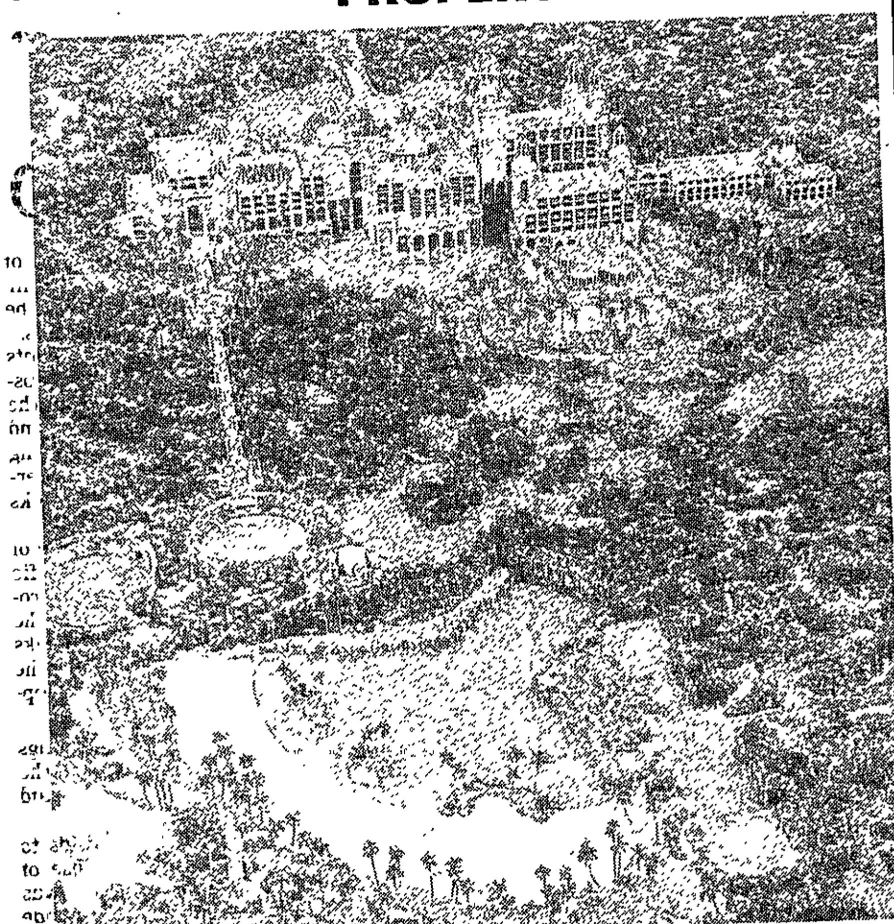
CONSTRUCTION – GENERAL

1992

SEPT. – DEC.

PROPERTY



A model of the R830m Lost City development at Sun City, which is nearing completion for its end-of-year opening.

Quantity surveyors take on a new role

BDay 2/9/92 (32)

Reports by ANDREW KRUMM

THE scale of operations at the R830m Lost City project at Sun City has given new impetus to the cost-controlling role of quantity surveyors.

McIntosh Latilla Carrier and Laing (MLC) partner Chris Rademan, who led the surveying team on the project, said bearing total responsibility for costs had required new methods and new ideas.

"We used computerised cost-control methods and sophisticated budgetary and process systems, because apart from the normal quantity surveying role, our scope was extended to include control of total capital expenditure," Rademan said.

"The first budget estimates, which covered everything from bricks and nails to cutlery and travelling expenses, were produced in March 1990, within hours of the presentation by the US concept architects, and their storyboards were just about all we had to work on."

Rademan said all planned expenditure was detailed to the finest degree, since the client, Sun International (SI), would not allow lump sum provisions to be made.

Before construction started, budgets were updated every two weeks to allow SI to decide on the project's scope and maintain the momentum of the design process.

After the various elements of the project were fixed in September 1990, the amount of work within each element had to be defined, and procurement started to meet the opening deadline in November 1992.

"Some people have the impression that this client spends money without thinking about it. This is not the case. The budgets were constantly controlled so that every variation that could cause an overrun was costed and submitted for approval.

"From a resources point of view, the Lost City probably could not have been built in boom times within the programme and budget contraints," he said. "For example, we used virtually all available marble resources in SA."

Rademan said before construction 1,75-million m³ of earth was moved, while nearly 300 000m³ of rock was blasted.

Contractors poured 85 000 tons of concrete, laid 30-million bricks, and used about 7 000 tons of reinforcement.

"More than 34 000m² of precast concrete ornamentation was moulded from hand-carved designs, consuming 36 tons of rubber in the moulding process. This excludes the more than 48 000m² of artificial rockwork, Rademan said."

Grinaker battered by slump

B|DAY 3/9/92 (32)

DUMA GQUBULE

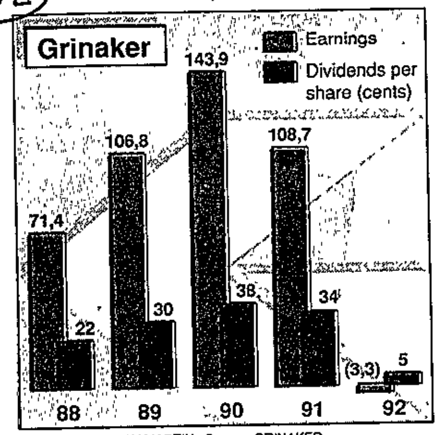
CONSTRUCTION and electronics holding company Grinaker Holdings suffered a loss of R1,2m on a turnover of R2,2bn in the year to end-June as the group's construction interests bore the full brunt of the downturn in the industry.

The Anglovaal subsidiary's 93%-owned Grinaker Construction Limited (GCL) reported a loss of R17,2m.

Chairman Jan Robbertze described the performance as the group's most disappointing year in a decade.

GCL had suffered the full brunt of the sustained downturn in civil engineering volumes and margins, the effects of political unrest on residential property values in

□ To Page 2



Graphic RUBY-GAY MARTIN Source GRINAKER

Grinaker

B|DAY 3/9/92 (32)

□ From Page 1

certain areas, and escalating bad debts.

Grinaker's turnover advanced by 6% to R2,2bn. But operating profit plunged 61% to R39,6m from R120m. Pre-tax profit fell by a similar percentage to R45,6m (R116m).

After payments of R25m in tax and R26m to outside shareholders, a loss of R1,2m — compared with a profit of R38m last year — was attributable to ordinary shareholders. This was equivalent to a loss of 3,3c (108,7c) a share.

The final dividend was passed and the interim payout of 5c was the total for the year.

Robbertze said there had been sound performances from some of GCL's businesses, but serious losses in other divisions — including civil engineering, cement brick and paving — had eroded profits.'

Considerable retrenchment costs had been incurred as 2 000 employees were laid off.

The value of serviced residential property had been written down by R9,1m in view of the decline in land values in unrest areas and the lack of business confidence due to political instability. A provision for bad debts of R11,5m had also been made and both amounts had come from profits.

Goodwill (arising on the acquisition of subsidiaries) of R17,7m was written off and losses of R2,1m sustained in closing down unprofitable operations in the previous year were reflected as extraordinary items.

The group's electronic holding company Grintek recently reported a 7% decline in attributable income to R27m after a 52% reduction in profits from unlisted Grinaker Electronics (GEL) wiped out an impressive showing from computer subsidiary Siltek, which increased earnings by almost a third.

Robbertze said prospects in the construction industry remained poor. But work on hand in the building division was better than at the same time last year. This factor and corrective action would ensure a turnaround to modest profits in the current year.

Company sources said a special projects division had been set up to turn underperforming businesses into profitability and to investigate new opportunities.

Siltek's prospects were good, while GEL had budgeted for improved earnings this year. The latter was, however, dependent on GEL management's ability to develop new markets.

GCL takes full brunt of slump

CT 3/9/92 (32)

Own Correspondent

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Top companies lose millions

ARG 3/9/92

(32)

Business Staff

LOSSES running into millions of rand have been reported by two leading industrial companies employing hundreds of people in Cape Town — Northern Engineering Industries and Grinaker, the construction and electronics group.

Both companies were hard-hit by the economic downturn in the first half of the year.

● See page 19.

FM 4/9/92 (32)

MURRAY & ROBERTS (32)

Investment needed

FM 4/9/92

Considering its high degree of dependence on fixed investment in the local economy, Murray & Roberts (M&R) has done remarkably well to report only a 3% dip in EPS in the year to end-June.

Even though the economy continued to deteriorate over the year, with the recovery being pushed further into the future, the 1992 result was better than the forecast given by CE Dave Brink in his review last year. He expected then that attributable earnings would fall by a tenth.

It's notable the huge expansion of M&R — in turnover, profits, share capital and market capitalisation — has not materially impeded growth in EPS or dividends. After last year's acquisitions, the average shares in issue for fiscal 1992 increased by 18,7m, or 52%. By financing takeovers with share issues, the group has emerged with a strong balance sheet and R260m cash.

Latest acquisitions included further shares in Unitrans and its holding company, giving an effective 65% interest after conversion of convertible debentures; 100% of Darling & Hodgson; 38% of Standard Engineering; 97,1% of Blue Circle; an additional 14,8% of Genrec, lifting the holding to 97,5% at year-end; and 100% of Fedstone.

Boosted by these purchases, turnover grew during the year by R1,24bn or 27%, and pre-interest profit gained R178,7m or 55%. Commercial director Jeremy Ractliffe says the EPS growth would actually have been slightly better without the acquisitions.

For one thing, the figures are affected by differing accounting policies for deferred tax. M&R accounts for deferred tax on the comprehensive liability method, but major companies bought during the year use the partial method. Had M&R itself applied the partial method — a number of its own companies being capital-intensive — then EPS would have been marginally up.

HOLDING UP

Year to June 30	1991	1992
Turnover (Rbn)	4,60	5,84
Operating profit (Rbn)	323	502
Earnings (Rm)	180	265
Earnings (c)	500	485
Dividends (c)	156	180

While the size and the breadth of M&R has changed, its basic market positioning has not. Management stresses that the core competence remains engineering, and hence the continued reliance on fixed investment and demand for engineering consumables.

The acquisitions have, however, taken M&R further into capital-intensive activities, and this has contributed to a continued widening of the pre-interest margin; in the 1992 year it rose to 8,6% from 7% in 1991 and just over 6% in 1989. But Ractliffe points out that margins have improved in the existing businesses, partly because of the group's increased emphasis on quality of work taken on in activities such as construction and building.

Of last year's consolidated operating profit, 18,7% was from construction, 29,4% from engineering, 33,3% from suppliers and services, 13,4% from materials and 5% from properties.

But this broad breakdown belies the diversity — there are 21 "business clusters," of which 10 were responsible for four-fifths of 1992's pre-interest profit.

M&R's Brink ... *beating the forecast*

These were: construction supplies (13%), transport (11%), cement (10%), building (8%), civil engineering (8%), automotive (8%), manufacturing (6%), land, sea & air services (5%), properties (5%) and mining & industrial (5%). For the 1993 year, an improvement in pre-interest profit is expected from only four: transport; cement; automotive; and mining & industrial.

M&R has revised the economic projections it was working on earlier this year, and is forecasting negative fixed investment of 11% in calendar 1992, compared with its negative 5,5% prediction in February. Ractliffe notes that the first two quarters were even worse.

From next year, they believe fixed investment will grow more rapidly than GDP, and will show growth of 3% in 1993, 5% in 1994 and 6% in 1995.

That would help domestic activities, which will remain the backbone of M&R, but there are also plans to use the enlarged operating and financial base for expansion abroad, in Africa and beyond. But management is cautious on near-term prospects. This year the full increase in issued shares will apply, and Brink believes it will be difficult to maintain EPS.

The dividend cover, now 2,7, could be dropped to about 2,5, so the payout should again be increased, though presumably not by the 15% of 1992. But investors, too, are adopting a more cautious stance. At R46,50, the share has fallen 23% from the May high of R60,25, and yields 3,9% on dividend against the yield of 2,7% on the JSE Industrial index.

Andrew McNulty

FM 4/9/92 (32)

MURRAY & ROBERTS (32)

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FM 4/9/92

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Andrew McNulty

Building trade 'shrunk by half'

B/Day 10/9/92

(32)

ANDREW KRUMM
and EDWARD WEST

THE size of the construction industry had halved since the 1974-80 boom years as a result of falling gross domestic fixed investment, Finance deputy director-general Estian Calitz said yesterday.

Speaking at a seminar on the outlook for the construction industry, he said industry employment — one of the economy's most labour intensive sectors — had fallen from 120 000 in 1980 to only 67 000.

And skilled employees made redundant in the past decade had left the industry permanently.

Gross domestic fixed investment for the industry as a percentage of real GDP fell from 8,5% in 1973 to 3,2% in 1991. The effect had been compounded by the long cyclical downswing which started in 1989 and increasing volatility of demand for the industry's output from the public and private sectors, Calitz said.

By end-1991, investment in construction works by public authorities had deteriorated to 1965 levels.

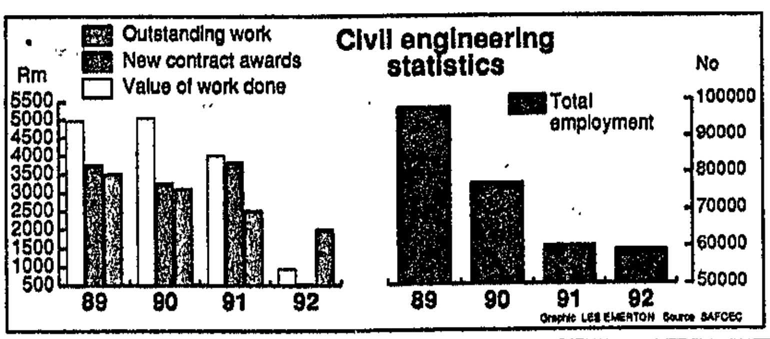
SA Federation of Civil Engineering Contractors economist Henk Langenhoven said a study had shown falling gross domestic fixed investment forced the industry to become proportionally the largest contributor to unemployment. Spending could have declined to a point where any meaningful upswing would be hampered by an infrastructural bottleneck.

"We need about R1,5bn annually to maintain our infrastructure. Government is spending only about R500m. This means that our highly developed asset base — the envy of Africa — has become a trap," he said.

Calitz said the 1992/93 Budget allocated R7,2bn for capital expenditure and, although it was difficult to establish how much had been disbursed, there were indications that about R300m from the Central Energy Fund's budgetary allocation would be carried over to next year's Budget.

He said the magnitude of backlogs and the benefits associated with addressing them indicated that any future government would have to allocate considerable resources to infrastructural development.

Preference would have to be given to labour-based projects in the allocation of funds, he added.



Basil Read reports first loss in a decade

BIDAY 1|9|92

(32)

EDWARD WEST

BASIL READ has become the latest casualty in the low-cost housing market, with write-offs at its waste recycling operations resulting in the group reporting losses for the first time in a decade.

Turnover fell to R460,1m from R508,4m in the year to end-June 1992. Financial director Geoff Wright said civil engineering sales were unchanged, but sales from housing dropped 45%. Mining turnover fell by a third because of cutbacks to platinum opencast mining operations.

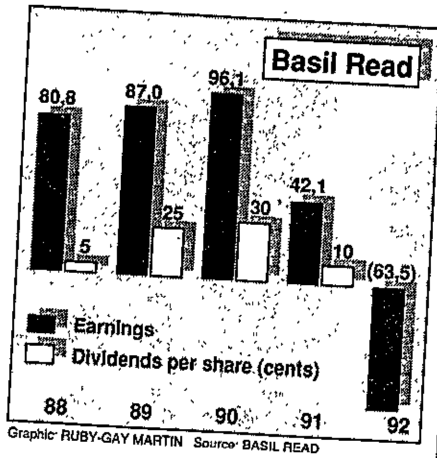
Profitability decreased substantially and operating income dropped to R4,9m from R14,3m. Wright blamed falling profitability on abnormal losses of R9,3m resulting from the write down in value of a waste recycling plant and against land carrying values in both the housing and property development divisions.

Earnings were further battered by the interest bill which more than doubled to R15,1m from R6,7m. Borrowings increased as a result of having to fund capital tied up in the housing and property divisions.

Wright said the group planned to move away gradually from the low-cost housing market.

Gearing was 205% at June 30 1992. Wright said a process was under way to reduce gearing, and gearing was currently lower at 140%.

However, a large proportion of borrowings was invested in property development and waste recycling and further reductions would take time to achieve, he said.



Graphic: RUBY-GAY MARTIN Source: BASIL READ

Attributable losses came to R9,5m compared with a R6m profit in 1991 which translated into losses of 63,5c a share compared with earnings of 42,1c a share in 1991. The dividend was passed.

Directors said operating results improved substantially in the second half of 1991/92, but forecasts of an improved performance proved to be misplaced.

However, a reasonable portion of the budgeted workload had been secured at beginning of the new financial year and efforts were being made to obtain the balance.

Improved trading profit was not expected in the short term, but no further write-offs were envisaged. The directors did not expect to declare a dividend in the current year.

Higher tax bill takes bite out of Concor's earnings

BDAY 14/9/92

EDWARD WEST (32)

CONSTRUCTION group Concor's pre-tax income was virtually unchanged in the year to end-June 1992, but a higher tax bill resulted in earnings falling by a fifth over the previous year.

Turnover, which was not disclosed, fell 8% over the previous year, but pre-tax income was marginally lower at R18,3m compared with R18,9m the previous year.

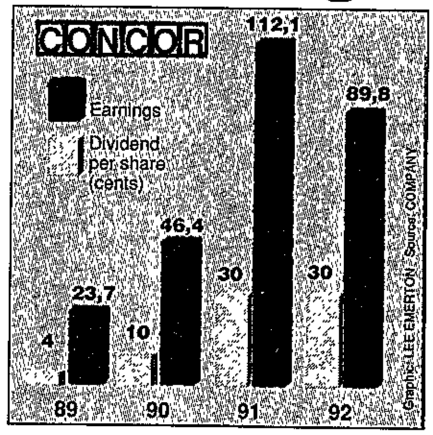
Income from interest on a cash balance of about R50m amounted to R6,9m (1991:R7,1m) while the group also made R547 000 (R161 000) out of investments.

However, taxation increased to R8m (R6,1m) as forecast because of the termination of assessed losses. Earnings a share fell 20% over the previous year to 89,9c from 112,1c.

A final dividend of 20c a share was declared which left the total dividend payout for the year unchanged at 30c a share. Net interest bearing debt was higher at R149,3m from R125,3m.

Chairman Brian Murphy said the results were as forecast, but the year had been one characterised by difficult trading conditions. All divisions had traded satisfactorily, he said.

He pointed out that the group was always on the look out for good investments or acquisitions, but in today's economic climate these were few and far between. In most cases it was better to leave one's cash in the bank.



He made a strong plea for government to motivate new activities for the construction sector out of funds earmarked and set aside for roads and housing so that employment opportunities in the industry could at least be maintained. He pointed out that the industry was the country's biggest employer of unskilled labour.

If conditions remained reasonably stable during the coming year, Concor should maintain results at the current level, Murphy said.

STAR 14/9/92

Concor earns less, pays same

Finance Staff (32)

Concor did not manage to buck the recessionary conditions in the construction industry in the year to end-June, with earnings per share falling from 112,1c to 89,8c.

However, the group has maintained its total dividend at 30c.

Despite an eight percent drop in turnover, pre-tax income was virtually maintained at R18,3 million (R18,8 million).

But a rise in the tax bill from R6,1 million to R8,1 million left attributable earnings lower at R10,2 million (R12,8 million).

Warning of no increase in earnings in the current financial year, chairman Brian Murphy has requested the Government "to motivate new activities for the construction sector out of the funds earmarked and set aside for roads and housing so that employment levels can at least be maintained".

Fewer houses, flats built

(32)

AR(G 16/9/92 (12?)

Municipal Reporter

OFFICE, factory and town-house projects are in fashion for developers, rather than houses or flats.

This emerged from city planner Mr Neville Riley's annual report.

The value of building work approved by the city council increased from R433 million in 1989/'90 to R656 million in 1990/'91.

The value of work completed in the same period of comparison increased from R164 million to R238 million.

About 42 plans a day were given to the council for approval, said the report.

The value of all building work in progress in June, 1991, was R880 million, an increase of about 29 percent compared to the previous year.

About R18 million worth of work was abandoned in the past financial year.

Mr Riley said fewer houses and flats were completed than during the 1989/'90 financial year, but the number of town houses, industrial and commercial buildings increased substantially.

Alterations to houses increased by about 23 percent.

The central business district and Foreshore had the largest value of work, with several office blocks being built, but there was a trend for office accommodation and businesses to move out to the suburbs.

Building projects highlighted by Mr Riley included:

- The R100 million, 23-storey, Old Mutual Sea Street building;
- Pier Place, on the Foreshore, which cost R35 million;
- The R52 million, seven-block Belmont Office complex in Rondebosch which had parking for 800 cars;
- In Tokai, the R3 million additions to the Blue Route Centre and the R5 million Joint Village Centre; and
- The 257-house R14 million Pelican Park housing development and the 230-house Sea Crest housing scheme at Mitchell's Plain.

Civil engineering 'still feels the pinch'

ANDREW KRUMM 32

THE civil engineering industry was still under pressure despite an increase in tenders, SA Federation of Civil Engineering Contractors (Safcec) economist Henk Langenhoven said yesterday. BDay

Releasing Safcec's quarterly report, he said tenders rose slightly from R387m in the first quarter to R401m in June quarter. 17/9/92

"Nonetheless, we expect tender activity to continue its downward trend, dropping about 14% to R342m in the third quarter." Another key indicator, the number of new contracts awarded, had shown a similar trend.

"A 15% decline in contract awards in the first quarter, slowed to a 4,7% drop in the second quarter. But the trend is still down, and we forecast a 10% drop in contract awards to about R545m in the third quarter.

"It is too early to say whether the recession has reached its lowest point as confidence levels in the industry continue to move sideways."

He said the civils industry — which was very dependent on government spending for its livelihood — had for the first time voiced disapproval with the lack of political progress.

FOX FM 18/9/92 32

CONCOR/BASIL READ
FM 18/9/92

Stark contrasts

32

Comparisons between building and civil engineering groups Basil Read and Concor are stark. Concor received interest income, whereas Basil Read paid interest. That indicates one of two things: either Basil Read was less exposed to building — usually a better cash generator than civil engineering — or its assets were ineptly managed.

The steep rise in gearing certainly raises a question over the asset management. However, it is difficult to ascertain the relative exposures in building, which is more cash positive through the use of sub-contractors.

Building is a high-turnover, low-margin activity, often funded by sub-contractors. Interest income can thus be a significant item in a construction group's income statement. In Concor's case, this accounts for R6,9m of pre-tax profit of R18,3m.

Civil engineering makes less use of sub-contractors, and is more capital intensive. About 40% of Basil Read's 1992 activities were accounted for by its civil engineering arm, while Concor declines to break down its activities.

Concor chairman Brian Murphy emphasises asset management is crucial in the building and civil engineering games. This is not to say Concor enjoyed earnings growth; EPS declined to 89,8c (1991: 112,1c), still impressive in this economic climate.

Murphy adds Concor enjoyed a solid contribution from all operations, aside from the mechanical and electrical engineering arm, which made a loss. Significant activities include building, civil engineering and road building.

On the outlook, he says the group is having "great difficulty getting new work at reasonable margins." Though declining to give a figure for work on hand, he believes Concor is as well placed as other groups, adding the roads division has a full order book this year.

Basil Read took a hammering in 1992, reporting an attributable loss of R9,5m against the previous year's profit of R6m. There were two reasons: an abnormal loss of R9,3m, reflecting land and plant write-downs, was taken above the line; and net interest paid jumped to R15m (R6,7m).

INTEREST EARNED

Concor

Year to June 30	1991	1992
Operating income (Rm) ..	11,6	10,9
Attributable (Rm)	12,8	10,2
Earnings (c)	112,1	89,8
Dividends (c)	30	30

R5,2m was written off the value of the recycling plant at Robinson Deep, commissioned in July 1991, where a R3,4m trading loss was recorded. About R2,4m relates to land in the property development arm which, concentrating on upmarket developments also aimed at the overseas market, has been hit following the foreign loss of confidence in SA. A further R1,7m write-down relates to land held by the affordable housing arm.

Trading margins actually widened after stripping out the abnormal charge. A surge in working capital meant gearing rocketed to 205% at year-end, though this is back down to 140%. Basil Read MD Chris Jarvis says he aims to reduce gearing further, to around 50% within the next 18 months, through property sales in the housing and property development divisions.

Jarvis says current work on hand is reasonable, having secured roughly two-thirds of 1993's budgeted workload. However, as this is to be a year of consolidation, there will not be growth in activity, with a small profit predicted.

Basil Read's R6,4m market capitalisation must be inviting for foreign groups wishing to establish a presence in southern Africa, particularly as there is no clear controlling shareholder. Management and staff own the largest stake, around 40%. Net asset value is roughly R41m.

William Gilfillan

INTEREST PAID

Basil Read

Year to June 30	1991	1992
Turnover (Rm)	508	460
Operating income (Rm) ..	14,3	4,9
Attributable (Rm)	6,0	(9,1)
Earnings (c)	42,1	(63,5)
Dividends (c)	10,0	—

R8-m depot completed

ST Times (Cape Metro)

AN R8-million facility built at Table Bay harbour for SA Container Depots by Neil Muller Construction in a joint venture with Grinaker Projects has been completed ahead of schedule. (32)

The development has a 7 000 m² pack and unpack facilities area. 20/9/92

It also contains 800 m² of offices and ablutions plus extensive parking and truck manouevring areas.

Neil Muller said the project went smoothly thanks in large part to the co-operation of the client.

"This was a team effort with the client meeting us on a weekly basis," he said.

Neil Muller Construction was awarded a five-star rating by the Building Industries Federation for safety and loss control on the site.

Scheme launched for job creation in the townships

STAR 22/9/92

(32)

By Tom Hood

CAPE TOWN — A nationwide plan to "put wealth back into the townships" has been devised by the civil engineering industry.

It aims to minimise mechanisation and industry spokesmen believe employment levels could be increased if planning and tendering procedures are restructured.

Employment in the civil engineering industry has fallen from 135 000 in 1982 to 55 000 today.

The new plan could see armies of workers with picks and shovels replacing bulldozers and other construction machines.

Graham Power, chairman of four organisations in the industry, says a meeting is being organised with cabinet ministers to promote a national employment creation programme and to negotiate details, including wage levels.

"Engineers, universities and technical colleges would need to move away from traditional First-World techniques and teachings, which are largely based on mechanisation, without allowing standards to drop," he says.

"Labour-intensive projects have proved highly successful in other countries and have made a major contribution to alleviating poverty, raising levels of skill and training and in helping to revive flagging economies."

Township development and the roads infrastructure are projects that should be tackled urgently, he says.

The four organisations backing the programme are the Road Federation, the Association of Consulting Engineers, the Federation of Civil Engineers and the Institute of Civil Engineers.

According to Cosatu spokesman Alec Erwin, Cosatu and the four civil engineering organisations have established common objectives.

Cosatu's interest is in the broad economic approach to employment and the organisation strongly supports the initiative, he says.

The first labour-based project, a site-and-service housing development on the Cape Flats, could get off the ground in January if current negotiations between labour unions and other groups are finalised in time.

A spokesman for the project managers believes the intention to put wealth back into the townships can be achieved.

The pilot project was initiated by the Cape Provincial Administration.

Building industry plans new body

BDay 23/9/92

ANDREW KRUMM 32

BUILDING and construction employer organisations plan to launch an umbrella organisation early next year, an industry source says.

The body, tentatively named the Construction Industries Confederation of SA, was needed because of the fragmented nature and large number of employer organisations in the industry.

The founders, which included the Building Industries Federation of SA (Bifsa), the SA Federation of Civil Engineering Contractors (SAFCEC), and the African Builders Association, would meet in October to set up a constitution.

The organisation would have three areas of responsibility:

- To serve as a common platform and common lobby for the broad industry;
- To be a launching pad for talks and business with other African nations;
- To draw the major players into a single representative national body.

The source said the organisation would deal with issues ranging from contractual and legal matters to human resources and training.

Bifsa executive director Ian Robinson said Bifsa and SAFCEC were not planning to merge in the short term. "However, close co-operation and some rationalisation is already under way."

Basil Starke Group takes a knock

B/DAY 25/9/92 (32)

EDWARD WEST

THE tough economy, poor weather and labour unrest hammered the Basil Starke Group (BSG) during the six months to end-June 1992.

The building, construction and property group reported an attributable loss of R2,29m.

During the same period last year it made a profit of R410 000.

Turnover fell to R59,55m from R78,76m.

Operating losses amounted to R175 000 compared with an operating profit of R2,68m for the same period last year.

The attributable losses translated into an earnings loss a share of 26c compared with a 4,7c profit.

Preference dividend payments were passed as was the dividend to ordinary shareholders.

Chairman Basil Starke said with the economy in a crisis, the manufacturing and construction industries in which the group operated had endured tough trading conditions.

Weather

He said profit margins, already depressed in the ailing construction sector, had been eroded further by extreme inclement weather in the western Cape.

Labour unrest, particularly in the manufacturing division, had also affected productivity.

The group had responded by reducing and consolidating operations commensurate with available work, Starke said.

To date it had cut back on 60% of its construction operations and had reduced staff by 300 this year.

The measures were expected to reduce loss in the second half, he said.

The earnings of holding company Basil Starke Investments (BSI), which holds 87% of BSG, fell to a loss of 13c a share.

This was compared with a profit of 2,6c a share the previous year, Starke said.

No dividends were declared.

A bridge too far for Group Five

BDAY 25/9/92

(32)

EDWARD WEST

GROUP Five's turnover held up well in the beleaguered construction and civil engineering industry, but further losses incurred on a steel bridge destined for the US sent earnings plummeting to 99c from 193,6c a share.

In the year to end-June 1992 turnover was virtually unchanged at R1,38bn from R1,31bn in 1991, but pre-tax profit nearly halved to R24,03m (1991: R45,7m).

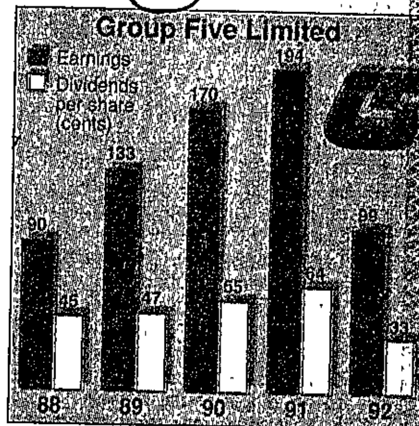
In line with the policy of keeping dividend cover at three times, the final dividend was dropped to 6c (37c) a share which lowered the total dividend for the year to 33c (64c).

An abnormal loss of R27,19m (R19m) was written off against operating income of R48,6m (R53,72m). This loss and finance costs of R4,3m — compared with the R6,57m received in interest last year — resulted in the drop in pre-tax profit.

Investment income from SM Goldstein and insurance policy investments contributed R3,22m to operating income. Finance costs arose from losses on the bridge and delayed payment by an electrical utility.

Tax was substantially lower at R2,88m (R13,02m) leaving taxed profit 35% lower at R21,15m (R32,68m). Outside shareholders received R4,59m (R302 000) and profit before extraordinary items was 48,8% lower at R16,56m (R32,38m).

Executive chairman Peter Clogg said



Graphic: RUBY-GAY MARTIN Source: I-NET

the abnormal loss related to a stay bridge contract. Of the R27,19m written off, a R17m loss was incurred and R11m was provided for further losses to completion of the project in November 1992.

The contract — involving the manufacture and trial assembly of the main steel span of a stay cable bridge for delivery to Houston, Texas — ran into immediate problems due to late delivery of critical designs, said Clogg.

The group planned to claim the losses incurred on the project from the bridge owners, but financial director and executive chairman of subsidiary Everite

□ To Page 2

Group Five

BDAY 25/9/92

□ From Page 1

(32)

Theunis Kotzee warned that it could take up to two years to recoup the losses.

Good results were achieved from the building, civils and roads divisions. The homes, engineering and properties divisions performed well in the face of tough trading conditions, but there was some reduction in the scope of operations.

Group Five's acquisition of Everite in consortium with Fedlife Assurance on January 1 1992 was followed by the R34m sale of its industrial activities to Everite on April 1. Everite also acquired Cobra's sanitary operations for R14,1m.

