Africanist Congress, African National Congress, Lebowa Chamber of Commerce and Lebowa Taxi Association.

Pietersburg will be the third Northern Transvaal town to be hit by a consumer boycott if it succeeds.

The mining town of Phalaborwa and Duiwelskloof are feeling the effects of the stinging consumer boycott.

Small business weighs up VAT

Wkly Mail 6/12-12/12/91 (30)

By FERIAL HAFFAJEE

VALUE-ADDED Tax has benefited some small businesses, but the tax must change to help all of them, believe major players in the sector.

Retailers paid General Sales Tax at the end of the month. They now have to pay VAT upfront and claim it back as an input credit.

The new tax has also added new administrative burdens on generally unsophisticated informal sector businessmen.

"VAT has placed a strain on the cash flow of many vendors and they have less stock on hand," says Nick Motsatse, human resources manager of the African Council of Hawkers and Informal Businesses.

Small Businesses Development Corporation GM Jo Schwenke believes unregistered retailers are the hardest hit sector of small businesses. These businesses, he contends, feel the impact of VAT on the streets and at the market. The fruit and vegetables most street traders sell are now in the tax system under VAT. They were exempt from GST. Hawkers now get less fresh produce for their money and charge more for their goods.

Claiming input tax credits is a major plus factor of the new tax. To do this companies must be able to produce VAT certificates from anyone they have dealt with. This is causing problems for unregistered small businesses and is making bigger companies unwilling to trade with them.

Schwenke believes a system of notional tax input credits will solve the problem. Small business lobby groups have put this proposal to government.

Inland Revenue Director Trevor van Heerden says: "We are quite happy to introduce this system to industries which apply for it as long as we get sufficient details to ensure it works efficiently."

South African Chamber of Business economist Keith Lockwood says the organisation is "aware that the system of input credit certificates is creating problems for small businesses".

Schwenke adds that VAT will make small businesses less competitive in the long run because they are largely labour intensive. The new tax favours capital intensive businesses through its system of input credits for capital expenditure.

Motsatse also says VAT places an administrative burden on small businesses. Registered small businesses and vendors now need to run an efficient and updated bookkeeping system.

Lockwood counters, "VAT is not nearly so onerous from an administrative point of view." The only book-keeping the new tax needs is an extra column in the cash book.

Motsatse says: "There has been positive feedback from some vendors, particularly registered vendors." Because VAT is three percent lower than GST, registered vendors make some savings.

Van Heerden believes "VAT has not created many problems for small businesses". He says the government has not had any negative response from small businesses. That many small businesses had registered for VAT also pointed to acceptance of the new system.

Cuthberts and union seek to resolve strike

(30)

VERA VON LIERES

CUTHBERTS and representatives of the SA Commercial, Catering and Allied Workers' Union (Saccawu) will hold a meeting tomorrow to try to end a more than two-week-old strike by about 150 workers at Cuthberts outlets. Bday 6/12/91.

Saccawu spokesman Stanley Mnogomezulu said yesterday the union had proposed the meeting.

The strike had already resulted in the arrest of 18 union members in Johannesburg yesterday for allegedly contravening a court order limiting the size and location of pickets and barring strikers from intimidating staff and customers, Mngomezulu said.

A customer at one Cuthberts shop was also apparently arrested in a mix-up. Workers were also arrested in Pretoria and Germiston this week.

Cuthberts personnel manager Paul Gartner confirmed the meeting would take place and said the company had issued an ultimatum for workers to return to work by next Tuesday or face dismissal.

Gartner said the strike, which started on November 20, was non-productive and was crippling the company's business.

He said workers were striking in response to the company's reluctance to negotiate on a collective basis given the union's limited membership.

The union represented slightly more than one out of 10 employees and the company would therefore not concede to a demand to negotiate wages and working conditions until the union represented a majority of workers.

Saccawu said workers embarked on strike action after management refused to enter into negotiations over wages and working conditions saying the union's membership was far less than 50%.

8/12/91

No black Christmas, says ANC

THE ANC's PWV region will not support calls for a "black Christmas" – a consumer boycott of white-owned businesses over the festive season.

Spokesman Ronnie Mamoepa said this was decided at a meeting of the ANC's regional executive committee.

The regional leadership believed the community deserved a break from mass action, he said.

"We believe our people should be [illegible] the opportunity to celebrate Christmas and New Year in a spirit of goodwill and to use [illegible] period to regain their strength and dedication to launch higher forms of mass action in the new year."

Christmas sales set for sharp fall

(30)

B/Day 9/12/91.

WILLIAM GILFILLAN

AVERAGE Christmas sales are likely to be down 4,8% year on year in real terms, a survey by Sacob shows.

It predicts total sales this year at R17bn.

The survey shows that the sports sector will suffer the largest decline in Christmas retail sales — about 7,2% in real terms — while other sectors expected to show large declines are medicine, beauty retailers and the hardware sector.

It indicates there will be a 6,1% drop in real terms in the medicine and beauty sector with retail hardware outlets facing a 5,6% decline.

Sales in book outlets are anticipated to be off 3,7% while the survey suggested sales at video stores and in the beverage and alcohol sector will drop 2,3%.

Although no sectors are expected to record a rise in sales, the survey indicates sales in the furniture sector and at footwear outlets will be least hit.

Furniture sales are expected to dip only 0,4% while the survey indicates sales at footwear stores will slip about 0,7%.

The survey says coastal retailers are particularly pessimistic as they fear the recession will result in less people visiting the coast from inland areas.

But Sacob says actual sales may not be as low as the survey suggests. "The evidence from last year suggests that in times of recession, retailers tend to take an over-pessimistic view in regard to sales expectations."

Meanwhile, a Sacob survey on confidence levels in the manufacturing sector found that, although there had been little evidence to suggest the upswing had already started, local manufacturers were optimistic on the outlook for the coming 12 months.

But 52% of manufacturers in the Transvaal believed they would need to reduce the number of skilled and unskilled workers next year despite the bullish outlook on sales.

The trend toward greater capital intensity was the reason for this, it said.

The construction and heavy engineering sectors remained very depressed.

Civil engineering industries — reliant on infrastructural development by public authorities and public corporations — had been hit by cutbacks in public expenditure.

Graphic: FIONA KRISCH Source: SACOB

Cape Consumers pays out R12,2m

30

LINDA ENSOR

CAPE TOWN — Cape Consumers, one of the largest buy-aid organisations in the country, is to pay R12,2m in bonuses to its 23 000 members in the western Cape, an increase of 18,6% over last year.

Cape Consumers is a private non-profit company which functions much like a co-operative society, mobilising the power of consumers to secure discounts with selected businesses. BDay 9/12/91

Members pay Cape Consumers monthly for their accumulated purchases and Cape Consumers pays the contractors.

In the year to July, Cape Consumers's members generated sales of R242m — an increase of 19% over the 1990 year — with a turnover of about R300m expected for the current year. The total average discount achieved on all purchases was 5,35% though discounts varied between 3% and 15% depending on the sector.

GM Piet Hugo said the results were very pleasing when viewed against the tough economic climate and the real decline in consumer spending. Bad debts of about R838 673 had been written off but this represented an increase of less than 8% compared with the previous year and about R500 000 was expected to be recovered.

Hugo said Cape Consumers had over 2 000 contractors on its books offering products and services ranging from groceries, clothing and toiletries to local and international travel, short-term insurance and motor vehicle hire purchase.

Mashold buys out Magic by Mail

STAR 9/12/91.

(30)

Magic by Mail, a mail order group, has been bought by Mas Holdings for R6,8 million.

Mashold said yesterday it would issue more than 1,65 million new shares in lieu of the acquisition, of which 500 000 would be retained by one of the vendors.

The balance would be placed with certain financial institutions on behalf of the two other vendors.

Mashold MD Marco van Embdens said buying Magic by Mail would expand its mail order business locally and internationally.

The purchase would not have any effect on Mashold's earnings per share or net asset value in the current financial year, but would increase earnings in the year to February 1993.

He said Magic by Mail, based in Johannesburg, had been operating for seven years and its catalogues and client base, aimed at mainly white consumers, were quite different from those of Mashold, thus providing the company with an entree into new markets.

"It also has a very strong presence in the UK, where it has been selling women's clothing, made in South Africa, for the past three years."

Magic by Mail would continue to operate as an independent subsidiary, and a number of its senior executives would remain with the group, he said. — Sapa.

Azasco backs boycott (30)

Sowetan 9/12/91

By MOKGADI PELA

THE Azanian Student Convention has supported Azapo's call for a consumer boycott of white-owned businesses from Monday December 16 to January 2.

Azasco president Mr Sipho Maseko announced this at the end of his organisation's national executive committee meeting at Medunsa near Pretoria.

Maseko said: "This action will ensure that State and white-owned businesses cannot be exonerated from their crimes against blacks.

"The introduction of Value Added Tax will further enslave black people and weaken them in their fight against the regime."

On the Convention for a Democratic South Africa, Maseko said it was "the culmination of irresponsibility in dealing with oppression in South Africa".

Maseko said Azasco reiterated its position on the maintenance of the academic boycott and the democratisation of universities.

Last week the Azanian Youth Organisation also backed Azapo's call for a consumer boycott and a Black Christmas.

New car sales enter a 'disastrous trend'

STAR 11/12/91.

By Sven Lünsche (30)

Car sales plunged by almost 22 percent in November in what the National Association of Automobile Manufacturers (Naamsa) described as a "disastrous trend".

According to monthly statistics released by Naamsa yesterday new car sales slumped by 21,8 percent to 14 200 units in November compared with sales of 18 165 units in November last year.

On a monthly basis — from October to November this year — sales were 8,9 percent down from October's 15 593 units.

In its comment accompanying the sales figures Naamsa said the weaker trend over the past few months had gained momentum with trading conditions in all sectors of the industry declining sharply.

New vehicle sales in all four sectors, passenger, light commercial, medium commercial and heavy commercial had for the seventh consecutive month recorded declines compared with the corresponding period last year.

For the year so far car sales have totalled a meagre 184 346 units and it is highly unlikely that the 200 000 level will be reached. This is well short of industry forecasts for the year of 210 000 unit sales and substantially weaker than last year's already low level of just over 209 000.

Naamsa said given the close correlation between vehicles sales and the level of domestic economic activity the figures gave reason to believe the recession had assumed far more serious proportions than reflected by official statistics.

Naamsa's outlook for the months ahead is also pessimistic expecting "trading conditions to be extremely difficult".

Sales of new light commercial vehicles — bakkies and minibuses — declined by 17,9 percent from the 9 572 units sold in November last year. The month-on-month decline was 8,9 percent or 624 units.

The expected increase in demand for medium and heavy commercial vehicles, which are classified as capital items for purposes of Value Added Tax, failed to materialise with current sales volumes remaining at historically low levels.

Medium commercial vehicle sales dropped by 16 units to 353 units compared to the same period last year while 48 fewer units were sold than in October this year.

Heavy commercial vehicle sales dropped by 171 units.

Retail investment in townships vital

(30) ET 11/12/91

By MAGGIE ROWLEY
Property Editor

RETAIL investment in South Africa's "black" towns is vital and would have widespread spin-offs for both residents and investors, says Ian Watt, property investment manager of Old Mutual Properties.

Watt said township residents required an infrastructure that would enable them to enjoy a standard of living that was "consistent with the accepted norms of society".

The provision of retail facilities in black towns, he said, would have a major impact on the daily lives of residents and set off a chain reaction which would have important implications for the potential investor.

Major forces had worked against the establishment of a more formal retail component in townships. Local traders were concerned that they would be unable to compete with the national chains while the national chains were concerned about the success of outlets located in these towns.

In addition, the role of violence, intimidation and boycotts and their ability to interrupt service in these stores in troubled times had discouraged investment.

Watt says the success of retailing in black townships would depend largely on an attitude of co-operation between national chains and small retailers.

"The basic fundamental of any shopping node is the need to have retailers who are capable of attracting the mass consumer. It seems logical then that the collective strength of the national chains and the small retailers would provide a better chance of success. This means that national chains, particularly supermarkets, have to forego exclusivities especially when it comes to the business of greengrocer, bakery, butchery and so forth.

"In other words, retailing in black towns must facilitate a place in the sun for all — big or small — and in this way provide a viable retailing alternative closer to the consumer.

"Without this co-operation the centre will be doomed. The National African Federation of Chambers of Commerce established a shopping centre at Soshanguve just past Pretoria purely for black retailers and it has been fraught with problems," he said.

Watt said the role for the developer would be facilitated by the working together of big and small retailers.

Not only consumers but the whole community stood to benefit from the creation of a sound and expanding retail node. The massing of retail activity would put pressure on the authorities to provide better roads to move traffic to and from the area and electricity, water and telephone line which were essential for the businesses could be extended to local residents.

In addition, the rates and taxes paid by business could go a long way to financing the infrastructural services.

Watt said that retail facilities would also created job opportunities in the town itself and the spin-offs in the longterm could be dramatic for both residents and investors.

"The provision of retail facilities is only a starting point which eventually leads to a need for offices and industrial and manufacturing opportunities."

"However it is important to realise that the need for retail will only arise once a newly established settlement area has become more settled. Initially the need for formal housing and nearby work opportunities are of overriding importance."

● Old Mutual Properties has developed two neighbourhood retail centres of about 8000m² in black areas recently — the Kagiso shopping centre in the West Rand, which also incorporated an office component, and another in Vosloorus on the East Rand.

R20m shopping complex

A R20M shopping complex to serve the burgeoning black areas in Cape Town is to built by Rabie Investment Holdings between Crossroads and Khayelitsha near the N1.

Chairman John Rabie said in an interview following the AGM yesterday said the 10 000m² complex, to be developed in phases, would be unique, catering predominantly for black retailers.

"It will consist of adjoining small buildings creating an informal shopping setting," he said.

Construction, he said, would begin towards the end of the first quarter next year once letting had got underway.

The centre, still to be named, is to be built on a 3ha site acquired by Rabie last year.

The site was initially earmarked for a R30m shopping centre, Four Ways by Time Developments which had an option on the land.

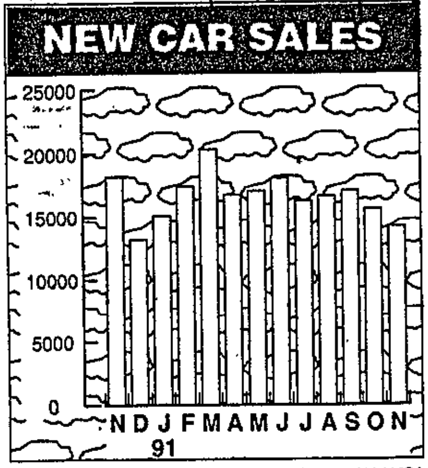
Rabie Investment Holdings, which incurred a loss of R7,4m for the year to end June after being hard hit by the collapse of the black housing market, had "turned the corner" and would be back in a profit situation this year, he said.

Rabie's exposure in the black housing market was now limited mainly to the mobile shelter housing market through Kwikspace Holdings, the prebuilt accommodation business in which Rabie holds 40% and Murray & Roberts 60%. Exports to sub-Saharan Africa by Kwikspace, which includes Zozo homes, had soared and were expected to top R10m for the current financial year against less than R1m last year.

Huge drop in new car sales

B/Day 11/12/91 (30)

SEAN VAN ZYL



Graphic: LEE EMERTON Source: NAAMSA

TOTAL new-vehicle sales for November plunged 20% on 1990's corresponding period to 22 971 units, with car sales reflecting one of the highest drops, latest National Association of Automobile Manufacturers of SA (Naamsa) figures show.

Naamsa director Nico Vermeulen yesterday described the slump in November — normally a strong sales month — as nothing short of disastrous.

New-car sales dropped 22% on the corresponding month last year to 14 200 units (1990: 18 165 units), which came in 300 units below the worst predictions of the industry. Sales declined 20% compared with October's figures.

Light commercial vehicle (LCV) sales

☐ To Page 2

Vehicle sales

B/Day 11/12/91 (30)

☐ From Page 1

for November dropped 18% on last year to 7 854 units (9 572 units), while medium (MCV) and and heavy commercial vehicle (HCV) sales fell by 4% to 353 units (369 units) and 23% to 564 units (735 units) respectively.

HCV sales for the month showed the largest drop when compared with the previous month, and November last year. Vermeulen said the expected surge in demand for MCVs and HCVs — as a result of the new VAT capital input rebates — had not materialised, suggesting demand would remain low.

He said all sectors in the new-vehicle market had reflected declines for the seventh consecutive month, compared with last year's sales.

The close relation between new-vehicle sales and general movements in the local economy indicated the recession was more serious than reflected in official economic statistics.

Nissan marketing MD Stephanus Loubser said he expected the new models coming on to the market would be the last for some time as manufacturers extended the life span of products to cut tooling costs.

Jo'burg's switch into an African metropolis

Sowetan 4/12/91

SAPA-Reuter

BLACKS are claiming Johannesburg as their own, transforming the once-white city into a bustling black metropolis.

(30)

From afar, the gleaming office towers still resemble a prosperous Western city filled with middle-class white commuters. But up close, the sidewalks are lined with black hawkers selling everything from bananas to blue jeans.

Not a white face can be seen among hundreds of people shopping at midday in a pedestrian mall. At the cocktail hour, the wood-panelled bar of the most luxurious hotel is crowded with black businessmen.

"The change is tremendous," said Mr Tim Hart of the Urban Foundation, a private group that studies South African cities. "Johannesburg is hardly recognisable as the city I grew up in."

Africa's wealthiest and most modern metropolis, called the City of Gold for its mining riches, began its transformation in the early 1980s, when whites retreated to the suburbs and blacks moved in.

The social changes in Johannesburg and other cities presaged the formal demise of apartheid laws that became unenforceable as blacks defied the government by moving from segregated townships to white cities.

"Disrespect for the law has helped create the new South Africa," said Mr Lawrence Mavundla, who founded an organisation that made street-vending legal for blacks.

Repeal of segregation laws added momentum to the process of change and made black migration from the townships legal.

Much of Johannesburg now seems like a city in any other African country.

Young blacks and whites mix easily at the Market Theatre complex, with its jazz club, theatres, restaurants and huge Saturday flea market, without the self-conscious awkwardness found at many multiracial social gatherings.

Whites still own most of the businesses and control the wealth but store clerks, taxi drivers and policemen are likely to be black.

The changes also have brought Johannesburg serious problems that foreshadow what awaits the entire country as it tries to undo its racial history.

Many analysts predict the city will deteriorate under the weight of crime, unemployment, overcrowding and the desperation of so many new arrivals fleeing rural poverty.

"Shops have gone progressively down-market, the city centre has become very dirty, crime is out of control," said Mr John Kane-Berman, head of the Institute of Race Relations, an independent research group. "Johnnesburg will retain its vibrancy, but it will look a lot different."

Fewer than 750 000 of the nearly 5 million people in metropolitan Johannesburg are white. About 2 million of the blacks live in shacks in dusty townships that ring the city.

Mrs Sylvia Motebula (26) is typical of the new Johannesburg.

Last year, she moved with her husband and daughter from the remote black homeland of Venda and set up a sidewalk earring stand at a busy corner. The family rented an apartment in Hillbrow, a ragged, crime-ridden area of high-rise apartments that whites deserted.

"There was nothing in Venda," Mrs. Motebula said. "Hillbrow is very noisy and dangerous. But . . . I can make money."

Group backs boycott of white shops

Sowetan 11/12/91.

By MOKGADI PELA

YET another organisation has come out in support of the call by the Azanian Peoples Organisation for a consumer boycott from December 16 to January 2 next year.

The Imbeleko Women's Organisation last night said all black people who saw exploitation as their problem "will see it as their task to hurt white-owned businesses by boycotting them. We therefore welcome Azapo's move."

"Indeed Azapo's refusal to sell out during the so-called Patriotic Front and Codesa has inspired us to identify with its efforts which are always intended to hurt the enemy," Imbeleko chairwoman Mrs Rose Ngwenya said.

Earlier this week, the Azanian Student Convention backed Azapo's call for a consumer boycott and a "black Christmas".

Last week the Azanian Youth Organisation said it would ensure that the consumer boycott succeeded.

Ngwenya urged Azapo to form committees which would monitor the boycott so as "to avoid opportunists taking advantage of the situation and forcing our mothers to drink detergents".

Ellerine strike ends

BDay 11/12/91

A TWO-month-old national strike at the Ellerine Group ended yesterday following agreement between the SA Commercial, Catering and Allied Workers' Union and the company on wages and conditions of employment, according to the SABC.

The union undertook to cease picketing.

VERA VON LIERES reports the strike involved more than 1 000 workers and started on October 7.

About 133 of the 344 outlets in the group were affected. 30

The parties agreed on an across-the-board increase of R175 and that no employee should be paid less than R1057,50 per month.

The parties also agreed on 7,5% commission after sales exceeding R30 000 for sales advisors. — Sapa.

Turning adversity into opportunity

South 12/12 - 18/12/91

30

By Mbuyi Mtsheketshe

HOME RETAILER and shop owner Mr Joseph Mtshiselwa of Langa has turned the adverse conditions and potentially dangerous environment in the Cape Flats townships to his own advantage. He grabbed the opportunity when a well-known soft drink manufacturer indicated he was having problems distributing his products in the townships.

He entered a distributorship agreement with Coca-Cola in 1985, during the unrest periods.

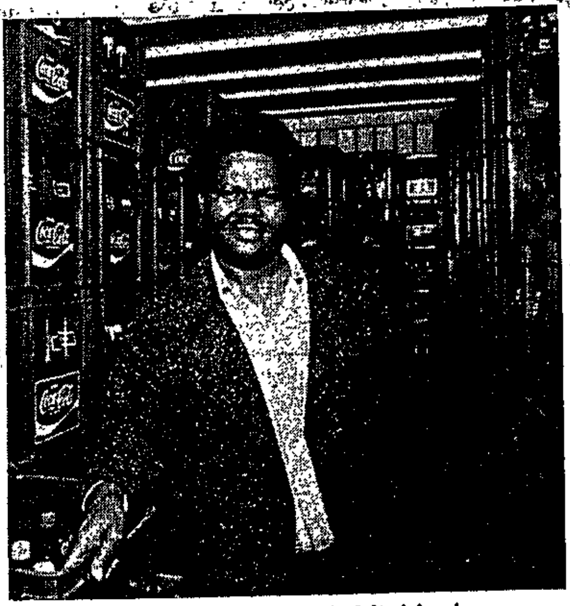
Mtshiselwa created what must be one of the first wholesaling operations in the townships last year, known as "Big 4 Cool Drink Wholesalers".

In recognition of his efforts, which has created initial job opportunities for 28 people, Mtshiselwa has been named the Western Cape's Entrepreneur of the Month by the Small Business Development Corporation.

Mtshiselwa said after leaving school in 1967 he started as a shop assistant with an informal spaza store in Guguletu. He said the experience gave him the initial cash and confidence to start his own business as a spaza owner. This gave him an insight into problems the independent stores had in purchasing and maintaining sufficient stock.

Mtshiselwa said the spaza shop provided him with the motivation to purchase a truck to do bulk deliveries in the townships.

One truck led to a second, and the business now operates a fleet of seven vehicles, all of which are fully paid for.



ENTREPENEUR: Joseph Mtshiselwa

In January, Mtshiselwa established a storage depot in Langa with a R30 000 loan from the SBDC.

This was the start of a wholesale operation, supplying soft drinks to the spaza shops and other retail outlets in the townships.

Mtshiselwa sees his business as more than just a source of income.

Big 4 Wholesalers now turns over more than R10 000 a week in soft drink sales during summer months.

"I have measured my success in the number of new jobs I created and the number of households which now are supported by my wholesaling activities," he said.

Feud is brewing over Old Mutual mall in Kagiso

Sowetan 12/12/91 (30)

Property Reporter

THE new R18 million Kagiso Shopping Mall - seen as forerunner of similar projects by Old Mutual - is facing prospects of a massive boycott from local residents and the business community.

The situation might become serious if talks scheduled for today between representatives of Old Mutual, the Kagiso Civic Association and other interested parties do not come out with a solution.

Projects

Local residents are demanding that the insurance company should involve itself in the construction and development of projects such as roads, electricity, storm water drainage and other recreational facilities.

They contend that the company was able to construct tarred roads, installed electricity and other facilities at the mall whereas these were not provided for in the township.

Fray

The business community has also joined in the fray by asserting that most of the shops were owned by whites.

"Our businesses - especially the informal sector - are going to be swallowed by these big chain stores," one businessman, who did not want his name mentioned, told *Sowetan* this week.

Loans

"Rent and the maintenance of shops at this mall are high for the small businessmen. We are already suffering from financial constraints because we cannot get loans to expand our present businesses," he said.

However. Old Mutual property administrator Mr Leo Diniso, yesterday said that the centre was already 65 percent let and they have had a very good response from the local community.

"We are encouraging as much local participation in the centre as possible, and to this end, we are holding ongoing discussions with the civic association, the town council and members of the local taxi association," he said.

As far as he was concerned, the threat to boycott the businesses was not valid. The company was interested in talking to the community on these demands, but at this stage it has no plans to engage in them.

Mix

"These discussions have given us a very good mix that would be best suited to the area. Besides the anchor tenants, which in themselves will draw substantial numbers to the centre, we have already established a tenant mix which will ensure excellent customer support," he added.

Issue

The president of the Kagiso Chamber of Commerce, Mr Arnold Maqhoki, said that his chamber was not consulted and he declined to comment further on the issue.

Sources close to *Sowetan* said that the boycott was scheduled to start last month, but has been delayed apparently because of the on-going talks.

The 8244 sq m complex provides space for 49 shops including anchor tenants Checkers in 2 650 sq m, Pep Stores in 300 sq m, Diskom in 350 sq m and Kentucky Fried Chicken in 230 sq m.

Additional tenants include two hair salons, two surgeries, a dentist, an hardware, a buchery, a bottlestore, two furniture stores, a video shop, a restaurant, a greengrocer, a men's clothing store and leather goods shop.

Wine drinkers flock to grocers

Bdcw 13/12/91. (30)

THERE was a time — less than a decade ago — when quality wine producers fought to keep their wines out of the food supermarkets. Although the KWV had pressured government into granting a limited number of supermarkets Grocers Wine Licences (GWL), most of the smart estates thought it a little infradig to keep company with the soap powders.

The liquor trade was equally paranoid about the grocers moving into the wine business. They saw their right to trade in a so-called restricted commodity being eroded.

They argued, not incorrectly, that the grocers would not actually increase the consumption of table wine, as the KWV maintained. Instead, so the wine merchants claimed, sales would merely be cannibalised as supermarkets used wines as loss-leaders.

Not surprisingly, until recently the liquor trade proved to be more correct than the KWV. Grand plans for wine to be merchandised in conjunction with food and thus to encourage moderate consumption faltered in the presence of mammon.

It was just too easy for the grocers to take a few national wine brands and discount them to the hilt. It was just as convenient for the sales managers of the national wine wholesalers (all companies in which the KWV enjoyed joint management control). To achieve targets all they needed to do was engage in a promotion through a supermarket chain.

Discount

They would be expected to contribute to these discount arrangements, but in return they would see massive purchases, advertised prices and the liquor trade forced to discount from their own resources to remain competitive.

Much of this changed with the entry several years ago of Woolworths into the wine business. It printed leaflets which told consumers what to expect from each bottle, and merchandising which proposed various food and wine combinations.

Despite a few launch problems, the project was an unqualified success and Woolworths' wine business has grown substantially. It has recently consolidated its house brand range by launching a deluxe group of wines (the vintage collections) from estates as highly reputed as Rustenberg, La Motte and Warwick.

In the meantime Pick 'n Pay has also moved into what the trade calls "value-added business". Just over a year ago the company launched its own Food Hall range of quality house wines from estates such as Simonsig and Fairview.

More recently the concept of value-added products was extended to a superb Christmas range of food and gift products, included among which were some special release wines. Everything about the present Pick 'n Pay project suggests a long-term commitment to quality food and wine branding.

It is into this trading environment that the Woolworths Vintage Collection range has been launched. Both retailers are now building sales in a market where growth can only come from the established brands. Neither can afford to let quality slip; both must make their products speak to consumers because of their intrinsics, and not simply because of an apparent discount.

I was particularly impressed with the quality of the Woolworths wine from Warwick: it is accessible, beautifully wooded and good drinking value at under R20. The La Motte is in the same league, and so is the Rustenberg merlot, though perhaps it is a little expensive at R25. The Sauvignon Blanc from Klein Constantia (priced at about R12) is exceptional value, and the Gewurtztraminer from Villeira is one of the top three in SA.

Ten years ago wine drinkers could safely give the grocers' outlets a miss. Today it seems a lot of people are shopping nowhere else.

MICHAEL FRIDJHON

Tradehold's sale price is adjusted

MARCIA KLEIN

AN AUDIT of Tradehold's financial statements from end-June to end-September showed that Tradehold shares were priced at a 16,6% premium when Pepkor announced its acquisition of 50% of Sankorp's ordinary shares in the group in October.

The adjusted price will see Pepkor acquire the holding company of Tradegro, Checkers, Stuttafords/Greatermans and Coreprop for a lower price than originally anticipated. B/Day. 13/12/91

Today's announcement by Pepkor said that following an audit, the price per Tradehold share — linked to the net asset value of Tradehold — had been adjusted from 57,7c to 49,5c.

A Pepkor spokesman said yesterday the initial price evaluation was based "on a projected situation to end-September".

But the audit of its financial statements for the three months from end-June painted a different picture. (30)

In terms of the amendment to the agreement, Pepkor will acquire 94,4-million shares in Tradehold — amounting to 49,6% of Tradehold's issued share capital — in exchange for 445 000 new renounceable Pepkor shares at 105c a share.

In the event of Pepkor acquiring less

□ To Page 2

Tradehold

B/Day 13/12/91 (30)

□ From Page 1

than 50% plus one share of Tradehold's issued shares, Sankorp would sell Pepkor enough of its remaining shares to allow Pepkor to have a 50%-plus holding.

Tradehold minorities would be offered 49,5c a share in exchange for new Pepkor shares at 105c each.

Pepkor's offer to acquire 32% of Cashbuild from Sankorp at 500c a share remained as originally agreed. Cashbuild minorities would be offered 500c a share in exchange for new Pepkor shares at 105c each for half of the purchase consideration, with the balance being paid in cash.

Pepkor also announced that because of the festive season, the last day to register had been postponed to January 10, and the offer would close on January 31.

Two more of Sharpeville ... not available for comment. ... the leg and has ...

Businessmen battle to end boycott

By Thabo Leshilo (30)

STAR 13/12/91

Desperate Stilfontein traders already hard-hit by the closure of underground operations at the Stilfontein Gold Mine, are engaged in frantic behind-the-scenes efforts to end the boycott of their shops.

The blanket boycott was embarked upon by residents of the black township of Khuma after a meeting held at the local stadium on Sunday.

Residents are demanding that six Buffelsfontein Gold Mine employees charged with intimidation in connection with the VAT strike last month be granted bail, that black staff retrenched by Quality Supermarket be re-employed, and that the Khuma Town Council halt water cuts at weekends and also supply water to the township's squatter camp.

Another demand, that all political prisoners be released in accordance with the Groote Schuur and Pretoria Minutes, was negotiable, boycott co-ordinating committee spokesman James Ntsulela said earlier this week.

A demand that the Allied Building Society stop evictions of ex-miners who are unable to meet their home loan repayments has been shelved after the bank decided to suspend the evictions and negotiate with the Khuma Civic Association.

The electricity supply was restored to the about 60 affected home-owners on Monday, pending the outcome of negotiations between the two parties.

Some businessmen said they had already been affected by the protest action and expressed fears that their businesses would collapse if the boycott persisted.

STAR 13/12/91

Gap between retail and producer prices widens

STAR 13|12|91.

By Sven Lünsche (30)

Prices at the retail level are increasing at a far faster pace than at the producer end of the food chain.

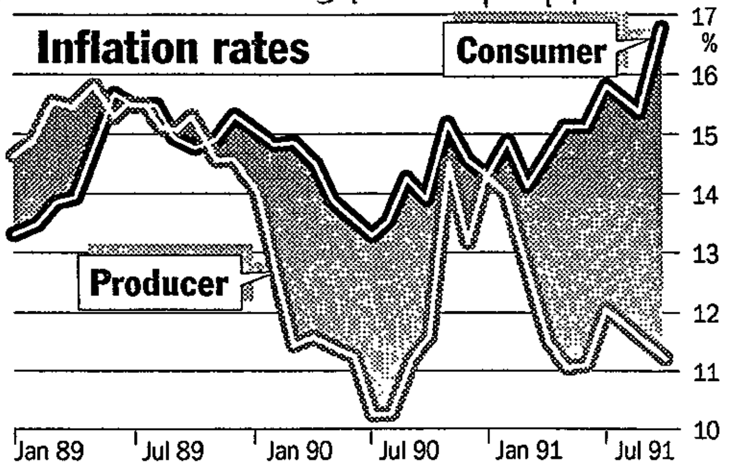
This is confirmed by the latest Producer Price Index and will be food for thought for the Government's recently appointed committee headed by Dr Japie Jacobs, special adviser to the Finance Department, which is looking into the gross distortions in food prices between the producer and the retailer.

Food prices accelerate rapidly as they move from the agricultural to the manufacturing and retailing stages.

In figures released yesterday by the Central Statistical Service (CSS) the agricultural component of the PPI showed an annual rise of 12 percent, while on the manufacturing level prices increased by 14,9 percent.

Over the same period the food component of the consumer price index (CPI) surged by 25,7 percent.

This is making the government's task of reducing inflation even more difficult.



Dr Azar Jammine of Econometric points out: "The huge gap between a year-on-year food CPI inflation rate of 26 percent, on the one hand, and a food PPI inflation rate for both manufacturers and farmers of 12 to 15 percent, on the other, is ensuring that the overall CPI inflation rate is more than five percent higher than the producer price inflation rate."

According to the CSS, the overall PPI rose by a year-on-year 11,1 percent in October, compared with 11,4 percent in September.

Consumer price inflation in October at 16,8 percent stood at its highest level in almost five years. (see graph)

The differential is even more apparent when viewed against previous trends showing that the consumer inflation rate inevitably trailed price trends at the producer level by a few months.

Dr Jammine says that the food-pricing enigma "is making it more difficult to beat inflation" and calls on the Government to "do a decent and prompt job in its investigation".

Despite the current discrepancies between producer and consumer price hikes, economists are optimistic that the official inflation figures will show slight declines next year.

Mike Daly, economist with Southern Life, says inflation could fall to 12 percent by the end of 1992, averaging about 14 percent for the year.

This is echoed by Sanlam's Johan Louw who forecasts an average rate of 14 percent for next year.

On a monthly basis, the PPI increased by 0,9 percent from September to October, indicating that producer price rises could slow further in months to come.

Large monthly increases were shown by fresh meat (3,4 percent), beverages (5,7 percent), tobacco products (6,6 percent) and furniture (7,8 percent).

The imported component of the PPI showed a low annual rise of 4,9 percent, benefiting from the more stable rand exchange rate, while the PPI for locally produced commodities was up by 12,5 percent.

On a monthly basis, the increases were 2,7 and one percent respectively.

CHRISTMAS TRADE FM 13/12/91

Retailers smiling again

Christmas will not be a record breaker but indications are it won't be as bad as retailers feared a few weeks ago. October and November were two of the worst trading months retailers can remember, but their fortunes turned towards the end of last month. By Saturday November 30 the Christmas season was in full swing. (30)

Beares group MD Mike Farmer says he is now budgeting for "a better than 20% increase on last year's sales and real growth of 5%-6%, maybe more."

He adds: "There has been a big demand for medium and upmarket sound systems and refrigerators. Televisions are selling well and furniture has just started moving. We expect furniture sales to take off later this month — that's when people normally buy furniture at Christmas."

Pick 'n Pay chairman Raymond Ackerman says trading conditions began to improve on November 20. "The figures for November 30 were extremely encouraging and haven't fallen off since, which makes me think we'll be up 10%-13% on last year in nominal terms. That doesn't cancel out inflation but it's a lot better than being down."

Checkers MD Serge Martinengo also believes there will be growth but not enough to offset inflation. He says sales of non-essentials and luxuries will take a battering. In contrast to Farmer, Martinengo does not see many people buying brown goods (TVs and sound systems), which he rates as luxuries.

"So many people are unemployed and strapped for cash that they must use whatever cash they have for groceries and other essentials. Those who really need them, and have the cash or are good enough for credit, will probably go for essential white goods, such as stoves and refrigerators."

Radio & TV Manufacturers' Association vice-chairman Richard Ferrer says sales of brown goods picked up sharply in the last week of November. However, because October and the first three weeks of November had such poor trading, retailers are sitting on large inventories and have cut orders. "If

continue →

there's a massive sellout in December, we won't be able to restock them immediately."

The need to restock does not worry Russells merchandise director Niall Thomson, who predicts that this Christmas will be on a par with last Christmas. He complains that the slow start led to Russells having more stock now than it has ever had at this time of year. This problem at other stores is leading to earlier-than-usual Christmas sales.

The recession is hitting the party, entertainment and catering businesses, which, like retailers, rely on the festive season for a good part of their annual revenue. A few big quoted companies, such as Times Media, held their traditional Christmas celebrations but others cut back this year.

Karos Hotels joint MD Stan Hofman says: "Some of our regulars are either not holding parties or holding smaller, in-house affairs. Those who invited 120 people last year cut back to 100 this year."

Ben Kleynhans, manager of Sardi's, a pricey Johannesburg restaurant that provides adult entertainment for company parties, says: "We were so busy last year we hardly had time to sleep. There's lots of time to sleep this year. Companies that threw their bashes here last year were not bothered about cost. This year they're very concerned; they watch the bar closely."

Even the demand for strippers is down. Michelle (she declines to give her surname), a top Johannesburg striptease artist who runs an agency for strippers, says: "In 1989 the girls were hurrying from one Christmas party to another and making so much money they didn't know what to do with it. Last year they were doing two or three 40-minute shows a day at R350 a show. But this year they consider themselves lucky if they get three shows a week." ■

PREMIER GROUP FM 13/12/91

Changing shape

(30)

Chairman Peter Wrighton describes Premier as "the most successful corporate unbundler" of the past few years. It seems a curious comment from a man who has just bought the giant Metro Cash & Carry chain and sizeable retail interests.

But Wrighton points out that under his chairmanship, Premier divested its 34% interest in SA Breweries, moved out of the chicken and egg businesses and reduced its interest in animal feed. Only a portion of the funds raised have been used for the Metro

FM 13/12/91 (30)

and Score acquisitions, which have safeguarded an important part of Premier's distribution network.

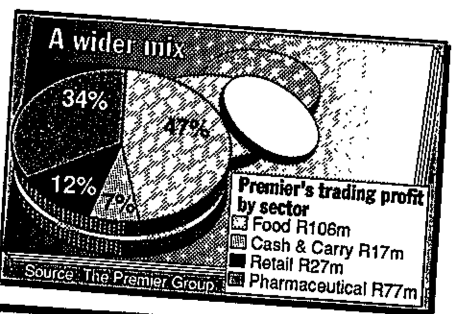
The market has treated Metro as a risky investment for Premier. After a strong rerating over the previous two years, Premier's share has tended to underperform both the Industrial index and the food sector since the share peaked at R37 in July. In anticipation of the interim results, however, it has performed rather better over the past six weeks.

Premier has outperformed better rated counters such as Tiger Oats and even SA Breweries. EPS for the six months to end-September increased by 15% to 97c.

Other comparisons are difficult to draw. The year-end has been changed to April 30, to avoid distortions created by the moveable Easter holiday. These results are for a seven-month period. Premier no longer consolidates CNA Gallo, but consolidates Metro Cash & Carry, Score Supermarkets and Clicks, though only since the acquisition was completed in July.

But Premier must be relieved that Metro and Score have not proved to be the drain which some analysts feared them to be (see separate report). The businesses are not yet operating to full potential, but Metro made an after-tax profit, and Score beat the prelisting forecasts. Premier's operating margin has fallen from 6,3% to 4,4%, partly reflecting the larger role of retailing and wholesaling, that now accounts for more than half of turnover. Metro is operating on a wafer-thin 1% margin, that should increase in the second half, but is unlikely to exceed 2,5%.

Profitability of the food businesses improved; there was a substantial pick-up in the performance of edible oil as a substantial new Kraft margarine and salad dressing factory made a full contribution. Wrighton says there was a downturn in flour production of 6%, as the standard loaf was reduced from 850 g to 800 g, as well as a general drop in demand. Wrighton says in view of the overcapacity in the industry he feels vindicated in the decision not to proceed with a new mill in Maritzburg. For less money than Tiger Oats is paying for its mill, Premier has upgraded a number of its 17 mills and improved efficiencies.



FM 13|12|91 (30) FOX

METRO/SCORE FM 13|12|91

Promising start (30)

Effects of the merger between Metro and Trador have been felt faster than expected. We predicted in a cover story (*FM* September 13) that Metro interim's operating profit would be swallowed up by interest payments.

Metro entered the financial year carrying about R140m in interest-bearing debt. Proceeds from the rights issue, to recapitalise the business, were received only on November 15; so the issue had no effect on the interim period to October 31.

Metro has beaten our forecast. It made R16,7m operating profit, paid R9,7m interest, and made an attributable profit of R2,3m, or EPS of 2,2c.

From November 15, more than R87m has been raised through the rights issue, which will reduce gearing from 92% to 13%. Chairman Peter Wrighton is confident Metro will become ungeared and cash positive now that it concentrates on its traditional cash-and-carry business.

The recent acquisition of Stax, a chain of four durable discounters, seems anomalous. True, it contributed about R650 000 in attributable earnings, about a third of the total. But Metro financial director Dudley Rubin says the main reason for the purchase was to acquire the skills of Colin Scott and his team. Scott becomes MD of Trade Centre, five hyperstores which have just started trading profitably. He brings knowledge of nonfoods to Trade Centre — an area in which rival Makro has so far proved much more effective.

Rationalisation costs were fully provided for at end-June. So there were no extraordinary costs for the closure of conventional wholesaler Frasers Greenstein & Rosen and 31 marginal cash-and-carry stores. The Cashmart and Frasers Cash & Carry names have been abandoned. Just 14 stores carry the Trador name, though it is fully integrated into Metro.

Rubin says the working capital management inherited from previous management needed attention. He says shrinkage has been reduced by the introduction of a formal loss control division.

He adds that the introduction of VAT had no visible effect on Metro's business. He says as customers are not fully aware of the effects of VAT, Metro is undertaking a major educational programme. Little business has so far been lost to retailers who were previously obliged to charge GST.

□ Newly listed **Score Supermarkets** has beaten the forecasts in its listings documents. It was formed from Metro's retail arm, Fairways — the biggest single drain on Metro's profitability before the Premier takeover — and Score's limited assortment supermarkets, which were not very profitable.

Score's operating income was R2,2m, 44% better than forecast, and the attributable loss of R3,1m was 5% better than expected. Score will receive R55m from the rights issue, which will reduce gearing to 24%. MD Chris Burgess forecasts attributable earnings for the 10 months to April 1992 of R760 000, or 2c a share. *Stephen Cranston*

EXPANSION PAYS

Six months to	Sep 30 '90	Mar 31 '91	Oct 31* '89
Turnover (Rbn)	2,53	2,57	5,22
Operating inc (Rm)	158	216	227
Dividend and equity accounted inc (Rm) .	13	38	15
Attributable (Rm) ..	60	93	85
Earnings (c)	84	126	113
Dividends (c)	28	42	37

* Seven month period.

FM 13/12/91 (30)

Premier Foods ~~is~~ exposed largely to staples. Not only are these foods low margin, but they are also mature and offer organic growth at a pace no greater than the population growth. But Wrighton considers the group's dominant share in flour, bread and maize meal to be its strength, as sales are more stable during a recession. Premier's target market is in the C- and D-income groups, likely to be recipients of social spending in the new SA. Premier Foods, which is wholly owned, will still account for more than 60% of Premier's bottom line this year.

Shareholders' funds fell by about R25m, as R217m goodwill acquired with the acquisitions was written off, though this was partly offset by an increase in equity of R129m from issue of about 5m new shares to fund the acquisitions.

Gearing, at 47%, is at a seasonal high because of extra stocks for Christmas. Wrighton says it should fall to about 25% by year-end.

Despite a doubling of turnover, and providing funding for the Metro and Score acquisitions, Premier's interest bill increased by just 6% on a comparable basis.

Premier's result looks particularly creditable as CNA Gallo, a star contributor, had static earnings. The pharmaceutical interests, Twins and Gresham, are recovering. A small increase in Metro's margin could have a marked effect on the bottom line.

At R32, Premier offers a 14,3 earnings multiple and yields 2,3% on dividend. This compares with 17,9 and 1,9% for Tiger Oats, and 20,8 and 1,6% for the Food index. Premier is relatively underrated, though in absolute terms it is fairly priced. *Stephen Cranston*

FM 13/12/91

PUTTING LIFE BACK IN THE CITY

(30)

Alderman Eddy Magid, long an advocate of housing development in the CBD, believes that since construction in downtown Johannesburg has now reached the unprecedented R1,5bn level — "and this in the middle of a recession" — the time has never been better for the creation of residential enclaves.

In October, Magid briefed the *FM* on the idea of a private, nonprofit corporation in Johannesburg to develop a residential zone east of Eloff Street and pockets of residential space in the CBD. In exchange, the city council would consider a rates holiday or phased-in taxes over 10 years.

Magid had just returned from the US where such a corporation, Central Atlanta Progress, has been established. Johannesburg planning & development committee, which he chairs, was about to table a report advocating use of the Atlanta model for Johannesburg's revitalisation. A workshop on the plan was to be held at the end of November. It now appears that the two-day workshop — enthusiastically co-sponsored by the city council and private sector — has got the ball rolling.

Titled a "Strategic Initiative for Central Johannesburg," the workshop was attended by CEs of downtown corporations, heavyweight developers, Cape Town's Victoria & Alfred Waterfront planner David Jack, Durban CBD revitaliser Revel Fox, and representatives of Operation Jumpstart and the Urban Foundation. The idea was to evolve a working plan and set up a partnership structure to implement proposals.

Ampros had been instrumental in harnessing interest in the private sector.

It appointed urban planner Diana Mayne as a consultant on an initiative for central Johannesburg in June. She acted as one of the organisers of the workshop, the aim of which, she says, "is to kick-start the revitalisation process."

Many of the 11 working groups assigned to discuss particular aspects of improving central Johannesburg, she reports, spoke of the need for residential development for a range of income groups. Mayne — who is busy compiling the proceedings and recommendations of the workshop — says the formation of a Central Johannesburg Partnership was agreed and a steering committee will be in place by January. It will have 18 members, six each from the community, private sector and city council.

The committee has been charged with the formation of a nonprofit development corporation by April. Its terms of reference, still to be investigated in the next few months, will take in mortgage finance, security and legislation.

The boundaries of the Johannesburg CBD also appear to have been widened for the purpose of the partnership — from the CBD concept to a larger, central area encompassing Hillbrow, Braamfontein, Joubert Park, Jeppestown, Crown Mines, Fordsburg and Newtown.

The question of whether the formation of a nonproft corporation will duplicate the Urban Foundation's efforts is dismissed by Mayne: "The Urban Foundation will have an important role to play. It has no agency looking at downtown Johannesburg." Mayne and other workshop delegates appear to have reached consensus on the issue of using existing developments to create new residential space.

The problem, according to Ampros, is to find sellers of existing stock.

Boycott called off for month

Sowetan 13/12/91 (30)

By DON SEOKANE

THE nine-week-old consumer boycott in Duiwelskloof was suspended yesterday following talks between delegates from the Conservative Party-controlled town and the Tzaneen/Duiwelskloof Consumer Boycott Committee.

However, the suspension does not extend to business wholly or partly owned by Lebowa and Gazankulu homeland leaders.

The boycott has been suspended until the end of January pending the formation of a forum which will be used to iron out problems.

Although the boycott organisers' demands have not yet been met, TDCBC chairman Mr Mmutle Phasha said there was a "shift" in attitudes which gave an indication that the demands might be met.

Festive trimmings may brighten gloom

S Times (CM) 15/12/91 (30)

By KURT SWART

RETAILERS' gloom about poor turnovers could bring cash-strapped consumers a windfall for Christmas as prices are slashed in an attempt to boost flagging sales.

With the country deep in recession, seasonal business forecasts in Cape Town have ranged from extreme pessimism to cautious optimism. Many businessmen are pinning their hopes on a last-minute shopping spree as the influx of tourists increases.

Retailers have already accepted it is unlikely they will have a bumper season.

High interest rates, inflation, rising unemployment, low salary increases and smaller bonuses are expected to curb spending.

The assistant director of the Cape Town Chamber of Commerce, Mr Albert Schuitmaker, said he was optimistic about the festive season, but he was surprised that many retailers had cut their prices.

"Normally this happens after December 24, when there are substantial price reductions on goods that haven't been sold for Christmas. Competition is going to be fierce."

Mr Schuitmaker said he based his optimism on past Christmas trends.

"Last year at this time sales figures were very disappointing, but there was an enormous boom in the last 10 days before Christmas.

"The question is whether that trend will be repeated."

A gloomier assessment came from Knitted Fabric and Clothing manufacturer Mr Malcolm Hughes who emphasised that the textile and clothing industry, which employed many Western Cape workers, was in a recession.

"Many factories have closed early. It would be my assessment that Christmas bonuses will not be paid or will be lower than in previous years," he said.

Mr Colin McCarthy, executive director of the Cape Chamber of Industries, warned against "talking the economy down".

"Whether there's a boom or bust depends largely on the attitude of people."

He felt business would improve in the New Year, but agreed that prospects for the Christmas shopping season were gloomy.

The chief executive of Captour, Mr Gordon Oliver, said although hotel accommodation was still freely available, indications were that the influx of tourists was greater than at the same time last year.

Boom

"Our information officers have been overwhelmed with inquiries and visitors. The percentage increases are considerably higher than last year's figures," Mr Oliver said.

"A lot of people make last-minute decisions to go on holiday."

Another optimist was Pick 'n Pay chairman Mr Raymond Ackerman, who warned there was too much gloom and that it was important for businessmen to show confidence.

He stood by his earlier statement that the retail industry was in its worst shape since 1951, but added: "It's still a very tough economy, but I don't think the situation is quite as disastrous as people think.

"Pick 'n Pay is 15 percent up this week from the same time last year, which is encouraging. It's not going to be a boom or a bust, but in between."

Driver (30) fired for activist brother's inactivity

City Press 15/12/91

CP Correspondent

A PHALABORWA man this week claimed he was dismissed from work because his activist brother was unable to stop a consumer boycott in Phalaborwa.

The man is Ericson Ngobeni, whose elder brother Eric is general secretary of the Phalaborwa Consumer Boycott Committee (PCBC) which has spearheaded the boycott of the town since the beginning of November demanding the opening of amenities to blacks.

PCBC publicity secretary Ludwig Ratlabala said Ericson had been fired because of his brother's activities and charged that a hardware firm in the town has been laying off staff.

Consumer boycott

"But with Ericson it was different, he has been told he is being laid off because his brother is not stopping the consumer boycott," said Ratlabala.

Ngobeni worked as a driver.

A mass meeting at Namakgale Stadium last Sunday resolved to continue with the consumer boycott folowing the collapse of negotiations between the committee and the Phalaborwa Town Council.

Ratlabala said the town council rejected all the demands and gave varying reasons for not meeting any of the demands.

"The only response we got was about the erection of a taxi rank for which the council replied they had no money," said Ratlabala.

Vat on food

Phalaborwa town clerk John Bensch told City Press that most of the demands were not the type to be addressed by a local authority but by the government.

Bensch said they were being asked to scrap VAT on basic foodstuffs which the town council could do nothing about since it is a government levy.

The manager of Heqlen Hardware, Leon Dupree, which dismissed Ericson Ngobeni, said his company sacked him because his brother is not stopping the boycott.

"I know you are referring to Ericson Ngobeni. We have not dismissed him. It was his time of going on leave and he did not want to go on leave," said Dupree, who added that Ngobeni would be back after his four weeks' leave was over.

Ericson is adamant that he has been dismissed.

to decide on our role ...
The mood of the 5 000-strong crowd at the opening rally at

debating the issue ... afternoon, and some PAC mem-

would be consensus ...

(30) CT16/12/91

'Sorry' ends cafe boycott

COLESBERG. — Two white businessmen in this Karoo town had the boycott against their business lifted this week after appearing in a "People's Court" in Kuyasa township, where they were made to apologise for allegedly insulting township residents.

They were cafe owners Mr Tony and Mr Tiago Rodriquez, whose Protea Cafe was one of five white and coloured businesses in the town to be boycotted by residents of Kuyasa for "insulting the people in the past and for not employing more black staff members". The protest was called by so-called civic leaders.

Businessmen affected described the demands of the civic association as "unreasonable and ridiculous".

They denied applying discriminatory measures and claimed that they employed the best qualified people "irrespective of race or colour".

The local Afrikaanse Sakekamer chairman, Mr Philip Fourie, said he found it strange that the rumour of a general boycott still persisted when organisations such as the African National Congress and Cosatu had distanced themselves from such mass action in a spirit of conciliation during the festive season.

Commerce in the town has been partially paralysed by the three-week-old boycott.

Other businesses affected are Pep Stores, two butcheries and a fruit and vegetable shop.

In a placatory move, Pep Stores appointed more temporary black shop assistants, but on Saturday the pickets were still preventing black and coloured shoppers from entering the shop. — Sapa

White businessmen at 'people's court', then boycott lifted

STAR 16/12/91

COLESBERG — Two businessmen in the Karoo town of Colesberg had the boycott against their business lifted last week after appearing in a "people's court" in the black township, where they were made to apologise for allegedly insulting the residents.

The cafe of Tony and Tiago Rodriquez was one of five white and coloured businesses to be boycotted by residents of Kuyasa township for "insulting the people in the past and for not employing more black staff members". (30)

Businessmen affected described the demands of the civic association as unreasonable.

They denied applying discriminatory measures

The local Afrikaanse Sakekamer chairman, Philip Fourie, said he found it strange that the rumour of a general boycott still persisted when organisations such as the ANC and Cosatu had distanced themselves from such mass action in a spirit of conciliation during the festive season. — Sapa.

SBDC loans rise by 20% in Cape

B/Day 17/12/91 (30)

LINDA ENSOR

CAPE TOWN — The Small Business Development Corporation (SBDC) in the Western Cape had outstanding loans of R130m at the end of the 1991 year.

This was an increase of 20% on last year's R108m, according to a report on the year's activities.

During the year 2 900 loan applications were handled, with 1 080 new loans with a gross value of R65m being approved.

The activities of the Western Cape SBDC cover an area with a population of about 4,2-million.

The review said the SBDC's loan programmes had supported 8 500 jobs while the number of business premises available for entrepreneurs increased by about 100 to 1 070.

These included units in commercial centres in black suburbs, small business hives, industrial parks and offices.

The report said three major property projects were completed — the development of about 80 units in Phase 1 of the Philippi Small Business Centre and the expansion of the Blackheath and Paarl hives. Other hives were either under way or planned.

Monthly aggregates of information and advice contacts increased from under 4 000 to well over 5 000.

"In many cases advice included assistance in deregulation and related issues."

About 350 people were trained and the presence of the SBDC was strengthened in a number of towns.

Regarding the year ahead, SBDC regional manager Wolfgang Thomas said particular attention would have to be given to planning new industrial hives and commercial centres near black residential areas and along new transport spines, as well as to the mobilisation of institutional investor funds for these projects.

"At the same time we have to help the more efficient black start-up entrepreneurs achieve a breakthrough in their growth towards stable, medium-sized enterprises."

The range of services provided through the SBDC's hives and its entrepreneurial and business training programmes would be expanded, Thomas said.

He felt that the small and medium enterprise sector was particularly strong in the Western Cape and was regarded as "a promising foundation for future economic growth and job creation".

Township retailing needs co-ordination

STAR 17/12/91

By Frank Jeans

While there is an urgent need for retail development in black townships, communication and co-ordination between the major players and the "small man" is the key to success.

In the latest issue of Old Mutual Properties' Property Profile, property investment manager Ian Watt, says: "There are major forces working against the establishment of a more formal retail component.

"Firstly, there is the concern of the local trader that he will be unable to compete with the national chains.

"At the same time, the chains are concerned about the success of outlets in black towns."

An aggravating factor, too, is the violence, intimidation and boycotts and their effect of interrupting service in stores.

Mr Watt believes it is logical to assume that the collective strength of the national chains and the small retailers would provide a better chance of success.

"This means that national chains, particularly supermarkets, have to forego exclusivities, especially when it comes to the business of greengrocer, baker and butcher.

(30)

"The only way for small businesses to compete with the national chains is to become big themselves.

"We are already seeing the evolution of small black retailers from one store or more to becoming local chains.

"The role of the developer in creating retail facilities will be facilitated by the working together of big and small retailers to build a strong and vibrant retail community," he says.

BUSINESS

EDITED BY

Business and civic leaders for talks on Cape growth

(30)

S/Times (CM) 29/3/92

ABOUT 300 business and civic leaders are expected to attend the Growing the Cape workshop in the Cape Town Civic Centre on Wednesday.

They include not only market-demand-driven industrial sectors such as clothing, food processing, construction materials, printing and durable consumer goods but relatively new or specialised growth sectors such as high-tech products, scientific equipment, upmarket boutique clothing, jewellery, cosmetics and pharmaceutical products.

With vigorous inward as well as export orientated industrialisation programmes, the Western Cape should be able to maintain a growth momentum in all these subsectors during the next few years, says Wesgro in its invaluable working guide, South Africa's leading edge? — A guide to the Western Cape economy, published this week.

It points out that the swing towards smaller enterprises and the informal sector is likely to become more pronounced in the region, given the consolidation of African urban settlements and the growing number of small-scale self-employment ventures in "coloured" and white communities.

The guide focuses on selected subsectors:

- Clothing. This is regarded as the most important industry in the Western Cape, with considerable growth potential in local, national and export markets.
- Textiles. "With concerted, industry-wide strategic planning, better co-operation between clothing and textiles operators, and pragmatic market-orientated support from government, the sector should be able to increase its contribution to the economy of the Western Cape."
- Food. "Foreign exports are significant for canned products and markets on the African continent may be set to expand."
- Beverages. Soft drinks production is likely to grow rapidly due to rising local demand and the export potential for fruit juices. The wine sector could experience slower growth locally but exports may achieve a breakthrough.
- Printing and publishing. This is likely to expand over the medium term through the growing population, increasing literacy and new education policies.
- Wood processing and furniture. Growth opportunities include basic household furniture for low-income consumers and high quality wood, steel or plastic furniture, as well as the renovation of antiques, for upper-income local, national and export markets.
- Petrochemical, industrial chemical and plastics industries. In these and subsectors such as pharmaceuticals and cosmetics the region could, if properly prepared, establish a distinct niche in national and export markets.
- Fabricated metal products, machinery and electrical industries, together with scientific instruments and electronic equipment.
- Pleasure boats and fishing vessels. The former seem well placed for expansion in local/national demand and exports, and in the latter case production for export could be a medium-run challenge.

The guide points out that although the Western Cape is poorly placed for north-eastern neighbours, the road links with Namibia and Botswana, sea links along the West African coast — for example, Angola and Nigeria — and air links with all parts of the continent should enable the region to capture a significant share of trade and other business opportunities.

The following benchmarkets are suggested for consideration:

- A population growth rate not exceeding 2,6% a year.
- Gross geographic product of at least 3,5% a year.
- The creation of 40 000 new, identifiable jobs a year during the next few years.
- An increase of 5 to 7% a year in total exports from the Western Cape.
- A 10-year programme (incorporating annual targets) to speed up provision of the social-infrastructure needs of black low-income households.

East Rand shoppers ignore boycott call

(30)

East Rand Bureau

STAR 18/12/91

Large numbers of black Christmas shoppers in most East Rand towns yesterday ignored a call for a boycott of white businesses.

The consumer boycott was called by Azapo and other community organisations, but the ANC and PAC said they were not involved in the call for the boycott.

In Germiston, hundreds of black shoppers flocked to the Golden Walk shopping complex in Victoria Street to do their Christmas shopping.

In Kempton Park, shoppers from Tembisa were seen going from shop to shop buying groceries and clothing and carrying their purchases in plastic bags to awaiting taxis.

In an interview with The Star some shoppers said they were not aware of the consumer boycott, adding that even if they were they would still shop in Germiston because it was cheaper.

Those who said they were aware of the consumer boycott said they knew it could not succeed because the ANC was not involved.

Alberton Traders Association spokesman Ishmail Loonat said the situation there was normal.

Mr Loonat added that people were coming to town and buying freely without any intimidation.

Retailers predict a dire Christmas

B Day 18/12/91 (30)

MARCIA KLEIN

A SLUGGISH retail sector over the first half of December did not bode well for good sales growth over the critical Christmas period, major retailers said yesterday.

Describing December sales as "flat", "sluggish" and "disappointing", retailers said that even a late rush would not make up for a year of depressed retail sales.

Specialty Stores joint MD Stewart Cohen said there was "nothing in the economy, employment figures or salary figures to indicate that Christmas will be particularly buoyant".

If a company was trading relatively better than its competitors, it meant that it was gaining market share rather than indicating any good news about consumer spending, he said.

He said Specialty had been trading reasonably well during December, but this had to be seen in relation to the previous year.

Specialty's sales had increased by 37% in December 1989 but by only 10% to 12% in December 1990 as the company tightened its credit.

In this light, Cohen said, this year should show a better increase than last. Milady's and the cash divisions had been doing particularly well.

Checkers merchandise and marketing director Lionel Blackman said December had been quiet.

While certain divisions had exceeded budget, others were down, and customers were buying more functional gifts and were looking for value for money rather than spending their money freely.

Although the past weekend had been busy, he said there would be no fireworks over Christmas.

"Every year Christmas seems to start later, and we are not expecting it until the 23rd," he said.

Rusfurn MD Ian Sturrock said the pattern had been varied. Dion and the Cape area in general had been particularly quiet, while Russells and Wanda Frasers had been doing well.

Sturrock said the next five days were critical, but he did not expect the upper end of the market to show the same growth as the lower end.

He had also noticed a reduction of bank credit at the upper end of the market, but said the middle-income bracket had held up remarkably well.

Encouraging

Dion CE Jannie Els said sales had been "fairly flat" so far, and it looked as if retailers could expect a late Christmas. He said sport and hardware had been showing good growth, indicating that customers were opting for more practical gifts.

Woolworths MD Sid Muller said December sales had been sluggish, and although they had improved over the past week, they were generally below budget.

He said the whole market was operating at a lower level, and lower-priced items seemed to be doing better.

Pick 'n Pay chairman Raymond Ackerman said although trading conditions had been tough, the past few weeks had been encouraging.

Sales had increased by 13% in the last week of November and had picked up by about 15% in December.

While sales were still "a shade under budget", he was not unhappy with trading.

Boycott call gets a knock

Sowetan 18/12/91. (30)

Sowetan Reporter

THOUSANDS of black shoppers yesterday defied a call for a "black" Christmas when they packed Johannesburg shops to buy for the festive season.

The call for a consumer boycott between December 16 and January 5 was made by the Azanian Peoples Organisation and supported by trade union federations Nactu and Cosatu.

The call, however, failed to get support from the mainstream black liberation movements, the African National Congress and the Pan Africanist Congress.

Shops surveyed yesterday reported that business was normal. They said they were having more customers because of the spending spree that accompanied the festive season.

Most of the shoppers surveyed in Johannesburg were not aware of the call and those who were said they had chosen to ignore it.

The PAC rejected the call because "people had not been given an opportunity to discuss the matter and organisations had not been consulted".

PAC spokesman Mr Fortesque Mtimkulu said the decision had been taken unilaterally.

The PWV region of the ANC also rejected the call.

In a statement, the organisation said it had called on people to celebrate the festive period in a spirit of goodwill which had been given impetus by the recent Convention for a Democratic South Africa.

Stating reasons for not supporting the call, the ANC said the masses had been involved in numerous campaigns this year.

"It would be too short a notice to involve them in yet another major campaign," the organisation said.

Consumer action a success - Azapo

Sowetan 18/12/91

By DON SEOKANE

30

THE national consumer boycott organised by the Azanian Peoples Organisation has received wide support from communities around several towns and major city shopping centres.

The consumer boycott, which started on Monday, kicked off well, Azapo's national spokesman Mr Khangale Makhado said yesterday.

He said that in the Far Northern Transvaal town of Marble Hall the boycott was 100 percent effective and 90 percent effective in Louis Trichardt. In Pietersburg it hads received about 70 percent support.

Makhado said reports received from Johannesburg and Durban showed that the boycott was gaining momentum and was 60 percent effective. The assessment of the boycott in the Cape was about 50 percent effective.

"Judging by the buying spree experienced in Pietersburg, Johannesburg and Durban before the long weekend and considering that it is during the festive season, we can say that the buying spirit is falling down.

"We thank those who have heeded the call and we urge those who are ignorant to refrain from buying," said Makhado.

Pepkor makes a canny impression on Scotland

(30)

BI Day 19/12/91.

MARCIA KLEIN

PEPKOR'S rapid expansion outside of SA has seen it open 17 stores in Scotland since March this year.

Pepkor chairman Christo Wiese said in the latest edition of Leadership that Pep Stores' goods had been exported to the UK and other European countries since 1980 — under different labels.

Subsequently, the group decided to export "Pep Stores retail technology" into the UK, and in March this year it opened its first store in Scotland through an associate company.

Wiese said that "trading exceeded our most optimistic expectations", so Pepkor bought "a little chain of 14 stores" and leased another two, bringing its store count in Scotland to 17.

"Once we have learned our lessons, we will expand further", he told Leadership.

Commenting on Pepkor's presence in Africa, Wiese said that while the group had stores in all countries south of the Limpopo — with 25% of its manufactured exports going to African countries — it had been difficult in the past to expand north of the Limpopo for political reasons.

Although this situation was changing, SA companies needed to be able to freely import their goods into those countries, and there had to be enough foreign currency in those countries to pay for the goods. "We also need to know that we will be able to repatriate profits," Wiese said.

Pepkor's strategy would be to concentrate on Kenya, which imported \$8bn of the \$30bn-worth of goods imported into sub-Saharan Africa. He said Kenya also had a well-established market and the capacity to pay for imports. Wiese could see Pepkor "doing business in a country like Kenya within 18 months".

On the local front, Wiese said Pepkor was "developing another exciting model for share ownership", but would not expand on the issue.

Wiese also spoke out against SA's high company tax rate, and said that exchange control should be abolished.

Commenting on the hike in food prices, Wiese said food retailers worked on the lowest margins in the world (below 2%), and said there were two or three suppliers which reported large profits "even in the toughest years".

"If there is profiteering, its not at the retail level where competition is as tough as it comes", he said. He added that control boards were bad for business and the consumer.

SOWETAN
Building the Nation

Winning the battle with the landlord

Sowetan 19/12/91

30

By SONTI MASEKO

HAS renting office space turned out to be a nightmare of running battles with the landlord over how office space is calculated, whether rent should include refuse rooms and entrance foyers?

A lot of these issues had become a grey area since the last update of guidelines for shops and offices in 1985.

However, the good news is that these issues are a lot clearer now with a revised floor measurement document which updates leasing from 1985 guidelines into the present.

The guidelines contained in the booklet compiled by the South African Property Owners Association also introduce standard measurements for industrial premises.

Changes

The new version takes into account changed building configurations and introduces new concepts.

The new approach changes the calculation of rentable area, defined as the area for which rental is paid.

For example, if entrance foyers are remotely situated from adjacent office areas, those areas are excluded from rentable area.

Landings in staircases are not to be measured as rentable area, even when these landings also form access-ways to toilets or other such facilities.

The booklet includes, for the first time, measurement of industrial space, which was traditionally left out because it meant so many square metres of factory space.

Industrial design now includes factory space, warehouse and office space, all of which may attract different rentals in a composite rental package.

Also for the first time, the question of of atriums, or entrance hall, is dealt with.

Accurate

Sapoa maintains that to include the atrium or multi-volume area as entable space, it has to be totally weatherproof and form an integral part of the interior of the building, and it has to be capable of use as offices by the occupants of the floor.

Refuse rooms, electrical sub-stations, transformer rooms, caretaker's apartments and rooms of similar use are not to be included in rentable area except if they are on a specific floor for the purposes of servicing that floor.

If different rentals are to be applied, accurate and consistent measuring methods are vital, says Sapoa.

Sapoa executive director Mr Brian Kirchman states: "The revised floor measurement document takes leasing into the present ... it has created certainty again. The revised rules, resulting from a demand by members, will ensure that both landlords and tenants understand each other from the start. This has resulted in disputes being minimised."

The new document, to come into effect from January 2 next year, is currently available from Sapoa's offices in Rosebank, Johannesburg, telephone (011) 880-4703.

Tariffs opposed

TOKYO - Japan will continue to oppose tariffs on food imports unless there are sharp cuts in export subsidies, Agriculture Ministry officials said at GATT talks this week.

"It would be unfair if tariffs are introduced without a drastic cut in export subsidies," a senior official said.

Export subsidies, which have distorted world farm trade, should be abolished eventually, he added.

Major farm negotiators, including Japan, were due to hold a meeting in Geneva this week which the head of the General Agreement on Tariffs and Trade has set as the deadline for contributions to a draft agreement for the Uruguay Round.

You can shop till you drop before Christmas

Consumer Reporter (30)

STAR 19/12/91

Those last-minute festive season necessities can still be bought right up to Christmas Eve as stores stay open for consumers to "shop till they drop".

Catering, Restaurant and Tearoom Association executive director Frank Swarbreck said very few cafes would be open on Christmas Day.

"They should be open on the Day of Goodwill," he said.

Mr Swarbreck urged consumers to check whether their favourite restaurant would be open on Christmas Day and, if possible, make a firm booking.

"Restaurants have to pay double wages to workers on Christmas Day. The perennial gripe is that people overbook or they book and just don't come. So if the restaurant asks for a deposit, don't be angry," said Mr Swarbreck.

A number of major chain stores are also having extended trading hours during the coming weekend when businesses expect the last minute rush to get off in full swing.

OK stores will be open during regular trading hours on Saturday, Monday and Tuesday.

Checkers will have extended trading hours in all its Transvaal and Free State stores this festive season.

On Saturday, all late trading Checkers stores will trade from 9 am to 1 pm. In the southern Transvaal these are: Heidelberg, Nigel, Northmead Mall, Norkem Park, Kitzinger Avenue, Springs, Jules Street, Edenvale, Commissioner Street, Primrose, Alberton, Brackenhurst, Lambton, Randburg, Sandton City, Cresta, Bryanston, Emmerentia, Hillbrow, Yeoville, Killarney, Bertrams, Eastgate, Balfour Park, Epsom Downs, Midrand, Kempton Park, Ennerdale, Ridgeway, Southdale, Glenvista, Mayfair, Florida, Newlands, Monument Park and Westgate.

In the northern and eastern Transvaal: Arcadia, Beatrix Street, Sunnypark, Silverton, Lynnwood, Pretoria North, Middleburg, Pretoria West, Lyttelton, Rustenburg, Wierda Park, Nelspruit, Pietersburg, Moreleta Park, Brooklyn and Gezina.

In the Transvaal country and Free State these are: Vanderbijlpark, Meyerton, Sasolburg, Arcon Park, Three Rivers, Randfontein, Westonaria, Onyx Drive, Potchefstroon, Fleurdal, Henry Street, Secunda, Lichtenburg, Mafikeng, Upington, Volksrust, Harrismith, Kimberley, Parys, Kroonstad and Welkom.

All Pick 'n Pay Southern Transvaal supermarkets will open for extended trading hours from 8 am to 7 pm tomorrow.

The following Pick 'n Pay supermarkets will be open until 1 pm on Sunday: Blackheath, Brixton, Bedfordview, Florida, Craighall Park, Witpoortjie, Sunward Park (Boksburg), Lonehill, Benmore, Edenvale, Krugersdorp, Birchleigh North, Randpark Rigde, Randfontein, Gallo Manor, Southgate and Village Walk.

There will be normal trading hours on Monday and Tuesday before Christmas Day when stores close until December 28.

Pick 'n Pay hypermarkets have separate trading hours.

The following Dion stores will be open on Saturday from 8 am until 3 pm: City, Springs, Pretoria and Port Elizabeth.

Dion stores open to 5 pm on Saturday: Wynberg, Randburg, Boksburg, Alberton, Westgate, Brooklyn, Greenacres, Arcadia, Vanderbijlpark, Welkom, Cape Town and Parow.

On Sunday the following Dion stores will be open from 9 am until 3 pm: Wynberg, Randburg, Boksburg, Alberton, Springs, Westgate, Brooklyn, Greenacres, Arcadia, Vanderbijlpark, Welkom, Cape Town and Parow.

On Christmas Eve all stores will be trading from 8 am until 5 pm. Westgate and Greenacres Dion stores will trade from 9 am to 9 pm until December 23.

BRIAN PORTER (30)

Still stalling

Activities: *Sales and service of new and used motor vehicles.*
Control: *Directors 71,4%.*
Chairman and MD: *Brian Porter.*
Capital structure: *2,8m ords. Market capitalisation: R11,3m.*
Share market: *Price: 400c. Yields: 5,3% on dividend; 196% on earnings; p:e ratio, 5,1; cover, 3,7. 12-month high, 500c; low, 320c. Trading volume last quarter, 6 500 shares.*

Year to June 30	**'88**	**'89**	**'90**	**'91**
ST debt (Rm)	4,0	7,8	7,0	8,9
LT debt (Rm)	3,8	3,7	3,8	3,9
Debt:equity ratio	0,44	0,58	0,49	0,55
Shareholders' interest	0,39	0,37	0,37	0,36
Int & leasing cover	5,5	3,6	2,5	2,5
Return on cap (%)	11,6	14,7	13,4	11,4
Turnover (Rm)	208	245	287	307
Pre-int profit (Rm)	5,2	7,8	7,9	7,4
Pre-int margin (%)	2,5	3,2	2,7	2,4
Earnings (c)	91,8	111,8	91,4	78,2
Dividends (c)	25	30	25	21
Net worth (c)	604	686	769	809

At the beginning of the year, the *FM* pointed out that in the decade since 1980, the nominal EPS of Brian Porter Motors (BPM) had shown no growth (*Companies* January 4). We then speculated that the 1991 results, too, would show no growth. In fact, 1991 EPS fell 14,4%. Yet the share price has risen from the year-ago 300c to 400c.