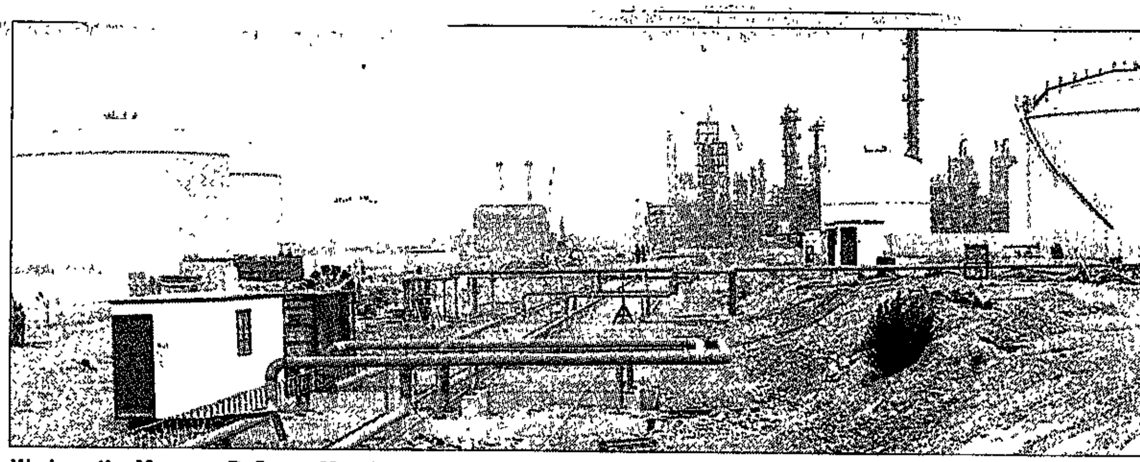
Group Five's extraordinary item of R1,15m related to losses on the sale of the industrial division to Everite and re-organisation as a result of the change of control of Everite.

Everite's earnings increased to R17m from R16,8m in the year-ended June 1992.

Kotzee said Group Five's turnover would have been significantly lower were it not for the consolidation of Everite's results for the past six months.

Clogg said Group Five's prospects in the year ahead were not encouraging. The shortage of work had led to cut-throat prices being quoted for available contracts — and the industry was shrinking with much of the problem being caused by political uncertainty.

"Until fixed investment in SA and surrounding countries shows an improvement, it is unlikely that the group will return to its desired growth," Clogg said.



Work on the Mossgas Refinery, Mossbay, one of the projects handled by MF Kent

Leading the industry through excellence

STAR 29/9/92 (32)

After being awarded a major contract at Sasol III during the initial construction phase in 1979, MF Kent took the decision to open a fully fledged SA operation based in Randburg.

Initially the company consisted largely of skilled overseas-based engineering personnel, bringing with them the latest technology from around the world.

Many of these staff members have taken up permanent residence in SA and they have been supplemented by many more local individuals.

Since then, MF Kent has grown to become a major contributor to the market as a combined mechanical, electrical and instrumentation engineering and contracting company. MF Kent is one of the few companies capable of taking a project from start to finish through all aspects of project management, detailed engineering and construction through to commissioning, plant shutdown and maintenance.

It is affiliated to a large international engineering and contracting company which has 18 other group affiliations operating throughout the world with its head office based in Clonmel, Ireland.

This year the MF Kent group will have a turnover of more than R1,6 billion.

***Innovation** and excellence has been the key to the success of contracting company MF Kent.*

At present MF Kent has more than 1 200 employees in SA and over the years has worked for most of the major SA companies, including Anglo American, Genref, JCI, Mondi, Mossgas, Sappi, Sasol and South African Breweries to name but a few.

MF Kent has used SA as a springboard into the rest of Africa and has established operations in Botswana, Lesotho and Zimbabwe.

Michael Cronin, managing director of MF Kent, attributes the company's success to their philosophy of "innovation and excellence", their unique in-house quality assurance systems and to their extensive expertise in project management.

Some of MF Kent's recent projects include the Mobil LOBP plant in Durban, the scope of work included the supply, fabrication and installation of the structural steel, piping and mechanical equipment as well as the electrical and instrumentation sections. MF Kent finished the project four weeks early and as a result was awarded additional work.

The Mossel Bay project was a unique experience for many companies and MF Kent was fortunate enough to work on the accommodation module for the platform and on the refinery where it had a workforce of more than 1 500. The company completed three million manhours on this project without a single serious injury and received special recognition from NOSA.

After this, MF Kent succeeded in obtaining the mechanical, electrical and instrumentation start-up modifications and maintenance contract for the refinery and has recently been awarded a 17-month contract for the provision of labour and supervision services from Soekor of the FA offshore platform.

It also recently completed a coal washing plant for JCI near Witbank. Here the scope of work included the supply, fabrication and installation of all the pipe supports, structural steel and piping as well as all the electrical and instrumentation work.

MF Kent has been an industry leader in manpower training and development and is committed to local resource developments through its apprentice, technician and graduate training programmes.

Telephone 789 3818.

ventures.

LTA stays on

32

STAR 29/9/92

By Frank Jeans

Construction giant LTA stays on with Bank City.

First National Bank is keeping the teams which built the first phase of two blocks in central Johannesburg all the way to the final stage of building No 4, work on which has begun.

LTA Building (Wits & Transvaal) completed the first two blocks in the project in April this year and about 2 400 bank staff are now at work.

Rene van Hal, who heads the construction team, says: "The third block is on schedule for handover during the first quarter of next year. The fourth block encloses the public piazza known as First Place, the central feature of the complex."

M & R facing a battle (32) Daling

BIDAY 30/9/92

EDWARD WEST

NINETY-YEAR-OLD Murray & Roberts (M & R) would struggle to maintain earnings in the current financial year but dividends should continue growing, chairman Marinus Daling said in his annual review of financial 1992.

M & R has increased its market capitalisation by more than six-fold over the past four years and more than tripled attributable profit over the same period in an economy that has experienced negative growth for the past three years.

CE Dave Brink said the engineering, construction and related supply and servicing sectors were still in the downward phase of their market cycles, but the motor industry and gold mining, both important M & R markets, showed signs of reaching the bottom of the cycle.

Further penetration into sub-Saharan markets was likely to be slow, but exports into niche world markets would accelerate from a low base.

Total capital expenditure was budgeted at R2bn over the next three years, which would be financed from operating cash flows. He said that although it would be a struggle to maintain earnings this year, positive prospects for the next three years should make continued dividend growth possible.

Construction division chairman Charl van der Merwe said trading conditions were expected to be more difficult than last year, so the good performances of the past three years were unlikely to be repeated.

No improvement in the construction industry was in sight, but an optimistic political scenario could generate a modest upturn.

Engineering operating group CE Ian Colepeper said export product promotion was yielding growing rewards from a low base, which was expected to increase significantly. This, and further acquisition and investment opportunities inside and outside SA, were expected to improve group earnings in 1993.

The earnings of the suppliers and services operating group was not expected to increase because an early recovery in the construction industry was not anticipated, said executive chairman Andre van der Colff.

Materials operating group MD Graham Hardy expected volumes to stabilise this year with earnings somewhat lower than in the previous 12-month period.

Property operating group executive chairman Eric Field said the property market, which he believed to be worse than at any time in 45 years, was expected to remain difficult, but it was expected earnings would be maintained.

M & R's attributable profit increased 47% to R265m from R180m in the year to end-June 1992, but earnings a share fell 3% to 485c from 500c because of a 57% increase in the number of shares, which were used to fund acquisitions.

Acquisitions during the year, namely Blue Circle, Darling & Hodgson, Fedstone and the balance of the holding company of Unitrans had bedded in well, he said. M & R also acquired a minority stake in Standard Engineering.

Demand for bricks dives

PETER GALLI

A BATTERED building industry yesterday reported that demand for bricks had dropped by 50% over the past three years as activity in the residential sector deteriorated further.

Corobrik executive chairman Errol Rutherford said there was little chance of any improvement before 1994, while the latest Stellenbosch-based Bureau for Economic Research (BER) report on the building sector released yesterday said the industry remained in the doldrums.

BDAY 1/10/92

The BER said contractors had found conditions in both the residential and non-residential sector had deteriorated further in the third quarter, but this was more noticeable in the residential sector and conditions here were expected to worsen.

"However, while the value of work in the residential sector is lower, this decline is expected to slow down in the fourth quarter and a levelling off in the deterioration in the non-residential sector is also expected," it said.

(32)

Business conditions remained unsatisfactory and, except for the quantity surveying profession, all sectors had a worse third quarter than second quarter. Conditions were expected to remain unsatisfactory in the next quarter, it said.

However, the rate of dissatisfaction had dropped from the same quarter last year but did not imply the recession had bottomed out, the BER said.

Rutherford said Corobrik was "tightly managing" its stockpile at about 300-million bricks and 20 of its 25 clay brick factories were producing, though at 50% capacity.

Clay Brick Association executive director Brian Moorehead would not disclose the industry's stockpile figure, saying the association was revising its statistics and

☐ To Page 2

Bricks

BDAY 1/10/92

☐ From Page 1

(32)

the way in which these were compiled.

The stockpile stood at about 439-million bricks a year ago and a source close to the industry said this had probably risen to about 500-million as activity slumped.

The rate of increase in building material prices had peaked in the second quarter of 1989 at 20,3% and had progressively declined to 3,5% in the second quarter of 1992, the report said.

Rutherford said Corobrik was actively trying to restrict price increases and had not announced its usual price hike this month. "When revenues are not increasing, inflation and its underlying causes, price increases, have to be fought on every front.

"In a battered and beleaguered housing industry there is a real danger that traditional building materials suppliers will price themselves out of the market unless we all get costs under control."

Unskilled workers will be taught to build homes for disadvantaged

Sowetan 1/10/92

■ Disadvantaged benefit from business sector scheme:

By Joshua Raboroko

UNSKILLED and unemployed blacks are offered opportunities to become entrepreneurs, to create employment and wealth by building homes for disadvantaged communities in the townships.

The offer made by the Marketing Builders Services (MBS), the Khayaletu Home Loans and Vi-Spin is an attempt to train blacks to build their own homes during South Africa's current housing crisis.

The offer was announced at a seminar held at the Indaba Hotel, Bryanston, where 75 major companies pledged to get involved in solving the major crises of housing, job creation and a stable workforce.

MBS managing director Mr Ken Dlamini said that the project would get off the ground on November 16 in Kwa-Thema near Springs when 100 teams, consisting of six unskilled men each, will attempt to erect 100 two-roomed houses at the rate of 10 to 20 a day.

He said the best team would be judged on speed and quality and be awarded different prizes at the end of the period.

Prior to the competition training would be given to all the workers at a one-day seminar to be held at Kliprivier in the fields of beam building, roof-fitting and floor-tiling.

The foundations would be cast by local builders two weeks before the competition. Major employers had been approached to sponsor one or more teams.

The cost of each completed house would be R17 500. The money is to be used to complete the project and paid back to the sponsor at the time of registration of the property to the new owners, who would be financed by Khayaletu Home Loans.

The projects are to be undertaken by unskilled and retrenched workers who will return to their communities with knowledge that they can use to build homes on a "do-it-yourself" basis.

"We are trying to create jobs, attend to the housing crisis, promote black entrepreneurship in the townships and help to create a stable workforce."

Quality homes at an affordable price

Sowetan 1/10/92

■ New technology brings housing within reach:

By Joshua Raboroko

HIGH quality homes can now be quickly constructed for only R39 000.

This is as a result of the development of modern materials and building methods which bring quality homes within the reach of many South Africans.

Chief executive of CA Brand Construction group Mr Alan Young said: "The rationale behind the development and ongoing application of modern technology was based on the premise that the true test in differentiating between a home and a shelter was the asset value of each, if any, after 10 years."

With this as their frame of reference the company, together with architects, engineers and home builders from around the world, have developed this cost-effective and maintenance free approach to housing.

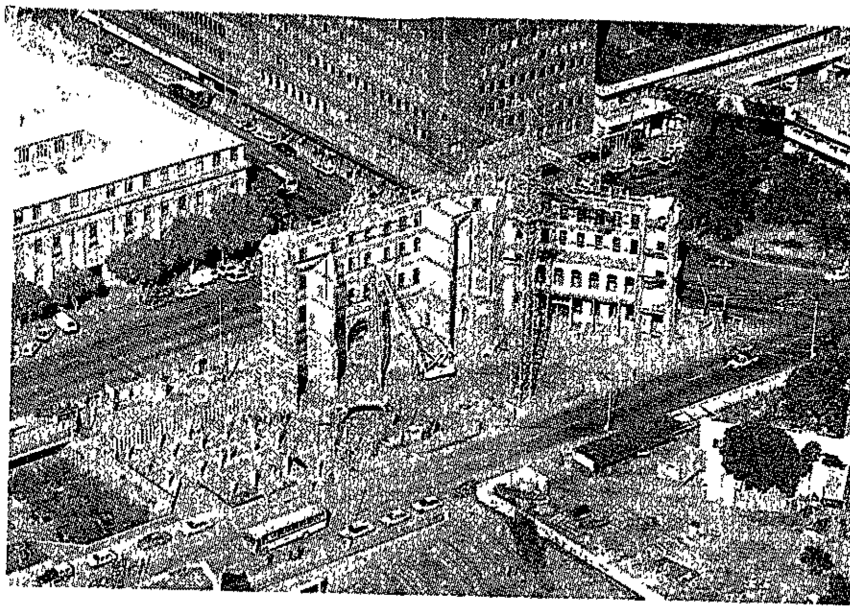
He added: "We can build an 84 square metre home of three bedrooms, two bathrooms, lounge, diningroom and kitchen for only R69 000. A similar home of two bedrooms with high quality finishes, ready to move into, costs only R39 000.

"This translates into real savings and makes owning a home a reality for many families who only dreamt of this basic right."

Speed of erection and reduced labour costs combined with this modern technology had served to bring about these substantial savings.

The houses have the outward appearance of face brick and are constructed on walls made of polymer concrete, one of the strongest known materials.

Young said the new building system, which offered unlimited possibilities for large scale housing schemes and individual homes for upper, middle and low income groups, enjoyed the approval of major municipalities, while banks and building societies were ready to provide bonds.



The old Durban station facade has been retained to front a new office block.

For builders, versatility is the key to survival

B/Day 2/10/92. (32)

BUILDING companies at the coast have not been cushioned from the effects of a recession which continues to bite even deeper.

While the light at the end of the tunnel is taking a long time to appear, most good builders will ride out this recession, albeit with trimmed workforces, says Neil Muller Construction MD Neil Muller.

"Current political and economic conditions are seeing prospective clients not prepared to commit to projects despite the fact that most professionals and contractors are carrying out the groundwork for proposed new projects."

Quality

Versatility has become one of the keys to survival at present, with the builder who is able to offer a package deal along with a quality job and competitive prices standing more chance of survival.

The company is working on the pack and unpack facility for SA Container Depot in Table Bay Harbour and is on site at Foregate, the second phase of the office complex on the foreshore.

In addition, it recently moved off site at Durbanville, where it built the R2,5m office block for Old Mutual Field Services and has just put the finishing touches to the R7m upgrade of the Durbanville shopping centre.

Demolition

LTA's building companies in both Durban and Cape Town are also being kept busy by several contracts. LTA Natal has completed the demolition of the interior of the old Durban Station to make way for a new Anglo American Property Services development on the site.

The company is also nearing completion of two new grandstands at Kingsmead for the Natal Cricket Union. The R15m contract will increase the number of seats at Kingsmead from 16 000 to 25 000.

Meanwhile, in a contract for the Western Province Cricket Association, LTA Building (Cape) is giving Newlands Cricket Ground a new lease on life. The project, with a construction value of R17m, involves the erection of two interconnecting stands and is scheduled for completion by the end of November.

"Group Five Building-Stevenson has made a good start to what is generally proving to be a very difficult year for the economy, winning six new contracts worth some R50m since January," says MD Peter Rihl.

These include a R10m contract for extensions to the Natal Technikon library and lecture theatres, Park Boulevard Riverside shops and offices, the completion of the new Berea Centre complex and alterations to the old Reserve Bank building for Investec.

Optimistic

"Considering the current state of the market, we are reasonably pleased with our situation and optimistic about the second half of the year. However, we are far from complacent and are actively looking for further work in all areas as we still have some spare capacity," he says.

Stevenson has also been busy for some time at the Wild Coast Sun, where it has been involved in carrying out extensive refurbishments and other work in a consortium with Grinaker Construction, known as 3G Construction.

STOCKS & STOCKS FM 2/10/92

Work diminishing (32)

Activities: *Building and civil contracting, related service industries, property development, leisure.*
Control: *Directors 49%.*
Chairman: *R A Edwards; MD: A H Dorrestein.*
Capital structure: *52,3m ords. Market capitalisation: R63m.*
Share market: *Price: 120c. Yields: 9,2% on dividend; 31,7% on earnings; p:e ratio, 3,2; cover, 3,4. 12-month high, 235c; low, 120c. Trading volume last quarter, 52 600 shares.*

Year to June 30	'89	'90	'91	'92
ST debt (Rm)	25,7	56,0	36,8	37,2
LT debt (Rm)	18,3	18,0	27,9	25,3
Debt:equity ratio	18,4	38,9	12,7	—
Shareholders' interest	0,29	0,29	0,27	0,28
Int & leasing cover	4,4	3,6	3,9	3,8
Return on cap (%)	6,7	7,5	6,1	6,7
Turnover (Rm)	1 439	1 347	1 097	1 071
Pre-int profit (Rm)	29,1	35,7	37,2	44,9
Pre-int margin (%)	2,0	2,7	3,4	4,2
Earnings (c)	40	44	47	38
Dividends (c)	10	10	11	11
Net worth (c)	227	250	290	313

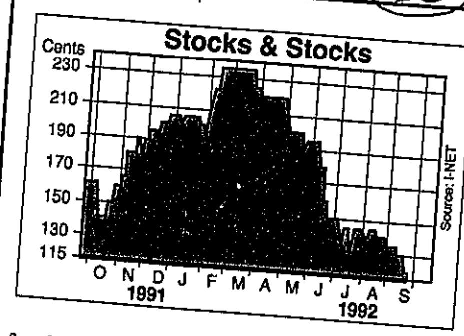
Stocks & Stocks's major concern relates to its current work on hand. Sun City's Lost City project is drawing to a close, though chairman Reg Edwards points out that in real terms, this and the Carousel project only represent about 15% of last year's turnover. Even so, in real terms the R1,1bn current work on hand is 23% down on 1991's R1,2bn.

However, Edwards notes that: "In line with its long-term planning, the group has continued on its course of relying less on SA construction activities as its main source of income. This action has placed us in a less vulnerable position as the recession reduces construction opportunities within SA."

Though this is doubtless correct and is a view held by other civil engineering and construction groups such as LTA, the extent of the decline in current work on hand suggests foreign work won't be the panacea hoped for.

On the local front, the strong institutional cash flows should work in favour of Stocks. Institutions tend to take the view that it pays to invest in office blocks, even if the buildings stand empty for a while, as the cost of the continued

FM 2/10/92 (32)



funds used to finance the buildings is lower than the predicted escalation rate of future building costs. So long as institutions keep thinking in this way, it will provide some underpin for construction groups.

Of course, increased fiscal spending in the educational, health and affordable housing infrastructures will further support groups such as Stocks. In the field of mass housing, for example, it claims to build one in every 3,5 units now constructed in SA. But this increased investment could still be some years in coming.

Like those of some others in the building and construction sector, Stocks's balance sheet has strengthened significantly, with the R110,9m in bank balances and cash more than offsetting the R63m total debt.

This strong financial position will help Stocks, which has established a reputation for entrepreneurial flair, while management scours the African and Indian Ocean island landscapes for further opportunities.

William Gilfillan

GROUP FIVE FM 2/10/92

Unlucky Lone Star (32)

A throwback to the time the Texas constitution was drawn up in the mid-19th Century could cost Group Five dearly. Executive chairman Peter Clogg says design delays by state authorities have largely caused the construction group's R46m write-off on a steel suspension bridge contract.

After a R19m write-off in 1991, a further R27m was provided last year. Clogg says this should fully cover the exposure.

Texas is one of only five US states where private individuals may not sue the government. Its constitution borrowed a UK convention whereby individuals could not sue the monarch who was above the law.

Group Five has also been hit by exchange rate/inflation differentials. The rand-dollar rate was R2,77/$ when the contract was signed in 1989, against R2,85/$ now, but rand depreciation has not offset the inflation differential: local costs have risen faster than dollar proceeds to narrow the trading margin.

The bridge has been built locally and, after pre-assembly in Cape Town, is being shipped in parts to Houston.

Under the contract, claims may be made only on completion, roughly two years away. Clogg plans to claim then, by which time the dollar may have appreciated against the rand.

Entering the contract was classically entrepreneurial. Clogg says Group Five looked for opportunities abroad when local activity

TEXAN COLLAPSE

Year to June 30	1991	1992
Turnover (Rbn)	1,31	1,38
Operating income (Rm)	53,7	48,6
Attributable (Rm)	32,4	16,6
Earnings (c)	99	193,6
Dividends (c)	64	33

Continue →

FM 2/10/92 (32)

was falling. The directors reckoned export incentives and the relatively low SA steel price more than offset the comparative disadvantage of location.

Though 1991 results are not comparable, as Everite's second half has been consolidated following its acquisition, group trading margin narrowed.

Also, investment income switched to negative R4,3m from 1991's positive R6,5m. Clogg explains delayed payments, through disputes, and the cash funding of the Everite purchase accounts for this.

Though Everite did not do as well as expected, Clogg does not regret the acquisition, which was largely strategic. Volumes at the ceiling board, pipes, and corrugated roofing manufacturer fell in the second half and continue to decline. But Everite is well-placed if affordable housing programmes take off.

Meanwhile, management is looking for foreign construction opportunities closer to home, mostly in neighbouring territories, to supplement lower local activity. *William Gilfillan*

ARG 3/10/92 (32)

Overseas approval for SAIB

CHANGES made by the South African Institute of Building to the qualifications needed for affiliate and corporate membership have made its members eligible for international recognition from the Chartered Institute of Building and its affiliate bodies.

This will result in the SAIB becoming a member of an international building body made up of the UK, US, Australiana and South African members.

This was said recently by Mr Geoff Sessions, chairman of SAIB's Education Committee and of the Western Cape Branch.

"The first step in establishing the international body is to standardise the accreditation process and the qualifications required for membership.

"The changes we have made in the SAIB bring us in line in this respect," Mr Sessions said.

The next step will be the accreditation of the six South African universities which offer a degree in building management.

For further information, contact Mr Sessions ☎ (021) 23 3150.

Construction giant's trading hard hit by strikes, mass acti

Feeling the pinch . . .

(32) ARGT 3/10/92

In hard times, even the giants of industry suffer. Murray & Roberts chief executive Dave Brink says trading this year has been difficult. He talks to MARC HASENFUSS

Business Staff.

CONSTRUCTION and manufacturing giant Murray & Roberts is finally showing signs of bending under prolonged recessionary pressure.

Chief executive Mr Dave Brink confirmed in an interview in Cape Town that the group would be hard pressed to maintain earnings in the year ahead.

"The first two months of trade this year are not ones I'd want to remember."

He said the group had made a difficult start to the year, especially the fast growing supplies and services division — which was adversely affected by the drawn out strike action at Toyota.

Furthermore, labour disruption in the steel industry and the intensified mass action campaign also knocked productivity.

The lack of major industrial projects due to the drop in economic activity is also holding the group's growth up. Mr Brink is hoping government will give the go-ahead for the Alsaf and Columbus Stainless Steel project before year end.

He said these projects would have a critical bearing on M&R's performance over the next three years.

The group will have to look to smaller work to remain buoyant in the short term The group has undertaken work at two large water treatment plants in Johannesburg and Faure in the Western Cape. Mr Brink said that similar water treatment projects were in the pipeline.

Lack of government spending on roads has necessitated a look across the country's borders for additional road work in Botswana, Zambia and Angola.

The group has also earmarked exports of manufactured goods and services as a strategic growth area.

Contracts for salvage and undersea pipeline work are alrady being undertaken in the Far East.

The maintenance of earnings should probably not be interpreted too negatively as last year's substantial profit gains were largely acquisition driven.

The buyouts of Blue Circle, Darling and Hodgson, Fedstone, the balance of the holding company for Unitrans and as well as claiming a minority interest in Standard Engineering drove earnings up a hefty 47 percent to R265 million in the year to June.

Following the spate of acquisitions last year, Mr Brink said M&R would be looking at improving focus in its operations to "ensure that they got their hooks into more substantial things".

Capital expenditure over the next three years will top R2 billion — of which over R700 million will be spent on upgrading plant and facilities this year.

M&R currently trades at R50, a slight recovery from the R45 mark reached on the release of the year end results in August.

Although this is still well off the R60,25 high in May, the group's underlying long term potential could push the share through the R60 level again by year end.

Townhouses lift the gloom

By TERRY BETTY

THE demand for townhouses is the only light in the building industry's tunnel.

The Rode Report on the SA Property Market says about 310 townhouses are started every month — slightly off the 1991 peak of 320.

Since mid-1990, there has been a 35% increase in the number of townhouses built each month. This is far better than the stagnant house and non-residential market, which is at an all-time low after dropping more than 50% since February this year. (32)

House construction has fallen 25% since January.

The townhouse concept took off in the early 1980s. Its popularity waned in mid-1990 when interest rates were high, but has since strengthened.

Property broker Lew Geffen says townhouses in the R185 000 to R200 000 price bracket sell off-plan within four weeks of being launched. Houses take an average of four months to sell.

Real Estate Surveys property economist Erwin Rode says townhouses are popular in low-income areas. People can buy a lower-priced house that does not look too grotty.

He says Pretoria is the "townhouse capital" of SA.

On the other end of the income scale, townhouses are popular because they offer better security.

Mr Rode says townhouses are also popular with "empty nesters" who do not want to maintain a large house, pool and garden.

But these advantages do not come cheaply. Mr Geffen says a townhouse costs about 40% more than its house equivalent.

For example, buyers pay about R2 000/m² for a 70m² townhouse house with a few fancy finishings, a security guard and a Sandton feel. A house of similar standard costs about R1 200/m².

Mr Rode says the residential sector is faring relatively well because it is interest-rate sensitive.

But developers in the commercial sector are not. They continued to build when interest rates were high and they now have a glut of office space. S/Times (B455)

This dampened demand has put a downward pressure on profit margins. Together with the benefits of VAT they have lowered construction costs. 4/10/92

Mr Rode says contract prices have fallen 5% in the past year. Input costs have dropped 2%, the balance of the fall coming off profit margins.

Building Industries Federation of SA (Bifsa) executive director Ian Robinson says net profit margins, which for large concerns are usually about 2,5%, are virtually zero. Some companies are operating at a loss merely to use equipment.

More joy

TELJOY has opened a new division in its rental operations for the top end of the market.

Tomorrow TV gives access to the latest in TV technology, such as cinema-quality, high-definition, wide-screen format, stereo sound, satellite transmission and laser disc technology.

Tomorrow TV has received about 200 enquiries a day, of which more than half have resulted in rental contracts.

Concor calls on govt to boost construction

EDWARD WEST 32

CONCOR forecasted earnings would ~~remain~~ static in the current financial year if trading conditions in the civil engineering and construction industries remained stable, chairman Brian Murphy said in his 1992 annual review.

BDM 5/10/92

The group pleaded for government to motivate new activities for the construction sector out of funds earmarked for roads and housing so that employment opportunities in the industry could be maintained.

The construction division's turnover as a proportion of group turnover fell to 55% in the past year from 63%. The division was continuing its efforts to expand in neighbouring countries after having completed the refurbishment of Maputo's Polana Hotel, and starting projects in Angola and Botswana.

Murphy said future prospects for the property development division were promising and new projects were being investigated to supplement the division's existing major project, a new shopping development in Kempton Park.

The roads and earthworks division had an adequate work load with its major contract being the widening and upgrading of the Ben Schoeman Highway.

The engineering division produced losses in the year under review and its operations were being curtailed. If the measures failed to restore profitability, the division's operations would be sold, he said.

In the year to end-June 1992, Concor's pre-tax earnings were similar to that achieved the year before, but as a result of an increase in the effective tax charge, attributable earnings dropped 20% to R10,24m from R12,8m.

Concor lifts stake in Time

By Sven Lünsche (32)

Construction group Concor has taken an effective 30 percent stake in Time Holdings in a deal which includes a R9,4 million rights offer by Time subsidiary Time Life. STAR 6/10/92

The agreement, announced by Concor and Colhib, the controlling shareholder of the Time group, will give both groups a 50 percent stake in Timecon.

Timecon will hold 45 percent of listed Time Holdings and 51 percent of Time Life after the rights issue.

The rights issue for part of Time Holdings' 66 percent holding in Time Life will offer eight Time Life shares for every 100 Time Holdings shares held. Concor will pay R6,6 million for its stake in Timecon.

Kersaf turnover breaks through R2bn barrier

MARCIA KLEIN

BIDAM 7/10/92

MAJOR new developments, notably the Lost City and Carousel projects, should enable leisure group Kersaf to achieve "acceptable earnings" in financial 1993, executive chairman Buddy Hawton says in the annual review.

Kersaf, whose major interests include Sun International, Interleisure and Douglas Green Bellingham, reported a 10% rise in attributable earnings to R181,4m in the year to end-June as turnover exceeded R2bn for the first time in the group's history.

Kersaf spent about R830,4m in the year, and would spend a further amount of more than R550m.

Funding of capex in the year ahead would "necessitate an increase of approximately R150m in external borrowings". Hawton said these borrowings should not materially change the gearing structure of the group, and gearing should not approach the self-imposed 60% limit.

Sun International reported a 22% rise in revenues and an earnings increase of 12%. Room occupancies of 63% were 5% lower than the previous year.

Offshore division Royale Resorts, which has direct holdings in three Mauritian resorts and one offshore casino, as well as indirect investments in several offshore casino operations, showed a 42% increase in earnings off a low base.

Hawton said in line with the objective that offshore earnings should show satisfactory long-term growth, Royale had reached agreement to acquire a 50% stake in Sol Kerzner's World Leisure Group, which held management contracts for offshore casinos.

Leisure and entertainment group Interleisure's earnings declined by 6% to R38,3m. It would spend R66m in the coming year, mainly in Ster-Kinekor.

Douglas Green Bellingham, in which Kersaf has a 50% stake, had a disappointing year with revenues down by 15%.

Trencor cautious in forecasts

BIDAM 7/10/92

EDWARD WEST

TRENCOR would be more than satisfied if earnings were maintained in the current financial year, chairman Neil Jowell said in his latest annual review.

However, he was unable to make a meaningful forecast because of uncertain trading conditions.

Domestic trading conditions were unlikely to improve this year, and the group's container exports were also facing difficult markets which were unlikely to improve in the short term, Jowell said.

On the other hand, Trencor's overseas operations were looking toward a modest improvement in profits.

The rand/dollar exchange rate had a significant effect on both the export and overseas operations and trends over the next 12 months were difficult to predict, he said.

Trencor's overseas and export operations, which contributed 60% of Trencor's R130m attributable income in the 1992 financial year to end-June compared with R105m in 1991, comprised the export of containers and trailers and their components built by Henred Fruehauf.

The international container market had continued to soften.

The main pressure on margins had been the creation of new manufacturing capacity in countries where exports were growing strongly.

Trencor's transport division continued to operate in depressed markets. Competition had intensified and Jowell believed many transport operators were not achieving returns that would keep them economically viable in the long term.

The express business Crosscape would take longer than projected to reach profitability, but overall, a moderate improvement in the division's contribution was forecast.

The group's tyre operations Tycon and Tredcor were expected to generate a good performance in the future, but structural changes in the industry would critically affect their ability to improve results this year.

Profit margins and competition in the group's trailer manufacturing markets — with volumes down to levels of 20 years ago — were such that returns were below economically sustainable levels.

The container manufacturing market had become so competitive that dollar prices had declined.

In addition, inflationary costs in SA were eroding manufacturing margins because selling prices were set in foreign currencies which were not depreciating in line with inflation rate differentials, said Jowell.

Murray & Roberts optimistic about Africa

BIDAM 7/10/92.

(32)

ENGINEERING, construction and material supplies group Murray & Roberts says it sees reasonable prospects for new business in Zambia, Kenya, Ghana, Zaire and Angola.

Group commercial director Jeremy Ratcliffe told an investment presentation Murray & Roberts was gearing up for a renewed thrust into export markets and would set up permanent operations in selected countries, which he did not name.

It had completed considerable investigative work in Zambia, Kenya, Ghana and Zaire which indicated "reasonable prospects for future business", he said. A recent school construction project in Angola's Cabinda province had gone so well that more work there was anticipated.

Ratcliffe declined to specify the projects the firm had lined up in other African countries. He reiterated that trading conditions in the current financial year to end-June 1993 would be as tough as in the past year, when share earnings dipped to 458c (500c previously) after an increase in shares in issue to fund acquisitions.

"It will be a struggle to maintain earnings over the year ahead, but we are positive about growth prospects over the next three years to enable us to maintain dividends."

Total budgeted capex for the next three years was R2bn, which would be financed comfortably from operating cash flows, he said. — Reuter.

Architects 'still in a slump'

ANDREW KRUMM 32

MARKET conditions for architects and building contractors deteriorated in the third quarter, according to a survey by the Bureau for Economic Research.

However, the BER survey found that quantity surveyors had not felt the pinch quite as badly as before, and explained the result as a slowdown in the tempo of deterioration. B\DAY 7/10/92.

Association of Quantity Surveyors president Wally Brink said he had not noticed this. "Except for a few isolated cases, I do not pick up the same trend."

Brink added that there may have been a number of large contracts awarded, but the benefits of these went to specific firms, not the market in general.

"We need an increase in contracts across the board, such as big spending by the National Housing Forum." This was unlikely to happen until next year.

SA Institute of Architects director André van Graan agreed conditions in the architectural sector had worsened as the political situation continued to affect confidence and capital expenditure.

"There is no work in all the major urban centres. But in rural areas like northern Natal and Zululand the pressure to develop is irresistible and is bolstered by local government and development spending."

A case in point was Richards Bay, where the construction of the new Alusaf aluminium smelter would hold spin-offs for the architectural profession.

Van Graan said the effect of the recession on the number of practice closures was mitigated by two factors — the brain-drain as newly qualified architects sought work overseas and the exodus of British architects who came to SA in the good times in the early '80s.

"In fact, the number of registered architects in the country has remained static over the past eight years," he said.

FM 9/10/92 (32)

GRINAKER HOLDINGS (32)

FM 9/10/92.

Another difficult year

Grinaker Holdings' diversification in the late Seventies beyond civil engineering was certainly prescient. At the time the group was wholly reliant on civil engineering. It has since moved into building and, more particularly, electronics.

Benefits of the move into electronics are apparent in the 1992 results. While Grinaker Holdings reported a R1,2m attributable loss, listed Grintek, the electronics arm held 67%, reported earnings marginally down at R26,7m (1991: R28,7m). Without Grintek's contribution, there would have been an attributable group loss of about R20m. Earnings were also supported by building activities, which have benefited from continuing investment by institutions in the sector.

Stringent foreign exchange controls limit institutions essentially to investments in domestic equities, property and gilts. With institutions likely to maintain their exposures in all these sectors, a steady flow of property investment should continue.

Building also allows for a stronger balance sheet, given the help to funding through the use of subcontractors. Reduced cash flow in the second half meant that liquidity deteriorated and 1993 investment income will be lower as a result.

The outlook for civil engineering is still bleak with fiscal spending probably directed primarily at education, health and housing. Also, with interest charges already accounting for a significant portion of fiscal expenditure, any future government could face spending restrictions.

MD Jack Saulez notes employment in the sector has plummeted to 60 000 from roughly 165 000 10 years ago.

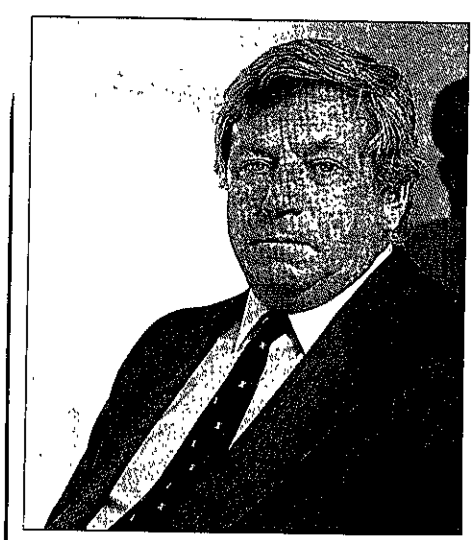
Though involvement in electronics activities seems incongruous for a construction group, and while Saulez agrees it has no obvious benefits (through synergy or countercyclicality), he notes the group's earnings cycle has flattened as a result of diversification.

The 1993 year will be difficult for Grinaker. Prospects on the civil engineering front are unattractive, building margins are being depressed by competition and the defence arm of the electronics business is being pressured by defence expenditure cuts.

Saulez says work on hand in the building arm is higher than last year but it is low on the civil engineering side.

At 335c, the share has more than halved since reaching the 12-month high of 775c. It has recovered from a low of 225c but there is little point in expecting a solid profit recovery just yet.

William Gilfillan



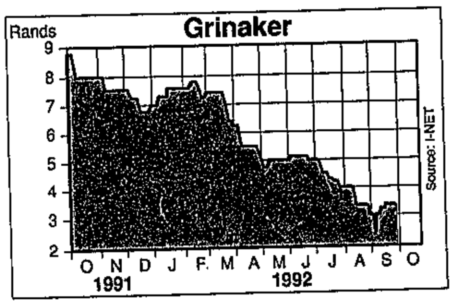
Grinaker's Saulez ... *more work in the building arm*

FM 9/10/92 (32)

Activities: *Operates in construction, electronics and computers.*
Control: *Anglovaal Industries 51%.*
Chairman: *J C Robbertze; MD: A N Saulez.*
Capital structure: *35m ords. Market capitalisation: R115m.*
Share market: *Price: 330c. Yields: 1,5% on dividend. 12-month high, 775c; low, 225c. Trading volume last quarter, 93 000 shares.*

Year to June	'89	'90	'91	'92
ST debt (Rm)	30,9	23,3	43,5	64,1
LT debt (Rm)	9,7	20,8	15,2	10,7
Debt:equity ratio	0,03	—	—	0,18
Shareholders' interest	0,38	0,38	0,35	0,32
Int & leasing cover	9,0	7,5	12,1	4,0
Return on cap (%)	15,4	18,4	15,2	7,4
Turnover (Rbn)	1,22	1,94	2,05	2,16
Pre-int profit (Rm)	91	153	125	62,3
Pre-int margin (%)	7,5	7,9	6,1	2,9
Earnings (c)	106,8	143,9	108,7	—
Dividends (c)	30	38	34	5
Net worth (c)	479	545	475	409

FM 9/10/92 (32)



Big Basil Read deal 'sensitive'

EDWARD WEST (32)

CONSTRUCTION group Basil Read featured on the JSE yesterday when more than a quarter of its issued share capital was traded in a large bookover deal.

Some 3,7-million Basil Read shares — about 26% of its share capital — changed hands in a large deal worth R1,3m. The share price moved up 2c or 6% to 35c.

Basil Read chairman Chris Jarvis said the issue was sensitive and he did not have details of yesterday's trading. An analyst suggested the block sold coincided closely with Old Mutual's stake in the group and that a possibility existed the stake was sold as a precursor to a takeover.

Jarvis said employees held about a 40% shareholding, with directors holding more than half of that amount. Old Mutual directly held a 17% stake, but he was not sure what percentage its indirect holding was.

Group profit had taken a knock in the past 18 months, but the annual report forecast a substantially improved interest bill.

In its year to end-June 1992 Basil Read reported its first loss in a decade, with losses a share down to 63,5c from a profit of 42c a share the year before, Jarvis said.

Return on shareholders' funds at that time had fallen to 10,7% from 28,6% the year before and borrowings as a percentage of shareholders' equity was 205,1% compared with 100,6% the year before.

Basil Read was trading cheaply at 35c a share and he was aware that it was vulnerable to takeover when compared with its net asset value of 288c at year-end.

Daun purchases Basil Read stake

232 EDWARD WEST 32

GERMAN textile industrialist Claus Daun extended his interests in SA with the purchase of Old Mutual's 25,2% stake in the construction group Basil Read.

Basil Read chairman Chris Jarvis said Daun et Cie AG, controlled by Claus Daun, bought some 3,6-million Basil Read shares valued at R1,3m in a book-over deal on the JSE on Monday.

The share was untraded yesterday, but reflected a seller at 100c and a buyer at 40c in spite of the ruling price of 35c. (63)

It was not certain whether Daun et Cie AG, which has a civil engineering subsidiary in Germany, had plans to increase its stake in Basil Read.

Jarvis described the German group as a participative shareholder. BDAY 14/10/92

The move represented an extension of Daun's interests in SA. Late last year Tongaat-Hulett sold its loss-making Hebox Textile subsidiary to Daun, and other SA interests, apart from property, include companies such Total Sport, Courthiel and Table Bay Spinners.

Daun et Cie also has a 78,7% stake in furniture group Morkels.

MURRAY & ROBERTS FM 16/10/92

State of transition

(32)

A R1,4bn acquisition spree has left Murray & Roberts (M&R) in a state of transition — so much so that, for outsiders at least, few firm conclusions can be drawn from the report. In little over 12 months, total assets employed have virtually doubled. It remains to be seen whether "bigger" equals "better" — a point that may in part explain why the market has turned cool on the share.

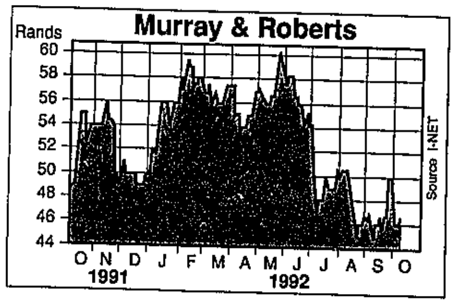
Activities: *Construction, engineering and related industries.*
Control: *Sankorp through M&R Investments.*
Chairman: *M H Daling; MD: D C Brink.*
Capital structure: *62,8m ords. Market capitalisation: R3,06m.*
Share market: *Price: R48. Yields: 3,8% on dividend; 10,0% on earnings; p:e ratio, 10,0; cover, 2,7. 12-month high, R60,25; low, R43. Trading volume last quarter, 536 000 shares.*

Year to Jun 30	'89	'90	'91	'92
ST debt (Rm)	4,8	46,3	79,7	119,4
LT debt (Rm)	96,4	101,6	123,4	405,7
Debt:equity ratio	nil	nil	0,06	0,17
Shareholders' interest	0,41	0,41	0,40	0,44
Int & leasing cover	7,7	9,6	11,7	12,7
Return on cap (%)	19,1	20,4	17,0	13,7
Turnover (Rbn)	3,45	4,01	4,60	5,84
Pre-int profit (Rm)	221	301	323	502
Pre-int margin (%)	6,3	7,5	7,0	8,6
Earnings (c)	349	437	501	481
Dividends (c)	110	132	156	180
Net worth (c)	1 291	1 555	2 002	2 360

When the *FM* reviewed the 1991 report, M&R was R50 and still in a strong uptrend. By the time a deal was struck for the acquisition of Blue Circle Industries Plc's local offshoot, M&R could place paper at R54, against the R45 applicable to its takeover of D&H and part of Standard Engineering from Malbak a few months earlier.

The bubble burst when the price peaked at just over R60 in May. It has since underperformed significantly. At R48, it is 20% off the top and shows a net fall over 12 months whereas both the composite industrial and industrial holding indices are still registering small year-on-year gains.

The basic problem is that acquisitions took place progressively through the year. So there is only partial consolidation of results of new group members, which has caused a temporary breakdown in the relationship between the income statement and balance sheet — which, of course, fully consolidates the relevant assets and liabilities.



In consequence, every performance ratio relating income statement data to the balance sheet is unflatteringly skewed. That is not uncommon with takeovers, but the magnitude of the acquisition programme makes the distortions unusually severe.

Even normally simple calculations like EPS on weighted average issued shares (acquisitions were almost all paper-based) may not be accurate because of the nature of some of the businesses: D&H, for instance, consolidated for 10 months, virtually grinds to a halt over Christmas. Its contribution is, therefore, unlikely to have been the 80%-odd of a normal full year's earnings that a time-based weighting of shares assumes.

Another, possibly more important, dimension is that the next chapter of M&R's history has yet to be written. That is the detailed rationalisation and integration that must take place if full benefits of the acquisitions are to be realised. The groundwork has been laid with the take-out of minorities in companies such as D&H, Blue Circle and Genrec (all completed since the financial year-end) and, in a sense, by last year's dismemberment of the industrial division and redeployment of its assets.

M&R's Brink ... *generating obvious enthusiasm*

Rather like the new SA (it is to be hoped, with less bickering and infighting), quite a lot has to happen before a clear picture emerges of the new M&R's potential.

The market should not overlook the obvious enthusiasm throughout the group — from chairman Marinus Daling through Dave Brink to the divisional heads — for the opportunities made available by the acquisition programme. But at the same time, it needs to be recognised that M&R is more firmly entrenched than ever in the fixed investment business cycle which, as always, can be expected to lag the general economy.

Even were the economy to start picking up right now, M&R would probably not benefit significantly before its 1994 financial year; though when the upturn does finally come, M&R should (politics permitting) be looking at a sustained period of high growth, as a backlog of infrastructural spending is tackled, that will benefit virtually the full spectrum of its expanded activities.

This year, however, M&R admits it will do well to maintain EPS, given that the base

continue

Builders down in the dumps

S Times (Buss) 18/10/92. (32)

PROFIT margins in the building industry have been squeezed to zero as companies grit their teeth to try and weather the recession.

By TERRY BETTY

Building Industries Federation of SA (Bifsa) executive director Ian Robinson says that, as there are so few contracts to keep the industry occupied, companies are having to forego their profit just to cover their overheads and keep their key employees.

BMI managing director Llewellyn Lewis claims workers in the industry have shrunk 20% since 1984 as a result of the recession. He says the value of the industry has declined over the same period from R18,6-billion to R16-billion.

Rode's Report on the SA property market shows building costs have dropped 5% on last year. Property economist Erwin Rode attributes this mainly to depressed building activity slashing contractors' profit margins as well as putting a damper on wage and material price rises.

Although some companies have gone under ~~and~~ staff have been retrenched, the total number of companies has not declined because many retrenched workers have started up their own one-man businesses to do odd jobs and sub-contracting.

This keeps people employed and fed and keeps skilled people in the industry.

Nervous

However, Mr Robinson believes this fragmentation destroys the structure of the industry and the effects of this will be felt later as the industry will not be as well organised to cope with an economic upturn.

Mr Robinson says a 40%-50% decline in business has been reported in the Free State gold fields area. He says the mines no longer have the wherewithal for capital expenditure and the gold price does not justify increased overheads.

Pretoria and Johannesburg follows close on the Free State's heels. In Pretoria there is much excess space as the government — the city's main tenant — is vacating many buildings.

Johannesburg is suffering from an oversupply of office space that will take many economically healthy years to fill. Mr Robinson believes few high rise buildings will be erected before the end of the century.

Bifsa president Vic Smailes says outlying areas, such as Saldanha Bay and Vredenburg, have a fair amount of work, although on a small scale.

When will things improve? Mr Smailes say it is a thumbsuck guess. The industry had anticipated it would happen this year, but have been forced to revise this optimism until late next year.

He says people are nervous to invest in SA and would rather leave their cash under the mattress.

BMI's Lewis believes a turnaround in the industry is largely dependent on an interim government and the spending on low-cost housing that will follow.

He says the industry has the capacity to build 100 000 low-cost homes a year, which would quickly return the industry to its 1984 high.

IAN ROBINSON: Fragmentation destroys industry's structure

Apart from revenue generated from housing, Dr Lewis says the areas will also need infrastructures such as roads, schools, clinics, shops and offices.

Dr Lewis says the building industry is huge, employing more than a million people, and that it has the potential to be the engine for economic growth.

BIFSA CONFERENCE

(32)

By MAGGIE ROWLEY
Property Editor

'Exclusive' building industry laws knocked

CT 20/10/92

LAWS relating to the building industry were so complex that new entrants were excluded and only the larger building firms with sophisticated staff could comply with them, delegates to the 87th congress of the Building Industries Federation of South Africa (Bifsa) were told yesterday.

In a hard-hitting and critical adress, Ian Hetherington, MD of Job Creation of SA said the rules of the game had been set "so that most of the population are excluded from playing.

"They simply cannot cope. It looks to the underclass like a protection racket — so designed that the privileged few are protected and the disadvantaged many are under constant threat of harassment, fines or closure by a non-productive army of inspectors and law enforcers."

He said Bifsa was both the "cause and the curse" of the 50 000 odd black entrepreneurs in the informal building sector.

It was a cause "of their having to hide away, marginalised and ignored and a curse because the entry barriers created by Bifsa to joining the formal building sector and the compliance costs once entered are simply too high for all but a handful to ever reach."

Bifsa, he said, was a reflection of the mixed economy which had developed in South Africa over the past 100 yers.

"It is a mixture of two bad things. One is statism — overwhelming interference by the State in the economic liberties of the citizens.

"The other is what some development economists call crony capitalism. A few large companies have allied themselves with the State. By prolonged, skilful and expensive lobbying they have persuaded the state to protect their narrow interests with special subsidies, protections and an array of complex rules and regulations within which few emerging entrepreneurs can ever begin, let alone survive or thrive.

"Wherever it is enforced, the mixture of statism and crony capitalism leads to an explosion of a so-called informal sector, as ordinary people seek a living denied them in the stagnant economy of the establishment."

Hetherington questioned Bifsa delegates as to whether they did not need a radical reappraisal to prepare themselves for a different future.

If the association decided to change its old structures it should not try to absorb the informal sector structures into its pattern and thus "prostitute" them.

"If you do that you will find that you end up linking with supposed leaders who have lost their following — empty vessels. Rather respond to the informal sector entrepreneurs themselves. Let them shape your own restructuring and listen more than you talk. Change you whole mindset and absorb what they will be trying to tell you.

"If you choose this positive role, you will choose also the only route to a dynamic, growing economy in which you yourselves can thrive."

Property Editor

Call for fixed % of GDP to boost building

(32)

A COMMITMENT by government of a fixed percentage of GDP to be used for building and civil construction should be a priority goal for the industry, Bifsa delegates heard yesterday.

Ian MacGregor, MD of construction group Shire Ltd and past president of the SA Federation of Civil Engineering Contractors, said state expenditure on construction should not be less than 2% of GDP in any one year.

CT 20/10/92

Present government policy was based on a one year stop/start plan and during hard financial times, the development of the country was "just stopped, causing massive inefficiencies in the construction industry".

The expected ratio of construction expenditure to GDP for a developing country like SA was 6,1% but figures indicated that only 50% of the funds required by international norms were being fed to the construction industry.

Improvement in the Budget could only be achieved over a period of three to five years.

"This is where we should be working and lobbying to reduce it to less than three years so that our members can afford still to be contractors.

"The goal in this period ought to be to achieve a real decrease in expenditure, a real increase in income and simultaneously realise an increased capital expenditure.

"A financial solution has to be achieved."

● MacGregor also called on the building industry to stop squandering enormous amounts of money by allowing professional teams between three months and up to more than a year to finalise a final account.

"In my book eight weeks is sufficient time.

"We need to legislate that final accounts be processed within a certain fixed period or refer the matter to mediation within one week of the elapsed time."

Guide to gilts

Code Name	Last Trade	High	Low	Previous Prev
RSA				
12,50% 1995/6	11,595	11,595	11,595	11,500
11,50% 1999/00	13,065	13,080	13,010	12,970
12,00% 2004/06	13,930	13,930	13,810	13,800
13,00% 2009/11	14,020	14,020	13,010	13,900
ESKOM				
14,00% 1992				11,430
11,00% 1993				11,420
9,25% 1994				11,460
12,00% 1996	11,585	11,585	11,585	11,530
15,00% 1998	12,160	12,160	12,160	12,100
11,00% 2008	13,935	13,940	13,820	13,800
TRANSNET				
12,50% 1993				12,190
7,50% 2008	13,835	13,835	13,830	13,800
TELKOM				
10,00% 1993				12,220
10,00% 2008				13,810
UMGENI WATER				
15,00% 1997	12,695	12,695	12,685	12,630
15,00% 2005	14,335	14,335	14,270	14,280

SOURCE: I-Net

Exchange rates

First National Bank

Currency selling, TT buying, AM buying, SM buying:
USA: 2,9165, 2,8965, 2,8840, 2,8715.
UK: 4,7365, 4,6775, 4,6465, 4,6180.
Austria: 3,5655, 3,6150, 3,6395, 3,6620.
Australia: 0,4685, 0,4750, 0,4785, 0,4815.
Belgium: 10,4000, 10,5500, 10,6500, 10,7500.
Botswana: 0,7275, 0,7380, 0,7450, 0,7675.
Canada: 0,4260, 0,4315, 0,4335, 0,4355.
Switzerland: 0,4525, 0,4590, 0,4620, 0,4645.
Germany: 0,5075, 0,5150, 0,5190, 0,5225.
Denmark: 1,9570, 1,9840, 2,0045, [illegible]
Hong Kong: 2,6440, 2,6775, 2,69[illegible] 2,7110.
Ireland: 5,1710, 5,1120, 5,06[illegible] 5,0265.
Italy: 445,0500, 450,9000, 455,80[illegible] 460,2000.
Japan: 40,9500, 41,5500, 41,70[illegible] 41,8500.
Kenya: 11,7400, —, —, —.
Mauritius: 5,1290, —, —, —.
Malawi: 1,3715, 1,3925, 1,4110,
Netherlands: 0,5720, 0,5795, 0,58[illegible] 0,5885.
Norway: 2,0725, 2,0995, 2,17[illegible] 2,2405.
New Zealand: 0,6315, 0,64[illegible] 0,6445, 0,6485.
Pakistan: 8,4310, —, —, —.
Portugal: 45,0500, 45,6500, 46,40[illegible] 47,0500.
[illegible]

Bifsa 'keeping informal sector out of market'

BIDAY 20/10/92 (32)

THE SA Building Industries Federation (Bifsa) has been blamed for preventing 50 000 informal sector black entrepreneurs from entering the mainstream of the building industry.

PETER GALLI

Addressing the 87th Bifsa congress at Somerset West yesterday, Job Creation SA MD Ian Hetherington said: "Bifsa is the cause of their having to hide away, marginalised and ignored in the informal sector, and a curse because the entry barriers created by it to joining the mainstream formal building sector, and the compliance costs once entered, are simply too high for almost all of them ever to reach," he said.

While the federation believed it had erected a ladder up which informal sector operators could climb, in practice it had put the first rung 5m in the air, he said.

"I am unsure how you ever persuaded the Minister that you and the relevant trade unions represent the industry and that he must, as a result, make your negotiated Industrial Council agreements binding on non-members," he said.

Bifsa was a reflection of the mixed economy developed locally over the past 100 years, which was a mixture of two bad things. One was "statism", or the overwhelming interference by the state in the economic liberties of citizens, he said.

The other was what some development economists called "crony capitalism", where a few large companies allied themselves with the state.

"By prolonged, skilful and expensive lobbying they have persuaded the state to protect their narrow interests with special subsidies, protections and an array of complex rules and regulations within which few emerging entrepreneurs can even begin, let alone survive or thrive," Hetherington said.

However, it was not too late for Bifsa to demolish the old structures, change the architects and build anew. This involved changing its mind-set and absorbing what the informal sector entrepreneurs were trying to tell it.

From being the cause and the curse, Bifsa could become the defender and the developer, he said.

Bifsa told to register builders

(32)

CT 20/10/92

By MAGGIE ROWLEY
Property Editor

BUILDERS should be registered or ruled by a code of conduct to protect the public, the industry was told yesterday.

Mr David Mitchell, past president of the Building Industries Federation of South Africa (Bifsa), said many other countries had legislated for the registration of builders but all attempts by the industry to bring South Africa in line had failed.

A system of registration and classification of builders to maintain standards, fair competition and "protect the public" was urgently needed he told Bifsa's 87th congress in Somerset West yesterday.

Mr Mitchell said it was clear that the government would not play any part in the process and it would have to be up to the private sector to devise a workable procedure.

The only manner in which this could be achieved was by a system of voluntary registration.

While to deny new entrants to the industry an opportunity to compete against long established concerns was as unfair as it was unpractical, it was important that they had acceptable qualifications, experience, ethics and traditions of good practice.

● Mr Wouter Meyer, chief director of the Directorate: Investigations of the Competition Board, said it was highly unlikely that some form of statutory registration procedure would be accepted by the government as this would run counter to the whole policy of deregulation.

By limiting entry of builders into the industry through registration, the customers' rights could be adversely affected.

He said a code of conduct should rule the trade and cover aspects such as proper contracts containing all relevant information, guarantees, disguised pricing as well as arbitration procedures.

The Business Practices Committee, with input from Bifsa, was looking at a code of conduct for the building industry which should go a long way towards protecting the customer, he said.

Govt action 'urgent for construction'

(32)

CT 22/10/92

By MAGGIE ROWLEY
Property Editor

URGENT proactive intervention by the government was required if the construction industry were to survive, says Ian Robinson, executive director of the Building Industries Federation of SA (Bifsa).

In an interview at the Bifsa 87th congress in Somerset West yesterday, Robinson said the industry was experiencing the worst conditions in its history and could not wait any longer for an upturn.

"In fact the industry is dying, the infrastructure is collapsing and unless urgent action is taken now the future will be unmentionable.

"Time is of the essence," he warned.

Bifsa, he said, is to seek urgent representation at Cabinet level to ensure the government was made aware of the seriousness of the situation.

"We are putting the ball in motion from today and will follow it up with a united lobbying from the entire construction industry.

"A confederation of all representative employer bodies in the industry is to meet next month to present a united front to government," he said.

Intervention by government was needed to stimulate the industry either through subsidies, tax incentives, or a drop in interest rates.

While the building industry in the UK and elsewhere represented about 9% of GDP, it represented only 1,4% of GDP in South Africa.

"What is in our interest is in the interests of the entire country. We are not just being selfish.

"For every R1m invested we can create 80 jobs. But the industry, which is the first to be hit in economic downturns and the last to recover, has been in recession for more than three years and has contracted sharply."

Employment levels have dropped about 17% in the past three years from a high of about 250 000, he said.

While the initiative of the National Housing Forum was to be welcomed, he said it was of great concern to the industry that it would become bogged down by bureaucracy and if any progress was made within the next two years it would be a miracle.

"We can't wait that long. The industry needs action and it needs it now if it is not to collapse completely."

Robinson stressed that political unrest represented the major obstacle to the industry at present.

However, by stimulating the construction industry, which was a major employer, the industry could help create stability by creating employment.

Incoming president Robert Giuricich said the situation facing the industry now was as bad if not worse than the Great Depression of the 1930s.

"When I qualified as a quantity surveyor my first boss told me how he had had to take a job as a waiter with the railways to make ends meet then and we are now facing the same sort of plight," he said.

Of great concern too was the brain drain in the industry.

"Many skilled people at all levels have left or are thinking of leaving. We have to act now to prevent this and try and reabsorb these people into the system if the country is not going to face further major problems down the line."

Building industry plea to govt

BIDM 22/10/92.

Own Correspondent

CAPE TOWN — Urgent government intervention was required if the construction industry was to survive, Building Industries' Federation of SA executive director Ian Robinson said yesterday.

Robinson said at the Bifsa annual congress in Somerset West that the industry was experiencing the worst conditions it its history and could not wait any longer for an upturn.

"In fact the industry is dying, the infrastructure is collapsing and unless urgent action is taken now the future will be unmentionable."

Bifsa, he said, would seek urgent representation at Cabinet level.

He said also that "a confederation of all representative employer bodies is to meet next month to present a united front to government".

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(32)

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● See Page 9

Builders want set part of GDP

Own Correspondent

CAPE TOWN — A commitment by government of a fixed percentage of GDP to be used for building and civil construction should be a priority goal for the industry, delegates to the 87th congress of the Building Industries Federation of SA were told.

Construction group Shire MD and past president of the SA Federation of Civil Engineering Contractors Ian MacGregor said state expenditure on construction should not be less than 2% of GDP in any year.

The expected ratio of construction expenditure to GDP for a developing country like SA was 6,1% but figures indicated only 50% of funds required by international norms were being fed to the construction industry.

An evaluation of the Budget for the 1992/3 financial year showed that the state would have to borrow about R15bn to finance the deficit in its Budget. BDAY 22/10/92

"Considering that only R5bn is spent on capital projects and that one of the criteria of an acceptable budget is that loan money should only be used to finance capital projects, the state Budget falls far short of its goal," said MacGregor.

FM 23/10/92 (32)

CONSTRUCTION MARKETS

FM 23/10/92

A few hot spots

(32)

Private-sector construction over the next year is likely to fall 14%, based on the value of plans passed for the first five months of this year, compared with the 1991 calendar year. But there are some bright spots — boom building conditions in the apartment market and marked increases in activity in Kimberley and Port Elizabeth.

These are findings in *The Property Economist* in its latest Investment Opportunity Report. Nonresidential construction looks set to fall by 27% while residential building activity will fall by 7%.

"The only property marketplace showing construction growth potential is the multi-unit one consisting of townhouses, cluster homes and group housing with a 14% likely increase," says the *The Property Economist*'s Neville Berkowitz. "The apartment marketplace is showing boom conditions with a 50% increase in expected construction."

Berkowitz says Kimberley and Port Elizabeth are the only areas likely to see an increase in construction. Hard-hit areas are likely to be the Free State Goldfields and Vaal Triangle, where recession prevails. The increases noted in certain areas are good but they come off low bases and are small compared with other markets. For instance, the residential sector is 76%-dominated by single dwellings. Despite its expected drop of 13,5% to 4,6m m², this still exceeds the predicted 1m m² multi unit market and expected boom of 450 000 m² of apartments to be built.

Similarly, Kimberley's expected 33% rise is small fry, at R55m, as is PE's 10% rise to R214m, when compared with major centres such as the Witwatersrand's R4,4bn, Cape Town's R1,4bn, Pretoria's R1,2bn and Durban's R1bn. All these figures are significantly down on last year.

In the non-residential market, industrial is down 27% to 1m m²; offices down by 8% from a 1,14m m² peak, though a greater fall is expected in 1994.

Worst-hit is the intended retail market, which has 370 000 m². ■

WHERE THE GROWTH IS

Short-term construction activity levels outlook July 1992 — December 1993

Regional activity	Const growth markets	%	Const decay markets	%
Witwatersrand (R4,4bn pa)	Multi-units	31,6	Retail	(74,0)
			Industrial	(30,5)
			Houses	(16,1)
			Alterations	(4,8)
			Offices	(1,8)
Cape Town (1,4bn pa)	Multi-units	22,9	Offices	(76,6)
	Alterations	5,4	Retail	(51,6)
			Industrial	(39,7)
			Houses	(22,3)
Pretoria (R1,2bn pa)	Multi-units	46,8	Offices	(91,0)
	Houses	21,4	Industrial	(42,6)
			Alterations	(23,2)
			Retail	(22,3)
Durban R1bn pa)	Retail	238,2	Industrial	(65,2)
	Houses	49,3		
	Offices	39,3		
	Alterations	7,9		
	Multi-units	5,2		
Port Elizabeth R214m pa)	Industrial	77,7	Retail	(47,8)
	Alterations	8,2	Offices	(35,6)
			Multi-units	(7,5)
			Houses	(0,9)
Bloemfontein (R192m pa)	Multi-units	201,7	Retail	(83,3)
			Offices	(64,7)
			Industrial	(38,8)
			Houses	(1,3)
			Alterations	(0,4)
Vaal Triangle (R161m pa)	Offices	138,5	Retail	(79,5)
	Industrial	85,1	Alterations	(38,1)
	Multi-units	11,8	Houses	(34,9)
Pietermaritzburg (R113m pa)	Industrial	280,0	Retail	(98,7)
	Multi-units	70,7	Alterations	(18,9)
	Houses	28,0		
East London (R65m pa)	Retail	1 253,2		
	Industrial	445,0		
	Offices	126,2		
	Multi-units	28,3		
	Houses	26,6		
	Alterations	6,9		
Kimberley (R55m pa)	Multi-units	737,2	Industrial	(96,2)
	Alterations	62,1	Offices	(68,0)
			Retail	(51,2)
			Houses	(14,9)
OFS Goldfields (R32m pa)	Industrial	108,0	Houses	(81,7)
	Offices	96,0	Retail	(72,5)
	Alterations	28,6		
	Multi-units	22,9		

Source: The Property Economist

Plan to boost jobs in construction

(32) CT 27/10/92

By MAGGIE ROWLEY
Property Editor

THE Department of Manpower has committed itself to "positive action" on the implementation of labour-based construction methods aimed at boosting employment levels in the civil engineering industry.