There seems little in the accounts to justify a higher share price now — though there may be one factor. It relates to the NAV.

NAV is stated at 809c, double the value of the share. This value includes freehold land and buildings at R7,8m, whereas directors' valuation of these as at June last year is R19,2m. When adjusted for this, NAV rises to 1 208c, three times the price of the share.

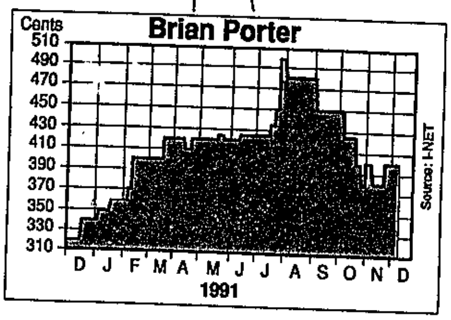
Even so, there seems little point in investing in assets if they do not earn a reasonable return. At 1 208c, the return on equity falls to 6,5%. When an investor can enjoy a risk-free rate of return of roughly 16,5%, how can an investment be justified in an enterprise in a high-risk industry such as the motor sector — especially when nominal EPS has not increased for 11 years?

The directors report that new vehicle unit sales increased by 9,4%, but second-hand units declined by 5,4%, resulting in a net increase of unit sales of 1,1% (sic). They say this was insufficient to counteract the decline in margin because of the composition of sales. One good aspect of the business is that interest payments declined marginally to R3m, from R3,2m, despite an increase of 18,5% in interest-bearing debt.

But cash flow went into reverse. While cash generated by operations was just marginally lower than the previous year, after

continue

FM 20/12/91 (30)



working capital grew by R4m, cash generated by operating activities dropped to R4,5m (R9,8m). At year-end the organisation was left with a cash flow deficit of R2m, that was funded by increased borrowings.

It's noteworthy that in the past two years, the margin has declined by 25%, EPS by 30% and dividends by 30%.

In these circumstances, why has the price of this tightly held share risen? Perhaps chairman Brian Porter is considering selling the business? He says he has no such plan. A change of control would be a reason for the price rise. I cannot think of another.

Gerald Hirshon

Food hikes continue to reflect VAT

B/Day 20/12/91

MARCIA KLEIN

FOOD industry spokesmen said yesterday the fresh 10-year peak in the rate of food inflation could reflect the continued effect of VAT as well as seasonal price changes.

But they said the latest figures were, nevertheless, disturbing and added that the current investigation by the Board of Trade and Industry into the food price issue could clear the air regarding the source of price hikes.

Retailers said yesterday that increases resulting from VAT would continue to be reflected in the year-on-year figures for food price inflation. The higher month-on-month increase could reflect the fact that many major retailers refused to accept price increases before VAT and during its implementation, and these increases were only now starting to filter through.

The major contributors to higher food prices in November were fruit and nuts, which showed an increase of 9,2% over October, meat (5,1%), vegetables (3,4%) and coffee, tea and cocoa (3,3%).

A Red Meat Producers' Association spokesman confirmed that since October, production prices had shown a marked increase after lagging for about four years. He said this cyclical phenomenon was common over a seven-year period, and prices could be expected to increase over the next two years.

Pick 'n Pay chirman Raymond Acker-

☐ To Page 2

Food

B/Day 20/12/91.

☐ From Page 1

man said apart from the effect of VAT on meat prices, meat was generally more expensive when there were good rains, and there was a glut of meat on the market during a drought.

He said the changes in the prices of other produce was often climatic, and some of the increases could be purely seasonal. Ackerman added that his group had recorded a 13% increase on all food prices.

OK Bazaars marketing director Mervyn Kraitzick said meat prices had risen by about 7% to 8% over the past few months, excluding the effect of VAT, and fruit and vegetable prices had risen by 5% to 7%.

The tea, coffee and cocoa price hike mainly reflected an increase in the price of tea. He said this was because the OK had not accepted price increases by suppliers before VAT and during the VAT change-over, but these increases could not be held off indefinitely.

Consumer Council deputy director Ben Stafford said while the drop in the inflation rate was good news for consumers, the council was concerned that the food price index was still increasing. He also expressed concern about "businesses that abuse the Christmas season by drastically increasing their prices".

Black businessmen laud Codesa moves

Sowetan 23/12/91

By JOSHUA RABOROKO

BLACK business has welcomed the launch of the Convention for a Democratic South Africa as an important milestone that might bring socio-political and economic development in the country.

They expressed hope that the parties which either pulled out or refused to participate in Codesa will change their minds and join in the political transformation taking place in South Africa.

The National African Federated Chamber of Commerce and Industries, the Foundation of African Business and Consumer Services and the Soweto Independent Shopkeepers Association, also condemned the violence.

Nafcoc vice-president Mr Joe Hlongwane said Codesa was a good move towards liberation from the shackles of oppression provided black leaders avoided being co-opted by the Government.

It was unfortunate that some of the black organisations were not present at the signing of the historic agreement.

He said black business should be invited to make a contribution because "political power without economic muscle will be useless in the post-apartheid South Africa".

He did not believe that sanctions against South Africa would be lifted immediately but said he expected they would slowly go away in the aftermath of Codesa.

Nafcoc was concerned about the majority of black people who were poor and disadvantaged as a result of apartheid and wanted to see them economically empowered.

KS

National price-cutting clash

NINA SHAND

B/Day 24/12/91

(30)

A "WAR of words and merchandise" has erupted between National Panasonic and electronic goods retailer Western Bazaars following an advertisement by National warning consumers that it would not guarantee products bought from the retailer.

The three-year-long dispute had led to a Consumer Council investigation into the store's activities, resulting in M-Net suspending Western Bazaars' advertisements for one night, store manager Anver Karim said yesterday.

National closed its account with Western Bazaars — a Klerksdorp store — after the retailer cut prices below National's recommended retail price, Karim said.

Following National's move, Western Bazaars was forced to import directly from Japan and Hong Kong, cutting out the middleman and enabling the store to drop prices further.

Yesterday Karim accused National of monopolising prices, and added that consumers were paying more only for the promise of National's 12-month repair guarantee. Last week, Western Bazaars challenged National Panasonic to beat its prices or two-year exchange guarantee.

National Panasonic spokesman Michelle Meyers said the group would not be meeting the challenge. The group saw it as its responsibility to warn the consumer of the difficulties for repairs if products were not obtained from authorised dealers.

National Panasonic would not guarantee merchandise not bought from an authorised dealer.

Meyers said National Panasonic was a very powerful business and others were capitalising on its brand name.

Karim claimed that his operation offered a four-year repair back-up service.

Hire purchase deals beat TV and VCR rentals, spot survey shows

B/Day 24/12/91 (301) (248)

SEAN VAN ZYL

ASTUTE consumers can now buy a TV or VCR on hire purchase at a discount to the rental rates currently offered by rental companies.

A spot survey of advertisements run this month by retailers of electronic equipment and TV/VCR rental companies showed consumers could buy their own TV or VCR machine on an HP payback scheme, excluding the required deposit, for up to 18% below the monthly rates quoted by rental companies.

Teljoy and associate company Rent A Color, which hold more than 75% of the rental TV/VCR market, charge about R92 and R89 respectively on a 51cm remote control colour TV set, including insurance and the monthly licence fee.

In turn, the major retail concerns are promoting products with the same features at between R60 and R80 a month over 18 to 24 months with a required deposit of R180 to R220.

Excluding the deposit, consumers could acquire a 51cm remote colour TV set at the bottom of the market for about R75 a month including insurance and the monthly licence fee.

The monthly saving on the HP purchase of about R14, compared with the lowest rental rate, amounts to R336 over a 24-month period, the normal length of an HP contract.

Pegged

The R336 saving over the period more than covers the initial deposit required under the contract.

As a result, the consumer can recover his deposit and eventually gain ownership whereas on a rental basis, the equipment remains the property of the rental company.

Asked whether the rental companies had outpriced themselves from the market, Teljoy chairman Theo Rutstein said he found it hard to believe rental rates were higher than the monthly payment deals offered by TV retailers. He said rental rates were normally pegged at a 30% discount to HP retail deals.

He added Teljoy held regular pricing surveys to maintain the company's competitiveness against retailers.

Teljoy's December survey indicated rental companies were still cheaper than electronic equipment retailers.

As a result, he felt Business Day's information gained from the retail advertisements was incorrect.

Futhermore, Rutstein said, TV prices would range depending on different brands — which rental companies do not disclose in their advertisements.

He said rental companies also provided their clients with a "same day" repair service and allowed them to upgrade their equipment depending on their needs.

Liberty, Ackerman top of investment experts' pops

301

BDay 24/12/91

BRENT VON MELVILLE

INVESTMENT experts have pegged Liberty Life as the most highly rated group and voted Pick 'n Pay chief Raymond Ackerman the most charismatic CEO in SA.

A recent survey by research firm Campbell Belman polled 80 top members of the financial community on a total of 60 listed groups, involving 30 different categories ranging from management to business ethics.

According to Campbell Belman, the sample (including fund managers, financial editors, economists, market commentators and stockbrokers) was made up of at least 20% of the total number of financial influencers in SA, and yielded "unquestionably" valid and reliable information.

Of the six categories deemed the most important by the investment fundis — management, financial soundness, consistency of results, strength of product, calibre of people, and quality of acquisitions (in that order) — Liberty Life came up trumps three times, while Pick 'n Pay, Remgro, Gencor and SA Breweries filled out the ranks.

The survey, dubbed the "confidence predictor", produced some surprises. Liberty Life, included in the survey for the first time, came through as a clear favourite in eight of the categories, and a close second in another seven — displacing SA Brews as the most highly rated stock.

Liberty also came tops in the "favourable editorials" category, followed by SA Brews and Pick 'n Pay. Pick 'n Pay was viewed as having the clearest mission, along with Liberty and Engen.

Inconsistent

The experts seemed unclear as to the missions of Anglo American Industrial Corporation and the OK.

OK and Twins were regarded as the worst-managed companies, FSI as the least financially sound, and GFSA, Hiveld Steel, Implats, OK, Sentrachem and Twins tied for the most inconsistent results.

OK came in at the bottom of the list in terms of attracting top people, while retail group Foschini, pharmaceutical groups Noristan and Twins, chemical company Sentrachem, stationery company Waltons and cement companies PPC and Anglo Alpha failed to attract any votes for good judgement in acquisitions.

Lesser-valued attributes included trade union relations — for which Anglo American got top marks. At the bottom of the list were Adcock Ingram, heavy engineering group Dorbyl, OK, and Fedsure.

Top-rated company in terms of ethics was banking group Stanbic, followed by Afrox and Pick 'n Pay. At the bottom of the list again were FSI, Noristan and OK.

Rembrandt Group was rated the safest investment irrespective of SA's political developments, and in the generic "is a good company to invest in" again came in tops, followed by Liberty and SA Brews.

Not surprisingly Twins, Noristan, OK, and FSI were among the basement bargains.

Liberty Life won again in the "modern and progressive" category, followed by Pick 'n Pay and oil company Engen. Steel producer Iscor, Noristan, and OK came in last.

Agents and Meat Board force prices, says butcher

STAR 24/12/91

Consumer Reporter

Meat prices went up by at least 20 percent at abattoir level before value added tax was added on, an East Rand butcher said yesterday.

Jose de Gouveia was reacting to a Housewives' League survey which said that while meat prices at abattoirs in the PWV rose by between eight and 10 percent after the introduction of VAT, prices at retail levels increased by between two and 40 percent.

According to Mr de Gouveia, he paid R4,60 for prime beef before VAT was introduced. These prices now ranged between R5,60 and R5,80 plus VAT.

"On Friday I paid R10,99/kg for rump from a wholesaler," said Mr de Gouveia.

"Prices went up by far more than between eight and 10 percent. They went up by at least 20 percent plus VAT," he said.

"At the abattoir we have to pay money for agents and the Meat Board. Everyone gets money for doing nothing. The poor farmer and the customers are the ones who suffer," said Mr de Gouveia.

He added that everyone blamed the retailers, but they were also forced to pay the higher prices.

Dismal Christmas returns for retailers

B/Day 27/12/91 (30)

Business Day Reporters

HOPES that the Christmas season would bring a reprieve for retailers have been shattered by dismal early Christmas sales returns, making this year one of the gloomiest in recent years.

Retailing groups reported sales at levels well below expectations, with consumers spending excessive amounts on credit. According to economists, Christmas trade, which normally gives a significant boost to retail sales, would probably have little impact on this year's figures.

In the past three years, festive season growth has been pegged at between 16% and 30%.

SA Breweries chairman Meyer Kahn said yesterday the group had been very disappointed with returns so far, fulfilling its worst expectations. He said it was likely that sales would be at their lowest levels in more than six years.

He added, however, that there were still four trading days left in December and there were hopes that sales would pick up.

Retailers said many stores had to resort to last-minute discounts to attract a final rush before Christmas.

Dion financial director Mannie Chaimowitz said yesterday Christmas buying had been "very flat" and had shown no growth in comparison with last year.

"Along with a higher mix of in-house credit sales, shoppers went for smaller items and very few major appliances were purchased," Chaimowitz said.

However Milstan, which operates the Stans and Milton's consumer electronics chains, reported reasonably buoyant sales, with electronics sales — especially video cameras and computer games — selling well, Milstan MD Stan Etkind said.

"We were apprehensive after a low third quarter, but business picked up and this year's Christmas sales were slightly higher than last year's," Etkind said.

Edgars MD George Beeton said although the group seemed to trade well in the last few days before Christmas, this "would probably not be enough to get us out of our troubles".

However, he believed sales would certainly be better than the 4,9% real sales decline forecast by Sacob, although it "cost

☐ To Page 2

Retailers

B/Day 27/12/91 (30)

☐ From Page 1

us a fortune in terms of discounting to achieve this".

According to Sacob estimates published in November, retail sales would be R17bn for the November/December period, a 9,9% increase in sales, compared with R15,5bn in sales for 1990. In 1990 sales increased by 16,75% from 1989.

Sacob economist Bill Lacey said that in general, the retail sector had a pessimistic outlook for the Christmas period.

November figures from the Central Statistical Service (CSS) showed that retailers expected sales to fall by a real 5% in December, but at the same time were planning for a busy season.

Foschini Group joint MD Clive Hirschsohn said yesterday trade in the past four to five weeks had been satisfactory. The Foschini and Markham divisions traded "particularly well", while trade at the American Swiss and Pages divisions "was satisfactory". He said the group did not have to resort to discounting to achieve this.

Book stores, on the other hand, reported disappointing sales compared with last year's record levels. Literary Group marketing director Stephen Johnson said sales had come nowhere near budgeted figures.

Jewellery retailers reported stagnant sales. Jewellers' Association of SA national president Henry Sudwarts said that, while demand could be accurately determined only once dealers had submitted their sales figures, there had definitely been a lower trend.

Discord hits Musica earnings

MATTHEW CURTIN

MUSIC retailer Musica rocked and reeled in the six months to end September as higher interest costs, lower profit margins and relatively fewer customers in more shop space knocked earnings.

Musica operates 55 CD and tape shops, against 46 six months ago.

Earnings dropped from 2,2c a share at the interim stage last year to a loss of 1,3c a share, based on a weighted average number of shares.

Musica's directors said sales at new stores offset lower sales in existing stores, so that turnover rose 35% from R11m to R15m. However, the company's results reflected the difficult conditions in the retail trade during the period under review.

Pre-tax profit of R717 000 last year was turned into a loss of R247 000 as a sharply higher interest bill exacerbated poor profitability. Musica paid no tax in the interim, so after-tax profit of R374 000 last year compared with R247 000 this year.

Directors attributed poor profitability to a drop in average turnover a square metre, low gross profit margins, and overheads such as rental and staff costs being of a relatively fixed nature. Higher interest costs resulted from the financing of the increased group stock holdings pertaining to the new stores. (30)

Musica's business was highly seasonal. Higher turnover and profits could be expected in the second half of the financial year. The group was well placed to take advantage of better trading conditions expected in the second half of 1992, directors said. BDay 27/12/91

Musica announced an interim dividend of 1c a share in September.

Musica chairman George Goosen said in his annual review earlier this year that the group was aiming to have 100 specialist music stores by 2000.

He said the group had budgeted for higher turnover based on the number of new stores it had already opened this year.

It is understood the group's growing trading space and its shopping card, are winning Musica increased market share.

Continue boycott - Azapo

Sowetan 24/12/91

By DON SEOKANE

THE Azanian Peoples Organisation has urged black people to examine its reason for a consumer boycott so that they will realise they do not have any reason to ignore the boycott.

The organisation's spokesman, Mr Khangale Makhado, said people should realise that they do not have any reason to make capitalists' tills jingly merrily by ignoring Azapo's call for a consumer boycott.

The terse statement also took a swipe at other organisations for not supporting the boycott.

Christmas box comes late for retailers

S/Times (Buss) 29/12/91 (30)

By TERRY BETTY and ZILLA EFRAT

A LATE buying rush before Christmas boosted business coffers.

Retailers say buyers shopped around and went for less expensive items — a normal trend in tough economic times.

But the final shopping spurt may not have been sufficient to take December sales higher than last year.

Real retail sales for the month are expected to be 7,6% down on last year's and 1,3% lower than in November after seasonal adjustments, says Central Statistics.

Clouds will lie over the important sector until the economy begins to move out of recession.

Central Statistics says expected retail sales for 1992, at constant 1990 prices, should be R68,2-billion — last year's were R71-billion.

Retailers say the sales trend is down on last year's. Although sales increased in rand terms, the number of units sold dipped.

Chain

But CNA assistant managing director Piet Human says that last year was an exceptional Christmas, and any comparison is made against a high base.

Chain groups hope their after-Christmas specials will boost December turnover figures.

Stax operational manager Jeff Karlinko says that although the store was unable to match the high sales of last year, they are still within the budget.

He says the Christmas rush began in earnest on December 18 — not the usual first week of the month.

Mr Karlinko attributes the late take-off in sales to bad economic times.

Christmas was also late at Sterns, which reports a slow and "nail-biting" month after a good start.

But the rush two days before Christmas enabled the jewellery chain to achieve real growth for the month.

Sterns' deputy managing director Maurice Hartshorne says the company had its best day in its history on Christmas Eve.

He says jewellery shoppers sought low-priced items.

Listed toy retailer Reggies area manager Charles Druckenbacher says turnover was higher than last year because of an increase in the number of customers.

Sales a customer dropped from R50 to R33, showing a general scaling down in gift. The most popular toys were TV games — at R179 a time.

Mr Druckenbacher says toys are fairly recession-proof.

"Parents do not want their kids to know they are suffering, so they buy smaller gifts instead of denying them."

Morkels operations director Bob Smith says sales took off in the three days before Christmas and were better than in the same time last year.

Good figures were recorded for TV sets, fridges and furniture.

Morkels could show a small real growth in turnover for December, but much depends on what happens in the next few weeks.

Pick 'n Pay managing director Hugh Herman says customers are more value conscious than before and have scaled down purchases to smaller but high-quality goods.

Food and toys showed a solid performance, with big-ticket items not faring as well.

A similar trend is reported by Checkers. Shoppers bought basic items and few luxuries.

Mr Herman says that in spite of the delayed Christmas feeling, sales were strong. Pick 'n Pay's business on Monday and Tuesday was way above last year's.

Checkers was "extremely busy" on the two days before Christmas.

OK Bazaars chief executive Gordon Hood says sales were not good. General retail sales did not show any real growth compared with last year.

Unemployment and high interest rates have eroded the spending and confidence of consumers.

Mr Hood says furniture and appliances fared worst, food doing best.

Outlook brightens for commercial, industrial property

S| Times (BUSS) 29/12/91 (30)

By TERRY BETTY

COMMERCIAL and industrial property seems headed for a mild rally in 1992 after a dismal 1991 performance.

Real Estate Surveys property economist Erwin Rode says there was a nominal decline in rents for office and industrial space this year. Retail space fared slightly better.

Brian Kirchmann, executive director of the South African Property Owners Association (Sapoa), attributes poor expectations to the recession, high interest rates, the rising number of insolvencies and the oversupply of space.

Incentives

"But the property market has emerged almost unscathed from a difficult year," says Mr Kirchmann.

"In spite of the spate of new buildings, office rents have remained relatively firm and several large letting deals were concluded.

"To tidy up portfolios many landlords offered potential tenants a rent holiday and other incentives towards the end of the year. This always happens towards the end of a recession.

"Developers and landlords will benefit as they emerge from this recession in that there is an added demand for office space from abroad."

JH Isaacs executive chairman Les Weil says that although there is a constant demand for small offices — less than 500m² — there are relatively few large tenants in the market.

A large tenant is able to negotiate favourable terms because high vacancy factors and low rents result in few areas showing real growth. This and the expectation that rents will soar once the economy takes off mean anyone looking to lease space should tie it up now while the market is in the tenant's favour.

Mr Rode does not believe rents will grow in the next 12 months because the oversupply will absorb increased demand until the end of 1993.

But the take-up will be huge once the recession starts to lift.

The most gloomy forecast is for Pretoria where the Government is said to be reducing its accommodation requirements to cut costs. This is exacerbated by property there being seen as a political risk.

The Government is reported to occupy 60% of office space in Pretoria. Pretoria's CBD has grown exponentially, unaffected by business cycles, says Mr Rode.

"However, it is starting to feel the pinch."

Sapoa's office vacancy survey for November 1991 shows vacancies in A-grade office space of 8,5% in Johannesburg, 9,9% in Cape Town's CBD, 18,9% in Durban and 12,4% in Pretoria.

Mr Rode says the Johannesburg CBD is a special case because tenants seem to be leaving the eastern side. The central and western areas, housing the JSE and mining houses, are faring much better.

Mr Kirchmann is optimistic about Johannesburg, saying 55 000m² of space is due to become available in 1992. A total of 53 000m² is pre-let.

"Upward pressure on rents could start developing in Johannesburg from midyear onwards," says Mr Kirchmann.

Old Mutual Properties property investment manager Ian Watt says Rosebank is bucking the trend. This is because the office node is tightly enveloped and there is little prospect of space elsewhere to house competitive developments.

Looking at Cape Town and Durban, Mr Rode says there is a huge oversupply of space. He attributes it to over-enthusiastic development and not to a lack of demand.

Exports

The industrial property outlook is slightly different to the rest, says Mr Rode. Vacancies are not as great as in the office sector and are mild compared with the serious over-supply of space in the mid-1980s.

Industrial property should benefit before the office sector does.

Mr Weil says inquiries for industrial accommodation have picked up. Take-up of space improved in the past few months, several large deals being concluded.

The increasing number of foreign trade delegations and the opening up of export markets add to the potential optimism. Businessmen are planning for growth after a 10-year decline in fixed investment.

Mr Weil says: "Attention is being moved from 'strategic-type' projects, such as Mossgas, to those that focus on infrastructure, job creation and exports.

"Derek Keys' appointment as Minister of Trade and Industry means attention will probably be given to getting the economy into a real growth phase. Attention will be focused on the industrial sector and the rest of the economy should follow."

This together with the low availability of prime space will place industrial rents under upward pressure.

Mr Watt says growth in industrial rents is particularly noticeable in prime locations, such as Pretoria's Hermanstad and City Deep in Johannesburg. Good-quality space is letting for about R9/m² and could reach R10,50/m² to [illegible].

A large increase in rents is necessary before any new projects can be considered in areas such as Durban where they are about R6,50/m². Rents in the Western Cape are the lowest in major areas.

No growth is expected in retail property in the next 12 months. Many retail rents are linked to turnover.

Mr Weil says consolidation and rationalisation among banks and food retailers have reduced the number of potential tenants.

Small retailers are suffering from increasing competition from the informal sector. Anchor tenants may have to bear more of the rental burden if new centres are to be profitable.

Mr Kirchmann says vacancies in shopping centres have remained limited in spite of the growing number of liquidations.

"Developers are finding that although they are losing tenants faster than before, new ones fill empty slots at similar or slightly lower rents quickly. Rental growth may be problematical, but developers are far from despondent," says Mr Kirchmann.

Cape Town in doldrums

STAR 30/12/91. (30)

Own Correspondent

CAPE TOWN — While shopowners in Johannesburg were not too despondent about Christmas spending, Cape Town traders were left in a state of dismay, with most traders agreeing that business had been much slower than in previous years.

"Trade is down," said Cape Town Chamber of Commerce assistant director Albert Schuitemaker.

"There was an expectation of about a 14 to 15 percent increase over last year's Christmas sales, but it didn't materialise."

Money was scarce and people were being careful, he said.

The western Cape regional director of OK Bazaars, Aubrey Coppin, said trade was "certainly not exciting".

People clearly did not have the same amount to spend as last year, he said.

Stall-holders at the popular Greenmarket Square market said business had been down on last year.

Retailers said consumers did not buy many luxury goods, but rather concentrated on practical items.

Woolworths head office marketing manager Terry Brewis said shoppers had focused on "basic products" this year.

But shopowners at Cape Town's Waterfront were of the opinion that business had been good, despite complaints that the craft market had undercut prices.

SA Breweries chairman Meyer Kahn said the group had been disappointed with the returns so far. Sales were likely to be at their lowest levels in more than six years, he said.

Christmas gave Musica a boost

(30)

Finance Staff STAR 30/12/91.

Musica, the Cape Town-based music retailer, plunged into the red and chalked up a loss of R247 000 for the six months ending September compared with a R374 000 profit a year ago.

Turnover jumped by 35 percent or R4 million to R15 million, helped by the opening of nine new stores.

The group's business, however, is highly seasonal and higher turnover and profits are expected in the second half, says Mr Derek Goosen, chief executive.

Pretax profit dropped to R187 000 from R987 000 while the interest bill climed to R434 000 from R270 000.

Mr Goosen said profits were hit by a drop in average turnover a square metre, low gross profit margins, and fixed overheads such as rentals and wages.

"Musica has had a successful Christmas period. Sales were better in the Western Cape than in the rest of the country, although it's difficult to pinpoint why," said Mr Goosen.

"Music is a bottom-end luxury product. When times are bad, people turn to either a bottle or a song.

"Music products are in a sense luxury goods, yet they are not out of reach of the average pocket. As such, they make perfect gifts".

Musica's bullish approach to the Christmas season paid off - the sales campaign was backed up with aggressive advertising and well-stocked shelves.

Mr Goosen says the sales figures breakdown was 55 percent compact disc sales, 35 percent cassette sales and 10 percent album sales.

Turning to likely increases in the cost of music products next year, he says while the price of albums and cassettes would probably go up in April/May, the price of compact discs would probably remain constant for a while.

Retailers hit by lean Xmas sales

(30) CT 30/12/91

Own Correspondent

JOHANNESBURG. — Dismal Christmas turnover experienced by many retailers over the festive season have prompted a number of stores to opt for post-Christmas sales in an attempt to move excess stock and make up lost revenue.

Milstan managing director Mr Stan Etkind said industry signals were hinting at the necessity for a post-Christmas sale and that Stans would follow suit early in January.

OK Bazaars managing director Mr Gordon Hood said he had not been too optimistic about Christmas sales and that results were perhaps worse than anticipated.

"There was some frantic buying in the last few days before Christmas but a lack of spending power certainly dampened things," he said.

He said the OK would not be having a large sale in the new year as it would be difficult to move merchandise at that time taking the present conditions into account.

Mr Tony Factor's co-director Mr Gerald Dembo said the company would be having its traditional warehouse sale in late January.

Busy season

However, he said both the outfitting and furniture departments had enjoyed very good sales and had gone against the trend experienced by many retailers this Christmas.

"Late-night and weekend shopping as well as a lengthy pre-Christmas sales have given us great sales figures for October, November and December," Mr Dembo added.

Checkers' spokesman Ms Ina Opperman said that although the company had been "very busy" over Christmas, it was too early to assess sales figures.

She added that the company usually marked down much of its excess stock early in the new year.

Greaterman's finance director Mr Zak du Plooy said it was necessary for fashion retailers to move summer clothing as stocks were generally not kept for a second season.

He said the post-Christmas sale would begin next week.

● Most of Durban's large hotels along the "Golden Mile" have reported a sudden surge in occupancy.

Fedhasa's Natal chairman Mr Alan Gooderson said occupancy at beachfront hotels has soared from an average of 60% last week to 95% from December 26.

Retailers opt for sales to recover their losses

B|Day 30|12|91 (30)

ROBERT WICKS
and NINA SHAND

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Garlick's spokesman Neil Cowie said his stores would be waiting for people to recover from Christmas spending before holding summer clearance sales.

Total Sports' Christmas sales were generally good in comparison with other sports retailers, said spokersman Tracy Gardner.

As a result sales would not be an attempt to move excess stock, but rather a traditional end-of-year sale.

Christmas bonus for Zimbabwean shoppers

BID cuy
30|12|91

MICHAEL HARTNACK (30)

HARARE — SA hypermarkets and used car dealers can expect a brisk revival of purchases by Zimbabweans following the Christmas Eve announcement by Finance Minister Bernard Chidzero of a 78% increase in basic foreign spending allowances.

Economists believe that before the value of the Zimbabwean dollar crashed last year, informal sector traders were importing up to R100m in goods a year, mostly motor spares and consumer goods for resale on the "parallel market" at a huge markup.

Traders in the northern Transvaal and Natal are expected to benefit most from Zimbabweans' improved spending power, which had been eroded by the 50% depreciation of their currency. In 1989 the annual Z$450 "holiday" spending allowance exchanged at R1,10 to the dollar compared with R0,56 today.

On Christmas Eve Chidzero announced the annual allowance was being increased to Z$800 (R448). This will benefit immediately the 200 000 "market women" who bring goods back from SA and Botswana for resale on the black market.

Chidzero also announced a doubling of the daily business travel allowance for exporters to R392. Applicants have to prove their foreign exchange earnings to the Zimbabwean Reserve Bank.

Chidzero said Zimbabweans would also be able to import private passenger vehicles up to six years old and worth up to R56 000 with "no questions asked".

COMPANIES

Retailers face pressure in '92

MARCIA KLEIN

RETAILERS would continue to report a marked slowdown in earnings growth for at least the first half of 1992, industry observers said yesterday.

A relatively poor Christmas period, following a slowdown in consumer spending over the full 1991 year, saw many major retailers resort to sales and mark-downs even before Christmas in an attempt to move stock over the period.

An analyst said yesterday consumer spending had held up surprisingly well over 1990, and retail sales over that year had been buoyant despite the fact that most other economic sectors were experiencing a severe recession.

However, sales over 1991 had come in line with conditions in the rest of the economy. The slowdown was in line with economists' predictions in December 1990, when they said the retail spending spree would end as unemployment grew.

Substantial mark-downs on goods both before and after Christmas, together with generally slow turnover growths during the year would certainly affect margins in the short term, an analyst said.

In addition, major retailers were also suffering from changing trends — like the move towards smaller service-orientated operations — and were being affected by violence and political uncertainty.

An analyst said there should be growth in this sector early in the second half of 1992. The economy would pick up during the year on the back of exports and fixed investments, and the upturn would not be led by consumer spending as had been the case in the past.

But he added that there was still a good long-term future for retail. While the sector might deteriorate in the short term, this should present a buying opportunity.

According to a recent analysis of the sector by E W Balderson, SA's major retail groups would continue to show narrowing growth in short-term earnings.

It said the latest set of results from major retailers reflected the sharp decline in disposable incomes, particularly in the third quarter of 1991. This was expected to continue until at least the first quarter of 1992 as sales remained under pressure.

But the report said although the sector would underperform the industrial index in the short term, long-term prospects for retailers were good, and "significant weaknesses in the share prices in this sector should be seen as a buying opportunity".

30

6-1-1-3-92

Call for shopping complexes in townships

B/Day 31/12/91 (30)

THEO RAWANA

DEVELOPERS should extend their investment in black areas beyond housing into the creation of retail complexes, Old Mutual Properties investment manager Ian Watt says.

Watt, writing in the SA Property Owners' Association (Sapoa) publication Sapoa News, also advises that the success of retail developments in these areas depends on the collective strength of national chains and small ventures.

He says from small beginnings giant retailers develop, creating jobs which in turn lead to more property development.

"Most developers who have ignored the basic fundamental of any shopping node, that is the need to have retailers capable of attracting the mass consumer, have experienced failure. The success of small retailers is inhibited by lack of consumer support.

"However, the collective strength of the national chains and small retailers gives a better chance of success," Watt says.

He adds: "National chains, particularly supermarkets, may have to be prepared to forego exclusivities, especially as far as greengrocers, bakers and butchers are concerned."

If developers cannot achieve the combination of big and small retailers providing a viable alternative closer to the consumer (in the townships) "the consumer will use his vote and continue to support retailers who best cater for his needs, whether it be through selection and variety goods, price or the mere fact that they provide credit facilities", Watt warns.

Shopping development also creates other infrastructure through its volume of activity.

"Massing of retail area activity puts pressure on the authorities to provide better roads to move traffic to and from that area. Electricity and water, as well as telephones, are essential for business to function.

"Thus, by creating the need for these facilities, the spinoff is usually that once cables, pipes etc are installed, it becomes easier to extend these services to the local residents," Watt says.

COMMERCE — GENERAL

1992

JANUARY — APRIL

Sacob president views 1992 with optimism

B'Day 3/1/92 (30)

SOUTH Africans could look forward to 1992 with optimism, SA Chamber of Business (Sacob) president Hennie Viljoen said in his New Year message yesterday.

He warned, though, that to take advantage of — and to maximise — SA's "many opportunities" required a commitment from everyone.

"This means giving his/her best at all times to help to speed up these developments which will give hope to all South Africans for a bright and prosperous future.

"Political and economic developments worldwide are indicative of a new economic era that would most certainly be forthcoming," Viljoen said.

"SA has undergone a metamorphosis. We are now becoming part of the real world and opportunities are opening up for us in both old and new markets.

"The improvement in our export performance is evidence of this and hopefully all remaining sanctions will be lifted during this year," Viljoen said.

"But as so often happens when changes of this nature occur, they are accompanied by uncertainty and violence, and in SA these factors have contributed substantially to a protracted economic downswing during the past decade.

However, SA was presently experiencing the beginning of an upturn in international tourism, Viljoen said.

"The number of foreign airlines again utilising our airspace has increased dramatically in the past few months, and this bodes well for the tourist industry."

There were "many other positive developments taking place around us", Viljoen added.

These included promising progress "as regards the political negotiating process"; and acceptance by government, as well as all political parties, that what was urgently required in SA was economic growth. Moreover, all political parties were now focusing specifically on economic policy.

The Peace Accord was well in place and provided all were committed, the peace and stability needed to generate renewed confidence in SA would be acheived.

"In this regard, it is pleasing to note that chambers of commerce and industry have accepted the importance of their role as facilitators in the implementation of the Accord at local level.

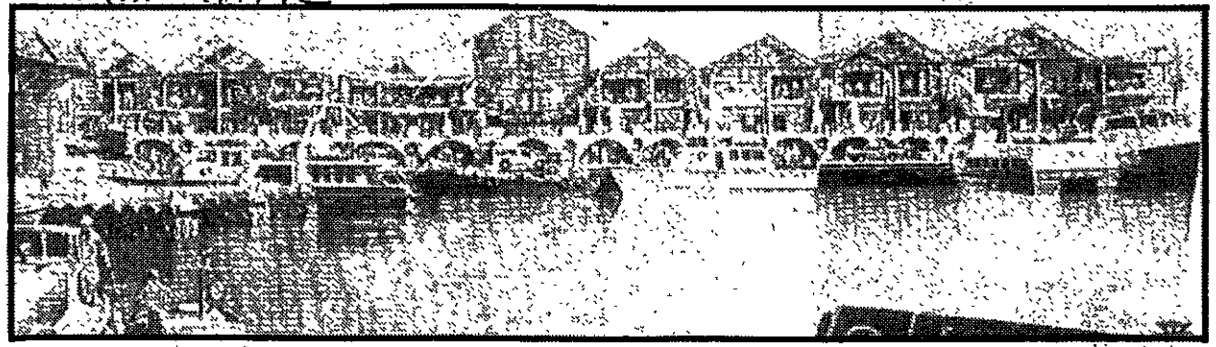
"I am further encouraged by so many recent company reports that talk of expansion plans and new projects in the pipeline, and I believe we will also start seeing some foreign investment." — Sapa.

Sellers and buyers do battle on festive Waterfront

STAR 4/1/92

DALE KNEEN and CLARE QUINN

30



THE WATERFRONT: Craftsmen, shop owners and Transvaal shoppers argue over goods and money.

THERE'S a whole lot more than malt and festive cheer brewing at Cape Town's Waterfront ... a battle between craftsmen, store owners and shoppers is looming.

The dispute began when a bunch of well-heeled Vaalies complained their wallets were being emptied faster at the Waterfront than at Sandton City.

The shoppers were among the thousands of holidaymakers who flocked to the Waterfront, their pockets bristling with credit cards.

But shopping sprees at swish Highveld boutiques had not prepared them for what they were to encounter.

"The prices are exorbitant and the service is shocking," said many of the shoppers.

Their anger was directed at some shop owners who, in turn, were tense about the competition they were facing from stallholders at the craft market.

The owner of a "crafty, ethnicky" shop, Joan Benloulou, accused the Arts and Crafts Market organisers of "not being fair".

"We have been a lot busier since the market closed on Christmas Eve. It took away about 50 percent of our business.

"The organisers of the market were unfair because they allowed people to sell goods similar to what we are selling."

Her claim annoyed craft market organiser Lorraine Bester who said Mrs Benloulou was being "ridiculous".

"Perhaps the shops were overpriced and so people chose to purchase goods from the stall holders."

When we investigated we found a store selling diaries for R4,50 more than at shops in the city, and a pub selling Heineken beer for R4,50 more than downtown bars.

Beach balls, peaks, T-shirts, frisbees, memorabilia and souvenirs also cost more at the Waterfront than at supermarkets and shops in the city.

British tourist Janice Jones said the Waterfront's prices were "a rip-off" compared to prices in Johannesburg and Durban. A Johannesburger said baby's clothes cost more than in Sandton.

Unlike Miss Bester, she believed the merchandise at the craft market was particularly costly.

But high prices did not stop visitors from buying at the craft market.

Mrs Bester said many of the craftsmen had sold all their goods. The market would now only be open on weekends.

The Victoria and Alfred Waterfront Company's public relations and marketing manager Maureen Thomson said she did not believe prices had gone up over the summer season.

The company conducted regular price surveys at all Waterfront businesses and there was no indication that there had been price increases.

STORES LAUNCH EARLY CUT-PRICE CAMPAIGNS IN BID TO BOOST THEIR BATTERED TURNOVERS

Retailers pin hopes on sales season

S Times (CM) 5/1/92. (30)

By FRED ROFFEY

CAPE TOWN retailers, whose festive spirits plunged with one of their worst Christmas seasons on record, have begun to slash prices in the hope of making good their targets with the new year sales that begin tomorrow.

Several stores have been forced by poor sales into cutting prices before the traditional start of the January sales — while others even slashed prices before Christmas.

Shops all over Cape Town are offering huge price cuts on their goods in an attempt to increase their liquidity and also to clear stock left unsold after the poor 1991 festive season.

Businesses in Plein Street, noted for its highly competitive shoe shops, have launched a sales campaign in which the discounts offered — as high as 35 percent in one case — are a measure of businessmen's anxiety.

In the same street, a clothing shop is offering up to one-third off the normal price of dresses.

"I hope to capture the sales I should have had before Christmas," a retailer in the city said.

Notices throughout the city centre echoed his sentiment: "Back to school sales", "Special prices — buy now", "Mad, Mad Sales" — and even a "Back to work sale", where one shop this week had special offers on women's footwear and pantihose.

By contrast in the suburbs, Xtra Shoes says sales of its summer stock have been "very good" and that it is looking forward to an even greater turnover when its branch sales open this week.

However, pessimism has settled over the boardrooms of many companies where expectations are that tough trading conditions will continue throughout the early part of the year.

Woolworths and Edgars were among the many stores that offered large discounts before Christmas to attract customers — a resort which company spokesmen said was highly unusual in the season.

Like other chain stores, they are to launch strong promotional campaigns in January.

The financial director of Pick 'n Pay, Mr Chris Hurst, said the group would have an especially strong promotional drive this month, but added that this was customary in January.

"Perhaps we will have to promote more this time as it was not a great season for us, although there was a surge of trading in the week before Christmas," he said.

"Our Western Cape supermarkets probably performed the best in the group, with sales up 17 percent in the five-week Christmas trading period over the same time last year.

"However, the hypermarkets did not do as well as they normally do at Christmas.

"It seems that people were spending on food and shopping very carefully for non-food items."

The effect of the recession and rising unemployment on consumer spending has increased the factor of uncertainty for retailers.

Between 40 and 50 percent of the economically active population is out of work, which is especially worrying for large stores on the Reef.

In addition, companies are folding at the rate of seven a day — so chain stores are not being over-anxious when they take a dismal view of trading prospects for 1992.

Cheaper products bought over season

STAR 6/1/92

(30)

Staff Reporter

Shopkeepers felt the pinch on consumers' pockets this holiday season — noting that while there was plenty of buying, purchases were smaller and cheaper.

Many felt December was "nothing to write home about", as one retailer put it.

Howard Davison, marketing director for Dion, said although sales for the holiday period were slightly up on last year, considering the rate of inflation, business had been flat.

He said many people were buying smaller items this year, with an emphasis on more practical gifts, which meant fewer items had been returned than in previous years.

Stuttafords Sandton sales manager Celeste Vinassa said that while sales were slightly up on last year, the Sandton store was ahead of most retailers, who had reported a 4 percent drop in sales from last year.

She said there was a distinct lack of large single price item sales and people had tended to spend less on each item than in the past.

Because people were spending more money on post-Christmas sales and bargains than had been expected, consumers appeared to be more influenced by price than in the past, she said.

OK Bazaars regional director Len Budding said that while items such as food had sold well, larger items like furniture, which represented a long-term financial commitment, had seen a steady downward trend over a period of time as people remained unsure about the state of the economy.

Contradicting the experience of many stores, Game Discount World's Randburg manager Herman Combrink said that while there had been fewer people in the store over the Christmas period, people had spent slightly more than last year. But overall sales had been slightly lower, he said.

Wholesale trade up 3,5% in last month before VAT

(30)

By SHERIDAN CONNOLLY

WHOLESALE trade sales jumped 3,5% in the month before the introduction of VAT, with a significant increase in livestock and produce, according to Central Statistical Service (CSS) figures.

Seasonally adjusted wholesale trade sales, excluding diamonds, increased by 3,5% from August to September with a 17% increase in the value of livestock and produce sales.

B/Day 8/1/92

The figures are adjusted for inflation.

Bankorp economist Jacques du Toit said yesterday consumers had stocked up on GST-exempt foodstuffs in September ahead of their becoming subject to VAT at the end of the month.

This had contributed to higher livestock and produce sales, he said.

Meat Board senior manager Frans Pieterse said the board had anticipated higher demand for fresh meat in September.

A higher number of beef cattle had been slaughtered in the last six months of 1991 compared with the same period in 1990.

The CSS expects the VAT-induced surge in wholesale trade sales to ease off in figures for following months.

The figures show an expected 3,4% drop in real wholesale sales in October, the first full month in which VAT was effective.

The retail sector

STAR 6/1/92

(30)

OUTLOOK '92

By Chris Gilmore, analyst at Senekal, Mouton & Kitshoff

Last year proved to be a very interesting one for the retail sector of the JSE. Pepkor gained control of Tradegro, Premier acquired Metro and Score, Pick'n Pay experienced its worst interim result since listing, Foschini attempted an overseas acquisition (Etam plc) and most furniture retailers fared badly in the face of persistently high short-term interest rates.

Generally speaking, results from listed retailers were worse than expected. This was reflected in the relatively poor performance of the sector in comparison with the rest of the industrial market (see graph).

Considering the depressed state of the economy, it might at first sight seem surprising that the Retailers & Wholesalers Index should have held up as well as it did. To dimension this comment, it should be noted that the average P/E ratio on the Retailers & Wholesalers Index is 16,7 and the dividend yield is 2,4 percent.

This compares with 13,9 and 2,9 percent for the Financial and Industrial Index.

The main reason for the relative optimism in the sector appears to be the view that recovery is near and that one of the first sectors to benefit from a recovery will be Retailers and Wholesalers.

The index comprises the following stocks: Edgars, Wooltru, Pick'n Pay, Pepkor, Foschini and CNA Gallo. Until very recently, virtually all of these shares had stood up well to the ravages of recession.

Over the past few months, however, profound earnings weakness has become apparent in shares hitherto thought to be insulated from downturns. For example, Pick'n Pay's interim earnings declined for the first time since listing in 1968. Earnings forecasts for Wooltru have been scaled back substantially in recent months, as have those for CNA Gallo.

Edgars and Foschini, whose sales are largely credit-based, are likely to show marginal real earnings improvements in the current year.

Pepkor's Pep Stores outlets have managed to attract and retain lower-income customers and reasonable real earnings growth is in prospect.

Clicks, although not a constituent of the index, has also managed to attract and retain its customers by virtue of its keen pricing policy.

Once the economy begins to turn (probably by mid-1992), retailers should begin to feel a mild benefit, although a lag effect will be apparent for some months to come.

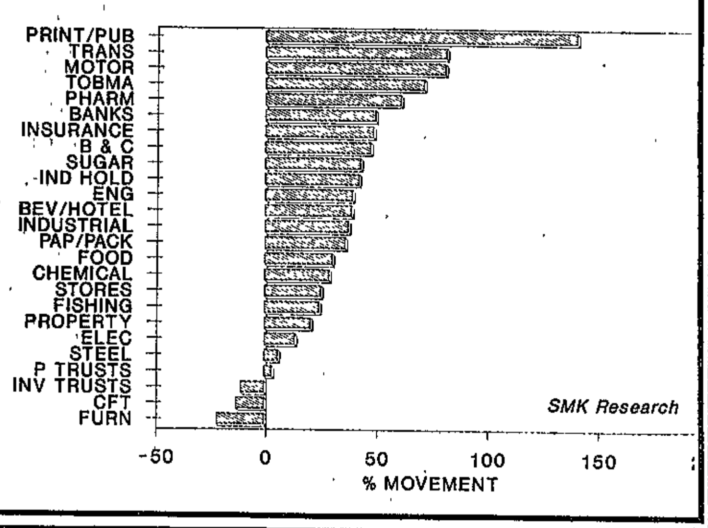
Until the economy turns and consumers have the confidence and ability to spend money once again, investors should direct their attention towards special situations in the Retailers and Wholesalers sector.

For example, Midas is currently very cheap and an upward rerating appears likely as earnings rebound from a low base.

As regards the furniture retailers, a great deal of caution should be exercised. Traditionally, the bottom of the economic cycle was the optimal time to begin accumulating these shares; not only would falling interest rates impact positively on attributable earnings, but consumer demand would usually begin to improve.

This time round, the economy is likely to take much longer to revive, interest rate falls will probably be minimal and the remmnants of the economically active population will probably take even longer than usual to start spending again.

INDUSTRIAL INDEX MOVEMENTS
1991 CALENDAR YEAR



UK demands justice on killings

VICTORIA HOLDSWORTH

LONDON — Britain has applied extreme pressure on the Angolan government to track down the killers of four British tourists murdered there last week.

A spokesman for the Foreign Office said that the British charge de affaires in Luanda held urgent talks with the Angolan foreign ministry yesterday.

The authorities were asked to "investigate, report and bring to justice those who were responsible", said the spokesman.

He said it was too soon to speculate about who was responsible for the killings in southern Angola on Friday. The tourists were travelling 300 metres from an approach road to a camp for former Unita rebel soldiers when they were ambushed.

Sapa-Reuter reports from Abidjan, Ivory Coast, that Angolan opposition leader Jonas Savimbi said at a media conference there yesterday his former rebels were not responsible for the deaths.

But the Unita leader also said he did not think it was wise for foreigners to travel in a country which had just ended a civil war.

"While I deplore the killing of tourists, it is not the time to generate tourism in Angola," Savimbi said. "We have just finished 16 years of civil war."

Seven Britons were travelling in three Land Rovers when they were attacked near Quilengues in Angola's southern Huila Province. One of the three survivors was shot in the legs.

Dr Mercedes Mackendrick, 25 and her boyfriend James Pilbeam, 27 were said to be making their way to Cape Town through Zaire and Mozambique.

Dr Caroline McGuinness, a flatmate of Mackendrick said she had received a letter from her friend in which she had described the fighting in Zaire. In it, Mackendrick said other travellers had persuaded them to use the 'safer' Angolan route.

The other two murdered Britons were named as Andrew Chandler, 31 and Paul Couchman, 28.

Savimbi suggested former government troops might be to blame. He claimed 40 000 of them had left encampment sites and many had not been paid. — Sapa-Reuter.

Anglicans do not oppose Sunday trading

(30) B/Day 7/1/92

ANDREW KRUMM

ANGLICAN authorities say they are not officially opposed to Sunday trading.

This follows a recent decision by UK Anglican Church commissioners to try prevent big stores from trading on the Sabbath.

Sapa reports that commissioners who administer the Church of England's £2,5bn investment portfolio wrote to major supermarket and retail chains, in which the church is a major shareholder, deploring Sunday trading.

Church of the Province of SA provincial executive officer Father Rowan Smith said his church held no official view on the matter. He said a recent circular among senior Anglican officials found a divided response. Views ranged from the orthodox religious viewpoint towards more "liberal" values.

Smith said there had been consensus among all church officials that family life should be protected and store workers not forced to work seven days a week.

He believed Sunday trading would not erode traditional Christian values as individuals had a choice. Smith said he was opposed to Sunday liquor trade.

SA to get first 'Chinatown'

STAR 8/1/92

2060

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Own Correspondent

Bronkhorstspruit will become the home of South Africa's first "Chinatown" this year in an ambitious bid to rescue the town's flagging industrial area, Ekandustria.

This disclosure follows Verwoerdburg Town Council's announcement last year that about 500 families from Hong Kong were to be resettled at a "Chinatown" near Irene.

About 200 stands south of the N4 freeway in Bronkhorstspruit have already been allocated to prospective Taiwanese immigrants on a site earmarked by the town council for the Taiwanese residential area.

Contractors started installing services this week and construction of the first houses is expected to begin in March.

A public relations company, Welcome Consulting, headed by Taiwanese expatriate Linda Lee, has offices in Bronkhorstspruit and Taiwan, and is co-ordinating the settlement on behalf of Bronkhorstspruit Town Council.

Residential

Town clerk Dr Hennie Senekal said the immigration scheme comprised a residential project and an industrial project in Ekandustria.

The project had the blessing of the Government and the town council was working hand-in-hand with the Department of Home Affairs, Dr Senekal said.

At present, the council was concentrating on the residential project as financial support could not be raised for industrial development in Ekandustria.

"We first want to find people to come over and stay here, and they will start their own industries and businesses.

"In the Taiwanese, South Africa has an excellent investment. They are hard-working and have a lot of technical expertise to give us.

"Bronkhorstspruit has the perfect locality, being close to the major metropoles, the airport and commercial centres. We have all the facilities that Pretoria has, including the most modern water-purifying plant in the country, sporting facilities and the infrastructure."

The council is giving away stands to selected immigrants, charging only for the cost of installing services.

The first immigrants are expected after the Taiwanese New Year in February.

District Six to vet inhabitants

LINDA ENSOR

CAPE TOWN — The most contentious aspect of the redevelopment of District Six will be deciding who should live there, say organisations involved with the project.

The Cape Town city planner's department has launched a study of what it expects to be a highly politicised issue and is gathering details of people who might claim a right to live in the area.

The District Six steering committee has proposed that an independent, credible voluntary association selects residents.

One of the remaining obstacles to the long-delayed development of the area will be overcome later this month when the Cape Provincial Administration decides on final recommendations for the structure of a body to spearhead the project.

The council favours a non-profit development corporation able to mobilise funds, particularly from the private sector, and hold the land pending development.

Cape Town deputy mayor and District Six steering committee chairman Clive Keegan said yesterday a research report on options for a development vehicle expressed the council's view on the issue.

The report, adopted by the committee, stressed the importance of identifying the community which would live in the area so that planning could be undertaken jointly. The credibility and legitimacy of the body would be crucial. "Community participation in policy implementation throughout the process would encourage higher levels of satisfaction and of commitment to the project. This would tend, in turn, to increase stability and reduce the turnover rate of residents," said Keegan.

The committee has approved the establishment of a nonracial, democratic and accountable development organisation to hold the land and guide development.

The committee proposed a trustee board with half its members drawn from the community and half from government and local government bodies, housing organisations, the private sector and technical experts.

The committee had accepted that the redevelopment would form part of a metropolitan growth strategy providing working class housing for the city as a whole.

Local cafes 'becoming endangered'

Bday 9/11/92

ROBERT WICKS

THE local cafe is fast becoming an endangered outlet as modern-day developments take their toll, say industry sources.

A host of negative factors have recently been identified as serious threats to the existence of the small cafe and tearoom outlet.

These included extended trading hours by large chain stores, security problems, and easier public access to large wholesalers.

Speaking at a Cater Link Conference on the Growth of the Fast Food sector, Nando's Chicken director Eric Parker said figures indicated that the number of cafes had declined by about 17% from 30 000 to about 25 000.

(30)

Grocery Manufacturer's Association spokesman Jeremy Hele said it was highly likely that the growth in the big supermarket chains had contributed towards the decline of the corner cafe.

"Although the cafe owner can't compete head-on with the big chains, there will always be some room for the small guy," Hele said.

However, Cafe, Tearoom and Restaurant Association executive director Frank Swarbreck estimated that between 35 000 and 40 000 "convenience stores" presently existed, and that numbers were growing.

He said that the image of the cafe had, in the past, been somewhat tarnished as they were forced to make up their losses on milk, bread and similar products by charging higher amounts on other goods.

ABI MD Alex Reid said the company's investments in coolers seemed to be at a sustained level indicating that cafe numbers were not declining.

Retailers suffer an un-merry Christmas

(30)

W/Mail 3/1 - 9/1/92

There were fewer jingles in the store tills this Christmas, as the recession finally cut deep into consumer spending.

REG RUMNEY

reports

It's sale time with a vengeance in the New Year **Photo: KEVIN CARTER**

GET ready for some great New Year sales — if you have any money left.

For the first time in years it was not a merry Christmas for those who depend on the season of goodwill and bonuses to make a good part of their yearly profit.

Pre-Christmas sales in some retail chains should have been a clue. Goods that last year moved off the shelves as if by magic had to have their prices slashed to budge. Retailers are cagey about stock, but the pre-Christmas sales have already been followed by post-Christmas price slashing in some stores.

Retailers *The Weekly Mail* spoke to confirm that a South African Chamber of Business pre-Christmas survey was at least not too far off the mark and was in some cases optimistic.

Sacob's survey said retailers expected Christmas sales to be down around five percent in real terms. Individual retailers will judge their own performance against that depressing yardstick. Those *The Weekly Mail* spoke to felt happy to have matched or slightly bettered the November inflation rate of 15,5 percent

Chain store OK Bazaars managing director Gordon Hood this week described Christmas this year as "not very exciting".

OK turnover in nominal terms, ie not adjusted for inflation, was 17 percent up on last year in real terms for the Christmas season.

Big-ticket items such as furniture and appliances were hardest hit.

OK is part of the South African Breweries group, which also includes Edgars Stores.

Drinks and retailing group SAB executive chairman Meyer Kahn was quoted just after Christmas as saying that Christmas sales looked like they could be the lowest in six years.

"We are comfortable with the real growth we've achieved," said Edgars financial director Robert Maydon, without quantifying that growth. He qualified this by saying he could only speak for the Edgars chain itself, not the other stores in the group, Sales House and Jet.

Unlike previous years, where Christmas has come earlier and earlier, shoppers seemed to delay buying until the last minute.

"We had a fantastic Christmas week," said Pick 'n Pay financial director Chris Hurst, "with sales up 28 percent in nominal terms." For the full five-week Christmas season, however, it looked as if the chain would achieve only an 11 percent increase in cash terms. "It was about as good as we could expect. There isn't a lot of money out there." He added that people were selective in their spending.

Chain store Game operations director Barry Clements said shoppers were a lot more price conscious, and shopped around at Christmas. Pricing on big-ticket items was very competitive. He said Game turnover was marginally up in real terms on last year, but "only just. It was a lot better than we'd hoped".

Spending was disappointing up to Christmas, but shoppers came to the stores after Christmas itself.

Furniture and appliances store Morkels also had a late shopping rush, with good trading in the few days before Christmas.

Morkels operating director Bob Smith said sales were marginally up in real terms until Christmas and in the final week were holding steady. He stressed, though, that there were two or three days of trading left. He said the last few months had been difficult, with discounts in place for some time.

On the other hand, Rusfurn director of strategic management Johan Kruger said sales had held steady in nominal terms. This implies a fall of 15 percent.

Department store group Greatermans financial director Izak du Plooy said the chain's Christmas sales were only marginally up in nominal terms. Adjusted for inflation they fell 10 percent compared to last year.

Similarly, Garlicks group MD Hymie Sibul said turnover in the group, excluding Game, but including Beares, Savilles and other stores was only five percent up in nominal terms. Taking the economic circumstances into account he was not unhappy with that, he said. "It's bloody tough out there."

It's not all gloom and doom, Sibul added. "People are still buying." The furniture division had achieved turnover up 25 percent on last year.

Consumer electronics group Milstan joint MD Stan Etkind said the group was satisfied to have gone some way to matching inflation, given the high base that last Christmas represented for the group. "We're more or less on the same level." Since the last three months had been tough, the company had been apprehensive. "We're more than satisfied."

The holiday cities were also hit.

Durban and Cape Town appear to have had a lacklustre Christmas season.

"The general feeling among hoteliers was that the season was not too wonderful," said Durban Publicity Association managing director Frank Vincent this week. The recession had meant that Durban's 30 000 beds have in all probability not been filled.

An indication of the squeeze is that the R500 000 spent by the association in bringing upcountry visitors to Durban in the traditional "valley" in the first half of December had had little effect. However, many people would have switched from hotel stays to visiting friends and relatives, so the retail trade might not be as badly hit as the hotels.

Captour director Gordon Oliver said indications were the number of visitors to Cape Town had surged. But the hotels had had a quiet time, with visitors preferring the cheaper bed-and-breakfast establishments or staying with family or friends. "The recession is being felt."

Foschini gets a rand-hedge boost

STAR 10/1/92

(30)

Diagonal Street

ANN CROTTY

Foschini is now trading at an all-time high of R155 — way ahead of the year's low of R76.

It has one of the highest ratings in the retail sector, which in turn has one of the highest ratings on the JSE. At the current price it is on an historic price/earnings rating of 20,5 times and a dividend yield of 2 percent.

Because of management's decision to pay scrip instead of cash dividends, the dividend yield in this instance is misleading.

In terms of p/e, it is in line with Clicks, Pick 'n Pay and Shoprite and doesn't look so expensive when compared with Pikwik, which is on a p/e of 40,5 times.

The surge in the share price in the past 12 months comes on the back of Foschini's indirect investment into UK-based retail group Etam.

In part it reflects South African investors' near-obsession with rand hedges.

It also reflects optimism about the medium and long-term benefits for Etam of a Lewis family involvement.

In the short-term, however, the R131 million that Foschini paid for a 36 percent stake in Oceana (which now has a 35 percent stake in Etam) will do little to enhance earnings.

Etam's performance in the short-term will provide little return on the investment.

Although shares of retailers have had a strong run on the London Stock Exchange in recent months, the sluggish outlook for the UK economy means there is little hope for much earnings growth from retailers in the next 12 months or so.

In terms of capital appreciation, Oceana's acquisition of 35 percent of Etam is already showing handsome gains. The offer for control was made at 185p a share. This was well ahead of the level at which Etam was trading in the 12 months up to June 1991.

It was during this earlier 12-month period that Oceana accumulated a large part of its initial stake in Etam.

Etam is now trading at 225p.

Although much has been made of the bad performance at Etam in recent years, shareholders' bullish views perhaps better reflect its historic performance over a longer-term.

Up to financial '87 the UK retailer was enjoying very attractive margins. However, a costly expansion programme that came into operation just as the UK economy was grinding into recession cut margins from 15.4 percent in '87 to 4,6 percent in '91.

As retail spending picks up, the benefits of these earlier moves should quickly be reflected in bottom-line performance particularly off a very poor '91.

From Foschini's point of view there's the potential additional benefit of cross-fertilisation of ideas, technology and products.

The extent to which this can be realised will, however, depend on what happens to relations between Oceana and Etam management. After the hostile takeover bid, these are understandably hostile right now.

Over time they should improve — at least to the extent that Oceana, the single largest shareholder in Etam, is allowed board representation with some input into management.

With Oceana very much in the foreground, Etam management is certainly under pressure to perform.

An ability to do so could encourage shareholders who have been loyal to date, to throw in their lot with Oceana. (In terms of LSE rules Oceana is restricted to increasing its stake in Etam to 2 percent a year.)

Etam management is also under pressure from the realisation that if it doesn't perform Oceana could dump the shares or sell them to another unfriendly third party.

All-in-all, there are plenty of good reasons why Etam and Oceana should learn to get on with one another.

Management's decision to substitute cash dividends with scrip for the three years to end-financial '94 will increase the number of shares in issue. During this period the group will distribute its entire profits in the form of scrip.

The intention is to reduce the adverse gearing impact resulting from the Etam deal. This will be achieved by retaining cash earnings and increasing the equity base.

Despite the sluggish outlook for retailers (here and in the UK) if the market continues its infatuation with rand hedge equities, there is no reason why the current R155 share price should not be sustained. None of the other retailers enjoy the same rand hedge element.

Govt plans 'indaba' for small business

B/Day 13/1/92

THEO RAWANA

TRADE and Industry Deputy Minister David Graaff is to convene an "indaba" of all the major players in the small business sector.

Graaff said in Cape Town at the weekend that discussions at the meeting would concentrate on the future of the sector.

He said small and medium businesses would also come up for discussion during his Budget vote in parliament.

"A special division of the department has been formed to handle small business creation, and we are working on that at present," Graaff said. He said the small business office should be in operation by June this year.

Graaff said he would invite individual businessmen and organisations such as the hawkers' council Achib, black business federations Fabcos and Nafcoc, Sacob and the Potchefstroom Small Business Advisory Unit.

(30)

Sacob deputy director-general Ron Haywood has stressed the need for government to be involved in developing the small and medium business sector. "Although we have numerous development organisations and groups (estimated at more than 80), one important player is missing and that is a government which has a co-ordinating role to develop and champion small business," Haywood said.

Over the years, other business leaders, including SBDC MD Ben Vosloo, have been clamouring for government to recognise the small and medium business sector as an important creator of jobs, and deserving of similar attention to that accorded big business.

Pretoria University economics professor Geert de Wet, launching an economic research paper conducted by his team last month, urged taxpayers to compel government to use their money to develop small and medium businesses.

Retail sales decline (30)

B/Day 14/1/92

DEALERS and businessmen said yesterday retail sales in December had been disappointing.

Spokesmen for large chain store groups said although sales in rand terms had been better than the previous year, they showed a significant decline in real terms.

They attributed the decline to the recession and said consumers bought only bare necessities.

Businesses in doldrums as holiday sales plunge

(30)

By Helen Grange STAR
Pretoria Bureau 14/1/92

The poor state of South Africa's economy had an unprecedented impact on business over the 1991/1992 Christmas holidays.

Wholesalers closed shop for a longer period than usual, and most retailers suffered sharp drops in their profit margins.

Even those linked to the tourist industry noted a general reluctance to spend money on accommodation, tours and holiday shopping.

Because of a general drop in demand, many in the manufacturing sector closed early last year rather than pay overheads unnecessarily.

As a result, business has returned to normal after nearly a month, although only four public holidays fell in the Christmas/New Year holiday period.

"The length of the shutdown was a reflection of the sad state of the economy," said Keith Lockwood, economist at the SA Chamber of Business.

Although the end-of-year holiday period usually brings in 20 percent of the year's business to the retail sector, profits in some large retail chains did not meet the inflation rate.

Checkers financial director Francois Rossouw said: "We have got to the stage where we are really being pressured by the economic slump.

"Pressure is being felt in the more sophisticated goods market especially."

In the hotel trade, there was a definite fall in demand as many people stayed home.

"We did not achieve full occupancies in our less popular hotels, as these are usually full over the year-end period. Our main hotels were full, however," said a Sun International hotel group spokesman.

According to Afrikaanse Handelsinstituut assistant economist Johan Rossouw, the peak hotel occupancy period started only on about December 21 instead of December 16.

Mr Lockwood said it was clear the country was in dire need of financial inflow from abroad.

B/Day 14/1/92

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B/Day 14/1/92

Labour law 'inflexible'

THE Alternative Dispute Resolution (ADR) Act is unlikely to succeed in its objective to provide alternative, creative and cheaper methods of resolving disputes, says Centre for Dispute Resolution director Simon Garvey.

"The Act seeks to tie up practitioners in an autocratic and inflexible manner which is in absolute contrast to the spirit of ADR," Garvey said yesterday.

"True mediation requires flexibility and scope for the mediator."

B/Day 14/1/92

Kaunda quits politics

FORMER Zambian president Kenneth Kaunda has quit active politics to promote global peace.

His decision to resign as leader of the United National Independence Party, through which he ruled Zambia for three decades, and the gulf between those who support him and those who reject him now threaten to destroy the once-powerful party.

REPORTS: Business Day Reporter, Sapa.

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Talks continue as mine strike ends

211 DIRK HARTFORD 213

THE strike by 11 000 workers at Impala Platinum's Bafokeng North mine and mineral processes plant ended at the weekend.

Management and worker representatives agreed to call on strikers to return to work while appeal procedures against the dismissal of 1 800 employees continued.

The workers were dismissed after an overnight sit-in a week ago.

Although the NUM was not involved in negotiations because it is not recognised in Bophuthatswana, the majority of workers and their representatives are NUM members, the union said. B/Day 14/1/92

Meanwhile, the National Union of Metalworkers (Numsa) said yesterday 250 workers from Lascon Lighting Industries in Johannesburg had returned to work after striking last Friday against short-time measures.

Another 350 workers at Girlock SA went on strike — also in Johannesburg — yesterday in an attempt to stop retrenchments, Numsa said. The company and union will meet today.

In the catering industry, the strike at Kentucky Fried Chicken branches is nearly a month old.

Taiwan prepares to end curbs on gold exports

B/Day 14/1/92

MATTHEW CURTIN

TAIWAN is to lift its 43-year ban on gold exports, a move which could turn the island into one of Asia's major gold trading centres and boost gold demand and prices.

Reuter reports that the Taiwan Monetary Affairs Bureau said at the weekend the cabinet had in principle agreed to remove the ban, paving the way for free trading in gold for the first since the nationalist government moved to Taiwan in 1949.

"The move is a first step towards a free gold market," said Leon Shen, director of the bureau's international banking division.

An SA Chamber of Mines spokesman said yesterday the gold mining industry welcomed any development providing stimulus to the gold trade.

He said gold had retained its attraction as a store of value far better in the Far East than in the West. Jewellery demand was also strong in the region. However, it was difficult to predict what impact Taiwan's move would have on the gold market.

An analyst said any new market for gold was good news, and if there was an increased Taiwanese offtake of gold it could improve the metal's fundamental market conditions.

Reuter reported that bullion dealers said Taiwan's gold market would be more active after the export liberalisation. Taiwan permits jewellery shops, precious metal firms and some government agencies to import gold. Individuals are only allowed to bring in a limited amount of gold.

The island was the world's largest gold importer in 1988, buying 354,7 tons of gold bars and coins. Imports fell to 160,22 tons in 1989 and to 103,7 tons in 1990 before rising to 111 tons in 1991.

Bullion dealers said the export liberalisation could boost Taiwan's gold imports this year by between 160 and 200 tons.

"Our gold market is a lame duck market because of the export ban," said China Trust Precious Metals Corp analyst Jack Wu.

"The liberalisation will help Taiwan move one step further towards becoming a regional financial centre," said another analyst.

Sacob warns govt not to tamper with VAT rate

30 ANDREW GILL 320

SACOB has warned government that it should "strongly resist" any tampering with the present VAT system, including the current VAT rate of 10%.

In its recommendations, sent to Finance Minister Barend du Plessis for the 1991/92 Budget and published in the Johannesburg Chamber of Commerce and Industry newsletter, it made recommendations on tax issues including personal and company tax.

Those rates needed to be adjusted downwards in line with the five-year plan spelled out in the 1989/90 Budget. Also, individual tax rate structures needed to be adjusted for bracket creep, it said.

It also called for the fight against inflation to be reinforced by a more effective competition policy supported by a strengthened, more independent Competition Board. B/Day 14/1/92

It registered its strong opposition to a capital gains tax and a wealth tax and said the process of removing the import surcharge should be continued.

The report warned that there seemed to be a "sting in the tail" in the recession, and a number of negative factors could still slow down the upturn.

"Uncertainty in the business community is exacerbated by the inconsistency, perceived or real, often to be found in government policy application as well as the policy pronouncements of important extra-parliamentary leaders."

The report said a high priority should be awarded to law and order, education and training and job creation.

SOWETAN

Traders want R10-m debt written off

(30)

Sowetan 16/1/92

GREATER Soweto businessmen want the Soweto, Diepmeadow and Dobsonville councils to write off their R10 million rent arrears.

By JOSHUA RABOROKO

The executive director of the Greater Soweto Chamber of Commerce, Mr Max Legodi, said this week that businessmen wanted to become part of the Greater Soweto Accord which scrapped the R516 million owed by residents.

He said the accord ignored business people and they were now being threatened with prosecution and evictions.

Business people had refused to pay rent for the same reasons as residents. If any businessman had dared defy the boycott, he would have been attacked by militants.

However, Soweto Council spokesman Mr Mojalefa Moseki urged business people to pay their tariffs.

The council would consider a reprieve for welfare and non-profit making organisations after careful scrutiny.

Legodi said they had held meetings with councils, the Transvaal Provincial Administration and civic associations in an attempt to scrap the arrears, but no finality had been reached.

It was agreed that no new action would be taken by the councils to recover the arrears until the matter was resolved, Legodi said.

He said they were also demanding that their businesses be sold to them in line with an agreement with local authorities to sell houses to residents of Soweto, Dobsonville and Diepmeadow townships.

Christmas sales crunch (30)

By Sven Lünsche STAR 16/1/92

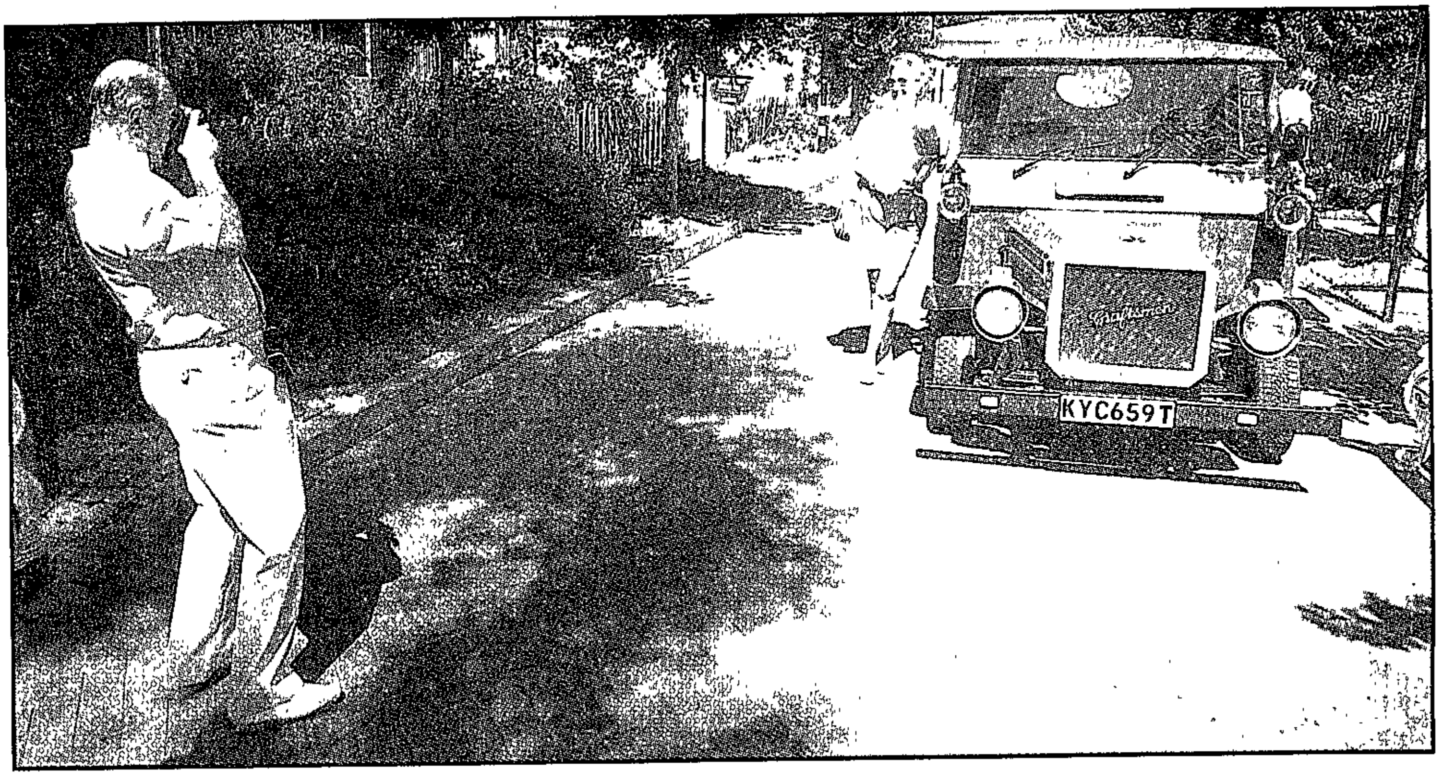
Retail sales over the Christmas period could have been eight percent lower than during the festive season in 1990.

Confirming anecdotal evidence of the most disastrous Christmas sales in years the Central Statistical Service said yesterday that expected real retail trade sales for December will show a 7,6 percent decline compared with December 1990.

December's retail sales are also 1,3 percent down on the November sales levels.

Looking at a broader base the CSS says that expected sales for the last three months of 1991 fell by 6,8 percent on the December 1990 quarter and by 3,4 percent on the preceeding quarter in 1991.

Actual and non-seasonally adjusted sales for December totalled R9,93 billion (December 1990: R9,1 billion) pushing total retail sales for 1991 to R79,8 billion compared with R71 billion in 1990.