This follows urgent representation to senior government officials, including Theo Alant, deputy Minister of Finance, and GME Carelse, deptuy minister of Manpower last week.

Graham Power, chairman of a joint committee representing four controlling bodies of the civil engineering industry said proposals for a formal reduction in mechanised construction methods and an increased use of manual labour aimed at job, wealth and skill creation had been well received.

A spokesman for the Department of Manpower said the department had agreed at the meeting to examine private sector submissions on labour intensification in the construction industry and to present proposals to the cabinet.

"The data provided to us by the industry must now be evaluated and formulated into a set of concrete proposals which can be submitted to the cabinet.

"What is certain at this stage, however, is that this department is committed to act positively on the implementation of labour-base programmes which will create jobs and generate wealth."

Power said the industry, represented by the SA Federation of Civil Engineering Contractors, the SA Road Federation, the SA Institute of Civil Engineers and the SA Association of Consulting Engineers would give every assistance to the Department of Manpower in drawing up a working plan for the cabinet to consider.

According to Power both delegations had recognised that civil engineering, was a major employer and was the industry best suited to form the foundation of a nationwide Employment Creation Programme.

The concept of labour-based construction had the blessing of Cosatu.

300 SA building firms face closure — Bifsa

(32) ARG 28/10/92

Business Staff

AN estimated 300 construction companies are expected to close down by the end of this year with the loss thousands of jobs — the result of the prolonged downturn.

There has also been an increase of 36 percent in the number of liquidations of building-related firms so far this year and, as there is no sign of any relief and little hope of an industry recovery before the middle of 1993, the failure rate is certain to be aggravated.

These figures emerged from the annual report of the Building Industries Federation (Bifsa) and loomed over its recent congress in Cape Town.

They have prompted Bifsa to take the unprecedented step of going to the Cabinet in a bid to alleviate industry problems.

Incoming president Robert Giuricich spelt out the intentions when he said: "At no stage in the history of the building industry have so many builders been so short of work.

"We must now go to the government and show our leaders that the industry is quite literally in danger."

He wanted a commitment from the State to make a minimum annual financial outlay in building and construction, possibly based on a percentage of gross domestic product (GDP).

An indication, too, of the impact a vibrant building sector would have on the employment situation was also to be seen in the Bifsa report.

If, for example, 100 000 affordable homes were to be built annually from now at an average cost of R20 000 a unit, the capital cost advanced by the lending institutions would be R2 billion and would provide work for 160 000 people.

Referring to labour problems, Charles Nupen, director of Independent Mediation Services, told congress delegates:

"Labour disputes are seriously affecting the South African economy.

"In the past five years, more man-days have been lost through strikes and stayaways than in the previous 75 years of South Africa's history."

■ Future Bank yesterday announced a R30 million home loan scheme aimed at lower income staff and their employers, reports Sapa.

Details of the "affordable housing scheme" were unveiled at a Press conference at Future Bank's head office in central Johannesburg.

The scheme will cover loans from about R3 500 up to R12 500, to be repaid over a maximum period of three years.

Interest is at present being charged at a minimum rate of 24,25 percent, and will be reviewed regularly.

Future Bank ascribed the high interest rate to the high cost of administering small loans.

Interest rates remain fixed throughout the loan repayment period, no matter what happens to the financial market.

The employee, employer and contractor carry joint responsibility for every loan package by having to pledge 10 percent of the loan amount in a bank account where it earns them interest.

The Independent Development Trust's Finance Corporation is also involved in the scheme and is providing some of Future Bank's initial housing finance.

An amount of R30 million has been budgeted for the scheme for the immediate short-term, Future Bank's general manager of marketing, Phillip van den Heever, told the launch.

It will be run on the same basis as Future Bank's other ventures, "with the same bottom line returns".

Only employers with a minimum of five employees are eligible for the scheme, because of the high cost of administering small loans, Mr Van Den Heever said.

He described the scheme as a package tailored to enable companies to provide a housing scheme for their lower-income employees without the company having to provide exorbitant financial guarantees.

"It is becoming increasingly obvious that the availability of finance, rather than the actual supply of land, is the major obstacle facing the current housing crisis," Mr Van Den Heever said.

"Our scheme is designed to provide these funds to the employee, without calling for exorbitant guarantees from employers."

Employees must, however, have been in the employ of a company for at least three years.

In a bid to protect the employee only Future Bank approved suppliers may build the homes.

PROPERTY Co-ordinated effort to solve problem

Forum to tackle housing problem

(32)

Sowetan 29/10/92

STRATEGIC OBJECTIVES Tough schedule of work planned for Forum:

By Joshua Raboroko

THE BUILDING INDUSTRY has been plagued by a lack of strategy and no broadly accepted policy, much duplication, indecision and politics, according to an article in *In-House-In-Trust*, the official journal of the South African Housing Trust.

The article says limited co-ordination has perhaps been the order of the day and as a result there have been losses in the provision of housing.

The establishment of the National Housing Forum was of significant importance to the housing problem.

The forum initiative arose as a direct consequence of various interested groups who assembled during August 1991 to consider possible solutions to the hostel crisis in South Africa, the article says.

The hostel issue could not be solved in isolation, especially when facing the enormous and immediate need to redress historical imbalances, backlogs and future demands in the housing arena.

"The forum is the most representative and democratic negotiation structure to date to develop and agree upon strategies and national housing policy," the article says.

The 15 organisations forming the forum aimed to:

Develop and agree on a national plan of action for housing in the short term which can be implemented within the present period of transition;

Participate in the development of broad policy, strategic objectives and short, medium and long-term plans for the housing sector.

It would approach its task through the establishment of a range of working committees dealing with specific subjects relating to housing delivery.

A tough schedule of work for the nine months has been planned.

In the first phase, working committees will discuss land services, end-user finance, housing options, institutional structures, integration of the cities and hostels.

These committees will consist of experts who will work together with trainees from disadvantaged communities as part of the forum's efforts to engage in affirmative action through the sharing of skills.

It is envisaged that the first phase will take 16 weeks, thereafter detailed planning committees will work for a further 16 weeks.

In a parallel process, the members of the forum, supported by the working committees, will begin negotiating an agreed way forward.

"It is intended that agreement between the parties will be struck in the short term thus facilitating the development of housing initiatives on the ground," he article says.

Building inflation rate set to spiral

CT 30/10/92 (32)

CONSUMERS are going to pay dearly for the current price war raging between building suppliers, warns Graham Alexander, MD of computerised building costing company Build Aid.

In an article in the latest Estate Agent newsletter, Alexander forecast a building inflation rate of more than 30% "when the dust finally settles".

The chase for cash by suppliers — particularly the smaller ones — has forced some building material suppliers to sell below cost.

The struggle for markets, he says, was being driven by suppliers desperate to generate cashflow after the recession.

"But when the market does stabilise, manufacturer, supplier and builder will start in earnest to recover their losses and this will push buildings costs up by more than 30%."

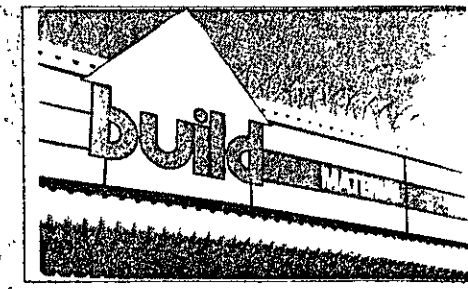
Alexander said in spite of the downward drag on prices from undercutting, he seriously doubted estimates that the building inflation rate was running at 10%.

However with residential building costs still running at around R1 000 a square metre, the consumer was unlikely to find a "riper moment" to build a house.

Consumers should avoid accepting ridiculously low quotes or taking advantage of an ailing market by forcing quotes below acceptable profit levels.

"Failure to recognise these conditions will seriously risk the home ever being completed."

The U Build Total Homemaker Plan



A STRONG COMMITMENT TO THE COMMUNITY

The launch of the U Build Total Homemaker Plan represents a strong and meaningful commitment to the community, according to Cashbuild chief executive, Mr Gerald Haumant.

"We have identified a real market need and come up with a package that provides reassurance, support and advice to home builders or those improving the value of their homes through additions and renovations," he said.

"In addition, we are doing so at prices that are highly competitive, realistic and affordable."

The U Build concept in the stores in Jabulani and Soshanguve is aimed squarely at the home improver, the informal builder, and home self-help markets.

"I am confident that the community will find the plan an invaluable ally in their efforts to create improved housing," he said.

"In addition, I hope that the new Homemaker Plan stimulates new entrepreneurs and existing entrepreneurs to create new jobs and contribute to the desperate need for more housing in the community."

Cashbuild has an enviable record of employee empowerment in the business it operates, and is renowned for its leading edge management philosophies.

CUSTOMER DEDICATION

The manager of the U Build store in Jabulani, Mr Abel Motlhamme, told *Sowetan* that the Total Homemaker Plan had been born because customers needed a total programme to help them build their homes.

"They have been let down too many times, and they are put off by the complications and traps that lie in their way. It was obvious to us that they needed a trustworthy and professional support programme for their building and renovation needs.

"From the top down, we at U Build Jabulani are committed to doing the best deals for our customers, providing the best materials at the best prices, and supporting our customers through the whole process.

"The Homemaker Plan starts with the belief that we don't only sell building materials. We sell a professional service that looks after our customer from the planning stage to the completion of the entire project, and in order to do that we guide them through the complications they will come up against.

"Our philosophy is that a sale is more than a sale . . . it is the beginning of a total building and renovating relationship."

He said that housing was probably the major problem to be solved in a new South Africa, and that its urgency did not allow time for mistakes.

"Our customers don't have the time to learn the hard way, and the U Build Total Homemaker Plan ensures that they don't have to. It provides professional backup in the crucial area of housing."

READY MADE TRUSSES

The new U Build Total Homemaker Plan includes the only ready made roof truss manufacturing unit in Soweto.

Run by experienced draughtsman and truss manufacturer, Ben Dihutso, the unit uses sophisticated computer programmes to custom design roof trusses to suit customers' house plans.

The manufacture of the trusses takes place, and the completed trusses are delivered to any building site in Soweto.

Up to now truss manufacture has only been available in surrounding areas.

"We work to the uncompromising standards of quality and workmanship demanded by any division in the Cashbuild group," said Mr Dihutso.

THE QUALITY OF SUBCONTRACTING

The best house plan in the world, built with the best materials, will be a long-term disaster if it is completed using subcontractors with inadequate skills and an incomplete commitment to quality building, according to Mr Bushy Moloi.

Mr Moloi is in charge of the U Build subcontracting unit, part of the U Build Total Homemaker Plan.

"It doesn't make sense for a customer to buy high quality materials from U Build, only for them to be used by unqualified subcontractors. The result will be a house that could develop leaks, cracks or any of a host of defects that will require expensive repair and maintenance.

"That is why we see the subcontracting service as an invaluable add-on service to the supply of building materials. We only endorse and use proven reliable and high quality subcontracting for work our customers want us to get done on their behalf, and we do so at highly competitive prices."

He said that U Build subcontractors covered the whole range of services needed in the building or renovation of a home, and they were chosen with a great deal of care.

A NEW HOMEMAKER SERVICE

Shoddy building, unreliability rip-offs and plain developer fraud have been characteristic of parts of the home building and home improvement sector in Soweto. Because of this many prospective home builders and people wanting to upgrade their homes have become suspicious of suppliers.

In addition, many people simply do not have the know-how in the intricacies of having plans drawn and passed, arranging finance for their homes, and supervising the building operation to protect themselves from poor materials and workmanship.

Realising this Cashbuild subsidiary, U Build, has put together a comprehensive package known as the U Build Total Homemaker Plan.

"The plan provides homemakers with a complete range of services that cover every aspect of building or renovating Sowetans with reassurance that they will get what they pay for," said U Build general manager Mac Leaf.

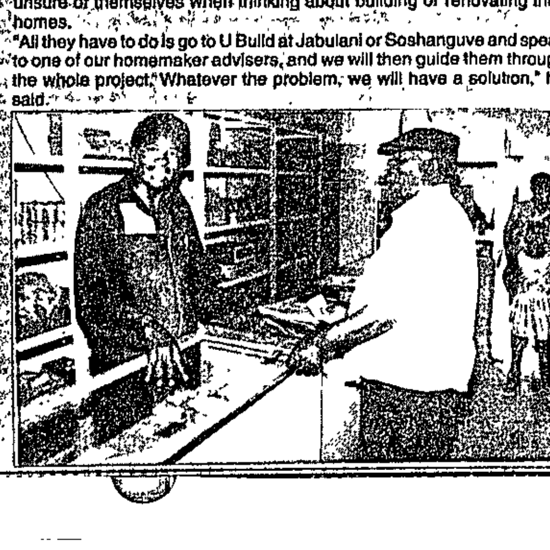
"The package starts with the design and drawing of plans and, as a start, we have over 200 new house plans a homemaker can choose from. We also provide low-cost home options, and options that enable home owners to improve their homes by adding rooms, paving and many other improvement applications.

"We are able to identify, list and supply all the materials that will be required, as well as help prospective homemakers to arrange the finance they will need.

"But the plan doesn't stop there. Once approval of plans and financing has been achieved, we are able to use subcontractors (who have been approved for quality and reliability by us) in the completion of the project, including jobs like the building of roof trusses."

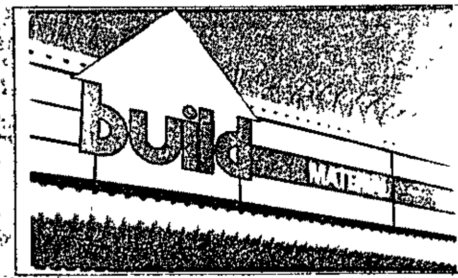
He said that the new concept, recently launched at U Build in Jabulani and Soshanguve, fulfilled a vital consumer need in the townships and meant that prospective builders or home improvers no longer needed to feel unsure of themselves when thinking about building or renovating their homes.

"All they have to do is go to U Build at Jabulani or Soshanguve and speak to one of our homemaker advisers, and we will then guide them through the whole project. Whatever the problem, we will have a solution," he said.



Sowetan 30/10/92 (32)

The U Build Total Homemaker Plan



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He said that housing was probably the major problem to be solved in a new South Africa, and that its urgency did not allow time for mistakes.

"Our customers don't have the time to learn the hard way, and the U Build Total Homemaker Plan ensures that they don't have to. It provides professional backup in the crucial area of housing."

THE QUALITY OF SUBCONTRACTING

The best house plan in the world, built with the best materials, will be a long-term disaster if it is completed using subcontractors with inadequate skills and an incomplete commitment to quality building, according to Mr Bushy Moloi.

Mr Moloi is in charge of the U Build subcontracting unit, part of the U Build Total Homemaker Plan.

"It doesn't make sense for a customer to buy high quality materials from U Build, only for them to be used by unqualified subcontractors. The result will be a house that could develop leaks, cracks or any of a host of defects that will require expensive repair and maintenance.

"That is why we see the subcontracting service as an invaluable add-on service to the supply of building materials. We only endorse and use proven reliable and high quality subcontracting for work our customers want us to get done on their behalf, and we do so at highly competitive prices."

He said that U Build subcontractors covered the whole range of services needed in the building or renovation of a home, and they were chosen with a great deal of care.

READY MADE TRUSSES

The new U Build Total Homemaker Plan includes the only ready made roof truss manufacturing unit in Soweto.

Run by experienced draughtsman and truss manufacturer Ben Dihutso, the unit uses sophisticated computer programmes to custom design roof trusses to suit customers' house plans.

The manufacture of the trusses takes place, and the completed trusses are delivered to any building site in Soweto.

Up to now truss manufacture has only been available in surrounding areas.

"We work to the uncompromising standards of quality and workmanship demanded by any division in the Cashbuild group," said Mr Dihutso.

A NEW HOMEMAKER SERVICE

Shoddy building, unreliability, rip-offs and plain developer fraud have been characteristics of parts of the home building and home improvement sector in Soweto. Because of this many prospective home builders and people wanting to upgrade their homes have become suspicious of suppliers.

In addition, many people simply do not have the know-how in the intricacies of having plans drawn and passed, arranging finance for their homes, and supervising the building operation to protect themselves from poor materials and workmanship.

Realising this Cashbuild subsidiary, U Build, has put together a comprehensive package known as the U Build Total Homemaker Plan.

"The plan provides homemakers with a complete range of services that cover every aspect of building or renovating Sowetans with reassurance that they will get what they pay for," said U Build general manager Mac Leaf.

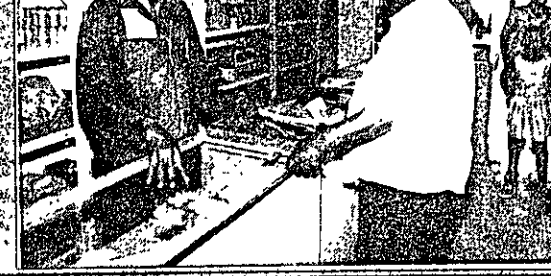
"The package starts with the design and drawing of plans and, as a start, we have over 200 new house plans a homemaker can choose from. We also provide low-cost home options, and options that enable home owners to improve their homes by adding rooms, paving and many other improvement applications.

"We are able to identify, list and supply all the materials that will be required, as well as help prospective homemakers to arrange the finance they will need.

"But the plan doesn't stop there. Once approval of plans and financing has been achieved, we are able to use subcontractors (who have been approved for quality and reliability by us) in the completion of the project, including jobs like the building of roof trusses."

He said that the new concept, recently launched at U Build in Jabulani and Soshanguve, fulfilled a vital consumer need in the townships and meant that prospective builders or home improvers no longer needed to feel unsure of themselves when thinking about building or renovating their homes.

"All they have to do is go to U Build at Jabulani or Soshanguve and speak to one of our homemaker advisers, and we will then guide them through the whole project. Whatever the problem, we will have a solution," he said.



Experts to discuss urban housing

Sowetan 30/10/92

By Joshua Raboroko

■ Housing will be addressed at an international congress in May '93:

AN INTERNATIONAL housing congress is to be held under the auspices of the Institute of Southern Africa and the National Association of Home Builders next May.

The congress, which is being held in conjunction with the International Association of Housing Science based in Miami will address the topic of "The future of Human settlements; Its challenges and opportunities."

Chairman of the IHSA Mr Jan Viljoen said the congress hoped to attract and host a wide range of well known local and international personalities and decision-makers who were extensively involved in all facets of housing and urban settlement.

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Difficulties and dilemmas

It plans to address issues such as:

- How the future of human settlements will be determined by today's policies and actions;
- What difficulties and dilemmas can be expected;
- What lessons have been learned and how they can be solved positively;
- How adequate and beneficial policies and actions are.

In order to achieve the IHSA's objective of promoting the art and science of human settlement and housing through interdisciplinary co-operation and research, the congress' organising committee has drawn together a panel of top experts involved in all facets of the housing and development industry to plan this exciting event.

Starke hits rural trail to survive

ARG 31/10/92 (32)

MARC HASENFUSS
Business staff

STRUGGLING civil engineering and building group Basil Starke is looking for work in rural areas because there are few major civils projects in the Western Cape.

Although contracts in rural areas are unlikely to spin big profits, a series of small deals would go some way to putting the group back on the profit trail.

Basil Starke reported a loss of more than R2 million in the six months to the end of June and was forced to retrench about 300 people as it scaled down operations in line with the weakening economy.

The group has already completed a storm water draining project on a farm in the Elgin area, and has since moved to Ceres to complete a contract for re-furbishing an earth dam on a privately-owned farm.

Basil Starke also recently completed a R3,9 million pump station project at Theewaterskloof Dam near Villiersdorp.

The group's civils head, Mr Alan Bailey, said: "We would like the farming community of the greater Western Cape to know that we are quite prepared to undertake contracts of this nature, no matter how small."

Other projects in the pipeline included:

- A contract worth close to R1 million for the installation of a sewer reticulation system for Pniel, a small village between Stellenbosch and Franschhoek.

Mr Bailey described the contract as 'fairly tricky', with much of the work being done on the slope of the mountain. The project was hampered slightly by heavy winter rains, but was still on schedule and due for completion in January.

- A R4,5 million road building contract near Gouda, which was on schedule for completion in January.

Again the project team was working flat out to make up lost time owing to heavy winter rains.

Mr Bailey said the project was on schedule before heavy rains and high water tables made work impossible.

Shock rise in heavy oil price

TOM HOOD
Business Editor

32 ARG 31/10/92

AN UNEXPECTED 31 percent rise in heavy furnace oil (HFO) prices will hit many industries and especially the hard-hit building industry.

Clay brick manufacturers are likely to increase prices as a result, to the detriment of associated industries, says Corobrik's Western Cape managing director, Mr Peter du Trevou.

He castigated the Department of Mineral and Energy Affairs for the rise and said: "The increase (on October 14) to 50,25c a litre, the second increase in four months, is unacceptable, particularly as other fuel costs have only increased marginally in comparison.

"It is interesting to note that bunker prices — fuel based in shipping — is currently 26 cents a litre and has been at that level for some time. Bunker fuel is very similar to HFO and one can only assume that local industries, such as ours, are supplementing this as well as oil and petrol prices.

"On the same date that HFO rose 20 percent, petrol went up 8 percent, while bunker fuel and diesel remained the same. It is patently clear that ours and similar industries are having to subsidise the other producers in order to balance the equalisation account."

Some petrol companies, in spite of a 40-month depression, had posted financial results showing a 50 percent increase in bottom-line profits.

"Instead of consistently pushing prices, it might be time for petrol companies to look at more effective control of their own costs.

"Although one can appreciate that HFO might not be as politically sensitive to prices as is petrol, the consequences of these increases will have far reaching effects."

BESTER INVESTMENTS 32

Support needed

FM 6/11/92

Activities: *Property and township development, building contracting and investment.*
Control: *Theunis Bester 75%.*
Executive chairman: *T Bester.*
Capital structure: *12m ords. Market capitalisation: R3,6m.*
Share market: *Price: 30c. 12-month high, 50c; low, 30c. Trading volume last quarter, 50 shares.*

Year to Feb 29	'89	'90	'91	'92
ST debt (Rm)	132,6	140,0	141,2	132,6
LT debt (Rm)	39,5	27,3	5,1	2,2
Debt:equity ratio	3,1	3,1	3,3	15,6
Shareholders' interest	0,20	0,19	0,18	0,05
Int & leasing cover	0;83	0,67	0,40	—
Return on cap (%)	7,2	6,0	0,04	—
Turnover (Rm)	n/d	260	250	182
Pre-int profit (Rm)	20,2	17,4	10,6	(9,7)
Pre-int margin (%)	—	6,6	4,1	—
Earnings (c)	(10,4)	(11,0)	(89,4)	(292,6)
Net worth (c)	459	450	364	72

Only something remarkable will rescue Bester from its financial difficulties but, naturally, chairman and founder Theunis Bester denies speculation that the firm faces liquidation.

He says Bester Investments can sit it out until things improve but the question for anxious shareholders is: can it? The R33m distributable reserves were wiped out during the year as losses per share increased from 89,4c to 292,6c. Deferred tax was written back in total in 1991; hence 1992's loss increased disproportionately. On a positive note, interest-bearing debt was reduced by more than R13m. Unfortunately, in Bester's R134m ocean of debt, that's not much. Interest paid amounts to 2,2c a share.

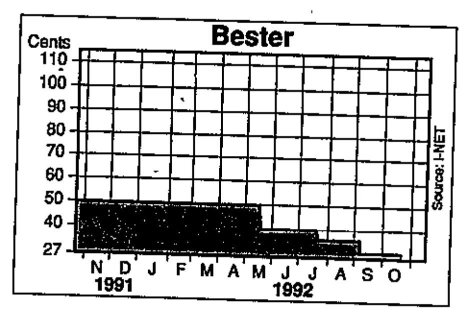
Auditor Coopers Theron Du Toit notes that the cash flow and margins are under pressure, adding that Bester's future depends on the continuing support of financiers.

Directors say the property portfolio will, under normal economic and political conditions, realise more than book value. But Bester says present conditions are not normal. Hence the directors' report goes so far as to say: "The possibility exists that the group already finds itself in a technically insolvent position." Trading will not continue. New business will cease and Bester, to limit further losses, will honour only existing obligations in terms of building contracts

Between August 1989 and August 1990, Bester obtained a R26m interest-free loan in a scheme whereby elderly people lend interest-free money to the company in return for a lifetime right to live, free, in Bester retirement villages. As security for repayment of

FM 6/11/92. 32

the loans, interest-free debentures were issued and secured by way of first mortgage bonds over the respective Renaissance projects — retirement villages.



Included in the carrying value of the fixed assets of the Renaissance projects is R11,5m in deferred operational expenses, to be recovered from sales of life rights. The auditor says the net realisable value of the Renaissance units may not exceed the capitalised value of R75,6m. Given all the uncertainties, Coopers is undecided about the recoverability of the loan, valued at R17,3m, to these subsidiaries. The auditor also cannot say whether the financial statements fairly represent Bester's financial position at February 29 1992.

Fortunately, the elderly people are protected by the Housing Development Act. As for the share, sell — if you can! *Kate Rushton*

FM 6/11/92 (32)

BASIL READ FM 6/11/92 (32)

Unfashionable approach

While other groups are moving away from cheaper housing exposure, Basil Read sees opportunities in this market. MD Chris Jarvis believes much more low-cost housing will have to be built to solve the critical shortage. He says any future government will be pressed to address this problem.

However, rather than act as developer (where others have burnt their fingers), Basil Read will mostly act as a developing agent. It will find the client, raise the finance and build on land that is already serviced. The strategy is typically aimed at companies wishing to address employees' housing needs.

This year will be one of consolidation and balance sheet strengthening, Jarvis says. "We must cut capital employed in all the divisions, thereby reducing gearing, and con-

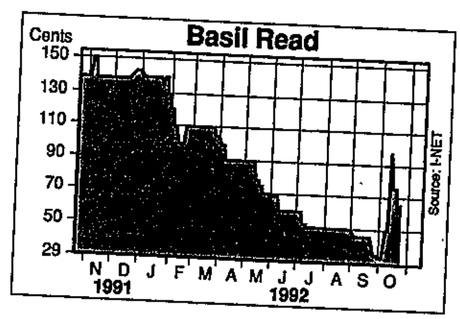
Activities: *Civil engineering, building, housing, property development and mining.*
Control: *Directors and employees 59%.*
Chairman: *C Dison; MD: C Jarvis.*
Capital structure: *14,3m ords. Market capitalisation: R9,3m.*
Share market: *Price: 65c. 12-month high, 150c; low, 33c. Trading volume last quarter, 273 000 shares.*

Year to 30 June	'89	'90	'91	'92
ST debt (Rm)	13,7	13,7	33,2	66,7
LT debt (Rm)	17,8	18,9	5,4	6,7
Debt:equity ratio	0,72	0,15	0,63	1,7
Shareholders' interest	0,30	0,26	0,23	0,17
Int & leasing cover	2,4	2,3	2,2	—
Return on cap (%)	11,7	10,3	6,5	2,1
Turnover (Rm)	329	414	508	460
Pre-int profit (Rm)	16,9	19,3	14,3	4,9
Pre-int margin (%)	5,15	4,68	2,8	1,0
Earnings (c)	86,7	96,1	42,0	63,5
Dividends (c)	25	30	10	—
Net worth (c)	303	345	356	288

centrate on core activities."

About R60m should be raised through disposals. If these go according to plan, R80m overdrafts, acceptances and short-term borrowings will drop to about R20m. Capital employed will also drop by R60m to R103m.

The mining division, ironically the only one to show a profit last year, has a perennial problem as most of its contracts are high-speed but of short duration. However, cer-



tain medium-term contracts have been obtained, including opencast operations in Botswana. Recently some smaller contracts have been awarded.

Jarvis says it's unlikely a dividend will be declared this year as no material improvement in trading profit can be expected. But the interest bill will be sharply down.

On October 12 Old Mutual sold its 3,6m shares (25,2% of the equity) in a JSE book-over to German textile industrialist Claus Daun, and this could stimulate bid rumours — especially given the enormous discount of the share price to NAV. *William Gilfillan*

Recession halts building starts

THE recession is taking its toll in the building industry, according to the latest *Rode Report on the South African Property Market*. W/Mail 6/11 - 12/11/92

Fewer houses and non-residential buildings are being started. The sharp drop in the number of non-residential building starts, with the effect of value added tax, has combined to halt building cost increases in non-residential property.

Real Estate Surveys research director Erwin Rode says increases in contract prices and input costs have also been arrested.

(32)

...AROMETER

W/Mail 6/11 - 12/11/92

The rise in non-residential contract prices, as measured by the Bureau for Economic Research building cost index, has slowed to about five percent compared to a year ago.

(32)

The growth in input costs, as measured by the building industry's Haylett formula, is down to about two percent.

Group Five awaits the big upswing

EDWARD WEST

GROUP Five was unlikely to return to its growth pattern of the past few years until fixed investment in SA and the surrounding countries improved, chairman Peter Clogg said in his 1992 annual review.

Over the past few years the construction group operated with cash surpluses, but the current economic climate had a negative effect on cash flow.

February to April was traditionally the period of lowest cash resources and the trend would continue into 1993 with unusually high borrowings over the period, said Clogg.

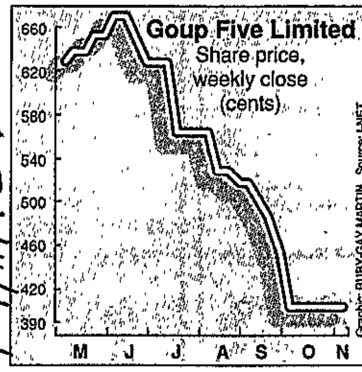
Prospects for the year were not encouraging and all divisions were severely hampered by a shortage of demand.

The entire construction industry was shrinking and competition for contracts had led to unrealistic price structures, he said.

The loss of jobs and expected further losses were a major cause for concern and the industry might not cope with an expected upturn should the shrinkage continue to any marked degree, he said.

Clogg said the group's industrial activities were sensitive to volumes which had been reducing considerably over the past few months.

A national housing initiative, which would emerge only with political direction, could become effective only after eliminating restrictive factors such as bureaucratic regulations that caused undue delays, he said.



SA's fiscal structure and its inflation rate presented an impediment to international investment in infrastructure, but this could be partially overcome by granting meaningful allowances to capital projects and reducing effective interest rates for such projects.

In the past year areas in which the group had particular skills, such as mass housing, precast concrete construction methods, township development and project management had to be further reduced.

Losses associated with a staycable bridge, the problems with which had been universally related to design shortcomings, delays and communication difficulties, resulted in temporary negative cash flow and high interest charges which should be corrected in the current year, said Clogg.

In the past year Glybeton and High Structures, which operated autonomously, had been consolidated and further rationalisions could be unavoidable.

However, said Clogg, the group was well structured to operate efficiently in the difficult economy and its core businesses were strongly intact. The group was well positioned to take advantage of new opportunities, he said.

Lower tax bill helps Shoredits stay ahead

(32)

EDWARD WEST

B10AM 11/11/92

TURNOVER at construction group Shoredits dropped slightly in the six months to end-June 1992, but a substantially reduced tax bill pushed earnings a share up to 13,3c from 12,9c the year before.

The 4c a share interim dividend was maintained.

Turnover had dropped by more than a tenth to R92,59m (R106,12m) because of a lull in income caused by a number of contracts coming to an end and the start of a number of contracts over the first half, said financial director Pierre Cronje.

Operating profit margins remained virtually unchanged at 5,07% (5,09%) and operating profit had dropped to R4,7m from R5,4m. Interest was slightly lower at R2,71m (R2,81m), but tax was lower by more than half at R530 000 (R1,18m) due to utilisation of assessed tax losses.

Taxed income increased to R1,46m compared with R1,42m at the same time a year before. Attributable income was R1,43m (R1,39m).