City of gold . . . although tourist numbers increased at Gold Reef City, local spending power did not, leading to one of the quietest Christmases ever for Johannesburg's major attraction. Picture: Jacoob Rykliff

Gold Reef traders miss out on Christmas rush

STAR 16/1/92

(30)

By Louise Burgers
Municipal Reporter

Despite an increase in tourists visiting Johannesburg, premier attractions such as Gold Reef City are feeling the pinch of the economic recession.

Tenants at the old mining settlement and amusement park said this week they had experienced the quietest festive season yet as locals and their spending power stayed away.

However, Gold Reef City managing director Ben Schutte said the increased numbers of tourists had led to a very good festive season.

Arts and crafts shop manageress Michelina Moolman said her store had had a very good season, but this was due to a significant increase in the numbers of tourists in the past three months, as locals had stayed away.

"Local spending was definitely less, people just did not come. There were more tourists and they were the ones spending."

The owner of another gift shop said shoppers were just not visible at Christmas time.

"This has been one of the quietest Christmases in years." She said two shops had closed down in the complex just before Christmas for economic reasons and there were empty stores

The manager of another arts shop said tenants could not recall business being as poor over the festive season.

"Business was down about 8 percent compared to last year at the same time. A lot of businesses have closed down here in the past year and others have changed hands. There is no passing trade at Gold Reef City: we are totally reliant on visitors."

Gift shop assistant Peggy Pretorius said she had far more customers last Christmas.

Mr Schutte confirmed that the Mint was considering pulling out of its museum exhibition and that Gold Reef City management might take over the running of the exhibition. He said businesses that wanted to pull out now, when tourism was increasing, were foolish.

"Four years ago things were really bad here, but now everything is running very successfully."

Mr Schutte said new shops and exhibitions were being opened all the time and the mining exhibits would soon be extended.

"Things do change — the basic Gold Reef City has now been expanded on the historical side."

Focus has new marketing tactic

ROBERT LAING (30)

FOCUS Holdings' recent launch of the first "private label store charge card" in SA should return the retail group to profit, chairman Irwin Sacks said in his annual review.

"The partnership of a speciality retailer, credit card company and financial institution creates a powerful marketing weapon for the future. Our customers will remain exclusively ours for marketing purposes while the credit management and risk function is controlled by the card company," Sacks said. B/Day 20/1/92

The private label card was administered by Bonus Card to be used at the group's Matress World, Forty Winks, Smiley Blue, Bachelors, Cashworths, Grant Mackenzies and Spracklens chains.

Sacks said a significant spin-off of the new credit programme would be the ability to substantially develop information systems and retail technology.

Focus passed its dividend last year, reporting a loss of 8,20c a share compared with 1990's earnings of 9,93c and dividend of 2c a share.

Sacks said: "The group's trading was inhibited in an extremely competitive and difficult business environment. As a result of our limited capital base and inability to fund a large debtors book, the greater portion of the turnover had been in cash.

"The introduction of credit, together with the aggressive promotion of credit in all the group's divisions, will bring us closer to fulfilling our potential."

Second week for Karoo town consumer boycott

(30)

MRG 21/1/92

PORT ELIZABETH. — A consumer boycott in the Karoo town of Colesberg yesterday entered its second week.

Residents have called for the resignation of the Kuyusa Town Council and its administrator and demand that all rent arrears be scrapped.

But township administrator, Mr André Fourie, said yesterday residents had been "misinformed" by the local civic about an agreement reached in 1990 around rent issues.

He said following meetings with the civic an agreement was reached whereby a moratorium on rent arrears would have come into effect if residents paid 66,6 percent of service charges for one year.

"If this was paid for one year and residents proved they were consistent in their payments, a moratorium on rent arrears would have come into effect," Mr Fourie said.

However, the committee had informed the residents that rent arrears were to be scrapped and told residents to pay only 50 percent of present services charges.

But a community spokesperson, Mr Oupa Mpekula said the civic had reported to the residents that rent arrears, totalling more than R1 million, were in fact written off.

He said the township administrator, Mr Fourie, had sent letters to the residents demanding rent arrears be paid despite the agreement to scrap them.

He said the decision to introduce the boycott to demand the resignation of the "dummy" council was taken at a mass meeting last week.

Chairperson of the Chamber of Commerce, Mr Phillip Fourie, was not available for comment as he was in a meeting.

A spokesperson for Pep Stores, who did not want to be named, said business was slow since the boycott began. Township shop owners are now required to travel up to 135km away to De Aar to buy supplies for their shops.

BUSINESS

Retailers look to African markets despite unrest

BDay 21/1/92 (30)

KARIN FRANKEN

SA's leading retailers are eyeing mass markets in Africa for possible expansion, despite political uncertainty and economic instability.

Retailers contacted by Business Day were wary of detailing plans for investment in southern and central Africa, but some suggested that entry or expansion into these markets was possible within a year or two.

Those approached included Checkers, Pick 'n Pay, the Premier Group, the Metro Group and OK Bazaars.

Earlier this year, South African companies, including the Premier Group and Barlow Rand, lost millions of rands as a result of damage caused by rioting and looting in Zaire. This raised questions as to whether continued investment was wise.

Metro MD Carlos dos Santos said in spite of the recent civil unrest in Zaire, the group's Kinshasa Cash & Carry venture had been worth the effort. His company would be willing to re-invest in Zaire.

Metro's Zairean business venture started two years ago with a Cash & Carry warehouse which was set to expand when political unrest destroyed the business. The disaster hurt Metro but it has continued exporting goods to various African countries.

"Apart from exporting produce, Metro has investments in Malawi, Botswana, Namibia, Lesotho and Swaziland," said Dos Santos.

Stability

Pick 'n Pay director Sean Summers said the economic situation in Africa was very fluid and his company would continue to monitor developments. Offers to open stores had been received from Angola, Mozambique, Mauritus and Malawi.

Although the Premier Group is experienced in trade with African countries, it is looking for a fair amount of political and economic stability before investing further. "In addition, African states should be able to generate enough money to pay for the goods," said director Gordon Utian.

Premier still owns a small retailing and wholesaling operation in Lubambashi in Zaire. In Zimbabwe, it has flour mills and bakeries, selling bread under the Blue Ribbon brand, and has a Cash & Carry store in Maputo, Mozambique. But Utian cautioned that southern and central African states currently lacked the ability to generate wealth and had weak currencies.

Checkers MD Sergio Martinengo said the group had no future investment plans for the frontline states. But the group had been approached six months ago to enter into joint ventures with businessmen from Mozambique and Angola.

OK Bazaars financial director Brian Borcherds said: "Yes, we do have plans to invest, but details of future African trade is confidential."

However, he said a healthy political climate was an important factor for a final time and date. Satisfactory financial arrangements, political stability, foreign exchange rates and good infrastructure were prerequisites for investment, Borcherds said.

Retailers expect 4,6% dip in sales

30

B/Day 23/1/92

SHERIDAN CONNOLLY

RETAILERS expect sales to fall by a real 4,6% in the year to January, figures released yesterday by the Central Statistical Service (CSS) show.

In real terms, the CSS figures show expected retail sales of R6,2bn for January to be 0,3% lower than December, after seasonal adjustment.

The decline would continue the downward trend in total sales which began in the second half of 1990.

Standard Bank chief economist Nico Czypionka said yesterday that expectations of a continued decline in total sales levels confirmed retailers' perceptions of soft and falling sales levels.

He said disappointing sales levels over the Christmas period stemmed from the precarious position of consumers.

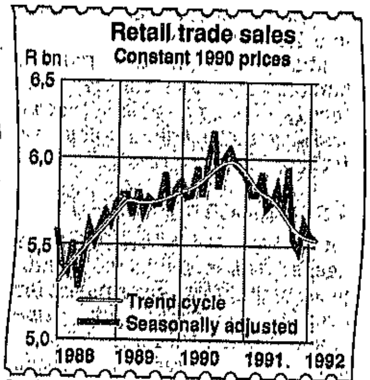
Most retailers reported dismal sales levels over the Christmas season, with sales well below expected levels.

Expectations for higher sales levels would not materialise until there was some lowering in mortgage rates, Czypionka said. He did, however, see official rates being lowered in the short term.

Most retail sectors only began feeling the pinch about six months after the economic recession began in the fourth quarter of 1989.

Trends in the retail sector during the recession were unusual, with sales of durable goods reported to perform better than those of essential items.

The CSS figures show that, in real terms, the total value of retail trade sales dropped 3,7% in 1991 from 1990.



Graphic: FIONA KRISCH Source: CSS

Phalaborwa showdown looms

B/Day 24/1/92

(30)

GAVIN DU VENAGE

A SHOWDOWN is looming between right-wingers and the ANC in Phalaborwa, following Tuesday's confrontation between heavily-armed AWB members and local residents.

Bloodshed was narrowly averted when police and business leaders stepped in to mediate between 2 500 residents and about 20 AWB Wenkommando members with rifles, dogs and knives. The confrontation occurred at a taxi rank that the CP-controlled council had previously closed.

Residents, who voted at the weekend to end a four-month consumer boycott, have refused to make use of a new council taxi rank they say is inferior.

ANC northern Transvaal deputy secretary Norman Mashabane said yesterday residents would stage a "defiance march" tomorrow to force the council to meet their representatives and discuss their demands.

Mashabane said residents voted last Sunday to end the boycott because "we are willing to talk to the council". But, following Tuesday's events, he said the boycott would be "considered seriously" again.

He said if residents opted for a renewed boycott it would be used selectively and target only CP-owned businesses. But Mashabane admitted that few such businesses depended heavily on blacks for custom.

He said residents were demanding the opening of all amenities, including schools and libraries, to all races and "the right to free political expression". He said the council had always acted harshly against any black political activity.

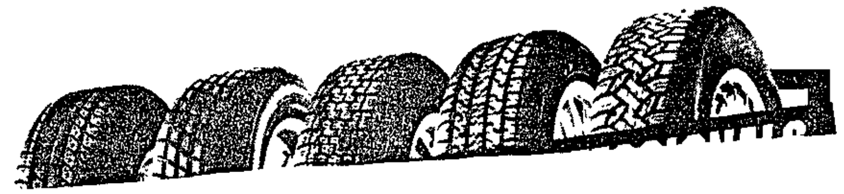
Mashabane also said residents wanted a "Koevoet" military unit and a "Renamo training camp" removed from the area. He accused "Koevoet bandits" of having killed seven residents since 1985.

Chamber of Business president Manie Kriel said he hoped the ANC would not march in the town as it would lead to unnecessary confrontation.

Kriel accused the town council of calling in the AWB on Tuesday when it became apparent that demonstrating residents would not leave the taxi rank.

He said he hoped the situation could be resolved peacefully, as a joint forum consisting of business people, the ANC and the NP had been established to discuss common problems. He added that the ANC had assured him the boycott would not be reinstituted.

Local AWB leader Fritz Meyer refused to comment on Tuesday's events, but described news reports of Tuesday's confrontation as "slanderous and insulting".



Goodbye business ... black taxis leave Phalaborwa with angry township shoppers, vowing not to return until treated like "decent people". A protest march on Saturday was stopped by police and 121 people were arrested for contravening public gatherings regulations. Picture: Ken Oosterbroek

Business boycott resumes after Phalaborwa taxi rank row

STAR 27/1/92

By Monica Oosterbroek (30)

The black community at the far northern Transvaal town of Phalaborwa voted at the weekend to continue the three-month-old boycott of white businesses if demands over the siting of a taxi rank and other issues were not addressed by the town council.

The boycott was called off last Monday, but the Namakgale Boycott Committee voted on Saturday to reinstate it after a week of rising tensions which ended in the arrest of 121 people at a protest gathering on Saturday morning.

On Tuesday, taxi drivers and passengers arrived in Phalaborwa to find the old taxi rank cordoned off and a new one set up 500 m away. They were offended that the town council had failed to consult them.

The black community planned a protest march on Saturday morning, but it was thwarted by the presence of heavily armed police and right-wingers and 121 people were arrested for contravening municipal regulations governing public gatherings.

Police spokesman Lieutenant Werner Voigt said the group paid small spot fines and were released a few hours later.

Residents in the surrounding townships told The Star that unless the CP-run town council started treating them like "real and decent" people, they would not return to shop "for as many years as it takes for them to change their attitude".

Commuters were also not satisfied with the ablution facilities at the new taxi rank and demanded proper facilities.

The town council wants the large plot of vacant land in the centre of town for development. Phalaborwa residents say township residents do not have to be consulted because it was not their town and they did not pay rates and taxes.

The chairman of the Phalaborwa Chamber of Business, Manie Kriel, said trade had dropped by nearly 80 percent in the past three months and businessmen would not survive if the boycott continued.

He said the PCB did not agree with the conservative way the town was run and often clashed with the town council over various issues.

In a bid to smooth over the thorny problems and to establish proper communications, a forum is in the process of being established with Phalaborwa businessmen and the township community.

Mr Kriel, who owns a real-estate business in Phalaborwa, said the town council had plans to build a filling station, rest room and other facilities at the new taxi rank.

Boycott to go on if demands not met

Sowetan 27/1/92

THE black community in the far Northern Transvaal town of Phalaborwa voted at the weekend to continue the three-month-old boycott of white businesses.

The boycott will go on if demands over the siting of a taxi rank and other issues were not met by the local town council.

The boycott was called off last Monday but the Namakgale Boycott Committee voted on Saturday to reinstate it after a week of rising tensions which ended in the arrest of 121 people at a protest gathering on Saturday.

Cordoned off

On Tuesday taxi drivers and passengers arrived in Phalaborwa to find the old taxi-rank cordoned off and a new one set up 500m away. They were offended that the town council had failed to consult them about the move.

The black community planned a protest march on Saturday morning, but it was thwarted by the presence of heavily armed police and rightwingers and 121 people were arrested for contravening municipal regulations governing public gatherings.

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Checkers told to consult with union

DIRK HARTFORD

IN WHAT could be a precedent setting decision, the Industrial Court ruled last week that Checkers should consult properly with the SA Commercial, Catering and Allied Workers' Union (Saccawu) before closing or selling shops, Saccawu legal officer Roseline Nyman said.

Reasons for the judgment have been reserved until today.

The judgment was the result of an urgent application brought by Saccawu against Checkers to prevent the retrenchment of 34 Saccawu members last weekend.

Nyman said that when Pepkor got a controlling interest in Checkers last year, it told Saccawu there would be no "change in the working conditions of members".

However, the company then sold one of its stores and informed the union last week that 34 members would be retrenched.

Union wins ruling against store

Sowetan 28/1/92 (30)

THE Industrial Court ruling that a company cannot sell any of its shops before consulting with the union will make it difficult to run a business, says Checkers managing director Mr Sergio Martinengo.

Martinengo was reacting to the court ruling last Friday that Checkers should consult properly with the SA Catering, Commercial and Allied Workers' Union before selling or closing any of its shops.

Saccawu brought an urgent application last Thursday to prevent the company from retrenching 34 union members.

In a statement yesterday the union charged that Checkers had announced that three of its branches, in Roodepoort, Bethlehem and Fleurdal, would be closed or sold.

Martinengo said only the Roodepoort store had been sold, but that the Bethlehem and Fleurdal branches were still operating. There were plans, however, to close them.

He denied the union claim that Checkers planned to close or sell 100 of its 169 stores, and said a total of only 12 stores would be affected.

He said some of the workers affected by the closure had been absorbed into other branches of the group, but that those who could not be placed had not been retrenched. - *Sapa*

S/Day 28/1/92

Ruling 'hits business'

THE Industrial Court ruling that a retail company cannot sell or close any of its shops before properly consulting a union will make it difficult to run a business, Checkers MD Sergio Martinengo says. (30) (Kess)

He was reacting to the court's ruling on Friday in which it held that Checkers should "properly consult" the SA Catering, Commercial and Allied Workers' Union before selling or closing any of its supermarkets.

Saccawu brought an urgent application last Thursday to prevent Checkers from retrenching 34 union members.

STAR 29/1/92

30

Uneasy calm as Ennerdale discusses boycott

By Zingisa Mkhuma

An uneasy calm hung over Ennerdale after Monday's clashes which left 30 people injured when police fired teargas on residents in a stadium discussing rent and service tariffs.

Most residents who had stayed away from work to attend the meeting went back to work yesterday.

Angry residents, some with bruises, gathered to discuss ways of ending the rent and tariffs boycotts in the area.

Residents who were arrested and released on bail, will appear in court next month.

● Last night Ennerdale Ext 1 was plunged into darkness when the electricity supply to the area was cut.

Edgars opens new store

EDGARS has committed itself to opening a 6 270m² store in the Fourways Mall development. This follows Woolworths' recent decision to increase the size of its food and clothing outlet by 2 000m² to 6 300m².

BID Day 29/1/92 (30)

Prefcor 'not hurt by furniture downturn'

B/Day 30/1/92 (30)

MARCIA KLEIN

RECENTLY listed retail and wholesale group Prefcor Holdings (Prefcor) should report good results for the six months to end-December despite severely depressed sales in the furniture and retail industries, analysts said yesterday.

The group, which holds the Beare furniture group, Game Discount World and Clobea clothing division, had forecast pro forma earnings of 108,8c (67,7c) a share in the year to June 1992, and expected turnover to rise by 27% to R1,27bn (R1bn).

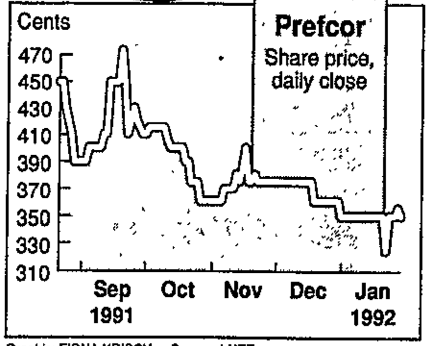
Results, due to be published next week, should show the Beare group — the major contributor to group profits — had fared better than the rest of the furniture industry over the past six months.

Although industry sales figures for the last few months of 1991 have not been released, industry players said sales had dropped dramatically over the second half of the year.

Recent reports by the Beare group indicated it had done considerably better than the rest of the furniture industry in terms of turnover, and analysts said it could show a 25% sales growth while other major players would show sales which could be flatat best.

Analysts said this could mean it was simply doing better than some others in the industry (through better management or sites), or that the other players were being conservative, or that it was chasing turnover at the expense of its debtors' book.

While some analysts said it could be chasing turnover, others said its relationship with Firstpref, in which much of the burden of the debtors book was taken away from the company, should satisfy shareholders that the debtors book was healthy.



Graphic: FIONA KRISCH Source: I-NET

Although a smaller contributor than the Beare Group, Game was expected to do well as it was managed well and was a cash business, analysts said.

Since listing in August last year at 500c, Prefcor has not been well rated by the market.

The share closed yesterday at 350c after touching a low of 325c last month and reaching a high of 475c just after listing.

Despite scepticism about the group's ability to meet its forecasts and to sustain its optimistic earnings projections, analysts said the company was soundly based with an excellent, experienced management team.

They said the calibre of management did not point to the company chasing sales, but now that it was a listed company, it might feel pressure to show growth.

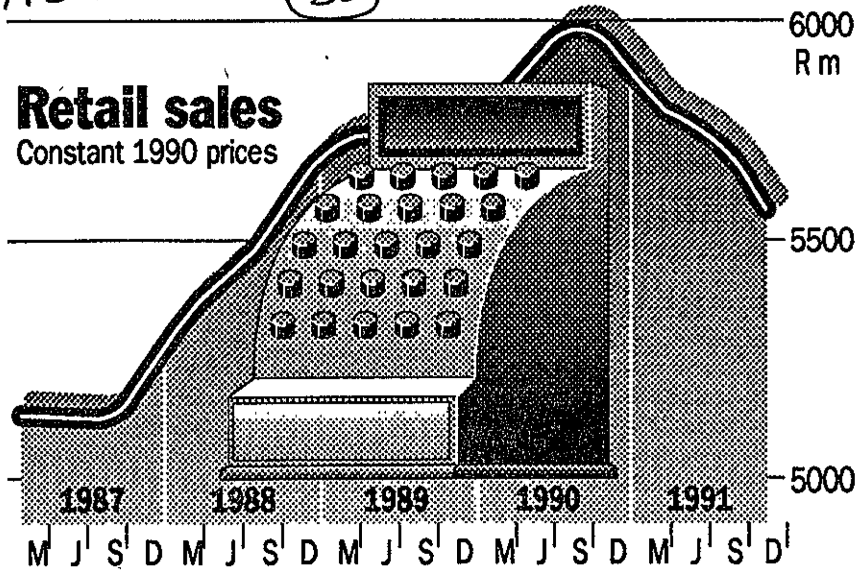
This could compel it to reach its targets, which were set when furniture sales were still buoyant, and it might not have anticipated the extent of the downswing in the industry.

But analysts said a continued sound performance could still prove them wrong in the longer term.

Retailers lick wounds after poor Christmas sales figures

STAR 30/1/92. (30)

By Derek Tommey



Christmas 1991 was terrible for the retail trade, official figures show.

Preliminary estimates of sales prepared by Central Statistical Services (CSS) put them at around R9,9 billion.

In cash terms, this was an increase of almost R900 million, or 9,5 percent, on Christmas 1990.

But when the figures are adjusted for inflation, currently running at 14 to 15 percent, it is clear that sales were well down in real terms.

The CSS estimates that retail sales in real terms were down 5,8 percent in December.

On figures issued by the CSS, consumers would have to have spent an additional R600 million before sales matched those of a year earlier.

This is a figure the Government's tax advisers should bear in mind when considering the size of the promised tax cuts in this year's Budget.

Figures show that 1991 was a year of steadily declining retail sales.

In January, sales in real terms were down 0,4 percent on a year earlier. In February, the decline was smaller — 0,2 percent.

But in March the drop was 0,4 percent again, in April 1,5 percent, in May 4,3 percent, and in June and July 2,9 percent.

In August there was a slight improvement, with sales one percent down on a year earlier.

But September was a particularly bad month, with a 7,8 percent drop in retail sales. In October, the month GST was introduced, there was a severe drop of 8,7 percent. November's sales decline was a little better — only 5,1 percent. Then came December with its 5,8 percent fall.

Overall, retail sales in real terms dropped last year by 3,8 percent, but in cash terms they rose by R8,5 billion (11,95 percent) to R79,4 billion.

Improvement

Officials say one reason why they expect an improvement this year is that retailers and manufacturers need to start building up stocks to fill their shelves.

Preliminary figures for October show that the recession and the introduction of VAT together had devastating effects on some parts of the retail trade.

The introduction of VAT led to a 10 percent tax being imposed on meat and many unprocessed foods, which previously were tax-free. However, it also produced a three percentage points reduction in the tax on all other items.

While butchers were expected to be hard hit by the tax changes, the 24,3 percent drop in their sales in real terms must have been completely unexpected.

However, much in line with the experience of butchers was the 19 percent decrease in sales in real terms of grocers and other dealers in foodstuffs.

Sales by chemists fell 11,2 percent, while general dealers and department stores sold 77,7 percent less. Sales by bottle stores dropped 5,1 percent.

On the other hand, sales by dealers in clothing, footwear and textiles rose 5,4 percent, sales by furniture and appliance stores by 6,2 percent, and sales by jewellers by 6,1 percent.

Sales of radios, hi-fi sets, tape recorders and record players rose 11,7 percent, while sales of TV sets rose 12 percent.

The CSS figures show that the Cape Peninsula was the most prosperous area in the first 10 months of last year, followed by Port Elizabeth.

Retail sales in the Peninsula were 19,7 percent up from last year, which compares with 12,5 percent increase countrywide.

This no doubt reflects the growing wealth in the area from its flourishing fruit, wine and wheat crops, the growth of light manufacturing industry and tourism and, recently, the increased use of Cape Town by ships seeking bunkers, stores and repairs after the lifting of EC sanctions.

Port Elizabeth, where a major expansion of the motor industry is taking place, was next in line with a 19,1 percent rise in sales, and East London, which is experiencing considerable development, had a 17,3 percent increase.

Retail sales in Johannesburg and Randburg rose 14,5 percent, and by 13,5 prcent in Pretoria and adjacent areas.

Durban's retailers had a 7,6 percent increase in business, while Bloemfontein had only a 6,6 percent rise.

Checkers MD loses title in Cape move

BDay 30/1/92. (30)

MARCIA KLEIN

CHECKERS MD Sergio Martinengo is to lose his position as MD of the retail chain when its head office is relocated to Cape Town at the end of February.

Shoprite and Checkers spokesmen confirmed yesterday he would remain as GM of the combined Checkers/Shoprite group's northern region, while Shoprite MD Whitey Basson becomes MD.

Following Pepkor's acquisition of Checkers' holding company Tradegro last year, there has been much speculation on the rationalisation of Checkers and Pepkor's retail chain Shoprite.

Spokesmen confirmed that functions now duplicated in the Checkers and Shoprite head offices, including accounting, creditors, computers and personnel, would be housed under one roof in Cape Town.

Checkers/Shoprite would be split into a southern and northern region. Martinengo, who has been at the helm of Checkers for two years, would remain in Johannesburg while Shoprite operations director Barney Rogut would be GM of the southern region.

The future of the Checkers and Shoprite brands remains unclear. An industry source said he believed certain unprofitable Checkers stores could be closed, and a decision would have to be made on the Checkers and Shoprite stores that were close to one another.

Boyman's rights issue to raise R15m

B Day 30/1/92

(30)

SEAN VAN ZYL

CLOTHING-retail group Boymans plans to raise about R15m in a rights issue to increase the company's capital base and reduce its gearing level, an announcement published today said.

The rights offer, which would boost the company's share base by 164% to about 28,3-million shares in issue, has been pitched at 85c an ordinary share.

Boymans operates in the speciality retail clothing market through its subsidiaries John Orr's, Levisons, Deans, Cyril's John Scott and Woolfsons.

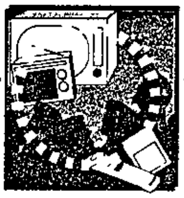
The announcement said the company's excessive gearing, which it said resulted from poor trading conditions, had necessitated the rights offer: "The rights offer will increase the capital base of the company in order to achieve a satisfactory gearing level and to ensure that adequate working capital will be available to fund future growth in the operations of the group."

The offer would be underwritten by majority shareholder Amalgamated Retail, which holds a 36% stake in the company, the announcement noted. The offer closes on March 6.

Boymans disclosed a 23% drop in attributable earnings to R798 000 (1990: R1m) for the six months ended August. The interim report showed a marginal decline in interest charges to R4,6m (R4,7m) for the period.

However, the company reported almost static growth in sales to R189,8m (R188,2m) for the year ended February 1991 which, after interest charges and taxation, resulted in modest growth in attributable earnings to R2,5m (R2,4m).

Boymans' bank overdrafts at the 1991 year end showed a massive jump to R16,1m from R7,4m the previous year. Long-term debt stood at R29,3m (R32,8m).



RETAIL ADVERTISING (30) FM 31/1/92.

Check-a-Checkers, about turn

Checkers was one of the first big advertisers to take its advertising in-house a decade ago. Now it is moving out again.

About R30m of spending on print advertising handled by the Checkers marketing services department under Brian Cutler will go to Cape Town agency De Novo. Cutler will join the agency as general services director and will be joined by many of his Checkers staff.

This is probably the largest move of a Johannesburg ad account to Cape Town.

De Novo is the agency for the Shoprite chain, part of the giant Pep retailing group which recently acquired a controlling interest in Checkers. De Novo is owned by a trust and does not have a formal MD.

One of the country's three biggest advertisers, Checkers spends around R50m a year, according to MD Serge Martinengo. The in-house unit handled print advertising and the less-than-R20m spent each year on radio and television is handled by Meridian, an agency in the Ogilvy & Mather group.

The figures include production costs, which are higher in retail advertising than in most forms of branded advertising because new ads are produced daily. Media billing is somewhat less, calculated by Adindex as R35m in 1990. Last year's figure was probably about R42m.

The injection of Checkers business will more than treble the annual billings of De Novo, which last year had about R17m in business from Cape advertisers.

Martinengo, who became MD two years ago, says he has been less than enthusiastic about the in-house route which Checkers first embarked on in the early Eighties. The takeover by the Pep group, which had a similar philosophy, proved the catalyst for change.

"We prefer to deal with a third party for our advertising," says Martinengo.

The move leaves Meridian's future in some doubt, though Martinengo says the future relationship has not yet been finalised. "But I don't think we will move all of our electronic advertising into the new agency."

It is believed that the electronic media account is up for pitch.

Meridian MD Greg Garden is braced for a change. "They have indicated that from the beginning of their new financial year, they would have to re-examine how they work with us. Our contract will effectively fall away from the beginning of March."

The loss of Checkers would be a big but not crippling blow to Meridian, says Garden. "We have 15 clients other than Checkers, including Sterns jewellers, Henkel, Ciba Geigy and RCI." He puts the agency's 1991 billing at about R17,5m.

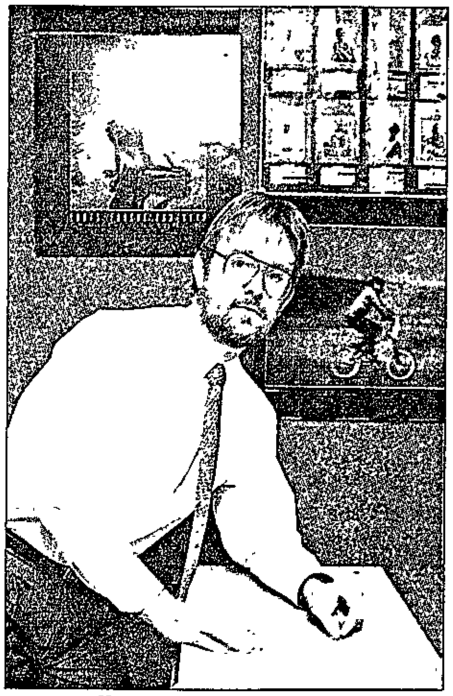
The move by Checkers is the first major reversal of a trend which appeared to be building momentum. Many advertisers, particularly retailers, have taken this route in recent years. Among the most successful has been Edgars and the most recent was OK Bazaars (a step which had severe implications for its agency, Grey Advertising).

Edgars has produced elegant and effective advertising since it led the way down the in-house route in 1979. Its particular strength, however, is its huge account base, which gives it a big and receptive mailing platform.

Though the in-house option may be suitable for the less creative kind of advertising, notably routine retail price-list advertising, it has proved controversial among agency people because the advertising mostly seems to be unimaginative and dull. Clients usually do it to save money. ■

D'Arcy makes a gain

Grey Response Marketing, one of the two major specialist agencies in direct marketing left in SA, has moved out of the Grey Group and into the D'Arcy Masius Benton & Bowles fold. D'Arcy has bought the 45% owned by the Grey Group and the 55% stake held by Grey management.



Maclean ... *best year for creativity*

The move will make a significant difference to the size of the two groups. Though a direct marketing agency cannot be compared with a normal above-the-line agency, Grey Response's income makes it equivalent to an agency billing R18m-R20m a year. The extra income could be enough to lift the D'Arcy group from about eighth in the agency rankings to perhaps sixth.

Grey Response is still on a high achieved during 1991, when it won two Gold Echoes (probably the top international awards for direct response advertising), along with a number of other international achievements. Locally, it won six Sales Promotion and Design Association awards and a Loerie. "Last year was our best-ever in terms of profitability and creativity," says MD Clive Maclean.

Grey Group MD Ian Shepherd says the group had the option to increase its stake in Grey Response but chose instead to concentrate on the resources of its core business.

Zimbabwe-born Maclean (32) started in direct marketing in 1982 with Commercial Union. After a spell with Standard Bank he started his agency, Response Marketing, in 1987. It was taken into the Grey Group in 1988.

He believes firmly in the benefits of being part of an international group, both because of the access to information and because of the increased credibility it lends the agency. Moreover, he adds: "The agency of the Nineties will be able to offer its clients the full spectrum of advertising services."

D'Arcy chairman Willie Sonnenberg, who in the past has made a couple of attempts to establish a direct marketing unit, goes along with this. "We have always subscribed to the concept of seamless advertising, in which various communications disciplines blend smoothly to convey a single message," he says. ■

Musical chairs

Len van Zyl, for many years the doyen of SA advertising, has stepped down as chairman of the holdings board of Lindsay Smithers FCB, the country's second biggest ad agency group. Into his shoes steps MD John Sinclair, who was named last year as Advertising Achiever of the Year by the *FM*.

Van Zyl is currently based in Philadelphia, where he is CE of FCB Philadelphia. For the last two-and-a-half years since he took up his US appointment, he has been returning to SA regularly to attend meetings of the local board. FCB is the international agency associated with Lindsay Smithers.

Former deputy chairman John Thorne has also resigned, though both he and Van Zyl will continue as ordinary members of the board. Gaby Bush, executive creative director of the Sandton agency, also joins the holdings board. *Tony Koenderman*

AUTOQUIP FM 31/1/92

A bumpy road

Activities: *Wholesaler of automotive accessories and tyres.*
Control: *Directors 57%.* 30
Chairman: *G J Santana;* ~~MD~~*: B D'arcy Coquelle.*
Capital structure: *16m ords. Market capitalisation: R7,5m.*
Share market: *Price: 47c. Yields: 10,6% on dividend; 23,6% on earnings; p:e ratio, 4,2; cover, 2,2. 12-month high, 70c; low, 35c. Trading volume last quarter, 123 000 shares.*

Year to June	'88	'89	'90	'91
ST debt (Rm)	0,06	3,9	4,6	4,1
LT debt (Rm)	0,15	0,35	0,37	0,26
Debt:equity ratio	—	0,58	0,56	0,45
Shareholders' interest	0,44	0,35	0,38	0,37
Int & leasing cover .	14,8	8,9	4,3	4,1
Return on cap (%) ..	18,8	25,0	22,8	19,6
Turnover (Rm)	22,2	35,5	44,5	50,0
Pre-int profit (Rm) ...	2,6	5,2	5,2	5,0
Pre-int margin (%) ..	11,3	14,6	11,8	10,1
Earnings (c)	10,5	15,6	13,2	11,1
Dividends (c)	3	6,5	5	5
Net worth (c)	37	46	54	60

An increased interest bill and squeezed margins trimmed earnings for the second year running, though the dividend was held.

Chairman George Santana makes no bones about the tough conditions. The automotive replacement parts and accessories market has suffered a two-year drought, due mainly to recession, high inflation, punitive interest rates and no real growth. Competitors, driven by a need to de-stock, discounted to a depressed market.

So, for the second year running, management made changes to hedge against the market downturn. The Techniquip division,

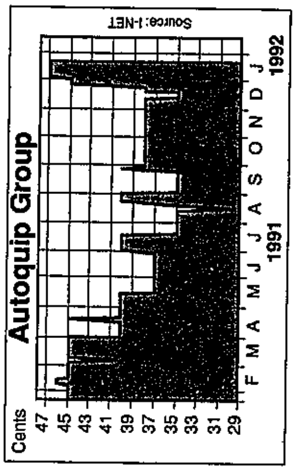
FM 31/1/92 30

which marketed mining and industrial bearings, was sold without loss. A new company is being formed to use Techniquip's infrastructure. It will focus on the existing customer base of replacement parts stockists.

Santana says marketing policy is being reviewed and branches have been relocated.

The investment in the foreign division was sold at a small profit of R17 000. Though the investment had performed well despite tight market conditions, Autoquip foresees more exciting growth prospects at home.

Santana believes growth prospects in SA are unequalled in the western world. He says the car parts industry has a huge market. He expects black ownership to double within eight years, with most purchases being used vehicles. This will extend the car parque and benefit the parts and accessories industries.



The average life of the car parque has increased to 10 years from 7,5 in 1985. This trend is expected to accelerate. Spare parts required to keep a vehicle mobile increase dramatically from the age of six years.

Santana expects improved demand this year. He says customers will need to rebuild stocks and so margins should recover to more realistic values.

Santana has retired because his Australian interests have become increasingly onerous.

The share has had a bumpy 12 months, with a wide trading range. But volatility applies to other car parts shares. The market has not known how to value them because of the squeeze on margins.

Liz Rouse

LABOUR LAW

FM 31/1/92

Not up their street

When should a company tell the union that a change of ownership which could affect the employment relationship is in the offing? Furthermore, what exactly is meant by "full and proper consulation"?

These are key questions for business following the Industrial Court ruling last week that Checkers must "properly consult" the SA Commercial, Catering and Allied Workers' Union (Saccawu) before it can sell or shut down any of its stores.

It is established in labour law that, where jobs are at stake and there is knowledge of this, the company has a duty to "consult" the union in question. It is part of good-faith bargaining, though it might seem an infringement of a fundamental right in common law — that is, the right to dispose of one's property as one sees fit. (30)

One problem with last week's finding by Mohammed Bulbulia, a permanent member of the Industrial Court, is that he gave no reasons with it; these were expected to be delivered later this week. The ruling was made in terms of section 17 of the Labour Relations Amendment Act, which provides for urgent interim relief, pending a fuller hearing under section 43, which can take up to four months.

In Checkers' case, that could mean having to keep paying more than 30 workers who are sitting at home, since the (closed) Roodepoort store in question was due to be taken over by new owners at the end of January.

The union sought an urgent application last weekend to prevent, it said, 34 members being laid off at the end of this month. A union spokesman apparently explained that when Pepkor took control of Checkers, it had told the union that members' working conditions would not change.

That, though, seems less relevant than the question of when, precisely, the union was informed that the company might close one (or more) of its stores.

A source close to Checkers — which is outraged by the court's decision — says that the union was notified, late December, that the company was closing the Roodepoort store and had started relocating employees. The union, over four meetings, refused to cooperate. While those consultations were underway, the company sold the store because the lease was up for renewal. The union was informed of this, says the source, adding that, from Checkers' point of view, it complied with guidelines on retrenchment.

The implications of the ruling as it stands, says the source, are enormous — especially in the highly competitive retail trade. For example, the duty to consult could well affect business if competitors know that a store

continued

FM 31/1/92

is due to be closed. Such sensitive commercial negotiations cannot be carried on in a public manner, he says. (30)

Meanwhile, the company's lawyers have asked urgently to be given the reasons for this unprecedented ruling, with a view to taking it on review at the Labour Appeal Court. Checkers is also trying to find alternative jobs for the 34 employees — 26 of their colleagues had already been placed elsewhere.

The interesting point at issue, which should emerge when the court gives its reasons, is the question of when the union should be informed of a change of ownership, says Pat Stone, of Andrew Levy & Associates. This is because of the implications it could hold for ownership changes in liquidations or mergers, for example, when secrecy may be important to safeguard the transaction. ■

FM 31/1/92 (30)

CHECKING DOWN

The head office of the ailing Checkers supermarket chain will move from Johannesburg to Cape Town after its financial year ends in February, says Checkers MD Serge Martinengo.

It will be merged with the head office of Shoprite, the grocery and supermarket arm of the Pep group which acquired control in October.

An effort will be made to let space that becomes vacant in Checkers's present head office in Commissioner Street, on the eastern side of Johannesburg's CBD. March or April are likely months for the move.

The Checkers in-house advertising agency, headed by Brian Cutler, is about to move to Cape Town (see page 60).

Martinengo says the move makes sense, as it is pointless duplicating functions such as computer services, salaries and purchases.

Martinengo

He won't move to Cape Town. "For the moment, my future is uncertain," he says, "but I will stay on with the group if they need me."

Whitey Basson, MD of Shoprite, will be the new group MD.

LABOUR

Checkers in landmark ruling

WMail 31/1 - 6/2/92

30

By FERIAL HAFFAJEE

A LANDMARK judgment in the Industrial Court compels Checkers to negotiate all store closures with the South African Commercial Catering and Allied Workers' Union.

It seems the ruling, which was made last week after Saccawu launched an urgent application to prevent Checkers from retrenching 34 workers, arose from a misunderstanding.

Saccawu says Checkers undertook not to retrench any workers after it was bought out by Pepkor in November last year. Checkers managing director Sergio Martinengo says the workers were going to be retrenched due to rationalisation measures long before the buy-out.

"According to our recognition and retrenchment agreements with the union, everything was done properly," he adds.

Checkers is likely to seek an urgent review of the judgment and still plans to close 12 stores.

The takeover of Checkers has been dogged by controversy since its inception.

When the announcement of the buy-out was made public last November, workers at some stores picketed against retrenchments, there were reports of some wildcat strikes and the union threatened legal action.

Scurried negotiations won a promise from the company that "there would not be a change in the working conditions of Saccawu members".

Yet, according to the union, workers at one of the stores threatened with closure were issued with notice that their contracts would expire on January 25.

Saccawu's legal officer, Rosaling Nyman, says: "The implication of the judgment is that a company cannot sell a store during or even before consultations with the union".

The ruling comes at a time of mass closures and retrenchments and will have serious ramifications for industry generally.

It also comes at a time when Checkers needs it least as it battles to keep its head above water. Last year, the company lost R8,3-million and about 40 of its stores are in the red, while 10 of its warehouses are unprofitable.

FM 31/1/92

FOCUS HOLDINGS FM 31/1/92

Cash focus

(30)

Activities: *Operates own and franchised speciality stores in executive men's clothing and bedding, and conducts wholesale distribution.*
Control: *Directors 65,6%.*
Chairman: *I Sacks; Joint MDs: M J Cohen and G de Katz.*
Capital structure: *21,9m ords. Market capitalisation: R3,28m.*
Share market: *Price: 15c. 12-month high, 25c; low, 15c. Trading volume last quarter, 513 000 shares.*

Year to July 31	'88	'89	*'90	'91
ST debt (Rm)	—	1,0	2,5	8,8
LT debt (Rm)	—	—	4,5	2,4
Debt:equity ratio	—	0,4	0,8	6,7
Shareholders' interest	0,33	0,28	0,30	0,06
Int & leasing cover	8,6	8,9	1,7	—
Return on cap (%)	18,3	18,9	16,1	—
Turnover (Rm)	11,0	21,3	76,8	63,0
Pre-int profit (Rm)	1,4	2,2	5,0	(3,4)
Pre-int margin (%)	12,4	10,3	6,47	—
Earnings (c)	6,3	8,5	9,9	(14,4)
Dividends (c)	1,75	3,25	1,0	—
Net worth (c)	15	17	15	—

* 17 months.

Rapid expansion over the past two years has drained the resources of Focus Holdings but the group has come up with a plan to ensure continued growth. Focus has 120 stores of which 27% are franchised. It has had to absorb losses from six closed stores, six openings and a new Mattress World warehouse.

Retail operations — covering Smiley Blue, Mattress World, Forty Winks, Cashworths, Bachelors, Grant Mackenzies and Sprecklens — have been cash-driven but cash sales fell sharply in the second half of the financial year. MD Michael Cohen says trading was stifled by a limited capital base and inability to fund a large book. Essentially, the group gave six months' interest-free revolving credit. Mattress World had no HP funding.

Now Unibank associate Bonus Card will, for a fee, manage the risk, administer and collect debts. The credit sale-funding package, a first in SA, operates by a private label store charge-card scheme. It was launched in November to attract more customers so that the group could develop quicker in the medium-to-long term. The number of men's clothing accounts has already risen 50%.

Year-end gearing was high, with growth funded through borrowings. Cohen says gearing is likely to improve as the card scheme develops. (30)

The interest bill, R2,4m in financial 1990, almost consumed the interim trading profit of R1,3m, and, because of the group's need to restructure and grow, reached R2,5m in the second half.

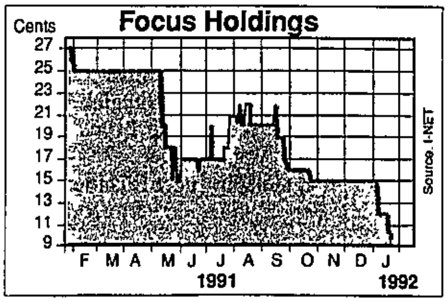
Stock fell by R1,3m, partly through shrinkage. Slow-moving winter stock was sold at heavy markdowns to push cash sales but a large fixed overhead component squeezed remaining profit margins. Margins have since risen significantly and losses stemmed since year-end.

Focus's Sacks ... *gains from new credit card scheme*

Chairman Irwin Sacks says management has been strengthened and controls on stock and money management have improved. He feels the need for a solid capital base was met largely by the recent R7m rights issue.

The group is still consolidating. Acquisitions are not being considered. Dividend policy remains conservative with priority accorded to strengthening the balance sheet. Substantial losses, no dividend and management weakness do not make an appealing investment. But the share is trading at a 12-month low and the overall market is high.

Aggressive investors could see good recovery potential. Others might prefer to steer clear until the impact of refinancing can be assessed.



Basil Barber

Black business 'in danger'

(36) ARG 1/2/92

TOM HOOD
Business Editor

White firms poised to move into black market

AS SOON as the townships stabilise and become less violent, white companies will move in and establish highly efficient businesses that could dominate the giant black retail sector, claims Mr Theo Rudman, a Cape authority on small business.

"I believe there is a real danger of killing black business, particularly township retailers, as a result of the recent scrapping of the Group Areas Act," he says.

The influx of white business could be justified by advocating that the black consumer needed to be catered for and that if white-owned business was going to provide them with cheaper and more convenient shopping, then consumers were entitled to that, said Mr Rudman, director of the Self-Employment Institute, speaking at a conference on the informal sector yesterday at Sandton.

However, black business people had been precluded from participating in the mainstream economy for the best part of the century.

They had been until recently prevented by law from accumulating one of the most acceptable forms of collateral — land and only in the last few years were urban blacks allowed to buy leasehold land.

Even now, since the abolition of the Group Areas Act several months ago, they were not able to buy freehold land in most of the townships.

"However, before rushing in to build supermarkets and other retail shops when the timing is right, I must appeal to all white businesses to exercise caution and to show the utmost responsibility.

"There are many opportunities for joint ventures between blacks and the white business community, which would enable blacks to have access to capital, management expertise and training in basic business skills."

The goal of every business and political leader in South Africa should be to create an environment in the country in which unemployment could be eliminated and inflation reduced to single figures by the year 2000.

This was not impossible, for it had already been achieved by both South Korea and Taiwan.

Taiwan has enjoyed virtually full employment for over a decade while keeping inflation under two percent for the last five years. The external debt was minimal and government budgets normally showed a slight surplus.

From 1952 to 1986, Taiwan's annual average real GDP was one of the most equitable in the world, with income in the top 20 percent of households only four times higher than that of the bottom 20 percent.

In spite of its small size, Taiwan ranked as the United States' fifth largest trading partner.

An economic miracle was achieved in Korea, one of the world's poorest countries, largely by changing the culture of large organisations to accept that small unsophisticated businesses can become important sub-contractors supplying those big businesses with products for resale or own consumption.

It could free capital, reduce working costs and improve cash flow.

He said the only way the economy could create enough jobs was by integrating the formal economy with the informal economy, where formal business used informal businesses to supply products and services for their factories and used informal distributors to sell their products on a big scale.

A recent exemple of this was Anglo American Corporation, which had gone out of its way and made it easier for small black formal and informal businesses to supply consumerables to its mines.

Apart from injecting this sector of the economy with many millions of rands of profitable orders, Anglo American showed an average cost saving of around 15 percent on these purchases — an important factor when considering the financial plight of the mining industry.

Prefhold remains on line to meet forecasts

BIDay 4/2/92 (30)

MARCIA KLEIN

A LARGE rise in newly listed Prefcor Holdings' (Prefhold's) interim profits suggests it is on line to meet its earnings forecasts for the year to end-June 1992.

The retail and wholesale listed group reported earnings of 74,4c a share and fully diluted earnings of 32,9c a share in the six months to end-December. In its prospectus it forecast earnings of 108,8c for the full year.

Comparative earnings have not been given as the group only commenced trading this financial year.

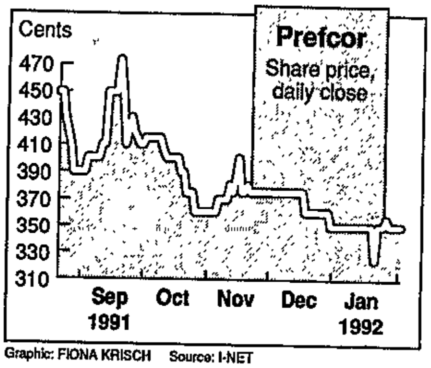
Prefhold declared an interim dividend of 15c a share, half of the full year dividend of 30c a share anticipated in the group's prospectus.

Chairman Terry Rosenberg said Prefhold remained on track to achieve its earnings and dividend forecasts without sacrificing strict asset management.

Interim results issued today show the group has increased its turnover by 21,5% to R688,9m (pro forma turnover of R566,9m), and operating income rose by 31% to R96,1m (R73,3m). Operating interest of R19,8m (R21,1m), resulting from the debtors' book arrangement between Prefhold and Firstpref, saw net operating profit grow by 46% to R76,3m (R52,2m).

Attributable income was R29,0m after debenture interest, taxation and minorities.

Rosenberg said although performance is affected by seasonal factors, "the group has a strong contribution under its belt towards the 108,8c earnings and 30c dividend forecast in the prospectus for the year as a whole".



Graphic: FIONA KRISCH Source: I-NET

"Prefcor has made a sound start and our results are certainly encouraging," he said. This was despite difficult trading conditions in the furniture, appliance and clothing retail sectors, which were reflected in the performance of many of the group's competitors.

All three of the group's major divisions contributed towards the improvement.

The Beare furniture retail group reported a 22% turnover increase, mainly due to the new stores opened over the past 18 months. Rosenberg said bad debts were well within budget and the arrears percentage improved from a level which was already among the lowest in the industry.

Retail chain Game's turnover rose by 18,8% as it gained market share — especially in appliances, TV/video, audio, toys and music — during tough conditions. Tight asset management resulted in improved profitability, and there was a significant rise in cashflow, Rosenberg said.

Retail clothing subsidiary Bee Gee, whose sales grew by 28,6%, performed steadily and had a good Christmas, he said.

He added that the results "substantiated our policy to differentiate our group through hands on management and teamwork".

Despite deteriorating conditions since the group made its prospectus forecasts in June last year, it remained on target to meet these expectations. There were some plans in place for the second six months, and Prefhold would expand certain divisions.

Prefcor in line to meet forecast

STAR 4/2/92

By Des Parker (30)

DURBAN — Prefcor, the recently listed parent company of Game, Beares and Bee Gee, appears to have its prospectus earnings forecast of 108,8c a share for the year to end-June in its sights.

In its first interim report since listing in August last year, the Durban group yesterday announced earnings of 74,4c a share in the six months to end-December.

An interim dividend of 15c a share has been declared, halfway to the 30c full-year payout predicted in the prospectus.

In a comparison with pro forma results of constitutent businesses in 1990, Prefcor's R688,87 million turnover (R566,93 million) showed an increase of 21 percent.

At the operating level, net profit of R76,26 million (R52,22 million) was up 46 percent.

Payment of interest on debentures and convertible debentures lopped off R19,89 million and tax another R27,06 million, to leave the group with net income of R29,03 million.

Executive chairman Terry Rosenberg attributes the results to "hands on management and teamwork".

"Given the extremely difficult trading conditions to which the furniture and appliance and clothing retail sectors are currently exposed, Prefcor has had a sound start," he says.

All three divisions contributed to the performance.

Largely owing to new stores opened in the past year and a half, Beares lifted turnover by 22 percent, while its bad debt was within budget.

Its arrears percentage showed further improvement from a level "already among the lowest in the industry".

Game turnover grew by 18,8 percent, with major successes in sales of appliances, TVs and videos, audio systems, toys and recorded music.

Tight asset management boosted profitability at Game, says Mr Rosenberg, and also improved cash flow.

Slowdown in new development plans welcomed

STAR 5/2/92

(30)

The oversupply of office space in South Africa's major centres has reached alarming proportions judging by most statistics released in January by major investors and property economists.

However, thanks to a slowdown in new development plans in 1992 and a hoped for lift in take-up rates towards the end of the year, the soft rental market should bottom out and be looking to gradual recovery in the second half.

Oversupply

According to Old Mutual, vacancy rates are in the region of 30 percent in the outlying office nodes around Sandton, 10 percent in Randburg, 12 percent in Pretoria, 19 percent in Durban — with similar trends in Cape Town.

Neville Berkowitz, in the newly released January edition of the Property Economist, reports that some areas may have an oversupply of commercial space in excess of three years.

This of course depends on how take-up rates move with an economic upturn that is not expected to materialise in increased demand for commercial property until 1993.

The time lag between the planning of commercial and industrial developments and a cut-back to suit lower demand is unavoidable, but has been particularly pronounced since 1989 to the present.

According to Mr Berkowitz, at 1980 prices of intended construction showed no real growth. In nominal terms, the value of building plans peaked in 1991 at R6,5 billion.

It is expected to fall significantly in nominal terms during 1992.

Cape Town based Real Estate Surveys' research director for New Office Developments, Erwin Rode, confirms that new developments will decline by 26 percent in 1992 compared with 1991 (excluding refurbishments).

Old Mutual property investment manager, Ian Watt, comments: "New development should slow down now giving occupancy rates a chance to improve.

"One must welcome a slowdown in new development and appeal for continued control." he said.

"New investment must be from the basis of having the fundamentals of pre-letting and low gearing in place."

Network

The fortunate developers and investors are those with prime A and B grade properties in areas which are still commanding firm rentals of in excess of R26 per square metre net such as Rosebank in Johannesburg and other prime buildings in central city and decentralised areas well served by main traffic routes.

According to Sapoa's latest review, take-up of space in Rosebank during 1991 was significant at 56 000 sq m over an 18-month period.

J H Isaacs director, Steve Kesler, reports in his 1991 review that other positive performers in the PWV were Randburg where some new buildings commanded R23/sq m to R24/sq m, Bedfordview and Bruma Lake, averaging between R22/sq m and R26/sq m.

RMS-Syfrets executive director Mark McReedy says that office node development on the M1 corridor between Johannesburg and Pretoria has a good future.

A view with which concides with Steve Kesler's review which says that "proximity to the major road network ensured interest in new developments at Woodmead and Epsom Downs".

A cautionary note on decentralised northern areas such as Woodlands (north-west of Sandton CBD) and Wierda Valley however, comes from Baker Street Associates managing director (commercial) Rodney Timm.

"The number of new development start-ups in Sandton have reduced dramatically which should in the medium term place a straight upward pressure on rentals," says Mr Timm.

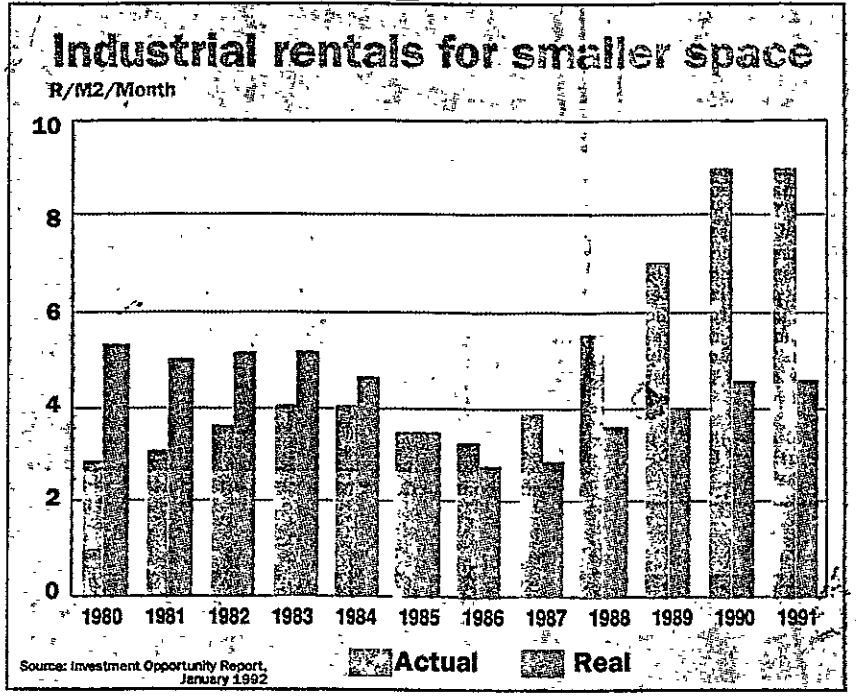
"But," he adds, "the oversupply in Wierda Valley, at high rentals, is an embarrassing manifestation of overzealous developers following a trend and over-paying for vacant land.

"Woodlands," Mr Timm describes as "extremely problematic".

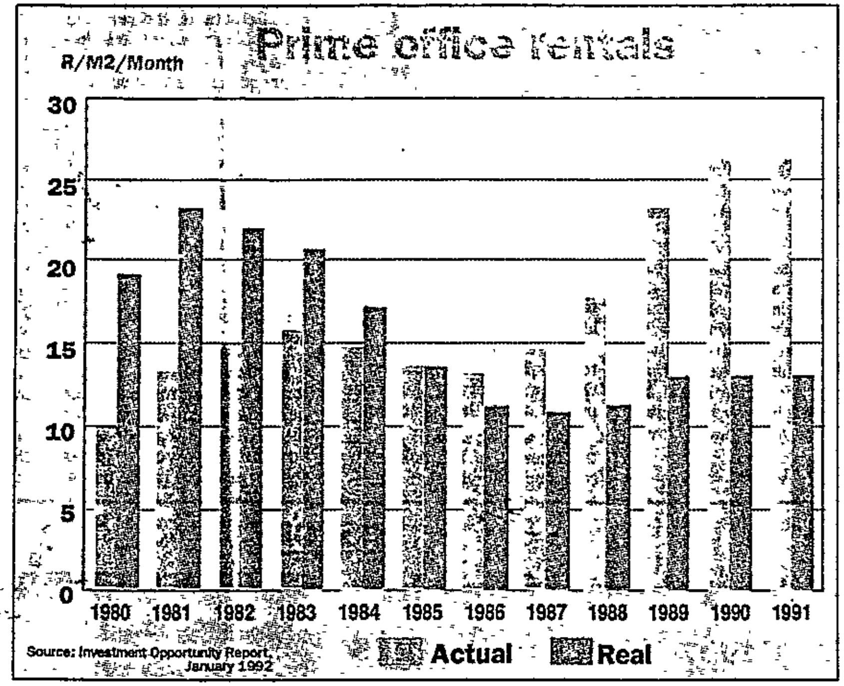
There is no doubt that the current market is a tenant's market.

Most property brokers believe, however, that tenants should not hold off signing leases for much longer as the office market is bottoming out, and an upturn in both demand and rentals may be seen before the 1992 year-end.

Mr Kesler believes tenants due to renegotiate leases should do so prior to June 1992 to optimise their competitive positions and obtain the most favourable rates.



Source: Investment Opportunity Report, January 1992



Source: Investment Opportunity Report, January 1992

Retailers get into market for fast food

30

THEO RAWANA

SALAD bars, ready-made hot meals and pizza bars inside supermarkets are a growing trend as retailers rise to accommodate consumers' changing lifestyles.

With the proportion of shoppers who work full time having risen by 19% in five years, the fast-food industry has grown fast. Convenience foods, delicatessans and takeaways claim an ever increasing slice of the food market, according to retailers' publication The Retail Reporter.

"In 1986, according to Checkers statistics, 43% of all shoppers walking through Checkers doors were housewives, and only 38% of the customers worked full time," says an article in the magazine.

"But since then, financial hardship and a declining economy have been forcing more women to go to work. Today 57% of Checkers customers have full-time jobs and housewives represent only 19% of Checkers' shoppers.

Bday

"The result is a huge rise in the fast-food industry, with convenience foods, delis and takeaways claiming an ever increasing slice of the food market."

5/2/92

SA supermarkets are fast waking up to the fact that every takeaway pizza is a slice out of their profits, says The Retail Reporter.

"The trend is most evident in the newer supermarkets which allocate increased space to delis, salad bars and ready-made hot meals."

SOWETAN BUSINESS

A question of co-operation

Sowetan 6/2/92

30

It's my business

THAMI MAZWAI

IN August last year I wrote about the influences of our political organisations in Fabcos and Nafcoc. I was then given a roasting and accused of mischief-making.

Mr Mofasi Lekota, then executive director of Nafcoc, and Mr Jabu Mabuza, managing director of Fabcos Marketing, issued a joint statement in which they denied any involvement by the PAC, ANC, Azapo or Inkatha in their affairs.

They said they were continuously looking at the question of unity and co-operation between their organisations.

Today, and six months later, we have not heard of any unity talks or co-operation between the two organisations.

Let us forget about the planned unity talks between Nafcoc, Fabcos, Sacob and the AHI announced this week. This rich uncle-poor nephew marriage won't work.

Instead, Fabcos and Nafcoc must look at last weeks "merger" between Amalgamated Banks of South Africa (Absa) and Bankorp, to form the biggest ever banking group in the country.

While our business organisations are playing hard-to-get with each other, white business institutions are closing ranks.

Soon we will have impregnable white business monoliths, making it harder for black business to edge in.

What the recent merger means is that the market is monopolised by Absa, Standard, First National and Nedperm.

We will now have the Fabcos-sponsored Future Bank and Nafcoc-inspired African Bank fighting for the crumbs.

Yet, if our stokvels money was invested in a merged African Future Bank, with Western Bank's stake substantially reduced or this FNB affiliate shown the other side of the door, a black colossus would emerge.

It is the size of market share, state of technology and expertise that decides the viability of financial institutions.

A merged African-Future Bank could then easily buy the expertise it needs from the management ranks of the three major banks, after all management talent has a price.

Appropriate technology could then also be acquired by a giant black institution.

Also, do we really need two taxi associations offering virtually the same benefits to members; two builders organisations in a struggling sector, two stokvel bodies, various retail organisations and just about a duplication in every aspect of our business?

At the moment our business organisations are either sniping at, or ignoring, each other.

What is disturbing is that each enjoys the backing of white business houses.

The rivalry between these business houses for the black market is translated in aid to Fabcos or Nafcoc.

What one also finds is the same big white company sponsors both. Is this business house making sure that these fighters enter the fray at the same weight?

Surely, by this time Nafcoc and Fabcos should be aware that big business fears a united black chamber of commerce.

Our business leaders should take a leaf from the rise of Afrikaner business.

Afrikaner leaders ensured that they got their people to support institutions like Sanlam, the then Volkskas and many others; all originally Afrikaner institutions.

We should also take this route. Yes, they will out-compete our businessmen in service and prices. But we will learn and develop our own competitive edge.

This is the nature of business, and how the Japanese learnt how to beat the Americans at their own game.

In 10 to 15 years we could have black-owned and successful medium-sized enterprises. This can happen.

PREFCOR FM 7/2/92 (30)

Outpacing competitors

Satisfactory interim results are well ahead of furniture retailing competitors. At a time when sales and margins have come under pressure, turnover rose by 21% to R689m and operating profit by 46% to R76m.

Yet, ironically, the good performance is treated with scepticism. Since Rusfurn's earnings collapse last year, any short-term performance which outpaces the market is treated as buying turnover.

The August listing coincided with a downturn in retail shares, furniture shares in particular. The share, listed at 500c, has languished below 400c since mid-November.

Turnover growth was negative in real terms in existing operations. The furniture division, the Beare Group, owed most of its 22% increase in turnover to new store openings, principally of Savells stores in rural areas. Turnover in existing stores increased by 6%; volumes were about 10% down.

FM 7/2/92 (30)

Chairman Terry Rosenberg says the stores were planned more than two years ago and finalised before the recent downturn. "They were certainly not opened as a knee-jerk reaction to the recession."

All three divisions are improving market share. Game's turnover increased by 18,8%. According to Ibis market research figures it has lifted its share of the appliances, TV, audio, toys and music market. One store, in Rustenburg, opened in the period.

Bee Gee, a credit clothing chain which competes with Smart Centre, increased its sales by 28,6%.

Deputy chairman Hymie Sibul says that in furniture, as in any business, some players do better because they have a different attitude. "Nobody is puzzled that Pick 'n Pay outperforms OK, but they get suspicious if one chain beats the market.

"We're doing better because we are out in the stores. Others may sit in their offices bemoaning their fate — and might hire consultants to tell them how badly they're doing — but we're in the field all the time."

Certainly, since Rosenberg, Sibul and Clive Weil joined, they have unlocked the potential in the group's previously lacklustre performance under the Beare family.

Sibul built up a strong track record in furniture chains such as Arrow and then at Dion. Weil did a creditable job in making Checkers profitable — and certainly had a better record than any recent Checkers boss. Prefcor is also an imaginative marketer. It has run a series of TV commercials for its chains under the banner Strike It Lucky.

Moreover, it is financially conservative. Prefcor provides fully for deferred tax and finances its book through FirstPref, a joint arrangement with First National Bank. In theory at least, the bankers should safeguard the quality of the book, though analysts argue that bankers have no experience of granting credit in the furniture sector.

At 350c, Prefcor offers an annualised p:e of 2,0 and dividend yield of 9%. Fully diluted annualised p:e is 5,3, in line with competitor Morkels and ahead of other furniture retailers but well behind the major retail counters.

In view of the solid results and quality of management, Prefcor is certainly underpriced. Increased turnover does not necessarily mean slacker credit, it can also be attributed to smarter retailing. *Stephen Cranston*

Pick 'n Pay spied on unionists, says report

W/Mail 9/12-13/12/92

By DREW FORREST (30)

RETAIL giant Pick 'n Pay is at the centre of embarrassing disclosures relating to company spying on trade unionists in Natal.

Carried in the latest edition of the *South African Labour Bulletin*, the disclosures are based on reports from agents of Lodge Security Services which the *Bulletin* says it has acquired.

Pick 'n Pay agrees it has long used Lodge to monitor pilfering and provide security at its stores. However, the *Bulletin* says it has agents' reports from April 1990 dealing with problems faced by the South African Commercial, Catering and Allied Workers' Union (Saccawu) in national wage talks in the group, as well as a transcript of a Pick 'n Pay shop stewards' meeting — suggesting that shop stewards were acting as informers.

It says it possesses reports by agents at four Durban branches of the chain, as well as two stores in Pietermaritzburg.

Given the cordial relations between Saccawu and Pick 'n Pay — generally considered the most accommodating of the retail groups — the exposé is surprising.

Also implicated is Dunlop Tyres. The *Bulletin* says it possesses reports written by former Lodge investigations manager and ex-policeman Warwick Freislich to a certain Mr Middlebrook.

These gave details of a work stoppage, as well as reporting that the agent at Dunlop in Ladysmith had established contact with a shop steward at BMH Clothing, who "always tells the operative about what goes on in the Cosatu (Congress of South African Trade Unions) local meeting".

Pick 'n Pay group industrial relations manager Frans van der Walt said information on broader issues than theft was occasionally included in reports by Lodge agents, but that this was not solicited.

Lodge had now been informed not to pass back information on union activities, he said.

Yuppies have money for their leisure toys

BIDay 10/2/92

PAUL ASH

THE continuing recession has not dampened the hunger among the wealthy for expensive outdoor leisure toys.

Retailers of boats, caravans and 4x4 vehicles say that while overall sales may have slumped, targeting the upper-income groups has ensured the success of a number of new leisure market campaigns.

The trend is especially pronounced in the 4x4 vehicle market where owning an offroad vehicle is a definite indicator of style. Accountants and doctors who yearn to be Camel-men — but without the grime — seem to find satisfaction in just having the "right" tools.

Sales of top model Land Rovers, Toyota and Nissan 4x4s have shown a steady increase.

In 1990, about 78% of all 4x4 double cabs sold went to urban dwellers, with 30% of those sales accounted for in Johannesburg's northern suburbs, a Toyota sales forecasting analyst said yesterday.

"There is a yuppie trend to use these double cab 4x4s as dual purpose vehicles, and this segment of the market is holding a lot of attention," said Associated Automotive Distributors (AAD) dealer development manager Billy Butler.

"Dual purpose" means the vehicles are used as smart town-runabouts during the week and in the bush or at trout farms over weekends.

AAD, who supply Land-Rovers to the local market, launched their new Discovery in mid-1991. The vehicle, designed as a rival to the stylish Japanese leisure off-roaders, had "found a niche in the upper market", Butler said.

The 4x4 market in general had not been as hard hit as other sectors of the motor trade and sales of all types of Land Rovers were steady.

Arnold Chatz sales manager Boris Gordon believed the market for dual-purpose 4x4s was not growing significantly. "At a growth rate of 2% to 3%, the market is just hungry," he said.

The trend towards top models continues in the caravan market.

While sales in 1991 dropped 10% on the previous year, a turnaround in October saw Jurgens Caravans achieve a 9% increase in sales by the end of the year. This was the highest since 1983, said Jurgens executive director Hans Koekemoer.

Retail sales in decline of 4,5%

SHERIDAN CONNOLLY (30)

RETAIL sales decreased by 4,5% in real terms in the year to November, according to preliminary figures released by the Central Statistical Service (CSS) last week.

In month-on-month terms, November sales were up 3,2% from October. BIDay 10/2/92

The largest increases occurred in sport, entertainment and photographic equipment with a rise of 9,4%. Textiles increased by 9,2%.

Sanlam economist Johan Louw said the decline in retail sales indicated the weak state of the economy.

He said there were no indications that the poor state of consumer spending would improve in the short term.

Louw said a cut in interest rates would be unlikely to have a significant effect on spending levels because conditions were extremely flat.

Despite stubborn and disappointing inflation figures, conditions in the economy showed there was room for a rate cut — which would probably happen by the end of the first quarter, he said.

Retailers reported dismal Christmas sales, and December retail figures would probably also be disappointing, Louw added.

New car sales down 2,1%

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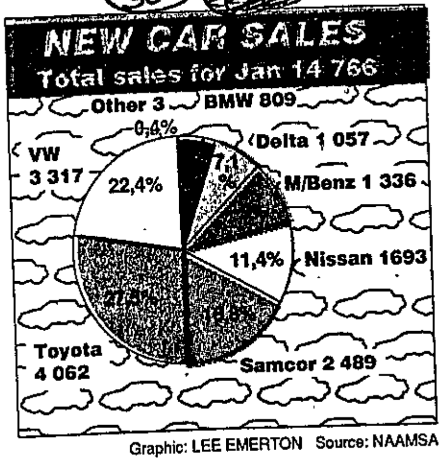

Graphic: LEE EMERTON Source: NAAMSA

SEAN VAN ZYL

NEW passenger vehicle sales for January dropped 2,1% to 14 766 units compared with the corresponding month last year, figures from the National Association of Automobile Manufacturers (Naamsa) show. BIDay 11/2/92

For the first time since 1988, Naamsa released a monthly breakdown of market share, based on sales, of SA's seven major car manufacturers. The figures showed Toyota had maintained its leading position in the industry by selling 4 062 units, equivalent to 27,5% of January's total market.

Volkswagen SA followed closely by selling 3 317 units (22,4%) and Samcor was third with 2 489 units (16,8%).

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Car sales

BIDay 11/2/92 (30

Nissan's January sales came in at 1 693 units (11,4%); Mercedes-Benz at 1 336 units (9%); Delta at 1 057 (7,1%); and BMW at 809 units (5,4%). Naamsa said a breakdown of manufacturers' monthly market share would in future be released regularly with the normal vehicle sales figures.

The Naamsa statistics indicated that most new car sales were in the lower end of the market, with the Toyota Corolla taking top position with 3 221 unit sales and VW's Golf the second most popular range with 1 484 sales.

Nissan SA MD marketing Stephanus Loubser said he was happy with the sales of Nissan's Uno, which captured 4,8% of the market with 709 unit sales in January. The continuation of Uno's high sales volumes proved there was "a definite stable market for a small car in SA".

Although January's new car sales were down on the previous year, Naamsa noted they were up on December's sales of 13 446 units. However, sales in all four sectors reflected a decline in sales on last year.

New light commercial vehicle sales for January dropped by 11,3% to 7 069 units compared with the corresponding month last year. Medium and heavy new vehicle sales declined by 9,4% (248 units) and 12,7% (376 units) respectively.

Loubser said the severe drought would add more pressure to declining commercial vehicle sales, particularly the light commercial vehicle segment.

Naamsa said trading conditions throughout the market would remain difficult in the months ahead, with monthly new unit sales remaining negative in the first quarter compared with last year.

In the absence of any relief in interest rates, "Naamsa believes that some relaxation in the hire purchase provisions applicable to new and used motor vehicles should be considered by the authorities".

Naamsa noted the deposit required on vehicle hire purchase sales had been increased to 15% from 12% in 1989 as part of the monetary authorities' policy to tighten up against credit sales. The maximum monthly payment period was also reduced to 42 months from 48 months.

Naamsa felt the minimum deposit should be reduced to 10% and the monthly payment period lengthened to 48 months to bring some relief to the motor industry.

Furniture sales decline

(30) BDay 11/2/92

MARCIA KLEIN

THE marked decline in the sale of furniture, appliances, TV and audio equipment in 1991 is patently clear in recently released sales figures for the year.

Figures compiled by the Retailer Liaison Committee and released yesterday by the Furniture Traders Association (FTA) show overall sales of furniture, appliances, TV and audio equipment grew by only 6,6% at current prices in 1991 over 1990. In 1990 sales rose by 25,8% over 1989.

Although 1991 sales are far from encouraging, they must be viewed against the high base in 1990.

While sales averaged between 20% and 30% for most of 1990, overall sales grew by 17,6% in January 1991, and declined steadily.

The 1991 figures show that furniture sales grew by only 3,3% over the year, while appliance sales grew by 10,7%, audio by 12,1% and TVs by 8,4% — a substantial decline since December 1990.

FTA executive director Frans Jordaan said retailers were cautiously optimistic of improved business in 1992.

Prefhold's Game plan works well

STAR 11/2/92

By Des Parker (30)

DURBAN — Prefhold's Game plan is undoubtedly working.

While six months after its listing on the JSE the shares of the Durban-based retailing group, which includes Game, Beares and Bee Gee, have still to trade at the 500c issue level, well thought-out manoeuvres by the directors have the business steering through a serious recession to meet the forecasts in its prospectus.

Although concerned for the sake of shareholders, executive chairman Terry Rosenberg will not venture a suggestion as to why the shares appear to be underperforming.

"That is a function of the market," he says.

"But it must be remembered that the issue was of a linked unit of two convertible debentures and ordinary shares worth R15; on that basis, at around R13,50 currently it is only 10 percent off the mark."

Commenting on this week's announcement of a 74,4c a share bottom line for the December 31 interim period — which is well on the way to the 108,8c predicted for the full year — he says the long-term plan to open new stores in areas of potential growth is paying dividends.

Much of the 21 percent rise in turnover to R688,87 million he attributes to stores opened in the past 12 months as part of a long-term programme.

Another key factor in the performance has been improved asset management, with the group's partner in its furniture sales HP company Firstpref, First National Bank, chipping in with an audit facility to check its success.