Directors reported that turnover in the second half would be higher than in the first half and was expected to be similar to that achieved in 1991 overall. Group order books were satisfactory.

In line with policy to reduce short-term debt, fixed assets would be rationalised and certain properties would be sold resulting in a cash inflow to the group of R11m. This would be used to strengthen the balance sheet and place the group in a good position to change with the economy.

Construction of the R34,4m Mayville Hypermama had been completed on schedule and the shopping centre had opened to the Pretoria public yesterday, said Cronje.

Construction of the R42m second phase of the Northgate shopping centre near Honeydew was also on schedule for completion in March 1993.

Shoredits' tightly-held shares moved from a high of 130c in January to 110c in mid-September when they were last traded. Cronje said because shares were tightly held their real value was not reflected.

Genrec expects to encounter difficult trading conditions

BDay 11/11/92 (32)

EDWARD WEST

MURRAY & Roberts subsidiary Genrec was expecting difficult trading conditions in the financial year to end-June 1993 and operating earnings were unlikely to show any marked improvement, chairman Dave Brink said.

In his review of the construction, engineering and manufacturing group's operations for 1992, Brink said gross domestic fixed investment remained at low levels and previous forecasts of an upturn in 1993 proved to be optimistic.

Genrec's R45m high-precision machining facility started production in October 1991.

The group also acquired VMI Tooling, a manufacturer and distributor of high-precision machine cutting tools and related products.

Murray & Roberts also increased its stake in the group from 83% to 99%. Operating profit for the second six months of financial 1992 was lower than in the first half and earnings increased to R36,2m from R32,5m the year before.

The group expected to initiate a substantial housing project early in 1993 to provide low-cost homes for factory workers within walking distance of their workplace.

This would contribute to the stability and permanence of the labour force and productivity improvements, said Brink.

Huge blood-letting seen for building industry

(32)

ARG 13/11/92

MARC HASENFUSS, Business Staff

THERE will be large amounts of blood-letting in the building and civil engineering industry early next year, especially among contractors operating with high levels of interest-bearing debt, Ovcon chief executive Jan Kaminski has predicted.

Mr Kaminski said the industry had been characterised this year by suicidal prices for new work.

In spite of the harsh industry conditions, Ovcon produced its best half-year results since listing. Turnover crept up 4 percent to R77 million but better margins boosted pre-tax income up 24 percent to R2,3 million in the six months to end September.

However, bottom line showed a 10 percent drop to R1,7 million as assessed losses were fully utilised during the interim period and resulted in a tax bill of more than R600 000.

Earnings a share came in lower at 18,6c (20,6c), but shareholders will be happy with the maintained interim payout of 4c a share.

Ovcon's balance sheet remains satisfactory with cash holdings still healthy at R13,6 million, in spite of interest bearing debt being reduced by almost R2 million.

Mr Kaminski noted that the group was in "sound financial condition" and that Ovcon's net asset value had increased 75 percent in two years.

He said cash resources were being deployed as minority equity in developments in order to generate further constrction opportunities.

He said that in spite of the recession, niche developments were being undertaken, while specific industries were developing their facilities to cope with new opportunities.

He said the group was already involved in a number of "delicate" negotiations for work to start early next year.

Over R85 million of work had been completed at the V & A Waterfront's retail centre while upmarket residential developments were currently under construction in Gordon's Bay and Camps Bay.

In addition, a frail care centre and sports club at the revived Helderberg Retirement Village would be completed during the next calendar year.

Ovcon is working on its tenth winery in the Boland, and further winery facilities were being planned for next year.

Mr Kaminski said the group's Natal division was performing above expectation. Major work in the area included a R22 milion shopping centre on the Bluff.

The group was also active in the Natal Midlands where a number of projects had recently been completed. Other projects in the region included a major dairy farm in Estcourt, additions to the Medical school at the university of Natal, civil works at Sapref and a further extension for the SABC.

Mr Kaminski pointed out that infrastructural spending to cope with the rapidly expanding urban population was extremely low, although the group had completed three large reservoirs worth R15 million this year.

Construction firms 'will bleed'

LINDA ENSOR

CAPE TOWN — A bloodletting in the construction industry involving further liquidations and large-scale retrenchments would take place early next year, Ovcon CE Jan Kaminski predicted yesterday on the release of the building and civil engineering group's sturdy interim results to end-September. BDay

He said tender prices had reached "suicidally desperate" levels, in some cases 15%-20% below cost. 13/11/92

The lack of business confidence in the economy was apparent in the large number of contracts, including overseas contracts, being put on hold, and in the low level of infrastructural spending.

Ovcon's interim earnings a share slipped 10% to 18,6c (20,6c) largely because of the resumption of tax payments after assessed losses were exhausted.

However, the dividend was maintained at 4c.

Turnover (excluding VAT) rose 4% to R76,7m (R73,7m) and with the operating margin firming slightly to 3,4% (3,1%) and lower finance charges, pre-tax income increased 24% to R2,3m (R1,9m) — the highest pre-tax increase since Ovcon's listing.

Kaminski said internal efficiencies had been achieved by the concentration of management which had reduced wastage and improved productivity. (32)

Major contracts undertaken included the R85m contract for the Victoria Wharf retail complex, upmarket residential developments in Gordon's Bay and Camps Bay, winery facilities in the Boland, three large reservoirs worth R15m, and a R22m shopping centre in Durban. The Natal division had performed above expectation.

The group had cash resources of R13,6m and reduced interest-bearing debt by R2m.

The group's financial health enabled it to get contract guarantees from financiers, he said. Net asset value rose to 137c (105c).

Of the next six months, Kaminski said Ovcon would be able to maintain pre-tax earnings if current negotiations for substantial contracts scheduled to begin early next year were successful.

Toyota enters the top sector

S/Times (Buss) 15/11/92.

By DON ROBERTSON

THE launch of the Toyota Camry this week is another attack by Japanese-sourced manufacturers on the German medium and luxury cars.

The Camry, in 10 different variants with a two-litre, 2,2*l* and a 3*l* V6 engine, replaces the Cressida, which will be run out by the end of the year.

Earlier this year, Nissan introduced the Maxima which challenges Mercedes-Benz, BMW and Audi.

Toyota has spent R186-million in tooling for the new range. Because most of the work was done in-house, large savings were achieved. Another R64-million was spent on robotics, computerised diagnostics, flow control on the assembly line and modernisation of the plant at Prospecton near Durban.

The intention is to raise production to 1 300 a month, says Toyota Marketing managing director Brand Pretorius. Initial output is expected to be about 1 100 a month, but Toyota hopes to maintain a market share of about 8,5% with the Camry alone.

Mr Pretorius says: "The new car could take some sales away from the Corolla. But with good Camry sales, Toyota's share of the new-car market is expected to be between 26% and 27% next year."

Toyota chief executive Bert Wessels says: "The money for Camry comes from retained income and normal borrowings. Key balance-sheet ratios will remain within target levels. Amortisation costs of the tooling and facilities will be acceptable given the high volume potential of the Camry."

Free

It is expected that these costs will be amortised at about R2 400 a vehicle over six years, in which an estimated 108 000 cars will be sold.

During the run-out of the Cressida, sales have averaged about 600 a month compared with about 1 000 monthly last year.

The basic 2*l* model costs R61 590, rising to R73 120 for the automatic. The bottom-line 2,2*l* costs R75 040, increasing to R93 540 for the automatic version. The more luxurious 3*l* V6 manual sells for R116 450 and the automatic for R122 280.

Profits rise at Shoredits

(32)

S/Times (Buss) 15/11/92.

By CHERILYN IRETON

PRETORIA-BASED Shoredits Group this week reported a 3% jump in attributable profit to R1,4-million for the six months to June — in spite of pressure on turnover which slipped 17% to R92-million.

Shoredits says order books indicate an increase in income in the second half and turnover should match 1991's R231,9-million.

Competitive pressure on business is expected to ease as the economy recovers and projects such as the Alusaf aluminium smelter and the Columbus Stainless Steel venture get off the ground. Shoredits hopes to tender through consortiums for some of the work linked to these projects.

Fixed

The group was responsible for most of the earthworks at Lost City. It is also involved in extensions to Northgate Shopping Centre, the construction of the Roodepoort Technikon and has completed a large part of the northern Kalahari water-pipe project.

As part of a process of rationalising fixed assets and strengthening its balance sheet, as envisaged earlier this year in the chairman's report, the company has agreed to the sale of certain properties. This will strengthen its current assets by R11-million.

Although short-term liabilities exceeded current assets at the halfway stage, contracts in progress amounted to R21,5-million, for which payment was due. The group owed sub-contractors R13,4-million.

The interim dividend remains unchanged at 4c.

WEEK IN BRIEF

A SUMMARY of the week's corporate announcements.

MONDAY: Namibian Sea, Namibian Fish to list on Namibian Stock Exchange from 11/11. City Lodge shares fully placed.

TUESDAY: Listing of Barplats debentures ends 31/12 when they convert into ordinaries. Pick 'n Pay, Pickwik members approve two-for-one share splits.

Kustum warns.

WEDNESDAY: Holdains buys 50% of Crown Cork SA and 30% of Crown Cork USA's subsidiaries in Zimbabwe, Zambia, Kenya and Nigeria for R60-million. There is an option to buy another 20%. The deal entitles Holdains to 26% of Crown Cork SA's earnings and another R60-million over three years accrues 24% more of profits.

Leegall delisted, Hyperette suspended by JSE. MJM rights offer opens 20/11, closes 11/12.

THURSDAY: Rand Mines, Rand Coal announce that Eskom has suspended three sets of the Majuba power station because the coal reserve is flawed. Options are being reviewed.

Romano's rights offer of 41,7-million shares, three for one at 5c, opens 20/11, closes 11/12.

FRIDAY: Libvest announces it has sold a million Stanbic shares for R70-million. Bloch to register in SA. Mercantile Registrars is appointed Fedsure's secretary.

Gencor announces the go-ahead of Alusaf, worth R4 150-million in January 1992 money. Columbia members agree to rationalisation, delists 27/11. Vektra buys control of Eddies, warns again. Pocot Trust buys 32%

EXPORT OPPORTUNITY

Ovcon's best half-year

S/Times (BUSS) 15/11/92 (32)

By CHERILYN IRETON

SUICIDAL price cutting in the building and civil engineering industry did not stop Ovcon from achieving what the directors say are its best operational half-year results since it was listed on the JSE.

Although turnover rose by only 4% in the six months to September, pre-tax profit was up a quarter to R2,3-million. However, the exhaustion of benefits from tax losses resulted in earnings being reduced by 10% to 18,6c a share.

Chief executive Jan Kaminski says cash holdings remained significant at R1?.6-million in spite of a R2-million reduction in interest-bearing debt.

"Cash resources are being deployed as minority equity in some developments in order to generate further construction opportunities for Ovcon. The group is in sound financial condition and is well poised to take advantage of an upswing in the economy."

Ovcon's ability to match 1992's pre-tax profit of R4,1-million will depend on whether further work is secured soon.

Mr Kaminski predicts a large amount of blood letting early next year, especially among contractors with high interest-bearing debt.

He says the group is involved in several delicate negotiations for work to start early next year.

● A report in Business Times last week identified Ovcon as a candidate for failure in terms of a financial-risk assessment conducted by McGregor's On Line and KreditInform. The assessment was incorrect.

The ratings model was rerun this week and the result was considerably more upbeat for Ovcon.

Business Times regrets the misleading impression caused by last week's report.

Boost for building industry

HILARY GUSH

32

LARGE-SCALE development projects would ensure a turnaround in the construction industry in the next few years, but co-ordination of urban infrastructural plans was also needed urgently, Federation of Civil Engineering Contractors economist Henk Langenhoven said at the weekend.

He said the building of the Alusaf smelter at Richards Bay was expected to pump about R650m into the construction industry, while the development of additional facilities at Mossgas — forecast to start within a year — could provide R500m.

Work on the Columbus Stainless Steel plant would net the industry about R800m in the next three years.

He said the private sector had almost ousted the public sector as a major client of the construction industry, and large private sector projects had the potential to "replace the public investments of the Sasols and Iscors of yesteryear as prime growth generators in the economy".

Langenhoven stressed the urgency for large-scale investment in urban infrastructure. He said despite recent shifts in budgetary allocations towards greater funding of low-income housing, there was a lack of thorough planning needed to enhance sustainable urbanisation.

"The proliferation of governmental and non-governmental agencies responsible for the channelling of funds to target areas does not contribute to an appropriate solution," he said.

Township awards had comprised about 22,5% of total contracting awards this year, after posting a 15,5% share last year. He said there was a "grave lack of co-ordination" in the sector which could have carried the industry through the recession.

"Uncertainty is the root of the problem of deficient investment. The impasse in the redirection of resources is also caused by the lack of development on the political front," he said.

Company Awa

Shire set to build on its past successes

GIVEN the extreme pressure under which the construction industry is operating, the appearance of construction company Shire among the finalists of this year's Non-Listed Company Award is noteworthy. (32)

Chairman ~~and MD~~ Ian McGregor says the Pinetown-based company attributes its success to focused strategic and financial management.

Shire was formed in 1964 and is active in four major areas of operation: building construction and rehabilitation; geotechnical aspects of engineering; civil engineering, including township services; and concrete structures and plant hire.

Despite the cut in government spending on fixed investment, McGregor says the company's operating divisions have more than held their market share.

B/DAY 17/11/92

Active

Shire is active in the commercial, industrial, residential and institutional spheres and through its programme of diversification, has adapted to different levels of economic activity.

"With an opportunistic eye on the future, Shire has recently embarked on a new joint venture, Phambili Construction, with black-controlled partners Vukani Construction," McGregor says.

Phambili has completed four successful projects with strong new prospects for the new year, he says.

Shire, which is established in Natal, the Transvaal, Cape and Transkei, is "looking for a toehold further north — part of the management's programme for future success", McGregor says.

Company is built on initiative

(32) Sowetan 19/11/92

■ Now he wants to give his black brothers a chance:

By Joshua Raboroko

DCM Building and Construction, established by qualified bricklayer Mr Dave Cleophus Medi (44) in 1978, is today considered the largest black-owned building company in Alexandra.

The company has built homes and schools and renovated hostels, houses and factories in the northern white suburbs and neighbouring townships.

Presently it plans to undertake projects at an estimated cost of more than R450 000 for the building of schools in Pimville, Meadowlands and Alexandra.

The company has also sub-contracted small and medium sized businesses in the ghettos.

"Sub-contracting came to my mind when I realised that the job was becoming too much," Medi said this week, adding: "I also wanted to create jobs for my black brothers."

He said: "I am hoping to strike another big deal when the envisaged plan by the Government to renovate troubled hostels gets off the ground later.

"It is my desire to help solve the country's housing shortage estimated by authorities to be in the region of 2 million at the moment," he added.

Medi passed Standard 8 in 1964. He obtained a diploma in bricklaying, plastering, plumbing and carpentry at the George Tabor Vocational College in Soweto.

He worked for numerous companies which, he said, exploited his experience by not paying him a satisfactory salary because of apartheid.

The turning point in his career came in 1978 when he decided to go solo and opened his own business.

COMPANIES

Stocks & Stocks shakeup

BDAY 20/11/92 (32)

PETER GALLI

IN A move designed to increase the tradeability of its shares, construction group Stocks & Stocks Holdings (Holdings) would restructure its share capital, by becoming a pyramid, group financial director Johan van Vuuren said yesterday.

Subsidiary Stocks & Stocks Limited (Limited) will be restructured and listed. Holdings will sell its entire share capital and loans in its other subsidiaries in exchange for the entire new 80,46-million Limited shareholding.

About 35% of the Limited shares will be allocated by the issue of 54 Limited shares for every 100 Holdings shares held, he said.

This will effectively make Holdings a pyramid company with its only asset being its 65% investment in Limited.

"This will give Limited an adequate spread of shareholders to apply for a JSE listing, which will take place on December 7 if approved," he said.

It is hoped the new share price will list at about the same price as the Holdings share, which was untraded at its ruling price of 115c yesterday, barely off its October 29 low of 110c and down from its March 16 high of 235c.

The restructuring will be effective from May 1 this year to facilitate reporting and both companies will have identical net asset values, earnings and dividends a share.

"The mathematics of the arrangement has been done in such a way that Holdings and Limited will have identical net asset values, earnings and dividends and should therefore trade at similar prices," he said.

The net asset value of the Holdings share stands at 313c before restructuring, but will remain constant afterwards in the form of 203c in the 100 Holding shares and 110c in the 54 Limited shares.

"Shareholders will mathematically therefore be neither better nor worse off than before, but they will be more able to trade their shares," Van Vuuren said.

Shares equal to about 33% of the total group value will be released for trading. Historically staff have been given shares in the company but these had been pooled and were only tradeable under certain conditions so that control remained with management and staff, he said.

However, this restricted the tradeability of the shares on the exchange. "The new structure will allow employees to commit fewer shares to the pool while still entrenching control.

"Our ability to grow by way of issuing shares for strategic acquisitions will also be enhanced," Van Vuuren said.

Bifsa has plan to provide housing

32

S/Times [BUSS] 22/11/92

By TERRY BETTY

THE building industry, which is on the verge of collapse, has asked the Government for "construction relief".

Building Industries Federation of SA (Bifsa) executive director Ian Robinson says Bifsa has presented an 18-page proposal to keep the industry on its feet as well as handle socio-economic imbalances.

The report has been given to the Economic Advisory Council and to Finance Minister Derek Keys.

Clinics

Recommendations include:

- A 15% increase in expenditure on low-income housing to R4,3-billion.
- A 15% increase in public spending on non-residential buildings, such as clinics and schools.
- Additional funds to supplement the R22,5-million Bifsa spends on skills training and tertiary education.
- Increased funding for the first-time house-buyers subsidy scheme from R155-million to R332-million.
- A higher ceiling for those qualifying for the subsidy to take account of inflation.
- Implementation of the De Loor recommendations as soon as possible, specifically to establish one National Housing Department instead of the present 14 unco-ordinated departments.

Mr Robinson says funds would be available if the Government reduced the bloated public service. Streamlining it would also yield great returns.

Shortage

He says every rand spent on low-income housing provides jobs and has greater social benefits than if spent on public servants' salaries.

This is because the construction sector is highly labour intensive.

The National Manpower Commission said in August 1990 that the construction sector provided 186 jobs for every R1-million spent, compared with 124 in agriculture and 67 in commerce.

Such an initiative would go a long way to alleviating the shortage of 1,4-million houses and would provide low-skill jobs in areas of greatest unemployment.

Mr Robinson says this scheme has socio-political advantages.

"Providing adequate housing and employment will go a long way to easing domestic unrest."

"From a macro-economic point of view it will not adversely affect the balance of payments because housing has virtually no direct import component.

"Construction is the "engine of growth". Public construction goes hand in hand with economic growth. But SA Government spending on infrastructure and buildings has diminished to 3,5% of gross domestic product. Current expenditure yields no returns, but has been increasing.

Boycott

Low-income housing could be provided by site-and-service schemes, greater subsidies for first-time house buyers, reduced initial payments and supporting financing schemes.

Mr Robinson says the best option would be to use government money as leverage to free private-sector cash.

If the fiscus allocated R177-million to interest-rate subsidies it would result in R2,7-billion being injected into housing in the form of loans from private financial institutions.

"The private sector is awash with cash. It needs government backing and assurances from labour that there will be an end to the bond boycott."

Bifsa is involved in the National Economic Forum as well as the National Housing Forum.

Mr Robinson is convinced that labour could be persuaded to drop bond boycotts if the Bifsa proposals were accepted.

300 building firms expected to go bust

BIDA 24/11/92 (327)

THE construction industry took a battering this year as building levels dropped and competition for existing work became increasingly cut-throat, with many players tendering at break-even point or below.

Credit Guarantee economist Luke Doig says indications were that close to 300 building and construction companies would go to the wall by year end.

In construction, business failures rose 39,9% to a record 214 in 1991. In the first five months of 1992, 112 firms folded. This is 36,6% up on the 82 in the same period last year.

Credit Guarantee — which insures firms against non-payment from buyers — has seen an increasing trend in the number and value of claims over the past 18 months.

"The construction industry, which is feeling the effects of declining demand and high cost increases, forms a large part of our portfolio and we do not expect to see any improvement for at least the next year," Doig says.

Cape-based Graham Construction MD Christopher Durrant says renewed optimism will enter the property market, sending prices upwards once negotiations for a political settlement are on track.

Construction giant Stocks & Stocks believes the relocation of businesses from the Reef to the western Cape is emerging as a major trend of the early 1990s. Proof of this is the number of "free occupation" signs outside many Reef commercial properties and their scarcity in the Cape.

"We have witnessed relocation to the Cape on a growing scale over the last two years. New factories and mini-factories have developed as business owners from the Reef decide they want to live in the Cape and are prepared to bring their business with them," says Stocks Properties (Cape) MD Dave de Freitas.

The first major office component to be integrated with the Victoria and Alfred Waterfront in Cape Town will be provided by Stocks Properties (Cape) and its sister construction company. Crews are working on the R100m Portswood Ridge Office Park development next to the waterfront development.

Parking

The site covers nearly 15 000m² and about 18 000m² of A-grade office space will be available in five office buildings. Some 300m² of retail space will be provided, as will three-levels of underground parking for 1 000 cars.

A 100-bedroom hotel and restaurant complete the development. Phased handovers start next March.

While the eastern Cape has yet to witness a resurgence in development interest at the level experienced in the western Cape, news that Port Elizabeth beat Brisbane in a successful bid to host the World Games could well provide the impetus for lift-off.

The games will bring 3 000 competitors and officials, 700 journalists and 15 global TV networks to the windy city.

Stocks (Eastern Cape) is working on the prospective Games Village and, in partnership with Stocks Group companies, is developing a new 90-room hotel and timeshare complex at Brookes Hill overlooking the harbour.

Municipal approval has been given and work includes a R20m leisure centre and 100 chalets.

"Two years ago we relocated our eastern Cape operations from East London to Port Elizabeth as it became apparent this would be the hub for future growth.

"Some construction companies have moved out in recent years, but we have firm belief in local potential," says MD John Devine.

Adapting services to better suit the market's needs (32)

TOUGH economic conditions have forced many consultancy and service-orientated companies to examine how effectively they satisfy their target market.

"When the going gets tough, the tough look very carefully at how effectively they satisfy a market need. Pentagraph, like many similar consultancy practices, found 1992 to be a difficult year," says director Michael O'Malley.

As the economy showed signs of weakening during the '80s, Pentagraph reviewed its operations and created a new niche in the industry.

The former graphic and industrial design company incorporated architectural and interior design skills, offering these to their client base, which secured more work and introduced a new clientele.

"Economic conditions are forcing clients to look at design value and one needs to be able to offer the most diverse and comprehensive service. While this year has been more difficult than any other to secure work and sustain margins, our strategy and commitment has allowed us to reach a much larger audience than ever before."

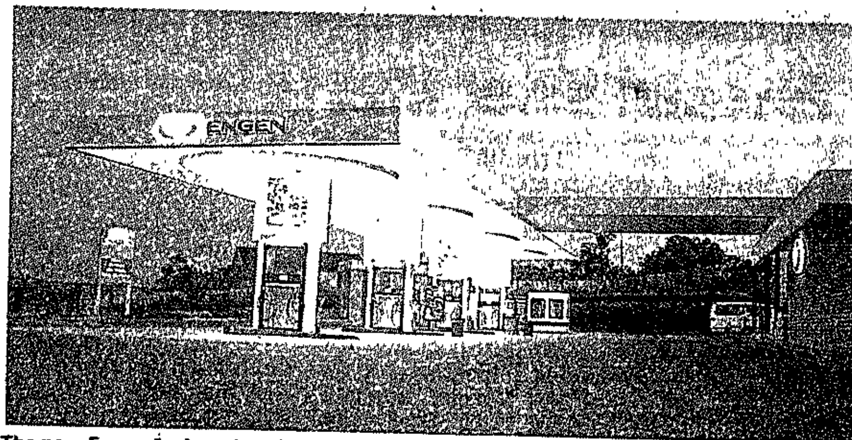
Also important is that the architect works with the client in the initial stages to ensure all aspects of the design fit the business it houses.

An example of this is the recent launch of the Engen fuel stations. Pentagraph formed a core team of architects, interior designers and industrial and graphic designers, who jointly conceived the product.

Uniformly

"The critical contribution of each discipline has ensured the integrated package grew uniformly. We also recently completed the Volkskas re-image, having had similar experiences with The Carousel, Trustbank, Sanlam and Transnet," O'Malley says.

The enhancement of the workplace is another area attracting attention as employees become more demanding about their surroundings.



The new Engen fuel station. Consultancy practice Pentagraph created a holistic image for the company.

B | DAY 24/11/92

Plantopia has come up with a new creative concept — using plants as an art form. The Penjings, or miniature landscapes, are created from carefully chosen and cultivated plants, organic materials and glazed ceramic bowls, artistically combined to form decorative miniature plant worlds.

They are designed for desk top surfaces, meeting or reception areas and, according to group MD David Lavelle, the idea was adapted in response to a specific need. "In the ever-changing corporate environment, there is clearly a need for innovative design in plants and foliage. The aesthetic qualities of plants have long been recognised and our research identified the need for a desk-top plant feature."

Penjings are available at a monthly rental contract of R59 each. The miniature landscape needs no additional care during the four week period as it has been cultivated and nurtured to exist for this time in its shallow bowl.

"After a month we will deliver a completely new Penjing, providing constantly changing artistic variety in the office."

FM 27/11/92.

for lift-off

more, at most institutions. "This is considerably better than the 16,25% one can get on Standard Bank's Prestige home loan, and goes to show how competitive the market is."

The effect of lower short-term interest rates should be even less on the commercial and industrial property market. Rode says there is a long lag involved in the relationship between the two. "Ultimately, the market reacts to changes in demand for space, which in turn will increase only once the economic upturn is under way. The problem is compounded by the oversupply of office space," he says.

Luus says the drop in interest rates might benefit the industrial property market as costs of finance decrease and returns on other investments decline.

Sanlam Properties GM Dolf Müller says the industrial and commercial property market is little affected by short-term rates: "Investment decisions of this nature are guided by the long-term view, which is still clouded by sociopolitical uncertainties. Rates at the long end of the market don't seem to be coming down." ■

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LOW-COST HOUSING

Use that slag

The *FM* has in the past suggested that one way to bring down the costs of housing for low- or no-income people is the re-use of building materials from demolition sites. Now Portland Cement Institute has come up with some ideas of its own.

It has been suggested that at least R700 could be sliced off the cost of a R20 000 house if industrial waste were used in the manufacture of cement bricks or blocks. Institute executive director Graham Grieve says analysis and testing of waste material for sectors such as mining show that byproducts of many metal smelting processes — such as silica fume, blast furnace slag and fly ash — could be blended with Portland cement to form products similar to cement.

Investigations are also being carried out into the use of charge chrome tailings and waste silica ore for possible use as aggregates. Large volumes of these waste materials are often dumped and could damage the environment.

Grieve adds: "Some waste materials have been used as sources of aggregate for use in concrete or concrete products. Blast furnace slag produced by Iscor, which, when used in the manufacture of blended cements, has already attained a quality covered by a Sabs specification. Fly ash, derived from Eskom power stations, can also be used for the

FM 27/11/92 32

manufacture of Sabs quality-approved blended cements.

"A recent introduction is condensed silica fume, a dust collected during the production of silicon metal or ferro-silicon alloy, which has found use mainly in special applications with cement. The quality of all these materials can be specified to meet Sabs standards.

"All of these supplementary cementitious materials have the ability, when used correctly, to enhance the quality and durability of the concrete end-product. As waste products, the energy consumption of production as a cementitious material is generally low. The prices of slag and fly ash are well below

continue →

 FM 27/11/92

32

that of ordinary Portland cement."

Genmin civil engineer Brian Dowling says Impala Platinum furnace slag has been successfully applied as part of the mixture for the production of bricks and blocks for low-cost housing programmes within the Genmin group. Local entrepreneurs from villages adjacent to the slag dump at Mineral Processes in Rustenburg collected the slag free of charge and used this, together with cheaper cements containing fly ash, for brickmaking.

"Slag aggregates have also been introduced to Impala Platinum's employee housing scheme. Substantial quantities of slag can be substituted for sand and stone — resulting in big savings in the cost of building a house. There are 3,6 Mt of platinum slag available which, if utilised properly, would help to build more than 100 000 rural houses."

Dowling adds that the Columbus Stainless Steel project team has been alerted to the possible savings and environmental benefits in using Middelburg Ferrochrome's charge chrome slag. Trans-Natal's social upliftment programme could also benefit from the availability of Samancor's slag production, he suggests. And "other investigations in progress now include the use of charge chrome tailings, available in at least seven other locations, and waste silica ore, which is also available within the Genmin Group." ■

GREENER PASTURES

In a surprise announcement, Werksmans' property partner Laurence Kaplan (35) is to switch from the legal profession, where he has earned an enviable reputation in the field of commercial property law, to commodity trading. He will make the move early next year.

Why the change? The *FM* understands that one of the attractions for Kaplan in his new job is the opportunity of relocating to Europe.

Says Kaplan: "Opportunties in life are few and far between and when something as exciting as this job came up, I grabbed it. I have had an incredibly challenging and stimulating time in the property department at Werksmans and I leave a highly motivated and competent team headed by Fatima Rodrigues."

PROPERTY Deal with multinational company

Prayers paved the way to success

32

Sowetan 27/11/92

By Joshua Raboroko

■ BUSINESS VENTURES Tshikota was not deterred by failures:

THE road to success has been a long and bumpy one for businessman Mr Bishop Phineas Maemo Tshikota (42) who is also bishop of the New Saint Amos Apostolic Church.

Three business ventures which he embarked on turned out to be failures.

But he was not deterred and success came when he started One-way Building and Plumbing Construction and Tshikota Home Improvements in Germiston.

The companies have branches in Pretoria and Soweto and employ more than 50 artisans.

Tshikota has built 200 houses in the low-income sector and done plumbing work at numerous factories.

He says he has made a deal with a multinational company to build homes in Israel and other parts of Africa. He did not want to name the company.

It was his aim to motivate black builders by starting a Builder of the Year Competition in January, he said. He would also stage a Miss One-way and Tshikota Home Beauty Contest.

"I want to build as many homes as possible to help ease the housing shortage," he said at his offices in Germiston.

He also wanted to create as many jobs as possible by getting involved in building the nation."

Tshikota was born in Raliphaswa in Venda. After passing Standard Six he went to a training school where he acquired the skills of plumbing, drain laying and bricklaying because "I was always fascinated by building and plumbing work".

He came from a poor family who lived in a squatter camp.

His first job was with the Venda government in 1973 and he earned R21 a month. He said he was fired by the late Chief Minister Patrick Mphephu for organising workers to protest against low wages.

He then went to Johannesburg where he worked as a plumber for a number of companies as well as on the mines.

Tshikota said he went back home to Venda and started the Good Samaritan Plumbing company which later foundered.

Phineas Tshikoto ... great determination.

He came back to Johannesburg and started another company which also went under.

He decided to study theology at the African School of Theology and became a bishop of the New Saint Amos Apostolic Church.

"I spent sleepless nights praying God to help me start a new company," he said.

His prayers were answered when he started the One-Way Building and Plumbing Construction and the Tshikota Home Improvements in 1990. The two businesses are doing well.

Tshikota is married to Ruth and they have six children. He can be contacted at (011) 873-5745.

Builders' workloads plummet

(32) CT 28/11/92

By MAGGIE ROWLEY
Property Editor

ABOUT 84% of architects surveyed are dissatisfied with present workloads, says Graham White, economist with the Stellenbosch Bureau for Economic Research.

The BER's latest survey on the building industry to be published shortly, found that the situation in the fourth quarter of this year had been worse than expected regarding both work and employment levels.

White said conditions were not expected to improve in the first quarter of next year, and most architectural practices surveyed said they would be entering the year with "lean machines".

The medium term outlook for the industry, he said, remained bleak and there was still no sign of a turnaround.

"Architects are the first to be affected by cyclical fluctuations in the the economy and as such they have been bearing the brunt on the current recession longer than other sectors.

"And as there is generally a time lag between economic upturns and renewed investment in non-residential building, particularly with the current oversupply, no light can be expected at the end of tunnel before the latter half of 1994."

White said as architects were being forced to compete with other professions for a shrinking pie, this had resulted in a downward pressure on fees and would have a dampening effect on salary adjustments in the period ahead.

... an account. Pos- the returns are so good.

Group Five in Moscow

S/Times (Buss) 29/11/92. (32)

GROUP Five chairman Peter Clogg is pragmatic about the prospects of a deal he signed with a Russian bank.

"The aim is for us to advise on investments in the construction and building materials fields. The bank will provide the money for any investment made and it will be run by a company in which we own 40%.

"The bank will pay — in hard currency — our staff and for any equipment hired. Our capital investment of 40% of the shares will cost about $15 000. We have applied to the SA Reserve Bank for approval."

Mr Clogg says the venture depended on one of Group Five's executives volunteering to live in Moscow for the duration of the contracts. One agreed.

Since the annual report was published three weeks ago, there has been another setback in the tough environment in which Group Five operates — suspension of construction at Majuba power station. This news hammered the shares of all companies affected by the suspension.

Group Five did not trade, but was offered 100c down on the last trade of 450c, already a year's low.

Group Five is to undertake a capitalisation issue, the outcome of which will reduce the share price to 40% of where it is now (because of the issue of 1,5 shares for each one held).

"The idea is that if the share prices of Group Five, Group Five Holdings and Goldstein are theoretically the same, the value will be realised," says Mr Clogg. At present they are out of balance.

Mr Clogg's chairman's statement reflects the consensus among businessmen that until there is a political improvement, there is little chance of economic recovery. Although tough times lie ahead, Group Five is not sitting back.

Keen to win a contract, Cape division Savage & Lovemore bought a steel pipe-making machine from Scotland, erected it in the Cape and made its own pipes for the job because SA suppliers' quotes were too high.

The contract has gone well, is on time and within budget. Talk is that pipe buyers in the Transvaal have asked Group Five to move the plant there.

"We'll finish this job first," says Mr Clogg.

[illegible]

Group Five used a lot of its cash pile to buy control of Everite this year. Two unwanted divisions have been sold and Everite is settling into the greater group. Its fortunes however, will not be restored until a national housing policy is implemented.

An otherwise excellent performance by the group in the year to June 30 was spoilt by R27-million of losses incurred on an American bridge. This resulted in earnings halving to R16,6-million.

The bridge is out of the system and no more losses need to be taken on it. But the group is exposed in certain domestic investments. It has a lien over Fancourt, one over Marina Martinique and one on a hotel in Mauritius.

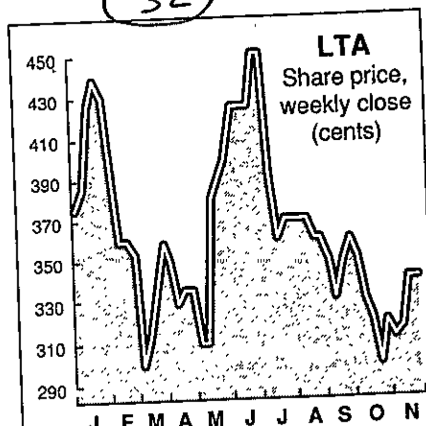
Mr Clogg says: "We should be all right, but these need to be cleaned up. It is a sign of the times when customers cannot pay for work done."

But until there is an economic turnaround, the share price cannot be expected to rally.

LTA on even keel as job mix changes

B/DAY 1/12/92. (32)

EDWARD WEST



Graphic RUBY-GAY MARTIN Source I-NET

LTA, one of the few listed construction groups to beat the recession, has increased profit 28% in the six months ended September 30 1992 in spite of declining turnover.

Turnover fell 13% to R867m from R998m in the same period of the previous year. Financial director Jimmy Oosthuizen said group activity levels were much the same as last years.

The lower turnover reflected a change in the mix of work undertaken.

Operating profit increased to R25,9m from R24,1m. Interest received jumped to R4,9m from R2,5m, mainly as a result of the increase of funds on deposit to R115,4m from R100,5m.

Pre-tax profit was higher at R30,76m (R26,7m previously).

Tax was marginally lower at R10,7m (R10,8m), leaving taxed profit 27% higher at R20,1m (R15,8m).

After an extraordinary item earnings were 28% up at 68c a share (53c).

Directors said deepening recession and the effects of a five-month trading period in the second half would mean that profit for that period was expected to be lower than in the first half.

However, the directors forecast an improvement on 1992's final results, in line with chairman Hilton Davies' forecast in his 1992 annual report. He said group profitability would be maintained this year.

The group remained liquid and its order book was satisfactory, the directors said. The value of uncompleted work in hand was higher at R1,52bn from R1,27bn at the same time in 1991, but slightly lower than R1,56bn at year-end in March.

Wood said negotiations with the Angolan government for the acquisition of a stake in the country's largest state-owned construction company, Constroi, were "a long way down the line". Much would depend on an end to political unrest in SA.

In the long term the acquisition would give LTA the opportunity to further expand cross-border operations, which at present were centred in Lesotho and Botswana, he said.

LTA was involved in a R1,2bn tunnel contract, part of the Lesotho Highlands Water Project. LTA's 1992 annual report said the project, involving construction of 65km of tunnels, would continue for another five years, providing a substantial contribution to profitability.

LTA was untraded at 340c yesterday, virtually midway between its annual high of 450c on July 2 1992 and its annual low of 300c on October 20 1992.

LTA enjoys healthy earnings increase

By Stephen Cranston

32

Construction group LTA increased earnings per share by almost 30 percent from 53c to 68c in the six months to September.

Turnover was sharply down from R998 million in the six months to September 1991 to R867 million, but operating profit increased from R24,1 million to R25,9 million and interest received from R2,5 million to R4,9 million.

The group remains highly liquid, with cash resources of R115 million, compared with borrowings of R27 million. As usual, LTA has not declared an interim dividend.

STAR 1/12/92

Chairman Hilton Davies says the deepening recession and the effect of a five-month trading period in the second half because of the Christmas break means profit for the period is expected to be lower than that of the first half. But an improvement on last year's final result is expected.

Builders seek Cabinet help

STAR 1/12/92

(32)

By Frank Jeans

The building industry is going directly to the Cabinet in a bid to get relief from the recessionary conditions which are now seriously threatening all sectors of construction.

Ian Robinson, executive director of the Building Industries Federation (Bifsa), believes the approach to the Cabinet is a crucial step and that a meeting with the Minister of Finance Derek Keys is "essential for the survival of the industry".

Bifsa, which is also putting its case before the National Housing Forum and National Economic Forum, has prepared an 18-page document listing its demands andrefers to Reserve Bank figures which reveal a decline of more than 22 percent in real terms in investment in building between 1984 and 1991.

Bifsa now proposes that a "classic Keynsian contra-cyclical expenditure programme" be undertaken by the Government in both the residential and non-residential building sectors.

FM 4/12/92 (32)

GROUP FIVE FM 4/12/92

Different animal (32)

Investors should have found plenty of food for thought in Group Five's latest financial statements; but not necessarily an answer to the burning question as to whether the new structure, radically changed after the acquisition of Everite, is going to work.

That will depend on whether new management, with new ideas, will be able to rejuvenate Everite, which now forms Group Five's industrial division and houses its nonconstruction activities (see page 68). Substantially higher returns will have to be generated from this source if Everite is not to be a drain on its new parent.

Activities: *Composite construction/engineering group. An industrial division mainly supplies materials and services to the construction industry.*

Control: *Management through S M Goldstein and Group Five Holdings.*

Executive chairman: *P K Clegg.*

Capital structure: *41,8m ords. Market capitalisation: R74,4m.*

Share market: *Price: 178c. Yields: 7,4% on dividend; 22,3% on earnings; p:e ratio, 4,5; cover, 3,0. 12-month high, 260c; low, 178c. Trading volume last quarter, 65 000 shares.*

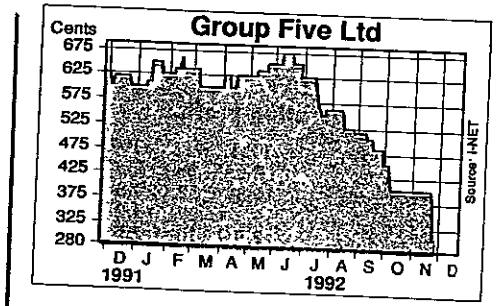
Year to Jun 30	**'89**	**'90**	**'91**	**'92**
ST debt (Rm)	7,1	3,0	0,7	115,4
LT debt (Rm)	3,0	—	—	3,5
Debt:equity ratio	(0,84)	(0,82)	(0,93)	0,20
Shareholders' interest	0,13	0,14	0,17	0,36
Int & leasing cover	n/a	n/a	n/a	6,6
Return on cap (%)	5,9	7,0	7,2	2,8
Turnover (Rbn)	1,1	1,3	1,3	1,4
Pre-int profit (Rm)	24,3	34,0	39,1	28,3
Pre-int margin (%)	2,3	2,6	3,0	1,8
Earnings (c)	53,2	68,0	77,4	39,6
Dividends (c)	18,8	22,0	25,6	13,2
Net worth (c)	130	165	221	244

Note: All per share data has been adjusted for the 1,5-for-1 cap issue effective 30/11/92.

The financial structure of a construction group differs significantly from that of a conventional industrial operation. Typically, the construction industry operates on a financial structure rather like that of a supermarket, characterised by extensive cost-free funding. This allows such companies, like supermarkets, to operate successfully on thin margins and with correspondingly slender returns on total assets.

In Group Five's case, the cost-free element

Group Five's Clogg ... *prospects are not encouraging*



in its total funding for the three years before 1992 varied between 83% and 85%. Since the main source was subcontracting, it could achieve a negative net working capital requirement which in itself could become a profit centre due to the interest accruing on surplus funds. In 1991, Group Five, with what was then a relatively small industrial division, showed negative net working capital of almost R40m, while net interest received of R6,6m accounted for 14% of total pre-tax income.

In 1991 there was a net cash balance of R86,7m which meant that each rand in shareholders' funds was backed by 93c cash.

The 1992 accounts should be considered against this background. Some of the more significant features are the doubling of total assets employed from R543m to just over R1bn, and the proportionate decline in cost-free funding from 83% to 53%. Also, 1991's

Continue →

FM 4/12/92 (32)

The financial structure of a construction group differs significantly from that of a conventional industrial operation. Typically, the construction industry operates on a financial structure rather like that of a supermarket, characterised by extensive cost-free funding. This allows such companies, like supermarkets, to operate successfully on

Roads	7,6	15	7,5	16
Industrial	(0,1)	—	2,7	6
Homes	4,6	9	2,2	5
Properties	(1,1)	(2)	0,6	1
Engineering	9,3	18	0,5	1
Total	51,2	100	48,2	100

negative net working capital requirement of R40m has been replaced by a positive figure of almost R104m, and net cash of R86,7m has become net borrowings of R74m.

Of the total net working capital requirement of R103,7m, about R117m is in Everite. Similarly, of total net borrowings of R74m, almost R90m is attributable to Everite, indicating the basic characteristics of Group Five's traditional activities have been maintained in the financial structure, despite the setback on the Stay Cable Bridge venture which resulted in a 1992 write-off of R27m.

With the acquisition of Everite, nonconstruction activities have, in total assets employed, become a major — even dominant — part of the balance sheet. For this to work, Everite needs to start generating returns appropriate to its financial structure in place of the 6,1% gross return on total assets achieved for 1992 — which will be difficult while the economy and the construction industry (Everite's main customer) remains flat.

The impact of Everite on bottom-line earnings will be relatively limited, given that Group Five's effective stake through the intermediate holding companies is only about 16,3%. The effective 83,7% minority interest in the industrial division largely accounts for the unusual shareholding structure, which now sees minorities in the balance sheet at almost 72% of total shareholders' funds against a mere 1,4% in 1991.

Conversely, benefits of an absence of a repeat of last year's R27m write-off, being in a wholly owned operation, should provide a significant cushion in 1993, though management is far from sanguine about the immediate outlook. Chairman Peter Clogg, while acknowledging the group is well placed to benefit from an upturn, says bluntly that prospects are not encouraging.

The market seems to share this view. Pyramid Group Five Holdings and double-pyramid S M Goldstein, for instance, have been marked down to levels that provide historical dividend yields of 14,2% and 11,3% respectively. Group Five itself has not (yet) been affected to the same degree — its historical yield is only 7,4% — but unless this year turns out much more buoyant than expected, it's probable Group Five will react downwards to match the yields of its holding companies before any upward rerating takes place, as Clogg believes should happen now

Building industry faces a severe depression in '93

32

S Times (Cape Metro) 6/12/92.

A SEVERE depression faces the building industry next year, warn Old Mutual and the new president of the Master Builders Association (MBA) in the Cape Peninsula, Frank Wright.

Most Cape Peninsula MBA members, whether contractors or sub-contractors, spent much time and effort training men and developing skills over the past 30 years, Mr Wright said this week.

This had resulted in the industry being able to compete on a first-world basis with contractors anywhere in the world.

"However, these skills are now in grave danger of being lost. The exodus of young, qualified, professional men from the industry and from the country will result in a decline from which we may well never recover.

"The conditions can only lead to an increase in 'jerry builders' — the so-called informal sector."

Mr Wright emphasised that the MBA Cape Peninsula would fight the present situation.

"We will start with a full-scale advertising and public relations campaign to make people realise why it is wise and — in the long run — cheaper to use a master builder.

"We want people to become fully aware of the vast difference between a professional, trained contractor operating on a recognised legal basis and the sort of fly-by-night operators one comes across in the informal sector.

"We will also promote the concept that investment at the Cape is a good proposition despite the present gloom and doom, said Mr Wright.

Old Mutual property investment manager Ian Watt says it is not practical to expect the South African economy to turn around until major world economies improve.

"Since there are no signs of any such improvement, the view is that things in the South African property industry will not be rosy for the next two to three years.

"In the current climate, opportunity to create new space speculatively is non-existent. In the past year, one could switch from speculative development to a mix of pre-let and speculative projects. Now the mode is to build only for specific tenants."

Ozz maintains 20% annual growth

BDAY 8/12/92 (32)

PETER GALLI

AN 84% slide in net financing costs enabled industrial holding company Ozz to boost earnings by 20% to 29c a share in the six months to end-September from last year's 24,2c in the first half.

No dividend was declared as it is company policy to pay a single annual dividend at the financial year-end.

Turnover grew by 1% to R62,07m (R61,46m previously) and operating income also edged up 1% to R8,68m (R8,57m). The 84% drop in net financing costs to R225 000 from R1,42m pushed pre-tax income up 18% to R8,45m (R7,15m).

After a tax bill of R3,97m (R3,43m), taxed income was 21% higher at R4,48m (R3,72m).

Chairman Gary Zulberg said the results exceeded budget and maintained the growth record of the past three years in which compound growth averaged almost 20%.

"The results were achieved against deteriorating economic activities in the sectors in which the group operates. We are particularly pleased with the continuing improvement in operating margin," he said.

Another highlight was the elimination of net gearing, after cash resources were taken into account, from a high of 139% three years ago, he said.

Interest-bearing debt was almost halved to R3,54m (R7,5m), while cash resources stood at R6,9m. The group has total assets of R108,28m (R111,61m) and current liabilities of R22,86m (R25,72m).

"The engineering division is successfully launching new products and spreading existing products into export markets. These strategies are expected to have a favourable medium to long-term effect on the group and the annual dividend is expected to be higher than the 21,5c a share in the year to end-March 1992," he said.

The share yesterday gained 10c or 1,9% to a new annual high of 525c as 2 800 shares worth R14 700 traded in three deals. The share has moved upwards over the year from its 300c low a year ago.

At a price of 525c the share has a price-to-earnings ratio of 9,37 and an earnings yield of 10,66%.

STAR 8/12/92.

Lower finance costs help Ozz's bottom line

By Stephen Cranston 32

Ozz has increased earnings per share by 20 percent to 29c in the six months to September.

Turnover and operating income increased by one percent to R62,1 million and R8,7 million respectively, but because of an 84 percent reduction in net finance costs to R225 000, pre-tax profit increased by 18 percent to R8,5 million.

With a lower effective tax rate, profit after tax increased by 21 percent to R4,5 million, and after allowing for associated company profits, outside shareholders and preference dividends, attributable earnings increased by 21 percent to R3,9 million.

Net gearing was eliminated, down from 1,3 percent in September 1991 and from a high of 139 percent three years ago.

Chairman Gary Zulberg says that a meaningful improvement in earnings for the following six months is anticipated providing the level of business activity is maintained.

Zulberg notes that the engineering division is launching new products and spreading existing products into export markets.

"These strategies are expected to have a favourable impact on the fortunes of the group in the medium to long term and the annual dividend is expect to exceed that paid in the previous year (21,5c).

Ozz is trading at 515c, a premium on net asset value of 449c.

of

IE MONTH

Visit planned

ABU DHABI — United

Building industry is in dire straits, says Bifsa

BDAY 10/12/92 (32)

GERALD REILLY

PRETORIA — Government spending had to be increased to rescue the floundering building industry from even more serious consequences, Building Industries' Federation of SA (Bifsa) president Robert Giuricich said yesterday.

In an end-of-year statement, he said conditions in the industry were the worst yet experienced.

"Things were bad this time last year but we seem to be 20% worse off now with companies being liquidated with monotonous regularity," he said.

On government spending, he said 80 jobs would be created in the industry for every R1m increase in turnover. This could give the economy the injection it desperately needed.

An accelerated building programme for black housing and increased tourism would also be significant factors in any recovery.

Bifsa would have to continue publicising the deplorable state of the industry, backed by facts and figures, to shock politicians into a realisation that the "new SA" could instead turn out to be the "ruined SA".

Making a bad situation worse, Giuricich said, was that civil engineering companies were bidding on building work because their industry was in an even more parlous state.

The building industry had survived many previous downturns but the length and depth of this recession was unequalled.

He stressed there were no clear signals that the bottom of the trough had been reached. Companies were operating at dangerously low levels simply to keep key personnel employed.

It would take many years for the industry to recover from retrenchments now taking place.

When the economy did eventually turn "one wonders just how we are going to cope with partially trained non-productive labour which will inflate building costs".

Central Statistical Service figures show the value of building plans passed in the first 10 months of the year increased by a marginal 0,1% to R10,237bn.

However, in real terms this represented a substantial decline compared with the previous year, Giuricich said.

The value of plans for houses dropped by 7,6% to R3,013bn and for non-residential buildings by 6,2% to R2,760bn.

There was a big increase, however, in the value of plans for flats and townhouses — up by 35% to R1,131bn.

Plans for additions and alterations increased by 6,3% to R3,184bn in the 10 months.

However, other industry sources pointed out that at least some of these projects "will not see the light of day until there is a substantial improvement in the economy".

Miracle behind

STAR 11/12/92

LOST CITY is fast becoming an SA construction sector legend. After marvelling at the vision and grandeur, the usual reaction is to ask in wonder: "Who built this place!?".

Well, Stocks Group companies built in the region of R350 million worth of contract, including the 350-room Palace Hotel, the Valley of the Waves and Day Visitor's Centre, the underground parking areas and finally the golf clubhouse.

And they did it in about 22 months.

The firm's association with Sun International visionary Sol Kerzner on resort hotels goes back to 1977 and the Mmabatho Sun, the first in a fast-track wave of successes.

In mid-1978 the focus moved to what is today Sun City — then bare veld with no running water, no communications, no facilities. It was finished by November 1979. Then came the Cabanas, the Cascades hotel and finally the Big One, the magnificent Palace, its gardens, pools, terraces, restaurants and the Valley of the Waves.

Stocks executives Johan Brink and Mark Vinjevold have had day-to-day responsibility for the work for more than two years; right from the pre-planning stage. They were assisted with day and night contributions by John McKee and Kelvin Theron who had been involved in the construction of every hotel in the valley since 1979.

About 6 500 workers were on site at peak. For its part, Stocks followed its traditional policy of ensuring that local job opportunities were maximised. The company has employed local labour on its Pilansberg projects since 1978. In 1979, in conjunction with the Bophuthatswana government, it set up a training school in Mmabatho.

This school has fed trained workers to Sun City, the Cascades and now Lost City.

The centre-piece of the project is the Palace, with its 25 hectares of instant jungle. It was handed over in great shape at the end of October. Final challenges were right outside the Palace's front door. The entrance feature was decided at a very late stage — a strikingly beautiful fountain with six outsize sculptured sable heads mounted on cast-bronze pedestals.

No problem, said Johan Brink. This mini R1 million contract took eight weeks: from concept to completion.

workers legend

STAR 11/12/92

Stocks has worked for so long with the client and outside consultants on constantly evolving concepts that flexibility is now in-bred.

The underground car-park, for example, was a relatively late addition to Stocks' contract. The basement cuts into solid rock. There's room for 300 vehicles — yet Stocks crews finished the job in a little over six months.

About 37 000 cubic metres of concrete was poured into the Palace alone, and 25 000 cubic metres had been poured by June of last year — just five months after Stocks Construction Bophuthatswana went to work!

Stocks Bophuthatswana managing director Ken Watters considers it one of the most testing pre-cast jobs undertaken on the continent.

And spare a thought for another team of Stocks professionals — Garth Whittaker and his Stocks Electrical team. STAR 11/12/92.

Most people dazzled by the exuberant visual effects at the Jean-Michel Jarre opening believed it was the first performance with lights at Lost City.

It was the second. The first "show" was the display of expertise put on by Whittaker and team plus a "cast" of designers and consultants.

Bart Dorrestein, deputy chairman of the Stocks Group, said: "Co-ordination was a major challenge. Together with the professional team led by Schneid Israelite & Partners, we had to become involved in the programming of suppliers and local contractors, and the monitoring the quality of output at local factories.

"When you work with Sol Kerzner you work with a perfectionist. He has the vision. You have to make it happen. You have to perform.

"We derive great satisfaction from that. But as you walked around the site on the final days of the job, you sensed the sadness. The teams felt elated during the work; now they feel saddened because one of the best teams ever put together to tackle a contract will be splitting up. "There will never again be a job quite like this one."

For further information, please telephone (011) 806-4200.

Breaking new ground

STAR 11/12/92

The role of quantity surveyors McIntosh Latilla Carrier and Laing on the Lost City project (32) embodied the ~~new~~ buzzword in the construction industry — "development economists"

THE LOST CITY project has helped to re-define the role of the quantity surveyor in the modern construction project idiom.

That was certainly the experience of McIntosh Latilla Carrier and Laing (MLC), the quantity surveyors on the project who say they found it to be arguably their most challenging project to date.

With total responsibility for all cost control, not merely construction elements, the role of MLC on the project embodies the new buzzword in the construction industry — "development economists".

In addition to the normal scope of work under the control of the consulting QS (construction work and associated disciplines), MLC was also responsible for every item of operational equipment from gambling machinery to crockery and smalls.

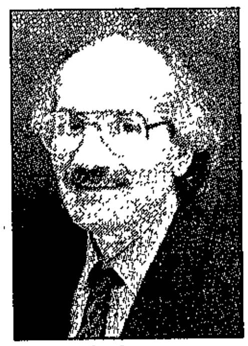
Total budgetry accountability requiring no less than six teams of MLC men on site were under the overall control of Chris Rademan, one of the senior partners.

Team leaders were Charl van Wyk, Theunis Reynolds, Heidn Potgieter, Russell Matcham, Nicolas Sheard and Philip de Wet.

The first indicative estimate had to be produced in March 1990 within hours of the presentation by the American concept architects.

Before construction started, budgets were up-dated fortnightly to enable Sun International to make decisions timeously on the scope of the projects so that the momentum of the design progress could be maintained.

Numerous options were investigated before the various elements of the project were fixed during September 1990 and the scope of the work in each element then had to be redefined and procurement started without delay in order to meet the opening deadline of November 1992.



At the helm ... Chris Rademan of MLC

Budgets were continually checked and up-dated concurrently with the development of the designs, frequently in the design consultants' offices in the United States.

Consultants who never worked with quantity surveyors or designed within a budget constraint (due to the nature of the American system which devolves such responsibility to the contractor), had to be disciplined to recognise the concept of cost planning in the evolution of their designs.

During the course of construction, re-measurement of the various cost elements had to keep pace with construction deadlines and remain within the overall budget in spite of numerous variations as the extremely complex and fluid project evolved.

MLC was often dealing with skills and expertise that had never before been applied in southern Africa and which involved a multiplicity of disciplines, both indigenous and international.

And Sol Kerzner would hear nothing of cost overruns on the Lost City. Budgets were not only tight, they were strictly adhered to.

If an opportunity presented itself which meant an overrun on a specific element, it was proceeded with only after the blessing of either Kerzner himself or from Dene Murphy who headed up SI's development team on site.

"Without the assistance of computerised techniques the task of keeping track of and controlling the continuing design refinements for more than 350 different contracts and sub-contracts would have been well nigh impossible," says Chris Rademan.

"It is a tribute to the budgetry discipline imposed by the client and the systems and procedures initiated that a project of this complexity and magnitude was completed within the budgets set."

For further information about the services of MLC, telephone (011) 788-1450

Taking innovation to new heights 39

The daunting challenge of erecting scaffolding at the Lost City project would have scared most companies, but SGB Building Equipment rose to the task. STAR 11/12/92.

11/12/92.

SCAFFOLDING ERECTION was critical to the success of the Lost City project and SGB Building Equipment, SA's largest scaffolding specialists, were able to take on the challenge.

SGB is part of the giant WA group.

With branches throughout SA and a workforce which numbers several hundred, SGB is the clear market leader with a reputation for getting even the toughest jobs done; on time, and within budget.

The Lost City scaffolding contract was awarded to SGB in April 1991 and the company was on site by May.

What followed was an exceptionally challenging project and the initial 200 tons of scaffolding estimated was soon increased to 1 000 tons and more.

Time, as they say, was of the essence, and decisions on site made so fast that there were no opportunities to plan a week or two in advance, said Ivor Ludlow, Transvaal director of SGB.

With a myriad trades, consultants, architects and sundry turning the site in the extinct volcano into a veritable hive of activity, and with contractors and sub-contractors all under tremendous pressure, SGB nonetheless kept pace with scaffolding needs and at no stage were there any delays due to non-performance by SGB. In fact, at times, the company was happily ahead of schedule.

The system applied universally on the contract was the well-known Cuplok, selected because it has no loose, easily lost parts and, more specifically, for its suitability on circular and irregular-shaped structures.

The contractors were given maximum access to all levels of the hotel project by means of numerous scaffolding staircases.

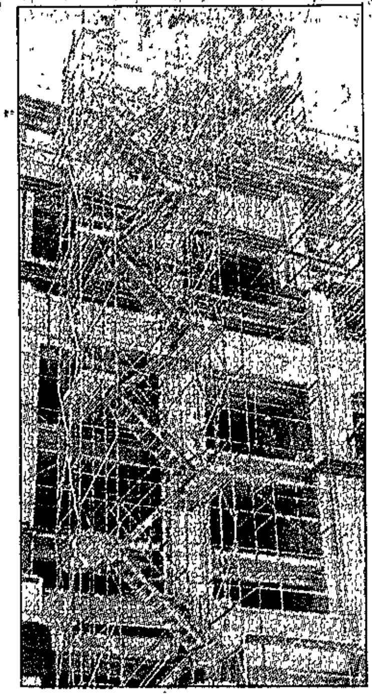
This is an innovation from SGB and is available as a modular unit which cuts down on erection time and hooks better to scaffolding towers.

When bolted, the hook completely encircles the supporting scaffolding tube and the staircases have an integral platform at the top and the bottom.

The highest staircase on the central tower of the Lost City reached up to 28 m.

But undoubtedly the most difficult of the project's scaffolding tasks was the hotel's domed central tower which is a full seven storeys high and had to be fully scaffolded out internally.

SGB had about 150 scaffolders on site at any one time, and the company kept ahead of the demand placed on it by hard-pressed artisans by virtue of a mix of the flexibility of the Cuplok system itself and the commitment of the scaffolders.



Up and away ... SGB's staircase scaffolding at Lost City.

"This was a very fast contract. We had to keep pace but we had no problem in that respect," says Bob Hazel, who together with Ludlow was directly instrumental in landing the Lost City contract.

Nor would the contract have been possible without Cuplok, which has been proven as a multipurpose scaffolding system that can be used for all forms of access and support structures in all sectors of the building and civil engineering industries, shipbuilding, offshore construction, demolition and industrial maintenance markets.

SGB was further involved at the Lost City in the context of the stands for the $1 million golf challenge and the seating for the Jean Michelle Jarre light and sound spectacular.

For further information telephone (011) 839-2694.

BUSINESS

EDITED BY FRED ROFFEY

How Graham beat the building blues

S/Times [Cape metro] (32)

13/12/92

ONE of the few companies to beat the building recession is Cape Town-based Graham Construction, which points the way to survival by paying strict attention to good management, cost control and flexibility.

This way the company — formed 24 years ago when brothers Christopher and Graham Durrant operated out of the front of a bakkie — has not only ridden the country's longest post-World War II recession but increased profit margins in a highly competitive market.

It grew rapidly and its initial workforce of 25 peaked to about 450 in the boom years of 1987 and 1988 when turnover topped R50 million.

In 1990 the brothers saw the need to streamline operations in the face of the recession by cutting back their permanent workforce and rehiring them as sub-contractors.

The company, which moved to new headquarters in Diep River in 1990, now employs a large operational force and its own sales team of nine agents.

While many property developers have closed in the past three years, the brothers have found the current recession not as bad as previous downturns, particularly those in the mid-1980s.

This, says Christopher Durrant, is not because the market is stronger now but because the company is better prepared and armed with lessons learnt in previous recessions.

"We saw the writing on the wall when the Bankers Acceptance rate went up in November 1989 and we took immediate action."

They streamlining operations, reduced stock levels and overheads and adjusted to market needs by moving their focus from individual homes to the mass housing market.

They also specialised in turnkey projects — buying and sub-dividing land, designing building and marketing projects — and introduced sophisticated computer systems.

The company now builds about 300 architect-designed units a year and is set to launch six new developments in the southern suburbs in 1993 with total sales expected to top about R20 million.

While most of the projects are for the middle and low-middle income groups, Graham is also launching several luxury housing projects in the southern suburbs, including 10 units in Constantia and six in Claremont priced from R450 000.

Other new developments include a 42-unit project in Ottery with homes from around R90 000, 20 units in Marina da Gama at around R130 000, and 12 in Plumstead for about R190 000.

House builders quit troubled Vaal townships

STAR 14/12/92 (32)

The housing shortage is chronic, but white developers are frightened to enter the area where they are robbed of materials, vehicles and theatened with death, reports JOSHUA RABOROKO.

Most white property developers building homes for blacks are pulling out of Vaal Triangle townships as a result of the escalating violence, despite the critical shortage of homes in the area.

The property developers maintain that their new homes have been vandalised, building materials have been stolen and vehicles hijacked by unruly elements who have made the area "altogether ungovernable and extremely dangerous".

Personnel at some of the offices have been attacked and robbed of money, while some are living in fear of their lives after death threats have been made.

Losses

According to sources, only two of the 15 property developers are still operating in the beleaguered areas.

However, it is feared they, too, might leave after colleagues reported losses of millions of rands.

Property developer Johan Killian has said he lost R250 000 as a result of materials being stolen and vehicles hijacked while building new homes in Zone 17, Sebokeng, in the past nine months.

In the latest of these attacks an employee was driving in Sebokeng when group of people armed with AK-47s stopped the vehicle and ordered him out last week.

They left with the bakkie that was carrying R16 000 worth of building material. Killian said his vehicle was valued at R20 000.

He said that since February business had been very bad in the townships as a result of criminal and other elements.

"We just cannot operate our companies in the present conditions," he said.

Killian said it was difficult to operate in Boipatong in the aftermath of the massacre in June.

Violence had brought everything virtually to a standstill, he said, adding: "If you go there, you are not sure you will come back."

Most of the developers have left the remaining jobs with black sub-contractors who were also experiencing problems because they were seen to be sell-outs.

Killian said he had built more than 800 homes in Vaal Triangle townships since 1984, but had never encountered the problems he had to face this year.

"This is the worst year in my business," he said.

He explained that their problems were compounded by the fact that building societies and financial institutions were reluctant to grant home loans to blacks.

Another property developer, Andre Pienaar, said building a new home in Sebokeng was almost impossible. He said before a house was completed, material was stolen and deliveries disrupted by unruly elements in the townships.