Creation of Firstpref at the end of 1990 continues to lighten the debt load on the balance sheet, while borrowing to fund expansion and operational improvements is limited by the availability of abundant cash raised from the listing.

"We are strong on financial conservatisim," says Mr Rosenberg.

"We provide fully for deferred tax and we have a very tough write-off policy on bad debts."

Big business is on the rack

ARG 13/2/92

30

Sales and profits of top firms plunge

TOM HOOD, Business Editor

BIG business warned today that the country was in a full-scale recession that could continue for another year.

Sales and profits of several top companies have plunged and retailers say many people cannot afford food or new clothes.

Hopes of an early upturn were squashed by the governor of the Reserve Bank, Dr Chris Stals, who said last night the country's economic growth would be severely restricted because it could not borrow from the International Monetary Fund and so had to maintain a balance of payments surplus.

Any increase in the rate of economic growth would lead to a rapid rise in imports which, even if it rose by only 10 percent, would wipe out the trade surplus within a year and South Africa would run into a balance of payments crisis.

Shock financial results were announced today by three blue-chip companies — the Woolfru food and clothing giant, the McCarthy Group, the country's largest motor retailers, and Consol, the paper and packaging giant.

Profits by the Woolworths chain plunged by 55 percent in the six months to December 31 — a period that included the normally-lucrative Christmas shopping spree.

This helped to slash the group's operating profits by nearly R43 million to R107 million.

In spite of price markdowns and profit margins trimmed to 5,4 percent from 8,8 percent a year ago, the group was left with R377 million of stock on the shelves.

But chief executive Mr Colin Hall said the group had managed to keep its dividend payout at 77c a share — an indication of its confidence and strength in the future.

He said the decline in South African consumer spending was cause for deep concern because it pointed to real human hardship on a very wide scale.

Motor giant McCarthy Group suffered the full effect of the current slump in new and used car sales with a 12 percent drop in profits for the first half of its financial year.

The directors say the total dealer market for new cars and commerical vehicles declined by 13 percent compared with the same six months in 1990.

Sales increased by R101 million to R1,59 billion but profits fell by R4 million.

The company was also hit by higher interest payments as a result of higher stock levels.

The directors say they do not expect an improvement for the full year.

A drop in profits by Consol was cushioned by R301 million raised by issuing new shares to its shareholders and using the cash to repay loans.

● See page 18

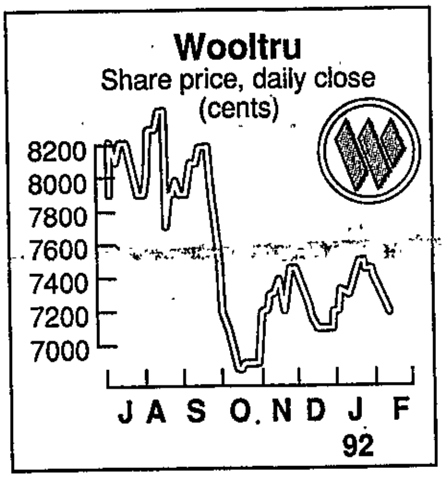
Recession knocks Wooltru

B/Day 13/2/92

Own Correspondent

CAPE TOWN — The Wooltru group has been badly hit by what CE Colin Hall described yesterday as the harshest recession he could remember.

Earnings in the 26 weeks to December 29



Graphic: LEE EMERTON Source: I-NET

dropped by 28% to 164,5c (228,5c) a share — although turnover rose by 17% to R1 976m (R1 688m) as prices were slashed to clear surplus stock.

30

Hall said this was a steeper drop even than in the 1985/86 period.

The interim dividend has been maintained at 77c a share because of directors' confidence in the group's inherent strength. Hall said they were budgeting "on the assumption that there would be a flat economy for at least a year".

He said even credit spending — which had made the Speciality Retail Group (SRG), including Truworths, "the star of the group" — was beginning to tail off.

Net income after tax fell by 28% to R58,1m (R81,1m) in the 26 weeks. Woolworths was the hardest hit division with pre-tax profits falling by 55% in spite of a 9% rise in turnover.

SRG lifted pre-tax profits by 18% on a

☐ To Page 2

Wooltru

B/Day 13/2/92

30

☐ From Page 1

20% rise in turnover.

Makro, which incurred heavy capital expenditure on an expansion programme in preparation for the upturn, reported a 61% drop in pre-tax profits on a 26% rise in turnover.

Hall said the costs of the development programme over the past 11 months had severely depressed Makro's profitability. But the programme left Makro poised to take advantage of the upturn.

He said there had been an overall decline in consumer spending. Industry figures had shown a turnover decrease in real terms of 3,5% for the clothing, footwear and textile sectors and a drop of 13,5% in the food sector. This reflected horrific hardship.

In this situation it would not be sufficient for interest rates to drop by one or two percentage points or for government to cut spending. It was necessary for the private sector to spend money on fixed investment to provide jobs.

Hall said the group intended to extend its franchise operations into more southern African countries.

Secrecy surrounds bid for business unity

30

Sowetan 13/2/92

SOUTH Africa's major black and white business groups are to meet at an undisclosed venue next month to establish a committee to make proposals on the creation of a new nonracial organisation.

By JOSHUA RABOROKO

The Foundation of African Business and Consumer Services, the National African Federation of Chamber of Commerce and Industries and Saccola, have committed themselves to unite in order to represent employer interests.

The unity talks come after the groups' return from an International Labour Organisation meeting in Harare which was also attended by African, European and United States employers' bodies.

The Harare meeting was to explore avenues through which South Africa - earlier expelled from the International Employers' Organisation - could be readmitted.

It is also understood that a document on the Harare meeting stated that such an organisation would be on "social affairs such as labour matters, relations and dialogue with workers and trade unions."

However, Fabcos and Nafcoc are pessimistic about the proposed new body after threats of being swallowed by the giant whites-only Saccola, representing Sacob, Seifsa, the Chamber of Mines and the Afrikaanse Handelinstituut.

Nafcoc's economic adviser Mr Vincent Phaahla said this week that they were not going to allow themselves to be dragged into the new body without consulting their constituencies.

"We shall have to consult with trade unions, political organisations and other major players in business before we commit ourselves to the establishment of this body," he told *Sowetan* Business.

He added that much would depend on how flexible the structures under which "the new body will operate" and whether it would be acceptable to the oppressed people.

"We cannot be dictated to by the international community," he added.

Nafcoc president Mr Sam Motsuenyane said the meeting took place, but no agreement was reached.

Fabcos' marketing chief executive Mr Jabu Mabuza said that before accepting the new body, they would have to do a lot of consultation with their affiliates.

"We have held numerous meetings with Sacob and Nafcoc on the possibility of working together on economic matters.

"I cannot pre-empt what will happen as well as predict whether our affiliates with agree to the formation of the new organisation," he said.

Saccola vice chairman Mr Johann Liebenberg said that they had been talking to Nafcoc and Fabcos about a merger.

"It would be advisable that an umbrella body representing business be formed in view of the changes taking place in the country," he added.

Wooltru profits slump 28 percent

STAR 13/2/92

Finance Staff (30)

Wooltru, operating in a trading environment described as the harshest in many years, saw bottom-line profits slump 28 percent from R81,1 million to R58,1 million in the six months to December.

Earnings per share fell by the same percentage to 164,5c (228,5c), but the group is maintaining an interim dividend of 77c a share.

Group sales managed to hold up well, with a 17 percent rise to R1,98 billion (R1,69 billion).

Chief executive Colin Hall expects the decline in profits for the full year to be less than for the first six months, unless there is a further deterioration in trading.

In the 26-week review period, there was an overall decline in consumer spending, impacting in varying degrees on the group's operating companies, he says.

Industry figures showed a turnover decrease in real terms of 3,5 percent for the clothing, footwear and textile sector, and a drop of 13,5 percent for the food sector.

"Against this background, budgets and buying plans set early in 1991 proved to be too optimistic and substantial markdowns were necessary to reduce excess stock."

Woolworths was hardest hit, with a 55 percent decline in pre-tax profits on a nine percent sales growth.

"The disappointing performance of this major profit contributor was due to previously identified weaknesses in textile procurement, marketing and management controls, all of which have now been corrected," Mr Hall says.

The Speciality Retail Group (SRG), which includes Truworths, was once again the star of the group, lifting turnover 20 percent and pre-tax profits 18 percent.

Mr Hall says the costs of Makro's aggressive development programme over the past 11 months, which saw the opening of three major stores and the establishment of the Makro office stationery division, severely depressed profitability.

Despite a satisfactory performance from the stores not affected by the expansion programme, pre-tax profits had declined 61 percent on turnover growth of 26 percent.

Both the property and finance divisions recorded acceptable profit increases, he says.

Retailers negotiate over provident fund

B/Day 13/2/92 30

DIRK HARTFORD

TWENTY major employers in the retail industry are negotiating a national provident fund with the 100 000 strong SA Commercial, Catering and Allied Workers' Union (Saccawu), says Saccawu assistant general secretary Kaiser Thibedi.

The talks are the result of a Saccawu initiative to involve the entire industry in setting up the fund.

The employers, who have grouped together in a Participating Employers' Association, include Checkers, Clicks, Edgars, OK Bazaars, Pick 'n Pay, Foschini, CNA/Gallo, Ackermans, Pep Stores, the Beares Group, Game, Metro Cash and Carry, Morkels and SA Druggists. Other retail employers, who were originally involved in discussions around the proposed national provident fund, have pulled out at this stage.

The major problems were whether to make membership of the fund compulsory and whether to merge existing funds into the new national fund. The employers are adamant that membership should be voluntary and that the new fund should run parallel with existing ones, says employer spokesman John Corlett.

Thibedi argues that Saccawu members should join the fund and that existing funds should be "collapsed" into the national fund.

The companies involved employ about 90 000 people.

The existence of this new negotiating forum's does not address the question of whether an industrial council could be established in the retail trade. Corlett said yesterday the diverse nature of the industry militated against the formation of a council and the issue "wasn't even on the agenda". Thibedi said while an industrial council was desirable in the industry, Saccawu was concerned only with the provident fund issue at the moment.

Meanwhile, Checkers is asking for the setting aside tomorrow of an industrial court order that "proper consultation" take place between the company and Saccawu before retrenching workers.

Nearly three weeks ago Saccawu sought urgent relief from the industrial court to stop Checkers retrenching workers in a store it had closed. In a ground-breaking ruling, relief was granted and Checkers was obliged to consult Saccawu before retrenchments could take place.

This has apparently sparked a wave of applications from unions seeking to halt retrenchments.

At issue is whether a company has the right to unilaterally retrench workers when closing or selling its operations or whether the union should be involved in the decision.

A source said there had been nearly 60 hours of consultation and Checkers now wanted the order set aside. A Saccawu spokesman said the union would oppose Checkers' application.

Trading conditions hamstring McCarthy

B/Day 13/2/92

SEAN VAN ZYL (30)

MOTOR retailer McCarthy Group has disclosed an 11% drop in attributable earnings to R20,9m for the six months ended December. This, says the group, reflects the poor trading conditions in the industry.

Earnings amounted to 24,2c (1990: 27,4c) a share on which a dividend of 7,5c a share was declared.

The group kept its dividend payment in line with the previous year's and the drop in earnings resulted in the dividend cover falling to 3,2 times, compared with the previous period's 3,6 times.

Despite an 8% decline in unit sales, McCarthy managed to achieve a 7% increase in sales revenue to R1,5bn (R1,4bn).

The group's operating profit dropped by 8% to R42,3m (R46m).

The operating margin fell to 2,6% compared with the previous period's 3%.

The directors said that the total dealer market for new vehicles declined by 13% compared with the same period the previous year.

McCarthy's more modest 8% drop in unit sales indicated, therefore, that the group had increased its market share to 13% (12,5%), they added.

The directors noted that "the market for the group's products is not showing any sign of improvement and, in fact, has deteriorated further in the first six weeks of 1992".

McCarthy predicted that earnings were unlikely to be higher for the remainder of the trading year.

An 160% increase in finance charges to R2,4m (R954 000) was attributed by the directors to higher stock levels carried during the six months.

The heavier interest bill resulted in the group's pre-tax profit dropping 11% to R40,2m (R45,2m).

Taxed earnings, after outside shareholders' share, declined to R20,9m (R23,5m).

Brian Porter brings in R1m

BDay 13/2/92

SEAN VAN ZYL (30/1/92)

MOTOR retailer Brian Porter Holdings has posted a 24% rise in attributable profit to R1m for the six months ended December, despite a drop in unit car sales.

From earnings of 36,5c (1990: 29,4c) a share, a dividend of 10c (8c) a share has been declared.

Recently appointed MD Adrian Porter said the group's growth in earnings was satisfactory considering the tight operating conditions experienced during the period.

He said the real increase in earnings resulted largely from tighter cost controls and improved contributions from the parts and service division.

Sales revenue climbed by 15% to R170,1m (R148m) despite a drop in unit sales of both new and used vehicles.

VAT was the 'death blow' for Cashbuild

(30)

By Sven Lünsche STAR 14/2/92

The building supply industry, already hard hit by the slump, has been dealt a "death blow" by the introduction of VAT, says Gerald Haumant, chief executive of Cashbuild.

Mr Haumant was commenting yesterday on the group's disappointing 4,1 percent increase in attributable earnings to R3,8 million (R3,7 million) in the six months to December.

"Most stores performed well until September 1991, with sales rising by 21 percent.

"October and November, however, were disastrous months, with existing stores sales' shrinking in real terms for the first time in the history of the company," Mr Haumant says.

Group turnover was up 14 percent to R224,2 million (R198,8 million), but operating profit increased only 3,8 percent to R9,1 million (R8,75 million).

Earnings per share increased from 17,2c to 18c, while the interim dividend was maintained at 5c a share.

Curtailed

To protect its earnings and cash flow, Cashbuild has curtailed its store upgrading and computerisation programme, but will continue its expansion drive.

Three new stores were added in the six months and four more are to open in later in the year, Mr Haumant says.

While he does not expect a sales upturn in the remainder of the financial year, conditions should not deteriorate further, and earnings should be maintained for the year as a whole.

Clicks trio set to raise R98,3m

B Day 14/2/92 (30)

MARCIA KLEIN

CLICKS Stores and holding companies Score-Clicks and Hi-Score today announced they would undertake rights offers to raise R98,3m collectively.

Clicks is to raise R52m in an offer of 2,6-million shares in the ratio of 13 new shares for every 100 held at a subscription price of R20 a share.

CE Trevor Honeysett said cash raised would be used to fund Clicks' and Diskom's store development, to facilitate the introduction of sophisticated information systems — including scanning equipment — to extend the group's distribution network and to repay borrowings.

In order to follow their rights, Score-Clicks and Hi-Score would raise R27,5m and R18,8m.

The offers would be underwritten by the Premier Group.

Score-Clicks will offer 6,9-million shares in the ratio of 12 shares for every 100 held at 400c a share, while Hi-Score will ofer 2,7-million shares in the ratio of 13 new shares for every 100 held at 700c a share.

Honeysett said the offer was well timed as Clicks and Diskom were continuing to perform above average in the retail sector.

Pre-tax profit had grown from R22m to R40,7m over the last three years, earnings grew from 56,0c to 102,3c, and dividends went up from 27c to 43c.

Clicks and Diskom stores had almost doubled from 100 since then, and another 35 stores were scheduled to open this calendar year.

The last day to register for the rights offers is February 28.

Cashbuild growth eroded by the recession and VAT

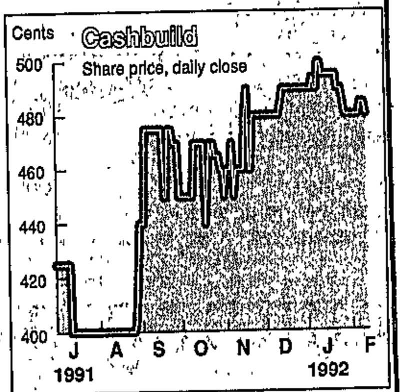
MARCIA KLEIN (30)

BUILDING materials cash and carry company Cashbuild grew its earnings by only 4,7% to 18c (17,2c) a share in the six months to end-December as the building supply industry lay "in tatters". BDay 14/2/92

The company, whose 35% compound earnings growth record since listing in 1986 gave it the reputation of being recession proof, had been hit by VAT, recession and drought, CE Gerald Haumant said.

Most stores had performed well to end-September, and sales were 21% up on the previous year. But October and November were "disastrous" months with sales in most stores shrinking in real terms for the first time in the company's history. This drop resulted in a 13,9% sales rise to R224,2m (R196,8m) for the six months.

Haumant said "the plunge in demand over the last quarter induced price reductions from suppliers and inflation on building materials reached an all-time low of 3,5% in December" from 12,6% in July.



Graphic: FIONA KRISCH Source: I-NET

The drop in Cashbuild's inflation rate on building materials affected profitability in the short term as the inflation on running costs had exceeded that on sales.

Pre-tax income was 3,8% up at R9,1m (R8,8m), and a 3,1% rise in taxation to R4,0m (R3,9m) saw income after tax grow by 4,3% to R5,0m (R4,8m).

Attributable earnings rose by 4,1% to R3,8m (R3,7m) after a 5% increase in outside shareholders' interest. The interim dividend was maintained at 5c a share.

Cashbuild has curtailed its store upgrading and computerisation programme to protect its earnings and cashflow, but Haumant said expansion would continue.

It opened three new outlets in the six months.

Although he does not expect a sales upturn in the next half, Haumant does not expect conditions to deteriorate further. In this light, he has forecast that earnings would at least be maintained in the second half.

Harties change

B/Day 14/2/92

MARCIA KLEIN

PEPKOR subsidiary Pep was to turn all its viable Harties retail shops into Pep Stores outlets, and the Harties name would disappear, the group announced yesterday. (30)

The move follows Pep's acquisition of the Harties 200-store retail chain from Hicor for R18,8m last April.

Pep MD Tony Haughton said yesterday the change was made in the light of consumer preference for Pep Stores and the confidence the market seemed to have in that name.

Dismal Christmas season for Morkels group

STAR 17/2/92

Finance Staff (30)

The Morkels group of retail furniture and sports chains emerged from "one of the worst Christmas trading periods ever experienced by retailers", with overall sales of R227,664 million for the nine months to December 31, a 10 percent improvement on R206,265 million in 1990.

Morkels chairman Rian Pauw and managing director Carl Jansen report that the chain generated sales of R191 million, which represents growth of 5,5 percent, against a market increase of 4,7 percent.

The Totalsports chain continued to forge ahead, with sales of R36,7 million, a 45 percent increase on the previous year, and well ahead of market growth of 10,1 percent.

"The growing importance of this chain is shown by a 19,2 percent contribution to group sales over nine months, and its 17,5 percent contribution to group operating profits," say Messrs Pauw and Jansen.

But operating profit decreased by 33 percent to R13,5 million (R20,180 million).

The directors attribute this to sluggish sales growth, to margins reduced by fierce competition (fed in part by uncertainty over VAT's introduction in October), and upward pressure on costs through continuing double-digit inflation.

Taxed profit was driven down 77 percent to R1,590 million (R7,055 million).

The reduction in gearing to 118 percent compares with last March's 128 per cent reflected in a normal seasonal pattern.

For the nine months, net asset value per share rose to 155c from 152c a year earlier.

Messrs Pauw and Jansen say their November expectations that there would be a substantial decline in earnings for the year to March 1992 are likely to be fulfilled.

COMPANIES

Morkels bruised by conditions

MORKELS emerged bruised from its third trading quarter as sluggish sales growth, reduced margins and a higher interest bill took their toll. B/Day 17/2/92

Results for the nine months to December show taxed profit down 77% to R1,590m from R7,055m at the same stage last year. This equates to earnings of 4c a share (from 17,6c). Although sales were up 10% to R227,664m, "fierce competition" resulted in margins being dropped from almost 10% to just under 6%. Operating profit was 33% lower at R13,526m.

The directors said the Christmas trading period was one of the worst ever experienced by retailers. They had already warned shareholders to expect a substantial decline in earnings for the full year but, given the poor third quarter, the depressed state of the economy and the lack of consumer confidence, they now see little improvement before the second half of the next financial year.

Business Day Reporter

Morkels furniture chain's sales for the nine months totalled R191m which represented growth of 5,5% against a market increase of 4,7%, chairman Rian Pauw and MD Carl Jansen said in a statement.

But the Totalsports chain "continued to forge ahead" with sales of R36,7m, a 45% increase on the previous year.

They said the gearing ratio of 118% (compared to 90% at the same stage last year and 128% at the end March) refleted a normal seasonal pattern. (30)

"The group believes in maximising shareholder returns by funding growth in working capital mainly through borrowings. Although greater efficiencies can be achieved through more astute asset management, a high (but controlled) gearing ratio is a fundamental element of the company's major business of selling to consumers on credit."

SOS talks for Nafcoc in wake of differences

(30)

Sowetan 18/2/92

By JOSHUA RABOROKO

THE National African Federated Chamber of Commerce is to hold an urgent management committee meeting in Soshanguve, Pretoria, tomorrow to discuss, among other things, the resignation of senior vice-president Mr Joe Hlongwane.

Hlongwane, who is also president of the Southern Transvaal African Chamber of Commerce and Industries, resigned from the two organisations last week.

He said his resignation from Soutacoc was with immediate effect and he had advised his executives about the decision to quit.

Incomplete projects

Hlongwane said he would not be able to stand for re-election during the Nafcoc annual conference in July, but because of certain incomplete projects he would continue to serve the organisation until the end of the year.

He declined to give reasons for his resignation, but informed sources said it was as a result of a misunderstanding in the business organisation precipitated by a "hot debate" with other executives.

The move comes after the appointment of a former exile, Dr Molly Nkosi and his wife, Dr J Nkosi, to senior positions in Nafcoc.

Soutacoc is to hold an urgent meeting on February 26 to discuss the matter which has sent shock waves through the black business fraternity.

"I have been inundated by calls from friends following my resignation and I feel that I need to explain to members who I have served for a long time," he said.

He resigned from the Mamelodi Town Council in 1985 and was a leader in business and church circles for several years. He owns a business in the Pretoria township.

Temporary residence permit: certain person

*2. Mr M RAJAB asked the Minister of Home Affairs:

(1) Whether a certain person, whose name has been furnished to the Minister's Department for the purpose of his reply, has been issued with a temporary residence permit; if so, (a) what is his name and (b) (i) when, (ii) on what conditions and (iii) on whose recommendation was the permit issued;

(2) whether he will make a statement on the matter?

D17E

The MINISTER OF HOME AFFAIRS:

(1) Yes.

(a) Mr Robert Pierre Denard

(b) (i) 1989-12-16.

(ii) Mr Denard's temporary residence status in South Africa must be seen against the background of the turbulence which occurred in the Comores in December 1989. My colleague, the Minister of Foreign Affairs, stated publicly that both the governments of the Comores and of France had requested South Africa to accommodate Mr Denard in the interest of stability in the Comores. In these circumstances the South African Government agreed to be of assistance on the understanding that Mr Denard would return to France, his country of nationality, within a reasonable period of time. Numerous discussions with the French Government in this regard have, as yet, not resolved the matter. No conditions were stipulated except that he was admitted as a temporary visitor.

(iii) In the light of the above, his temporary residence permit was issued on the recommendation of the Department of Foreign Affairs.

(2) No.

Wrongful arrest: claim

*3. Mr M RAJAB asked the Minister of Law and Order:

(1) Whether a claim for wrongful arrest made by a certain person, whose name has been furnished to the South African Police for the purpose of the Minister's reply, has been settled; if not, why not; if so, (a) what are the relevant details and (b) what is this person's name;

(2) whether he will make a statement on the matter?

D18E

The DEPUTY MINISTER OF LAW AND ORDER:

(1) Yes, a claim was lodged, but according to a binding agreement between the parties no details of the manner in which the matter was resolved, should be made public.

(2) No.

INTERPELLATION

The sign * indicates a translation. The sign †, used subsequently in the same interpellation, indicates the original language.

Own Affairs:

The CHAIRMAN OF THE HOUSE: Order! I have been informed by the hon the Chief Whip that the own affairs interpellation is intended to be a 15-minute debate, and not a 10-minute debate as indicated on the Question Paper.

Havenside shopping complex

The LEADER OF THE OFFICIAL OPPOSITION asked the Minister of Housing: 30

(1) Whether, with reference to the sale of the Havenside shopping complex, the purchase and sale document was amended after concerned tenants had lodged an application to the Supreme Court; if so, why was it necessary to make the amendment retrospective;

(2) whether he will make a statement on the matter?

continued

D27E.INT

The MINISTER OF HOUSING: Mr Chairman, in regard to the sale of the Havenside shopping complex, I wish to point out that both the seller, the Housing Development Board, and the purchaser, Havenside Properties (Pty) Ltd, agreed to amend clause 13 of the sales agreement to allow the purchaser an extension of time to comply with certain conditions pertaining to the sale. 30

The amendment was made retrospective to enable the sales agreement to remain in force. It is therefore clear that the amendment was not made because of the application to the Supreme Court, but that it would have taken place in any event to allow the sale to proceed. The reply to the second question is no.

May I just add for the information of the House that the question raised by the hon the Leader of the Official Opposition was also raised by the attorney representing the applicants at the Supreme Court hearing on 7 February 1992. The judge, in dismissing the argument, indicated that it was the prerogative of the seller to agree to such an extension.

The LEADER OF THE OFFICIAL OPPOSITION: Mr Chairman, if the amendment to the purchase and sale agreement was effected in a situation in which some of the tenants, who believed they had reason to be disgruntled, had not made an application to the Supreme Court in which the main thrust of the case hinged on clause 13 of the agreement, then such an action would be justified. What we need to know, particularly from the point of view that much controversy surrounded the manner in which the Havenside shopping centre was sold as well as the people who have become directors and shareholders of this particular company, is on whose advice clause 13 was amended and who took the initiative.

The hon the Minister quite correctly appointed a committee of investigation. I do not know whether this is public knowledge, but it is known to the Ministry and the Administration that certain shortcomings were highlighted. I think there is common concern that in situations like this the interests of the residential tenants should be of paramount importance. Those people who believed that the provisions of clause 13 had not been complied with properly went to court. The application to the court hinged on whether the provisions of clause 13 had been fully complied with or not and whether they had been treated fairly or unfairly.

These people are ordinary tenants in a particular complex and they may have reasons to be disgruntled. However, on the basis of fairness, do hon members think that it was fit and proper that although an application to the Supreme Court had been made, and after the application had been made, an amendment between the purchaser and the seller was agreed upon in order to destroy the case of the applicants? I believe, subject to correction, that this amendment resulted in the application being thrown out. I have been informed—and this is also subject to correction—that the learned Judge commented that there was somebody who wanted this sales agreement to go through by hook or by crook. [Time expired.]

The MINISTER OF HOUSING: Mr Chairman, for the information of the House I should just like to read clause 13(1) of the agreement so that hon members can draw their own conclusions as to the relevance of this clause to the case. Clause 13(1) states:

> This agreement is subject to the suspensive condition that the purchaser shall by not later than 24 August 1991 deliver to the seller: (a) a resolution of the Havenside Flats and Traders Association in terms of which such association ratifies this agreement; and
>
> (b) a written warranty that such resolution has been adopted in accordance with the constitution of such association and that such resolution has been approved by members of such association who together constitute at least 51% of the legal tenants of Havenside shopping and flat complex as at the time of the conclusion of this agreement. "Legal tenants", for the purpose of this clause, shall mean the tenants holding valid lease agreements with the seller.

Clause 13(2) states:

> This agreement is subject to the resolutive condition that the purchaser ensures that outstanding rent due to the seller as at the date of the conclusion of this agreement is fully paid or secured to the seller's satisfaction by not later than 24 August 1991.

In other words, there were certain compliances which had to be carried out by 24 August. They were not able to do this because of the court

continued

case, and they merely asked for an extension. That extension was granted in respect of these provisions until 31 October 1991. It provides for payment of the outstanding rent and delivery of the resolution that was required in terms of this agreement.

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Mr M RAJAB: Mr Chairman, the hon the Minister of Housing is aware that I was a member of the committee of inquiry that sat on this matter of Havenside. The first question that I should like to ask the hon the Minister is whether the department has implemented the recommendations made by that particular committee. I have forgotten what they were—there were several—but I should like to ask the hon the Minister whether the department has in fact given effect to all of those recommendations. Some of those recommendations are very significant and very important.

I should like to tell the hon the Minister that subsequently I have received letters from Havenside to the effect that many of those recommendations were not implemented. One recommendation in particular concerns an hon member of this House and his participation in this scheme. I should like to ask the hon the Minister whether that recommendation was in fact effected.

If I understood the hon the Leader of the Official Opposition correctly, he made the point that at best it would have been immoral for the department to have given effect to an amendment with retrospective effect after a party had lodged an application in the Supreme Court. In that respect I must agree with the hon the Leader of the Official Opposition. If the department was aware that there was a need for an amendment of retrospective effect, then I would submit that the department should have seen to that before any applications were lodged with the Supreme Court. If I understood correctly, this was done after the application was lodged.

The MINISTER OF HOUSING: [Inaudible.]

The CHAIRMAN OF THE HOUSE: Order! The hon member's time has expired. The hon the Minister can respond when it is his turn.

The MINISTER OF LOCAL GOVERNMENT AND AGRICULTURE AND OF THE BUDGET AND AUXILIARY SERVICES: Mr Chairman, I just want to make a few observations regarding this particular issue. I have had occasion to attend a meeting where there was a desire on the part of the tenants and purchasers of the property to receive some advice. I have had similar experiences regarding the sale of property under sectional title in my own constituency. I therefore shared with them my knowledge and experience in this particular regard.

What emerged very clearly was that, amongst the large number of tenants who were present, there was a positive desire to buy. What is also clear to me is that the value of this particular property on the open market is much higher than the price for which the department sells the property.

The point I am making is that the total number of tenants is 41 plus 22, which gives one a total of 63 tenants. It was evident to me that there were only six persons, and I think it would be unfair to hold to ransom the majority who want to get on with their lives and who want to make a positive contribution.

The sale of the shopping centre in itself would bring funds to the housing fund which we have—it is being depleted very rapidly—and these funds could then be utilised to provide homes for the community as a whole.

I have been involved with property transactions before, and it is not unreasonable to ask for an extension of a week or two. I do not know of any attorney who would say on the last day of a purchase or sale that asking for an extension of time was a draconian measure. From that point of view it is fair and reasonable, and it is common practice in this type of transaction to allow for some extension of time. It is therefore not a major fault.

If the majority of the 63 tenants had taken that point of view, then the argument of the hon member for Springfield would have been valid. A nominal number of only six tenants, however, wants to obstruct the profits of the majority. I think it is unreasonable to allow that situation to exist. [Time expired.]

The LEADER OF THE OFFICIAL OPPOSITION: Mr Chairman, I am not querying whether it is a majority or a minority. This is a moral issue.

The hon the Minister of Housing referred to clause 13. This agreement was signed on 31 July. If there were problems, even at the end of August or September, those problems could have been rectified after the application was

continued

made to court. Even if there were six people, clause 13 states that this agreement can only be validated if it is approved by a meeting of the legal tenants. A certain number of legal tenants were deliberately prevented by the association from attending the meeting.

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Mr K CHETTY: You are talking nonsense.

The LEADER OF THE OFFICIAL OPPOSITION: It is not nonsense. The nonsense is coming by word of mouth from people who have pecuniary interests in this.

Mr K CHETTY: [Inaudible.]

The LEADER OF THE OFFICIAL OPPOSITION: They were physically prevented and the hon member for Chatsworth Central is guilty of this. [Interjections.] [Time expired.]

The MINISTER OF HOUSING: Mr Chairman, I would like to respond to the hon member for Springfield. The court case was being held and the proceedings were in progress and it was while that process was being carried out that the purchasers realised that they had not complied with certain requirements of the agreement and they asked for an extension of time.

They could not have asked for it earlier, because they were not aware that this court action was going to be instituted. The institution of the court action created certain problems and they asked that the time be extended and the extension was granted on that basis.

As I said earlier on, we are trying to dispose of these shopping complexes, for reasons all hon members are aware of. There are many complications. In fact, some stricter method of selling should have been instituted to avoid the kind of problems that we are experiencing and which are going to delay the sale of many of these shopping complexes.

Unfortunately the discussions have been going on for a long time. People have been given the opportunity of talking to our officials with a view to arriving at an arrangement which will suit every individual. Unfortunately, at the end of the day, after the passage of considerable time, it was not possible to get unanimity amongst all the people who claimed a right to purchase either the shop or the flat. This was the kind of impasse which caused certain persons to go to court over this matter.

It has now been resolved and I think I would like to commend the remarks of the judge to hon members, because this matter was raised in court.

Debate concluded.

QUESTIONS

†Indicates translated version.

For oral reply.

Own Affairs:

Questions standing over from Tuesday, 11 February 1992:

Selling price of shopping centres

*1. The LEADER OF THE OFFICIAL OPPOSITION asked the Minister of Housing:

(1) Whether he informed the Housing Advisory Committee on or about 12 August 1991 that the selling price of all shopping centres would be negotiated with the respective tenants; if so,

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(2) whether this has been complied with in respect of subsequent sales of shopping centres; if not, why not; if so, to what extent;

(3) whether his Department is informing trade associations that the predetermined selling price is not negotiable; if so, (a) why and (b) what steps does he intend taking in regard to the matter?

D1E

The MINISTER OF HOUSING:

(1) Yes. I wish to emphasise that the resolutions taken by the Ministers' Council and the Housing Development Board on the sale of shopping complexes, provide that should the complexes be offered to the tenants at a selling price equal to market value, counter offers would be considered.

Furthermore, to accelerate sales, it has now been decided to make offers immediately to the tenants of complexes which remain unsold with the priviso that they must form a representative legal entity, which will act on their behalf and which

continued

will respond to the offer made, within 60 days. 30

(2) No. In cases where sales have been subsequently concluded, the Housing Development Board offered the tenants the opportunity to purchase the complexes in question at prices lower than market value and therefore counter offers were not entertained.

(3) No. Negotiations are entertained where the pre-determined price asked for is the open market value based on sworn appraisal. For example, the Moorton Complex's open market valuation was R2,6 million. The final negotiated selling price was R1,8 million.

Further examples are:

	Open Market Value	*Final negotiated selling price*
Havenside:	R3,2 million	R2,65 million
Montford:	R2,7 million	R1,9 million

(a) Falls away.

(b) Falls away.

The LEADER OF THE OFFICIAL OPPOSITION: Mr Chairman, arising from the hon the Minister's reply, in the light of the answers given to me by the hon the Minister, is it not correct that according to the hon the Minister's words on 12 August 1991, the ruling was not followed?

The MINISTER OF HOUSING: Mr Chairman, when the hon the Leader of the Official Opposition posed the question at a meeting where other Ministers and MPs were present, as to whether or not it was correct that the shop-keepers in a complex should have the right to come forward and negotiate the price and be given the opportunity to do so, I said yes, because that was a decision taken by the Ministers' Council. That is based on the fact, however, that in terms of the Treasury rules, we have to obtain a sworn valuation by a sworn appraiser, and that is the price on which we begin negotiating. However, with regard to both Montford and Morton, there were extensive and ongoing negotiations over a long period of time prior to the day when I answered this question.

I stand by the fact that these people were given the opportunity to negotiate. However, once a discount price had been arrived at, and that discount price was arrived at by taking into consideration the fact that the people involved were displaced traders who had suffered as a result of a big shopping complex having opened in Chatsworth, the information was then fed to competent persons who were asked to make a new estimation on the basis of those issues which could have had a bearing on the price. That is how the second price was arrived at, after which agreements were signed.

*2. Mr M Abraham—Health Services and Welfare. [Withdrawn.]

New questions:

Maintenance of schools: increase in subsidy

1. Mr M RAJAB asked the Minister of Education and Culture:

(1) Whether a certain association, the name of which has been furnished to the Minister's Department for the purpose of his reply, has requested him or his Department for an increase in the subsidy paid by his Department for the maintenance of community-built schools; if so, (a)(i) how and (ii) when was the request made, (b) what was his response thereto and (c) what is the name of his association;

(2) whether he will make a statement on the matter? D16E

The MINISTER OF EDUCATION AND CULTURE:

(1) No.

(a)(i) and (ii)(b) and (c) fall away.

(2) Yes.

I am mindful of the financial hardships being experienced by the grantees of our state-aided schools via the media. In a press statement on 10 January 1992, I appealed to grantees to transfer these schools to the State whilst still retaining full and free usage of the premises for community activities. On takeover, the State will be responsible for all the maintenance and further improvements, if necessary.

During the current financial year, the existing 29 state-aided schools are receiving R380 000,00 as maintenance subsidy.

This figure is being reviewed for the next financial year.

I wish to make it absolutely clear that the general workers employed by the grantees as school cleaners are also entitled to a living wage. Hence, it is incumbent on them to ensure that the state subsidy is supplemented accordingly as the decision to maintain the state-aided schools is theirs and not that of this Administration.

Finally, I must point out that teachers' salaries, telephone bills, furniture and equipment, textbooks, and stationery at state-aided schools are paid fully by the Department of Education and Culture, and this presently runs into millions of rands.

New local government system

*2. Mr M RAJAB asked the Minister of Local Government and Agriculture:

(1) Whether the Member of the Executive Committee for Natal in charge of local government has consulted him in regard to consultations with civic organisations, local affairs committees and municipal authorities with a view to negotiating a new system of local government; if so, (a) when and (b)(i) what form did the consultations take and (ii) what did they entail;

(2) whether he will make a statement on the matter? D19E

The MINISTER OF LOCAL GOVERNMENT AND AGRICULTURE:

(1) No.

(a) falls away.

(b) (i) falls away.

(ii) falls away.

(2) No.

Mr M RAJAB: Mr Chairman, arising out of the hon the Minister's reply, is he aware that Mr Volker, the member of the Executive Committee, in charge of local government in Natal, has indicated publically that he has had discussions with various civic organisations, local affairs committees and other municipal authorities?

The MINISTER OF LOCAL GOVERNMENT AND AGRICULTURE: Mr Chairman, I do not keep Mr Volker's diary, and he is at liberty to have meetings with anyone he wishes.

Mr M RAJAB: I asked whether the hon the Minister was aware of the fact. Does he read the newspaper?

The MINISTER: Mr Chairman, I do not know whether what is said in the newspapers is authentic or not, so I cannot vouch for that.

20 leave for Zimbabwe trade fair

(30)

Sowetan 20/2/92

By JOSHUA RABOROKO

ABOUT 20 South African business people are to participate in the Zimbabwe International Trade Fair (ZITF) to be held in Bulawayo as part of inter-African economic empowerment.

Co-ordinator Mr Willie Ramoshaba said yesterday that the businessmen had been invited by the ZITF with the aim of exchanging views and exposing their products.

The 10-day fare, which starts on April 28, is an annual affair where various international business communities, including African states, the United States, Britain, France and the Far East exhibit a wide range of products.

This year's show is expected to attract more than 270 000 visitors and 1 250 exhibitors and it will be the first time that South African businesses will be participating.

Ramoshaba said that the organisers had successfully managed to gain the co-operation of the Zimbabwe Department of Trade and Industries to support "our small businesses in order to economically empower themselves".

He hoped that the exhibitors would learn how their counterparts operate, adding "business education without travel and international exposure is incomplete.

Political change

"Our business people need to gain more knowledge by interacting with the rest of the world, especially as political change is taking place at home," he said.

He added: "This is one of the many opportunities Africa must use if we are to get out of the economic quadmire which most states are in at the moment."

All those wishing to participate can contact Ramoshaba at (011) 886-2002/9029; fax (011) 886-2474;

Or: 120 Hendrick Verwoerd Drive Ferndale, Randburg or write to PO Box 848, Kramerville, 2060.

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Checkers turnaround forecast

B/Day 21/2/92 (30)

LINDA ENSOR

CAPE TOWN — Considerable cost savings achieved by the rationalisation of the Checkers and Shoprite operations would facilitate the return of the Checkers chain to profitability within the next year or two, Shoprite MD Whitey Basson said in an interview yesterday.

In its last financial year Checkers made a loss of R7m. Basson said a bigger customer base, cost reductions and a focus on restoring customer confidence in the chain would be the ingredients for the turnaround.

The two chains would trade as a single entity — in the sense of advertising and structuring prices jointly — from the beginning of next month. Checkers' head office would move from Johannesburg to Cape Town to merge with that of Shoprite and Basson would become MD of the new group.

Basson said the rationalisation had taken place mainly at the level of administrative systems and advertising and had involved the retrenchment or redeployment of a number of senior staff at head office in cases where there was a duplication of functions.

Together Shoprite and Checkers have 241 stores employing more than 20 000 people of whom about 640 work at head office. About 78 senior Checkers head office management and staff had been advised of possible retrenchment so far, Basson said.

The closure of two or three stores planned prior to the takeover had taken place and other unviable stores had been identified for closure. However, the stores would not be closed if they returned to profitabilty.

Having rationalised operations, the next step was to decide whether to merge company structures by selling the assets of one into the other.

Basson was not willing to disclose the extent to which Pepkor had recapitalised Checkers. He said, however, there was a need to assess the capital structure of Shoprite as its funding had become stretched after the takeover of Grand Bazaars.

The group's merchant bankers were looking into the options and Basson would not comment on whether these included the possibility of a rights issue.

FM 21/2/92 (30)

WOOLTRU FM 21/2/92

Taking action

(30)

Market apprehension over Wooltru's Christmas trading has been justified. Interim results for the 26 weeks to December 29 were worse than expected.

Total group sales rose 17% but pre-tax profit and EPS fell 28%. Major group contributor Woolworths could muster only a 9% increase in sales and its pre-tax profit was down 55%.

The clearest signal that all was not well came from the first pre-Christmas "50% off" sale held by Woolworths.

Among other signs was the expensive luring of long-time Edgars executives Farrel Ratner and Carol Grolman to bolster Woolworths' management. They are reputed to have been offered large remuneration packages to prise them from their senior positions in Edgars.

Ratner was made merchandise director for nonfood items, with the brief to get the clothing division of Wooltru back on track. Grolman, a marketing expert, had to enhance promotion of merchandise, stores and group image.

Until Grolman arrived, the marketing functions were part of human resources director Stuart Campbell's portfolio. He, incidentally, left at the end of last month.

Top management at Wooltru recognised there were problem areas and took appropriate action. Ratner, with his new broom, was no doubt responsible for Woolworths' heavy discount sales to shed excess stock and return to less fashionable, more basic "value" merchandise for which the chain is better known.

CE Colin Hall says the poor interim performance was due to "weaknesses in textile procurement, marketing and management controls." These things happen to some degree even in good organisations, but weakness in management controls is not expected from a group with a sophisticated image such as Wooltru's.

TAKING A FALL

Six months to	Dec 31 '90	Jun 30 '91	Dec 30 '91
Turnover (Rm)	1 688	1 615	1 976
Pre-tax profit (Rm)	149,3	119,2	106,7
Attributable (Rm) ..	79,6	67,3	57,3
Earnings (c)	220,7	193,5	164,5
Dividends (c)	77	93	77

The results place Woolworths MD Syd Muller in a difficult position. It has been plain sailing for him since he became MD two years ago. But now, relying on a new team while profits are declining in hard times, he must produce acceptable profit growth. It is an unenviable situation in which to prove management mettle.

"Hands-on" management is needed. With Wooltru's head office in Cape Town, it remains a puzzle how Hall can perform his CE function while spending time on other interests and directorships that he controls from his home in Johannesburg. He stresses he is addressing this.

Makro raised interim sales by 26%. The improvement can be attributed largely to the opening of three major stores and the first Makroffice stationery store last year. Clearly, market share increased. But, says Hall, costs associated with the developments depressed Makro profitability by 61%.

It was left to Truworths and the other members of Speciality Retail Group (SRG), run by MD Eddie Parfett (formerly of the old-style Woolworths), to prop up the group with a sparkling performance. SRG posted a 20% turnover increase and an 18% rise in pre-tax profit. In this climate, it was a laudable effort.

Stock in the Wooltru balance sheet is 9% higher than at end-June 1991. With Christmas trade and the clearance sales included in the review period, it seems too high. Fixed

Continue —

FM 21/2/92 (30)

assets have risen by R66m in the past six months. These two increases were financed by retained earnings, a small increase in net borrowings and a substantial jump in accounts payable, presumably indicating a squeeze on creditors.

The share price has dropped 15% from a high of 8 425c in mid-1991 to 7 150c. However, it rose 368% from 1 800c in early 1989 to the high. So some consolidation is required and the top-heavy chart is indicating it could fall back to trade between R45 and R60. Few will doubt the group will recover. The share should be accumulated on price weakness.

Gerald Hirshon

FOX

CLICKS

FM 21/2/92

Change of formula

(30)

Clicks always maintained it could finance its fast growth from internal resources and short-term borrowings, so the rights offer to raise R52m comes as something of a surprise. However, the terms of the issue are so attractive for the company, it appears to be the correct course.

Talking to CE Trevor Honneysett and financial director Peter Green about reasons for the issue provided a welcome breath of fresh air in this depressed retail environment. Their infectious enthusiasm about Clicks' continuing success is backed by what they call "a winning formula" that calls for rapid growth in the number of Clicks and Diskom outlets.

continue →

FOX FM 21/2/92 (30)

The chain has doubled its size in the past three years. It intends to double again in the next three years, so that by the mid-Nineties, Clicks and Diskom will each have 200 stores throughout the country. There are now 128 Clicks and 69 Diskom outlets.

Between Clicks and Diskom, the group has 400 suppliers and carries about 10 000 line items. Appropriate information systems and an efficient distribution network are necessary for control of stock, which is seen as the fundamental asset. Capital spending of about R100m in the next three years was budgeted to fund both new store openings and to buy latest technology. This was to be funded from internal resources.

Honneysett says a major operating goal is rapidly to improve stockturn to the stage where creditors will finance stock — a goal which, he says, cannot be achieved unless the right technology is in place. Achievement of that goal, Green adds, will create a R50m shortfall; hence the rights issue.

Clicks has long been run as an ungeared group. Honneysett says it would have been uncomfortable and against the group's carefully developed culture to have used borrowings rather than equity.

Clicks is to offer 2,6m ordinary shares in the ratio of 13 new ords for every 100 held. This will increase the number of issued shares by only 13%, while shareholders' funds at October 31 last year will increase by 72%. Assuming EPS for the year to February 28 1992 are up by 20%, at 123c, the rights issue price of R20 is pitched on a p:e of 16,3. At the market price of R24, the prospective p:e is 19,5, if EPS are 123c. With the average p:e for the retail and wholesale sector at 16, the rights issue is attractively priced.

Clicks Stores is owned 50,01% by Score-Clicks Holdings, which is in turn controlled by Hi-Score with ultimate control held by Premier Group. To finance its entitlement in the Clicks rights, Score-Clicks is to raise R27,5m by offering its shareholders 12 new ords at 400c each for every 100 Score-Clicks held. Hi-Score is offering 13 new ords at R7 each, to raise R18,8m. Premier Group is to underwrite the issues. *Gerald Hirshon*

ET's back in business

By LEN KALANE

ET TSHABALALA ... The boycott of his Soweto businesses has ended following talks.

THE Mshenguville Crisis Committee has resolved its differences with the family of former Soweto mayor Ephraim Tshabalala –whom they had earlier accused of infiltrating Inkatha members into Mshenguville.

30

The solution means the boycott on Tshabalala businesses has been lifted, the committee confirmed in a letter.

The businesses include the Eyethu Cinema, a butchery, a dry-cleaning outlet, a cafe and a number of other outlets in the Tshabalala business complex in Mofolo.

The Tshabalala family has been living in fear since August last year following allegations that Tshabalala betrayed Mshenguville squatters by importing Inkatha warriors.

Tshabalala is the president of the Sofasonke Party, founded in the 1940s by the late James "Sofasonke" Mpanza. The party holds a majority of seats in the Soweto Council.

At one stage when things were tense, the family said Mshenguville – named after the clan name of former Soweto mayor ET Tshabalala – was not under Sofasonke influence any more as the party's supporters had moved on to Orange Farm.

CPress 23/2/94

They also denied family links to Inkatha attacks on Mshenguville residents, saying the ageing Tshabalala patriarch had been sick in bed at the time.

The attacks coincided with the launch of Inkatha's Mshenguville branch.

A series of protracted meetings went unresolved – until recently.

This week Tshabalala Business Enterprise spokesman and family member Dombolo Tshabalala announced that the boycott against them was over.

Dombolo said: "We are delighted that certain people have now come to their senses."

As a gesture of goodwill Dombolo announced on Friday that the Eyethu Cinema and a number of social organisations would launch a charity session later in the month for the benefit of the Othandweni Home.

Big stores challenged on meat claims

(30)

Staff Reporter STAR 24/2/92

Supermarkets were challenged on television today to prove to consumers that reports in the Sunday Star about huge meat price mark-ups were false.

Taking part in a panel discussion on "Good Morning South Africa" to thrash out allegations of huge price mark-ups on red meat, the Consumer Union's Lillibeth Moolman strongly backed Sunday Star economics editor Claire Gebhardt, who said the gap between the producer and consumer retail price index had widened over the past six years.

The Sunday Star's series on the meat industry has drawn countrywide reaction, specifically from consumers who have bombarded Ms Gebhardt with complaints about price fixing after revelations that the entire market was controlled by three major companies.

The Sunday Star said the market was controlled by the Meat Board, Imperial Cold Storage, Kanhym and Vleissentraal who were allegedly holding the market hostage.

It was claimed meat inflation was running at 38 percent.

Blue Ribbon representative Gareth Ackerman claimed today that retailers were making the money. Pick 'n Pay butcheries was making only 1,5 percent net profit after they had sold meat to the consumer.

He said costs included cutting, packaging and equipment.

"You only make 1,5 percent profit after a 100 percent markup. My heart bleeds," Mrs Moolman said.

While Ms Gebhardt claimed supermarkets controlled 80 percent of the market, Eddie Bielovich, chairman of the Association of Meat Traders, said the figure was anything from 30 to 60 percent.

Black businessmen to exhibit wares abroad

B/Day 24/2/92 (30) (18

WILSON ZWANE

SA's black businessmen will have an opportunity to exhibit their wares in three African countries this year.

Business consultant Willie Ramoshaba said his company, W R Associates, had been co-ordinating trade missions for black businessmen in Africa and abroad for the past five years.

The intention was to broaden their horizons, Ramoshaba said.

The missions had been to the US, the Far East, Malawi, Zimbabwe and Cameroon.

"We are now setting a scene for business dealings between SA's black businessmen and their counterparts in other African countries.

"We have arranged for small- to medium-sized black businesses to exhibit their goods in Zimbabwe, Namibia and Angola this year,"

The first trade show at which the South Africans would exhibit was the Zimbabwe International Trade Fair.

This, he said, was expected to attract 270 000 visitors and 1 250 exhibitors.

Prospective exhibitors should not have qualms about financial support as his company had secured the co-operation of the Trade and Industries Department, he said.

"As a result (of this co-operation) each exhibitor will pay R6 980 instead of the normal cost of R16 000 or more."

Lawyers oppose early releases

GERALD REILLY

PRETORIA — The Association of Law Societies has come out strongly against the early release of common law criminals.

In a statement last week association president Ed Southey said sentences imposed by the courts had to be served if respect for the law was to be upheld. B/Day

The association shared the concern of judges Didcott and Strydom in deploring the early release of jailed common law criminals.

"The association is sympathetic towards prison authorities and has an understanding for the overcrowding in SA jails." 24/2/92

But, Southey said, time and effort spent by professionals in determining suitable and just sentences were effectively overturned by early releases.

Vegetable milk, straw bricks compete for award

B/Day 24/2/92

LINDEN BIRNS

BRICKS made of straw, milk from vegetables and biodegradeable oil are just some of the 200 innovations entered in the Audi Innovators for the Environment Programme.

The programme aims to encourage and reward solutions to environmental problems through the R250 000 Terra Nova Awards, which will be presented for the first time on Friday.

One innovator, Len Bestele, has devised a way of utilising waste products such as sawdust, maize stalks and straw to produce lightweight bricks and panelling. The system has been used in low-cost housing projects in Mauritius.

Alan Winer developed vegetable milk with the same high-protein content as dairy milk. The vegetable milk does not contain lactose, which can harm malnourished children.

Samples of Winer's milk have been sent to the UN, which is apparently interested in using it in a Mozambique famine relief programme.

Entrants are not limited to private individuals. Lubricant supplier Castrol has entered an environmentally friendly oil called Biolube 100. This marine engine oil recently won the Pollution Abatement Technology Award.

C G Smith Chemicals has entered a product which it says provides an instant and cost effective clean-up method for polluted rivers and waterways. The company found that hydrogen peroxide countered the effects of effluent spill quickly and efficiently.

Institute of Inventors and Innovators Research and Development president Donovan Pilkington said it was heartening to see such a wide interest in the programme. Entrants ranged from international firms to schoolchildren.

Drop in turnover for Cape business

(30) LINDA ENSOR

CAPE TOWN — Business owners in the western Cape suffered severe real declines in turnover last year and expect a repetition of the trend this year, a survey has found.

The survey of 500 business owners undertaken by Arthur Andersen, Western Cape Growth Organisation and UCT's Graduate School of Business (GSB) discovered that average turnover only increased by 8,6% last year compared with an inflation rate of 15,3%. BIDay 24/2/92

However, they felt they were better off in the Western Cape with its greater political stability and increased tourism. Of the respondents, 77% felt business in the western Cape was improving relative to other regions.

Business owners believe bank overdraft rate will remain high at 19,5% until June and are more pessimistic about inflation than the Reserve Bank, expecting the average rate of inflation in 1992 to be about 16,5%.

Overwhelming support (90%) was given to VAT as a better form of indirect taxation than GST.

Competition from other regions was not seen as a threat and there was little planning for expansion into other regions, GSB's Bruce MacDonald found.

"Respondents are short-sightedly very dependent on the Western Cape and its environs for their turnover."

During the past five years, 80% of turnover was made in the western Cape with 78% forecast for 1992. Only 6% saw competition from other regions as a problem that could affect their business, MacDonald said.

BUSINESS DAY, Tuesday, February 25 1992

Suggested 5% wealth tax on 20 richest families interests ANC

DIRK HARTFORD

THE ANC said yesterday it was "very interested" in a proposal that a 5% wealth tax should be slapped on the 20 richest families in SA.

According to the Labour Research Service (LRS), leading consultants to the trade union movement, this alone would bring in more than R500m a year — enough to employ 100 000 jobless people in a public works programme.

The LRS said that in 1991 the total worth of SA's 20 richest families increased by 57% from R6,9bn to R10,8bn. But it added this was a "conservative estimate" of their total wealth, as it was based on their holdings in their own "family businesses" listed on the JSE. Many of these families, according to LRS, had built up substantial interests outside the JSE in the form of overseas investments, cash deposits, fixed interest securities, property and unlisted companies.

The ANC's Saki Macozoma said the ANC was as interested in seeing how the 20 richest families responded to the proposal, as it was in the proposal itself.

Cosatu's Neil Coleman said the tax burden had increasingly fallen on the poor and the entire system needed to be overhauled. He said a wealth tax could not be looked at in isolation, but needed to be seen in the context of the whole tax system.

The LRS cited Liberty Life's Donald Gordon, Pick 'n Pay's Raymond Ackerman, Ventron's Bill Venter, the Keeley Group's Fred Keeley and FSI's Jeff Liebesman as examples of family businesses where the founders were still closely involved.

In addition, LRS named businesses where control was held by the children or grandchildren of the founders — like the Oppenheimer's Anglo American, the Rupert's Rembrandt, the Hersov's and Menell's Angolvaal and the Mowszowski's Elcentre.

The Oppenheimer family leads the pack with R2,87bn in wealth.

25/2/92 (30)

VAT confusing small firms

B iDay 26/2/92

AN OPINION poll conducted by the Urban Foundation has indicated that the VAT system has caused confusion and dissatisfaction among small businessmen.

A statement yesterday said a poll conducted among the Sunnyside Group, a national alliance of about 50 small business associations, gave the main reasons for the dissatisfaction as being the high cost of complying with VAT, the complexities of administering the system and the harshness of the penalties. 30

Sunnyside Group taxation committee chairman Ian Hetherington said the majority of group members did not understand how the tax worked and had difficulty with the registration process. Another factor was the high cost of VAT compliance for small businesses.

The survey showed that half the respondents to the poll believed the tax in its present form would curtail the expansion of small businesses and informal sectors.

The overall impression was that the VAT system was designed to be suitable to large corporations. — Sapa.

Regulatory bodies blamed for food price inflation

STAR 27/2/92 (30)

By Sven Lünsche

The SA Chamber of Business (Sacob) has blamed "obvious intrusions into the food industry by statutory marketing organisations" for the escalating food prices.

In its submission to the Board of Trade and Industry committee, currently investigating the reasons for soaring food prices, Sacob also rejects the notion of a price cartel between the major retail groups.

"The retail industry is merely passing on price increases of the products supplied to them," Sacob says.

Sacob makes no mention of recent claims that a cartel of three major wholesalers and distributors of meat products was partially to blame for the hike in prices.

The majority of food retailers and wholesalers are members of Sacob.

Sacob's submissions to the BTI are summarised in the chamber's latest newsletter.

Sacob is sharply critical of the direct intervention in the marketing of agricultural commodities through the Marketing Act, which "has both discouraged competition and promoted a high degree of concentration in the food processing industry".

Numerous regulatory measures have been introduced for controlling the marketing and processing of food and over twenty commodity boards operate with varying degrees of power, Sacob says.

"None is designed to promote competition and, in essence, they have led to the protection of the inefficient through a centrally determined price for production."

Sacob singles out a number of other factors which need to be addressed in order to find a long-term solution to food price rises:

- Labour productivity — a slow rate of productivity growth causes prices to accelerate.
- Crime-related costs and shrinkage, which account for up to two percent of turnover in the retail indstry.
- Adjustments to the delivery and reception mechanisms.
- Transport costs, which have a high impact on prices.

Sacob has serious misgivings over the methodology employed in compiling the Consumer Price and Producer Price indices and doubts whether it is possible to compare the two indices.

Turning to the retail industry, the chamber says the retailers' position at the end of the food chain makes them the inevitable "whipping boys" of the public.

More than any other factor, they are sensitive to price.

At the retail level, the food industry is in a state of permanent price war where no company can be out of line with its major competitors.

"An examination of the balance sheets of the four major retail groups over the past three years reveals that none of them showed a profit before tax in excess of three percent," Sacob says.

The chamber is unequivocal "in its support for the elimination of impediments that curb competition" but stresses that food price increases are not the cause of inflation, but the indicators of it.

"The true cause of inflation is a complex set of factors which include an inflexible approach to interest rates, an inability to contain government spending and the inflationary expectations attuned to the evidence of the past 15 year," Sacob concludes.

Poor start for VAT

Sowetan 27/12/92

(30)

THE new VAT tax has had a very poor start among small businessmen and in the informal sector.

Among the main reasons for this have been the cost of complying with VAT, the complexity of registration and administration, and the harshness of the VAT Act penalties.

This has emerged from an opinion poll conducted among members of the Sunnyside Group, a national alliance of some 50 small business associations.

The group has joined the VAT-Coordinating Committee in calling for the new tax system to be made simpler and fair, particularly to the poor and disadvantaged.

The chairman of the group taxation committee, Mr Ian Hetherington, said: "The poll indicates confusion and dissatisfaction with VAT and the need for a full analysis of VAT on small business.

"Our member organisations, which represent several thousand small businesses, indicated that the majority of their members did not understand how the tax works, and had difficulty with the registration process."

Another significant factor to emerge was the high cost of VAT compliance for small businesses, who are usually critically dependent on minimising overheads.

He said the introduction of the tax had been the direct cause of many small businesses losing customers.

Those small businesses whose turnover was below the minimum requirement for registration of R150 000 a year were still often asked by their clients to provide the tax invoices defined by the VAT Act.

In response, he added, some these small firms registered voluntarily, some satisfied their customers without a tax invoice, but about 25 percent of them lost those clients who demanded the invoice.

SBDC introduces new courses

Sowetan 27/2/92

30

THE Small Business Development Corporation is introducing new courses in its skills' training programme to cater more fully for the needs of the small and medium enterprise sector in South Africa.

In addition to two courses introduced in 1985, one elementary course on basic business skills and one advanced course on starting a new small business, the SBDC's training centres countrywide will be offering three courses aimed at improving the efficiency of established businesses.

Relations

The first of the new courses, "How to manage and improve your business" starts next week. The other two courses, one on retail management and the other on labour relations starts in the next few months.

SBDC's senior general manager, Mr Toni Kedzierski, said an urgent need for business training, focused on improving already established businesses, emerged from more than 1 000 public queries dealt with daily by the corporation's 46 offices countrywide.

He said: "We decided to introduce a course on how to manage and improve a small business, which includes stock and debtors' control, time management, costing and increasing sales and margins."

Because there were a large number of clients in retailing, a management course was acquired to cater for their specific needs. The course on labour relations for SMEs was included as the corporation's experience over the past 10 years had shown how crucial effective staff management was.

Budgeting

The retail management course consists of shop design and layout, purchasing and pricing, merchandising, managing your workers, retailing principles and basic budgeting and elementary bookkeeping.

The labour relations' course introduces small business owners to issues such as discipline, dismissal and termination of contract procedures, group consultations, conducting of inquiries and dealing with grievances, trade unions and strikes.

"Apart from needs established through public inquiries, we get feedback from the 328 retired business people taking part in our Mentor Advisory Programme. The new courses cover those issues which SME entrepreneurs have found to be vital for the efficient running of their businesses."

The two original courses - elementary Trident One-up Business training and the advanced "How to start your own business" - are still very much in demand and will be offered more frequently than in the past.

Classes are presented after hours once or twice a week for periods varying from seven to 14 weeks at reasonable prices.

Inquiries can be directed to Linbro Park Training Centre in Johannesburg, telephone (011) 608-3795/6 or 608-4052 or from any of the SBDC's six regional offices in all major cities.

Chamber boss just has to step down

It's my business

THAMI MAZWAI

(30)

Sowetan 27/2/92

DR SAM Motsuenyane has to step down as president of the National African Federated Chamber of Commerce.

He has done so much for black business that it would be a tragedy if his distinguished career ended with a stain, however minuscule.

Yes, I am referring to the uproar in Nafcoc over the appointment of Dr Molly Nkosi.

Controversy

I am keeping out of this controversy while Joshua Raboroko, in line with his responsibilities and calling as a journalist, keeps tabs on it.

It has, however, given me an opportunity to tell Motsuenyane that it is time to make way for somebody else. He needs a rest free from such headaches and controversies.

He is at the peak of his career and, all of us know, his contributions to black business are inestimable.

Motsuenyane stepped into the hot seat about 30 years ago and welded pockets of black businessmen, some of them fighting each other, into a formidable forum.

His reign was pockmarked with unwarranted hostility as his organisation had to fight allegations that they were: Government stooges, giving credibility to homelands, hobnobbing with white capitalists, becoming black capitalists and so on.

Today, many admit that when the history of this country is written, black businessmen will be credited for fighting for the economic empowerment of their people. This, at the end of the day, makes the difference between a community that lives on handouts and mercy, and one that feeds itself, determining its destiny.

Decision

Let us look at an agonising decision black business had to make.

While it was easy for political, labour and community leaders to use the boycott tool effectively in days gone by, it was not so for black business. They had to establish some relationship with the homeland and black town council officials. For this, they earned the scorn of their people. But, what could they do?

If businessmen in Transkei snubbed the Government, they would simply have no place to start their business, or continue operating.

Same with urban businessmen, they had to meet and talk to black town councillors.

Today, after so many of legitimate black businesses were torched by radicals in the townships, we are beginning to understand the dignified and realistic way Motsuenyane steered his organisation in treacherous waters.

The irony is that Motsuenyane's house was torched in his confrontations with Mangope's government.

Coming back to the issue of the day, Motsuenyane himself wants to go. But forces within his organisation want him to stay on. Some for honourable reasons - they do not want to see Nafcoc disintegrate.

Some, however, want him to stay on because, if he goes, they too must go.

Motsuenyane must now think of his integrity and name.

For instance, people like Lucy Mvubelo and Emma Mashinini, to name two, made immeasurable contributions to the trade union movement. But they were hounded out of their organisations with ignominy.

People simply chose to forget the contribution they had made, when just to say "no" to the white man was considered courageous.

Now that people say "no" with ease, and even poke the white man in the face with a forefinger, the bravery of the past is considered cowardice.

Howled

I don't want to see this happen to Motsuenyane, I do not want to see him howled out of Nafcoc by a new and more aggressive breed of younger leaders.

Let him resist the temptation to stay on, let him be appointed a Nafcoc consultant. His experience and acumen is invaluable.

Checkers 'weighing up liquidation'

Retail sector workers face wage squeeze

(30)

B/Day 27/2/92

WORKERS in the recession-hit retail and service sector are likely to receive their smallest wage increases in 10 years, most of them below 10%.

OK Bazaars and Southern Sun are offering zero increases in Apru, their normal implementation date.

And at Checkers the crisis is so great that it is preparing to inform the SA Commercial, Catering and Allied Workers' Union (Saccawu) it is prepared to liquidate the company if the union places obstacles in the way of recovery.

In the retail sector, only market leader Pick 'n Pay appears likely to come anywhere near meeting inflation in its wage increases. Even Wooltru, normally among the top retail payers, is unlikely to want to settle for double-digit percentage increases following its recent poor results.

An OK Bazaars spokesman said OK was prepared to consider a 5% increase in November if the economic situation had improved. A Southern Sun spokesman said it would guarantee a 6% increase in October — halfway through the wage year.

Saccawu, the biggest union in the retail trade with 90 000 members, is demanding a R285 across-the-board increase at OK with a minimum monthly wage of R1 113. The union also wants a guaranteed 13th cheque and the agreement to cover all workers.

OK Bazaars, which has been experiencing negative sales growth, is prepared, according to Saccawu, to open its books to the union and its auditor.

Saccawu said OK's zero offer was "a slap in the face". OK has proposed going

DIRK HARTFORD

straight to mediation on the issue and Saccawu is organising meetings to discuss its response.

In addition, Saccawu is in dispute with OK over the closure of about 20 OK stores and the retrenchment of workers.

More than 10 000 of OK's 22 000-strong workforce are Saccawu members.

The Southern Sun chain, which is currently involved in a major restructuring programme, has already retrenched several hundred workers.

Saccawu has about 5 000 members out of 9 000 Southern Sun employees.

At Checkers, where wage negotiations have not yet begun, the company is facing another challenge from Saccawu tomorrow in the industrial court over the closure of two more stores.

According to a Checkers source, about 130 stores are currently making a loss. The company has decided to open its books to Saccawu in an attempt to convince the union of the seriousness of the crisis — "a potential national disaster".

At stake are about 12 000 jobs out of Checkers' 18 000, according to the source. If Checkers had to go the liquidation route — and it appears the only alternative is for the union to agree to drastic restructuring and flexibility arrangements — the plan would be to buy back the 20 or so profitable stores which employ about 6 000 people. The ripple effect of Checkers closing shop would affect all its suppliers, and could

☐ To Page 2

Wage squeeze

(20)

☐ From Page 1

create conditions for further job losses.

Underlying the whole crisis in the retail sector, according to employers, is the issue of productivity. Most employers want to trade jobs for agreements to keep wages down, control industrial action and enter into multiskilling, productivity and flexibility arrangements to try to keep companies profitable. B/Day 27/2/92

Only Pick 'n Pay, at this stage, seems prepared to try to buy such an agreement with reasonable wage increases. A Saccawu source said Pick 'n Pay was prepared to meet the union's demand for a R230 across-the-board increase in exchange for allowing the company the right to transfer workers between stores according to trading demands.

Saccawu said it was taking the issue very seriously, but it appeared that "once again management wants workers to pay for their own profitability crisis".

Investment at stake, says Sacob

STAR 28/2/92

30

The outcome of the March referendum would play a major role in international companies' assessment of investment in South Africa, the South African Chamber of Commerce (Sacob) said yesterday.

Sacob did not get involved in politics, the organisation said, but the importance of the referendum compelled it to identify some of the key issues at stake for South Africa and the business community in particular.

"Because of the decisive role of investment — both foreign and local — in a return to a substantial growth path, South Africa cannot afford to be isolated again from the world economy and its capital resources."

A high rate of economic growth was needed to face the enormous challenges that lay ahead, Sacob said, and South Africa had to normalise its external economic relationships and maximise its inherent human and other potential if it was to survive and grow.

To achieve satisfactory economic results a high level of confidence among businessmen both in South Africa and abroad was required, Sacob said.

The decision in the referendum would therefore play a major role when companies assessed the political risk of doing business in South Africa.

"The result should strengthen, and not weaken, business confidence so as to enhance investment, job creation and the addressing of urgent social needs."

The outcome could also have important implications for southern Africa in that it would have to be attractive to overseas businessmen. — Sapa.

RETAIL DEVELOPMENT

Action at the node

30 FM 28/2/92

Pilferage and vandalism on building sites — invariably coupled with lack of success in running shopping centres in black residential areas — provide sufficient reason for finding other ways of targeting black consumers. That appears to be the thinking behind a new generation of retail schemes.

The latest spate of development is typically located in underserviced black shopping areas in traditionally "white" cities and towns. The common denominator is proximity to black transport nodes — centres of arrival and departure — be they rail or bus or taxi, or all three.

The SA Rail Commuter Corp has plans for 74 commercial developments countrywide. Profits are to be channelled into the operational budget of the corporation's Metro Services. This would ultimately reduce State funding to this sector and, according to GM Dirk Ackerman, income from developments with the private sector "will be negotiated on a potential guarantee sum and escalating share-of-income basis."

Last week — at the launch of The Bridge — the corporation reiterated its strategy of collaborating with the private sector in the commercial development of its major railway stations. The Bridge is a R36m retail project above the tracks east of Park Station bounded by Wanderers, King George and Noord streets in Johannesburg. It makes use of an existing bus, taxi and rail node.

The commercial air rights have been leased to the Transnet Pension Fund and its minority partner RMS Syfrets. The land and air space rights were subject to a tender process by Propnet on behalf of the corporation — and the tender was won by RMS Syfrets in May 1991, which later secured Transnet Pension Fund as its financial backer.

The 7 500 m² project, on three levels, will be completed by April 1993 and will house a taxi rank (for 110 vehicles) on the lowest level. Two Shell service stations will flank either side of the development.

While the use of commercial air space for a retail centre is a new phenomenon in SA — with more to follow, such as the proposed R1,6bn Convention Centre in Braamfontein — locating retail centres at black shopping and transport nodes is not.

Two projects based on the commuter service concept are in the course of construction by Retail International (RI). They are the R24m Taxido Junction in Vereeniging — a joint venture with Dickinson Estates — and the R40m Central Park project in Bloemfontein with M&R Properties.

"Traditional criteria — location, access, tenant mix and so on — rather than large numbers of commuters have been determinants in developing these sites," says RI director Vic Hiemstra. "Commuters may not have time to shop, so basing development on this factor alone is risky."

Central Park — due for completion in October — is in the centre of Bloemfontein's black shopping node. It is essentially a single-level development with a bus terminus on the roof, leased to the city council. The slope of the bus terminus deck has allowed a mezzanine level for offices, restaurants and banks (3 000 m²). The 10 000 m² of retail is 67% pre-let and has as anchors Pick 'n Pay (also anchor for The Bridge) and Sales House.

Other tenants include traditionally popular stores among black shoppers: Bee Bees, Smart Centre, Diskom and Pages. Gross rentals range from R20/m² to R60/m² depending on size, position and quality of tenant.

The all-retail 8 000 m² Taxido Junction will open in September. It is situated at the convergence of Union Street and Beaconsfield Road, the site of the Vereeniging railway station and taxi terminus. The anchors are a Spar supermarket and the Vaal Taxi Owners Federation, with a large fitment centre (tyres, motorspares and engines). Other retailers include a J D Group furniture store and some local Vereeniging traders. ■

UNDERMINED LAND

~~FM 28/2/92~~

Notes from underground

Guidelines governing the use of undermined land are under review by a government-appointed committee. Recommendations, to

continue —>

FM 28/2/92

KEEPING GREEN IN SANDTON

The greater Johannesburg residential property market may be depressed — there were 1 400 deals in December, half of the number in December 1990 — but demand for townhouses, sectional title and cluster homes remains strong, especially if they are secure and in Sandton.

Downsizing, though not necessarily related to price, appears to be of secondary concern. Thus, there has reportedly been exceptional response to the launch of a 45-unit development this month in Morningside Hills by Time Property Developments and Seeff-Slot Projects.

Priced at R180 000-R240 000 for two- and three-bedroom units covering 95 m² to 115 m², La Camargue appears to have hit the right spot with buyers wanting more than simply a Sandton address, says Seeff-Slot Projects MD Mark Slot. Within days of the launch 10 units were sold.

Agents in the area say the units are small — 135 m² or larger is comfortable — but, in this price range, depending on security and design, response should be good.

Slot believes his development stands out in Sandton's townhouse belt for a number of reasons, including distinctive architecture, a well-wooded site, good security, above-average quality finishes and an attractive bond package. This includes a three-month repayment holiday and a loan through Allied at rates between 0,5% and 1% below the current interest rate for people who qualify.

"The units are bigger on average than others on offer in a similar price range in the area — which is important to buyers who increasingly want better value for money in residential property," Slot says. "Sandton is a high-demand area. There was a time when there was virtually no affordable housing around here. Small units priced at around R140 000 eventually started coming on to the market — but they weren't quite what people wanted. We believe we've found the right niche."

Time's Andrew Cairns says there has been strong interest from investors because of the location and high quality of units. Capital appreciation on townhouses in the same area has been 30%-plus over the past year or two. He adds that rentals for the two-bedroom units at La Camargue should be R1 600-R1 900 a month while the larger units should fetch R2 200-R2 500.

La Camargue is marketed by Seeff Residential Properties.

FM 28/2/92 (30)

OCTODEC INVESTMENTS

FM 28/2/92 (30)

Recovery potential

Octodec was formed by a restructuring of Pretoria-based property company Tomkor and listed in the property loan stock sector in September. A one-third increase in the share price since January 1991 suggests shareholders have had a pretty good year.

Chairman Alec Wapnick says that given this performance and with returns forecast to grow in 1992, the market price of the linked units should begin to reflect more accurately the yield inherent in the underlying portfolio.

Roughly 30% each of the portfolio is in the Pretoria CBD and Pretoria West area, including Nedwest Centre, the largest complex in the portfolio. Other properties are in Hermanstad, Silverton/Waltloo and suburbs identified as growth areas.

The 84 developed properties, which have relatively low maintenance costs, are suitable for a wide variety of tenants, of which none accounts for more than 10% of income. Obviously, the income stream is rate-sensitive. Both net and gross leases are generally for three years with 10%-15% escalations.

Occupancy levels were 95% of lettable area at year-end and are similar now. This was achieved by letting certain properties below market values. Interest received of R1,82m and rental escalations protected earnings from the greater impact of bad debts combined with higher vacancies. The company paid out just over R19m in debenture interest last year.

Income by sector was 50% from commercial & industrial and 40% retail.

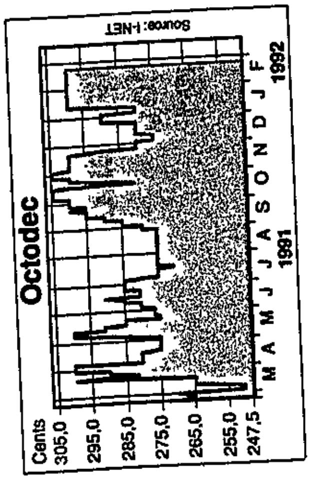
Because the company is taxed on retained income, all income received was redistributed to unitholders. Expected dividends are, in turn, a function of future rental incomes less anticipated maintenance and administration costs plus expected interest received on the cash portion of the portfolio.

There were no changes in the property portfolio last year. Capex of R700 000 to upgrade one building will be funded from cash resources.

The company predicts an 8,1% rise in rental income, to R24,8m, this year and a profit of R20m.

The yield on the issue price of 220c was 18,4%. The share looks underrated on historical earnings and should have recovery potential.

Basil Barber



Octodec's Wapnick ... *returns should improve*

FM 28/2/92 (30)

Activities: *Property loan stock company active in the retail, commercial and industrial fields.*
Control: *Held by Tomkor.*
Chairman: *A Wapnick; MD: J Pollack.*
Capital structure: *47,7m ords linked to 47,7m unsec var rate red debentures. Market capitalisation: R143m.*
Share market: *Price: 300c. Yields: 13,5% on dividend and interest. 12-month high, 305c; low, 230c. Trading volume last quarter, 219 000 shares.*

Year to Aug 31	'91
Int & leasing cover	1,0
Return on capital (%)	11,3
Turnover (Rm)	22,9
Pre-int profit (Rm)	18,1
Pre-int margin (%)	79
Earnings (c)†	40,61

† per linked unit, comprising 39,81c interest and 0,80c dividend.

Universitas has database marketing potential

BDay 28/2/92

MAST'S most recent acquisition, Universitas, which is now part of Mast Publications, has the potential to become a major database marketing arm in the company.

Chairman Stephen Dallamore says the initial idea was to get the group's training activities to a wider market through the use of the data bases which existed in its Time Systems (a diary/management time planner) and Universitas, the two components of the Mast publishing division.

In addition, the move into this area was an important strategic step for Mast into the knowledge business — a future thrust which has been identified by the group.

Universitas was previously part of the CNA's Literary Group, which included books, music and magazine subscription.

Mast acquired the private magazine subscription business in October last year.

Mast Publications MD Glenn Hare says Universitas can offer its 18 000 subscribers a choice of over 70 000 magazines.

The lifting of sanctions has meant that more publishers now wish to deal with SA, and this will benefit the company's customers.

Currently, the largest base is National Geographic, followed by the Economist and other business magazines.

Universitas is the franchise agent for Dartnell and Gower's training manuals.

This arrangement provides synergies with the other training companies in the Mast group.

Hare says there is a close tie between Universitas and CNA Gallo, especially in terms of the CNA's link with international subscription company Intermag.

tor attached to the Public Service. The Vice-Rector's salary is to be paid in terms of national policy (NATED 02-142 report). Guidelines in respect of the motor financing scheme applicable to the Public Service were handed to the council for the technikon's use.

Mr T PALAN: Mr Chairman, arising out of the hon the Minister's reply, was there any recommendation from the Stone Committee in respect of the auditors who were unable to detect stock theft and pinpoint accountability for certain moneys which had been collected but were not banked in good time?

The MINISTER: Mr Chairman, I have read the recommendations of the Stone Committee. Other aspects which were brought to the committee's attention were side issues as far as they were concerned, because the accounting firm gave a good account of what it had done about these matters and with the evidence placed before it. If the hon member would like to have a specific answer to his question, I should like to have it in writing, so that I can have it researched and can send him the relevant information.

The CHAIRMAN OF THE HOUSE: Order! The time allotted for questions has expired. The answers to the remaining questions will be published in Hansard.

Business interrupted in accordance with Rule 180C (3) of the Standing Rules of Parliament.

Undertakings to shop tenants

*5. The LEADER OF THE OFFICIAL OPPOSITION asked the Minister of Housing:

(1) Whether any undertakings were given by his predecessors to tenants of shops under the control of the Administration: House of Delegates that their premises would be sold to them; if so, 30

(2) whether this is still the policy of his Department; if not, (a) why not and (b) what policy is being following in this regard; if so, what steps is he taking to fulfil the above undertakings?

D93E

The MINISTER OF HOUSING:

(1) From records held by the Administration it would appear that certain intimations in this regard were given to tenants in certain complexes which included reference to certain conditions which will have to be satisfied such as the relevant Treasury instructions which may be applicable at the time. 30

(2) Yes.

(a) falls away.

(b) tenants are being given first option to purchase their shops/complexes.

Building of houses: Dassenhoek area

*6. The LEADER OF THE OFFICIAL OPPOSITION asked the Minister of Housing:

(1) Whether it was at any stage the intention to build a large number of houses in the Dassenhoek area; if so, (a) how many houses were to be built and (b) when;

(2) whether he has, since his assumption of office, taken any steps in regard to this project; if not, why not; if so, (a) what steps and (b) when?

D94E

The MINISTER OF HOUSING:

(1) Yes,

(a) (i) In Birchwood Park, 170 units were completed.

(ii) Housing Utility Company acquired the Luganda site and planned a housing project of 1724 units. Due to the failure of endeavours to relocate existing residents of longstanding the project was never commenced with. A steering Committee appointed by me negotiated an amicable solution and recently the Housing Development Board approved a development strategy for Luganda whereby 1 850 proposed erven is to be developed as a multi-racial project by the proposed Luganda Development Trust, whilst this Administration has retained a portion on which approximately 300 erven can be developed for our Community.

(iii) The Oaklands project which was planned by the Pinetown Municipality as a 403 unit housing project was not proceeded with because the residents were most reluctant to be relocated and furthermore the site could not be connected to the sewerage disposal works. The Local Authority has now gained approval to develop the site as a multi-racial project.

(b) The Birchwood Park project was completed in 1990.

For written reply:

General Affairs:

Budget: percentage spent on salaries

18. Mr M RAJAB asked the Minister of the Budget and Auxiliary Services:

What percentage of the budget of the House of Delegates was spent on salaries and salary-related expenditure in each of the latest specified three years for which figures are available?

D74E

The MINISTER OF THE BUDGET AND AUXILIARY SERVICES:

(1) Yes

(2)

(a)	(b)
Chairman: Minister's Council	R8 727,08 p.m. plus actual expenditure on municipal services and rates and taxes
Minister of Health Services and Welfare	R8 377,08 p.m. plus actual expenditure on municipal services and rates and taxes
Minister of Local Government and Agriculture and of the Budget and Auxiliary Services	R8 377,08 p.m. plus actual expenditure on municipal services and rates and taxes
Minister of Education and Culture	R8 727,08 p.m. plus actual expenditure on municipal services and rates and taxes
Deputy Minister of Housing	R6 456,15 p.m. plus actual expenditure on municipal services and rates and taxes

Tax are deducted from all the amounts payable under (b).

(3) The State does not own sufficient residences to accommodate all political office-bearers. Members of the Ministers' Council of the House of Delegates are entitled to furnished official residences in both Cape Town and Durban. Should office-bearers choose to reside in their private residences the Department of Public Works will, subject to certain conditions, compensate office-bearers for the use of their private residence as official residences. Such compensation is made up of a basic rental for the use of the residence, compensation for general maintenance, use of own furniture, cleaning and gardening services, as well as actual expenditure on municipal services and rates and taxes. The compensation is paid throughout the year as State-owned residences are continuously at the disposal of office-bearers.

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This partner won't take over

STAR 2/3/92 (30)

Many businesses begin with one partner with a business concept and a provider of capital who may have no other direct business involvement.

This is not always the ideal solution for the active entrepreneur who would prefer the long-term prospect of owning the major share in the business.

Option

An interesting aspect of the approach taken by venture capital and business development company, Technifin, is that regardless of the amount of share capital they take in a new business, it is prepared to sell its shareholding within a period of seven years.

The entrepreneur is given the first option to buy those shares.

The percentage shareholding taken by Technifin depends on the amount to be invested and the company's potential.

The Technifin team assists in evaluating the business proposition to establish its commercial viability which must be very substantial before Technifin becomes involved.

Some of the successful applicants which have launched thriving businesses through Technifin started out with no more than a drawing on a single sheet of paper.

How does it work for Technifin? Lourence Greyvenstein, CEO, says:

"We are starting out with an entrepreneur or inventor who may not have a previous track record in business.

"There are two or three years of development time during which we are outlaying venture capital and refining the business plan.

"Investing in start-ups is a long-term activity with the main purpose being to create a valuable business.

"Our profit comes from the rising value in our equity."

Technifin has also developed a very creative financing method for the bigger business which wants to develop and launch new products.

Unique

"The problem faced by the company with public shareholders and bank finance is that neither of those groups are keen to have their investment put into a high-risk area such as new product development.

"This expenditure is not a welcome item on the balance sheet.

"What we are suggesting is a unique risk-sharing method without acquiring shares in the company — we put in 100 percent of the finance and share the commercial risk — but the company takes the full responsibility for successful completion of the product.

"Instead of an on-balance-sheet loan to the company, this transaction constitutes a contingent liability.

"If the company keeps its side of the bargain, the contingency simply falls away.

"If the product succeeds, in return for Technifin's capital we earn a levy on sales for a specific period of time.

"This period is in two phases: the time it takes to recover the capital we put in, and a second phase of equal duration to the first which constitutes our return on investment.

"The beauty of that is, the more successful the product, the faster the money is repaid."

Perfect for first-timers, says MD

(30)

STAR 2/3/92

The direct sales approach is often used for the marketing of skin and health care products.

A new contender in this market, but one which has a niche as a homeopathic all-natural range, is called It's Perfect.

It is gearing its appointment of agents in a way that it is a good business opportunity.

"Most people work all their lives for a boss," says Rod Ackermann, MD of It's Perfect.

"Affordability is what usually holds people back from starting their own business. But as long as they're employees they'll find it difficult to save any capital," he said.

"We are giving people the opportunity to become their own boss at a very low overhead cost. The right to trade is sold for a nominal registration fee of R20. Training is free and a kit of the product range — for the salesperson to use themselves and to demonstrate — costs R300."

Natural

The It's Perfect range comprises skincare, health care and make-up — all formulated by homeopathic doctors.

It is made entirely from natural ingredients. Mr Ackermann says: "I believe these products are so good people are doing a disservice to their friends not to tell them about it. We are finding that people are having great success in selling the range — even people who have no previous experience in selling at all."

Rod Ackermann says: "The person involved is the only one who can make or break their career. It is free enterprise in its purest form. What you get out is proportionate to what you put in.

"We recommend people to list all the people they know, demonstrate to them, and as they buy, they in turn recommend to others."

The company has been running for 18 months and has signed up over 300 agents of which 70 have really taken the opportunity seriously and are showing top results.

Motsuenyane to give up Nafcoc post

WILSON ZWANE

B/Day 2/3/92 30

NAFCOC president Sam Motsuenyane will relinquish his position this year, amidcontroversy surrounding the appointment of a former exile to a senior Nafcoc post.

Molly Nkosi, who has worked for the World Bank and holds an economics doctorate, was appointed management development centre director in January.

His appointment reportedly sparked dissension at Nafcoc's headquarters in Soshanguve, in the northern Transvaal. The Sowetan reported that disgruntled staffers were threatening to quit en masse.

Motsuenyane said at the weekend his decision to step down as Nafcoc president had nothing to do with the controversy.

"There is no turbulence in Nafcoc," he said.

He had made it clear some time ago that he would not stand for re-election.

A committee had been established to look into the situation and "plan an orderly succession at the presidency level". The committee was expected to make its findings known to Nafcoc before the July national conference, Motsuenyane said.

Motsuenyane said Nkosi had been appointed "on merit by a consensus of Nafcoc's board of trustees, including (senior vice-president) Joe Hlongwane" who, he said, had not resigned. Hlongwane could not be reached yesterday.

Business bodies to act on new law

Sowetan 5/3/92

(30)

THREE business organisations are to embark on a massive campaign for the speedy implementation of specific clauses in the new Business Act, to come into effect later this year.

The Small Business Development Corporation (SBDC), African Council of Hawkers and Informal Business (Achib) and Foundation of African Informal Business (Faibs) say some local authorities are opposed to the new law.

The Act, published in May 1991, has been delayed in many of the Conservative-Party controlled towns.

It repeals trading licences for all but three of the 60 to 80 different categories of business for which they were previously required. It also removes all restrictions on trading hours from Monday to Sunday and allows hawkers, apart from a few prohibited areas, to trade anywhere.

SBDC's managing director Dr Ben Vosloo has expressed concern over the delay in the implementation of the Act and said: "We have played an integral role in lobbying for the removal of unnecessary regulatory constraints which add to the burdens of starting and running business."

The corporation was concerned, however, Vosloo said, about some of the provincial regulations which have been published for comment as they seemed to be going against the spirit of the new Act.

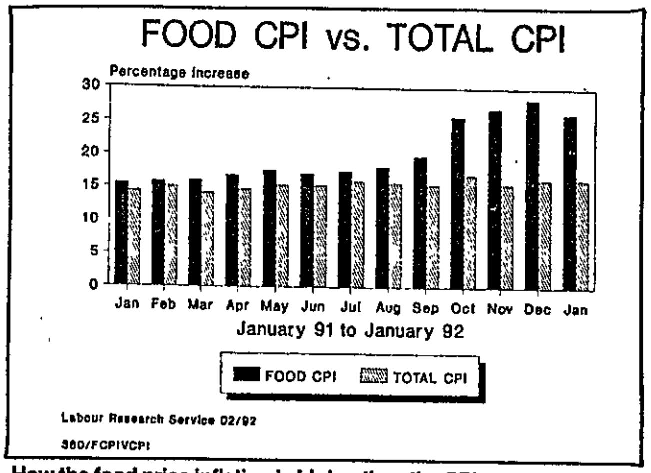
Achib president Mr Lawrence Mavundla, said that the Act would make the "poor to become rich" and create jobs. He explained that in terms of the Act, no licences were required for people who wanted to start business.

Faibs general secretary Mr Ngebulana Mhlangabezi said the repeal of the Act was necessary if underprivileged people were to create jobs for the community

The indigestible facts about the food chain

W/Mail 6/3-12/3/92 (30)

The focus on food price inflation has spurred new interest in the mechanism of food supply. Three studies each approach the issue of soaring food prices, particularly meat, from a different angle.
REG RUMNEY *reports*



How the food price inflation is higher than the CPI

Which of the following three statements do you think is true?

- For food prices to drop we can't simply rely on increased competition as overseas investors come into a post-sanctions South Africa.
- We must rely purely on a competitive environment to push down food prices, including letting capital flow in and out of the country at will.
- We need more competition in the red meat industry, but there must be balanced and appropriate regulation as well.

These are potted summaries of the conclusion of three different and important studies of food prices. All agree competition is vital to keep down food prices. But the difference in approach speaks volumes about their constituencies.

Reports and studies on food prices are floating around from the Labour Research Services, the Sunnyside Group, and the South African Chamber of Business (Sacob). All three concern food price increases, the subject of a government-sponsored probe and growing consumer anger.

What is clear from reading all three is just how complicated and varied is the food price chain.

Take the report by left-leaning Labour Research Service (LRS), which advises the Congress of South African Trade Unions.

The 21-page research document by the LRS was released on Thursday at a VAT Co-ordinating Committee food price forum. The report covers inflation, VAT, meat, wheat and maize and ownership and control.

On ownership and control it comments: "Massive conglomerates dominate the food industry from production to distribution. It is difficult to believe that prices are formed entirely by competition."

On food companies' profitability it comments that the return on shareholders' funds of four major companies, ICS, Kanhym, Tiger and Premier, have increased since 1986.

"The profit margins of manufacturing companies also improved. Given the abnormal increases in food prices, this means that profitability was raised at the expense of the consumer."

The LRS is not very happy with a solution based entirely on the free-market.

"There are some who hope that the removal of the ban on foreign investment will lead to more competition, as foreign companies enter the local market. It seems more likely, however, that foreign companies will be loathe to take the major South African conglomerates head on. They may prefer to enter into partnership agreements with them, so as to obtain a share of the growing profits to be had from this lucrative market. In return, the South African partners would get capital and technology.

"Some other way must be found of reducing pressures on food prices."

The voice of organised business, Sacob, in a submission to the Board of Trade & Industry (BTI) probe into "Price Formation in the Food Chain" takes another view.

It cites several inducements to concentration, including the small size of the market and disinvestment. It notes direct intervention by the government in marketing of agricultural commodities has discouraged competition and promoted concentration.

"Sacob is unequivocal in its support for the elimination of impediments that curb competition." It says even the threat of a new competitor entering the market can ensure the benefits of competition without losing the benefits of economies of scale.

Sacob says in the food industry it is impossible to determine whether economic concentration is an indicator of market exploitation or the reward for efficiency. It opposes forced "asset divestiture", that is, compelling conglomerates by law to unbundle. There is little evidence, it says, to show this leads to lower prices. Sacob would like a competitive environment, including lifting bans on capital outflows.

The Sunnyside Group, a deregulation lobby group, has also issued a report, but focusing on the meat supply chain. Though a good part of the LRS report is devoted to meat, the Sunnyside Group's report is detailed and prescriptive.

It is based on Pretoria University Department of Agricultural Economics research and practical experience of farmers, members of the Organisation of Livestock Producers.

It finds that the red meat scheme (which regulates the supply of meat) has not made prices to the farmer stable and cannot guarantee farmer control. "Concentration (and monopolies) have developed in the red meat industry, with the effect that three large integrated firms have the capability (directly and indirectly) of controlling the industry. Producer prices fluctuate excessively, while consumer prices remain high, and consumption decreases."

The group recommends the red meat marketing system needs to be changed along free enterprise lines. But it adds there must also be balanced, appropriate regulation.

The Sunnyside Report benefits from its narrower focus. Some of the points made by Sacob are borne out, as are the LRS's suspicions about domination of the meat industry.

And it has specific solutions, which the government can act on immediately.

Will the government have the political will to act on the BTI probe, under Dr Japie Jacobs? Will the investigation come up with far-reaching recommendations? Or will it be seen as just another government whitewash?

Whatever the investigation finds, there is enough other research, such as that done by the LRS, Sacob and the Sunnyside Group, to keep the debate going and the pressure on.

FM 6/3/92

IMPHOLD 30

FM 6/3/92

Recession benefits

Diversified motor vehicle group Imphold continues to benefit from the spread of its operations. The recession has hurt the market for new and used motor cars and trucks but it has encouraged growth at Imphold's car rental and leasing operations, its truck systems business and sales of vehicle parts and accessories.

Operating profit for the six months to December 25 climbed nearly 17% to R32m on turnover which rose by around 19% to R375m. Attributable earnings, bolstered by a fall in finance charges and the reduction in the company tax rate, improved by an impressive 25%.

Imphold and its pyramid Imperial look set to maintain the good earnings record built up during the past few years.

Executive chairman Bill Lynch says the contra-cyclical nature of some of the operations and the high level of vertical integration have enabled the group to deal with the recession.

Though wholly owned Toyota distributor Imperial Motors is expected to show little growth this year, 60%-owned Imperial Car Rental and 75%-owned Imperial Truck Systems are performing well. The recently formed insurance and services division, which includes motor vehicle insurer Regent Insurance and several panelbeating outlets, is on budget and expected to deliver good results for the year, says Lynch.

Imphold has taken advantage of the depressed economy to take over some competitors. Mercedes Benz and Honda distributor in the East Rand Mercurius Holdings was bought for R18,6m (settled by the issue of 3,7m Imphold shares), effective from September. Since the December half-year, the group acquired Quattro Carriers and the business of Van Zyl's Spring Works for R6,8m and R6,4m respectively. Both purchases were settled by the issue of Imphold shares.

RIDING THE RECESSION

Six months to	Dec 25 '90	Jun 25 '91	Dec 25 '91
Turnover (Rm)	315	282	375
Pre-int profit (Rm)	27	29	32
Pre-tax profit (Rm)	23	28	28
Attributable (Rm)	10	12	12
Earnings (c)	17,6	20,8	21,6
Dividends (c)	7	8	8,5

30

Short-term effects of these acquisitions on earnings and dividends are expected to be positive, if slight, but the increase in issued shares will curb EPS growth. EPS gains of 23% in the first half were two percentage points behind attributable earnings improvement. Nevertheless, Lynch is confident this dilution will do little to inhibit the good EPS increase expected for the full year.

Lynch says Imphold's balance sheet remains healthy — though gearing climbed from 36% at year-end to 42% at the interim — and margins have been maintained despite strong competition in most of its markets. Margins at year-end are expected to weaken slightly from last year's 9,5% as a result of the integration of the three acquisitions.

Lynch says that though Imphold's current mix of products and services in the motor vehicle market has enabled it to perform well, the group would benefit considerably from an upturn in the economy. Not only would there be a recovery in sales of new and used vehicles, which now account for about 17% of pre-tax profit, but there would be substantial benefits for the group's other transport services. Greater foreign tourism will fuel the car rental business.

Investors appear to have recognised Imphold's strengths. The share has climbed from around 250c to 650c in the past year, giving an earnings multiple of 15,4. Potential investors who have been looking to buy the share have probably missed the boat for the time being. At this level, the counter is beginning to look expensive.

Simon Cashmore

Oriental Plaza to cost R30m

S Times (B455) 8/3/92

By IAN ROBINSON

AN Oriental Plaza is being built in Randburg.

Work has started on the R30-million development, which is due for completion in August.

The three-storey complex will occupy a prime position at the corner of Jan Smuts Avenue, Hendrik Verwoerd Drive and the Hill Street Mall. It will replace a 30-year-old centre.

The complex will have a lettable area of 13 000 square metres and will comprise more than 120 shops, restaurants, kiosks and barrows.

The developer, Urban Real Estate, noted the success of the Fordsburg Oriental Plaza in Johannesburg and saw advantages in situating a similar project in Randburg. (30)

It is more conveniently situated for shoppers from Johannesburg's northern areas as there is ample parking — 5 000 bays — in the Randburg CBD. It is situated in a major shopping centre.

Indian traders along Hendrik Verwoerd Drive have expressed interest in taking space in the plaza. It is also expected to attract traders from other parts of the Witwatersrand, the Vaal Triangle, Pretoria and Durban.

Rents will be between R30 and R60 a square metre.

Whitey's rescue bid at Checkers

MAN AT THE TOP

S1 Times (BUSS) 8/3/92

By ZILLA EFRAT (30)

SHOPRITE managing director Whitey Basson, 46, is not daunted by the task of turning troubled Checkers around — even though several others have failed.

He took over at Checkers this week in a move that follows parent Pepkor's acquisition of Trahold last October.

Mr Basson admits "it is going to be a uphill battle", but says all indications are that a combined Checkers-Shoprite group will soon be operating profitably.

Checkers, with an annual turnover of R3,5-billion, has been faltering for some years. Several of its 167 stores are unprofitable.

This has been unsettling and demoralising for staff members and a spate of retrenchments at head office has not helped.

Marginal

Mr Basson says a major challenge will be instilling a sense of dignity and a Shoprite selling culture into more than 16 000 Checkers employees scattered around the country.

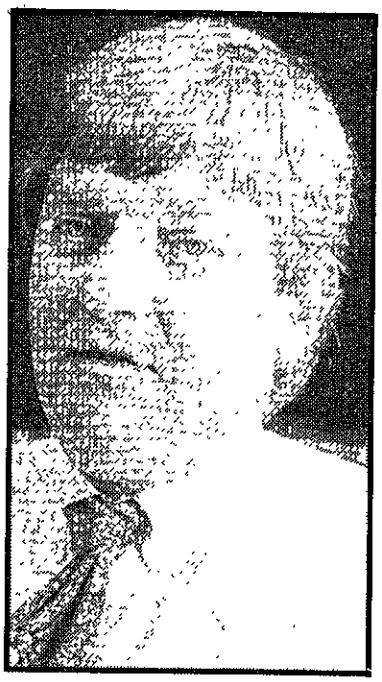
Another is getting rid of the dust and fat Checkers picked up in its 35-year history.

The Pepkor team has looked at the financial ratios and identified unprofitable and marginal stores and areas of duplication.

Mr Basson says: "Pepkor always aims to expand, open stores and create new jobs. Unfortunately, certain Checkers stores are not profitable and will have to be closed."

About 26 "disastrous" Checkers lease contracts are placing great strain on profitability.

But Mr Basson says he is fortunate to have strong backing from an experienced and skilled Shoprite team and Checkers' loyal management and employees.



WHITEY BASSON: Seeking more than money

In spite of many bad years, the average period of service for Checkers' senior management is nine years, a record hard to beat in retailing.

Challenges are nothing new for Mr Basson, who has been in retailing for 20 years.

He was responsible for the fast growth of Shoprite which had eight stores and an annual turnover of R13-million when Pepkor bought it in 1980.

After buying 27 Grand supermarkets in 1990, Shoprite now has more than 70 shops, most of them in the Eastern Cape. Turnover is R1,3-billion a year.

His early days with Pepkor were also full of trials and tribulations. The group did not have the financial backing it needed to fulfil its aims. It also lost a lot of money on the foreign exchange market in the early 1980s.

Mr Basson met Pepkor chairman Christo Wiese at the University of Stellenbosch where he was studying for a B Comm. Pepkor later became a customer when he worked for auditing firm Theron Du Toit.

Mr Basson says: "I never really wanted to become a professional accountant. It was boring and did not suit my lifestyle. I studied accounting because I knew it would give me the tools to play in the 'big league'."

He has never been interested in making money, but wants to achieve something creative and more durable than money.

Mr Basson grew up on his family's farm near Porterville in the Boland and was educated at Rondebosch Boys High School in Cape Town.

He visits the family farm at least one a month to re-establish "values that we should all cherish".

Clarity

Although his job does not give him much free time, he enjoys the outdoors and can sometimes be found fishing in the deep sea with the Cape fishermen.

There are not enough hours in the day for him to relax and do sufficient exercise, but the best hours are those spent with his wife and four children.

He thinks a lot at night and says this gives him greater clarity of thought and helps him to be a good corporate strategist.

"I am a meticulous person who likes to do things right. I hate leaving things to chance and work to minute details."

Where would he like to see himself in five years' time?

"Surrounded by 20 000 smiling Checkers staff members, millions of contented shoppers and 30 000 happy shareholders."

When that is achieved, he may take up another challenge — looking at international opportunities for Pepkor.

Business, civic leaders to attend growth talks

S/Times (CM) 8/3/92 (30)

TOWNSHIP leaders as well as top executives from various major companies are expected to attend the Growing the Cape workshop on April 1 which aims to define strategies for the economic development of the Western Cape for the next five years.

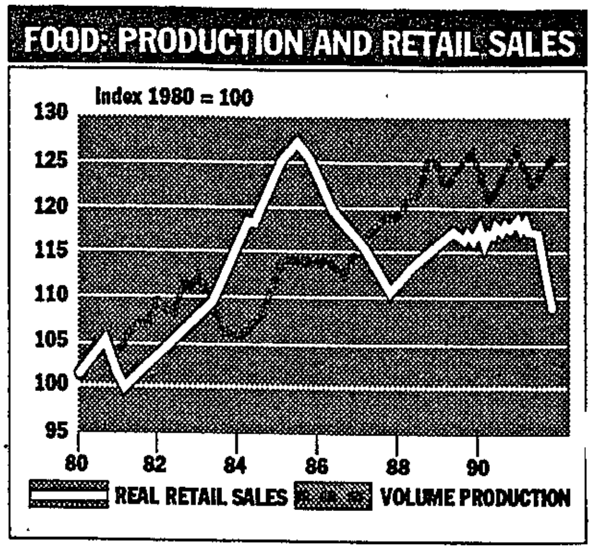
The original date was March 17 but this has been changed to April 1 to avoid clashing with the referendum.

The executive director of Wesgrove and co-convenor of the workshop, Dr David Bridgman, said:

"Knowing the results of the referendum will give delegates to the workshop a clearer view of the political and economic factors which will influence the future of South Africa and our particular region."

He said the venue, the Cape Town Civic Centre, was unchanged.

Dr Bridgman was confident the unemployment problem — a major focus of the workshop — could be overcome if all leaders in the region worked together.



Slump bites food sales

S/Times (Buss) 8/3/92

(30)

By CURT VON KEYSERLINGK

RETAIL sales of food, measured in real terms, dropped 15% last November, according to Central Statistical Service.

Econometrix director Azar Jammine says: "The decline is mind-boggling. It shows how hard the recession is biting. Until November food sales held up well. Sales of durables and semi-durables were falling."

Dr Jammine says reasons for the fall are probably food-price inflation of more than 20% in recent months and the decline in buying power caused by below-inflation wage and salary increases.

Rising volumes of food sold by the informal sector could be another reason for official figures indicating a fall.

The figures do not necessarily mean that people are eating less. It is more likely that they are eating less and switching from expensive to cheaper food.

He finds it puzzling that although real food sales are declining, volume of food production is relatively steady (see graph).

Pick 'n Pay senior buyer Richard Cohen confirms that food sales have fallen and that they are still down.

But Pick 'n Pay has increased its share of the market.

He says the reason why production has not declined with sales could be that manufacturers are exporting more. In spite of low retail sales, manufacturers are frequently out of stock of popular canned goods, confectionery and toiletries.

EDITED BY FRED ROFFEY

SBDC steps in to help small businesses manage workforce

S/Times CCM 8/3/92

(30)

SMALL businesses can produce the right product at the right time and work hard at marketing it — but many have failed because they lack the vital skill of managing a labour force or dealing with trade unions.

This has led the Small Business Development Corporation (SBDC) in the Western Cape to present an in-depth course on "Labour relations for the small business" for entrepreneurs in need of basic labour relations training.

It will be held in the SBDC Small Business Centre at 60 Sir Lowry Road in Cape Town, every Tuesday and Thursday evening for five weeks, starting on March 17.

"A tremendous need for training in labour relations among small businesses has prompted us to present this course," said Adv Johan Naudé, senior manager at SBDC Western Cape.

"The successful running of a business and the ability to manage a work force are closely related to knowledge and skills in dealing with aspects such as grievances, dismissals and trade union negotiations.

"The course is suitable for smaller businesses employing five persons, or medium sized enterprises employing up to 100."

He warned that the SBDC had encountered many examples of small businesses that had failed to make the grade merely because they had neglected to give sufficient attention to accepted labour practice, or the legal framework within which they had to operate as employers.

SBDC case studies indicate that the ability to manage a labour force effectively is a pre-requisite for a successful business. The studies show:

- A dismissal done incorrectly can paralyse a business when trade union action follows.
- A businessman insufficiently acquainted with the requirements of an Industrial Council agreement can find himself at the wrong end of a claim for wages and contributions due.
- A clear contract of employment may in many instances prevent misunderstandings between employer and employee.
- Cultivating a constructive relationship with employees and ensuring open channels of communication can only benefit a business.

The SBDC course will be conducted by experienced, professional teachers working in the field of small business development.

It aims to give delegates knowledge, skills and guidelines in: discipline, dismissal and termination procedures; addressing employee problems; what to do and what not to do in strike situations; and preparing confidently for industrial relations negotiations.

The course is also designed to give an understanding of the concepts of fairness and relationship building, the inherent nature of conflict, why employees join trade unions, what role trade unions play, and the benfits of constructive agreement and collective bargaining.

It will include group discussions, case studies, role playing and video material based on actual incidents to supplement the course content.

Delegates who pass the examination at the end of the 10-session course get a certificate. The course fee of R600 includes a full training manual with notes. Payment terms are available.

Further details are available on ☎ (021) 462 1910.

Business confidence in abeyance

30

CT 10/3/92

By AUDREY D'ANGELO
Business Editor

THE SA Chamber of Business (Sacob) confidence index for February was unchanged at 87,4% for the third month running, reflecting continued uncertainty.

Sacob economist Ben van Rensburg says that — in addition to worrying about the outcome of the referendum — business people fear that the drought will cancel out the effect of any rise in exports and that tax relief needed to stimulate the economy may not be given in the Budget.

"March will be an important month in setting the parameters that will frame the business mood for the remainder of 1992, since both the referendum result and the Budget will have a significant impact on the environment in which business has to operate.

"A significant majority in favour of the continuation of the reform process would help to reduce the level of uncertainty experienced by business at the moment, while the Budget also has the potential to raise spirits among the business sector."

Van Rensburg stresses that "tax relief is essential to underpin the chances of an eventual economic recovery."

Sacob has asked the Government to press on with tax reform in spite of the state of its finances, and pressure to spend more on social services.

"At the very least nothing should be done in the forthcoming Budget that serves to further retard the international competitiveness of the business sector in SA or to prolong the recession."

Van Rensburg says that "in this regard the State President's speech at the opening of Parliament which recommitted the Government to further tax reform in the 1992/93 Budget offers some hope for some limited respite from the high tax burden.

"Such relief in the current time will be welcomed and will have a significant, positive impact on business sentiment and a direct impact on the level of economic activity.

"Sacob continues to believe that, despite the pressure on the fiscus and concerns over the size of the deficit before borrowing, there is still scope for reductions in the tax burden."

Discussing the referendum, Van Rensburg says it is "essential that SA participate in the global economy as fully as possible.

"For this reason, the country cannot afford once again to be isolated from the world economy and its capital resources.

"To achieve the rates of growth necessary to address this country's problems will require confidence amongst the business community and the minimum of uncertainty. It is therefore important that the referendum result serves to raise, rather than lower, the level of business confidence."

Wheeling into better earnings

Key city meet on cross border projects

(36) CT 10/3/92

BUSINESS opportunities for cross border development projects in Africa will be the subject of a major Cape conference organised by the Western Cape branch of the Project Management Institute (PMI).

It will be held at the University of Stellenbosch Business School in Bellville on March 12.

"The political, economic and social climates evolving in sub-Saharan Africa make this conference particularly relevant for businessmen and project managers," says Wayne Furphy of Andersen Consulting, the president of PMI Western Cape.

Participation

Under discussion will be two types of projects; the first type a project built in a foreign country solely for the benefit of that company's owners and/or the foreign country, but in which South Africans participate.

The second type would be a project where two or three countries are involved.

The keynote address "The viability of cross border projects" will be given by Theo van Robbroeck who has been heavily involved in the management of a variety of cross border projects, including the highly successful Lesotho Highlands Water scheme.

Airt Slingerland, president of business development consultancy in Switzerland, ASA of Montreux, will speak on the marketing of capital development projects in Africa.

Other speakers have many years of experience trading in Africa, both in the private and public sectors.

For more information please contact Wayne Furphy at 41 9992.

Retail sector's top players begin to feel the recession

B|Day 10/3/92 (30)

MARCIA KLEIN

SHARES in the depressed retail sector have fallen substantially in recent months, with the sector's major players finally showing signs of succumbing to the recession.

After a dramatic drop over past weeks, the retail index closed yesterday at 3 823 points, after registering 4 358 points near end-January.

The index shows a significant rerating since it recorded 4 664 points in September last year.

Analysts attributed the fall partly to a rerating of the sector, and partly to recent poor performances from retailers who had previously been holding up well in the face of the recession.

Since June last year, the Wooltru share has dropped from R84,25 to close yesterday at R60,50, just off its yearly low of R60. Pick 'n Pay has softened from R30,50 in September last year to close at R21 after touching a low of R20 late last month.

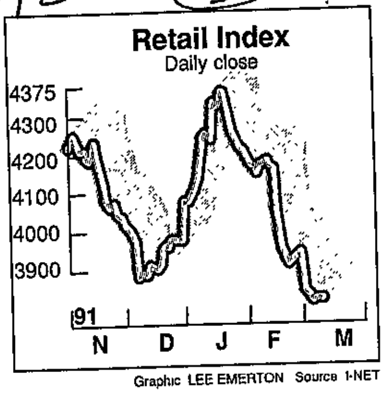
Edgars closed yesterday at R50 after touching R63 in September. Its closing price was still higher than its yearly low of R48 recorded at this time last year.

An analyst said the softening of retail shares was in part attributable to the ratings being extremely high, "and possibly unrealistic", with the retail sector trading at a p:e of about 20 times at the end of last year. But with a high rating, shareholders should expect consistent growth to come through, and this would not happen for most of this year.

Analysts said consumer spending had held up well during most of last year, and the retail sector lagged behind the rest of the economy, which was deteriorating at a rapid rate. With this came an overreaction by the investing community.

But highly competitive trading conditions brought about by a dramatic reduction in consumer spending have started to take their toll on major blue chip retail groups.

The recently reported results from one of the sector's star performers, Wooltru, which showed a 28% earnings decline in the six months to end-December, indicated the extent of the fall in consumer spending.



Graphic LEE EMERTON Source I-NET

An analyst said the market was expecting flat growth from Wooltru, but its reduced earnings had shown the extent of reduced disposable income. In this light, blue chips Pick 'n Pay and Edgars would do well to maintain earnings growth when they next reported.

Foschini recently announced that it had maintained its dividend, suggesting that earnings growth would not be buoyant, an analyst said.

Analysts said cash-based companies would fare worse than those which relied on credit, but in general the retail sector's short-term prospects were clouded by weak consumer spending and uncertainty over when the upturn would come.

But longer-term prospects remain good, and this could save the sector from any further downward trend.

Although retail shares were still possibly overpriced, an analyst said the drop in share prices might have bottomed out because of expectations of a recovery in the second half of the current year.

Although there was some doubt as to how the SA economy would recover, investors might hold on to the perception that this would be another consumer-led recovery, he said.

While retail companies may still be expensive, investors may have nowhere else to put their money. They would not want to invest in the depressed construction, engineering or heavy industrial stocks, and could hold on to retail, giving the companies the benefit of the doubt.

Eskom fund buys Natal centre

(30) PETER GALLI (350)

THE Eskom Pension Fund has bought the Pavilion shopping centre in Westville, Durban, for R340m from developers Murray & Roberts Properties (Natal) and Retail International, the companies announced yesterday.

There was competing interest for the development from other financial institutions, M &R Properties (Natal) MD Chris Lawrence said.

The centre hit the headlines when Johannesburg-based developers Matrix Projects sought a court application to compel the Westville town council to reverse the sale of the land to Murray & Roberts Properties.

It also called for Westville to re-institute the tendering procedure. This followed the simultaneous announcement by Westville and the Durban City Council that they were going ahead with plans for their own regional shopping centres, despite sufficient demand for only one.

"This matter went to the Supreme Court but was dismissed with costs. Other similar applications were also dropped with costs once the Durban City Council decided not to proceed with its regional shopping complex at Sherwood," Lawrence said.

The 75 000m² centre, under construction at the N3 Westville interchange, will offer about 200 shops, eight Nu-Metro cinemas and restaurants and fast food outlets.

The Pavilion, which comes on-line in October 1993, is about 50% let. Woolworths and Edgars have committed themselves to flagship stores of more than 8 000m² each. OK will launch a 15 000m² Hyperama, while Pick 'n Pay will take a 5 500m² supermarket and Game a 4 000m² store.

Eskom Pension Fund property development adviser Jan Mostert said: "The Pavilion will strengthen the fund's geographically diversified portfolio of shopping centres."

B/Day 10/3/92

NEWS IN BRIEF

Checkers warning

30

8/10 Feb 10/3/92

IN AN internal memorandum last week Checkers MD Whitey Basson called on all Checkers managements to spell out that "mass branch closures or even liquidation could become an option" if rigid trade union standpoints jeopardised management efforts to turn the company around.

Saccawu general secretary Papi Kganare said Checkers must negotiate "with an open mind". Pepkor had taken over Checkers and was now trying to impose the Pepkor tradition of "making profits on the basis of paying peanuts".

The Star Wednesday March 11 1992

Bid to seal off Marlboro after foreman's murder

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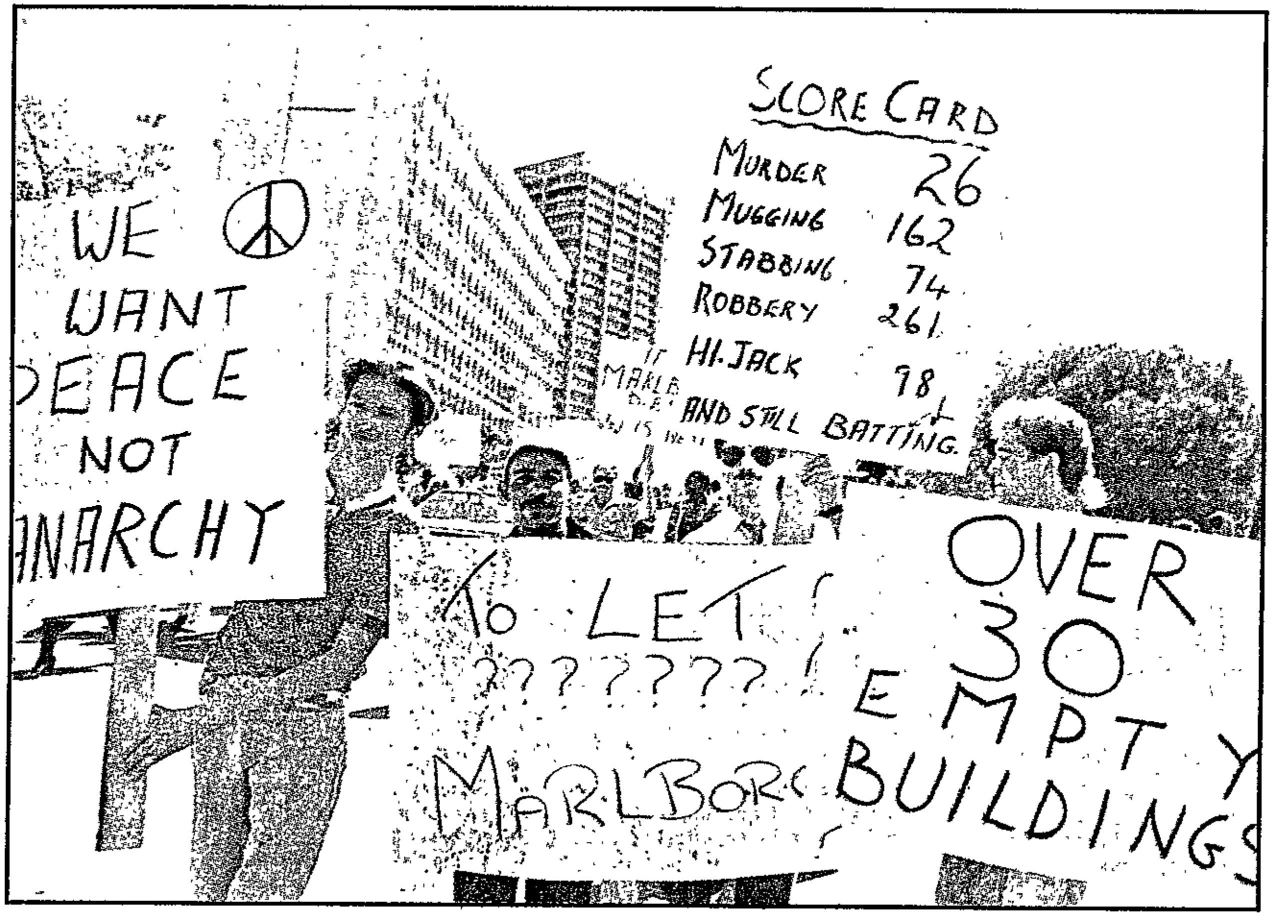


Fed up . . . businessmen want a wall to seal off Marlboro from Alexandra. Picture: Alf Kumalo

By Bronwyn Wilkinson
Crime Staff STAR 11/3/92

A business foreman in crime-ridden Marlboro, in Sandton, was shot in the head at point-blank range yesterday — only hours before businessmen petitioned the Sandton town council for permission to seal Marlboro off from neighbouring Alexandra township.

Roger Samson (45), of Eldorado Park, died on the way to hospital.

A few hours later, protesting businessmen threatened to hold the Sandton town council responsible for every death in Marlboro if they were not allowed to build a wall around the industrial township in a desperate bid to stop the violent crime that held them "under siege".

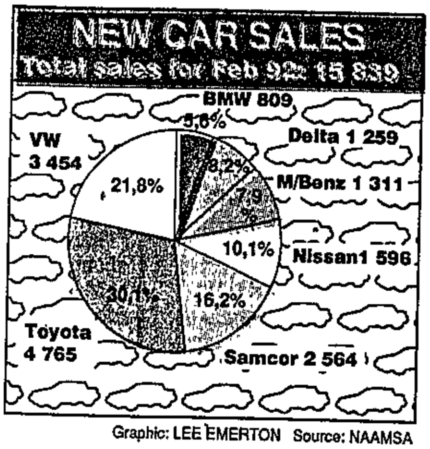
James Binda, who worked with Mr Samson at Springbok Scaffolding in Second Street, said Mr Samson was inside the gates of the premises when three men approached him at about 8.15 am. Speaking Zulu, they asked him for work.

When he did not understand the language, they put a gun to his head and pulled the trigger, then took Mr Samson's gun and calmly walked out of the gate towards Alexandra.

At the Sandton Civic Centre, about 200 placard-waving people presented a petition to the town council demanding permission to build a wall around Marlboro industrial township.

"If the council does not help us, we will have to barricade ourselves in and we will hold the town council responsible for every death in Marlboro," said Marlboro management committee chairman Basil Broomberg.

Earlier this year, businessmen built barricades along First Avenue, but these were taken down by the town council. They then demanded that the area be declared an industrial park and walled off from the township. "Those barricades stopped 70 percent of the crime, and they were taken down," said one angry businessman.



Graphic: LEE EMERTON Source: NAAMSA

New vehicle sales skid downwards

(30)

EDWARD WEST

NEW vehicle sales dropped again in February and the trend was not likely to be bucked until at least mid-1992, the National Association of Automobile Manufacturers of SA (Naamsa) said yesterday.

Even though new vehicle sales improved by 10% on sales in January 1992, the total market was 8,1% lower than in February last year, said Nissan Marketing MD Stephanus Loubser. About 4% of total sales in February was made up of car rental company purchases, he said.

New car sales fell 9% from 17 416 units in February 1991 to 15 839 units last month. Light commercial vehicle sales fell 6,2% to 8 051 units, medium commercial vehicle sales fell 13,5% to 353 units while heavy commercial vehicles sales fell from 450 to 444 units when compared with the same month last year. B/Day 11/3/92

In January and February, car, light commercial and medium and heavy commercial vehicle sales were respectively 5,8%, 8,6%, 11,9% and 6,9% lower than in the first two months of 1991.

Naamsa said low business and consumer confidence, aggravated by the drought, continued stringent monetary policy and subdued investment trends would continue to have an adverse effect on the economy.

Naamsa expected trading in all seg-

☐ To Page 2

Vehicles

B/Day 11/3/92

(30)

☐ From Page 1

ments of the motor industry would remain difficult in the months ahead and unit sales comparisons would probably remain negative in the first half of 1992.

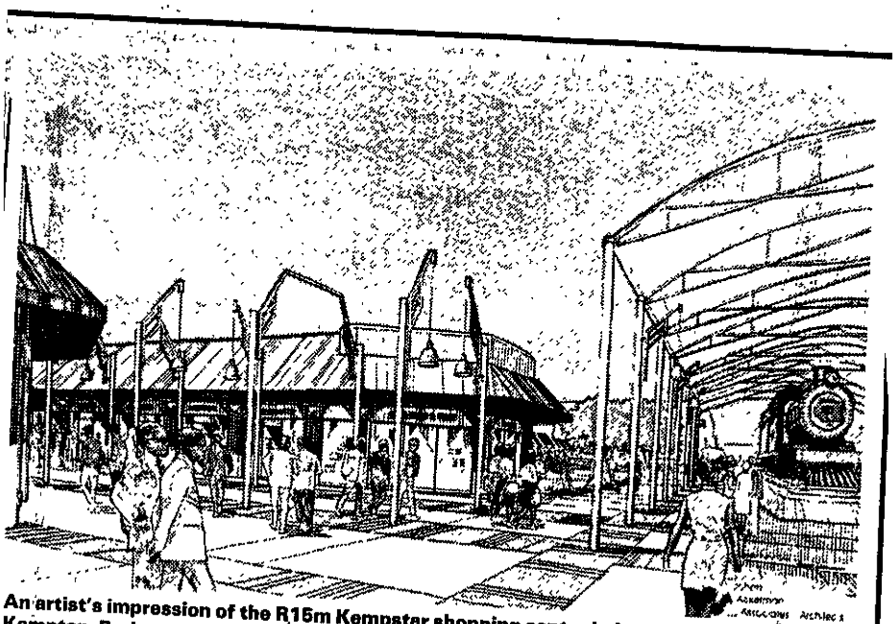
Referring to the referendum, Naamsa said the industry was vulnerable to renewed isolation and trade restrictions. It thus supported the continuation of the negotiation process, which it believed would promote confidence and stimulate investment and economic growth.

Toyota SA increased its domination of the car market and sold 4 765 units or 30,1% of total sales compared with 4 062 (27,5%) in January. Toyota's Corolla took top position with sales of 3 859 units alone accounting for 24,4% of the total car market. Volkswagen sold the second largest number of cars, but its market share dropped slightly from 3 317 (22,4%) units to 3 454 (21,8%) over the month.

Toyota SA also sold the most light commercial vehicles (2 719 units), followed closely by Nissan (2 008). Toyota SA sold 138 units in the medium commercial vehicle market followed by Delta which sold 105 units. Mercedes-Benz SA maintained its substantial lead in the heavy commercial vehicle market (196 units) followed by Toyota (90).

B/Day 11/3/92

Report by E West, TML, 11 Diagonal St, Jhb.



An artist's impression of the R15m Kempstar shopping centre being developed next to the Kempton Park station. Construction of the project has begun and is scheduled to be completed by December 1.

Concor builds R15m retail centre

CONCOR Property Developments has embarked on a R15m retail project next to the Kempton Park station. It will be known as Kempstar, says MD Ian Clark.

The centre will offer 5 200m² of lettable space and is situated on a 12 586m² site.

Concor has been awarded a lease by the SA Rail Commuter Corporation on the property for 45 years with an option to renew for a further 40 years.

"As Concor Property Developments tends to be a short-term investor, we would like to sell the development on. We are talking to a number of institutions at yields varying from nine to 11%, depending on certain operating conditions and guarantees," he says.

Concor had decided that the future of retailing lay with black consumers and had identified this development as offering a good location.

Between 50 000 and 100 000 commuters pass directly through the station daily.

In addition, there is a taxi rank on one side of the development and an open municipal parking area for about 200 vehicles on the other.

"The centre is aimed exclusively at the commuter, both black and white. About 10 to 15% of the present commuters are white, and we are positive they will use the centre," Clark says.

The project is expected to be complete by December 1, but the first block accommodating the South African Transport Services should be ready for shopfitting by September.

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The SA Police has also taken space in the centre, and will be "on hand if necessary", he says.

About 50% of the space has already been let. Leases are committed for another 40%, and negotiations are under way for the remaining 10%. Tenants include Diskom, Standard Bank and Captain Dorego.

Rentals levels for smaller tenants are above R30/m², with some space allocated for the informal sector. B/Day

Extensive

6/3/92

"We are looking for a tenant to take this space and then sublet it. We have held extensive discussions with the local community, through the civic association, on the development," Clark says.

The development is in line with the Concor group policy of moving away from its reliance on construction and into property development, where a package is sold on to financial institutions.

Concor is considering other similar schemes.

Western Cape development

BDay 11/3/92

THE AECI Pension Fund and RMS Syfrets believe the development of a R150m shopping centre at the intersection of the N2 and the main road linking The Strand, Somerset West and Stellenbosch will be successful.

However, property industry spokesmen have expressed concern at the large number of retail developments coming on line, though they acknowledge the opportunities in niche markets.

The pension fund announced recently it would develop the centre. RMS Syfrets will act as development managers and leasing co-ordinators for the first phase of 36 000m² lettable space.

The centre will be anchored by a major food chain and two fashion stores, and will offer a 1 000-seat cinema complex and 90 shops, with trading expected to begin in September 1993.

AECI Pension Fund recently bought the site from AECI in a deal that includes an option to buy more land for expansion. Development rights were approved by the Western Cape Regional Services Council in December.

"The centre will be successful as it will be designed with the tenants' needs in mind, and the catchment area includes The Strand, Somerset West, Stellenbosch, Gordon's Bay and the coastal region as far as Hermanus," said RMS Syfrets MD Patrick Flanagan.

Environmental impact studies had been undertaken by Parker and Associates.

Durban growth 'needs plan'

(30)

GERALD REILLY

PRETORIA — Greater Durban is second only to Mexico City as the fastest growing urban area in the world, a study by Human Sciences Research Council researcher Anthony Minnaar has found.

Minnar said the rapid urbanisation resulted from the influx of squatters to informal settlements surrounding Durban. B/Day 12/3/92

The area's population was about 3-million and could reach 6-million by the year 2000.

He said the area was in urgent need of a comprehensive and co-ordinated development plan.

Among others recommendations, he called for the creation of a single local authority for the area and permanance given to squatter settlements.

Car sales fail to meet expectations

BDay 13/3/92 (30)

EDWARD WEST

VEHICLE manufacturers initially forecast an increase in commercial vehicle sales this year, but so far these reflect a continuation of last year's sales, described by one company as "the worst in recent history".

Statistics released by the National Association of Automobile Manufacturers of SA (Naamsa) this week revealed that light commercial vehicle (LCV) sales in January and February fell 8,7% to 15 120 (16 552) compared with the same two months in 1991.

Medium and heavy commercial vehicle (MCV & HCV) sales fell 11,8% to 601 (682) units and 6,9% to 820 (881) units respectively over the same period.

Nissan SA public affairs spokesman Nico Brits said yesterday sales in the first two months were unexpectedly bad and Nissan had consequently revised commercial vehicle sales projections for 1992.

Nissan marketing MD Stephanus Loubser forecast in a statement that 92 000 LCVs, 3 650 MCVs and 5 400 HCVs would be sold in 1992.

Nissan's forecast is 8,4% less than the total number of 110 339 commercial vehicles sold in 1991.

Naamsa said yesterday the statistics were not surprising considering the industry had experienced eight years of recession in the past decade.

Toyota trucks division director Des Gush said the lack of confidence in the economy linked to recessionary and adverse sociopolitical trends had resulted in lower than expected truck sales in 1991.

Sales would improve slowly and gather momentum after the second quarter, he predicted.

Toyota forecast a 7% improvement in MCV sales to 4 600.

Mercedes-Benz SA board member Adolf Moosbauer forecast that vehicles over a 5-ton gross vehicle mass would show a 8% to 10% increase in 1992.

Essential guide to economy

S Times (CM)
15/3/92.

ESSENTIAL reading for all business people in the Western Cape is the new Wesgro publication titled South Africa's leading edge? — A guide to the Western Cape economy.

It takes an in-depth look at the regional economy and its strategic role in the future of the country.

The 132-page book draws on the knowledge of more than 300 regional experts and leaders to present an invaluable guide to the current structure and future growth areas of the region.

It covers key issues such as: physical resources, current population structure, regional economy in national perspective, with important sectors in more detail, housing and social services, physical infrastructure, local government and politics, growth prospects and challenges in the 1990s.

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The book is well illustrated with graphs, diagrams, maps and tabulation of vital data.

The publication is a byproduct of the Growing the Cape project, launched in November to identify a range of strategies to accelerate the development of the regional economy.

In the first phase of the project, information relating to the Cape economy was gathered to create a baseline of understanding, and this guide is based on the work done then and since updated.

The second phase — now under way with a workshop on April 1 — aims to assess ideal players, individually and in concert, to capitalise on these trends and opportunities.

The book is published in A5 soft cover and will be available at all leading booksellers from March 24. Price and other details from David Bridgman of Wesgro on ☎ (021) 45 3201.

Business told of serious implications of 'no' vote

S Times [CM] 15/3/92 (30)

THE Cape Town-based Life Office Association (LOA) and the Cape Town Chamber of Commerce are among prominent local organisations warning that a "No" vote in Tuesday's referendum could have serious repercussions on investment and the inflow of foreign funds.

The LOA warns that the link between investment and insurance policies could be affected.

It says in a statement: "A No vote outcome could have such a seriously negative impact on the investment markets, which influence the underlying values of policies, that the benefits arising from these policies or pension funds could be significantly impaired."

Another warning on investment comes from the South African Chamber of Business (SACOB), which says that as a major employer organisation representing 102 chambers of commerce and industry and 70 national associations it does not get involved in party politics.

However, it points out that because of the decisive role of investment — both foreign and local — in a return to a substantial growth path, South Africa cannot afford to be isolated again from the world economy and its capital resources.

It says this was confirmed by a recent International Monetary Fund report on South Africa which concluded that "if economic growth were to be raised to about 3,5% a year — or to the minimum rate that would be required to reduce the level of unemployment given the rapid prospective growth of the labour force — the investment-to-GDP ratio would have to rise to about 27% from its present level of 19%".

SACOB says that to achieve these economic results requires a high level of confidence both in South Africa and abroad — coupled with a minimum of uncertainty.

The referendum will play a major role when companies assess the political risk of doing business in South Africa, and the result should strengthen and not weaken business confidence so as to enhance investment, job creation and the addressing of urgent social needs.

SACOB adds that the referendum outcome could also have important implications for Southern Africa as a region, as it would have to be attractive to overseas business people in a highly competitive world.

The Cape Town Chamber of Commerce president, Kenneth Marcus, calls on the Cape Town business community to support a "Yes" vote in the referendum.

In a statement following the chamber's executive council meeting, he says the chamber supports SACOB's view that the referendum should strengthen and not weaken business confidence.

"This chamber has consistently advocated the abolition of apartheid and the involvement of all representative leaders in negotiations for a new constitutional dispensation in South Africa.

"The business community cannot afford to stand on the sidelines but, in its own self-interest, has to facilitate the promotion of peaceful political reform in the country.

"SACOB and others have warned that South Africa cannot afford to be isolated from the world economy, its capital resources and its markets.

"South Africa will have to compete strongly for its share of international capital, and the decision in the referendum will play a major role when companies assess the political risk of doing business in South Africa."

Mr Marcus says it is "vitally important" for every qualified voter to register his or her vote in the referendum.

He appeals to all business concerns to make it as easy as possible for staff members to vote on Tuesday.

Trend towards decentralising

THE Johannesburg CBD is still the most concentrated area a square kilometre for top industrial companies' head offices, but relocation over the past few years shows that the area of investment growth is between Braamfontein and Midrand.

"For every top industrial company with headquarters in the Johannesburg CBD, there are now two positioned between Braamfontein and Midrand," says Property Economist's Neville Berkowitz. 30

While the decentralisation trend of head offices has often been disputed, the facts are that 63% of these are found in the decentralised zone between Braamfontein and Midrand compared with 37% in the Johannesburg CBD, he says.

"Within this area, 86 of the top 300 industrial companies have their headquarters primarily feeding off the spine development of the M1 motorway from Johannesburg to Pretoria."

The implications of this shift in demand were fundamental to strategic planning about where to develop new buildings.

"Head office locations chosen by top companies are often a strong indicator of the potential target market for prospective tenants, giving an idea of the goods and services infrastructure needed."

Furniture traders gloomy

B Day 16/3/92 (30)

MARCIA KLEIN

THE Furniture Traders' Association has warned of bleak short-term prospects for the furniture industry.

Impoverished customers and an overtraded market have seen furniture traders reel during the extended recession, and association president Terry Simon said at the AGM last week that short-term prospects for the furniture industry were "not encouraging".

His remarks follow a lacklustre 1991 in which overall sales of furniture, appliances, TV and audio equipment grew by only 6,6% at current prices. This compares with a 25,8% rise in 1990 over 1989.

Simon said the past year was "one of the toughest that most businessmen have experienced in their careers. Retailers, especially in the durables sector, have seen growth rates go negative in real terms as customers curtail spending".

Simon said that, as in the rest of the world, the retail market in SA was overtraded. This meant furniture retailers "will all be fighting for a bigger share of a shrinking market". If companies were to grow in this sector, they would have to take business away from each other or "persuade the consumer to channel more of his reduced disposable income away from other retailers to the furniture trade".

A furniture retailer said on Friday that the overtraded industry would need further rationalisation and consolidation, with some players possibly falling away.

Simon said although the short-term future was not good, the long-term outlook was more promising, conditional on a "yes" vote in the referendum.

"We need renewed investment of local and overseas capital in manufacturing, and the opening up of new markets", he said.

"The appalling effects on the economy and social order of a return to the dark pre-reform days and the resulting international isolation would be devastating," said Simon.

But he said there would be a demand for homes in the future and, if the referendum result was positive, the furniture sector would experience long-term growth ahead of the general economy.

A retailer said an interim government would have to address mass housing, and there would be a dramatic increase in demand for furniture and appliances.

"The real criteria for future growth are to remain profitable" during the recession, he said, and if a company managed to remain profitable in the current year, this would show that it was well managed and resilient, and would perform well over the next few years.

Ellerines takes it on the chin

(30)

STAR 19/3/92

In line with most consumer organisations, Ellerines' profits declined in the six months to December.

The group says the reduction in sales is attributable to the decline in consumer demand, the current economic climate, political uncertainty and industrial action in the second half of last year.

Attributable earnings were R18,3 million, compared with the previous R26,9 million, while earnings per share fell from 375c to 225c.

The interim dividend has been cut by 32 percent to 85c (125c).

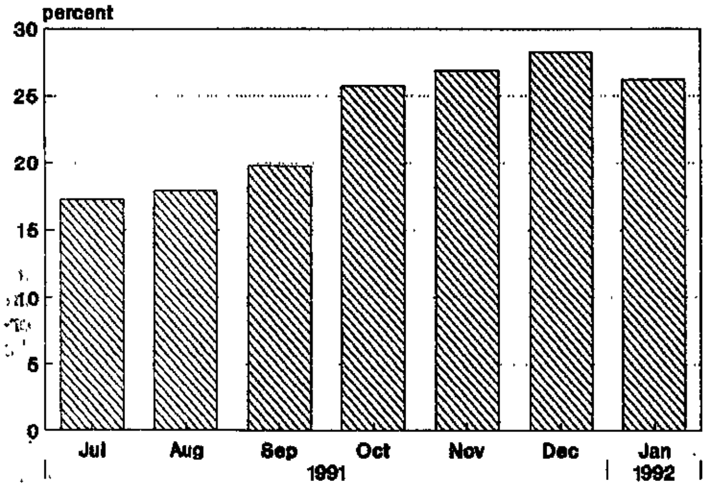
The group says difficult trading conditions caused by the lack of economic growth are expected to continue over the remainder of the financial year.

But the directors say that results for the second half of the year should show a slight improvement. — Sapa.

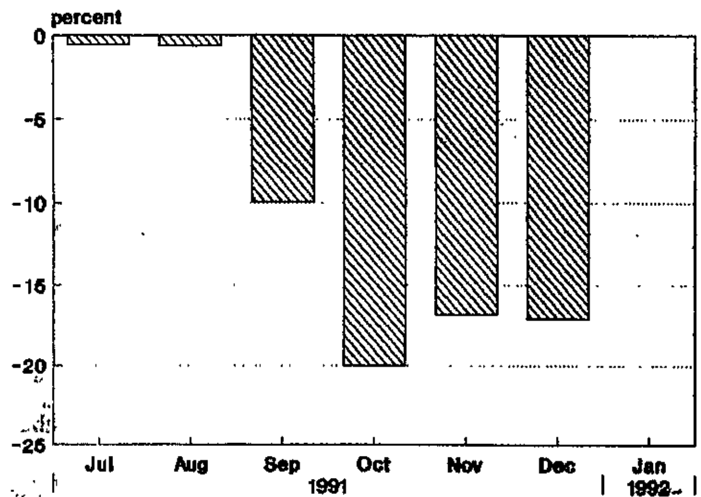
Food sales collapse as consumers cut spending

STAR 17/3/92

(30)



Food prices have rocketed this year as reflected in this graph showing the percentage increases, year on year.



Consumer resistance to price increases is shown here with sales volumes dropping sharply since September.

By Derek Tommey

Sales of food apparently collapsed in the second half of last year.

Figures compiled from government statistics by Econometrix, which analyses economic developments, show that sales of food in real terms held up reasonably well in July and August.

They then started to decline and by December were down more than 17 percent on the year-ago figure. (See graphs)

The drop in sales of non-edible groceries was even sharper. Sales of these were down 17,9 percent in July, compared with a year earlier, and by December the year-on-year decline was more than 34 percent.

In sharp contrast, sales of clothing, furniture, audio equipment and TV sets held up well, though sales of small appliances declined.

Econometrix attributes part of the decline in sales of food and non-edible groceries to the increase in the prices of these commodities last year.

While food prices in July were running 17,3 percent higher than the previous year, by December prices were 28,3 percent higher than a year earlier.

In January this year, the year-on-year rate of increase in food prices had dropped to 26,2 percent.

The increase in prices of non-edible groceries was even greater. In July these were running 30 percent up on the previous year, but by January this year the year-on-year rate of increase had dropped to 23,8 percent.

However, Econometrix has some doubts about the figures for the decline in food sales.

It says anecdotal evidence from clients suggests that sales of food did not collapse to the extent indicated by the graphs.

It has taken up the issue with Central Statistical Services, which compiled the figures and which has promised to investigate the matter.

Econometrix says that one possible explanation could be the sharp increase in meat prices last year.

As meat accounts for close on a third of the value of food sales, a dramatic fall in meat sales could have masked a reasonable performance by other food sales.

If this is indeed the case, one has to question the validity of current monetary policy, says Econometrix.

Reserve Bank policy is to keep short-term interest rates two to three percent above the rate of increase in the Consumer Price Index (CPI).

But Econometrix asks if this policy is valid when it seems that at least part of the increase in the CPI is the result of distortions in the meat industry.

The linkage of the CPI and monetary policy by the Reserve Bankis is also beginning to be criticised by other economists.

They argue that apart from whether the CPI figures have been distorted by high meat prices, the fact remains that demographic developments are putting considerable pressure on food production.

The population is growing by about 2,5 percent a year, the number of teenagers and adults is steadily increasing and, with more blacks beginning to earn more money, the demand for food is probably rising by about five percent a year.

In view of the low level of new investment in food production and the need to bring more marginal land into production, fairly significant food price increases must be expected, whatever the inflation rate.

It is argued that it would make more sense if the food component of the CPI were ignored when the Reserve Bank determines monetary policy.

This would reduce the inflation rate on which monetary policy is based to 13,7 percent on a year-on-year basis and give the Reserve Bank scope for at least a modest increase in money supply, leading to a similar reduction in interest rates.

JD group holds dividend in 'appalling conditions'

STAR 18/3/92 (30)

Citing appalling trading conditions, furniture retailer JD Group yesterday reported earnings down 37 percent in the year to December.

But the group, which comprises the Joshua Doore, Bradlows, Price 'n Pride and Score chains, has held the dividend.

It has done so because of major improvements to the group balance sheet and its confidence in the longer-term future.

A final dividend of 15c has been declared, making 22c for the year, out of earnings of 90,9c (143,2c) a share.

Turnover of R542,3 million is not comparable with that of last year because the group sold its debtors' book, without recourse, to six banks in July last year.

Operating income declined by 45 percent to R45,7 million.

Interest costs declined 30 percent to R15,2 million, leaving pre-tax profit down 51 percent to R30,4 million.

There was no tax charge as the operating income consists mainly of preference dividends.

Income attributable to shareholders was down 37 percent to R32,4 million.

Chairman David Sussman says: "Remaining profitable in this difficult environment is evidence of our great resilience."

The directors say they regret reporting an earnings fall from last year's record.

"The results achieved were admirable, given the appalling political and economic circumstances," they say.

They expect 1992 to be another difficult year, but that earnings should at least be maintained.

Trade debtors declined to R21 million (R422 million), long-term borrowings fell to zero from R115 million, while cash rose from R80 000 to R59 million.

Finance costs fell 30 percent to R6,6 million and the group expects to pay minimal interest this year.

Since the year-end, JD Group has embarked on a strong marketing drive. Without sacrificing its value image, exclusive promotions are being used to improve margins.

In January and February sales were R82,8 million at a gross profit percentage of 34,8 percent.

Compared with the same period last year, turnover rose only six percent, but gross profit rose 22,1 percent.

Several new stores will be opening this year and Mr Sussman is confident that turnover will increase 13 percent, which should lift gross profits by 25,5 percent.— Sapa.

JD Group takes a hammering

BDay 18/3/92 (30)

MARCIA KLEIN

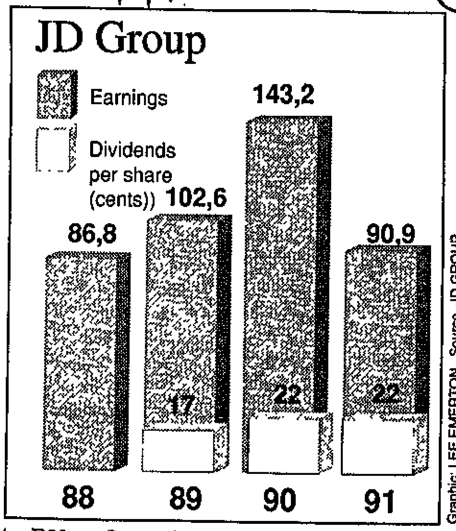
AFTER reporting record earnings in financial 1990, furniture retailer J D Group's earnings a share fell 37% from 143,2c to 90,9c in the year to end-December on the back of "appalling trading conditions".

Chairman and MD David Sussman said results for the group, which included among its subsidiaries Joshua Doore, Bradlows, Price 'n Pride and Score, were disappointing but admirable "given the appalling political and economic environment in which we have to trade".

Despite the decline in earnings, J D Group has maintained its full-year dividend at 22c a share — after declaring a final dividend of 15c a share — on cover reduced from 6,5 times to 4,1 times. Sussman said the dividend was maintained through "major improvements to the group's balance sheet and the board's confidence in the group's long-term future".

Turnover of R542,3m could not be compared with the R645,7m reported in the previous year. JD Group sold its debtors book to J D Sales (a consortium of six banks) last July. Turnover since had consisted of cash sales and the cost of merchandise sold to J D Sales.

The sale saw trade debtors decline from R422m to R21m, long-term borrowings drop from R115m to nil and cash rise from R80 000



to R59m. Operating income dropped 45% to R45,7m (R83,6m), but interest costs were reduced 30% from R21,9m to R15,2m and were expected to be minimal during 1992.

The sale of the debtors' book changed the nature of the group's earnings, Sussman said.

There was no tax charge as operating income was derived mainly from dividends from a J D Sales preference share investment. A tax credit of R2,0m (tax paid of R10,6m) reflected a credit on overprovision in a prior year. Attributable income dropped 37% from R51,1m to R32,4m.

Sussman said Christmas 1991 had been disastrous for furniture retailers. Several furniture companies had reported larger earnings falls or losses running into millions.

Remaining profitable in the difficult economic environment was evidence "of our great resilience", he said.

He assured shareholders of the quality of the debtors' book, saying most of the group's earnings depended on the manner in which JD Sales was managed. "We have not reduced credit-granting standards for the sake of short-term profitability to the long-term detriment of the company," he said.

He expected 1992 to be another difficult year, but said earnings should "at least be maintained".

Since year-end the group had initiated a strong marketing drive. Exclusive promotions were being used successfully to improve margins. Sussman said that during January and February sales were R82,8m at a gross profit percentage of 34,8%. Turnover was only 6% up on that of the same period last year, but gross profit had grown 22,1%.

He expected turnover to increase 13% and gross profits to grow 25,5% during financial 1992. Several new stores would be opened.

Indecision on VAT 'burdens companies'

B/Day 31/3/92

(180) (320)

GILLIAN HAYNE

INDECISION by the Receiver of Revenue has placed another unnecessary financial burden on companies trying to comply with VAT legislation, tax experts say.

In a statement released yesterday, Deputy Finance Minister Theo Alant scrapped an amendment on the pricing method for VAT which was due to be implemented on April 1.

Reasons for the decision included saving small businesses the cost of changing their systems.

Ernst & Young tax partner Ian MacKenzie said it was not clear why this decision could not have been announced months ago.

Vendors who had changed their systems in anticipation of April 1 would be justifiably peeved at the dithering which had led to the unnecessary expense.

The Receiver's statement said companies would continue to have the option of using the inclusive or exclusive methods of showing VAT on their invoices.

Originally companies were given two choices for the format of tax invoices — the exclusive basis reflecting the exclusive price, the VAT and the total price, and the inclusive basis reflecting only the VAT inclusive price and a statement to the effect that 10% VAT had been included in the price.

However, worries and representation, notably from Vatwatch, that some companies would add their profit margins to the inclusive price in spite of being able to claim the VAT portion back from Revenue as an input tax credit, led to the amendment.

At that time Revenue also said the choice was creating difficulties as vendors were demanding different formats from suppliers, thus adding to the administrative burden inherent in VAT.

The amendment, gazetted on November 9 1991, took away the choice and said all tax invoices issued after April 1 1992 would be required to show the tax exclusive price, the tax and the total amount payable.

Alant said in the statement released at the weekend that the amendment would be scrapped because of pressure from small businesses which had changed their cash registers and invoices to cater for the inclusive system.

To adapt to the amendment would incur further expensive changes.

Circumstances had also changed since the introduction of VAT and Revenue was confident that vendors and suppliers had gained enough experience in the pricing of goods to make the original worry unfounded.

Tax experts said the whole issue was "much ado about nothing" but to wait until few days before the amendment was to take effect was inexcusable.

Most companies would already have made the adjustments.

MacKenzie said the same was bound to happen with the exemption on foodstuffs which were due to be lifted on April 1.