"It is dangerous to operate a business with a gun virtually pointing at your head all the time.

"We are living in fear of our lives and have decided to quit the townships in the wake of the growing violence," Pienaar said.

He had built homes in Zone 6 and 7 in Sebokeng.

His remaining jobs were passed on to black sub-contractors — probably with the view to empower them economically, he said.

Most of the developers have left and indicated that they might return when things become better in the trouble-torn Vaal Triangle townships next year.

Pienaar said he would probably take contracts to build for private companies, rather than go into "the troubled waters".

Killian said it seemed the whole building system had "fallen flat on its face" in the townships after numerous charges had been laid at police stations.

Estimates

This a very sad story indeed at a time when hundreds of people are without homes and living in squatter camps in the area.

It is estimated that more than 100 000 people are homeless and living in squatter camps and backyards in the area.

A police spokesman said more police were being deployed in the area.

There were many robberies, including the hijacking of vehicles, but the spokesman could not say if they belonged to any particular property developer.

The police would investigate every case after charges had been laid.

Building industry in doldrums

STAR 16/12/92

By Thabo Leshilo 32
Labour Reporter

The woes of the building industry continued unabated in 1992, with many highly qualified architects forced to seek work in other sectors and building contractors having to tender at below cost, the Bureau for Economic Research (BER) of the University of Stellenbosch found.

During the fourth quarter of this year, three out of every 10 firms which responded to the survey had fewer architects in their employ than for the same period last year.

In fact, more respondents had retrenched staff or broken up partnerships than was anticipated in the BER's third quarter survey.

As a result of the adverse trend, the majority of respondents reported poorer business conditions in the fourth quarter of the year than for the same period last year.

As the work of quantity surveyors was largely dependent on the business conditions of architects, the majority of employers had to lay off quantity surveyors — partners included.

"These actions are understandable if cognisance is taken of the fact that quantity surveyors had even fewer projects at sketch plan stage — at an even lower than anticipated value," the BER said.

The situation was expected to deteriorate further during the first quarter of 1993.

As anticipated, the number of contracts awarded was down on that of 1991 and the trend was towards smaller contracts.

Five out of every 10 builders of non-residential structures said that building activity in the fourth quarter was higher than last year.

"The builders of both residential and non-residential buildings regard the lack of demand as the single most important factor hampering their activities," said the researchers.

The cost of financing was another problem but should be alleviated somewhat by the downward pressure on interest rates.

Future still bleak for construction

BDAY 17/12/92.

LINDA ENSOR 32

CAPE TOWN — The end to a traumatic year for the building industry brought with it no prospect of an improvement in business conditions which looked extremely bleak for the immediate future, Stellenbosch University Bureau for Economic Research director Ockie Stuart said this week.

Retrenchments in the fourth quarter would continue into early 1993, though at a slower rate.

Stuart said there was so little work this year that many architects and quantity surveyors had had to retrench staff, including partners, while the building contracting sector was also hard hit.

The dismal fourth-quarter conditions for architects and quantity surveyors were poorer year-on-year and no improvement was expected in the first three months of 1993, with the result that confidence levels were very low. For architects the confidence index fell to 12 on a scale of zero to 100.

More architects had to break up partnerships or retrench workers in the fourth quarter than they had anticipated as projects at sketch plan stage were down both in terms of number and value on last year, there were fewer commissions at working drawing stage and fewer contracts than anticipated.

Architects believed that the first quarter would see a continued decline in the number and value of projects at sketch plan stage and of commissions, but anticipated a bottoming out of the downward trend in the number and value of contracts awarded.

Stuart said these trends and expectations boded ill for non-residential building for most of 1993.

In the fourth quarter quantity surveyors had fewer projects at sketch plan stage and bills of quantity stage than they had forecast and anticipated a further deterioration in early 1993. The trend of fewer contracts of less value was also expected to continue.

Building contractors in the non-residential sector had had to tender below cost to keep operations going in the face of a lack of demand and they anticipated a worsening of business conditions in the first quarter of 1993. However, both residential and non-residential building contractors anticipated that the rate of deterioration would level off.

Residential building contractors reported that the trough in the fourth quarter was deeper than they had anticipated.

"Competition in tendering is extremely keen and is prohibiting building costs from escalating. In fact, were it not for VAT, building costs now would have been increasing at a rate well below 4% per annum," Stuart said.

OZZ FM 18/12/92

Out of the hat

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The Wizard of Ozz — chairman Gary Zulberg — has done it again. Reporting in July on 1992's results, Zulberg told shareholders that business life in SA might be difficult but he was confident he could continue to produce bottom-line results which at least match inflation.

That's what he has achieved. The 1993 interim shows a 20% rise in EPS. Asked about prospects for the second half, Zulberg says he expects the same again, indicating full-year EPS of about 67c and a dividend covered 2,6 times or about 26c. All of which means the share could move from its current 600c to 670c-720c if its present parameters hold good.

Turnover rose only 1% to R62m and operating income reflected tight controls to show a similar rise to R8,7m. However, all this pales next to the movement in borrowings. The fall in interest rates was obviously helpful, but more important was Ozz's ability to repay all its outstanding loans of about R8m. Gearing is now zero. Zulberg says Ozz has cash reserves of about R2m.

FM 18/12/92

All the divisions performed well despite a continuing deterioration in their sectors. Zulberg is especially pleased with the result from the engineering companies, which successfully introduced new product lines and are increasing their export thrust, primarily in finished manganese steels for the mining and crushing industries.

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If anything, Ozz's results are a little understated: proceeds from the sale of a suburban shopping centre in Mondeor, Johannesburg, which took place earlier this year will not be realised until mid-1993 because of payment terms. Charmed investors will be wondering what else the wizard has in his hat.

David Gleason

Building industry hits rock bottom

Star 21/12/92

By Thabo Leshilo

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Extensive Government spending on mass housing has been mooted as the only viable strategy that could save South Africa's building industry from collapse, according to Building Industries Federation of South Africa president Robert Giuricich.

The building industry is currently in the worst condition in living memory, Giuricich said in the federation's newsletter, SA Builder.

His comments came soon after the Bureau for Economic Research at Stellenbosch University found business conditions in the industry worse than last year, with retrenchments commonplace.

The bureau forecast there would be further drastic cuts in staff next year.

Giuricich asked: "How much longer can we endure the present times where companies are operating at dangerous levels simply to keep key people employed in the hope of better times ahead?"

It was particularly worrying that it would take many years for the industry to recover from the retrenchments currently taking place.

Engineering companies were now bidding on building work because that industry was in an even worse state.

The only buoyant markets at the present were alterations, additions, townhouses and cluster homes, and although the building industry had survived downturns before, the current recession was far deeper and longer.

He identified three potential "rays of hope" which could lead to an immediate upturn in building — mass housing, tourism and increased Government spending. However, the future of mass housing was uncertain owing to political instability, and tourism depended on foreign investment.

Government spending remained the only solution to the woes of the industry.

Civil engineering's future in the balance

B/Day 23/12/92

(32)

ROBERT WICKS

WITHOUT a significant improvement in demand and a dramatic turnaround in the political scenario, the civil engineering industry's future in SA is in the balance.

The past year has seen the industry hampered by falling employment, curbs on government spending and lower margins.

SA Federation of Civil Engineering Contractors economist Henk Langenhoven said it was unlikely there would be any improvement in the industry before 1994. The construction cycle, typically, coincided with or lagged the economy and the marginal growth predicted for SA over the next year would have no real effect on the industry.

Langenhoven predicted a contraction of 11% for 1992 based on the 1991 performance and said only about 1% growth could be expected for 1993.

This represented an inflation-adjusted decline of 21% and 7% respectively.

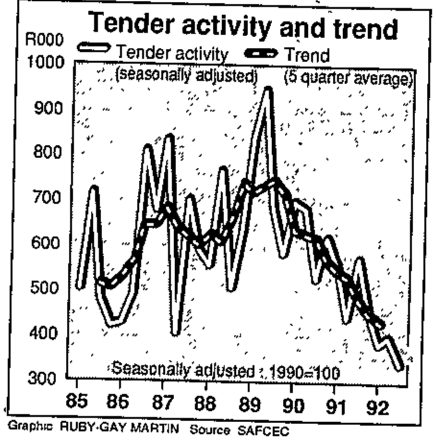
SA Cement Producer's Association executive director Vincent Bray said growth of only 1,2% was likely in the cement and additives sector in 1993.

"The slow rate of development in affordable housing is a major area of concern, with most contractors and informal builders having moved out of or stopped work in the townships," Bray said.

Steel and Engineering Industries Federation economist Michael MacDonald said: "The decline in capital expenditure by government, the lack of large projects, and sluggish infrastructure promotion are the main problems facing the industry today."

He said the Alusaf and Columbus projects could provide some relief in the labour market but the effects would be limited. These and other projects could mean the beginning of an improvement.

Many of the large firms in the industry suffered the full brunt of the sustained downturn in civil engineering volumes and margins.



Graphic RUBY-GAY MARTIN Source SAFCEC

Grinaker Holdings suffered a R1,2m loss on turnover of R2,2bn in the year to end-June, with their results the worst in 10 years. Grinaker made a R38m profit in 1991.

Concor reported attributable earnings 20% lower than its 1991 figures.

Murray and Roberts failed to increase earnings a share.

Group Five showed a 49% decrease in earnings a shareand chairman Peter Clogg said: "If the shrinkage continues to any marked degree, the construction industry as a whole, paradoxically, may not cope particularly well with any upturn in the economy as all participants have reduced their capacity below a critical point."

On a more positive note, SA Institute of Civil Engineers director David Botha said the institute had undertaken several worthwhile initiatives in the past year. The institute recognised the importance of keeping skilled engineers in the country.

REVIEW '92: The year military intelligence's activities were exposed

The unsung heroes' tragedy

W/Mail 23/12-29/12/92.

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From Page 7

Khaba will spend this Christmas in a cell of Ermelo Prison. He has been sentenced to five years for allegedly breaking into the home of a Black Cat member and planning to murder him. And he faces eight other charges, including one for the alleged murder of a hospital inmate, that arise from the maelstrom of violence and counter-violence he was plunged into after telling the truth.

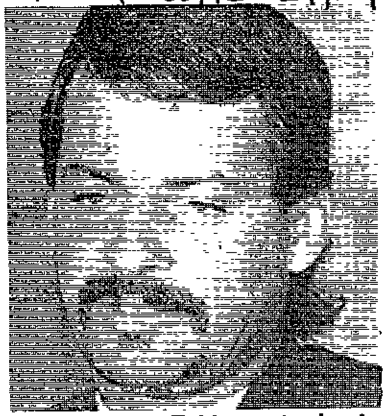
Last week I visited Khaba in Ermelo Prison and, speaking through a microphone in the thick glass that separated us, enquired what he wanted for Christmas. He asked for a tombstone to be placed on his mother's grave.

There are others who have suffered because they have given evidence about the clandestine military operations that exist behind "black-on-black" violence in the townships.

Khumalo, the Inkatha Youth League leader who broke ranks to tell of the organisation's links with MI, spent most of this year looking for work. His wife was forced to give up her job as a teacher in Natal. The couple lost their home in Ulundi. They moved from flat to flat in Johannesburg to avoid being harassed by KZP members.

Today he has a regular job and is slowly building a new life for himself.

"It was hell," says Mbongeni. "There were times when I wasn't sure if it was all worth it. The violence never stopped. The Goldstone Commission is a long and slow process. Our lives were shattered. Would I do it again? Yes, I think in the end it was worth it."



Gert Hugo ... Told secrets about the Ciskei and Hammer squads

Daniel Kolisang ... Spoke of a network of police safe houses

Mbongeni Khumalo ... Revealed Inkatha's collaboration with MI

Hugo's lot is worse. He leaked secrets about the Ciskei army's dirty tricks and the Hammer squads. As a result, most of his year was spent on the run, travelling around the country in a friend's station wagon with a sleeping bag in the back.

Journalists who worked with him put him up for a few weeks at a time. He spent a while at a hotel in Pretoria courtesy of the Goldstone Commission's witness protection scheme. But he couldn't get a job. He hardly saw his wife and children and the marriage hit the rocks. Goldstone's support ran out. The humiliation of relying on people for handouts and a backroom bed to sleep on led to bouts of depression during which he became fond of saying: "I feel like a side dish that nobody ordered".

Eventually the colonel, in apparent desperation, stole money from a friend and hit the road again. Today he is still running, in fear of his life.

Then there's Daniel Kolisang, a police informer from Sebokeng, and Solly Mngomezulu, an exile who was tortured in the ANC's detention camps before coming home. Both men gave evidence to *The Weekly Mail* about a network of police safe houses, where they allege they were asked by police handlers to monitor and attack ANC leaders in the townships of the Vaal.

Both were discredited by the Goldstone Commission as unreliable informants who could not stand up to the rigours of cross examination. They were bad witnesses, in a strict legal sense. But their information revealed that the police illegally use taxpayers' money to rent secret houses, sometimes through the use of title deed fraud, and drive around in vehicles with the registration numbers of bona fide firms and innocent individuals.

Today Kolisang lives in a netherworld, distrusted by some after being exposed as a former police informer and discredited as a liar by the Goldstone Commission. Mngomezulu, by all accounts, is an itinerant who wanders from house to house in various townships looking for a place to sleep.

These are some of the people behind this year's scoops, exposés and the Goldstone Commission's revelations. There are others whose names cannot be revealed to protect their safety.

They are complex characters. Some are psychologically disturbed by the brutality that surrounded them. Others are motivated by revenge, a desire to get back at superiors whom they clashed with or who denied them promotion. Many told half-truths, implicating others but protecting themselves and their friends. Most have been involved in unsavoury activities themselves.

But they are the unsung heroes of South Africa's truth industry. Journalists and the Goldstone investigators made 1992 the year in which the sordid reality of the military's dirty tricks against opponents of the government finally forced De Klerk to take action against his generals. They would never have achieved this without the help — and the sacrifices — of Khaba, Khumalo, Hugo, Kolisang, Mngomezulu and the others.

REVIEW '92: *The year military intelligence's activities were exposed*

MI's white-anting of FW's reforms

WMail 23/12-29/12/92

Military intelligence's less savoury activities are called 'dirty tricks', but they include assassinations, training people in guerrilla tactics and fomenting internecine violence.

By **PAUL STOBER**

Themba Khoza ... Trained by military intelligence

Ferdi Barnard ... Alleged state assassin

Louis Pasques ... Headed the MI front companies

THE "Dirty Tricks of Year" award must go to Department of Military Intelligence spy Leon Flores.

While in London to discredit the African National Congress by uncovering its links with the Irish Republican Army, he caused a diplomatic incident when he interrupted his mission to organise the assassination of former South African Police hit squad captain, Dirk Coetzee, as a favour to an old police buddy.

But Flores had tough competition. The unprecedented spotlight on the activities of military intelligence (MI) this year revealed a string of dirty tricks, clandestine projects and operations.

The exposures, all backed by statements by those involved or files of documents, prove that while the government has been negotiating with the ANC, military intelligence has been hard at work undermining the organisation in South Africa's townships and abroad.

More worrying is that the operations prove MI has had a major role in promoting the divisions in black politics which has led to the violence gripping the country.

At issue is more than just exhuming skeletons from the government closet. According to MI cover man Abel Rudman, many front companies, supposedly closed when their funding was cut, were paid out huge sums of money by the military, told to become private concerns and continue to do the work they were originally established for.

The first cracks in the wall of secrecy which surrounded military intelligence operations appeared in January, when educationist Dr Ben Conradie told *The Weekly Mail* that his Port Elizabeth company, Eduguide, was a front for MI.

Conradie had been set up with the company to direct, among others, a covert operation called Project Henry, which supplied money and training to a vigilante group, amaAfrika, which opposed the former United Democratic Front, in the eastern Cape, in 1986. AmaAfrika, which was led by Reverend Ebenezer Maqina, was implicated in kidnappings, torture and murders in Uitenhage, near Port Elizabeth.

Conradie's disclosures confirmed the South African Defence Force had established an extensive network of front organisations to carry out its dirty tricks operations during the state of emergency in the mid-1980s. Conradie said the front companies operated on the belief that if they could promote conflict between black resistance organisations, "they will destroy each other." MI used private companies and close corporations, all of them registered in the names of private individuals, to hide the link with the military.

Trained to kill ... Black Cats gang members were used to undermine the ANC in Wesselton township, eastern Transvaal Photo: KEVIN CARTE

The tragedy of the unsung heroes

W/Mail 23/12 - 29/12/92 [redacted] [redacted] [redacted] 32

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By **EDDIE KOCH**

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W/mail 23/12 - 29/12/92 274

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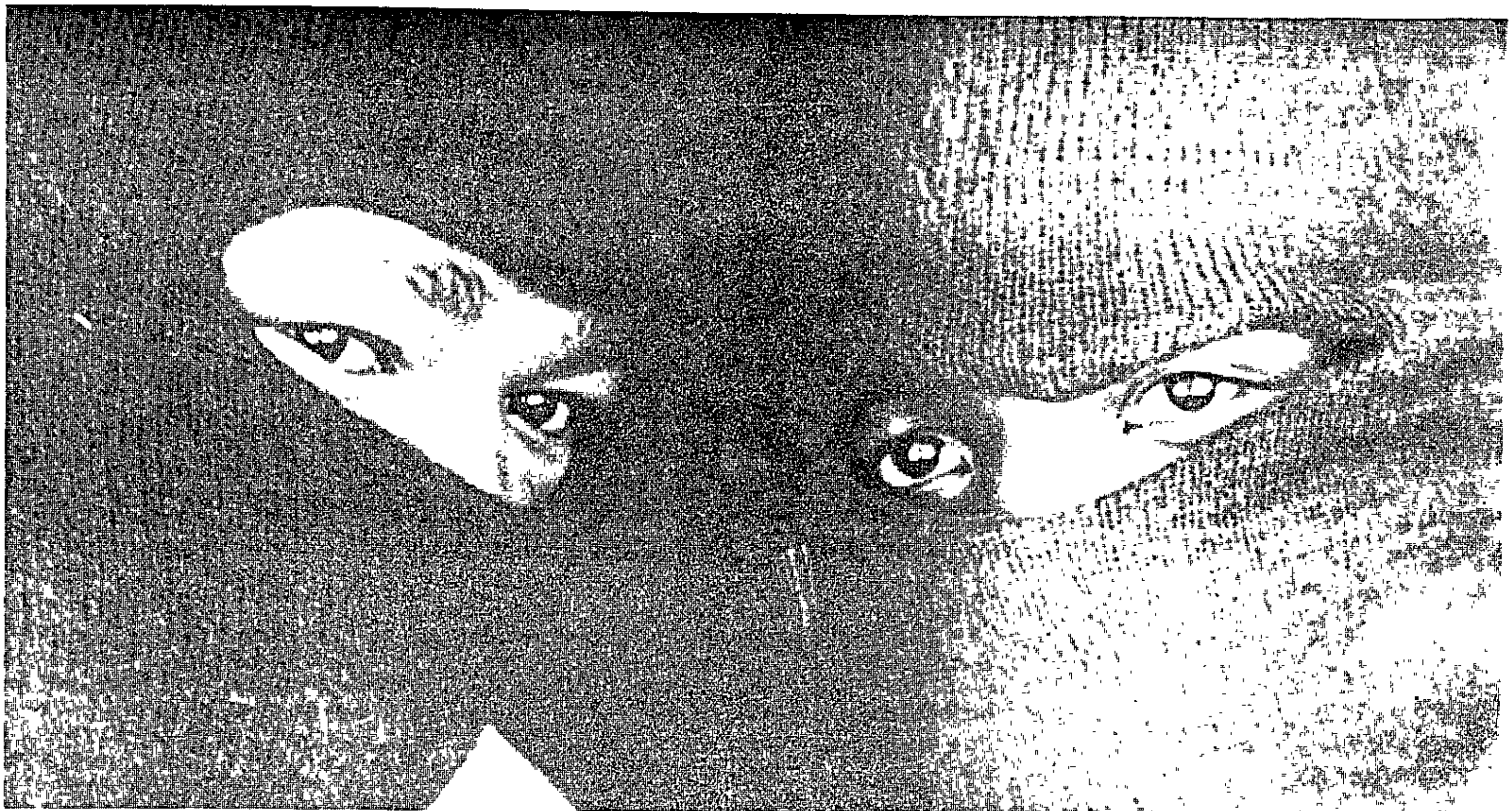

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W/Mail 23/12-29/12/92 (107)

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Builders cut margins to secure contracts

JONO WATERS (32)

BUILDING contractors were reducing markups after work in the industry dropped more than 10% this year, Walter & Simpson Quantity Surveyors senior partner Dennis Daugherty said yesterday.

Markups were being lowered to secure work. If political confidence was not restored the propects for 1993 would be more bleak. BDM 24/12/92.

Implementation of an interim government and development of low-cost housing could reverse the slump, he said.

However, as long as people were urged by various political parties not to repay their mortgage bonds, financial institutions would refuse loans.

□ J H Isaacs residential sales director Andrew Foxcroft said the residential property market in Natal was expected to boom from the middle of 1993.

Although residential sales turnover in the greater Durban region had declined about 30% in the past six months, Foxcroft had great confidence in the property market for 1993. "Indications are that as the recession bottoms out, further interest rate reductions are expected," he said.

Two M & R firms to merge

EDWARD WEST

MURRAY & Roberts is to merge two of its construction companies, Gillis-Mason Construction and M & R Structures. (32)

The group said the civil construction industry could no longer sustain two companies operating in the same niche and geographic markets. BDM 29/12/92

The merger was being implemented gradually and would officially take place towards March/April 1993. The name for the new company would be decided early in January 1993.

MD of the new company and previously MD of M & R Structures, Duncan Barry, said by working together on joint ventures, operating under one overhead, tackling common problems and cross-pollination of seconded staff, the two companies had already moved close together.

Meanwhile, another subsidiary, M & R Engineering, enlarged its capacity with the addition of Blue Circle Engineering, comprising seven individual engineering companies.

Late in 1991 M & R acquired Darling & Hodgson which gave it a 42% stake in Blue Circle. A further 42% stake was later acquired from Blue Circle's UK parent. M & R Materials division now consists of Blue Circle Cement, Ready Mix Materials and Darling & Hodgson.

CONSTRUCTION — GENERAL

1993

~~FEBRUARY~~ —

JANUARY — ~~M~~ Feb.

NEWSMAKER

Bart Dorrestein

STOCKS & STOCKS deputy chairman Bart Dorrestein was hitching a lift on the back of a rickety old donkey cart full of manure when he first encountered Sun International chairman Sol Kerzner, who whizzed past him in a red Ferrari.

Mr Dorrestein was chastised by the Sun King for being late for their meeting. However, this did not tarnish the relationship between them that has flourished since.

Stocks & Stocks is the company that built the R350-million Lost City building project in a record-breaking 22 months.

32

The master builder to Sun King Sol

S/Times 3/1/93.

By TERRY BETTY

The company's relationship with Sun International began when the Stocks Group founder built the Elangeni Hotel in Durban, the flagship of the Southern Sun Group back in 1972.

But Mr Dorrestein's relationship with Mr Kerzner began much later with the construction of the Mmabatho Sun in 1977. Mr Dorrestein says building the 88-room hotel and casino complex in seven months was considered a milestone in "fast track" construction.

However, it was only a warm-up for the day in 1978 when Sol Kerzner flew in a helicopter over the Sun City valley — miles from nowhere, with no electricity or infrastructure — and said: "This is where I am going to build the greatest resort complex in the world".

Just 17 months later the dream was a reality. Kerzner dreamt the dreams and Stocks and Dorrestein turned them into reality.

This relationship has continued through the years as Stocks & Stocks has built a number of other resorts for the group — all at breakneck speed.

After Sun City, the 250 Cabanas units were built in six months, the 17-storey Cascades in a garden oasis was completed in 14 months and the Carousel was finished within 10 months of conception.

Mr Dorrestein believes the key to their success on the Lost City project is that the structure was complete within 12 months, leaving almost a year for the detailed and complex finishes.

Challenges faced along the way include building a golf club house in five months and building the Valley of the Waves, where the design evolved during construction.

In fact, many of the ideas for the Lost City evolved as it went along. Mr Dorrestein says Mr Kerzner is a perfectionist, but says he used to dread his visits overseas, as he would invariably return with a concept to enhance the appeal of the project.

"One of Sol's greatest strengths is that, despite his apparent autocratic management style, he is a great consensus guy. He listens to other people's ideas and is always striving for perfection."

An example of this is the Sable Fountain at The Palace entrance, where nobody could relate to any of the design proposals until the artist, Dave de Jager, came up with the concept of sable antelopes standing as sentries at The Palace.

"In many ways the Lost City has contributed in job creation terms in our depressed economic times — what the Rockefeller Centre did for New York during the depression or even the temples of Egypt, which were always built during periods of drought.

"More than 100 000 people in various construction and manufacturing disciplines retained employment during the project — in fact, we rediscovered and even established new skills."

Mr Dorrestein is reticent to talk about himself. However, his staff say that he is people orientated, placing faith in the Stocks staff and their ability to perform.

He has a hands-on management style and his staff says he leads by example, never going home until the job is complete.

Any spare time he has is spent with his wife Linda and four children.

Mr Dorrestein is, however, very willing to talk about the lack of initiative political parties are showing in resolving the country's economic problems.

He says unemployment is leading to violence, which is going to get far worse until the social needs of health, housing and education are addressed.

"The key to resuscitating our economy lies in the mass housing industry."

Mr Dorrestein says Stocks is well placed for the future with its in-house turnkey development schemes and training programmes.

"While others look to world aid to solve our problems, the private sector has the funds to solve the problems from within with the help of a proactive government. If we could only stop talking about the problems and get going before it's too late."

(32)

ILCO HOMES

FM 8/1/93 (32)

Sensitive to interest rates

Activities: *Construction and marketing of mass housing.*
Control: *A C Demmers via Holdem.*
Chief executive: *A C Demmers: Finance director: W A Lombard.*
Capital structure: *30,75m ords. Market capitalisation: R30,8m.*
Share market: *Price: 100c. Yields: 7,5% on dividend; 20,2% on earnings; p:e ratio, 5,0; cover, 2,7. 12-month high, 110c; low, 75c. Trading volume last quarter, 165 000 shares.*

Year to Jun 30	'89	'90	'91	'92
ST debt (Rm)	13,5	17,8	15,3	25,0
LT debt (Rm)	—	—	0,07	7,3
Debt:equity ratio	0,36	0,45	0,38	0,72
Shareholders' interest	0,67	0,64	0,56	0,55
Int & leasing cover	12,2	2,4	2,3	2,2
Return on cap (%)	17,7	7,6	12,7	14,4
Turnover (% increase)	−42	−19	215	−23
Pre-int profit (Rm)	9,8	4,5	9,3	11,6
Earnings (c)	29,3	8,5	17,0	20,2
Dividends (c)	7,5	7,5	7,5	7,5
Net worth (c)	121	122	132	145

Ilco has positioned itself to take advantage of a huge rise in housing demand for low-income earners in the new SA. Despite a 23% fall in turnover, EPS rose by 19%. No turnover figure is given so there are no clues to the cost:turnover ratio or net margins.

The market for mass housing and townships has suffered from high interest rates, which Ilco blames for sluggish activity.

Stocks climbed by over 40% because of the completion of a mini factory complex in Pinetown and a business village in Mayville, Durban, for which no buyers have been found. However, working capital fell by over 10%, helped by a 65% cut in debtors.

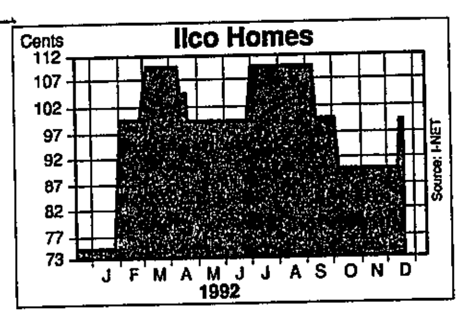
Other current projects include Summers Green in Cape Town, which will provide 5 500 homes for 30 000 people. This is Ilco's "core project," says finance director Warwick Lombard, and is expected to be in operation for the next 13-15 years. The group is exposed to the success of this project since it is so significant.

Gearing climbed, short-term interest-bearing debt rising by two-thirds and a loan of R7,3m being added to only R74 000 long-term liabilities. The debt:equity ratio is now a worrying 0,72.

Interest payable reacted to the increase in debt levels, rising by over 44%, leaving interest cover looking thin at 2,2 times. Gross cash flow increased by 18% — not enough to compensate for the rise in debt, resulting in a fall in debt cover (gross cash flow/total interest-bearing debt) to 0,21.

The group does not pay tax and doesn't expect to for several years, says Lombard, owing to contingent development expenditure allowances.

Lombard says Ilco has R1bn potential of tax allowances spread over the 13-15 year life of the Summers Green project, but these are awarded annually.



The directors have a direct and indirect interest of 92%, explaining the low trading volumes. High interest rates will continue to hamper performance but on a p:e rating of 5,0 and attractive dividend yield it may be a speculative buy, depending on your view on interest rates. The share is at a discount of almost a third to net worth and a 43% discount to its 175c 1987 issue price. *Louise Randell*

Privatisation to fund toll road expansion drive

S Times (Buss 7) (32)

10/1/93 By CIARAN RYAN

GOVERNMENT plans to accelerate privatisation of toll roads in order to speed up the building of other toll roads and reduce the National Road fund debt of R2,7-billion.

This will help reduce the budget deficit, likely to be more than 7% of GDP this year.

Malcolm Mitchell, deputy director-general at the Department of Transport, says the process of privatisation will not be delayed for fear that it might be overturned by a future government.

"It is in the interests of any future administration to privatise the roads because it reduces the tax burden on the State," he says.

Work on the Harrismith bypass and Villiers-Heidelberg section of the N3 and the N17 between Krugersdorp and Springs has been suspended because of lack of funds.

Between R4-billion and R5-billion is required to complete these and other toll road developments. Because of funding constraints these road developments may only be completed towards the end of the decade. But privatisation would speed up this process.

About R4,5-billion is required each year to maintain all SA's roads but only R2,3-billion was made available by government last year.

Grant

Toll roads are financed through a combination of loans from the National Road Fund (NRF) and money and capital markets, which are repaid from toll fees. The NRF receives a grant of about R550-million a year from government.

The NRF had paid out R1,2-billion for toll road development by 1991, the latest period for which figures are available. These funds are used to build both national and toll roads.

Toll fees collected at the country's 16 toll plazas was R145-million in the year to March 1992, the latest period for which figures are available, compared with R127-million in 1991.

Most of this — R75,5-million — was collected at the four toll plazas between Johannesburg and Durban on the N3. A further R50,9-million was collected by the four toll plazas on the N1.

Five toll plazas on the N1 and N3 are managed by Tolcon, a toll road company whose major shareholders are Murray & Roberts, Group 5 and Grinaker.

Despite slightly lower traffic volumes revenues were 14% higher in 1992 because of toll-fee increases and the commissioning of new toll plazas.

The total number of vehicles to pass through all 16 plazas in 1992 was 41,2-million, 15,8-million of which were recorded at the N1 and N3 plazas.

Toll fees are set at around 60% of cost savings on use of toll roads as opposed to alternative routes. The costs include wear and tear on the vehicle and fuel.

Tolcon managing director Peter Erasmus says privatisation will not result in higher tariffs because of built-in controls.

"Under the previous concession, we were not allowed to increase toll fees beyond 75% of the cost savings of using toll-road routes. This same system could operate in future. Furthermore, all toll increases are subject to ministerial approval."

Mr Erasmus says there were 5% fewer motor cars on the N3 and N1 in 1992, but 8% more trucks. An average of 40 000 vehicles pass through Tolcon's five plazas on the N3 and N1 each day (a vehicle travelling from Johannesburg to Durban would be counted several times). He says road traffic is projected to increase by between 3% and 5% a year.

It costs at least R4,5-million to build one kilometre of highway, excluding the cost of expropriating land.

The committee appointed by government under the chairmanship of Joop de Loor to investigate toll roads is expected to report later this year.

Sense

The national road network was thrown into crisis when government withdrew the NRF's levy of 10c collected on every litre of fuel sold in 1989. Road development and upgrading was slowed or halted through lack of funds.

Tolcon managing director Peter Erasmus says the government has no alternative but to privatise the toll roads in future.