Single Tradegro listing for Shoprite, Checkers

30

B/Day 18/3/92

LINDA ENSOR

CAPE TOWN — Pepkor is to restructure and merge its food interests by delisting Shoprite and incorporating Shoprite together with Checkers under Tradegro, Business Day learnt yesterday.

The listing of Tradehold would be maintained.

On Monday the group issued a cautionary announcement saying negotiations were in progress which, if successfully concluded, would affect the price of the shares of Pepkor, Tradehold, Tradegro and Shoprite.

Pepkor chairman Christo Wiese confirmed that Pepkor wanted to merge its food interests, namely Shoprite and Checkers, into a single listing.

An inside source said only one of the group's listings would disappear in the restructuring as it wished to retain a pyramid structure. He said pyramids were rare these days and not easy to establish.

The major advantage of a pyramid would be that it would enable the majority shareholders in Pepkor to retain control of the subsidiary companies.

The source said an announcement on the restructuring would be made within the next two weeks and that a standby offer would be made to minority shareholders of Shoprite.

The rationalisation would also involve the sale by Pepkor Property Holdings of all its property interests, a reliable source said yesterday.

Pepkor purchased 50% of Tradehold late last year, thereby acquiring 54,79% of Tradegro which holds 100% of Checkers. Pepkor holds 80% of Shoprite.

An analyst with a stockbroking firm said that it was logical that the consolidation of a single listing for Shoprite and Checkers should follow the amalgamation of their management structures. He was optimistic about the future of Pepkor's supermarket business saying that indications from management were that the amalgamation was proceeding smoothly.

The analyst said his firm favoured Pepkor as an entry into the retail sector.

The enlarged Pepkor group — including Checkers and Cashbuild — was on track to generate a turnover of nearly R8bn in the year to end-February, Wiese said recently. Of this about R5bn would come from Shoprite and Checkers, about R2bn from Pep Stores, Ackermans and Frasers and about R1bn from Smart Centre and the group's other interests.

SOWETAN BUSINESS

Focus on small enterprises

Sowetan 19/3/92

ESP 30

AN international conference focusing on the road ahead for small and medium enterprises in Africa will be held in Johannesburg from May 17 to 19.

To be hosted by the International Council of Small Business Southern Africa (ICSB-SA) in conjunction with the SBDC, it will be addressed by a number of international experts from Africa, Europe, the Orient and America.

Wealth creation

The theme of the conference - "Prosperity for Africa; The Small Business Way" - reflects the belief of the organisers that the development of the SME sector is the answer to the job and wealth creation needs of Africa as it has been in all successful economics around the world.

The conference will also contain workshop sessions such as training, advisory services, financing and research.

The president of the ICSB-SA, Dr Andre de la Harpe, said Africa was currently characterised by high unemployment, a shortage of skills, high population growth rates, a shortage of foreign capital and retarded rural development.

The SBDC's managing director, Dr Ben Vosloo, said the corporation was keen to establish interaction between the SME sectors in Africa and overseas countries.

"Africa has a lot to learn from the strategies for SME development being implemented in those countries. That sector in South Africa and in the rest of Africa does not yet enjoy the same status as it does abroad," he said.

The SME had proved itself to be the biggest and most cost-effective job and wealth creators.

To set a high standard for papers ICSB-SA has decided to allocate an award of excellence for the best paper at the conference, while the SBDC is sponsoring the overseas experts.

The conference is limited to 250 delegates. Bookings can be made through ICSB General Secretary, Mr JA van Rensburg, c/o The SBDC PO Box 7780, Johannesburg 2000.

Tyre manufacturers to lobby govt over imports

B|Day 19|3|92

EDWARD WEST

THE Tyre Manufacturers' Conference (TMC) plans to lobby government in coming months to allow the R1,6bn-a-year tyre industry to import raw materials instead of sourcing locally, said TMC chairman Gert Fischer.

This follows an application earlier this year by the TMC — representing the country's four tyre manufacturer's Dunlop, Firestone, Gentyre and Tycon — to raise average ad valorem tariff from 25% to 50% on all new imported tyres and tubes and a total ban on importing second-hand tyres.

Fischer said, for instance, tyre manufacturers were forced to buy synthetic material from Sentrachem's Karbochem plant in Newcastle. The industry had on numerous occasions applied for import permits for synthetic rubber, but these had been turned down by government.

Dunlop MD Clive Hooper backed Fischer's view. He said the company would like import controls lifted on raw material.

"We support seven single source suppliers in this country and we feel the entire production chain in the tyre industry should be liberalised, not just tyre manufacturing."

Fischer said the availability of cheaper raw materials would enable the tyre manufacturing industry to become internationally competitive.

"In the current environment, the SA tyre industry cannot compete on equal terms with foreign manufacturers as a result of significant and entrenched socio-economic, financial, technical and structural disadvantage."

These imbalances created barriers to the relaxation of trade regulations and import protection measures would be neccesary to ensure the long-term viability of the industry, said Fischer.

Trade and Industry Board import control director Piet Barnard said import permits for synthetic rubber were turned down as a protective measure for local synthetic rubber producers.

He said government had given the tyre industry an undertaking to keep import controls on tyre products in place until December 1992 and import controls on rubber products for tyres in place until June 1993.

The industry applied for higher tariff duties after local manufacturers' share of the local replacement market eroded to just 45%, with imported new and used tyres claiming 25% of the market, said Fischer.

The number of imported tyres in the second half of 1991 rose in spite of the existence of import controls, tariff duties, formula duties and even voluntary trade restraint on the part of Japanese tyre exporters, he added. Japan accounted for 50% of SA's tyre imports, he said.

Tyre Dealers' Association executive director Vic Fourie said the doubling of the ad valorem duty would control or prevent the import of inferior standard tyres.

There was a glut of new car tyres on world markets, he said.

The industry has also been knocked by the recession. Dunlop's Hooper said production had dropped from 100% of capacity in 1990/91 to about between 80% and 85% of production capacity in 1992.

Fischer said the industry was operating at an average 70% of production capacity this year.

Silver lining in the furniture sector

B|Day 19|3|92

MARCIA KLEIN

30

RESULTS posted by major furniture groups reflect the full extent of the decline in consumer spending.

Analysts said yesterday that although they expected results from major furniture groups to be below those of the previous year, the extent of the fall in earnings was disappointing, especially at an operating level.

But they also said they would have been even more worried if furniture companies reported good results, as this would have implied increased sales on credit.

Results came on the back of dramatically reduced sales over the 1991 calendar year. Figures from the Retailer Liaison Committee show that overall sales of furniture, appliances, TV and audio equipment grew by only 6,6% at current prices compared with 25,8% in the previous year.

Recently Rusfurn reported a R44m loss, Ellerine a 32% drop in interim earnings and the JD Group a 37% fall in earnings for financial 1991. Results from Amrel and manufacturer Afcol are expected to follow this trend.

In the office furniture sector, Mathieson & Ashley's interim loss of R1,3m reflects its first reported loss since 1985, while Grant Andrews reported a R4,1m loss and announced it would delist from the JSE.

But analysts said that with weak consumer spending, especially on durables, companies would have had to loosen credit facilities and survive on suspect debt to show any growth.

Most of the major retailers had instead prudently controlled debt and were "sitting back and waiting".

When the economy did recover, furniture companies would show an excellent turnaround in results — although off a low base — and they should benefit more than many other industries in an upturn, they said.

An analyst said Ellerine's results had been good, bearing in mind that they included a nine-week strike over its busiest period. JD Group, which most analysts rate as the second-best performer to Ellerine in the furniture sector, had been "a bit disappointing".

Analysts said that although furniture share prices had corrected lately and longer term prospects looked good, it was not time to buy shares yet.

They said the furniture companies could expect at least another six months of tough conditions, but most were sitting on good yields.

EXECUTIVE SUITE By William Wells and Jack Lindstrom

FOCUS: *Woolworths tries to find out what is making its customers unhappy*

Not the five-and-dime store

W/Mail 20/3 - 26/3/92

(30)

CRITICAL CONSUMER

Pat Sidley's weekly advice on what to buy ... and what to avoid

WOOLWORTHS has had a bad financial year. The company, it would seem, has blamed this largely on the fact that consumers did not spend enough in its stores due to circumstances beyond Woolworths' control.

But some consumers may have resisted the temptations of the store for other reasons: perhaps they simply did not like what was on offer, or perhaps they felt a little ripped-off at times, it not being a five-and-dime store.

Usually Woolworths is a store which offers great promise of service and something extra as you enter its portals. It's a reputation which over the years has been generally deserved, but which recently may have slipped a little.

Seldom are consumer reporters able to compare the prices of goods in Woolworths with those in other supermarkets without hearing from the company that it offers a generally superior product which might account for an increased price. But sometimes it's hard to see, or taste, the difference.

It is also quite difficult to get through to the company for assistance and while the floor assistants are helpful, they generally have little idea of when various items will be in stock or where else they may be found. They certainly have no idea of the details of a product.

This critical consumer put some queries to managing director Syd Muller.

Woolworth's food markets, and some of its other sections, often sell goods imported from Marks and Spencers in the United Kingdom — a store on which much of Woolworths has been modelled. So Muller was asked how a jar of coffee marked at £1,29 in the UK (with profits and VAT included) could land up on his shelves at R9,44. Converting pounds to rands at the current conversation rate would still make it less.

Muller said the difference is accounted for in transport costs, duty and the addition of a profit margin, which he said is much lower than Marks and Spencers' profit margin.

Woolworths also sells several food items sold by other supermarkets, which have been manufactured (or grown) by the same companies as those supplying the other stores but which sometimes cost much more.

Not being able to see any actual difference in the stores, I asked Muller to explain why the prices of what seemed to be the same products were higher in Woolworths. They are not, he replied, the same products — "they are significantly different".

Chickens, for instance, which land up in Transvaal stores are supplied by suppliers with whom Woolworths has arranged a particular feeding regime — although Cape Town consumers are likely to eat chickens which have eaten the same as those sold to other stores. However, Woolworths trims the wings and sees to it that there is less moisture content in the chicken, he said.

The same goes for most red meat. It is all super grade and Woolworths selects its own cattle to be fed in a particular way before slaughtering. The meat is matured differently and better, and Woolworths' cold-chain delivery system ensures that a superior product reaches its shelves, said Muller.

Cheese suppliers are specially selected and Woolworths has its own Ayrshire dairy herd supplying its full fat milk, he said. The yoghurt has more real fruit and a higher fruit content, among other advantages.

But how does a consumer actually know all this? "They come back for more," said Muller.

But given Woolworths' results, are they indeed coming back for more? Muller explained that the company's rate of growth in food is down lately, but this is because Woolworths was knocked harder than other stores by the application of VAT as more of the food it sells had been GST-exempt before and then became subject to VAT.

What about the smaller gripes consumers may have: basic items out of stock and nobody around who knows when the items will be back in; the sloppy care information on clothing labels and the employee who arrogantly tosses off queries with the statement: "Most consumers don't read the care instructions, we find, so it doesn't really matter"; and the labels themselves, made of a scratchy material and often slapped into a garment so that it is forced to stick out?

Should the consumer wish to take up these issues, she may not know who to contact, and should she contact the head office in Cape Town, the response may not be what she desired.

This complaint suprised Muller, who said Woolworths has a large customer-liaison department and besides, he takes many complaint calls himself.

Well, this was certainly a problem this critical consumer experienced, first as an ordinary consumer with a gripe and then as a newspaper reporter. In the latter capacity I succeeded, but it took several attempts.

Woolworths is presently trying to find out what is making its customers unhappy. Assistants will sometimes ask when there is a problem, then write it down and promise to come back to you with the information.

This seems like a great move to restore confidence in a store which prides itself on service to the consumer. This critical consumer has left one such query written in a book in a Transvaal store. When they answer my query, Mr Muller, I'll try to find you and let you know.

PEPKOR/CHECKERS/SHOPRITE FM 20/3/92 (30)

Making Checkers palatabl

For Pepkor, a critical aspect of its absorption of Checkers, is how best to structure the deal to ensure fullest possible use of Tradehold's tax losses. This week's cautionary notice involving Pepkor, Shoprite, Tradehold and Tradegro foreshadows a formal announcement detailing this structure.

To acquire Checkers, Pepkor bought 50% of Tradehold from Sankorp for R59,4m, valuing Tradehold shares at 57,7c each. Terms were subject to confirmation, or adjustment of the purchase price after an audit for the three months ended September 30. Pepkor was to pay with Pepkor shares at R105 each, or in cash. The Tradehold purchase price was subsequently adjusted down to 49,5c, and Pepkor elected to pay with shares rather than cash.

Since then, Pepkor extended an offer to minorities on the same basis. It thereby acquired a further 14,5% of Tradehold so that, on February 17, Pepkor held 64,1%. Pepkor also held an option to acquire all or part of Sankorp's remaining 27,3% of Tradehold, on the same terms and conditions; this option could be exercised by March 16 1992.

Though it could not be confirmed whether Pepkor exercised its option for the outstanding Sankorp shares, I have assumed these shares were bought and Pepkor holds 91,4% of Tradehold, with 8,6% held by minorities. An announcement to this effect will no doubt be issued shortly, probably accompanied by a final and compulsory offer to the outstanding minorities who, in terms of JSE rules, can now be compelled to surrender their shares for Pepkor shares. Pepkor will then wholly own Tradehold.

At June 1991, Tradehold had a tax loss of about R194m. Analysts suggest that about half of this was attributable to Tradehold's property interests and the rest to Checkers.

Syd Vianello, of broker Ed Hern, Rudolph, believes the following route will be taken to simplify the organisation and bring the assessed losses closer to Pepkor.

Tradehold controls 54,6% of Tradegro, which in turn controls 100% of Checkers. Vianello reckons Tradegro will buy the business of Shoprite from Shoprite, in exchange for Tradegro shares. Tradegro will then control 100% of both Checkers and Shoprite and existing Shoprite shareholders will have the opportunity to participate in the turnaround of Checkers while benefiting from the rationalisation — already under way — and the resulting tax benefits.

Shoprite will then be de-listed, but the trade name will continue to be used as management will want to pitch Checkers and Shoprite stores towards different target markets.

Former Checkers MD Serge Martinengo

Pepkor's Wiese ... *reshaping Checkers*

says considerable change has taken place in Checkers. There are now six operating areas instead of five. As a retail group which incorporates the Shoprite chain, it has grown from 170 Checkers stores to 240. Martinengo is directing the operations of 130 stores in the Northern division, while Shoprite MD Whitey Basson has assumed overall control. Already 180 people have left what was once a bureaucratic Checkers head office that administered a centralised operation. The emphasis has switched to a decentralised approach.

Some other pieces in the puzzle have yet to fall into place. How will Pepkor treat Tradegro's wholly owned subsidiaries Coreprop and Stuttafords/Greatermans? And, now Pepkor has acquired a controlling 54,6% of Cashbuild, what does it intend to do with the company? It was not long ago Pepkor chairman Chriso Wiese sold all operations out of Pepkor that were not reckoned to be core businesses.

Pepkor is today a giant retailing organisation. As soon as Wiese focused management efforts on the core operations, the group enjoyed substantial success. But these are difficult times and it may be appropriate now to bed down, consolidate and perhaps even sell some non-core entities before moving on to any further acquisitions. *Gerald Hirshon*

ELLERINE/JD GROUP FM 20/3/92

A sinking feeling

Profits announced by big furniture traders continue to be sharply down, in what have proved to be appalling — and worsening — market conditions after the furniture boom ended about a year ago.

The industry increased sales in rand terms

Nafcoc warns of action if VAT is not softened

30

WILSON ZWANE

THE National African Chamber of Commerce (Nafcoc) would have no choice but to mobilise its members unless government extended VAT exemptions on basic foodstuffs, a Nafcoc official said yesterday.

Speaking at the 13th anniversary of the Alexandra Chamber of Commerce, Nafcoc senior vice-president Joe Hlongwane said VAT was hardly mentioned in Wednesday's Budget.

He said he had expected a comment on the exemption of basic foodstuffs, which would expire at the end of this month. BDay 20/3/92

Although Nafcoc had not engaged in protest actions before, it would not hesitate to mobilise its members if the VAT concession on basic foodstuffs was phased out.

Hlongwane said he could not understand why government could adopt a fiscal policy without more representative involvement.

"To tax people who are not represented in Parliament is highway robbery," he said.

Sapa reports that the co-ordinating committee on VAT has condemned the 1992 Budget and called for massive consumer resistance to it.

The Budget was "mean-spirited and misleading", and "did nothing to help the poor", the committee said in a statement.

By extending taxation to basic foods and increasing the petrol price the Budget had failed to improve provision for poverty relief.

The committee called on Parliament to "reject this irresponsible and divisive Budget and the Minister responsible for it".

'Little help' for small business

B/Day 20/3/92

THEO RAWANA

THE R3,8m allocated to the SBDC for development of small and medium enterprises was disappointing, SBDC MD Ben Vosloo said yesterday.

The allocation compared dismally with the R2bn voted for export incentives for big business, the R1,26bn voted for regional industrial development, and the R1bn voted for agricultural relief, Vosloo said in a statement on the Budget.

"It is also significantly lower than the R283m budgeted for industrial development, or the R55m budgeted for the promotion of tourism in the budget vote for the Department of Trade and Industry," Vosloo said.

The SBDC believed that development of the small and medium enterprise sector would be of prime importance in addressing the problems of economic growth and job creation.

"We are disappointed, therefore, that the Budget once again seems to promote high-tech industrial development and exports at the cost of the small and medium enterprise sector development.

(30)

"Clearly small and medium enterprise development does not rank as a high priority in the development strategies and policies of the present government," said Vosloo.

He added: "The time is overdue to realise that current priorities, policies and institutional arrangements, as far as the small and medium enterprise sector is concerned, are totally inadequate in terms of what is required to build a better, more prosperous new SA.

"There is an urgent need for a national small and medium enterprise development strategy.

SBDC economist Edwin Basson said the Budget did not contribute to a general climate of growth, because none of the areas in which growth originated — consumer, government and investment expenditure or exports — would benefit.

Pick 'n Pay wants to discount petrol

B Day 20/3/92 (30)

LINDA ENSOR

GOVERNMENT should remove restrictions on the sale price of petrol to allow Pick 'n Pay to discount the fuel and sell direct to the public, Pick 'n Pay marketing director Martin Rosen said.

He said Pick 'n Pay understood the need for increased fuel levies to fund socio-economic development but it should be allowed to discount petrol if it guaranteed government's share of the levy.

Checkers/Shoprite MD Whitey Basson said consumers would be hard-pressed to accommodate the ripple effect that increased fuel costs would have on prices.

However, he said possible increases would be channelled through to the retail industry only in about two or three months time.

Sapa reports that many transport organisations are undecided on what to do.

Spokesmen for Putco and Pretoria United Taxi Association (Puta) said no decision had been taken.

Bophuthatswana Transport Holdings has already announced a 15% fare increase effective from April 1, while Transnet increased its fares by 10% early this year.

ELLERINE/JD GROUP FM 20/3/92

A sinking feeling

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Profits announced by big furniture traders continue to be sharply down, in what have proved to be appalling — and worsening — market conditions after the furniture boom ended about a year ago.

The industry increased sales in rand terms

FOX FM 20/3/92 30

JD SLUMPS

Year to Dec 31	1990	1991
Turnover (Rm)	646	542
Operating income (Rm)	83,6	45,7
Attributable (Rm)	51,1	32,4
Earnings (c)	143,2	90,9
Dividends (c)	22	22

holding company W&A. JD Group's bank balance increased from R80 000 to R59m, and debtors fell from R439m to R75m. Its long-term borrowings of R115m were eliminated.

JD Group's operating margin of 8,4% appears to compare poorly with Ellerine's 12,7%. This largely reflects the different mix of business. Cash sales form a negligible part of Ellerine's business, but they account for 18% of JD Group's sales. JD also operates two discount chains, Joshua Doore and Price 'n Pride, which operate on lower margins.

Further cash resources have enabled JD Group to expand its store base more aggressively. Two Joshua Doore, two Bradlows and five Price 'n Pride stores will open in 1992.

The JD debtors' book has been under pressure — overall arrears increased from 5% to 6,4%, while bad debt write-offs increased by 1,8% to 2,4%, still well within the group's relatively demanding parameters. The length of the debtors' book increased from 13 months to 15,4.

Sussman hopes margins will improve after the introduction of central distribution cen-

Ellerine's Ellerine ... *prefers direct deliveries*

tres. He says the Aeroton, Johannesburg, warehouse will service 45 outlets throughout the PWV more cost-effectively than the present store-by-store delivery system. Sussman believes that in the long term it will enable the group to keep down stock levels.

The JD Group dividend has been maintained at 22c, but it had an extremely high cover of 6,5 last year. The cover has fallen to 4,1 times. Ellerine maintained its three times cover, cutting the dividend to 85c.

Ellerine's share price has fallen to R52,50 from a high of about R70 a year ago. It sits on a p:e of eight and offers a dividend yield of 4,1%. The JD Group fall has been more precipitous, which might be connected to its place in the FSI/W&A group. The JD Group share price has fallen from 615c to 350c, where it has a p:e of 3,9 and a dividend yield of 6,3%.

Results are poor right now, but these are comparatively high yields for well-managed businesses in almost any sector of the economy. Population growth should ensure better returns, taking a three-to-five-year view.

Stephen Cranston

Big business ignores black townships

(36)

ARG 21/3/92

Not a single bank for a population of 2 million people

TOM HOOD
Business Editor

THERE is not a single bank and only one automatic teller machine (ATM) to serve between 1,5 million and 2 million people in the black townships around Cape Town.

And this is a good example of big business neglecting the only places left for expansion in the Peninsula, says Mr Theo Rudman, executive director of the Self Employment Institute.

In contrast, white areas are over traded in shopping space.

The single ATM is in Guguletu and belongs to the Perm, he said. However, the first branch of a bank — Standard — is due to open in Philippi next month and this would have a market of over 300 000 people within a 4 km radius.

But people on the southern extremity of Khayelitsha were 15 to 20 km away from this new bank.

Speaking at the shopping centre council of the South African Property Owners Association Western Cape branch in Cape Town, he said there was an immediate enormous oportunity for appropriate shopping plazas for informal retailers in Khayelitsha itself.

A large number of retailers required very small premises that were secure and permanent. Because the actual shops were small, the rent would be affordable but, in commercial terms, offered developers a most attractive return on investment.

As an illustration, he said the R13 a day for a table and umbrella paid by vendors at Greenmarket Square represented a monthly rental of over R55 a square metre.

Another huge opportunity that existed in the townships for property developers was that of industrial hives offering small, but secure premises. The production output from these hives would be consumed in the township itself as well as providing products on a subcontract basis to formal businesses.

The capital investment per job in South Africa doubled every two or three years, which was unacceptable in a country that was short of foreign exchamge for all its requirements, had a high population growth rate and high unemployment.

Mr Rudman said he believed the centre satellite factory system would become increasingly important to manufacturers. The basic principle was that the centre factory did the design and development, then farmed out the manufacture of specific subcomponents to small, even informal manufacturers, often providing them with the correct material at the best price from which the components should be made.

The centre factory only manufactured what it had to. The products were assembled by the centre company where strict quality control was provided. Marketing and distribution was then undertaken by the centre organisation.

This method reduced the capital and management and resources required by the centre company and created more jobs.

As this method of manufactuire, presently popular in Italy, Taiwan, South Korea and Taiwean become more popular in South Africa there would be an increasing demand by small township manufacturers for manufacturing premise. Again this concept offered attractive returns for the developer.

There had already been many failures in terms of property development in certain townships but believed strongly that much of these failures were due, not to the bad market, but to greed and basic mistakes made by the developers that could have been avoided had the developers researched the market properly and used knowledgeable consultants, who could have assisted in setting up the developments differently.

In the 1980s the formal economy failed to provide anywhere near sufficient jobs and he estimated there were about 100 000 less jobs available today than in 1980.

Pick 'n Pay slips for first time in 25 years

PRG 21/3/92

TOM HOOD
Business Editor

DOWN, down, down went profit margins at Pick'n Pay as the retail giant tried to stave off a profits plunge that savaged several other retail chains.

Bottom-line earnings ended fractionally down (2,2 percent) for the year to February — R84,4 million against R86,6 million a year ago — and it was the company's first setback in 25 years.

But margins were a mere 2,2 percent, down from 2,6 a year ago and 2,7 in 1990 and 3 before that.

"Absolutely thrilled" were the words of chairman Raymond Ackerman, as he compared the results with those of other chains.

"We gave our people a bonus because they worked so hard."

Group turnover, after rising 18 percent in the first half, slipped in the second half for a 14 percent average for the full year, amounting to R5 911 million, up R729 million.

Profit before tax reached R139 million — "just a shade below last year's result but I am very satisfied in view of the devastated economy in which we traded."

This year sees the 25th year in business and Mr Ackerman is confident that special promotions and efforts will help to produce a bumper year, as the company's 21st year did.

For that reason, total dividends are held at 57,50c after an unchanged final of 45c.

A large factor that helped the results was a distinct drop in expenses — a policy planned by the directors when they realised how tough the economy was shaping.

The introduction of VAT at the end of September and the implementation of scanning in all stores was a huge disruption. But the benefits of scanning were already being felt.

"Market share continues to increase and in spite of our turnovers not being as high as we would like, we are enjoying good growth here."

And in spite of the tough economy, Pick 'n Pay spent a large sum on social upliftment programmes.

New stores are planned at Midrand, Bloemfontein, Pretoria, the Waterfront area of Cape Town and one or two Price Clubs.

Mr Ackerman said he was not one of the prophets of gloom that believed the economic would continue right through the year.

He believed Pick 'n Pay will grow at both pre-tax and after-tax in the year ahead.

Mr Ackerman said he was urging the government to keep the excluded VAT items of basic food in place, reduce the rate on food to zero or 5 percent and allow petrol discounting

Pick 'n Pay has 14 garages and could lower the price by between 4c and 6c a litre, he said.

The preliminary results show profits were helped by investment income doubling to R14,5 million from R6,8 million. Cash resources surged to R191 million from R46 million.

Pick 'n Pay sales up alongside last year

30

S | Times (BUSS) 22/3/92

By JULIE WALKER

A SECOND-HALF year turnaround from Pick 'n Pay helped the retailer's earnings to come within a whisper of last year's figures.

In the year to February, its sales grew by 14% to more than R5,9-billion, and earnings were only 2,5% off last year's R87-million.

The year saw the introduction of VAT and a price-scanning checkout system. Scanning has already yielded benefits, according to chairman Raymond Ackermann.

Expenses were cut and market share improved, though not by as much as was hoped for. Only a handful of stores — one hypermarket, two Pantries, two Price Clubs, a Boardmans and a Chain Reaction — were opened.

Mr Ackerman is no prophet of gloom about the economy and expects it to come right during this year.

He recommends that VAT on food be reduced to zero or 5% at the cost of rises on other items, and that petrol discounting be allowed to combat inflation.

Retailers hoping for some relief

S/Times\BUSS\22/3/92 (30)

By CIARAN RYAN

THE Budget, referendum result and relaxation of hire-purchase restrictions will do little to rescue the retail sector, which has been battered by high interest rates and rising unemployment.

Food and consumer durable sales have been hardest hit by the economic downturn. Financial results released by two major retailers this week reflect the varying fortunes of the sector.

Ellerine Holdings, generally an outstanding performer in the furniture sector, reported a 32% decline in interim earnings on a 9,3% drop in sales to R282,4-million for the six months to February.

Pick 'n Pay increased its turnover by 13,9% to R5,91-billion for the year to February, but earnings a share were down 2,64%. Turnover kept pace with inflation despite "devastating" trading conditions as the group continued to grow market share.

Both Ellerines and Pick 'n Pay say the "yes" vote will boost confidence in the economy, and an improvement in sales is expected in the second half of the year.

According to the Furniture Traders Association (FTA), which monitors sales in furniture, appliances, videos, TVs and sound — accounting for nearly 10% of all retail sales — January 1992 sales were only 4,4% higher than those for January 1991, representing a 10% decline in real terms (assuming an inflation rate of 14,5%).

"This is not encouraging," says Frans Jordaan, executive director of the FTA. "Sales are a disappointment notwithstanding the fact that January last year was a buoyant month for the furniture industry."

Sales of durables were worth around R7,8-billion in 1991, according to the FTA.

Relaxation

The relaxation of hire-purchase restrictions is good news for the motor industry, but not for furniture retailers. The repayment period for furniture remains 24 months, while minimum deposits will drop from 12% to 10%.

In contrast, the repayment period for motor vehicles will be extended from 42 to 54 months and minimum deposit dropped from 15% to 10%.

Minister of Trade, Industry and Economic Co-ordination Derek Keys emphasised that the government was monitoring consumption, and further stimulatory measures would be announced this week.

John Biccard, retail analyst with stockbrokers Simpson McKie, says: "The relaxation of hire-purchase restrictions is not as generous as those announced in March 1990, when minimum deposits were dropped from 20% to 12% and the repayment period was extended from 18 to 24 months. The measures are good for the motor industry but will have only a slight impact on furniture sales."

Chairman of Ellerine Holdings Eric Ellerine says much of his group's sales come from blacks, and rising black unemployment is largely to blame for the decline in sales.

"We were also affected by industrial action during the period. As economic conditions deteriorated there was a slowdown in demand for durable consumer items. But after the "yes" vote there will be a more relaxed attitude to investment in SA and, provided that inflation and interest rates come down, I expect a slightly better second half."

Disturbing

Mr Biccard says a 2% decline in interest rates would help boost retail sales but a decrease in unemployment levels is required to give the sector a sustained boost.

Preliminary figures from Central Statistical Services (CSS) show total retail sales for December 1991 (in constant 1990 prices) down 4,8% on December 1990. Butchers and general department stores suffered most, says the CSS.

A disturbing feature of the sales, however, is the decline in food sales. Perishable and processed foods, measured in constant 1990 prices, declined 7,2% between 1990 and 1991.

The decline was even more severe in the second half of 1991 — food sales in December 1991 were 17,1% lower than the corresponding month in 1990.

However, research group Econometrix disputes the validity of the CSS figures. It says deflators used in the measurement of the figures are unsuitable. Food inflation is running at about 26% and is partly responsible for lower food sales.

Pick 'n Pay cuts margins but stays buoyant

(30)

STAR 23/3/92

By Tom Hood

CAPE TOWN — Down, down, down went profit margins at Pick 'n Pay as it tried to stave off a profit plunge that savaged several other retail chains.

Bottom-line earnings ended fractionally down (2,2 percent) for the year to February — R84,4 million (R86,6 million a year ago).

But margins were a mere 2,2 percent, down from 2,6 a year ago and 2,7 in 1990 and three percent before that.

"Absolutely thrilled" were the words of chairman Raymond Ackerman at the weekend when he compared the results with those of other chains.

Group turnover, after rising 18 percent in the first half, slipped in the second half for a 14 percent average for the full year, to make R5,911 billion, up R729 million.

Pre-tax profit was R139 million — "just a shade below last year's result, but I am very satisfied in view of the devastated economy in which we traded", said Mr Ackerman.

Total dividends have been held at 57,5c after an unchanged final of 45c.

A factor helping the results was a distinct drop in expenses — a policy planned by the directors when they realised how tough the economy was shaping.

The introduction of VAT at the end of September and the implementation of scanning in all stores was a huge disruption. But the benefits of scanning are being felt.

"Market share continues to increase and despite our turnovers not being as high as we would like, we are enjoying good growth," Mr Ackerman said.

Only seven stores were opened — "not quite as frenetic as certain previous years" — and six were refurbished.

New stores are planned at Midrand, Bloemfontein, Pretoria, the Waterfront area of Cape Town and one or two Price Clubs.

Mr Ackerman said he was not one of those prophets of gloom who believed the recession would continue right through the year.

He believed Pick 'n Pay would grow at both pre-tax and after-tax levels in the year ahead.

Mr Ackerman said he was urging the Government to keep the excluded VAT items on basic food in place, reduce the rate on food to zero or five percent and allow petrol discounting

Pick n Pay had 14 garages and could lower the price by 4c to 6c a litre, he said.

The preliminary results show profits were helped by investment income doubling to R14,5 million from R6,8 million.

At the year-end stocks were R29 million higher at R416 million and cash resources were R191 million (R46 million).

Results 'clear chain on food inflation'

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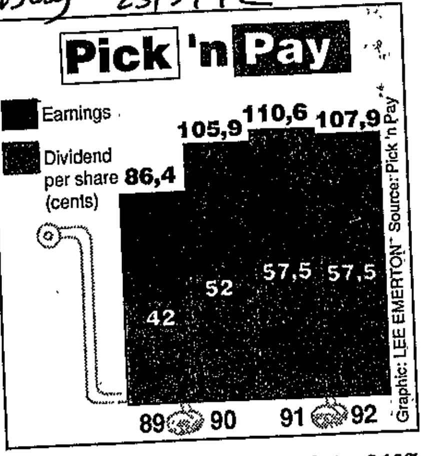
B/Day 23/3/92

LINDA ENSOR



CAPE TOWN — The 13,9% growth in Pick 'n Pay's turnover to R5,9bn (R5,2bn) in the year to end-February, a period in which the food retailer's market share increased significantly, proved that it could not be held responsible for the escalating inflation in food prices, MD Hugh Herman said at the weekend.

There was no way, looking at the Pick 'n Pay results, that the group could be blamed for runaway food inflation of about 28%, he said. Earnings slipped 2,4% to 107,9c (110,6c) a share and the dividend was maintained at 57,5c.

"We are tired of the accusations which bear no relation to the facts," Herman said. The group's auditors were examining the rise in prices over the past year of a sample of actual shopping baskets representative of the whole spectrum of the shopping population.

Preliminary statistics showed that the average unit price at Pick 'n Pay stores had risen by about 13% to 14% over the past year, and by 11,5% if the tax element of the price was excluded.

Herman said the 28% rise in inflation alleged by the Central Statistical Service was totally inaccurate, as it was based mainly on small traders and gave no weighting to large supermarket chains.

Also, the mix of goods was not representative of average buying trends, as it overemphasised the proportion of meat.

Operating margins dropped to 2,16% (2,57%) during the year, with the decline in purchases of clothing and hardware goods contributing to the fall.

Pick 'n Pay chairman Raymond Ackerman said, however, that the gross margin on food alone — which contributed about 81% of sales — was about the same as last year. It was not possible to break down the operating income derived from food and non-food sales, he said, as no separate profit and loss accounts were kept.

Ackerman added that the higher-margin, non-food sales were subsidising food sales, rather than the other way about.

The slide in margins resulted in a 4,2%

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Pick 'n Pay

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30

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decline in operating income to R127,9m (R133,5m), but this was offset by the sharply higher investment income which more than doubled to R14,5m (R6,8m).

The increase in interest paid arising from the group's extensive capital investment programme in new technology and a rise in the tax rate to 39,3% (37,9%) because of the change in capital allowances, saw the bottom line slip downwards.

Pick 'n Pay ended the year in a cash flush position with R191m in the bank and Ackerman said it would revert to being a net earner of interest in the last three months of the financial year. The cash was derived from the cutback in stocks and the sale of equity-linked insurance policies.

Ackerman expressed relief that the results had remained steady in a very tough economic climate, the worst he had experienced in the 25 years of Pick 'n Pay's operations.

The tight control of expenses and shrinkage in the second half had offset the continued deterioration in turnover and enabled the group to make up the decline suffered at the interim stage. Ackerman was pleased with the reduction in stocks from R451m in August to R416m, achieved in spite of the store expansion programme, and said stocks would be cut further.

He expressed confidence about the year ahead, especially if consumers' disposable incomes increased by, for example, the cut in interest rates, and said there would be growth at the pre-tax and after-tax level.

Herman added that while no big upturn in the economy was expected, Pick 'n Pay had budgeted for a reasonable rate of growth "well into double-digit figures" this year. He believed turnover would gradually improve, especially because of the group's 25th anniversary promotions.

Steps taken to improve control of expenses would continue to pay dividends in the coming year.

Holding company Pick 'n Pay Holdings maintained earnings and dividends of 28,4c and 28,41c a share respectively

Hyperette and Spar clinch supply agreement

LINDA ENSOR

CAPE TOWN — DCM-listed Hyperette and Spar have reached a supply and distribution agreement which will cut costs and improve margins for Hyperette's 17 Cape stores, all of which will be converted to Kwikspar outlets.

(30)

The benefit for Hyperette, MD Hein Ehlers said, was Spar's purchasing power and ability to supply large volumes of groceries to its franchise holders from its central warehousing facilities. Also, Hyperette would be able to buy goods at lower prices.

The agreement would cut down on deliveries, reduce shrinkage and reduce costs for Hyperette which would also benefit from the administrative and marketing backup of Spar, Hyperette marketing director Roy Moss added.

BDay 23/3/92

He said Hyperette had not sold out to Spar and remained independent, though its stores would carry Spar's name. Spar's presence in the Peninsula would also be strengthened.

Provisions for small business disappointing

Sowetan 24/3/92 (30)

By JOSHUA RABOROKO

THE 1992 Budget was disappointing from the perspective of the job creating and growth potential of the small and medium enterprises.

This was said by the managing director of the Small Business Development Corporation, Dr Ben Vosloo, this week.

He said the contribution of R3,8 million which the SBDC received for SME compared dismally with the R2 billion voted for export incentives for big business, the R1,26 billion voted for regional industrial development and the R1 billion voted for agricultural relief.

He said: "It is significantly lower than the R283 million budgeted for industrial development or the R55 million budgeted for the promotion of tourism in the budget vote for the Development of Trade and Industry.

He reiterated that the SBDC believed that the SME sector development would be of prime importance in addressing the pressing problems of economic growth and job creation.

"We are therefore disappointed that the Budget once again seems to promote high tech industrial development and exports as the cost of SME sector development.

"Clearly SME development does not rank as a high priority in the development strategies and policies of the present Government.

"The time is overdue to realise that current priorities, policies and institutional arrangements as far as the SME sector is concerned are totally inadequate in terms of what is required to build a better, more prosperous new South Africa. There is an urgent need for a national SME development strategy."

According to SBDC economist Dr Edwin Basson the budget does not contribute in any way to a general climate of growth as none of the four areas in which growth originates, namely consumer, government and investment expenditure or exports, will benefit from the budget.

He emphasised that those incentives in the 1992 budget that were going through to the business community, such as the change on article 37 (c) of the Income Tax Act for mineral beneficiation, as well as the general export incentive scheme, would be of no advantage to the SMEs.

Basson felt that the increased tax burden that individuals must carry would limit the influence of their expenditure on economic growth.

Restricted consumer demand would have a dampening impact in the long run on production, specifically of luxury type items. The increased petrol price would also lead to a direct 0,5 percent inflation increase and approximately an extra 0,5 percent inflation increase in indirect price changes in the longer term. This would further limit the real level of expenditure that consumers could afford.

Exports contributed approximately 25 percent to economic growth. Manufactured exports were less than 20 percent. As the general export incentive scheme tried to promote beneficiation, that is manufactured exports, the R2 billion that was voted for this purpose would have a very small effect on potential economic growth - probably less than a 0,5 percent impact on the growth rate itself.

Mohale Mahanyele said NSB bursary fund would benefit technical students.

Clicks in deal to buy out Musica

STAR 24/3/92

Clicks is to acquire music retail chain Musica Holdings in a deal which will pay Musica shareholders 18c a share. (30)

The two groups said yesterday the deal would be effective from the end of March, but would also be subject to the fulfilment of certain conditions.

One of these is that Clicks is satisfied the net asset value of Musica, at the date of transfer, be no less than R1,5 million.

This is to be confirmed by a due-diligence investigation to be completed by April 30.

According to Musica managing director Derek Goosen, the music group would remain an independent trading company with its own management structure and staff once the deal was completed.

He said he would remain as managing director.

Once the deal was confirmed Musica would become a wholly owned subsidiary of Clicks and would then be delisted from the Johannesburg Stock Exchange.

Musica was listed in 1988. — Sapa.

Marked decline in food retail sales

STAR 24/3/92 (30)

Retail trade sales for December 1991 totalled R10,12 billion, two percent higher than expected.

Estimates for sales were previously pitched at R9,93 billion.

The Central Statistical Service said in a news release that expected retail trade sales for March 1992 amounted to R6,69 billion.

This figure reflected a decrease of 2,2 percent compared with December 1991, after seasonal adjustment.

The total retail trade sales for 1991 showed an increase of 12,3 percent, compared with 1990.

The Cape enjoyed the largest increase, with a 15,5 percent rise, followed by the Transvaal with 12,6 percent, Natal 8,5 percent and the Free State with six percent.

The CSS said total real retail sales (at constant 1990 prices) for 1991 were 3,6 percent lower than for 1990.

The largest decreases occurred at general department stores, which declined by 11 percent and grocers and other dealers in foodstuffs, which were 8,1 percent down.

"In a year-on-year comparison, the real sales of groceries showed a decrease of 9,8 percent, whereas furniture (including domestic appliances and TV sets) increased by 4,3 percent and clothing (including footwear) by 2,9 percent," the CSS said. — Sapa.

Clicks poised to buy Musica chain

(30)

BDay 24/3/92

MARCIA KLEIN

CLICKS Stores is set to buy retail music chain Musica, which owns 56 outlets and is 71% held by the Goosen family.

In a joint announcement today, which follows Musica's earlier cautionary announcement, Clicks and Musica said the deal, effective from March 31, would be subject to a due diligence by Clicks to establish that the net asset value of the Musica group was not less than R1,5m.

Acceptance of an offer by Clicks of 18c for each of Musica's shares will see Musica become a wholly owned Clicks subsidiary, and delist from the JSE.

At 18c a share, Musica is valued at R3,6m.

About R2,6m of this reflects the Goosen family's interest.

The share rose by 3c to close yesterday at 25c, a 7c premium on the offer price. The share dipped to a year's low of 10c in

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Clicks

BDay 24/3/92

(30)

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January, after recording a high of 45c in June last year.

Musica would remain a stand-alone trading company, Musica MD Derek Goosen said, and all staff positions would remain unchanged.

He added that under the new arrangement Musica would "take a quantum leap in terms of its growth and development".

Technological opportunities existed as well as growth from increased consumer spending.

Clicks CE Trevor Honeysett said the two companies were highly compatible. Synergies would lead to greater market penetration by Musica "and the delivery of greater value-added service and product".

Musica reported a R247 000 loss in the six months to end-September, after a R838 000 profit in the year to end-March. The company has an estimated 10% share of the R380m-a-year retail music market. It has 28 outlets in the western Cape, 19 in the Transvaal, seven in Natal and two in the eastern Cape.

Five-nation crusade for SA business

MICHAEL MORRIS
Political Correspondent

(30) ACG 25/3/92

MINISTER of Trade Mr Derek Keys is to lead a crusade to boost South African business interests in Japan, Germany, Britain, China and Taiwan.

India and Thailand are also being targeted in the drive for business expansion abroad.

This emerged from an interview yesterday.

The former Gencor chief, who now holds the Economic Co-ordination and Trade and Industry portfolios intends promoting business interests and products on his wide-ranging trips abroad.

It is understood the overseas ventures have been timed to make the most of the confidence boost South Africa's trade relations had from the referendum result.

The trip to Britain, Germany and other parts of Europe is the result of an invitation by the German government.

The visit to Japan and China is being arranged by Mr Keys's department. He will be accompanied by some of South Africa's top industrialists.

Mr Keys launches his drive for international trade with the conviction that exports are the key to economic growth and that the government has a critical role in creating opportunities for businesses and supporting their ventures in foreign markets.

He said: "We are marshalled by South African enterprises. I want people to know that I am open for that."

people who want to catch the train. The victims are mainly members of the Indian community.

I want to remind the hon the Minister that the satellite station was provided as a result of continuous attacks on the members of the Indian community. I want to make an appeal for a continuous 24-hour foot patrol and the visible presence of policemen in this vicinity at all times.

Furthermore I want to ask the hon the Minister whether he does not think that since Indians always appear to be the victims in this particular area, the time is now right for the Government to take very stern action against those who are caught with unlicensed firearms. Let us look at the legislation so that even if a person is caught being in possession of an unlicensed firearm . . . [Time expired.]

Mr M RAJAB: Mr Chairman, like the hon the Leader of the Official Opposition, I am grateful to the hon the Minister for having provided us with those up-to-date statistics on that Victoria Street area. I am also pleased to hear from the hon the Minister this afternoon that generally the police appear to be doing their job fairly satisfactorily, and we all know how difficult it is to do that job at the present.

I also agree with the hon the Leader of the Official Opposition when he says that the perception, and the reality certainly, is that there are a large number of minor crimes which go unreported. Perhaps that is why the hon the Minister is not aware of the situation. I agree with the hon the Leader of the Official Opposition that perhaps one of the remedies would be to institute a 24-hour foot patrol.

Two weeks ago there was a report in the *Sunday Tribune Herald* that traders in that particular complex in Victoria Street were running scared because of the crime in that area, and that as a result, several had closed down their operations. The report indicated that five had already left those premises and that a few more were contemplating shutting up shop. This was because of the muggings and the thefts that are prevalent in that area.

The hon the Minister indicated this afternoon that we had a satellite station in that area. That satellite station is some distance away from this particular area and the idea was mooted that a mobile unit be established on those premises which are owned by the SBDC. I would like to ask the hon the Minister whether any representations have been made to him or his department in that regard.

The MINISTER OF LAW AND ORDER: Mr Chairman, may I first of all thank the hon member for Springfield for his kind words to the SA Police.

Mr M RAJAB: I am kind to all hon Ministers who do their jobs properly.

The MINISTER: Well, I thank the hon member specially for that compliment. I would appreciate it if he could put it in writing and send it through to me. Perhaps I could use it in the near future to find a job somewhere in South Africa.

As hon members see, we are really trying to do our best. The hon member will remember that just before the referendum I announced a plan to increase visible policing. We have already decided to allocate another 25 policemen to that specific unit. If the hon member will bear with us so that we can get our act together and get those people trained, we hope that we shall be able to prevent crime through this greater visibility. I am sure that if we can get our training programme implemented and these new policemen recruited as soon as possible, we shall be able to effect a marked improvement with regard to the whole crime situation in South Africa.

This brings me to the hon the Leader of the Official Opposition. I hope he does not mind when I say that we do not want to protect only Indians from being mugged, etc. We want to protect everybody in South Africa, regardless of their colour, religion, etc. [Interjections.] That is the duty of the SA Police. We try to act in an unbiased fashion in our protection of people wherever they may be, because we believe that is the duty of the SA Police. [Time expired.]

Mr K CHETTY: Mr Chairman, Victoria Street is branded as the famous Casbah area. Over the years this has been a problem area as far as the working class people are concerned. People in our and other communities use the bus rank to get to their homes and work respectively. However, this place is plagued with problems of violence, robbery, pickpocketing etc. Crime is on the increase in this area. Over the years this was basically a forgotten area as far as the SA Police was concerned. [Interjections.]

An HON MEMBER: It is used by all people.

Mr K CHETTY: I agree, it is used by all people.

In this area, right at the bus rank, people are robbed on buses and even on trains. People are even mugged and robbed right at the Berea station. In fact, a number of Indian women, wearing their religious chains around their necks, were almost throttled when robbers tried to pull these chains off.

As much as we appreciate what the SA Police are doing, I know their hands are tied, because they do not have the necessary manpower. At the same time, however, people's lives are important. I think the hon the Minister must also take that into consideration. He must see whether he can step up police protection in that area, because it is really needed.

A person works for a whole month, and when he finally gets to the bus stop on his way home, he is robbed of his monthly earnings. That is a blow to any person. When somebody loses a loved one because that person has been stabbed to death, it is a great loss for a family. Such a tragedy puts a family back.

It is therefore important that this area must be patrolled at all times, even if it is patrolled on a 24-hour basis, as the hon the Leader of the Official Opposition said.

Mr M F CASSIM: They must use mini-cameras for surveillance.

The LEADER OF THE OFFICIAL OPPOSITION: Mr Chairman, I referred to members of the Indian community, because there is no doubt about the fact that these muggers concentrate mainly on Indians.

The morale of people is very low. During the referendum campaign the hon the Minister announced quite a lot of measures to protect people. Notwithstanding the excellent job the SA Police is doing, I wish to put forward another two proposals.

Firstly I want to repeat that we need a 24-hour foot patrol. Secondly I am extending an invitation to the hon the Minister—I see they are advertising in the *Chatsworth Sun* for support for the NP—to make his presence felt in the Casbah area. I am inviting not only him, but also Black, Coloured and White leaders, to come to the Casbah area so that they can see that we are looking after all communities. I ask him please not to refuse this invitation. [Time expired.]

The MINISTER OF LAW AND ORDER: Mr Chairman, I can only say to the hon member for Chatsworth Central once again that I understand the problem. We are well aware of the situation. There is definitely not an apathy within the SA Police; we do not accept this situation. We are using all kinds of methods, such as better and more modern methods of policing and more policemen to fight this situation. Somebody said something about a camera. [Interjections.] I have announced that that is the sort of thing we are going to do. We are even going back in time by instituting some old, proven methods, such as bicycle patrols. We are really doing our best.

The Government was kind enough to allow a tremendous increase in the allocation made to the SA Police in comparison with the increase in the budget of other departments. We have to be very grateful for this increase.

At the same time, however, we want to step up our police protection. I want to draw the attention of the hon member to the fact that there are foot patrols in that area.

I said so in my initial speech. I could repeat myself, but I do not think that is necessary. We go out of our way. We had a special crime prevention clean-up in which we used 200 members of the Force. Hon members must remember that we draw those members from other areas just to concentrate on a certain area. So, although I understand the problem, we are doing our best, and I think we are succeeding. As I proved here today, the crime rate is decreasing.

In conclusion, I want to appeal to the people of this country to report crimes to the SAP. Unless they do so, we cannot deal with the problem.

Debate concluded.

Own Affairs:

Shopping complex in Chatsworth: agreement cancelled 30

The LEADER OF THE OFFICIAL OPPOSITION asked the Minister of Housing:

(1) Whether his Department has cancelled any purchase and sales agreement in respect of any shopping complex in Chatsworth; if so, what are the relevant details;

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(2) whether he will make a statement on the matter? 30 D86E.INT

The MINISTER OF HOUSING: Mr Chairman, firstly, no, and secondly, yes. The position with regard to the Moorton and Montford shopping complexes is that the sales have automatically lapsed since the consortiums involved failed to comply with the conditions of sale. In the case of the Mobeni Heights shopping complex, the consortium did comply with certain conditions of the agreement, and has been given an extension of time to comply with the remainder. In this instance the agreement is accordingly still in force.

I wish in all earnestness to draw the attention of all hon members to the fact that the Cabinet has recently directed that State assets, especially immovable property in the form of shopping complexes and vacant residential, commercial and industrial land, be sold as a matter of urgency. The purpose of such sales is to generate essential funds to meet the ever-increasing demand for housing for those for whom they are directly responsible or otherwise to return the funds realised to the Treasury. It is therefore imperative that we act expeditiously, and finalise *inter alia* the sale of our shopping complexes as a matter of top priority.

The LEADER OF THE OFFICIAL OPPOSITION: Mr Chairman, I want to place on record that my interpellation was directed at the Mobeni Heights shopping centre, where certain traders expressed their concern that they had learnt that, because of the failure of that consortium to perform, the department had cancelled the purchase and sale agreement.

I telephoned the chief director of the hon the Minister's department, and he replied that he would check the file and telephone me. He returned my call after having checked the file, and informed me that it was true that his department had cancelled the agreement of sale. I want to place this on record, because this was not an isolated discussion over the telephone. The chief director first checked the facts.

In the hon the Minister's answer, however, relating to the Montford and the Moorton shopping complexes, he indicated that the sales had automatically lapsed since the consortiums involved had failed to comply with the conditions of the sale. I should like the hon the Minister to state what the legal position is, because I notice that in respect of Mobeni Heights an extension of time has been given. If what is contained in this answer is correct, why were extensions of time not given in respect of the other shopping centres, and is the hon the Minister prepared to confront the chief director of his department in respect of the answer he gave me in response to a query I made on behalf of the traders?

I want to make an appeal that in respect of the conditions of sale, the hon the Minister should seriously examine whether the conditions of sale are reasonable and whether the time limit imposed by the Administration and the Housing Development Board is reasonable. I want to express my concern, however, that the answer which the head of his department gave me was completely different to the answer we got today. There have been other instances where the answers given to the House differed from the official answers given by the Administration.

The MINISTER OF HOUSING: Mr Chairman, I do not want to go into any further details, but I believe if people enter into a mutually acceptable agreement, they should perform. That is the basis of our law.

However, if I interpret the question regarding the Mobeni shopping complex correctly, they probably responded in part, and not in respect of all the requirements that had to be met. I would like to believe that the department said that, in view of the fact that they had indicated a willingness to carry on with this deal, they would extend the time. That is the conclusion I draw.

However, I want to make it very clear that, in so far as shopping complexes are concerned, where an agreement has been finalised and prices have been agreed on, one cannot allow the matter to drag on, for the simple reason that we are depending on the R6 million or so that we are going to earn from the sale of shopping complexes in Chatsworth. We need this money in order to address urgent low-cost housing. My appeal is this: If there is some matter they want to discuss with the department, they should by all means put their case before the department. However, to sign an agreement and do nothing about it, is unfair to both parties.

I would like to say to the hon the Leader of the Official Opposition that the agreement lapsed

because there had been no performance. However, the people who represent these two consortiums should put their case, or whatever it is that they want to be reconsidered, to the Administration. I am sure the matter would be looked at.

The LEADER OF THE OFFICIAL OPPOSITION: Mr Chairman, I want to quote the actual words of the hon the Minister of Housing: "mutually accepted agreements", "agreements finalised" and "price agreed on". 30

There are no mutually acceptable agreements as far as these shopping centres are concerned! In the case of one shopping centre there was an agreement between the department and the traders. I believe there was Ministerial intervention as a result of which that mutually acceptable agreement was thrown overboard. These traders were told—on Ministerial instructions—that the price had gone up, and that they could take it or leave it. There was never any question of anyone agreeing on a price! They had prices imposed on them!

They received letters to the effect that they could take it or leave it, and that the price was not negotiable! Worse still, they were given a time limit along with the threat that if they did not accept the offer at that price by a certain date, the property would go on public auction on the instructions of the Ministers' Council.

There is therefore no question of "mutually acceptable agreements". I agree that if there is a willing seller and a willing buyer, the Mobeni Heights shopping centre can be sold for R50 million, provided the agreements are mutually acceptable to both parties, and not a one-sided affair.

Despite our discussions there are one or two officials of the department who are ruthless as far as these matters are concerned. Let us translate what is said here into practical reality, because there is a tremendous measure of dignity in those two words "mutually acceptable". What I am saying about mutually acceptable agreements can be proved, not only in words, but in writing. In every case a gun is held to these traders' heads, and they are threatened: Take it or leave it. I repeat, they are threatened and told that the instructions come from the hon the Minister of Housing. They are told if they do not accept the property at a certain price, it will be sold. In respect of these shopping centres, where the sales have lapsed . . . [Time expired.]

Mr K MOODLEY: Mr Chairman, when dealing with these shopping centres, a number of factors have to be taken into account. Some of them are new and others are old. Some of them have been paid for over the years by the tenants.

What intrigues me, though, is that the department gives notice to traders that they have to buy their shops at a certain price. Imagine then that they are given a notice on 1 December according to which they have to sign, confirm and conclude the agreement by 31 December. When these traders come back and ask the department to call a meeting in order to discuss and clarify certain matters, that is accepted. They are told they can come and meet the department. The day before the meeting they hear that the meeting would serve no purpose and that it will therefore not take place.

I know that no matter who the Minister is, he is not going to be able to check on all the departments. These are the things that happen. I think there should be someone in charge to give directions, to give instructions and ensure that this kind of anomaly does not take place.

Certainly we are looking at a group of people who are suddenly told they have to raise R2 million, or whatever the price may be, and given 30 days in which to decide. I find this very difficult to accept. When one has to approach the department to discuss these issues, and the agreement is accepted at first whereas one is then told no purpose will be served, one will get cancellations of sales and problems will arise. I think this must be dealt with in a more mutually acceptable manner.

The LEADER OF THE OFFICIAL OPPOSITION: Mr Chairman, the hon the Deputy Minister of Housing can confirm that I have given him the name of an official who is uncouth when dealing with our people. He is unreasonable and he is ruthless.

They produce these high figures, praying that these people will refuse them, because there is somebody in the private sector who is prepared to buy this property on the open market and even give somebody commission.

Let us take one case which I quoted earlier on in which there was a mutually accepted agreement

Cont →

between the traders and the department. There the meaning of the term "mutually accepted" was translated into its proper, practical meaning. They came back to the traders, however, and said the hon the Minister of Housing had given instructions that he was not prepared to accept this mutual agreement, and they raised the price I shall prove that. I shall give hon members the information. The hon the Minister must get McLachlan out into his office and arrange an all-party meeting. I shall get the traders. It is on record that it was a Ministerial instruction that the prices agreed upon would not be acceptable. This is what was reported, and I have confirmed it to be the truth. [Time expired.] 30

The MINISTER OF HOUSING: Mr Chairman, as far as the Mobeni Heights shopping centre is concerned, the reason that consideration was extended to them is that they were able to furnish the financial guarantee for the money on the basis of the sale price agreed upon.

I want to make it absolutely clear that shopping complexes are valued at the market price. Those prices are discounted for the trauma our people have gone through as a result of the Group Areas Act. As far as I am aware, there have been prolonged negotiations with regard to Montford and Moorton. Ultimately there was an agreement. After all, even if they ask us to sell the shopping centres for peanuts, we cannot simply do that. It is not money belonging to the Minister; it is State money.

There is a method of valuing the property. What we did and are doing all over with regard to shopping complexes, is to discount the open-market value by considering what our people have suffered, due to displacement. The price in terms of the agreement is arrived at on that basis. I want to make it very clear that I cannot simply give away shopping complexes. I do not want to become popular. It is State money and I am answerable for it.

What we want to ensure is that people expedite the negotiations. One cannot carry on negotiations for six months or a year. If that deal were given to a lawyer to handle on our behalf, it would have been closed, one way or the other, long ago. I have indicated that I am prepared to advise that my officials talk to these people again if they want to talk about the matter.

We need the money. There is the Cabinet directive. The Treasury imposes certain conditions. I am not involved in these negotiations. I have no interest in them. I went out of my way, even as far as Havenside was concerned, to help finalise matters as far as possible. Fortunately Havenside has also produced its guarantee. Mobeni Heights has produced a guarantee. What we are charging is a fair market value, not the market value as determined by people like Issac Geshen and Company. We accept that figure, and then we try to discount the price on the basis of the trauma our people have gone through. [Time expired.]

Debate concluded.

QUESTIONS

† Indicates translated version.

For written reply:

General Affairs:

Vacant posts: King Edward VIII Hospital/Natal Medical School

13. Mr M RAJAB asked the Minister of National Health:

(1) Whether any professional posts are vacant at the (a) King Edward VIII Hospital and (b) Natal Medical School; if so, (i) (aa) how many, (bb) in which departments and (cc) in respect of what date is this information furnished, (ii) what are the reasons for these vacancies and (iii) when is it anticipated that they will be filled;

(2) whether she will make a statement on the matter?

D52E

The MINISTER OF NATIONAL HEALTH:

(1) (a) Yes and

(b) yes,

(i) (aa) King Edward VIII—11.

Natal Medical School—13,

(bb) King Edward VIII—Clinical Wards.

Natal Medical School—Urology, Gynaecology and Obstetrics, Neuro-Surgery, Anatomy, Chemical Pathology, Haematology, Microbiology, Pharmacology, Forensic Pathology and Virology,

(cc) King Edward VIII—29 February 1992.

Natal Medical School—5 March 1992,

(ii) King Edward VIII—Retirements, promotions and resignations.

Natal Medical School—Unattractive conditions of service and the fact that private practice is more lucrative and

(iii) King Edward VIII—Personnel were selected and will assume duty soon.

Natal Medical School—Posts are being advertised;

(2) no:

Property industry unsure of 'yes' vote's influence

B/Day 25/3/92

(30)

Reports by
PETER GALLI

WHILE the property industry has welcomed the "yes" vote in the referendum last week, players disagree about the influence it will have on the market.

Pam Golding Properties executive director Mike Bissett says it will instil investor confidence in the country and the property market. This means overseas buyers will keep their lines of communication open and local investors will again start "putting pen to paper".

Property Economist Neville Berkowitz says international financiers should be willing to lend money to a new SA well on the road to political reform, which should see interest rates come down over the next year.

"There have been many tenants sitting on the sidelines waiting for the results of this referendum and who will now be more likely to commit to longer-term leases," he said.

However, Seeff Group Holdings chairman Lawrence Seeff feels the euphoria engendered due to the referendum result was partly offset by the Budget which did "less than nothing" to stimulate growth in the construction and property market.

"The fact that only 6,5% of government spending is to be allocated to capital projects is hardly stimulatory. While there is some relief for large construction companies in the provision for economic housing, this has been partly offset by the 2% increase in transfer costs," he says.

The Minister had failed to meet the challenge of SA's current needs. Seeff was hoping for an anti-inflationary budget with measures to promote business and industrial growth.

This will have put more people into jobs. "Tax holidays could have been offered to the overseas industrial investment and moves to end the wildly expensive and irrelevant tri-cameral system could have been announced," Seeff said.

However, Camdon's group MD Scott McRae disagrees with this, saying the increase in transfer duty and the fuel price will have little impact on the market and improved overseas sentiment could see an inflow of foreign capital into local property.

"The Budget was clearly aimed at investing in political stability and the increased policy budget indicated a commitment to capital formation. This will also have a stimulatory effect on the property market.

SA Property Owners' Association (Sapoa) executive director Brian Kirchmann says the property industry can now look forward to relative prosperity.

"I believe we will soon see a number of foreign investors and developers looking for opportunities ...

Anglo American Property Services MD Gerald Leissner says the referendum result and conservative Budget could between them give a slight boost to the property market.

"The residential market, which has been dead, will start to improve, but for the commercial market to improve will need a drop in interest rates and general growth in the economy," he says.

Yes vote was a 'present'

Sowetan 26/3/92

PROPERTY developers and owners could hardly have asked for a better present than the overwhelming yes vote in last week's referendum.

This was said by the executive chairman of the Murray and Roberts Properties Group, Mr Eric Field, when he opened the East Rand Mall in Boksburg.

Catalyst

He said that one interesting outcome of the referendum was the obviously exuberant and good-natured attitude of black and white shoppers towards each other.

"It seemed almost if the referendum result was the catalyst that we have all been waiting for to reach out and find each other," he said.

Dramatic

He added that while he did not expect a dramatic improvement in rent levels and property values, he nevertheless did expect a steady improvement and he had no doubt that March 17 would prove to be the turning point for the property industry.

Curnow cuts margins to hold market share

STAR 27/3/92 (30)

CAPE TOWN — Despite a 14 percent increase in turnover, auto-refinish supplier Curnow posted a 17,7 percent decline in taxed profits to R1,02 million for the year to last December.

Turnover was boosted 14 percent to R44,60 million, but pressure on margins and an increase in finance charges from R661 000 to R831 000 caused taxed profits to decline to R1,02 million.

Added to this, the cost of discontinuing certain operations, amounting to R71 000, further eroded attributable profit.

A final dividend of 1c a share has been declared, making a total of 2c (2,25c) a share for the year.

Earnings amounted to 4,60c a share, compared with 5,60c in the previous financial year.

According to chairman Alan Schlesinger, competition within the industry remained intense throughout the year under review.

"The drop in our margins from 8 percent to 6,3 percent, with the resulting 10,3 percent decrease in operating income to R2,79 million, was incurred in maintaining a dominant market position.

"Although this naturally affected our profitability during the year, we are well-positioned to benefit from any improvement in trading conditions," he says. — Sapa.

Sacob plea to retain zero rating

STAR 27/3/92

By Michael Chester

The SA Chamber of Business sent an urgent appeal to Finance Minister Barend du Plessis yesterday to order a six-month postponement of controversial plans to bring several basic foodstuffs into the VAT net next week.

Sacob urged the Minister to maintain the protection of the items from VAT "until effective social assistance programmes are in place".

The intervention by business followed threats of widespread strike action unless the Government abandoned plans to lift the zero-rating of VAT on nine basic food items on April 1, leaving only mealie meal and brown bread outside the net.

When VAT was introduced last September, the Government said the zero tax rate on the items was a "temporary" measure.

In an urgent letter to the Minister yesterday, Sacob said the poor performance of the economy, and an increase in unemployment and poverty, made it "clearly inadvisable" to end the zero-rating on the items at the end of the month.

"The need to postpone this move is underlined by the fact that Government's nutritional programme appears to have been slow in reaching the very poor," Sacob added today in a statement.

"One of the root causes of social unrest and violence, which stands in the way of a sustainable economic revival, is poverty," it said, "and we believe that this should be addressed directly and not through the tax system.

COMPANIES

Depressed market batters Gentyre

B/Day 27/3/92

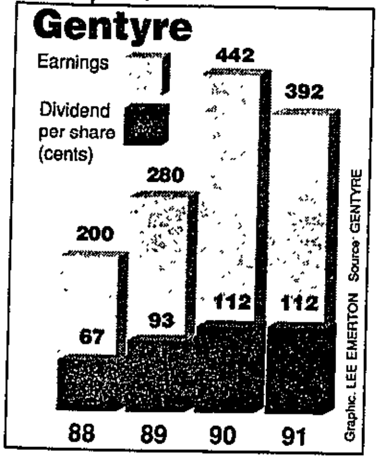
EDWARD WEST

GENTYRE's earnings in the 12 months to December 1991 were battered by depressed market conditions, competition from imported tyres, widespread discounting and a five-week strike, today's results for the 69% held W & A susbsidiary show.

Turnover fell 7% to R484,4m from R520m in 1990. Operating profit dropped 17% to R52,8m from R64,1m. Income from interest rose to R7,8m from R5m. Taxed profits amounted to R61,3m compared with R69m in 1990. After minorities and preference dividend payments of R89 000, attributable profit was 11% lower at R61,2m than 1990's R68,8m.

Profitability was affected by a five-week strike in the tyre division, an 8% to 10% real decline in the tyre market, an increase in imported passenger car tyres and re-used casings, as well as widespread discounting to maintain market share, the directors reported.

The industrial products division, which manufactures industrial rubber products and which in 1990 contributed 14% of turnover, maintained sales and profits in 1991 in spite of cutbacks in the level of spending in its markets.



Increased interest income reflected ongoing management of working capital and a high level of liquidity.

Local market volumes were not anticipated to increase substantially in 1992, but international markets had opened for SA manufacturers as a result of the changing poltical climate in the country, the directors reported.

(Retail + wholesale scup)

Curnow sales up, but earnings fall

(30)

EDWARD WEST B/Day 27/3/92

AUTOMOTIVE paint finishing supply group Curnow M & G increased sales by 14% to R44,6m in the 12 months to December 1991, but efforts to maintain dominant market share plus increased finance charges saw the W & A associate's earnings fall by 17,7% to R1,02m.

Curnow chairman Alan Schlesinger said yesterday turnover increased in spite of tough competition. However, to maintain dominant market share, prices were dropped and gross profit margins fell from 8% in 1990 to 6,3% in 1991.

As a result operating income fell 10,3% to R2,8m from R3,1m. Finance charges increased to R831 000 from R661 000. Taxed profits fell by 17,7% to R1,02m. An extraordinary item of R71 000 was incurred relating to the closure of one of its 15 branches.

Financial director Michael van Niekerk was optimistic about this year's prospects because the company had been streamlined and the first two months had been financially successful. The company would benefit from any improvement in trading conditions, Schlesinger said.

Earnings a share fell to 4,6c from 5,6c last year and a final dividend of 1c a share was declared bringing total dividends to 2c (2,5c) a share.

Plea for small business plan

B/Day 27/3/92

30

THEO RAWANA

A DEVELOPMENT strategy for small and medium business should become a key component in any new order for the future SA, SBDC MD Ben Vosloo said in Benoni last night.

Addressing a Benoni Chamber of Commerce AGM, Vosloo said the overall health of the SA economy depended largely on dynamic entrepreneurial activity in the small and medium enterprise sector.

"It is common knowledge that this sector can make a meaningful contribution to economic growth, employment generation and social progress," he said.

Of the about 810 000 formal business entities in SA, an estimated 91%, or 720 000 could be classified in this sector, he said.

He added: "Their estimated share in terms of GDP stands at about 50% and they employ approximately 2,4-million people — 30% of all formal employment opportunities.

The figures exclude the informal small business sector who accounted for about 15% of GDP, he said.

He said there were indications that large corporations paid taxes at a lower average rate than this sector. He called on government abandon its bias towards large business.

PICK 'N PAY FM 27/3/92

(30)

Below target

If the question were posed: "What would constitute satisfactory earnings performance for Pick 'n Pay in the present economic climate?" a reasonable answer would be that for a firm of its type and size, turnover, trading profit and attributable earnings should grow over time at much the same rate as inflation.

It would be reasonable for some leeway to be allowed around these figures for the description "satisfactory" to apply. But, with the exception of turnover growth, Pick 'n Pay's results for the 1992 financial year do not even fit into the relaxed definition. Trading income declined 4,2%; pre-tax income dropped 0,6% and attributable income fell 2,5%.

Turnover growth of 13,9% is fine. But of primary concern is the declining growth trend in trading income. In 1992, the group margin shrank once again. It has been falling for several years — in 1987 it was 2,8 — but the 41-point fall in the past financial year to 2,16% is a large 16%.

Reasons for the margin decline this year are not clear. Chairman Raymond Ackerman's statement that management was able to generate a distinct drop in expenses seems contradictory in the light of the result but no doubt there were many other influences.

Were price increases absorbed without passing them on to the consumer in the interest of buying market share? Did the recession quash purchases of high-margin durable goods? Did the high cost of buying and installing new information technology influence the position? Did the clumsy introduction of VAT by the authorities significantly harm margins (remember the rate change just days before V-day)? What effect have the drawn-out, unresolved wage negotiations had? MD Hugh Herman says all these factors contributed to the margin decline.

But the fact is that Pick 'n Pay's trading income over the past three years shows growth of just 6,5% a year, well below inflation. This statistic, by itself, is worrying. It is indicative that the chain is not trading as

Pick 'n Pay's Herman ... *pressures on the margin*

Continued

FM 27/3/92 (30)

MARGINALISED

Year to December 31	1991	1992
Turnover (Rm)	5 189	5 911
Trading income (Rm)	133,5	127,9
Pre-tax profit (Rm)	139,6	139,0
Attributable (Rm)	86,6	84,4
EPS (c)	110,6	107,9
Dividend (c)	57,5	57,5

profitably as it should to maintain long-term equilibrium in the marketplace and it shows a weakness which growth in turnover, EPS and market share has obscured.

It could be argued that the nature of Pick 'n Pay's business is such that the trading picture is incomplete if investment income is not included in trading profit. But this is to beg the question. If margin constantly declines, it indicates the problem lies in the operating area. Margin deterioration is a critical indicator of fundamental difficulties in the basic business. For Pick 'n Pay to prosper, this trend must be reversed.

Because of this trend, the high rating of the share should be considered. When the basic business has grown at 6,5% over the past three years, recording negative real growth against annual inflation of about 16% over that time, how can it justify a p:e rating of about 20? Evidently, the market is saying it expects real growth — at least in EPS. But in financial 1992, EPS declined for the first time in Pick 'n Pay's history.

There is, however, great inherent strength in the chain. It has 153 outlets; the following of hundreds of thousands of consumers throughout the country; a prominent, trusted brand name; a strong balance sheet; and management excellence recognised internationally and locally. It is a giant in the marketplace, and will continue to champion the cause of the consumer.

Its high rating in the share market stems from these factors as well as its good long-term growth record. The chain will surely perform better in better times. But unless Pick 'n Pay returns to a healthier margin by whatever means necessary, its share market rating is bound to decline. *Gerald Hirshon*

EXPOSED: R750m state bid to take over SBDC

S Times 29/3/92

30

By CHARLENE SMITH

A SECRET R750-million bid by the government's Industrial Development Corporation to take over the private-sector Small Business Development Corporation has been abandoned after the Sunday Times uncovered the scheme.

Mr Derek Keys, the minister responsible for the IDC, advised the corporation's chairman, Mr Koos van Rooy, to withdraw the offer after the Sunday Times had made inquiries about the highly secret negotiations.

The offer was withdrawn on Friday afternoon.

Astonished

Had the takeover been successful, industry sources said this week, it could have affected future job creation.

Spokesmen for the 140 private-sector companies that control the SBDC were astonished this week to hear of the takeover bid.

The IDC — which holds 50 percent of SBDC shares but does not control the corporation — insists it only wanted to assist the cash-strapped SBDC.

But business analysts believe the IDC had other motives: it was trying to empire-build.

Documents in the possession of the Sunday Times show how the IDC intended to gain full control.

It wanted to dominate the board of directors, strip the SBDC chairman of his casting vote and reduce the power of the private-sector shares in the corporation.

It proposed, in three meetings with the SBDC in December and February, that A and B class shares should be converted into ordinary shares to be held 50:50 by the IDC and the private sector. This would effectively end the controlling position of the private-sector shareholders.

On February 27, an additional offer was made to give the SBDC R750-million over five years at an interest rate of four percent.

SBDC chairman Dr Anton Rupert rejected each bid. He has, however, declined to comment.

Mr Carel van der Merwe, managing director and chief executive officer of the IDC, said the R750-million offer had not been a takeover bid but merely an attempt to assist the SBDC.

He said the offer failed "because we could not agree on a package that mutually suited us. It was a way of applying profits from our normal activities. There was no question of a takeover or interfering with the daily management of the SBDC."

The SBDC, meanwhile, remains in a parlous financial position.

Criticised

The government has cut off nearly all its funding and some sources believe this was done to force it to accept the IDC offer — despite the government's stated commitment to privatise public corporations.

Dr Ben Vosloo, managi- director of the SBDC, said th failure of the bid meant "we are now out in the cold".

"We will have to cut back on our activities, and perhaps approach the government again to assist us."

He criticised the scant attention the government was giving to the development of entrepreneurs and job creation. The SBDC, which has an annual

□ To Page 2

Bid to grab SBDC

S Times 30

□ From Page 1

29/3/92

growth rate of 20 percent — and which has helped 310 000 people find employment through the formation of small and medium enterprises — is experiencing cash-flow problems.

In last year's government budget the SBDC received R100-million. However, this year it received R3,6-million, which the Minister of Finance, Mr Barend du Plessis, explained by saying that negotiations were under way between the IDC and SBDC.

Nonetheless, the SBDC is the only development agency in the country that generates income — a healthy R100-million a month, although its outflows are R250-million each month as it extends loans to small businesses in the creation of economic growth.

Its control by the private sector has ensured a non-political approach by the SBDC. However, there are fears that if the IDC bid had been succesful the firmer government link would have continued to prevent the SBDC from attracting foreign investmors, who are still wary of direct links with government agencies.

S/Times (BUSS)

More OK closures

(30)

By ZILLA EFRAT

29/3/92

OK BAZAARS is set to close around nine "obsolescent" stores this year as lease agreements come up for renewal.

It has already closed 20 out of 30 stores earmarked as part of a three-year programme to rid itself of stores not dominant in their trading locations.

MD Gordon Hood denies that the closures will result in many staff retrenchments. This is because the new buyers of the stores often take over some of the staff and long-serving employees are relocated to other stores.

The closures will not affect OK's total head count of more than 24 000 people because of the larger Hyperamas the OK is opening up.

A new Hyperama will open in Mayville in Pretoria this year followed by a further two next year — one in Westville near Durban and the other in Four Ways, Sandton. One was recently opened in Kempton Park.

Mr Hood says the contribution of a Hyperama is equivalent to 15 small stores in turnover and 10 small stores in terms of employment.

Those OK stores earmarked for closure are generally over 25 years old and are running at a loss.

Business and civic leaders for talks on Cape growth

(30)

S/Times (CM) 29/3/92

ABOUT 300 business and civic leaders are expected to attend the Growing the Cape workshop in the Cape Town Civic Centre on Wednesday.

They include not only market-demand-driven industrial sectors such as clothing, food processing, construction materials, printing and durable consumer goods but relatively new or specialised growth sectors such as high-tech products, scientific equipment, upmarket boutique clothing, jewellery, cosmetics and pharmaceutical products.

With vigorous inward as well as export orientated industrialisation programmes, the Western Cape should be able to maintain a growth momentum in all these subsectors during the next few years, says Wesgro in its invaluable working guide, South Africa's leading edge? — A guide to the Western Cape economy, published this week.

It points out that the swing towards smaller enterprises and the informal sector is likely to become more pronounced in the region, given the consolidation of African urban settlements and the growing number of small-scale self-employment ventures in "coloured" and white communities.

The guide focuses on selected subsectors:

- Clothing. This is regarded as the most important industry in the Western Cape, with considerable growth potential in local, national and export markets.
- Textiles. "With concerted, industry-wide strategic planning, better co-operation between clothing and textiles operators, and pragmatic market-orientated support from government, the sector should be able to increase its contribution to the economy of the Western Cape."
- Food. "Foreign exports are significant for canned products and markets on the African continent may be set to expand."
- Beverages. Soft drinks production is likely to grow rapidly due to rising local demand and the export potential for fruit juices. The wine sector could experience slower growth locally but exports may achieve a breakthrough.
- Printing and publishing. This is likely to expand over the medium term through the growing population, increasing literacy and new education policies.
- Wood processing and furniture. Growth opportunities include basic household furniture for low-income consumers and high quality wood, steel or plastic furniture, as well as the renovation of antiques, for upper-income local, national and export markets.
- Petrochemical, industrial chemical and plastics industries. In these and subsectors such as pharmaceuticals and cosmetics the region could, if properly prepared, establish a distinct niche in national and export markets.
- Fabricated metal products, machinery and electrical industries, together with scientific instruments and electronic equipment.
- Pleasure boats and fishing vessels. The former seem well placed for expansion in local/national demand and exports, and in the latter case production for export could be a medium-run challenge.

The guide points out that although the Western Cape is poorly placed for north-eastern neighbours, the road links with Namibia and Botswana, sea links along the West African coast — for example, Angola and Nigeria — and air links with all parts of the continent should enable the region to capture a significant share of trade and other business opportunities.

The following benchmarkets are suggested for consideration:

- A population growth rate not exceeding 2,6% a year.
- Gross geographic product of at least 3,5% a year.
- The creation of 40 000 new, identifiable jobs a year during the next few years.
- An increase of 5 to 7% a year in total exports from the Western Cape.
- A 10-year programme (incorporating annual targets) to speed up provision of the social-infrastructure needs of black low-income households.

McCarthy gets four UK dealerships

(30)

MICK ELLINGHAM

30/3/92

BD

MOTOR vehicle group McCarthy has entered the British market with the acquisition of four Toyota dealerships in England.

The Durban-based group has bought what it claims to be the largest volume Toyota dealership in Britain at Sidcup near London, as well as dealerships at Belvedere, Maidstone and West Malling.

The three outlets — excluding Sidcup — are restricted to 1 600 units a year between them due to voluntary quota constraints on imported Japanese vehicles.

Management will be retained at the four outlets.

McCarthy joint MD Dudley Saville said the group aimed to participate in expected growth in the Toyota franchise in Britain following the completion of the Derby Toyota UK plant in 1993.

"The acquisition of the UK dealerships is expected to have a neutral impact on earnings in the current year," he said.

The British development comes hard on the heels of McCarthy's acquisition of Beachway Motors in Durban.

Meat price gap worries watchdog

STAR 30/3/92

Consumer Reporter

The Consumer Council is "disturbed" by the ever-widening gap between the producer and consumer price of red meat, the consumer watchdog said at the weekend.

According to the council it appeared, from a recent survey by the Meat Board, that meat at butcheries was considerably cheaper than at supermarkets.

It found this "ironic" since supermarkets bought larger quantities of meat and had greater negotiating powers. Their meat, said the Consumer Council, should consequently be cheaper.

"With the market currently over-supplied with meat, the benefit is not being passed on to the consumer," it added.

STAR 31/3/92

Bid to jack up CBD of Jo'burg

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By Louise Burgers
Municipal Reporter

A company known as the Central Johannesburg Partnership (Pty) Ltd, aimed at promoting the city centre and address its problems, is to be formed by a partnership of the city council, the private sector and the community.

The agreement establishing the company, to be tabled at the council's monthly meeting today, stems from a major central business district conference last year.

The partnership between the council, the community (residents and organisations representing them) and the business sector in the city centre will be organised as a private company.

A board of six members from each group will run the company, supported by a full-time secretariat. Each board member will have one vote. The elected chairman will not have a casting vote.

The company is committed to involving all stakeholders in central Johannesburg in a co-operative effort to rejuvenate the city centre, thereby promoting a sound economy, an attractive, safe and vibrant city, affordable residential accommodation and a focus for the community.

The objectives are to:

- Promote the central area, encouraging people and organisations to support projects for its improvement.
- Establish a forum for discussion and action between the council, the community and the private sector
- Work through consensus, decision-making and committed action.
- Promote activities and development as well as the competitive marketing of the city centre.
- Formulate a vision and strategy.
- Assist as a facilitator and catalyst for development.
- Facilitate finance for specific projects.
- Serve as a forum for conflict resolution.
- Minimise red tape, serve as an information and resources centre, and monitor issues affecting the central area.

Tough times to continue — BER

Bday 31/3/92

(30)

LINDA ENSOR

CAPE TOWN — The majority of wholesalers, retailers and motor dealers expected poor sales volumes in the second quarter, Stellenbosch University's Bureau for Economic Research (BER) said in its latest survey of the commercial sectors.

This follows a first quarter which showed a deterioration in sales over the 1991 period and a greater pessimism among white consumers.

The BER report said poor sales in the first quarter had been countered by a depletion of inventories, more retrenchments, improved productivity and increased prices.

The decreasing trend in sales growth in the wholesale sector appeared to be deepening, deferring the bottoming-out process in the sector. Conditions remained tight and business confidence poor.

A total of 34% (19% in the previous survey) of wholesalers expected poorer conditions in the second quarter, with only wholesalers of non-consumer goods predicting a relative improvement in sales.

Most retailers did not realise their first quarter sales expectations. The durable sector reported low volumes of sales in machinery and equipment, furniture and household appliances, jewellery and electronic equipment.

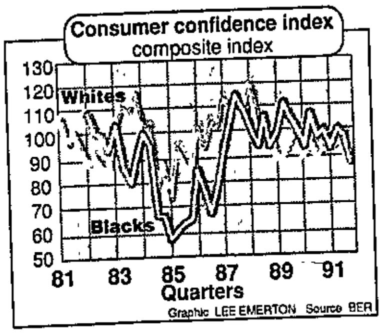
Poor sales of footwear in the semi-durable sector, and foodstuffs and beverages in the non-durable sector, were also experienced. A net 39% of retailers in the non-durable sector expected poorer sales in the second quarter.

BER said sales of durable goods would not be buoyant this year as private consumption expenditure was unlikely to improve much. The growth sectors would be the non-durable goods sector, particularly services, while spending on semi-durables might show marginal growth.

Sapa reports that the report said the employment situation still looked bleak with only 7% of new entrants to the labour market employed in the formal sector.

The size of the informal sector must inevitably increase as this trend, with slower growth in salaries and wages, would dampen growth in the country's total wage bill.

On the economy's short-term future, only about 40% of consumers polled expected an improvement during the next 12 months.



Graphic LEE EMERTON Source BER

IDC denies planning SBDC takeover

BDay 31/3/92

SHERIDAN CONNOLLY

THE Industrial Development Corporation (IDC) was not involved in a clandestine takeover of the Small Business Development Corporation (SBDC), IDC MD Carel van der Merwe said yesterday.

He dismissed a weekend report which claimed the IDC had negotiated a "highly secret" deal in a bid to gain control of the SBDC, in which it held a 50% stake on behalf of the state. The report claimed the IDC wanted to dominate the SBDC directors and reduce the 50% balance of private-sector shares in the corporation.

Van der Merwe said in an interview the SBDC had estimated that to maintain an average growth rate of 20% a year, about R750m would be needed over the next five years. Because it was unlikely that financing of such proportions would be available from the SBDC's private-sector shareholders or direct from the state, the IDC had submitted proposals to the SBDC for the provision of a five-year loan to assist in financing its requirements, he said.

"The offer was not a takeover bid but was instead an attempt to make it possible for the SBDC to pursue its important task of fostering the small business sector where the potential for job creation is highest, and to enable the IDC to make an increasing contribution to development," Van der Merwe said.

He said the IDC had submitted proposals which recommended that the artificality of the capital structure of the SBDC be removed. This involved a change in the two classes of shares in the SBDC — the 50-50 partnership between private-sector shareholders and the IDC's stake.

Not secret

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A change in the capital structure would, however, have seen private-sector shareholders retain their equal say in the partnership, in spite of the fact that the IDC's contribution to the funding of the SBDC would be larger.

Van der Merwe said the negotiations were "definitely not secret" and said even the SBDC's major private-sector shareholders had been aware of the IDC's proposal. IDC chairman Koos van Rooy had met SBDC chairman Anton Rupert more than once to discuss the proposal.

After discussions with the SBDC and the Trade and Industry Minister, the IDC concluded it would not be possible to reconcile the requirements of the various parties to the needs of the SBDC and the terms on which it is willing to take up finance".

Van der Merwe said the state had made special annual contributions to the SBDC from the Budget since 1985. In the latest Budget speech, Finance Minister Barend du Plessis had said negotiations between the IDC and the SBDC were under way in order to enable a further transfer of funds to be made to the SBDC's development fund "for the maintenance and expansion of small business development initiatives".

The IDC had, over the past five years, provided R70m to the SBDC as additional share capital on behalf of the state, he said. The SBDC was not "cash-strapped" as had been implied, and the SBDC's funding requirements were part of its long-term planning needs, he added.

The value of SBDC funds stood at R798,8m as at 31 March 1991. The IDC-/state had contributed R590,3m (73,9%) to the SBDC compared with the private sector's R161,1m (20,2%) contribution.

Marais in labour talks

Retail and leisure sites now are prime

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BDay 7/4/92

DEVELOPERS are shifting their focus from commercial properties and are examining alternatives like retail and leisure accommodation and housing, Seeff Development Holdings chairman Lawrence Seeff says.

7/4/92

"Three new hotels are to be built between Johannesburg and Sandton and a 25 000m² retail development is coming on line in the Cape — the Victoria and Alfred waterfront development.

"Time, Stocks & Stocks and Murray & Roberts via subsidiary Condev Homes are all looking at the residential market, which still reflects demand in the R150 000 to R220 000 area."

Seeff Commercial Services is launching new business broking operations in Cape Town, Port Elizabeth and Plettenberg Bay. The group has nine business brokerages in operation, operating under MD Rory Steer.

Divide

"We aim to open our PWV brokerage in July at the latest. Our philosophy is to divide the market into geographical areas," Steer says.

Seeff Trust is presently negotiating for a R20m shopping centre in the Johannesburg region for syndication purposes. This centre is expected to reach the market in July. Syndication remains a good investment for individuals wanting to invest in commercial, industrial and retail property, says Steer.

The self-regulatory body being established to monitor syndication deals is starting to take shape, with the constitution presently being drawn up.

"The industry stands at about R1bn and should grow by 300% to 400% over the next few years," Steer says.

Finding prime sites strategically positioned and priced at a level that would still show a return was a problem.

"However, investors must remain circumspect about the syndications they invest in and should critically examine tenancies, leases and projections," he says.

OK to absorb VAT

Sowetan 1/4/92

~~330~~ 30

CHAINSTORE group OK Bazaars has announced that it will absorb the Value Added Tax (VAT) on nine zero-rated foodstuffs for a limited period.

The zero-rating on the basic foods is due to be dropped on April 1. OK will absorb the VAT until April 20.

OK managing director Mr Gordon Hood said in a statement he hoped the step would provide temporary relief "to those communities hardest hit by the difficult economic climate".

SA Press Association

Hood also reiterated an appeal to Finance Minister Mr Barend du Plessis to reconsider the imposition of Value Added Tax on basic food items.

Yesterday Du Plessis hosted a news conference in Pretoria during which he addressed the VAT issue.

PROPERTY

Cape Town market 'still attracting many investors'

BDay 1/4/92.

(30)

Reports by
PETER GALLI

THERE are still many buyers looking for investments in commercial and industrial property in Cape Town despite political uncertainty and the recession, says Pam Golding investment properties MD John Pistorius.

"These buyers are from across the investment spectrum and include local institutions, big and small investors and entrepreneurs from upcountry and Namibia."

All were looking for "acceptable returns" and a major problem was to find suitable stock as there was an oversupply of A and B grade property in the CBD, the southern suburbs and the northern suburbs.

"Unless buildings are well let, investors are understandably nervous," Pistorius said.

Regarding prospects for the year, he said it was a tight market waiting for stimulus from an economic upturn, which could materialise only in 1993.

The Cape Town market was generally in a better shape than those in other major cities and would continue to grow in status as a preferred investment area, he said.

The "yes" vote in the referendum would mean increased buoyancy in the commercial and industrial markets and a return of foreign investors.

Pam Golding's commercial and industrial division, now known as Pam Golding Investment Properties, was aiming to expand its operations, Pistorius said.

"This expansion will take place particulary in the hotel and leisure sectors, where the company has expertise."

The company had employed more brokers and would be opening a sub-branch in the northern suburbs. It would also increase its adspend.

Seeff, meanwhile, has seen its commercial and industrial brokerage grow over the past 30 months to 15 lease and sale brokers in Cape Town in addition to a valuation department.

"The Cape market is starting to move into an oversupplied situation and 60 000m² of space is coming online over the next six months. This will result in the A-grade and quasi A-grade market being oversupplied," said Seeff Organisation Holdings chairman Lawrence Seeff.

Baker Street Associates MD Rodney Timm said the Cape Town market was struggling, but had good potential. He said there was likely to be a demographic shift away from Johannesburg to Cape Town because professionals were looking for quality of life.

Urquhart buys broaden its franchise base

BDay 1/4/92

(30) EDWARD WEST

MOTOR vehicle distribution group Urquhart has broadened its franchise base into the Western Cape with the acquisition of Tygerberg BMW in Bellville for R4,7m and Ferndale Delta in Kuils River for R3,06m.

Urquhart has also published its first interim results for the six months to December 1991 since a restructuring of the group — then named Sinclair Holdings — in September 1991. The restructuring saw fixed assets climb to R18,08m from R2,3m because of acquisition of properties, an increase in net borrowing to R17,3m from R377 000 as a result of R24,1m paid out for special dividends and a corresponding reduction in shareholder interests.

The results show a 10,7% increase in turnover to R134,6m from R121,7m in the previous year and a 1,1% drop in trading profit to R3,3m from R3,4m in 1990.

Attributable profit fell to R2,7m from R9,1m. In the interim period to December 1991, Urquhart's earnings fell to 14,5c a share from 19,2c a share in 1990.

Checkers revamp costs group R37m

B/Day 1/4/92

(30)

LINDA ENSOR

CAPE TOWN — The rationalisation of Tradegro in the period to end-December cost the group R46m, R37m of which related to Checkers, Tradegro director and Checkers MD Whitey Basson said yesterday on the release of the Tradegro interim results.

He said the R37m covered the rationalisation of Checkers fully.

The rationalisation costs covered the cost of closures, writing off of goodwill and investments and retrenchment pay. Together with an after-tax loss of R41,5m, the R46m brought Tradegro's total loss for the six months to R87m or 18,6c a share on a turnover of R1,9bn. Parent company Tradehold suffered a loss of 15,9c a share.

The after-tax loss also included costs such as stock write-offs involved in ensuring the Tradegro companies complied with Pepkor's accounting practices.

Tradegro chairman Christo Wiese said the losses would not have a significant effect on parent company Pepkor's earnings in the year to end-February, adding that a substantial portion of these losses had been set off against the purchase price.

In October last year Pepkor acquired control of Tradehold and Tradegro from Sankorp. Checkers is the major component of Tradegro, with Greatermans/Stuttafords and Coreprop making a minimal contribution to group figures. The figures are not comparable with the previous interim period as Metro Cash & Carry and Smart Centre were sold and the group was unbundled. Before this the group made an interim turnover of R4,2bn in 1990.

Pepkor financial director Cornus Moore

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Checkers

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said Greatermans/Stuttafords traded reasonably well. He said the losses at Checkers were funded by Tradegro which had substantial cash resources to fund its operations following its rights issues. Tradegro has cash resources of about R200m, interest-bearing debt of R34m and interest-free liabilities of R611m.

Basson said trading conditions deteriorated further during the six months and there was little change in Checkers turnover. Tradegro suffered a R31,4m operating loss exacerbated by finance charges of R6,8m and tax of R3m. Basson attributed the losses to the head office structure of Checkers and its incorrect pricing policy.

Since March 1 the operations of Checkers and Shoprite had been merged and the problems addressed.

The head office structure had been cut by about three quarters through rationalisation and staff relocation and through the merger of the management structures of Checkers and Shoprite. Advertising expenditures were also merged.

Basson said it was too early to assess the effect of these measures but Wiese was confident that Tradegro's interim losses would not be repeated.

Wiese said the financial year-end of both Tradehold and Tradegro had been changed from June to February to bring them in line with Pepkor, and "we expect a further but more moderate loss in the last two months of the year".

Technical details on the restructuring of Tradegro and Tradehold are being finalised and an announcement today asks shareholders to continue exercising caution in trading their shares.

Rationalisation costs hit Tradegro

STAR 1/4/92

(30)

Tradegro's results for the six months to last December reflect the rationalisation that has taken place since its unbundling last June.

Tradegro showed a loss for the six months under review of R87,1 million, of which R45,9 million was attributed to extraordinary items. No dividend has been declared.

The same applies to Tradehold, of which the only asset is its holding in Tradegro.

In the case of Tradehold, the loss was R47,2 million for the same period. Again no dividend is being paid.

Pepkor acquired Tradegro and Tradehold from Sankorp last October, and with them Checkers, Stuttafords/Greatermans and Coreprop.

Pepkor chairman Christo Wiese says no meaningful comparison is possible of the figures for the last six months and those for the corresponding period in 1990.

In addition to the unbundling, Metro Cash & Carry and Smart Centre had also been sold off in the interim.

Mr Wiese says the losses were largely the result of provisions to cover the cost of rationalising the Checkers and Shoprite operations and of the introduction of the accounting practices applied in Pepkor.

"The financial year-end of both companies has been changed from June to February to bring them into line with Pepkor's, and we expect a further but more moderate loss in the last two months of the year."

He recalls an earlier statement made when the takeover was announced, that the losses incurred by Tradegro and Tradehold would have no significant effect on Pepkor's earnings in the year to February, saying that a substantial part of these had been set off against the purchase price.

"With the publication of Tradegro's and Tradehold's latest results we are also closing the book on the past, for they reflect to a large extent a part of the history of these companies over which we had no control.

"The provisions are mainly to cover the non-recurring cost involved in returning Checkers to profitability.

"We have already made substantial progress in rationalising its activities.

"Its head office has been moved from Johannesburg to Cape Town and integrated with that of Shoprite; considerable savings have been effected in combined advertising expenditure, while stock control and supply systems have been streamlined and upgraded.

"Staff is now much more motivated than six months ago.

"We do not believe the results such those just announced will repeat themselves in the future.

"Although the outlook for the economy is still bleak and broad economic factors are unlikely to improve trading conditions in the short term, I believe our present rationalisation programme will lead to considerably improved results in the first six months of the new financial year," Mr Wiese says. — Sapa.

Western Cape looks at development forum

LINDA ENSOR

CAPE TOWN — A steering committee to explore the possibilities of establishing a regional development forum for the western Cape is to be established.

The forum could link up with the national economic forum which is being set up. B/Day 2/4/92.

This emerged from a conference yesterday of about 300 representatives from business, local government, trade unions, civic associations and extra parliamentary groups. The conference was organised by the Western Cape Growth Organisation (Wesgro).

The steering committee will consist of representatives of business, labour, local and central government, civic associations, extra-parliamentary groups and Wesgro.

The conference broke up into six working groups to look at urgent issues facing the western Cape. Several proposed that specialised task forces be established to look at specific issues such as economic development, housing, urban development, poverty and education.

One group looked at the competitiveness of business and felt a forum was necessary to discuss ways of improving competition and developing an export culture.

Factors identified as undermining the international competitiveness of the region's manufacturing sector included the tariff structures on intermediate goods, the cost of quality management and lack of skills.

In his opening address at the conference, Peninsula Technikon Rector Franklin Sonn called on government and business to implement affirmative action programmes to address the inequities of the past.

He accused white businesses of competing unfairly with black business by opening up in townships.

Too much 'luxury' pushing up car prices

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By Des Parker

STAR 2/4/92

DURBAN — Vehicle component manufacturers have taken strong exception to the opinion voiced by a leading motor assembler that car prices would fall 12 or 13 percent if the Government toned down its local content programme.

Toyota SA chairman Bert Wessels said last week the percentage was the price South Africa paid for the foreign exchange saving and job-creation achieved by making assembly companies comply with strict local content policy.

However, component makers, under the umbrella of the National Association of Automotive Component and Allied Manufacturers (Naacam), put much of the blame for high prices on import surcharges and duties, inflated domestic steel prices, VAT-profiteering and the excessive opulence of locally-assembled cars.

Naacam president John Brandtner says it is hard to understand how vehicle prices jumped by an average of just under 20 percent — with some models exceeding 24 percent — between 1990 and last year when component prices went up about 12 percent and the rand cost of imported parts about 10 percent in the same period.

Component companies, he says, passed on VAT savings to their customers, a compliment not repeated by vehicle manufacturers.

Mr Brandtner also takes a swing at Pretoria's import tariff protection, which enables Iscor to subsidise losses on the export market with domestic prices 65 percent above international levels.

"The local steel user has no option but to buy at local premium prices, or if he chooses to import, pay horrendous import duties and fiscal surcharges," he says.

"Such cost differentials obviously cannot be absorbed by the component manufacturer. The one who pays for this level of protection is the man in the street."

Cold wind blows over Bergers

STAR 2/4/92 (30)

Bergers Trading Holdings executive chairman Howard Mauerberger blames the recession, stayaways, unrest and boycotts in the second half of the year for a drop in earnings a share to 6,2c for the year to last December from 8,6c in 1990.

Mr Mauerberger expects adverse trading conditions to continue in 1992, but says that measures to reduce borrowings and improve operational efficiency should result in improved profitability.

A dividend of 2c (3,7c) has been declared.

Pyramid company, Bergers Group, which has a 94 percent interest in the holding company, reports reduced earnings per share of 24,5c (34,3c) for the year.

A dividend of 6c (14,75c) has been declared.

Bergers Holdings reports turnover of R165,1 million — 14,8 percent up on an annualised basis, but reduced operating income before interest of R11,6 million (R13,6 million).

Interest was R4,8 million (R3 million), leaving pre-tax income of R6,8 million (R10,6 million).

Tax at R1,2 million was R900 000 lower than in 1990 and attributable income after minority interests was R5,3 million (R7,3 million).

Mr Mauerberger says the core operation, Bergers cash-based chain of stores, was the major contributor to earnings, with only a marginal contribution from the top-of-the-market Hilton Weiner chain.

The Jones credit chain of stores, severely affected by the adverse conditions, incurred an operating loss of R1,5 million (profit of R1 million in 1990). — Sapa.

Zero-rated goods cost more in township stores

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Sowetan 3/4/92

Sowetan Correspondent

THE cost of zero-rated items in major supermarkets remained "fairly stable".

But the problem areas were the small stores in townships and rural areas, Housewives' League vice-president Mrs Sheila Lord has revealed.

Lord said on Wednesday - the day after Finance Minister Barend du Plessis had zero-rated certain basic foodstuffs - that there were no dramatic increases in the cost of zero-rated foodstuffs during the past six months.

But, she said, experience had shown white consumers in urbanised areas were paying less for food than the needy.

National Black Consumers Union president Mrs Nonia Ramphomane concurred: "Prices of these basic foodstuffs have gone up drastically in the townships - taking into account the cost of travel incurred by the dealer."

Ramphomane said she was not aware of the zero-ratings having a dramatic impact in township stores. "Even in the past we have always paid much more in township stores than in the CBD supermarkets," she said.

Interfact, the research company commissioned by Vatwatch to monitor prices countrywide during the Value Added Tax transition period, said most zero-rated items had increased slightly.

Milk powder showed the highest increase of 6,93 percent since pre-VAT days; samp increased by 3,86 percent; brown bread by 3,15 percent; canned fish by 1,8 percent; rice by 1,19 percent; maize meal by 0,95 percent; and fresh milk by 0,45 percent.

Du Plessis was "insensitive to the majority of the aged, unemployed and underpaid" by not making the zero-ratings permanent, said Ramphomane.

"We are also disappointed that milk has been put into the VAT bracket. This is one food consumers cannot do without. It is the easiest protein our people can take and which they consume a lot," she said.

"The solution is for the Government to find ways and means of reducing food prices ... even if it means subsidising some of the production process and selling the products to the disadvantaged."

It was no use looking towards retailers to reduce prices.

"It's not the retailers as such, as their prices are influenced by the manufacturers and producers," she said.

Other organisations have also deplored the lifting of the zero-rating on rice and fresh milk.

National Co-operatives Dairies has said it regretted the lifting of the VAT concession on fresh milk.

NCD corporate affairs manager Dr Chris Lerm said the nutritional value of milk was more than any other product at present still zero-rated and the decision was thus obviously taken for financial reasons.

He, however, welcomed the extension on milk and milk blend powders.

"NCD stands by its belief that maas (sour-milk) is an even more vital basic foodstuff for an important section of our population. Maas is used primarily with mielie pap and should have been zero-rated from the start," said Lerm.

The Department of Revenue has confirmed that VAT is payable on green maize sold at roadside stalls. The zero-rating only applies to "dried silo-screened maize or dried maize for human consumption".

SMALL BUSINESS 30 FM 3/4/92

Keeping the wolf from the door

The argument put forward by the Industrial Development Corp (IDC) for a greater say in the affairs of the Small Business Development Corp (SBDC) can hardly be said to be unreasonable in view of its being asked to contribute R750m of taxpayers' money over the next five years.

After all, the SBDC, while it operates on a much smaller scale, hardly lends money to the enterprises it is trying to nurture and then walks away. If it did, most of them would probably fail.

If the SBDC reasoned that it could ask for such a large sum and then have complete autonomy in its disbursement, it is out of touch with reality.

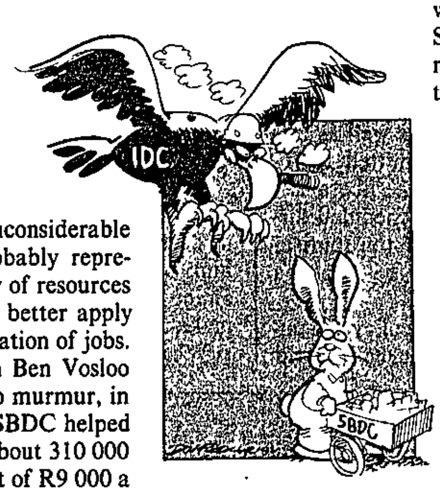
It doesn't matter that the IDC already owns half of it. The undertaking with the most resources can and should call the tune. Surely that is a business principle that the SBDC instils in the minds of its flock.

IDC MD Carel van der Merwe says such a large commitment of funds justifies asking for more control. "The IDC has no problem with the current operation and mission of the SBDC.

"But the additional financing that was considered was of such a scope and duration that we would have to account for the application of these funds within the norms laid down by the IDC."

Part of the problem is really one of identity. In a new world of fewer controls and less government, the IDC will probably not be sanguine about its future. Former UK PM Margaret Thatcher made short shrift of the institution there that it most resembled.

The objective of the IDC was to foster investment in specific industries with economic or strategic merit. It is not there to foster employment in the informal sector. If its role is to change towards job creation, this should be the subject of careful study and decision by the Department of Trade & Industry.



Of course, to the SBDC, flushed with pride and not inconsiderable conceit, the IDC probably represents a vast repository of resources that it believes could better apply to its purpose, the creation of jobs.

As SBDC top man Ben Vosloo has oft been known to murmur, in its first 11 years the SBDC helped create and maintain about 310 000 jobs at an average cost of R9 000 a job, using R1,3bn in funds loaned to 36 000 recipients.

"Comparatively speaking, creating one job on the Columbus stainless steel project would cost about R1m," he says, referring to the State-assisted project that will cost R2bn and create 2 000 jobs.

That comparison is a dubious one. The IDC has helped create a productive industrial base with an appropriate infrastructure that has in recent years moved progressively into private sector ownership. The impetus that a resource of that size and nature can give to the macro-economy cannot be measured by the number of jobs its grassroots investments created.

It must be drawn wider.

The Democratic Party's Ken Andrew described the IDC's offer as "somewhat ominous. It would be highly undesirable for the IDC to take control of the SBDC. It would be against the existing partnership spirit between the State and the private sector under which the SBDC was created in 1981. An entrepreneurial culture is essential for the successful development of the small-and-medium-enterprise sector."

The SBDC is funded with share capital contributions made by the State and matched rand for rand by the private sector, with the State also contributing development funds. But the SBDC's board and executive committee are 75% controlled by the private sector — companies contributing R1m or more to share capital. If the IDC's offer had been accepted, it would have controlled 50% of the board and executive committee.

The controversy over the IDC's proposal may now be over, but it has highlighted an issue that occupies the minds of those who are wary of State intervention — should the State have any role in an institution as entrepreneurial as the SBDC.

Vosloo, a political scientist not a businessman, says the State may have to decide whether it prefers a 100% State-controlled small-business development corporation, a fully privatised profit-orientated body that would not be able to finance high-risk ventures, or the existing partnership.

Another issue, says SBDC non-executive director Jurg Smit, may be whether government should be seen controlling a successful development body.

If that logic applies to the SBDC, how much more should it apply to the IDC.

Trouble is, the SBDC may now have to turn to a World Bank agency for funds. And Washington bureaucracy may be worse than the IDC's. ■

CROSSED WIRES

After less than a week of public pressure, Telkom backpedalled this week and reinstated the five-minute metering period for local calls and pay-phone calls. Telkom had planned to reduce the metering period to three minutes, beginning April 1, resulting in a 91%-a-minute increase for five-minute local calls and a 67%-a-minute hike on five-minute pay-phone calls. The increases were first reported by the *FM* last week.

Says Telkom MD Danie du Toit: "We are aware that Telkom's services and costs affect the lives of all South Africans and have therefore decided to respond positively to the way in which consumers reacted to our initial announcement."

VIRGIN ATLANTIC

Waiting for clearance

Hypemaster Richard Branson may have been slapped down a bit after he broadly announced last week that his Virgin Atlantic Airline would start flights to SA in October. He was told he first had a long line of hoops to jump through.

But Virgin may yet be able to start flying the London-Johannesburg route by the end of the year. Government apparently likes the idea of a discount airline bringing in thousands of extra visitors armed with foreign exchange. So Branson should be able to pass regulatory muster quickly.

Transport Minister Piet Welgemoed fully backs Virgin's application. In fact, he said in parliament recently that he would like to see return airfares to London cut to R1 200. But, under current regulations, he is just one of several authorities who must sign Virgin's application — and that could take months.

A fast track, however, may soon be in place.

The new aviation policy, aimed at lowering fares by breaking up the cosy oligopoly that exists on each international route, should be in place shortly. It is expected that the policy may give the Transport Minister the final say on applications for new services.

For its part, Virgin now says it plans to open a Johannesburg office by October and begin flights by Christmas. Spokesman Wil-

With the disappearance of apartheid restrictions, small township businesses are coming under intense competitive pressure from corporate giants, writes JOE LOUW. (30)

"IT'S like a contest between the shark and the sardines," lamented one Soweto businessman, describing competition black businessmen are feeling from the white business establishment.

"The sardines don't stand a ghost of a chance against being swallowed up eventually."

With the old "protective" cover of apartheid now gone, big white business has begun massing on the perimeters of townships so as to better chase the profits to be had there.

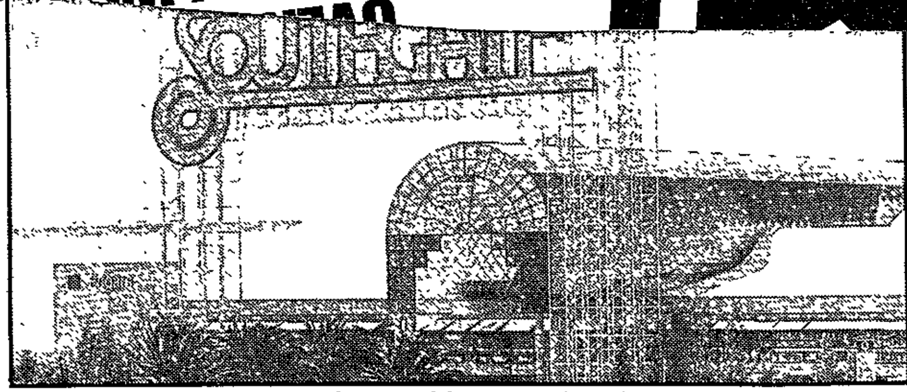
Gigantic supermarkets and hypermarkets, such as Highgate and Southgate, have sprung up within a taxi ride from most black homes, and cutthroat competition has prompted small businesses to call on the government and black business organisations to help.

Said Jerry Khumalo, who owns several small shops in "deep" Soweto: "The free enterprise system — or capitalism — is quite ruthless. The name of the game is survival of the fittest and effective competition is crucial to that survival.

"But what we are facing here is not competition — it's a slaughter."

Soweto Chamber of Commerce executive director Max Legodi tends to confirm that view. "The primary problem is that we have inherited an uneven field and we are starting off way behind in everything that makes for success in business: investment capital, training and skills in manufacturing and supplying."

Sam Noge, treasurer of the Soweto Chamber, who tried unsuccessfully to run a stationery business in Soweto, describes the typical problems encountered by the average Soweto businessman.



IN FOR THE KILL: Supermarkets and hypermarkets have begun massing on township perimeters in their quest for profits. ● Pictures: JOE LOUW

OUTGUNNED: Corner stores such as this one cannot compete with supermarkets, which benefit from economies of scale.

"Our major problem stems from the fact that we are small. There is no capital to stock up so we cannot buy in bulk and therefore cannot get levels of discount that are given to big bulk buyers such as Pick 'n Pay or OK Bazaars.

"We buy dozens of a product; they would buy thousands of dozens of the same product from the same manufacturer."

The result of this is that small businesses often have to charge higher prices than the supermarket chains for the same product to make a profit. This drives customers out of the townships into perimeter supermarkets to shop for lower prices.

In addition to this, Noge points out, the supermarkets often own the factories which supply them — or they are owned by the same conglomerate. He gives as an example M&T (Metro and Trado), owned by Premier Milling, which compete with Melusi Wholesalers operating in Emdeni.

"Both competitors buy mealie meal from Premier — so how can they compete evenly?" he asks.

What of the traditional advantage corner shops have over chain stores — the possibility of opening until late, being conveniently close by and giving credit?

such as Checkers and OK now open late, and most people now have credit cards. Even the inconvenience of distance no longer matters, because taxis ply those routes practically up to people's front doors."

The same problem of economies of scale affect even the larger and more succesful businesses in Soweto. Manas Shole, whose very successful Medicos Production manufactures a number of high quality, up-market, cosmetic products at the SBDC's industrial park in Orlando, is bitter about the fact that his company has not been allowed to buy the land on which it was established.

"We have been paying rent to the SBDC for years," he says, "enough to buy the plot outright. With ownership we would have collateral and could expand our business."

Medicos's products — "ethnic" hair care products that include perm systems and hair conditioners — cater for a multimillion rand market which Shole says is under-supplied.

"South African manufactured and imported products are not covering 15 percent of the potential market, but as much as we want to grow and expand, we are harnessed by a host of petty frustrations.

"We are sending our product into neighbouring countries — Zimbabwe, Botswana, Zambia and soon to Kenya — yet we have great difficulty getting our product into downtown up-market stores.

"As black manufacturers we encounter a lot of prejudice. Despite the fact that we have highly qualified people running our factory — pharmacists, doctors and skilled technicians, as well as a research and development department — many of the corporate chain stores simply will not accept our product on their shelves"

Many Soweto businessmen feel that the structures set in place to negotiate the future of South Africa's economy need to be aware of the problems of small businesses.

Eager market awaits return of investors

BIDay 7/4/92

30

DESPITE a glut of commercial and industrial space and tight economic conditions, the landslide "yes" victory in the referendum and a moderate budget has given the property industry renewed optimism.

As a result of the overwhelming support of the white voter for continued political reform, offshore companies are expected to begin investing in SA.

This will see industrial growth and increased demand for commercial and industrial property across the board. However, exactly how long this will take to materialise is the question.

In the meantime the industry battles against high interest rates, a surfeit of space and limited demand.

In an effort to stimulate the market, novel financing schemes and alternatives are being found and promoted, with tenants and borrowers alike being in a strong negotiating position.

Alternative markets and marketing techniques are also being used. The auctioning of property is an area that more and more brokers and companies are examining.

Eliminates

In many cases, it is believed to be a more marketable tool that eliminates much of the delay associated with bids and offers and the price obtained is seen as a realistic market guide of the value of the property.

Many of the larger institutions, believing that initial economic growth will come from the industrial sector, are buying large tracts of industrial land and taking positions ahead of the upturn.

Despite the oversupplied market, areas of growth do exist and are being taken advantage of. One such area is refurbishment, where the property is upgraded at a lower cost to a new development.

As a result, rentals can be targeted lower and, provided the development is well placed and caters for tenants' requirements, there is still good demand.

However, others argue that only cosmetic refurbishments are viable as structural refurbishment is often only marginally cheaper than a new development.

Certain industrial areas have also been targeted as growth areas, but the industry is divided as to exactly where the growth lies. Brokers disagree whether the mini-unit market is still a growth area or not.

Some feel that market is oversupplied and has no room for growth. They argue that growth lies in larger units and warehousing. Others feel that demand for larger space is restricted and any movement is in the smaller area.

Conditions nevertheless remain cut throat, with brokers competing to let or sell space to a limited number of clients. However, clients are making the most of this position to negotiate the best rentals or price and the greatest number of incentives.

Incentive

Long rent-free periods, discounted rentals and generous fitting allowances are all part of the growing list of incentives offered. Some existing tenants are using depressed rental levels to negotiate future rental terms.

While the general mood of the industry is more bullish, renewed local interest and foreign demand are essential to its recovery. While all the elements are in place for this, the time required for it to take place is unknown.

Tenants playing the market off against landlords

(30)

THE WEAK economic climate and an oversupplied office market are giving tenants opportunities to play the market off against their landlords, says Anglo American Property Services (Ampros) national leasing director Grahame Lindop.

"We find people are making inquiries about space and rental levels even though their leases are not up for renewal.

"They then threaten to move out and quote what rental levels are being offered elsewhere, with the market therefore looking busier than it really is," Lindop says.

The market has also seen the emergence of some big tenants, but much of this has been due to the merging of companies, which perhaps exaggerated activity in the present economic climate.

H Lewis Trafalgar group MD Neville Schaeffer agrees, saying rentals are moving sideways to downwards, with clients able to obtain premises at much reduced rentals, particularly in areas like Sandton and Johannesburg.

"Landlords are having to negotiate better terms and, in many cases, upgrade their premises and we do not expect much of a recovery in the office sector until the economy starts to improve," he says.

B Day 7/4/92

"Inquiries have diminished, with many not having any real substance to them."

The group has not had any major leases falling due for renewal in Durban, Cape Town or Pretoria over the past six months, but some of the bigger leases will fall due over the next two years.

"These tenants are already demanding to know where they stand regarding future rental levels.

"We are seeing rentals being dropped and incentives increased across the industry.

"In many cases there are no real bottom rental limits as it is better to have a tenant paying a low rental than than to have empty buildings."

Ampros is actively trying to promote the Carlton Centre as the international business centre of Johannesburg.

Brochures have been printed for offshore distribution, including to foreign trade missions.

"The Carlton is located in downtown Johannesburg and it makes sense for international investors to be there," Lindop says.

Recession hits small companies

B/Day 7/4/92 (30)

WILLIAM GILFILLAN

THE length of the current recession had hit small companies hardest and liquidations in this group had reached record levels, Credit Underwriting Agency MD John Manners said at the weekend.

"A pattern has emerged relating to the large number of losses covered by credit insurers. About 75% of all claims are in the R5 000 to R25 000 bracket as more and more smaller companies are going out of business", he added.

This distinguishes the recession from the 1985/86 one where the depth of that recession meant the larger companies were hardest hit, Manners said.

"As the last recession was so sharp it took out large, well established companies.

"In this recession companies are not going into liquidation wholesale; rather they are gradually getting to the stage where they are unable to continue without any increase in business activity", he said.

Companies have been operating on lower turnovers for so long the ratio of costs to turnover has risen dramatically leading to cash flow constraints.

January to March is often a period in which liquidations are up as companies reopen after the Christmas break to find there is very little work in the market.

Although the number of claims in the credit insurance industry for liquidations and delayed payments has reached record levels, the value of claims has not reached the level of the previous recession.

"But hopefully liquidations will fall following the drop in interest rates last month given the close correlation between interest rates and liquidations," Manners said.

Growth in northern nodes has stalled

COMMERCIAL rental levels in the decentralised or northern suburbs of Johannesburg have shown no real growth over the past year and are unlikely to do so until there is increased demand, say Russell Mariott & Boyd brokers.

Increased demand will follow an economic upturn and an inflow of offshore business requiring space.

Parktown has shown little change in its vacancy figures or take-up of space over the past year.

"Parktown is an established, static area and the rentals range from R25/m^2 to R28/m^2 gross.

"The market is small, consisting of a total of 230 000m^2 of A- and B-grade office space, of which 6,2% or 14 000m^2 is vacant," says broker Paul Maddison.

Although vacancies are low, Parktown has reflected no rental growth over the year. However, about 20 000m^2 of space is scheduled to come on stream in the next few years.

Sage Properties is developing 4 500m^2 on its Sunnyside site, Retail Property Projects is developing 8 500m^2 on its Hamlet site and Sanlam is developinbg 5 500m^2. BDay 7/4/92

Bulk rights of 40 000m^2 are, however, available for these developments, which will add 10% more A-grade space to the Parktown market, Maddison says.

Rosebank, which is historically a demand area, continues to perform well despite the weak economy.

"This is the only decentralised node that has seen rental growth over the past year," he says.

"It is a small, constrained market and the rental growth shows the effect of supply and demand." While the area has a vacancy factor of 8,8% of the total of 220 000m^2 A- and B-grade space, this is primarily due to JHI House, which recently came on line. 30

Rental levels were the highest in any of the decentralised areas, averaging around R32/m^2 gross. "There is little potential for further development, which further strengthens the rental growth position," Maddison says.

RMS Syfrets commercial division director Mark McReedy agrees, saying rentals in Rosebank are still holding their own with a low vacancy level of 5,2% to 5,5%.

Illovo is also coming into its own as a node, with rental levels of between R29/m^2 and R30/m^2. Developers saw its potential and growth, and the lack of available space in Rosebank meant Illovo was considered as a viable alternative, he says.

Of a total 23 600m^2 of space, Illovo has a vacancy level of 13 200m^2, but this is primarily located in three buildings. About 12 000m^2 of space is vacant in Time's Oxford Manor, which is due for completion in April, Maddison says.

"Illovo really only has bulk rights for another 17 500m^2 of space, after which it will be fully developed. It therefore offers good potential for tenants."

An area that has continued to show growth is the Randburg CBD, regarded by many as "the poor man's Sandton". Rentals range from R22/m^2 to R24/m^2.

RMBT agent Harry Wheber says: "The area has been popular as it caters for a localised workforce, with most residents working in the area. There has been a take-up of space despite the recession and Randburg has been identified by us as a niche market that offers growth potential."

Of the 334 000m^2 of A and B-grade space developed, 7,5% or 25 000m^2 is available to let. Randburg has kept rates down, as is reflected in the fact that operating costs have only risen 4,5% compared with an average of 10% to 21% elsewhere.

McReedy says the Randburg market has been active for smaller space requirements over the past two months.

'Rent-free deals not good for anybody'

B/Day 7/4/92

(30)

THE present proliferation of commercial property deals incorporating a rent-free period is not so marked as it was in 1986, says RMS Syfrets industrial division director Mike Brown.

"The 1984-1986 recession saw a lot more speculative development, with non-institutional developers reacting to the high interest rates and poor economic condition by offering rent-free or subsidised deals rather than having vacancies," he says.

Rent-free deals have historically proven to reflect badly on the value of the property and owners prefer tenants paying rent as it creates a sense of value with the tenant, says Brown.

The current trend is to rather discount rentals in the early part of the lease.

Despite efforts to attract overseas investment, no major interest is expected in the near future. "Industrialists are inclined to test the waters carefully before making a major move," Brown says.

"Our political and economic situation is still too volatile to expect results at the moment," Brown says.

"Overseas-controlled industrial operations already involved in South Africa usually have surplus space in the SA plants and will use that first.

"The only real demand that can be expected will be in the warehousing field, with demand based on new operations or the further development of existing ones resulting only from increased production and sales once the available surplus space has been filled."

Revamping is a popular option, if prices are right

REFURBISHMENT appears to be one of the options still available to developers and speculators alike. If the property is well-located, there is demand and rentals should be lower and therefore more competitive.

B/Day 7/4/92

RMS Syfrets industrial division director Mike Brown says many dilapidated properties are being snapped up and revamped.

While this is not a suitable option for all tenants, it offers a cost-effective solution for the larger ones who can lease 10 000m² to 15 000m² of warehousing, in a good-as-new property, at lower rentals than they would otherwise pay, he says.

Potential

Russell Mariott & Boyd industrial leasing manager Simon Noyes-Lewis also believes developers are beginning to look at the redevelopment of older properties that can be picked up at good prices.

JH Isaacs MD Colin Wright goes further and says there is potential for the redevelopment of older buildings into residential accommodation. With time, these properties will become affordable and the real value of a building will be dependant on its future use.

Seeff Organisation Holdings chairman Lawrencce Seeff says refurbishment seldom creates A-grade space. However, B-grade space, for which demand does exist, cannot be built.

Durban slumbers as busloads shop and the tills ring

(38) ARG 7/4/92

The Argus Correspondent

DURBAN. — While most of Durban slumbers several clothing shops open their doors in Clairwood at 1 am and the tills begin ringing as hundreds of shoppers from Transkei and other neighbouring states arrive by the busload.

Night shopping has arrived in Durban, at least in some parts of the city, and it should not be too long before the concept spreads and business is done around the clock as it does in many large cities around the world.

If "the early bird catches the worm" influences businessmen in Clairwood to sacrifice precious sleep to make profits, the idea is sure to spread soon to the rest of the city.

There is fierce competition among businesses, and it's quite legal for the shops to open at night, according to a spokesman for Durban's municipal licensing department.

Explaining how night shopping was introduced, Mr Siva Reddy, the owner of a chain of factory shops who pioneered the concept, said shoppers who arrived in the city from outlying areas, such as Transkei and Venda, had to wait for shops to open about 8am.

He said buses from Transkei left Umtata in the afternoon and arrived in Durban around midnight. Passengers were obliged to sleep in the crowded bus until the shops opened and there were no ablution facilities or refreshments available.

Mr Reddy began providing hot drinks, bread and cakes for hungry shoppers without charge in a room at the back of his shops. Bus drivers were provided with rest rooms to catch some sleep before the long journey back home.

"Soon the idea caught on. Other factory shops began opening at night in Clairwood and the number of buses each night increased.

"Night shopping is here to stay. There are two-way benefits: the businesses receive a welcome shot in the arm and the shoppers do not have to suffer hardships," said Mr Reddy.

Bus drivers also profit. They collect commission of up to R150 from each factory shop.

Optimism expected to yield results

BDay 7/4/92

(30)

THE referendum result has resulted in more optimism in the commercial, industrial and retail markets, but this will fall away if there is not seen to be progress, Board of Executors (Transvaal) director Mike Rosholt says.

"I am not sure if this optimism will filter through in increased demand for space as trading conditions remain tight, economic conditions depressed and interest rates high," he says.

However, the Budget was milder than expected and any cut in interest rates will have a tremendous effect on the market. Local investor confidence is also expected to improve due to the referendum result.

"We believe this will be reflected in the syndication market. We recently completed a R35m syndication of three buildings — two in the Johannesburg CBD and one in Illovo — and response was good," Rosholt says.

Another BoE retail and office syndication in the Johannesburg area, which is well tenanted, will soon be launched. However, private developers are battling to make margins.

While the institutions are still buying, the thrust over the next six months will be for investment property, with the industrial market more buoyant in this regard, Rosholt says.

While approaches from offshore merchant banking institutions have been made, nothing has materialised from this. "There are still perceived risks associated with investing in this country and we have not yet concluded any deals."

Show unaffected by blast

Sowetan 7/4/92 (30)

"THE show must go on" was the attitude of organisers and spectators as crowds flocked to the Rand Show at Nasrec, south of Johannesburg, yesterday, apparently unfazed by Saturday night's limpet mine blast.

Nasrec general manager Mr Anton Post said by noon 22 000 people had clicked through the gates, a few thousand more than the first Sunday of last year's show.

Nine people were injured in Saturday's blast on the esplanade outside Hall 9.

Eight were released from hospital the same night, the most serious injury being a broken leg suffered by an elderly woman.

The small hole caused by the mine had been filled and covered by a green plastic bin as the show opened for business as usual yesterday morning.

The shadowy Wit Wolwe rightwing group have claimed responsibility for the blast.

According to Witwatersrand police spokesman Lieutenant Wickus Weber, a statement was left in an envelope at a service station near the showgrounds.

A translation of a part of the statement read: "The Boere will not rest before our self-determination rights are acknowledged and our homeland is a reality. Stop gambling with the Boere's heritage. Apartheid is dead. Long live apartheid."

The statement was typed over a line drawing of what appeared to be a snarling wolf, and had a Wit Wolwe letterhead.

A reward of R20 000 has been offered for information leading to the arrest and conviction of those responsible for the explosion.

Post said he had a security meeting late Saturday night and again yesterday morning with the SAP, SADF, fire and ambulance departments.

He said security measures would be "stepped up", but could not disclose particulars.

At present 240 policemen are deployed at the show, together with Nasrec security. There are also random body searches at the gate.

Yesterday's showgoers were mostly philosophical about the blast.

Mr Michael Druin, visiting from upstate New York, said he was not at all worried about the threat of another bomb.

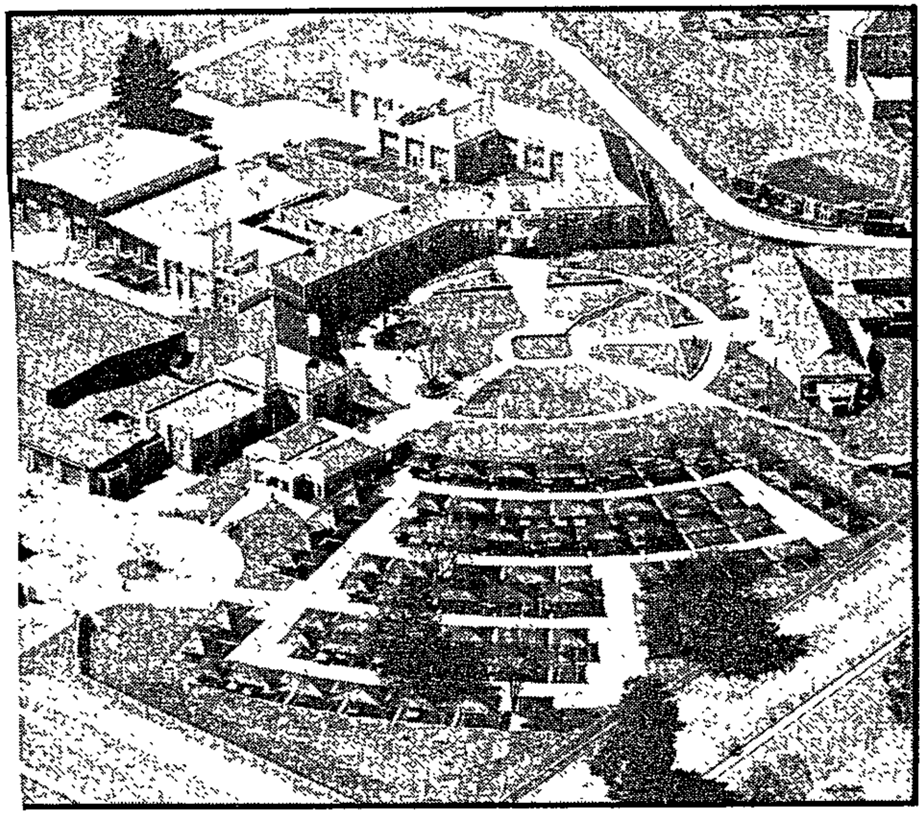
"There'll be better security now. We were checked when we came in. I know it won't happen again," he said.

Mr Frank Lai from Bloemfontein said: "In your heart you feel a little uncomfortable, but out of, say, 40 000 people your chances of being in the wrong place at the wrong time, even if a bomb does go off, are very slight "

Mr Matthew Malesa, in charge of a fast food stall close to the scene of the explosion, said he forgot to close his stall, and bolted for his life when the mine detonated.

"I don't trust this place. It's not safe, but I have to do my job," he said.

There was a heavy yet unobtrusive police presence as the crowd cheered the likes of Jimmy Abbott - weighing in at 235kg and clad in an orange and turquoise leotard - tossing his considerably smaller opponent around the ring.



Offices and factory designed by Taljaard Carter for the DebTech grouping of De Beers Industrial Diamond Division.

Looking for new ways to win

BDay 7/4/92 (30)

A GLUT of space in the commercial and industrial market, combined with political uncertainty, have compounded depressed conditions to the point where property companies are looking for innovative ways of attracting new business.

Metboard property finance consultant Mike Knightley says that in order to strengthen the group's business and salvage the bottom line, it will have to be better able to meet client needs.

Adjust

While participation mortgage bonds remain popular with investors, institutions must adjust their product to market demand if borrowers' requirements are to be met, says Syfrets property finance senior GM Derek Johnston.

Syfrets, which runs a part bond book of R1,2bn, has seen a strong market move away from traditional part bond finance towards customised individual financing packages tailored to specifc borrower needs.

Historically, the part bond has met investor and borrower needs, being both a financing and investment vehicle.

The trend away from part bonds is largely due to to borrowers' reservations rather than investor sentiment.

While there is still demand for bonds, this is largely from individuals seeking investment and demand from borrowers is declining significantly.

"Numerous competitive financing vehicles have been developed lately and the borrower has little reason to involve himself in a highly regulated, inflexible, fixed period loan where he has to pay interest quarterly in advance," Johnston says.

Where this trend will lead depends on whether alternative investment products satisfy the requirements of participation bond investors and whether borrowers will be prepared to sacrifice a lower rate for the flexibility and customisation of a product like a bank loan, says Johnston.

The key to success in the tough market is creativity in constructing deals, Pam Golding Investment Properties MD John Pistorius says.

Broaden

"Investors need to broaden their vision and there are any number of options worth considering. For example, in the future we may see unlet factories or commercial properties being converted into sectional title residential units," he says.

"The demand for sectional title residential units, particularly in the R80 000 to R100 000 range, is unrelenting."

Consumer spending shock to retailers

(30) CT 7/4/92

From MARCIA KLEIN

JOHANNESBURG. — The downward spiral in the retail sector in the first quarter saw sales decline by almost 10% in real terms, major retailers estimated at the weekend.

They said this figure reflected what was possibly the worst quarter in living memory in terms of reduced sales and severely depressed consumer spending.

Central Statistical Services (CSS) figures show that expected sales for January to March would be R18,6bn, showing a 7,5% decline at constant 1990 prices and a 6,5% increase at current prices.

CSS seasonally adjusted figures showed that sales would be R20,3bn, representing a 3,0% decline at constant 1990 prices and a 0,7% decline at current prices.

The figures show that expected trade sales for March are R6,7bn, reflecting an increase of 1,8% over February after seasonal adjustment, and a 5,6% rise compared with March 1991. Expected real retail sales show a decrease of 8,2% compared with the previous year.

Major retailers said sales reflected the sharp drop in consumer spending resulting from increasing unemployment, low salary increases, and the trend to buy downwards. Semi-durable and durable items had fared worse than basic items, with food groups reporting slightly higher sales than clothing, furniture and appliances retailers.

Econometrix director and senior economist Michiel Bester said the rise in the inflation rate following the introduction of VAT late last year saw real disposable income fall significantly in the fourth quarter, and this trend continued into the first quarter of the current year.

He said that VAT had had a marked impact on food, and it also led to many mix changes. As the cost of food rose, discretionary income also came under pressure, and this affected durable spending.

Bester said that the base of 1990 was also a good year for consumers, and the weight of luxuries would tend to be higher in a good year. This was evident in the fact that durables had seen the sharpest declines.

Bester does not expect any significant turnaround until the third quarter at the earliest.

Bester also pointed to the indebtedness of consumers. Although they were gradually improving their debt/income ratios, this was a long process which would last until about 1993, he said.

Major retailers said trading in the first quarter had continued to be extremely tight, and any growth that has been reported has come from markdowns.

Edgars MD and CE George Beeton said there was no question that unemployment and insecurity had eroded the buying power of consumers.

Beeton expected the rate of the turnaround to be slow, but he said the rate of price escalation would come down. This meant that customers who did have money to spend would be getting value for money.

He said retailers were now into the eighth quarter of depressed trading, so they were operating against low bases and making no progress. He said it was easier to perform well in smaller niche businesses.

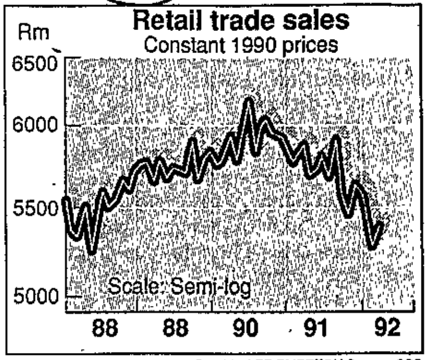
Spar marketing director Brian Beavon said there had been a decline in sales per customer, but Spar's sales had held up.

Ellerine chairman Eric Ellerine said there had been no signs of any pick-up, and the easing of HP restrictions and the lower interest rates would not have any significant effect on consumer spending in the near term.

Retailers say sales declined by 10%

BDay 7/4/92. (30)

MARCIA KLEIN



Graphic: LEE EMERTON Source: CSS

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☐ To Page 2

Retailers

BDay 7/4/92 (30)

☐ From Page 1

Bester said the base of 1990 was a good year for consumers, and the weight of luxuries would tend to be higher in a good year. This was evident in the fact that durables had seen the sharpest declines. He did not expect a significant turnaround until the third quarter at the earliest.

In the two previous declines in retail sales, the retail recession in the '70s saw real retail sales fall for 31 months, and in the '80s for 23 months, he said.

Major retailers said trading in the first quarter had continued to be extremely tight, and any growth reported had come from markdowns.

Edgars MD and CE George Beeton said there was no doubt unemployment had eroded the buying power of consumers. But it was not only the economy that had affected sales, but also the lack of confidence.

Beeton expected the rate of the turnaround to be slow, but said the rate of price escalation would come down. This meant customers who did have money to spend would be getting value for money.

Spar marketing director Brian Beavon said there had been a decline in sales per customer, but Spar's sales had held up well as it had gained customers and market share. The slump in retail sales was more noticeable after Christmas and the back-to-school period. The recent reduction in interest rates had not put more money into the pockets of the man in the street, he said, and salary increases had been low.

CNA MD Ian Outram said that from May, retail sales should be better, as they would be compared with the previous year when sales were starting to turn down.

Ellerine chairman Eric Ellerine said there had been no signs of a pick-up.

Con

Debate rages over timing of upswing

BDay 7/4/92 (30)

PROPERTY players vary in their view as to when the commercial and industrial markets will improve, but all agree this is based on a number of variables, including political and economic factors.

RMS Syfrets commercial division director Mark McReedy says that, given many variables including a reasonable gold price, greater political stability and exports maintaining current levels, both the level of activity in the office market and rental levels should increase.

Delay

"The potential for rental increases relates to demand, which in turn relates to supply. The backlog of vacant space will delay increases, so it is difficult to predict rental levels by the year-end," he says.

Rentals on new projects average R27/m² net for Parktown and the Sandton CBD which, given any degree of upturn before the end of the year, could be closer to R30/m² net.

However, Seeff Organisation Holdings chairman Lawrence Seeff expects the take-up of space to take place in the first quarter of 1993.

"This prediction is assuming that the amount of space that has been coming on-line until now tapers off. The market must also not rely on an inflow of offshore clients, thereby facilitating the quick uptake of space, until political stability is achieved."

Anglo American Property Services leasing director Graeme Lindop believes the market will get tougher and stay that way until the end of 1993.

"There is no reason why the property market should get any easier before this time. The market lags some nine to 12 months behind the economy, which has not really shown any signs of turning as yet," he says.

He disagrees with McReedy on the prospect of rental growth, saying there will be no rental growth until there is at least an equilibrium between supply and demand, with real growth taking place when demand outstrips supply.

While the commercial market is relatively quiet, there is sustained activity with the emphasis on quality space. Good A-grade buildings are letting at the expense of C- and D-grade buildings, with rental levels holding up in certain high-demand areas, McReedy says.

"The trend sees a predominance of smaller inquiries, with many leasing deals of between 200m² and 500m² being closed. This is a good sign as upturns often begin with smaller inquiries," he says.

Old Mutual regional property manager responsible for its R313m central Durban portfolio Charles Oxenham agrees. The focus has moved to the smaller end of the market, but he is confident this shows the market is starting to turn.

Mcreedy says large space users tend to plan in 15 to 20-year periods as opposed to single business cycles.

"If they are going to move in a recession, they are well aware of the benefits of negotiating advantageous long-term deals".

Fewer developments are coming on stream, with existing stock being taken up first, which is an indication of the continued economic downturn, he says.

JD Group optimistic about 1992

BDay 8/4/92 (30)

MARCIA KLEIN

FURNITURE retailer JD Group expects to improve margins and maintain earnings in a difficult financial 1992.

Chairman David Sussman said Retail Liaison Committee figures showed furniture and appliance sales dropped in real terms in nine of the 12 months to end-December, and this drop exceeded 10% in real terms from September to December.

The group, which operates Bradlows, Joshua Doore, Price 'n Pride and Score Furnishers, recently reported a 36,5% drop in earnings to 90,9c a share in the year to end-December, on a 45,3% decline in operating income to R45,7m and a reduction in margins from 12,9% to 8,4%.

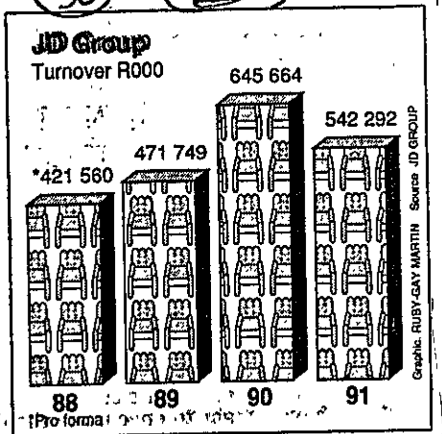
Sussman said these results were satisfactory given "the appalling political and economic environment".

He said although the 36,5% earnings drop was "a bitter pill to swallow", results were being compared with 1990, a year of "unprecedented growth".

Bradlows increased sales by 7,2% during financial 1991, Joshua Doore by 8,4%, Price 'n Pride by 13,7% and Score by 9,2%.

The debtors' book grew to R616m, of which R593m was managed on behalf of the consortium. Arrears increased from 5% to 6,4%, and bad debt write-offs grew from 1,8% to 2,4% of the total book. The average length of the debtors' book increased from 13 to 15,4 months.

The sale of the debtors book to JD Sales — owned by a consortium of six banks — had reduced the group's debt and risk profile, he said, and cash at year-end was R59m compared to 1990 debt of R115m.



The sale saw the JD Group change its profile, and it now trades as a cash business and manages the credit business for JD Sales, from which dividends are received. Sussman said although it had not been acknowledged by investors, the transaction created a three year facility with the banking consortium, virtually eliminated gearing, significantly reduced shareholder risk and would provide increased cash resources for future expansion.

The group recently developed a central distribution centre, which will reduce cost and increase efficiency, Sussman said.

He said JD Group was heavily represented in urban areas, from where major medium term growth in the furniture sector was expected.

Slight uptick in business confidence

(36)

ET 9/4/92

By AUDREY D'ANGELO
Business Editor

THE SA Chamber of Business (Sacob) confidence index edged up by 0,3% in March to 87,7% after staying at 84,4% for three months.

But Sacob chief economist Ben van Rensburg said yesterday that although this slight upward movement "could suggest tentative expectations of the long-awaited upswing there remains insufficient evidence that the business cycle has in fact turned."

Van Rensburg has revised his forecast of economic growth in the current year downward to 0,5% from the 1% he expected in December "although growth in excess of 3% is likely next year."

He thinks the current year will "continue to be a difficult one for business and a tight control over both costs and cash flow will be necessary for smaller businesses, in particular, to survive."

However, "those that do manage to see out the year will be well placed to enjoy the higher growth in 1993, 1994 and beyond."

Van Rensburg mentions the fall in the Tokyo stock exchange among reasons for pessimism about economic prospects in the short term.

He points out, in his monthly report, that this could lead to a withdrawal of Japanese capital from the US, Britain and Australia, "thereby worsening the recession being experienced in these countries."

This could delay the recovery in the SA economy, which is expected to be export-led.

"At the same time the rapid normalisation of SA's external relations is a positive factor in the current economic climate. Despite the low growth in the world economy the lifting of sanctions creates the opportunity for SA to recover some of its lost market share."

The upsurge of violence on the Reef will hamper investment and dampen business confidence. And the impact of the worst drought in decades will reduce growth prospects.

Van Rensburg says the Budget was a disappointment to the business sector. "Its failure to address uncompetitive tax rates and bracket creep will have done nothing to reinforce business sentiment.

"Therein lies the true dilemma facing business at the present time. Although a resolution of the political issues is crucial in creating a stable society where business can invest with less risk, the failure thus far of politicians to give adequate attention to the fundamental economic issues facing the country will constrain the economy long after SA achieves true democracy.

"When the 'yes' vote has faded into memory, business will still be labouring under uncompetitive cost structures arising from high tax rates, high inflation and high interest rates. And both foreign and local investors will still be reluctant to invest in employment-creating projects as a result of these economic realities.

"As a result the reduction in the bank rate and resulting decline in short-term interest rates, together with the extension of repayment terms, have probably had a greater and more direct impact on business activity than either the referendum outcome or the budget."

Van Rensburg expects inflation to come down to about 12% by the year-end, and average 14% for 1992. He expects interest rates to come down by one or two percentage points in the course of the year.

"However in the face of continued high inflation, unemployment and negative real increases in salaries and wages, these reductions are not expected to have a material impact on the ability or willingness of the average consumer to spend.

"Rather, they are likely to be used to reduce debt."

Retrenchments could follow strikes, Dr Venter warns

By Sapa and Bert van Hees

CT. 26/6/92.

RETRENCHMENTS might result from the health-workers strike at Transvaal provincial hospitals, Health Minister Rina Venter indicated yesterday during a tour of the Johannesburg Hospital.

Dr Venter said the National Health Education and Allied Workers Union (Nehawu) strike had shown some hospital departments could function normally with a smaller staff.

The government, especially in the present economic climate, needed to utilise cost effective labour, she added.

Dr Venter said such cases would be noted along with reports of intimidation and compromised patient care when she reported on the strike to State President De Klerk.

The Minister was accompanied by the Transvaal Provincial Administration's health services MEC Mr Fanie Ferreira.

Mr Ferreira pointed out that yesterday was the deadline for strikers to send letters explaining why they should not be disciplined. Those not doing so would be fired.

He said the TPA would examine all cases individually, and the process would take at least a few days.

• Baragwanath Hospital yesterday deployed armed security guards to protect property and personnel.

The hospital's chief superintendent, Dr Chris van den Heever said the guards had been deployed to counter rapidly approaching anarchy.

He also issued a warning to duty staff that all demonstrations must cease immediately." The staff's democratic rights to demonstrate could be exercised outside in their own time.

He said all staff members would now have as a priority the return of the hospital to a place where patient care came first.

At Hillbrow Hospital, the medical advisory committee yesterday appealed for an end to intimidation and said patient care had been compromised to the point when loss of life could be expected.

TPA director of communications, Mr Piet Wilken said staff was being intimidated by the strikers and two nursing sisters were assaulted at Hillbrow Hospital on Wednesday and required medical treatment.

• At Natalspruit Hospital a petrol bomb was thrown at the house of one of the matrons and stones were thrown at houses of other staff members.

"At Johannesburg Hospital a bus was attacked and staff thrown out and armed intimidators were seen on the premises of Baragwanath Hospital."

• Seven more provincial hospitals in the Cape have been affected in solidarity with the pay strike by their colleagues in the Transvaal and Free State.

By late yesterday 22 provincial hospitals and clinics had been affected.

About 200 general assistants at day hospitals at Crossroads, Khayelitsha, Langa, Guguletu, Nyanga, Nolungile, and the KTC Squatter Camp and 97 from the Conradie Hospital and the Brooklyn Chest Hospital — all members of the Health Workers Union — joined the Nehawu strike yesterday.

A Cape Provincial Administration (CPA) spokesman said incidents of intimidation were reported at the Mowbray and Observatory railway stations yesterday, when non-striking staff of the Mowbray Maternity Hospital reported for duty.

• The hospitals affected are the Kimberley Hospital, the Galeshewe Day Hospital and the Wes-Einde in Kimberley, the Frere in East London, and the Vryburg Hospital.

Others are the Red Cross Children's Hospital and Groote Schuur, Tygerberg, Woodstock and Somerset hospitals, as well as the road units at Paarl, Kraaifontein and the one at the Bellville Mechanical Workshop.

Hospital workers to appear in court

Citizen Reporter

BETWEEN 230 and 250 hospital workers were arrested yesterday for allegedly contravening a court order by gathering on the premises of the Tshepong Hospital near Klerksdorp.

A Western Transvaal police spokesman said members of the Internal Stability Unit had acted against the striking workers in terms of a court interdict granted early in the ongoing hospitals strike, which prohibits strikers from entering hospital premises unless they report for duty.

On Wednesday, there were minor disturbances at the Tshepong and Klerksdorp hospitals, as well as at the Kalie de Haas Hospital in Potchefstroom and the Christiana Hospital.

On Tuesday, 500 employees of the Klerksdorp and Tshepong hospitals appeared in the local court on an identical charge to the one involving the latest arrests.

A Transvaal Provincial Administration spokesman said yesterday she had no knowledge of strike or other action at any Western Transvaal hospitals yesterday.

The police spokesman said other hospitals in the region were quiet yesterday.

The workers arrested yesterday will appear in court today.

Disability cash delayed by worker strike

THE continuing strikes at the Baragwanath, Hillbrow, Johannesburg and Leratong Hospitals made it impossible to process applications for disability allowances, the Transvaal Provincial Administration said yesterday.

"Altogether about 1 000 people in the Johannesburg and Soweto areas are affected by this every month," TPA director Mr Willie van Niekerk said in a statement.

"Until the strikes come to an end and the position at the hospitals returns to normal, no new applications can be considered."

Mr van Niekerk gave an assurance, however, that the TPA would make an effort to help those people who were in danger of having their disability allowances suspended because they lacked a medical certificate.

He said in cases of permanent disability "wider powers of discretion" would be given to district officers — Sapa.

Workers' march on Jhb City Hall a damp squib

CT 26/6/92

A MARCH through central Johannesburg yesterday by municipal workers after a meeting with city officials over wage demands appears to have been a damp squib.

The march was to have been on the Johannesburg City Hall. It was earlier confirmed by the Johannesburg Traffic Department that traffic officials were monitoring the scene to ensure a smooth peak hour traffic flow.

On arriving at the scene at 4 40 pm, a Sapa reporter was told by a traffic officer that "about 100" people took part in the march and that no traffic disruptions had occurred.

Meanwhile, Johannesburg municipal workers were yesterday granted permission in the Rand Supreme Court to stage a protest meeting outside the offices of the Johannesburg City Council, at the Braamfontein Civic Centre, next Tuesday.

The Johannesburg Municipal Combined Workers Union launched an urgent application before Mr Justice N MacArthur, in which they requested an order granting them permission to stage a meeting in the Civic Centre Piazza at 3 30 pm yesterday.

The protest was to have co-incided with a Johannesburg City Council budget meeting.

During the application which began at approximately 12 pm, the court heard that the union had submitted a letter to the Town Clerk on June 15 requesting permission to hold a public gathering of between 3 000 and 5 000 people in the Piazza — a public thoroughfare.

The request was denied by the Johannesburg City Council's Management Committee.

At approximately 3 45 pm yesterday, 15 minutes after the protest meeting was due to have begun, the trade union and the Johannesburg City Council agreed that the workers should hold a meeting in the piazza on June 30 on certain conditions.

'Outsiders' shut out of Garankuwa strike talks

SOW. 26/6/92

By ALINAH DUBE

GARANKUWA Hospital authorities will not discuss strike-related issues with the Medical University of Southern Africa students, it was announced yesterday.

Dr JJ Crous, chief medical superintendent at the hospital, confirmed yesterday that a list of demands was presented to him by the Medunsa SRC on Wednesday.

This followed a march which was staged to register the students' dissatisfaction over the employment of casual labourers during the strike.

The students were demanding the immediate dismissal of all part-time workers including the SADF members doing volunteer work at the hospital.

They also complained of the effects of the strike on their learning programme.

Reacting to these demands Crous said he was willing to discuss students' training with the university authorities.

However, he pointed out that as outsiders Medunsa students could not negotiate on behalf of the strikers as the matter was being handled at other levels.

Armed guards protect Baragwanath staff

B DAY 26/6/92

KATHRYN STRACHAN

PRIVATE armed security guards were deployed at Baragwanath Hospital in Soweto yesterday to counter intense intimidation by armed strikers, hospital authorities said.

A Johannesburg Hospital department head said yesterday delays caused by the strike had led to the deaths of several accident victims.

Hospital spokesman Annette Clear said strikers were armed with firearms, knives and sjamboks and superintendent Chris van den Heever said the "anarchy" reigning in the hospital had lead to a further deterioration of services. Urgent decisions had to be taken.

At Johannesburg Hospital Dr K Boffard, head of accident casualties, said his unit had been unable to save the lives of "a few" patients because too much time had been lost in transporting the patients to his unit instead of to the nearest hospital. Without the delays, those lives would probably have been saved, he said.

Because of the reduction of facilities it had become difficult to cope with emergencies in his unit.

Boffard said outpatients had to wait in queues for up to six hours before they got attention. A hospital gynaecologist said only patients with acute problems were being admitted, and that he had to turn away patients with malignant diseases.

Touring Johannesburg Hospital yesterday, National Health Minister Rina Venter attacked the National Education, Health and Allied Workers' Union (Nehawu) for using patients and hospitals as "hostages" in their blatantly political battle.

She condemned the union for using hospitals as "soft targets". Venter said Nehawu's labour grievances had been addressed and the state did not have the funds to offer a higher increase. She added that Nehawu had refused to continue negotiations — an allegation which union officials have denied.

Sapa reports Venter said the strike had shown that some hospital departments could work with smaller staff complements and that the strike could result in retrenchments.

In Cape Town, two more hospitals were affected, taking the number of hospitals affected to 13, and day hospitals to five. There were reports of intimidation by strikers.

Allowances

Today authorities at Baragwanath and Natalspruit hospitals will decide on the future of their striking workers.

The strike has made it impossible for hospitals to process applications for disability allowances. TPA spokesman Willie van Niekerk said about 10 people a day applied for disability allowances in Johannesburg and Soweto.

To receive a disability allowance, people required a medical assessment. Taking into account people with temporary disability allowances who needed reassessment, 1 000 people were affected by this every month, he said. Until the strike was ended, no new applications could be considered.

Pep sees Botswana as springboard to world

B/Day 10/4/92 (30)

LINDA ENSOR

CAPE TOWN — Pep Botswana Holdings, part of the giant Pepkor retailing group, is to be listed on the fledgling Botswana Stock Exchange in May.

This step will add impetus to plans to internationalise the Pep group.

About 8,1-million, or 30% of the company's shares, would be privately placed with institutions, staff and individuals to ensure equity participation by Botswana citizens in the operation, Pepkor and Pep Ltd chairman Christo Wiese said yesterday.

The 20-store clothing, footwear and household textile chain has been doing business in Botswana for more than 20 years and aims to have 40 stores there by the end of the decade.

"We are very happy with our business in Botswana, very happy with the co-operation we have had from the authorities, and are impressed with the way the country is run generally," Wiese said.

"We are very happy participants in the Botswana economy, which is stable and has shown strong growth,' he added.'

Botswana government ministers have indicated in the past that they would like to see greater equity participation by Botswana citizens in foreign-owned firms operating there.

The Botswana government developed the stock market, which now has about eight listed companies including banks, financial institutions, wholesaling groups and insurance companies.

The stock exchange requires that at least 25% of a listed company's shares must be held by the public if it is to be listed. Furthermore, the government has offered an incentive in the form of a 5% cut in the tax rate if 30% of the shares are held locally, an offer which made the listing of Pep Botswana Holdings an even more attractive proposal, Wiese said.

He said the listing was another step in the internationalisation of Pep's operations. A substantial part of Pep's sales and income were expected to be drawn from international markets in the '90s. The group already had a pilot store in Glasgow and a chain of 14 stores in Scotland which were being converted into Pep-type outlets.

"We believe that Botswana, being part of the Lomes Convention and having preferential agreements with other African countries, could be used as a springboard for the Pep group to further its internationalisation plans into Africa and, perhaps, into Europe," Wiese said.

"The abolition of exchange control in Botswana may enable us to use the Botswana operation to enhance and expedite our whole internationalisation programme," he said.

There is also the possibility that the Pep group will establish a manufacturing base in Botswana, which offers excellent incentives in this regard.

The operations of other Pepkor chains in Botswana, namely Cashbuild and Smart Centre, are to be expanded and the group's food interests will also open up in the country.

Pep has a sizeable operation in Namibia and Wiese said a listing there was also probable once a stock exchange was established. The chain also operates in Lesotho and Swaziland and is looking at entering the Zambian market.

Pep is the biggest retailer in Botswana with a turnover of 36-mllion pula an after-tax profit of 7,4-million pula and earnings a share of 30,8 thebe in the year to end-February 1992. On the offer price of 235 thebe (which will raise about 19-million pula) the share will have a price earnings-ratio of 7,6 times.

On the forecast earnings of 30,5 thebe, and an annualised dividend of 13,9 thebe for the year to end-February 1993, the share will have earnings and dividend yields of 13% and 5,9% respectively.

The company has had a strong profit growth and earnings a share are forecast to grow by 16% in the 1993/94 year and 18% for the two years thereafter.

FM 10/4/92 (30) FOX

Bergers' Mauerberger ... *chains out of synch*

BERGERS FM 10/4/92 (30)

Rights issue on the cards

If all your business ducks are not in a row these days, the penalty is high. Ask Howard Mauerberger, chairman of Bergers Trading (Bertrad). He knows. The recently acquired Jones chain has been out of synch with the Bergers cash-based chain and casual fashion Hylton Weiner stores and, as a result, for the first time since the listing five years ago, the group recorded negative EPS growth.

EPS for the year ended December 31 are down 28%. Though 1990 comparatives are only for 10 months, Mauerberger says the first two months of any year are not profit-producing, so the comparison is valid.

At half-time, operating income was 16,5% ahead of 1990; thereafter, trading was hammered. The extent is best demonstrated at pre-tax level. Whereas 1990 produced second-half pre-tax income of R7,3m, in 1991 only R2,3m was generated.

Part of this is explained by the increase in cost of finance to R4,8m from R3m, but the rest arises from really tough trading circumstances, especially in December. "Normally," says Mauerberger, "turnover in December is two-and-a-half to three times that of the average month, but last year this did not materialise."

The Jones chain was particularly hard hit. It suffered a R2,5m swing to record an operating loss of R1,5m in 1991. Bergers stores, however, continued to perform well. Clearly, the 23% increase in group turnover came mostly from this source, with Hilton Weiner contributing marginally.

But the real battle was in the operations area. A 10,2% margin in 1990 dwindled to 7% — a 30% drop. This shows the lengths resorted to to retain market share and how difficult it is to control trading costs when shopfloor and stock capacity criteria are dented by unexpectedly low demand.

Mauerberger says that aggressive steps are being taken to improve Jones's performance. Rationalisation of existing stores in the CBD continues while new stores are being opened in decentralised areas.

A trading formula has been developed for these outlets that is proving a success even in the current climate. To fund these developments, the group is considering replacing costly borrowed funds with permanent capital. That may soon entail a rights issue.

At 290c, Bergers Group (Bergers) is well off its top of 375c recorded in September. It stands on a dividend yield of 2,1% and a p:e of 11,8. Bergers holds 94% of Bertrad. Bertrad's dividend yield is 3,3% and its p:e 9,7, making it the preferable vehicle.

On an historical basis, both appear overpriced. But the group's problems should be seen for what they are. In retrospect, it was a timing error rather than one of judgment to buy the Jones chain.

The logic of the purchase cannot be faulted and still applies. But it brought costs that now have to be repaired.

Meanwhile, Bergers stores, which have done so well in recent years, remain the backbone of the business. When the economy improves so will profitability. Trouble is, so will that of many other operations which offer investment opportunities. Mauerberger now has to demonstrate that he can repair the fortunes of the group in these tough times. Only then will the share again enjoy that elusive phenomenon — investor confidence.

Gerald Hirshon

New car sales continue to slip

STAR 6/4/92 30

The National Association of Automobile Manufacturers (Naamsa) has expressed concern about the steady deterioration in new vehicle sales.

The sales of all classes of vehicles were down considerably on those for comparable 1991 periods, although there were slight improvements in the March figures when compared with February.

Sales of new cars for the first three months of 1992 were 9,2 percent down on the first quarter of 1991, light commercial vehicle sales were down 8,7 percent, while sales of medium and heavy commercial vehicles were down 16,4 percent and 9,5 percent respectively. Similarly, March 1992 sales were down on March 1991.

In the light of the sales performance this year to date, Naamsa has revised its projected sales for the year to: cars 190 000, light commercial vehicles 95 000, medium commercials 4 000, heavy commercials 5 600.

Naamsa had expected that sales to Government, car rental firms as well buying to avoid the April round of price reviews, would result in higher figures for March.

The industry forecast is that trading conditions will remain extremely difficult for the remainder of 1992, although the recent relaxation in hire purchase deposits and the one percent reduction in the bank rate might contribute to a modest recovery.

New models

Nevertheless, manufacturers are expected to release a spate of new models during 1992 to hopefully generate additional sales.

The March sales figures were (1991 in brackets): new cars 17 390 units (20 368), light commercials 9 026 (9 966), medium commercials 327 (364), heavy commercials 482 (559).

The top selling car in March was the Toyota Corolla at 4 398 units, followed by the Volkswagen Golf I at 1 429 units, the Mazda 323 at 1 082 units and the Toyota Cressida at 1 026 units.

Toyota was also top seller of light and medium commercial vehicles, with 3 269 and 147 units respectively. Mercedes-Benz was top seller in the heavy commercial vehicle category with 131 units, closely followed by Toyota with 129 units.— Sapa.

Think small with 'micro factories'

South 11/4-16/4/92 (30)

HELP IS AT hand for entrepreneurs wanting to build businesses in an affordable and supportive environment. The Small Business Centre planned for Retreat East is the brainchild of the Small Business Development Corporation (SBDC).

The corporation has developed a series of these "industrial hives" countrywide. In the Western Cape, micro factories are operating in Blackheath, Paarl, Observatory, Athlone, Mitchells Plain and Philippi.

The latter is the latest development and aims to serve mostly the communities of Nyanga, Crossroads, Browns Farm, Mitchells Plain and Mandelay.

Mr Wolfgang Thomas, regional general manager of the SBDC in the Western Cape, said that in coming weeks it would "conduct a market survey in the area to establish exact needs and to consult with community and business leaders".

"Community participation is an important ingredient of a development process," he said.

The industrial hive concept entails the sub-division of existing large factories into smaller units, or the construction of individual small factory units.

Thomas said the development would focus on a range of small factories aimed at accommodating the upgrading of backyard businesses.

The location and size of the site allowed for a range of businesses. Anything from retailing, wholesaling and factory shops down to exhaust and tyre-fitting could be considered, he said.

An SBCD statement said tenants would benefit from premises at reasonable rates, as well as SBDC services such as loan finance schemes for viable businesses, networking opportunities, monitoring and training services and sub-contracts from larger enterprises.

"Some of the hives provide communal spraybooths and workshops equipped with the kind of machines that cannot normally be afforded by start-up businesses. These facilities can be hired by tenants on a coin-operated system," it said.

Project manager Mr John Morrison said phase one of the Retreat East complex could be completed by February 1993, depending on the results of the market survey.

CITY OF CAPE TOWN

Gloomy outlook for cash-strapped Focus

B/Day 13/4/92

(30)

MARCIA KLEIN

A 76% drop in fashion retailer Focus Holdings' share price over the past year could indicate market anticipation of severely depressed results for the six months to end-January.

After reaching 25c exactly a year ago, the share dropped to 3c at the end of last month, and has since recovered to some extent to close on Friday at 6c, with offers to buy at 3c.

Focus — whose interests include Smiley Blue, Cashworths, Bachelors, Aca Joe, Mattress World and Forty Winks — is due to report by the end of the month.

Analysts said that in light of severely depressed consumer spending and a strain on the group's cash flow, Focus could report a significant decline for the six months.

Analysts and industry sources said that after two rights offers in as many years, and a R7,2m loss in the year to end-July 1991, prospects for the company's results for the six months to end-January looked grim.

Analysts said the problems it faced were firstly a slump in retailing, especially sales of semi-durables, and secondly that it had possibly grown too fast too quickly.

Focus had 14 stores when it listed in 1987, and more than 110 by end-July 1991. After listing on the DCM, Focus moved to the main board in 1988.

The R4m takeover of Cape-based ladies retailing chain Cashworths in March 1989 could have been the first step in the wrong direction, an analyst said.

Acquisitions

Apart from the Cashworths acquisition, Focus established Aca Joe and bought Smiley Blue and Goophees from Amrel.

A R6,3m rights offer in 1990 was aimed at improving working capital and repaying bank borrowings for these acquisitions.

In the six months to end-January 1991, Focus passed its interim dividend for the first time since listing.

At that time it announced another R7,1m rights offer for working capital requirements.

Joint MD Michael Cohen said then that the funds would significantly strengthen the group's capital base and ensure adequate funding to exploit trading potential through the existing store network without further expansion. Gearing would be reduced to 40% and the R1m interest bill, which almost eroded profits of R1,3m, would be reduced.

But at the July 1991 year-end, the group reported a loss of the same order as the funds raised in the rights issue.

In August Focus launched a private label, store charge card together with Bonus Card, intended to offset the fact that trading was inhibited by Focus's limited capital base and its inability to finance a large debtors' book.

Chairman Irwin Sacks said in his annual review that this move should return the group to profit.

Analysts said Focus's short-term future hinged on its new credit card, but said the slump in retail sales had affected both cash and credit chains.

Focus directors could not be reached for comment.

EXECUTIVE SU

Chinese trade delegation member Chen Bing extols the finer points of a Chinese vase to Heval (Far East) Ltd director Martin Heald. Picture: BRIAN HENDLER

Chinese trade team features in SA talks

B/Day 14/4/92 (30)

THEO RAWANA

THE first trade delegation from mainland China has had serious discussions with local wholesale and retail giants including Macro, OK, Hyperama and Woolworths.

This was said yesterday by import company Heval (Far East) Ltd director Martin Heald, whose concern is hosting the nine-man team representing firms under Beijing-based China National Arts & Crafts Import/Export Corporation.

An array of items from porcelain to jewellery graces the stands at the Germiston showroom of Matco Group, Heval Industries' mother company, where the Chinese have been exhibiting since March 5.

Heval started negotiating with the Chinese government last year and got it talking with the SA government, resulting in the first trade delegation out of China visiting SA, said Heald.

Delegation leader Pan Liu Rong said the group had come to investigate trade opportunities in SA, and had sold some crockery.

He said for the first time SA business could now buy, directly from China, products previously available only through Hong Kong.

In the nine days the team had been here, they had had inquiries from major wholesalers and retailers, including Macro, OK and Hyperama.

The import and export corporation, founded in 1966, specialises in arts and crafts.

Last year its imports and exports reached $1,3bn. It has established business relations with more than 100 countries and increased its commodities to thousands of varieties and specifications.

With 170 factories in China, it exports items ranging from drawings, ceramics, pearls and diamonds to rattan or bamboo furniture, artistic handicrafts and suitcases.

The corporation is also engaged in the import of special equipments, tools, technology, raw and auxiliary materials and packing materials required for handicraft production and technological improvement.

The delegation returns to China on Friday.

COMPANIES

Management reshuffle at the McCarthy Group

Bday 14/4/92 EDWARD WEST (30)

THE McCarthy Group had made several management changes following the retirement of joint MD Dudley Saville at the end of March, chairman Brian McCarthy said yesterday.

Theo Swart has moved to Durban to take over as group MD — a position previously held with Saville.

Errol Richardson now has responsibility for the group's BMW, MMI, Ford, Rolls Royce and Toyota franchises and independent franchise Car Bar.

Richardson also assumes responsibility for the group's four UK-based Toyota dealerships acquired in March. These followed closely the announcement of the acquisition of two Volkswagen dealerships, in Durban and Middleburg.

Head of the group's Mercedes franchise, Graham Damp, becomes chairman of McCarthy Finance — while McCarthy Nissan MD Ray Nethercott takes on responsibility for the group's vehicle auction subsidiary, Burchmore's.

Executive director Roy Parkhurst assumes chairmanship of Yamaha Distributors, but retains his board responsibility for manpower and property. John Robertson becomes the new MD of Yamaha following the retirement of Alf Price.

Tony Alison, former financial director of the 36%-held Midas group, returns to McCarthys as GM, finance and administration. Terry Sorour, currently MD of Atkinson's Toyota in the Cape, replaces Richardson as MD of McCarthy Toyota.

Commenting on the group's operations in the first quarter of 1992, McCarthy said sales volumes were lower than anticipated and profit margins were tight. On the other hand, the relaxation of HP requirements had improved used car sales while service and parts operations had performed above budget.

Landlords cut rates to survive

B/Day 14/4/92

PETER GALLI

LANDLORDS are having to offer lower-than-projected rentals and a variety of incentives to secure tenants and satisfy their demands because of a surplus of commercial space, Hyprop chairman Peter du Toit says in the latest annual report released yesterday.

"While there is a projected further excess of new accommodation due to come on stream in 1992, the local oversupply of space is nowhere near the levels found in the US and UK."

The oversupply of office space had been worsened by the authorities granting substantial office rights in former exclusively residential areas.

The retail industry, suffering under the worst recession since 1982, was concerned about the ability of consumers to support the new facilities.

"While prime, well established centres are well-placed to weather present difficult circumstances, new centres seeking to establish their presence may have less room for error," Du Toit said.

Hyprop does not have any commitments at present for additions to its portfolio and is currently focusing on consolidation. Suitable opportunities that would enhance the portfolio were difficult to find, he said.

"This strategy will be revised when a sustained improvement in market conditions can be identified, which is expected to be towards the end of 1992."

Hyprop reported a total distribution of 70,93c a combined unit for the year to end-December from 65,43c previously, after improved turnover at R23,786m from R21,642m.

Retail sales slump worst in decades

STAR 14/4/92

(30)

Finance Staff

Total retail trade sales slumped by an inflation-adjusted 3,6 percent in 1991 — the first time this statistic has declined in decades — reflecting the severity of the economic recession.

Central Statistical Service figures reveal:

- Expected retail sales for March 1992, at R6,7 billion, are 2,2 percent lower than in December 1991 after seasonal adjustments.
- For 1991, the largest real sales declines were suffered by general department stores and grocers and other dealers in foodstuffs.

Furniture and clothing returned the best performances.

Nor are retail sales — a reflection of the consumer's ability to spend — likely to improve in the near future.

Southern Life economist Mike Daly points out that national retail sales held up surprisingly well until the beginning of 1991, when the recession began to bite and consumers spent progressively less, in real terms, during the course of the year.

"The impact of the recession on retail sales was delayed because personal disposable income growth was positive, over and above inflation, prior to early 1991."

Personal disposable income growth had now gone negative — a phenomenon which Mr Daly expects to continue at least until the third quarter of 1992.

He doesn't see consumer spending picking up in real terms until inflation is lower, interest rates come down and the rate of job losses stabilises.

Quite clearly, the recent Bank rate cut and the easing of hire purchase terms is not expected to be sufficient to stimulate the economy.

Picardi sale or restructuring possible

MARCIA KLEIN

TODAY's cautionary announcements by Picardi Holdings (Pichold) and its holding company, Picardi Investments (Picbel), point to the sale of the group or to a major restructuring, sources said yesterday.

Both Picbel and Pichold have warned shareholders that negotiations are taking place which could affect the shares of the two holding companies and their major operating subsidiary, Picardi Appliances (Picapli). B/Day 15/4/92

Yesterday the shares of both holding companies rose to new yearly highs ahead of today's announcement. Pichold rose by 20c to 450c and Picbel by 25c to 475c.

Sources said the announcement could refer to the delisting of Picapli, but said they would not be surprised if the group was about to be bought out. The Pickard Family Trust has a 47,2% interest in Picbel, which in turn has a ~~68,7%~~ 30 holding in Pichold.

A source close to the group said that some time ago, a potential buyer had offered the Pickard family 600c a share for control. This offer had not been accepted because the price was felt to be too low.

Consortium offer on Picardi

B Day 16/4/92

LINDA ENSOR

CAPE TOWN — A consortium of Johannesburg and Cape Town businessmen has made an offer to purchase a major share of the Pickard group.

If successful, Picbel, Picardi Holdings (Pichold) and their operating subsidiary Picardi Appliances (Picapli), would probably be delisted and the pyramid structure collapsed. The final structure of the new company, and the relative stakes of the consortium and the Pickard family, are still being worked out.

An offer would obviously have to be made to minorities were such a deal to go through, but a source said yesterday the offer would be a fair one.

Buying out the minorities — which own about 50% of Picbel, 31% of Pichold and 7% of Picapli — would cost about R20m at current prices. (30)

Pichold and Picbel issued a cautionary announcement yesterday saying negotiations were under way which could affect the price of the shares of the two companies and of Picapli.

The intentions behind the deal were not clear yesterday but the source categorically denied an asset strip of Picapli was on the cards.

He said the potential investors wanted to give fresh impetus to the business.

Apart from Picapli, Pichold's only other asset is its highly geared and struggling

☐ To Page 2

Pickard group

B Day 16/4/92 (30)

☐ From Page 1

clothing business.

An announcement on the deal is expected within the next two weeks should all the conditions precedent be fulfilled.

Pichold, Picbel and Picapli minorities have long been dissatisfied with the running of the company and have had to suffer a long dividend drought. Their complaints about the dissipation of Picapli earnings by its holding companies erupted at the last general meeting and the board of directors appointed a merchant bank to look into a restructuring of the group.

The group is tightly held with Pickard Family Trust owning about 50% of Picbel, which has a 68,7% stake in Pichold, which in turn owns 94% of Picapli.

The group has been through hard times. Over the past few years it has sold Union Wine and sunk R18m into Cape Investment Bank. Picapli was highly geared and it was unlikely that minorities would see a dividend for some time, the source said.

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Edgars installs Amdahl

IN A deal worth more than R1,7m, retailer Edgars Stores has bought two Amdahl 4745 front-end processors from Large Scale Systems (LSS). 30

Edgars group information systems executive Jim Swannell says the decision to buy Amdahl equipment was based on a 50% cost saving.

A Siltek subsidiary, LSS, is SA's distributor for Amdahl Corporation's range of mainframe equipment. B/Day 16/4/92

The order includes an Amdahl 4745-210 with 50-line interface couplers and a Token Ring adaptor, and one Amdahl 4745-210 with 12 couplers.

Both systems have 4MB memory.

The first machine is installed at Edgars' head office and is the biggest 4745 in SA.

The second is at the company's disaster recovery site.

Swannell says the systems are used to drive the organisation's telecommunications lines.

This is the first time Edgars, traditionally an IBM centre, has purchased non-IBM communications controllers as well as its first acquisition of Amdahl equipment.

ABS signs Kenyan contract

B/Day 16/4/92

A CONTRACT to supply financial transaction software to Kenya's Trade Bank paves the way for ABS's participation in the world market.

As the SA distributor of transaction automation equipment from VeriFone, ABS is involved in developing and supporting software. The software for Trade Bank will process credit card transactions on a store-and-forward basis.

The VeriFone terminal on which the card is processed has a cartridge with up to 256KB of memory. Each transaction is stored on the cartridge, and details are uploaded via telephone lines to the bank's computer each trading day.

The cartridge holds a list of "hot" cards which the terminal refuses, and a "warm" list which requests authorisation before acceptance is given.

Trade Bank's contract involves supplying this software, which will be installed in terminals at 200 Kenyan outlets this month.

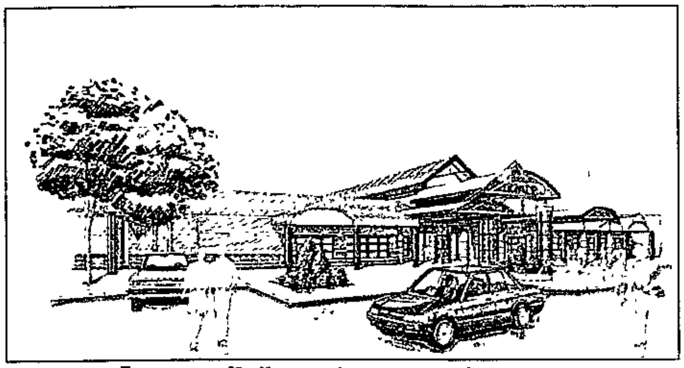
KPMG buys 80 Apple laptops

THE BATTLE FOR THE NORTHWEST

(30)
FM 17/4/92

The developer of Northgate shopping centre in North Riding wants to make it bigger. North Riding Investments has recommended to the centre's owners — the Sasol and Armscor pension funds — that they proceed earlier than planned with the second phase of the development.

North Riding Investments (comprising Retail Property Projects, RMS Syfrets and Pick 'n Pay) says the proposed expansion is based on the success of anchor tenant P 'n P which occupies 20 000 m² of the centre's existing 35 000 m²; the original plan was to open the second phase in 1995.



Fourways Mall .. *relying on its location*

The announcement follows market talk of Woolworths' and Edgars' decision not to anchor Northgate's second phase. Both have instead signed leases (each for 6 300 m²) in Sanlam's 57 000 m² Fourways Mall centre currently under construction, 7,2 km away. It is due to open in March 1993.

And now Northgate has announced that it too intends to open in March — and that it will be offering "substantially lower rentals than those in surrounding shopping centres." Does this by any chance mean rents will be lower than Fourways' R29/m² average? Line shop rentals in Fourways are already 20%-25% lower than in Sandton City and Village Walk.

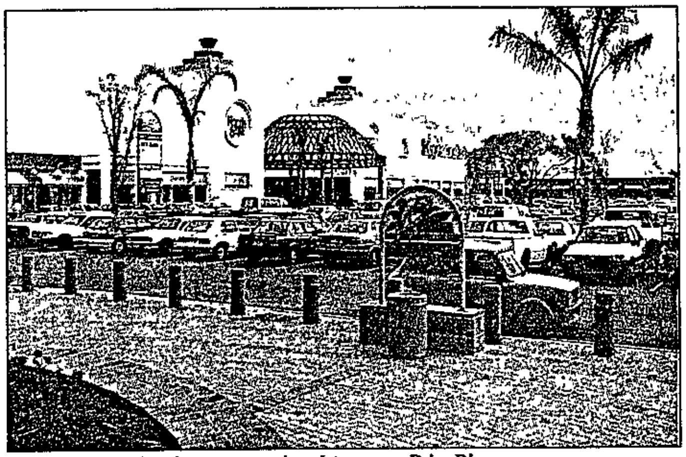
The pension funds' decision will be known at the end of April.

RMS Syfrets MD Pat Flanagan says phase two would mean an additional 30 000 m² of new space — including a DIY component of 10 000 m² — bringing the total gross lettable area to 65 000 m². Both Dions (5 000 m²) and a Ster Kinekor cinema entertainment complex (taking up about 2 000 m² including 800 seats), as well as Boardmans (900 m²) and an enlarged CNA (an extra 200 m²), have been committed.

"The rest of the tenants will be national chains," says Flanagan. "Don't forget, we have rights to develop 100 000 m² and clearly plan to turn Northgate into a regional shopping centre of the magnitude of Eastgate and Sandton."

As for Fourways Mall, he points out that though trading areas overlap, Northgate has its own area from which to draw.

Leasing and managing agent Investec Property Group acts for Fourways. In addition to Edgars and Woolworths — which wants to make Fourways the flagship of a new generation of food and clothing outlets — tenants include Clicks (900 m²), CNA (800 m²) and Ster Kinekor (a 850-seat, first-release cinema complex of 1 800 m²). Hyperama (16 000 m²) committed itself at the outset.



Northgate ... *banking on P 'n P's success*

Flanagan believes Woolworths and Edgars may decide to come into Northgate later on — but says there are other groups, like Pepkor and Boymans, which offer numerous possibilities for the shopping centre.

Fourways Mall Developments says the centre's primary trading circle is densely developed and populated.

It cites JCI's Dainfern cluster development, which exits into Fourways Mall and which will bring 2 000 units into the market within the next five years, as an example of this development.

Residential subdivision

Northgate dismisses the notion that a five-year moratorium imposed by local ratepayers (commencing in 1991), blocking residential subdivison below 1,011 ha, will materially negate housing growth in its trade area.

Both Northgate and Fourways Mall lie within what is called the north-western corridor of the PWV — which has the fastest population growth in SA at 5,4% a year. Fourways Mall believes the per capita income of its primary catchment areas is the highest in the country and says there are more women at home than in competing catchment areas — ready, therefore, to go out shopping.

Win-win indaba for Cashbuild pay

S Times (Buss) 19/4/92 (30)

Business Times Reporter

CASHBUILD has again achieved a pay settlement in record time — in spite of being in a sector prone to wage disputes and difficult trading conditions.

The cash-and-carry building materials wholesaler's annual salary negotiations take place through an indaba.

Divisional human resource manager Jeremy Trevor says the indaba is aimed at accommodating both employee and company needs in the spirit of win". It is part of the process of participation started at Cashbuild in the 1980s.

Employees elect their representatives from outlets countrywide. But this year Cashbuild extended the participative process to all levels by conducting an employee analysis before the indaba.

Productivity in the coming financial year was an important factor at the indaba. It was closely linked to the final inflation-linked salary agreement reached.

Western Cape outpaces the rest

(30) S/Times [Buss] 19/4/92

19/4/92

By ZILLA EFRAT

THE Western Cape is South Africa's fastest-growing metropolitan economy and is expected to remain so in the 1990s.

Wesgro executive director David Bridgman says the Western Cape recorded annual economic growth of about 3% in the 1980s while SA's total languished around 1%.

Wesgro, a non-profit organisation which promotes the region's economic growth, has helped more than 100 companies to invest in the Western Cape in the past 18 months. More than 20 of them were foreign.

Dr Bridgman says the Cape's contribution to SA's gross domestic product fell from 12% to 10% in the 1970s. This was because economic policies like import substitution encouraged consumer industries to set up near the growing Pretoria-Witwatersrand-Vereeniging market.

After comparatively strong growth in the 1980s, the Western Cape accounts for 13% of SA's GDP, but only 9% of its population. It is benefiting from the Government's increasingly outward looking policy.

Inland

Dr Bridgman says companies that produce higher value-added products thrive in the Cape. They include technology-based businesses, such as electronics and biomedical concerns.

Even in the more traditional sectors, such as clothing, textiles and furniture, the Cape attracts higher-quality producers. They use the skills of the region and can afford the cost of inland transport.

These are benefiting from being at the coast as sanctions slide away.

High-growth industries in the Western Cape include fruit, wine, processed foods, skill-based manufactured goods, services and tourism.

The lack of heavy industry and a mining sector has spared the Western Cape from the fall in commodity prices. It has also enabled many small businesses and the informal sector to develop.

Conditions improving, says Protea Furnishers

B/Day 21/4/92 (39)

MARCIA KLEIN

PROTEA Furnishers, which increased attributable earnings by 7,6% to R13,6m in the year to end-December, is expecting improved operating results in financial 1992.

Chairman Edward Ronbeck said in the annual review this optimism was based on an expectation of improved trading conditions in the current financial year although SA's political and economic outlook remained uncertain.

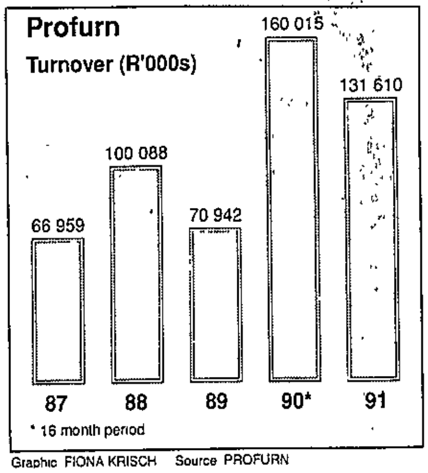
In the year to end-December the company continued to trade well despite a significantly depressed furniture and appliance industry.

Turnover grew by 22,2% to R131,6m, and tighter control of credit and expenditure as well as improved asset management saw the operating margin improve from 17,1% to 20,2%. Earnings grew by 5% after adjusting figures of the previous year to reflect the sale of TV Life.

Following a rights offer, gearing improved from 218% to 96%. Ronbeck said the further reduction of borrowings "to the long-term target of 60% will remain a priority".

He said strong emphasis had been placed on the debtors' book, and debtors in excess of three months non-payment of an instalment represented 3,8% of the book.

Ronbeck said upgrading of the Protea chain was continuing, and all 68 stores would have been refurbished in the new Protea image by the end of financial 1992.



Graphic FIONA KRISCH Source PROFURN

In line with the policy of upgrading and improving stores, the group would relocate stores to preferable sites as existing lease obligations ended. The Supreme chain would open an additional three stores to bring its total to 11 by year-end.

At the year-end shareholders were offered their 4c a share dividends in cash or in the form of bonus shares, and shareholders representing 80% of the share capital of the company have accepted the bonus shares, Ronbeck said.

Protea Furnishers, the holding company of operating subsidiaries Protea and Supreme Furnishers, is 79,6% held by Supreme Industrial Holdings.

Pick 'n Pay's perspective

BDay 22/4/92

(30)

LINDA ENSOR
in Cape Town

PICK 'n Pay yesterday produced the results of an internal price investigation which, it said, supported its contention that its chain of supermarkets were not to blame for the high rate of inflation in food prices.

The claim was made last month by MD Hugh Herman, who said the retail group's price increases were below the 28% rise in food inflation as calculated by Central Statistical Service.

Herman said yesterday that tests and audits undertaken at Pick 'n Pay stores indicated that the average price of all goods charged by the retail giant — which sells about R5bn worth of food and toiletries annually — had risen by less than 15% over the last year.

Herman said that while the price increases of some products had indeed gone up by about 30%, the price of others had only risen by less than 10%. For instance, research showed that the 10 best-selling lines of meat sold by Pick 'n Pay had risen by over 20% over the past year, and the 10 best-selling lines of produce by 30%. These increases included the extra 10% added on by VAT.

But he emphasised that these exceptionally high increases were not characteristic of the price increase of the average shopper's basket which depended on the goods selected, the quantities chosen and on what was deemed to be the buying pattern of the average shopper.

Herman said that while not scientifically accurate, the tests at Pick 'n Pay did provide some evidence that the national rate of food inflation — estimated by CSS to be in the region of 28% — did not reflect the situation at the food chain's stores.

The CSS figure has been criticised on the grounds that the basket of goods used for the calculation of food inflation places too high a weighting on fresh meat, meat products and chicken. A weighting of over 30% is given to meat in the CSS basket of goods.

Estimate

Herman said that in Pick 'n Pay stores the total sales of meat and produce as a percentage of total sales was relatively low except in affluent areas. The weighting of fresh and processed meat and chicken in the average basket was much less than 30%.

The CSS figures have also come under fire for underweighting supermarket prices and giving disproportionate emphasis to prices charged by small cafes where mark-ups of over 100% allegedly take place.

Pick 'n Pay undertook five tests on price increases. It looked at the turnover increase on all food sales. It also determined the year-on-year average unit price increase of all its food sales; the yearly price increase of goods in a random sample of shopping baskets; the price increases of the 171 most popular lines of dry groceries and toiletries sold nationally; and the price increase of a basket of goods in one of its stores.

Herman said turnover on food in the year to end-February increased by 13,2%, while volumes of food sold increased by 2%. Excluding the volume increase, prices on the same quantity of units sold would have risen by roughly 11,2%.

In fact statistics showed that the total average increase in the price per unit of all food items sold between February 1991 and February 1992 rose by 11,8% including VAT and GST. Herman pointed out that this method, while reasonably valid, only provided a rough indication of price increases as buying patterns changed and not the same units were purchased so goods being compared were not altogether identical.

Then auditors randomly took seven till slips from seven stores in different parts of the country and compared before and after tax prices of the goods between March '91 and March '92. The slips varied in size from R260 and R560 and non-food items and items not in stock a year ago were excluded.

Drawback

Herman said the auditors found sharp variations in the price increases of the baskets which included meat and produce. This was due to differences in the incomes of shoppers as affluent consumers would, for example, buy a lot of meat and produce while a less wealthy shopper's basket would have a greater weighting of zero-rated goods.

Before tax the average year-on-year price increases of each till slip ranged between 9,2% and 15,4%, and after tax the range was between 7% and 17,8% with the average before and after tax working out to about 12%. Herman said the drawback of this test was that the size of the sample was limited.

Another test was done on the 171-best selling lines of dry groceries and toiletries in all stores throughout the country as identified by the group's regional buyers. The March 1992 on March 1991 increase in supermarket prices was 12% including tax and 13,8% excluding tax and in hypermarkets 11,2% and 13% respectively. Only one item was chosen of each product, no weightings were given and meat and produce were excluded.

Finally, a supermarket took a typical month-end trolley of goods bought for over R600. Excluding VAT and GST, the price of the goods between February 1991 and February 1992 moved up from R638 to R709 or 11%.

Herman said these rough tests showed that Pick 'n Pay was not profiteering on food. Competition in the food retail market was fierce, the market was extremely price sensitive and food chains had to work on low margins, he said.

He believed that food chain stores would be working on average on a profit on food sales of between 14% and 20% giving a net margin after expenses of up to 3%.

COMPANIES

Falling car sales take their toll

EDWARD WEST

FALLING car sales and a restructuring took their toll on Combined Motor Holdings (CMH) in its financial year to February 1992. The motor retailer has, however, forecast improved profitability this year barring unforeseen supply disruptions.

CMH's annual profit announcement published today shows sales up 13% to R416m from R367m in the same period to February 1991. Operating income fell to R9,1m from R10,9m, reflecting a decline in gross profit margins to 2,2% from 3%.

CMH director Stuart Jackson said yesterday tough competition had eroded profit margins. (30)

After paying R3,1m interest and R4,1m taxation, taxed profit fell to R3,7m from R4,3m. Interest-bearing debt increased to R7,3m from R2,3m in the previous year. Total assets climbed 17% to R81m (R79m).

Jackson said the restructuring needed to bed down the acquisition of six dealerships had taken up much management time during the year. B/Day 22/4/92

Barring any major supply disruption caused by strike action at motor manufacturer level, the group could improve its level of profitability this year, he said.

Earnings fell for the second year in succession, to 19,4c from 22,3c a share in the previous year and from 28c a share in its 1990 financial year. Dividends of 9,3c a share were declared, down from 10,7c a share at the end of the previous year.

Shoprite to merge with Checkers

BDay 22/4/92 30

LINDA ENSOR

CAPE TOWN — Pepkor is to rationalise its food retailing interests by merging Shoprite with the unlisted Tradegro subsidiary Checkers. This will leave Shoprite as a cash shell.

Shoprite shareholders will benefit by either receiving Tradehold shares by way of a dividend in specie or, if they choose to renounce these shares to Pepkor, by receiving new Pepkor shares.

Tradegro, through Checkers, will acquire all the retail supermarket and butchery operations of Shoprite along with its trade name and will issue new Tradegro renounceable shares to Shoprite to pay for the acquisition.

Shoprite will renounce the Tradegro shares to Tradegro's parent company, Tradehold, in exchange for renounceable Tradehold shares, and these Tradehold shares will be distributed to Shoprite shareholders if they do not choose to take up new Pepkor shares. Shoprite was valued at about R166m at yesterday's closing price of 560c. The exchange ratios for the transactions still have to be worked out and will be announced later. Yesterday Tradegro closed at 85c, Tradehold at 55c and Pepkor at R109.

Graphic: RUBY-GAY MARTIN Source: I-NET

Details are expected to be announced before the end of May.

□ To Page 2

Shoprite

BDay 22/4/92 30

□ From Page 1

The restructuring will concentrate the retailing of all Pepkor's food and household products in Tradegro, which will also own the property interests of the food chains. The intended cash purchase by Pepkor of Tradegro's 100% stake in Greatermans/Stuttafords will further focus Tradegro on food retailing.

"It is anticipated that the merged operation will enjoy significant synergistic benefits flowing from, inter alia, its geographic spread and economies of scale," the announcement published today said.

Pepkor financial director Cornus Moore said the transactions would result in Tradehold's shares being very widely spread and this would have to be addressed at a later stage. He said no decision had as yet been taken on the eventual delisting of Shoprite's cash shell.

A further aspect of the restructuring is that Pepkor is to sell its property owning arm, Pepkor Property Holdings, with an estimated property portfolio of R150m, to Tradegro once it has sold Pep the properties it utilises.

The announcement advised shareholders to continue exercising caution in dealing in their shares until the valuations to determine the purchase prices and exchange ratios had been finalised.

Pepkor's option to acquire Sankorp's remaining stake of 52-million shares in Tradehold at 49,5c a share in exchange for the issue to Sankorp of new Pepkor shares at R105 each has been extended to June 30 from March 16.

The price per Tradehold share will be adjusted to take account of the final dividend declared by Pepkor for the year to end-February. Sankorp would have received this dividend had the option been exercised on March 16.

Streamlined OK Bazaars to split stores and hyperamas

Biday 22/4/92 (30)

MARCIA KLEIN

THE OK Bazaars is to restructure into two main operating divisions, formally splitting its OK Stores and Hyperamas.

OK MD Gordon Hood, who will become group deputy chairman and CE of OK Bazaars, said yesterday that the move would see the OK formalise a process which had already been in place for some time.

The streamlining into the OK Stores and Hyperamas operating divisions provided an opportunity to formally structure this process and allocate each division its own management.

Hyperamas group executive director Gerald Manne will become Hyperamas chairman, and operations director Philip Grover will become MD of this division.

OK development and estates director Mervyn Serebro will become MD of OK Stores, and furniture and appliances director Arthur Solomon will become OK Stores' marketing director, with the responsibility for marketing and advertising. Group financial director Brian Borcherds and group human resources director Keith Hartshorne will continue to report directly to Hood.

An announcement issued yesterday said the streamlining was necessary following the growth of the Hyperama division.

Hood said this division had been showing strong growth, and three Hyperama stores — in Fourways, Westville and Pretoria — were under construction.

This will bring the Hyperama total to 17 stores. Hood said each new Hyperama was equivalent to about 15 smaller OK stores or two or three larger stores.

He said this division was growing and doing well, and its expansion was dependent on finding the right sites. He said the economic climate tended to favour the Hyperama business, while unemployment had affected the OK business.

The OK previously announced it would close 30 stores, and 20 have already been closed. Another 10 would be closed during the course of this year.

There is strong speculation that this streamlining exercise is a precursor to the separate listing of the profitable Hyperama division. However, Hood said yesterday there were no plans at this stage for a separate listing.

Hood said the OK Bazaars group would retain the group functions, including finance, personnel and development.

Restructuring at Pepkor

(30)

STAR

Finance Staff 22/4/92

Pepkor's food and property interests are to be significantly restructured.

Chairman Christo Wiese revealed yesterday that Tradegro will acquire all Pepkor's food retailing interests, while the properties held by Pepkor Properties will be sold to the operating companies occupying the bulk of their space.

Pepkor will at the same time acquire Tradegro's holding in Greatermans Department Stores, which consists of the Greatermans and Stuttafords department store chains.

To enable Shoprite to merge with Checkers, Tradegro has acquired all Shoprite's supermarkets and butcheries as well as the Shoprite trade names. The purchase price, which will be based on a valuation still to be undertaken, will be settled by the issue of new Tradegro shares to Shoprite.

Shoprite will renounce these Tradegro shares in favour of Tradehold in exchange for new Tradehold shares, which it will distribute to its shareholders by way of a dividend in specie.

Shoprite shareholders will also have the option to renounce their entitlement to Tradehold shares in exchange for new Pepkor shares.

Shoprite will thus become a cash shell.

Business plans to pay for new police stations

ADRIAN HADLAND (30)

CENTRAL Johannesburg's business community plans to equip and pay the rent for seven new mini police stations in the CBD.

A new anti-crime plan, to be submitted to Law and Order Minister Hernus Kriel, will request more than 250 extra policemen to patrol central Johannesburg within the next two months. The council has already promised 200 new traffic officers to patrol the city.

The Central Johannesburg Partnership, a recently formed independent agency representing the city council, community organisations and local business interests, will take a proposal to regional Witwatersrand police commissioner Maj-Gen Gerrit Erasmus on April 24.

The suggestion is that seven "satellite" police stations be set up in central Johannesburg. Though the financial details are yet to be finalised, it is expected that the business sector will rent properties for the satellite stations and provide the necessary equipment if the Minister will make available the additional police officers.

There are 250 policemen assigned to central Johannesburg at present.

Co-ordinator Diana Mayne said security was one of the agency's primary concerns. A number of options had been considered by the agency's security task group, including the use of private security companies, but satellite police stations had received the most support. She said if the proposal was received favourably by Erasmus, a meeting would be sought with Kriel.

It was announced last week that Johannesburg City Council management committee member Koos Roets would take over the council's public safety portfolio.

Roets said he would "be working closely with the SAP, the emergency services and the traffic department to initiate additional security measures". The new traffic officers would be on patrol by end-June.

Poor clothing sales forecast

B/Day 23/4/92

30

MARCIA KLEIN

PEDESTRIAN results were the most that shareholders could expect from many of the clothing retailers who would report for the period to end-March, analysts said.

Declining retail sales over the past few months pointed to severely depressed results from all retailers, they said, but in a recession of this nature, sales of durables were hardest hit, and sales of semi-durables came a close second.

In this light, clothing companies were expected to produce poor results, but they would not show the same declines as those reported by furniture retailers.

Since the sharp downturn in consumer spending in September last year, the retail clothing industry had reported a turnover growth of between 5% and 10% — a decline in real terms.

Edgars, which is one of the star performers in the clothing retail sector, is expected to show a 2% to 5% earnings growth, off a high base. Although this was a poor result for Edgars, analysts said it would be a good result in comparison with a number of other companies reporting next month.

Analysts said Foschini's results were difficult to forecast due to the Etam acquisition and a change in the group's year-end.

Wooltru division Speciality Retail Group, whose major contributor is Truworths, had reported an 18% rise in pretax profit in the six months to end-December. Analysts said these results were buoyant, but did not include reduced earnings in the first quarter of 1992.

Although Pep Stores would show a good earnings growth, analysts said it would also feel the pinch of reduced consumer spending, although not to the same extent as the other companies in this sector.

An analyst said there was no reason to believe that this sector would pick up in the next six months.

Mashold looks to exports

B Day 23/4/92 (30)

LINDA ENSOR

CAPE TOWN — Mail order and direct selling group Mas Holdings (Mashold) had maintained a reasonable level of profitability in last year's tough economic circumstances, MD Marco van Embden said yesterday.

Mashold is due to report its annual results for the year to end-February shortly. As with all retailers, the group has suffered from the pressure on consumer spending with the poor Christmas season affecting January and February sales.

However, Van Embden was confident of excellent results in the current year. He said the group would benefit from its period of consolidation and the opening up of new opportunitiessuch as the export of clothing and the Wonder Cooker.

The group aimed to achieve a profit growth of 20% annually. He said most of the group's subsidiaries had been doing well since March and were either on budget or had exceeded budgeted expectations.

Exports and offshore operations were becoming an increasingly important component of the Mashold group and Van Embden said the goal was to have about 33% of profit generated from these sources in five years time. He added that the group was presently extending its penetration of Africa into central Africa.

The Magic-by-Mail company acquired last year mainly exported to the UK, while clothing exports to Africa were doing well.

Mashold has set up a British-based direct selling operation called Wonder Cooker UK to to handle the distribution of the Wonder Cooker. Four branches have been established and Van Embden said the results on the UK market so far had been pleasing.

Specialty maintains its earnings growth record

(30)

B/Day 23/4/92

MARCIA KLEIN

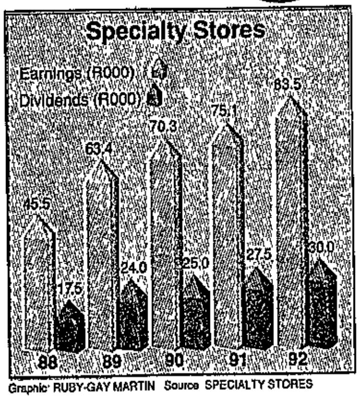
SPECIALTY Stores maintained its seven-year earnings growth record by reporting an 11% rise from 75,1c to 83,5c a share in the year to end-February.

The Durban-based group, which owns retail chains Milady's, The Hub, Mr Price and Footgear, achieved this and maintained margins after an excellent second six months, despite generally depressed trading conditions in the retail clothing industry.

Joint MDs Laurie Chiappini and Stewart Cohen said yesterday the group had outperformed many retailers because it was focused, strategically positioned in a fast growing and profitable sector, and paid particular attention to marketing and refining the position of its chains.

Turnover grew by 19% from R245,9m to R293,6m, and operating income was 18% higher at R32,8m (R27,7m). Chiappini said the turnover increase was achieved on full margin merchandising, and the group had paid attention to focusing on its customers rather than discounting to achieve sales growth.

A 38% hike in interest from R5,3m to R7,3m reflects an R11m increase in borrowings. Gearing rose from 43,9% to 55,9%, but Cohen said this was within comfortable limits, and development of the cash chains Mr Price and Footgear would result in an increase in the proportion of cash sales and a reduction in gearing.



Graphic: RUBY-GAY MARTIN Source SPECIALTY STORES

Income before an extraordinary item was 11% up at R13,8m (R12,4m).

A R2,4m extraordinary item reflects the closure of the group's two-store export operation in the UK called Suit City. Cohen said the group had been involved in this venture for some time, but the prolonged recession in the UK had prompted the decision to close the operation.

A final dividend of 20c a share was declared, bringing Specialty's full year dividend to 30c from 27,5c.

The 140-store Milady's chain improved turnover from R120,6m to R149,6m after an aggressive strategy to improve market share.

The Hub, which operates seven stores, increased its turnover by 9,2% to R106,5m. Chiappini said this was below budget, but "excellent savings saw it increase its profit contribution by 17%".

Mr Price and Footgear increased their turnover by 51,3%, mainly due to new store openings. Cohen said there were now 35 stores in this group compared with only three a few years ago. While Footgear showed good increases in profitability, Mr Price was affected by the decline in cash retailing. Remedial action was already showing positive results.

During the coming year Specialty will open about 12 stores and refurbish another 12, and will pay particular attention to expanding its cash businesses.

Storeco, which holds 63,2% of Specialty, reported earnings of 60,2c (55,2c) a share and a full year dividend of 60c (55c) a share.

Retail sales data 'contradictory'

BDay 24/4/92 (30)

MARCIA KLEIN

FAIRLY buoyant retail sales figures released yesterday by the Central Statistical Service (CSS) contradict the sales slump experienced by major retailers, and CSS forecasts.

Economists, retailers and analysts said yesterday the figures did not reflect the retail trade's experiences of the past few months.

Yesterday's CSS figures showed total retail trade sales rose 16,9% in February — or a slight 0,9% decrease in real terms — compared with the previous year's. They were 5,2% up on the previous month's figures after seasonal adjustment. The CSS attributed the increase in sales to a 17,4% rise in cash sales. Earlier the CSS released expected sales for this period showing a 9,4% real decline compared with February 1991.

The CSS also released total expected retail trade sales figures for April showing an increase of 18,6% compared with April 1991, or a 2,6% rise in real terms. In the three months to April, its sales figures showed a real increase of 0,8% over the previous three months.

These figures represent real growth in retail sales, but major retailers say sales have declined 5%-10% in real terms since the start of the year as consumer spending slumped to its lowest levels in years.

Although Retailer Liaison Committee figures (RLC) are not publicly released, a source said recent figures compiled using major retailers' actual sales showed sales declines of 1%-15% at current prices since the start of the year.

Standard Bank chief economist Nico Cypionka said the CSS figures contradicted previous CSS figures and conflicted with retailing conditions generally.

The fall-off in sales had probably not been as great as the CSS's expected figures, but there was no evidence that sales had been as high as those indicated by the latest figures.

A retail industry spokesman said there were wide variances between the CSS figures and those issued by the RLC. As RLC figures were compiled using major retailers' actual sales, these reflected the situation more accurately.

If taken at face value, CSS figures pointed to an upturn in the retail sector during the past few months. However, retailers were trading way below their forecasts. They were not expecting any significant swing in sales before interest rates dropped further and there was more political stability, he said.

Retail sales show rising trend in the W Cape

(36)

CT 24/4/92

Business Editor

RETAIL sales are beginning to pick up in the Western Cape, according to a quarterly survey carried out for Cape Town Chamber of Commerce.

Some retailers confirmed this trend yesterday. But others said they had seen no sign of an improvement.

John Barry, regional GM of Pick'n Pay, said the population, and therefore the customer base, was increasing as both blacks and whites moved into the Western Cape from other parts of the country.

But Carl Jansen, MD of Morkels, pointed out that unemployment was high and many people were struggling to make ends meet. He said Easter, normally a good period for sales, had been very quiet this year.

The Chamber of Commerce newsletter says its quarterly survey, carried out by the Stellenbosch Bureau for Economic Research, shows that although the slump continued into the first quarter of this year "better sales are expected in the next quarter.

"Particularly encouraging is the report-back from durable goods retailers that their sales in the first quarter were better than anticipated and they expect this improvement to continue."

The chamber says another significant point to emerge from the survey was that "inflationary expectations have moderated somewhat among retailers in the Peninsula".

According to the survey report, sales in the first quarter were better in the Peninsula than the national average.

"Sales expectations for the second quarter are more optimistic in the Cape Peninsula than elsewhere in the country, particularly in the case of durable goods including furniture, household appliances, electronic equipment and computers."

Figures released yesterday by the Retail Liaison Committee show that total sales of furniture, appliances, TV and audio equipment in January were 4,4% higher, in rand terms, than in January 1991.

Frans Jordaan, executive director of the Furniture Traders Association, said that although this represented negative growth in real terms, "we have to remember that in January 1991 sales were particularly good, especially to black consumers. This has not been the case this year".

Colin Abel, MD of Victrix, said he had already noticed an improvement in business. "I have just returned from five weeks overseas and was very pleasantly surprised by the sales figures achieved while I was away".

Carl Jansen of Morkels commented: "I get a fairly wide range of inputs and there is no real indication that things are moving upwards. The figures for furniture sales by the end of March, nationally, were the lowest for five years."

But Jansen agreed that the Western Cape "looked better than the rest of the country" during the first quarter.

John Barry said: "We have just had a good month with sales considerably more than we budgeted for. But this may be due to some extent to promotional offers because we are celebrating our 25th anniversary."

NEW BEREA CENTRE BACK ON COURSE

FM 24/4/92

(30)

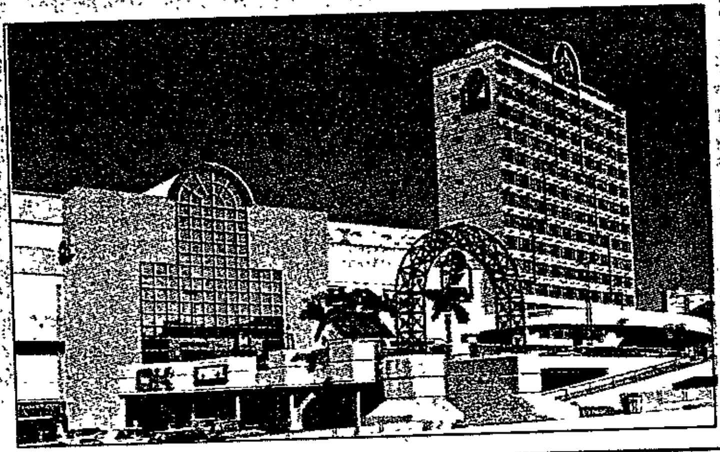
Durban's New Berea Centre — placed in liquidation last year — has been bought by the Hollard Group. In a deal structured by J H Isaacs Natal (JHI), the imposing retail and office centre — including majors like OK Bazaars, Clicks, Pick 'n Pay, banks, several cinemas and 14 floors of offices — has been taken over for an undisclosed sum.

The centre was wound up by the Supreme Court in Durban in September after an application by Investec Merchant Bank which said the owners could not service a R23m mortgage. There was also a second bond on the property held by British company Centrovincial Estates. This brought total liability to about R33m.

Though the now provisionally liquidated DPF Investments, headed by the flamboyant Paddy Delaney, was interested in acquiring the second bond — seen as the key to ownership of the property — JHI pipped it at the post. Delaney tried but failed to get the Supreme Court to block the JHI bid.

Meanwhile, creditors agreed their best interests would not be served by a sale in execution. Application was made for a scheme of arrangement and duly approved in terms of Section 311 of the Companies Act.

JHI Natal chairman Trevor Warman says: "In terms of the arrangement, the first and second bondholders sold their shares to the Hollard Group which is now the sole shareholder in the New Berea Centre. Hollard is a broadly-based investment company with core investments in insurance."



The centre's new stability appears to be reaping dividends. The owners are investing R5m in completing renovations and developing three cinemas and 1 000 m² of retail space. Group Five Stevenson Construction has moved on site. JHI MD Roy Alderdice says shopowners' turnover should start increasing substantially. JHI became agents for the centre at the beginning of last month.

PROTEA FURNISHERS FM 24/4/92

Market reservations (30)

An historic p:e of 1,2 and 18,2% yield suggest the market is either expecting an earnings slump or has reservations about Protea's figures to a degree bordering incredulity.

There is nothing in the report to support the slump hypothesis. Chairman Eddie Ronbeck, writing before the Budget's easing of HP terms, was already forecasting better operating results. However, the figures cannot be compared directly with those of other furnishers.

Activities: *Operates the Protea (68 stores) and Supreme (8) retail furniture chains.*
Control: *Supreme Industrial Holdings 79,6%.*
Chairman: *E Ronbeck; CE: A Maraney.*
Capital structure: *95,5m ords. Market capitalisation: R21m.*
Share market: *Price: 22c. Yields: 18,2% on dividend; 85,9% on earnings; p:e ratio, 1,2; cover, 3,5. 12-month high, 60c; low, 20c. Trading volume last quarter, 459 000 shares.*

Year to Dec	'89	'90*	'91
ST debt (Rm)	0,7	—	—
LT debt (Rm)	33,6	70,7	49,3
Debt:equity ratio	2,2	2,2	0,88
Shareholders' interest	0,2	0,2	0,39
Int & leasing cover	—	2,5	2,1
Return on cap (%)	—	31,2†	20,0
Turnover (Rm)	71	193	132
Pre-int profit (Rm)	(6,0)	31,7	26,7
Pre-int margin (%)	—	16,4	20,3
Earnings (c)	—	20,5†	18,9‡
Dividends (c)	—	4†	4
Net worth (c)	23	46	54

* 16 months. † Annualised. ‡ On weighted average issued equity.

Almost no normal tax is paid due to assessed losses, the extent of which is, strangely, not disclosed. And no deferred tax is provided against HP debtors. The company says it is unlikely under present legislation that any liability "will crystallise in the foreseeable future." CE Alex Maraney says this is because substantial S24 provisions had not been used when the present management took over.

Providing deferred tax on the comprehensive method would cut net profit by R8,1m (1990: R6,4m), clipping earnings to 7,6c a share (13,3c annualised). The p:e on that would be 2,9 — much the same as Barnetts and Tafelberg, but less than Amrel or J D Group. The year-end accumulated deferred tax liability would have been R19,5m (R11,4m), trimming NAV to 33c a share.

Profurn's Ronbeck . . . *forecasting better operating results*

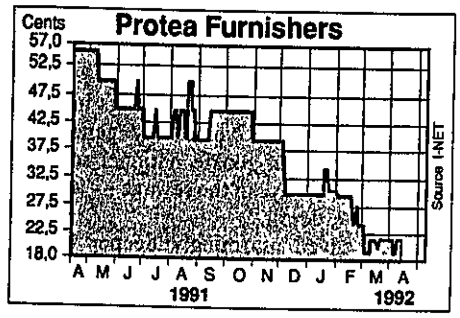
These aspects overshadow progress made in cleaning up the balance sheet. A rights issue (36 for 100 at 40c) raised R10m, which went towards the commendable R21m reduction in debt to the holding company. The other main contributor was a remarkable cut in stocks, from R24,8m to R11,8m, giving a year-end stock turn of just over 11.

The long-term target is to cut gearing to 60% or less. This will require a continued conservative dividend policy — spelt out last year as cover of at least five times. Shareholders may take the latest dividend in shares rather than cash, and holders of more than 80% have said they will. As the scrip dividend is at an effective price of 40c, this is a strong sign of their commitment.

Supreme Industrial Holdings underwrote the rights issue, which was 73% subscribed. It also acquired 10m shares (pre-rights) off-market from a former minority holder.

Profurn was in good company in expecting earlier economic revival. A year ago, Ronbeck forecast EPS of 30c and Maraney was looking for sales of R200m.

The reason for the sales shortfall was the sale of 11-outlet TV retailer TV Life, said in the 1990 report to be making a "major contribution" to profits. Maraney tells the *FM* the problem was TV Life's heavy gearing; so it was sold on an arm's-length valuation by Curle Securities to a private company controlled by Ronbeck. This was also responsible for much of the reduction in stocks.



Ronbeck says upgrading of the Protea chain proceeded according to plan and all 68 stores should reflect the new image by year-end. Three new stores will be added to the Supreme chain (which operates in Botswana and Lesotho).

Emphasis is being placed on the quality of the debtors' book. Only 3,8% is more than three months in arrears — up from 2,4% last year but still one of the best in the business, claims Maraney.

As the rights issue was held in December, almost the full interest saving will flow through only this year. On the other hand, a substantially higher issued equity will have to be serviced and interest savings are not likely to prevent a significant dilution. So, even if operating results meet Ronbeck's expectations, it will be difficult to achieve any improvement at the per-share level.

Maraney says Profurn is in the third year of a five-year programme to rebuild the old Sam Steele business. It has the stock and debtors right. The Supreme chain is going well and good progress is being made with much-needed refurbishment and relocation of the Protea stores. Cash flow is positive; the priority now is to bring down gearing.

The new management has achieved much and the share has speculative appeal, but conservative investors will want firm evidence of a furniture trade revival before considering a buy.

Michael Coulson

Specialty getting ready for upturn

S/Times (BUSS) 26/4/92 (30)

By ZILLA EFRAT

SPECIALTY Stores' expansion drive should ensure that it is well placed to take advantage of an upturn in the economy, say the directors.

The Durban-based retail group has announced an 11% rise in attributable earnings, before extraordinary items, for the year to February in spite of difficult trading conditions.

Turnover jumped 19% to R293,6-million and operating income was up 18% at R32,8-million.

However, the interest bill climbed 38% to R7,3-million. Specialty made a R2,4-million extraordinary write-off resulting from the closure of its two-store export operation in the UK.

Joint managing directors Stewart Cohen and Laurie Chiappini expect continued growth in profit. It should come on the back of a targeted marketing approach and continued expansion into specialty retailing, a major growth area worldwide.

At least 13 stores will be opened in the current year and others are being upgraded.

The Milady's chain, which has 140 shops and has been moving into the Transvaal, will get four additions. Among them will be the first major Milady's in Johannesburg's CBD.

Another 12 Milady's stores are being renovated and expanded.

Rapid

Mr Cohen says there are still many opportunities because the Transvaal remains under-penetrated. He would like to see another three shops in downtown Johannesburg.

The Hub, with seven stores in Natal, will open a branch in Chatsworth this year. Refurbishment of its Maritzburg branch will be completed next year.

The fastest growers in the group are the cash-generating Mr Price's and Footgear outlets. Eight more branches will open this year.

In three years the number of these shops has jumped from four to 35, largely in the Transvaal. Of them, 17 were added in the 1992 financial year.

Mr Chiappini says rapid growth has not been without problems and necessitated management changes in the past year, particularly in the Mr Price's outlets.

Specialty is also researching two new cash-generating retail concepts, but the managing directors will not comment further.

The group has declared a dividend of 30c (27,5c) on attributable earnings of 83,5c a share.

'Not in hurry to merge'

C Press 26/4/92

By S'BU MNGADI

THE National African Federated Chamber of Commerce will not rush into mergers with predominantly white business organisations.

This was Nafcoc President Sam Motsuenyane's message at the two-day annual conference of the Inyanda Chamber of Commerce in Durban this week.

He said though Nafcoc had found it desirable to participate in the National Business Forum and other joint initiatives, the chamber had to ensure that the black business community was not given the impression that they were equal partners when in fact they were not, he said.

"Our major task is to work for the closure of the growing gap that presently divides the black and white business communities," he said.

Anti-crime plan needs police nod

STAR 27/4/92

By Monica Oosterbroek

The business community's plans to set up seven new mini-police stations in Johannesburg's central business district may only go ahead if police endorse it.

The Central Johannesburg Partnership, an independent agency representing the city council, community organisations and local business interests, took the new anti-crime plan to Witwatersrand police commissioner Major-General Gerrit Erasmus on Friday.

Although the business sector plans to rent properties and provide the necessary equipment, the new stations will need an extra 250 policemen to patrol the CBD.

Colonel Dave Bruce, who attended Friday's meeting, said the agency needed to make its proposals clearer and more practical.

It was suggested that the group put forward a detailed action plan in writing before meeting the police again.

Once General Erasmus had endorsed the plan, the agency would take it to Cabinet level, and approach Law and Order Minister Hernus Kriel.

Colonel Bruce said he was not convinced more police stations and policemen was the answer to curbing CBD crime.

"Crime stems from socio-economic problems, so perhaps people should be finding ways to create more jobs and improve employment and living standards," Colonel Bruce said.

Agency representatives did not wish to comment.

Musical literacy the solution to a static market

B/Day 28/4/92

(30)

A GROWING realisation of the importance of music education in the development of the music industry may change the way music business is done in SA.

This has become apparent from comments by leaders in the retail distribution market.

Universal Piano and Organ, distributors of household names like Yamaha and Fender, is convinced the market will remain static unless music education is brought to vast number of musically uneducated people in the country.

"We are petitioning our principals to invest in music education in SA. This is common practice elsewhere in the world, but as a result of SA's isolation, programmes like that run by Yamaha were not started here," says Universal MD Maurice Kramer.

"The benefits to business are obvious. The more young people are introduced to music, the greater the market will become. With greater co-operation from our suppliers this can be effected."

It is clear that a fresh approach to marketing musical instruments is required. Sales at this year's Rand Easter Show were very poor, says Kramer.

"It was pathetic. It was the worst year for sales the industry has had yet in terms of sales to the home use market. The industry is static and the way it is going at the moment, it appears unlikely to pick up soon," he says.

Other institutions agree. The SA Musicians Alliance is hoping to attach an educational proviso to international shows performing in SA.

Kahns' Pianos is already deeply involved in music education, providing instruments and guidance to institutions. "In doing this, we not only expand the piano playing public and therefore our potential market, but we also expose our product and our company to the market," says MD Ivan Kahn.

Bottle deposits taxed

Consumer Reporter 30

Ignorant or unscrupulous shopowners are refusing to give consumers the full refund on their deposits for bottles despite a clear directorate from the SA Federation of Soft Drink Manufacturers when VAT was introduced. STAR

Consumers complain that certain shopowners are not repaying the full 88c deposit on empty 1 litre bottles — instead they are deducting the 8c VAT. 28/4/92

One consumer said he represented only "the tip of the iceberg" after being asked to leave a cafe when objecting to the smaller refund.

When VAT was introduced on September 30, federation chairman Hennie Viljoen said consumers would be assured of a full refund on returnable bottles.

All returnable bottles of 1 litre or more will be subject to a deposit of 88c while other bottles carry a deposit of 33c.

A spokesman for Natbev advised aggrieved consumers to contact their local office of the Department of Trade and Industry.

Facelift makes Cape Town fairest city

BDay 7/4/92

(30)

JONO WATERS

THE revitalisation of Cape Town's CBD has renewed confidence in the city and should serve as a role model for other SA cities, says Anglo American Property Services (Ampros) research department in its April review.

"Hand-in-hand with the Victoria & Albert redevelopment has been the refurbishment of older buildings and the construction of new ones by the public sector, showing their confidence in the city," says the review.

Office vacancies, currently 10,4% for Grade A, 9,4% for Grade B and 4,6% for Grade C, are expected to be taken up as political confidence grows and the economy picks up.

Ampros adds that the tourism industry can be expected to boom.

The review looked into present and proposed projects likely to enhance the area. Among them are:

- ☐ The Victoria Wharf with 140 speciality shops, 16 restaurants, a fish market and 11 small 60- to 120-seater cinemas due to be opened by December;
- ☐ The 60 000m² Devland site on the foreshore, which will connect with the Victoria & Albert Waterfront. It may include an international hotel;
- ☐ A residential area of 700 units around a small-craft marina at Granger Bay, planned to start at the end of 1997;
- ☐ A marina with moorings for 400 yachts inside Table Bay's main breakwater;
- ☐ The redevelopment of the Portswood Ridge business park;
- ☐ The Pierhead Precinct in the heart of the historic working harbour, with parking for 2 700 cars;
- ☐ The Alfred Marina in the old quarry due to be flooded in 1993. It will be overlooked by restaurants, hotels and an aquarium; and
- ☐ The landscaped office park, Amsterdam Battery, alongside a waterway which stretches from the New Basin towards the foreshore.

Seeff Organisation Holdings chairman Lawrence Seeff said he welcomed the developments, but with caution.

Further developments should be tenant-driven, he said.

Pam Golding executive director Mike Bisset said Cape Town was fortunate that it had the old buildings and harbour to restore.

PROPERTY

Fast growth in shopping centres causes concern

BDay 29/4/92 (30) 29/4/92

PETER GALLI

LOCAL retail facilities continue to come on-line despite warnings that consumer retail spending is on the decline and the market is becoming oversupplied.

Growth in shopping facilities over the past few years has been substantial, although SA already had many of them, research by Anglo American Property Services (Ampros) shows.

"In January 1986 there were 31 centres of 20 000m² and over. A year later there were 39, and in January 1989 there were 47. A further 10 have opened since, including Southgate, Northgate, Golden Walk, The Wheel and The Bridge," the report says.

Liberty Life owns three of the 12 largest centres, Amaprop owns one, Mainpro three, Eskom Pension Fund four and Old Mutual, Sanlam Properties and assorted pension funds one each. Overall ownership has Sanlam holding 14, Liberty Life seven, Eskom Pension Fund seven, Old Mutual five and a number of other players between one and two each.

The centres are concentrated in the Transvaal, where there are 31, followed by the Western Cape with 10, Natal with eight, Eastern Cape with five and the Free State, Bophuthatswana and Zululand with one each.

"Greater Johannesburg is well-served with major shopping facilities, having six of the 10 biggest centres in SA.

"The largest centre is Eastgate, with a rentable area of 97 000m², followed by Sandton City (92 800m²), Menlyn Park (77 000m²) and Westgate (75 000m²)," it says.

In addition, a number of centres are either being revamped, extended or are under construction and due for completion in 1992 and 1993.

The Sandton City refurbishment and 23 000m² expansion is under way. The additions will make it the biggest in the country at 116 000m² on completion of the project in late-1993.

The expansion of the Tyger Valley Centre in Bellville by 30 000m² will make it the third largest centre at 92 000m², while the Fourways Mall will add 60 000m² to the "already overshopped northern suburbs".

The first phase of the 30 000m² Boulders shopping complex adjacent to the Midrand Mall is on schedule to open in July.

Pick 'n Pay and Game are the anchor tenants, with 70 line shops covering a broad spectrum of industries.

"Rentals of line shops range up to R85/m² depending on the type of trader, size of shop and position in the centre," joint marketing agent Baker Street Associates MD Rodney Timm says in the report.

COMPANIES

Drop in furniture and TV sales

MARCIA KLEIN

POOR furniture and TV sales offset better sales of appliances and audio equipment in February, resulting in a mixed set of sales results for the furniture retail industry.

(30)

Retailer Liaison Committee figures, issued by the Furniture Traders Association (FTA), show sales of appliances grew 3% in real terms compared with February 1991, and sales of audio equipment showed a 1% real growth.

B/Day 29/4/92

But sales of TVs and video recorders were poor, and furniture sales reflected a drop in real terms, according to FTA executive director Frans Jordaan.

He said yesterday that although appliance and audio sales were "encouraging", TV and video sales, which declined 19%, are a cause for concern.

Generally, these figures reflect an improvement on January sales, he said. Sales for the full 1991 year were up only 6,6% at current prices compared with a 25,8% rise in 1990 over 1989. February's sales were slightly better than in the previous month, but far from 1990 levels.

Jordaan said a feature of February's sales figures was that sales to black consumers were not holding up. But he hoped this would change now that the new credit regulations were in force.

Relaxation of the deposit and repayment period regulations announced at the end of March would be a further boost to trade. But the results of this move would not be seen until April figures are collated.

March figures would give a better understanding of the overall picture of sales patterns for the first quarter, he said.

Jordaan was more optimistic about sales over the next few months.

UNIVERSIT
SALDR

COMPANIES

Tafelberg cuts margins

B/Day 30/4/92 LINDA ENSOR (30)

CAPE TOWN — Western Cape furniture retailer Tafelberg Furniture Stores slashed its margins in the year to end-February in order to maintain market share in a fiercely competitive market.

Earnings slumped 7,2% to 6,99c (7,53c) a share but the total dividend of 3,5c a share was maintained with the declaration of a 2c final dividend.

Financial director Hartwig Heil said business conditions were extremely tough and Tafelberg had opted to maintain its market share by cutting prices.

Lower finance charges and a drop in the tax rate aided the bottom line, although this was counteracted to some extent by the R72 000 extraordinary loss related to the disposal of the TV rental subsidiary, Telemark. An attributable profit of R793 000 (R932 000) was notched up.