"On a privatised basis, we would intend raising capital for new road developments on the capital market and roads would be built on a fast track basis. But the roads would have to make commercial sense."

He says a real after-tax return on investment of 7,5% is required for new road development.

SA fails investors' test

S Times (Buss 7) 10/1/93

By CHERILYN IRETON

A MILLION rand, 18-month long probe into potential investment in SA by multinational corporations found no evidence of any plans to inject funds into the country.

Not one of the more than 100 multinationals given presentations on SA as an investment prospect regarded the country as a suitable home for their funds at this point.

The research and subsequent briefings were conducted by British researcher Dr Tony Cadman on behalf of the California-based Institute of Management Resources, which boasts a long list of multinational clients such as Ford and Chrysler.

"The presentation of the massive data bank on SA was not a happy experience," says Dr Cadman. "None of the big firms found SA even remotely suitable for investment against the countries like Mexico and Argentina, which are competing for funds. SA apparently does not seem willing to compete."

Questions of the ANC's attitude to nationalisation, unhappiness over exchange control and uncompetitive tax rates emerged at all the presentations.

On issues of productivity, levels of management and quality control, SA cannot compete with many countries, Dr Cadman found.

Multinationals that had investigated the possibility of opening up offices in SA had been put off by the levels of violence and theft. (240)

They would also rather commit themselves to countries that have strong currency prospects, says Dr Cadman.

"They found the labour laws hopelessly biased to the workforce, which has the lowest productivity profile we could find. Without a suitable work ethic SA cannot hope to draw investment."

Low-cost housing plan to save building industry

ST Times (Buss) 10/1/93

By TERRY BETTY

THE outlook for 1993 in the construction sector is dismal unless the government can mobilise funds for low-cost houses.

Building Industries Federation of SA (Bifsa) executive director Ian Robinson says turnover in the industry is set to fall 20% in 1993 — after a 17% drop over the last three years as most projects have drawn to a close and few new ones are in the pipeline.

This will result in a further cutback in employment in one of the most labour-intensive industries, exacerbating violence and unrest.

Mr Robinson says there will be a large increase in the number of liquidations as well as qualified professionals and skilled craftsmen walking the streets.

"It is lunacy that at such a time the government has cut back capital expenditure from 10% to 3,5% of GDP over the last 10 years."

Mr Robinson is to meet Finance Minister Derek Keys this week to present a plan to keep people employed within the sector as well as provide houses and essential services to the masses, without placing a burden on the budget.

Clinton

Mr Robinson says major industrialised economies are using fixed expenditure to pull themselves out of recession.

For example, President-elect Bill Clinton has pledged $80-billion on an infrastructural programme to boost the economy. This will cover the provision of roads, health, education and capital projects.

In August 1992, Japan announced a reflationary $86-billion package to be spent mainly on construction.

Mr Robinson says: "These economic recovery programmes contain large dollops of Keynesian-style economics — in a depression when confidence is low and unemployment is high, the public sector should take up the slack.

"The benefits are a boost in business confidence and the creation of schools, hospitals, clinics and other buildings that provide help in rural areas where poverty is at its worst."

Mr Robinson says evidence of how well this can work has already been shown in SA. "After Sharpeville, confidence was at a low ebb, then the government built the Hendrik Verwoerd Dam. It took 10 years to complete, created employment and cost R300-million, but the biggest boon was a tremendous boost to business and industrial confidence."

Govt spending boost likely for construction

32

CT 13/1/93

By MAGGIE ROWLEY
Property Editor

THE 5 300-strong Building Industries Federation of South Africa (Bifsa) has urged the government to increase the first-time home-buyers subsidy for blacks by 77% to R177m in the current financial year.

The request was conveyed to Finance Minister Derek Keys at a top level meeting in Cape Town yesterday.

Johan Snyman, economic consultant for Bifsa and a member of the Bifsa delegation to Keys, said the Minister had indicated that 1993 Budget allocations for both low cost housing and public non residential projects would be increased substantially this year.

"However, he said the funds would have to be channelled through appropriate ministers and to this end Bifsa will be meeting with Minister Tertius Delport within the next couple of weeks with concrete proposals regarding, among other things, streamlining the government public housing delivery process."

Describing yesterday's meeting as fruitful, Snyman said Keys had been very receptive to the plight of the industry.

He said the Bifsa delegation had urged, among other things, that the first time home buyer's subsidy for blacks for dwellings of up to R30 000 be increased from R100m to R177m in the current year and that state expenditure on public non-residential projects such as schools, clinics and hospitals be increased by at least 15%.

"Increasing the first time home buyers subsidy would have the greatest spin-off benefit as it is an effective way of mobilising vast private sector funds to boost low income housing with relatively small government funds."

Bifsa's quest to find a state lifeline for the beleaguered building and construction industry comes at the time when more than 300 firms have gone to the wall, many others are holding on by the skin of their teeth and employment levels are at a 10-year low.

Bifsa argues that investment in building offers the greatest single opportunity to create employment and stimulate growth.

"Unless urgent action is taken now, Bifsa estimates liquidations could soar to about 600 this year which will put the industry in as serious a situation as 1984," said Snyman.

● Bifsa executive director Ian Robinson confirmed after the meeting with Keys yesterday that the next rung on the ladder would be for the industry to meet Minister Delport with concrete proposals.

Institutions 'hold back on loans'

Private sector housing plans 'bogged down'

BDay 15/11/93.

32

GRETA STEYN

MAJOR private sector initiatives to tackle the housing crisis have failed to get off the ground, says a confidential discussion document prepared for the National Housing Forum.

The report, written by Mike Oelofse and Conrad van Gass of the Urban Foundation and Built Environment Support Group, was prepared for the forum's working group on finance and subsidies.

The forum declined to comment on the document, but a source said it would be used as a point of departure to set priorities. It emphasised that the private sector had a major role to play. While this role was not yet being fulfilled, the essential elements were in place to achieve this.

Quoting a banker, the report said only a very small portion had been committed of the R3,5bn pledged by financial institutions in 1989 for low-cost housing over a three-year period.

The report noted that for home loans below R43 000, the estimates of private sector involvement were "bleak" and indicated a "dearth of loan finance reaching low-income households". The Home Loan Guarantee Company (HLGC), set up more than two years ago to insure financial institutions against risk, had insured only 9 000 individual homes, with an estimated value of R300m.

"It is worth noting that the HLGC initiative was originally structured to facilitate the provision of R1bn in conventional mortgage finance from home loan institutions. This capacity should have ... been able to generate approximately 25 000 individual home loans," the report said.

Most major mortgage lenders had agreed in principle to participate in the loan guarantee initiative, but with the exception of the Perm, they were not contributing significantly to financing housing below R43 000.

The contractual savings industry had also displayed an insignificant level of involvement. The industry had explored innovative mechanisms to get involved in financing low-income housing such as the Group Credit Company, the Perm Salary-Linked Home Finance initiative, the Urban Foundation/Old Mutual initiative and the South National Superfund and Metal Industries Group Pension Fund. "These initiatives are not yet making a significant impact on the low-income housing market as a whole," the report said.

It was difficult to obtain figures for funds that pensions and life offices were channelling into socio-economic investment projects, specifically housing. However, anonymous industry estimates put the figure at about R2bn, or about 1% of total assets.

Private sector developers had also taken a "risk-averse" stance to IDT-subsidised homebuilding. Of all successful applications, only 9% had been from private sector developers.

The report noted that financial institutions saw the main factors constraining the supply of funds for low-income housing as a perceived or actual instability of the political environment and the general investment mood in the economy.

For banks, an added problem was the

To Page 2

Housing

BDay 15/11/93 32

From Page 1

administrative complexity of handling small loans (where the risks of default were also often perceived by lenders to be higher than for larger loans).

The report emphasises that the private sector could potentially play a major role in reducing the housing backlog, while state expenditure could be put to more productive use. "Arguments for increased public expenditure beg the question of how best to achieve this."

The research showed "beyond doubt" that a "vast" amount of funds could be mobilised by the non-government sector towards finance initiatives that would help the poor gain access to housing.

The report said the essential elements were in place, such as an in-principle willingness to invest funds, the instruments to raise finance and the institutions through which funds could be channelled to borrowers. New initiatives should be developed around these elements.

BUILDING AND ENGINEERING

Promises, promises

32

The building industry in SA is contracting alarmingly — at a time when it should be expanding to provide much-needed housing and employment opportunities for a growing population.

FM 15|1|93

Building Industries Federation of SA (Bifsa) executive director Ian Robinson says the labour force, which is 17% down on the 250 000 people employed in 1991, might have to contract by a further 10% or even 20% this year if the situation does not improve.

Robinson says the industry turned over R15bn last year which, in nominal terms, was the same as the year before. The tragedy inherent in this is that, according to a recent National Manpower Commission report, every R1m invested in the building industry creates 186 jobs. By contrast, an investment of R1m in agriculture creates 124 new jobs and a similar investment in commerce 67 jobs.

"To sustain its economic growth, SA has to look at construction as a percentage of GDP," Robinson argues. "In Germany, construction accounts for 20% of GDP, in the UK, which is said to be in a worse recession than SA, last year it was 10% of GDP. In SA, it was 7,5% last year and it's likely to be even less this year. In 1992 public sector construction in SA accounted for 3,5% of GDP — down from 10% in 1974."

Robinson says the situation is so dire that he's been to see the Minister of Finance on a special pleading mission. What he would like is more government contracts passed on to the construction sector. But no doubt the building industry is not the only one looking for help in these tough times.

32

It's interesting, though, that the major world economies, including the UK, have pledged themselves to reflating their economies by investing public money in construction. Japan is to invest $US85bn this year and US president elect Bill Clinton has pledged to spend $65bn in his first year of office.

"They appreciate that construction is the industrial engine of economic growth," says Robinson.

SA, he asserts, could achieve a similar end by moving its not inconsiderable resources into the construction of low income housing, an area where a huge building backlog currently exists.

Says Robinson: "Last year, we built only 30 000 low-income houses. We need to build 200 000 a year between now and the end of the century to just dent the backlog, not eliminate it."

That means the industry's focus in the short term should definitely be on low-income housing, he says. "There is an oversupply of office accommodation, we have reached the end of the mega-shopping centres and there's little excitement in industrial projects."

The lacklustre performance of the building industry was one of the factors which reduced turnovers in the steel and engineering industry by 2,5% to R55bn last year, says Michael McDonald, an economist with the Steel and Engineering Industries Federation of SA (Seifsa).

Other factors were the sharp cutback in government spending — there was no new Mossgas or Eskom power station commissioned.

McDonald doesn't expect Alusaf's proposed smelter or the Columbus stainless steel project to have any significant effect on the industry this year. Tenders may be called and orders placed, but the industry will probably have to wait until next year before any significant benefits are felt.

However, it's not all gloom in the sector. The improvement in car sales is an indication that consumer confidence is improving. And prospects for the metal products and machinery sectors look promising.

Steel exports will largely depend on a rival in the economies of SA's major trading partners. But apart from some stirrings in the US economy, that doesn't look set to happen soon. However, McDonald says there's some hope that raw steel exports will improve in the second half of the year. ■

Otis elevates earnings after competitor buyout

BDay 15/1/93. EDWARD WEST (32)

OTIS Elevator's earnings climbed 30,5% ~~in the year to~~ end-November 1992 on the back of the acquisition of competitor Melcorp and lift repairs, said chairman Drew Gnodde.

Turnover increased by nearly two-thirds to R186,3m from R117m in 1991 and operating profit improved by a slightly higher percentage to R21,1m from R13,1m the previous year.

Knodde ascribed a great proportion of turnover growth and improvement in profitability to the R21m acquisition of Melcorp, which was included in the results for a full financial year for the first time, and subsequent rationalisation of the two companies' operations under Otis.

Interest received fell to R238 000 from R653 000. After paying a higher tax bill of R11,2m from R7,2m in 1991, net income was 56,4% higher at R10,2m from R6,5m the previous year.

The number of shares in issue increased to 20,4-million from 17-million due to a R7,5m rights issue last year to fund the acquisition of Melcorp. Share earnings were diluted, but were nonetheless 30,5% higher at 50c compared with 38,3c at the end of 1991.

A final dividend of 13c (1991:10c) a share was declared bringing total dividend for 1992 to 25c (19c).

Gnodde said elevator sales were affected by slower building activity, but repairs were ongoing. He said 1992 profit growth was unlikely to be repeated in 1993, but earnings should improve.

Sector: see McGregors

M&R puts up stadiums

BDM 20/1/93

JOHN DLUDLU

SEVERAL Murray & Roberts (M & R) group operating companies were involved in building six stadiums and grandstands last year. (32)

"Following the completion of Wanderers' Centenary Pavilion, the company was awarded an R18,2m contract for construction of a second grandstand by the Transvaal Cricket Board," a statement said.

The new Unity Stand would seat 11 200 people.

Gillis-Mason Construction had built stadiums in Boksburg and Bloemfontein. The Springbok Park stadium in Bloemfontein, completed last year, had a contract value of R4,4m and could seat 8 000. The Stadium Pavilion in Boksburg could seat 4 000.

M & R was awarded a R23m contract to build Duckpond Pavilion at St Georges Park, Port Elizabeth, by the Eastern Province Cricket Board.

It also built extra seating at the Boet Erasmus Stadium in Port Elizabeth for R400 000 and is building a grandstand at Newlands in Cape Town.

This is still 'Otis country'

Star 27/1/93 ~~1892~~ 32

Almost 100 years ago in SA the first Otis lift was sold by an agent in Cape Town. The company currently has 11 000 installations in this country and is still the leader in its field.

Some years ago, readers of SA publications may remember, an advert depicted the skyline of Johannesburg with a caption that went something along the lines of "This is Otis Country".

That still pertains to this day. Not only in SA, but internationally Otis remains a leading company in elevator systems and technology.

The Otis association with SA extends back to 1896 when the first Otis lift was sold by an agent in Cape Town.

In 1914 a branch office was established in SA by the British parent company (then known as Waygood Otis) and Otis Elevator Company Limited was listed on The Johannesburg Stock Exchange in 1968.

Currently Otis has more than 11000 installations in SA (including those of Melcorp which held the Mitsubishi agency and which Otis acquired from its SA owners in October 1991).

"Otis is therefore no fair-weather friend of South Africa and is just as committed to the new SA," says managing director Roy Markham.

Markham came to SA determined to make a major impact on the company's business approach, notably towards its service division which, he says, is now the subject of an intense focus for improvement.

"Through efficiencies we have contained costs, improved the quality of our service and generally changed our attitude towards customers. In short, we do what we say we will do," he says.

A similar wind of change has blown throughout the company and the principles of high quality, value-for-money service apply to all facets from engineering and manufacture to installation.

There is also a determination to let the market know that the venerable Otis company is moving with the times and is indeed setting the pace.

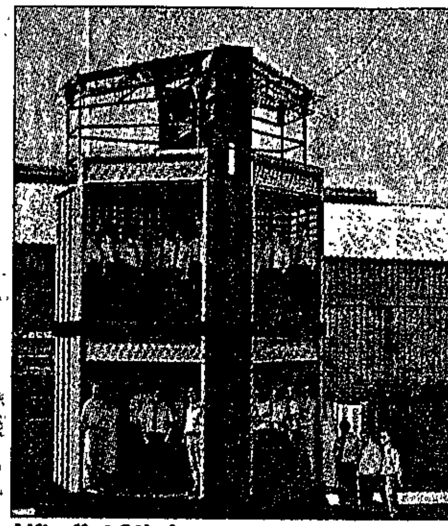
This was amply demonstrated recently when a complete lift and shaft module was lowered into position through the roof of the Four Ways Mall shopping centre, achieving considerable savings with the minimum of disruption to the rest of the site.

The company pre-assembles lift entrances and cabs as a matter of course at the well equipped and recently modernised Wadeville factory, originally built in the '50s.

"Elevonic" is the trade mark that Otis has coined to describe its electronic elevators, an earlier example of which is to be found in the Diagonal Street headquarters of Times Media Limited.

The latest Elevonic generation has been installed at Anglo American's new headquarters in 55 Marshall Street.

The latter is typical of the new thinking in lift technology with a host of user-friendly features.



Lift off ... Otis has some notable achievements in the industrial market, among them this example of lift technology in the mining industry.

However, Otis has by no means lost sight of the broader spectrum of the lift market and it provides an excellent range of inexpensive standard units.

The company's involvement in the industrial market is less well known but this important and growing sector of its business in SA encompasses the supply of some mind-boggling achievements in lift technology in the mining industry for example. Sector 1 Construct'n See McGregors.

For further information, please phone (011) 334-5200.

McCarthy has its plate full this year

B/DAY 27/1/93.

IN SPITE of difficult conditions in the construction industry, R McCarthy has started construction on four contracts in the PWV area worth R63m that will see its work force occupied for the year.

"These contracts, coming after the completion of our Johannesburg Civic Theatre and Pretoria municipality bus depot contracts, mean that our construction teams will be fully utilised this year," says MD Alastair Williams.

(32)

The construction company forms part of the listed Time Holdings' stable. The largest of the four contracts is for the new R39m headquarters for the Unemployment Insurance Fund.

The 16 000m², four-storey office block is bound by Church, Vermeulen, Botha and Schubart streets in Pretoria. Construction began in the last quarter of 1992 and is scheduled to end in September 1994.

The 7 500m² production facility for Lever Brothers in Boksburg East is under construction and the R10m contract is scheduled for completion in June, while building on fellow subsidiary Time Life's new R11m corporate headquarters started last October and is scheduled for completion at the end of this year.

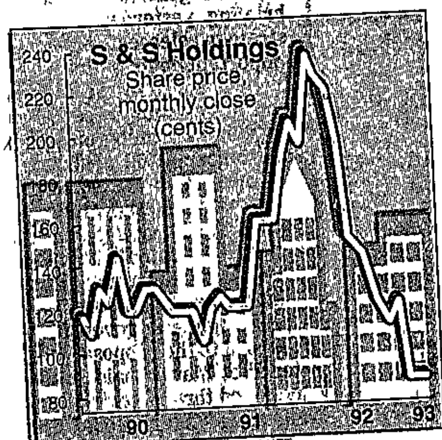
The 11 000m² building, owned by Norwich Union, is situated at 342 Jan Smuts Avenue in Craighall.

Sechold House, the new R3,5m headquarters for financial services group Sechold, was started in November and is scheduled for completion in June. The 3 500m² development is in Illovo on the corner of Oxford Road and Harries Street.

Stocks' earnings halved

BDay 29/1/93

EDWARD WEST



Graphic: RUBY-GAY MARTIN Source: I-NET

CONSTRUCTION pyramid Stocks & Stocks Holdings' (SSH) earnings a share fell by more than half to 8c in the six months to end-October 1992 from 19c in the same period in 1991.

The first results to be published following the restructuring and listing of pyramid SSH in December show the interim dividend lower at 2,5c from 5c. This would have been equivalent to 3,8c if the restructuring had not taken place.

The financial statements reflected the results of total group operations, 65% of which accrued to SSH.

The differences between the results of

□ To Page 2

Stocks & Stocks

□ From Page 1

SSH compared with Stocks & Stocks Ltd related to the relationship between own shareholders' funds and outside shareholders' funds. Comparisons with Stocks & Stocks Ltd were inappropriate.

Directors said the group had a good six months in spite of turbulent conditions and the 27% drop in turnover to R613,2m from R839,6m. Operating profit was 24,7% lower at R19,6m from R26m, reflecting slight improved operating margins.

The group entered the new year with an order book of R1bn with the Sandton Square and Portswood Ridge Projects providing replacement work for the completed Lost City project. Turnover in the year to end-April 1991 was R1,4bn.

The group was consolidating and rationalising operations to avoid duplication of services and to move out of areas of poor opportunity and performance. International activities were also being curtailed and rationalised. BDay 29/1/93

Home building and construction of services sites order books were also healthy.

An investment analyst said the group specialised in hotel construction and would benefit from improved tourism which would stimulate hotel construction.

With the group's shareholding restructured and a pyramid formed, the control of the group by management and employees had been entrenched.

Stocks & Stocks sees 35 pc fall in earnings

S TAR 29/1/93

By Stephen Cranston (32)

Stocks & Stocks Holdings and Stocks & Stocks Limited have each reported earnings per share of 8c and dividends of 2,5c for the six months to last October.

Attributable earnings fell by 35 percent to R6,42 million.

Stocks Holdings has a 65 percent holding in Stocks Limited, which was created with a scrip dividend of 54 shares for every 100 Stocks Holdings shares held.

The present structure was only created last November.

Had it been in existence in the six months to October 1991, earnings per share would have been 12,35c for each company.

Turnover fell from R840 million to R613 million, but the operating margin widened slightly from 3,1 percent to 3,2 percent.

Operating income fell from R26 million to R19,6 million.

The cash position was strengthened, which enabled the group to reduce interest paid from R8,6 million to R5,7 million.

The level of the order book has been maintained at R1 billion at December 31.

The Lost City contract has been completed, but has been replaced by the Sandton Square and Portswood Ridge projects.

Executive chairman Reg Edwards says that the difficulties facing the construction industry are greater than ever, and he points out that the group has performed well in the circumstances.

He says the group is constantly consolidating and rationalising its operations so as to avoid duplication of services and to be able to move out of unpromising areas.

Unfavourable political and economic developments in other countries have led to the scaling down of international operations.

The home building division has a healthy order book.

A new government must give proper attention to the chronic housing shortage. Stocks has the infrastructure in place to profit from any future housing projects.

Property buyers advised on how to protect interests

BDAY 3/2/93.

PETER GALLI

PROPERTY buyers have lost a large measure of protection because of legal changes to the "voetstoets" principle and should insist on warranties in writing, says Werksmans attorneys partner Stan Brasg.

This follows the most recent Appellate Division decision where the court held that for a seller to lose the protection afforded him under the "voetstoets" clause, it must be proved he was both aware of the existence of a latent defect and that he intentionally concealed this to defraud the buyer, Bragg says.

"The buyer has lost a large measure of protection by the changed legal position. It will be very difficult, if not impossible, to prove fraud on the part of the seller."

The buyer must never rely on the oral assurances of either the seller or his agent. An agent usually has no authority to make oral warranties on behalf of the seller, who can deny giving such warranties and which are excluded by the written agreement anyway, he says.

The buyer should ensure that written warranties specific to the item concerned are included in the sale agreement. An example of this would be to insert a clause stating: "The seller warrants that the swimming pool is not leaking and the filter is in proper working order and both will be in such condition on the date of occupation," says Bragg.

"Such warranties can be included for any aspect of the property about which the buyer is uncertain or dissatisfied...

"If the warranty is breached, it may entitle the buyer to claim a reduction in the price or even a cancellation of the sale," he says.

Another confusing issue was the question of which items in a building were fixtures, and which were fittings that could be removed.

Generally, a movable article that can be removed without damaging either the building or the article — and which has not become an integral part of the building — would be regarded as a removable fitting.

A distinction has been drawn by the courts between an installation that is essential to the functioning of the building and an installation that is related to an activity carried on in the building.

"For example, in a house, doors and windows and probably also the stove are essential to the functioning of the house as a dwelling and thus are fixtures. However, a television aerial is relevant only to the activities of the occupants and is classified as a fitting," Bragg says.

The courts have held that a generally accepted test is to determine whether the person who attached the article to the building intended it to remain there permanently.

Trend among industrialists to buy premises

BDAY 3/2/93

PETER GALLI

THE trend among industrialists to buy and occupy their industrial premises rather than rent them is continuing, says Rhobeta Developments MD Ray Bowers.

"In particular, areas like Strijdom Park have remained popular because of its proximity to the western bypass, the Randburg CBD and several residential areas.

"The last land with industrial zoning rights in Strijdom Park has been developed and, as there is good demand for space in the area and no new space is available, the time is right to launch our Rhodium Industrial Park development," he said.

The park, which offered 7 000m² of rentable space in 15 units, was due for completion by March 31. Two of the units had been let and negotiations were under way for another three.

The security of the area, coupled with security within the development, was a large drawcard to prospective buyers, Bowers said.

The Fontainbleau Centre on Republic Road offered retailers units with an industrial specification at industrial rentals. "This concept, which has been underused in the PWV area, offers a great opportunity to value centres, factory shops and discount outlets," he said.

Govt awarding smaller contracts

BDAY 3/2/93. (32)

EDWARD WEST

THE days of multimillion-rand government construction contracts were virtually over, with the emphasis shifting to smaller contracts for essential services, industry sources said.

Murray & Roberts (M & R) Gillis-Mason chairman Adrian Boyd said the civil engineering market had changed in the past few months, with township infrastructure development becoming more predominant at the expense of more conventional infrastructure development such as roads.

SA Federation of Civil Engineering Contractors executive director William Vance said he believed the March Budget would vote substantial funds for uplifting poor communities.

Boyd said supplying services to townships had for years been impeded by bureaucracy and the several "forums" and commissions set up to resolve the problem. "To date no co-ordinated concept of urbanisation has emerged."

M & R suppliers and services director Brian Bruce said the changed emphasis in spending had resulted in the awarding of more small and medium-sized contracts at local and regional government levels.

Although several heavy civils contracts existed in the private sector, they would start only in the second quarter of 1993. These included the Columbus project, the Alusaf smelter, sewerage extensions in Johannesburg and Rand Water Board extensions.

Jo'burg still has most head offices

PETER GALLI

BDAY 8/12/93

THE Transvaal is still the hub of commerce and industry. More than 70% of the Financial Mail's top 300 companies have their head offices in the region, according to a report compiled by Anglo American Properties (Ampros) research department.

The Johannesburg CBD and periphery heads the list, with 41 or 16% of head offices of the top 300 companies, followed by the area east of Johannesburg (40), Sandton (39), the northern suburbs (27), west of Johannesburg (15), south of Johannesburg (13), Midrand (10), Pretoria (9) and Randurg (7).

The greater Johannesburg area remains the most densely populated head office area. Sandton's rapid growth is reflected in the fact 39 head offices are now located there. Almost 43% of leading beverage, hotel and leisure companies have their headquarters in Sandton, as do 32% of electronic companies.

While the PWV is the strongest area, there are geographically preferred areas for certain commercial sectors, the Ampros report says.

"Towns and suburbs to the north of Johannesburg, including Sandton, Randburg, Midrand, Parktown and Rosebank, are popular with electronic companies, housing 84% of the national total, and 50% of pharmaceutical and medical companies. Towns east of Johannesburg — from Bruma to Springs and Elandsfontein — have the highest concentration of engineering companies at 58% and 36% of those in the electrical and battery sector."

Outside the Transvaal, the western Cape has the highest number of headquarters at 47, with Natal at 30 and the Eastern Cape with seven.

"Cape Town CBD remains the hub of the western Cape with 20 of the region's 47 head offices. This region remains the preferred choice for retailers and wholesalers (39%), clothing, footwear and textile operations (32%) and fishing (50%)," the report says.

Eight of the top 300 companies are outside the major centres in areas including Pietersburg, Vereeniging, Middelburg, Witbank, Ga-Rankuwa and Namibia.

Knightsbridge sold out in two days

ANDREW KRUMM

GROUP Five Homes launched a fifth Good Address Small Home (Gash) housing development at Knightsbridge in Bruma on the weekend, which sold out in two days, MD Rob Ballentine said yesterday.

"Once again sales were beyond expectation. The 72-unit project sold out over the weekend," Ballentine said. Units were priced from R99 000 and offered facilities such as satellite TV, security, a clubhouse, launderette, pool and gym.

The Knightsbridge development followed the rapid sellout of four previous projects based on the Gash formula.

"At our previous project, the 60-unit Templeton Green in Berea, Durban, people were queueing to buy two-bedroomed units priced from R189 000. The development was sold out in four hours," he added.

All projects were built using fast track methods by Group Five subsidiary Goldstein Housing. "The complexes appeal to young executives and the upwardly mobile element, and attracted a number of property investors, who account for a large proportion of sales."

Group Five Homes planned to launch a second phase at Khyber Rock in Sandton next month. The 24 second and third phase units would be priced from about R298 000.

PROPERTY

Ovcon to diversify with operations in Abu Dhabi

BIOMY 3/2/93 (32)

PETER GALLI

OVCON, the Cape-based construction group, is diversifying its operations and has registered and established a fully operational branch in Abu Dhabi in the United Arab Emirates.

"The continuing downturn in the local construction industry has forced us to look for additional opportunities abroad to boost income and keep our staff meaningfully employed," said executive director Jimmy Thomas.

The company had already taken offices, employed local staff and transferred director Peter Groenhof to run the operation.

"It is too early to say what sort of revenue will eventually be generated from this operation, but we hope it will make a reasonable contribution to group profits," he said.

The initial capital investment had been "quite small", but this would increase once contracts were in place and working capital needed to be transferred.

"We are looking to become fully involved in the type of construction we have traditionally handled locally but are also looking to represent any local company that has products they consider marketable in the Middle East," Thomas said.

The potential for the marketing side could be greater than that of the construction side and "considerable attention" was being paid to it. The first tender was in the process of being submitted for a 19-storey central city office building with a value of more than R50m.

"We have already made contact with a British-based retail group with stores throughout the Emirates and the Gulf to sell wine from five Cape estates, but no order has yet been received.

"Although Abu Dhabi is Muslim, the large number of expatriates working in the country make it a profitible outlet for wines and spirits," he said.

Ovcon had formed a partnership with two senior government officials in terms of the stringent requirements that require any foreign company to have reputable resident sponsors who, by law, have to play an active part in the business.

There had been good local interest but manufacturers wanting to compete in this market had to be internationally competitive in terms of price, quality and service, he said.

"Ovcon will also be more than willing to go into joint ventures with other SA construction companies looking to become established in the Middle East.

"We have also established a relationship with a company that specialises in marketing SA products overseas and are looking for any product that can achieve a high turnover," Thomas said.

Contractors to protest at Receiver's offices

BIDay 4/2/93

SHARON WOOD

(33)

PROFESSIONAL and technical contractors with close corporations could form a regulatory board similar to the Estate Agents Board to resolve problems in the industry, says Association of Professional and Technical Contractors (APTC) spokesman David Heath.

The move is aimed at quelling the Receiver of Revenue's concerns about collecting tax from the industry.

The board would ensure that all contractors, who would be obliged to become members of the board, paid their taxes.

APTC members are up in arms about the Receiver of Revenue's decision to tax contractors at the company tax rate at the point of payment. This means close corporations have to pay 48% a month, as opposed to the existing annual payment at the same rate.

Members will voice their anger at a protest meeting in front of the Receiver of Revenue's office tomorrow and will hand over a letter rejecting the tax amendment due to be implemented on March 1.

About 600 contractors decided to go ahead with the protest at a meeting in Johannesburg last week.

Heath said the association was offering an alternative to the Receiver. Contractors would pay a monthly tax but at the lower rate of 16%. The board would streamline the tax payments and take the burden of tax collection off the Receiver.

Heath said government was trying to tap an easy source of revenue but it would be detrimental to the survival of the industry.

Contractors were a floating pool of labour that big industry could rely on when needed. Big industry usually would not employ these contractors on a permanent basis because of difficult economic times, when work fluctuated.

The association had tried to set up a meeting with the commissioner and deputy commissioner of Inland Revenue to discuss the issue but had been turned down.

Roadworks 'face neglect again'

8 Day 4/2/93 (32)

GERALD REILLY in Pretoria

SA's deteriorating road network is again likely to be starved of adequate funds for essential repair and maintenance work in the new financial year, SA Road Federation president Leon Oosthuizen said this week.

In the current financial year the Budget allocation was R2,5bn for the five road authorities — the four provincial administrations, the Transport Department and the six homelands.

"We'll be fortunate if in real terms we get as much again this coming year," Oosthuizen said.

"A dedicated fuel levy is part of the solution."

He said the road system was "busy falling apart".

Meanwhile, Transport director-general C F Scheepers said it was hoped that this year's R568m for national roads "will not be reduced substantially". No major reconstruction works could be afforded, he said.

He said funds had to be provided for new construction on the N2 on the Natal South and North Coast toll road projects, as well as on the N4 from Pretoria to Brits.

However, lack of funding meant no other major construction on national roads was possible.

Asked what major works had stalled because of lack of funds, Scheepers said work on some links on routes connecting the PWV and Durban had to be done in phases.

He said about R2bn was needed to complete the N17 toll road between Springs and Krugersdorp. Work on the project had been temporarily suspended because it was no longer considered self-financing. It had to be partially funded from the national road fund.

Scheepers said Parliament had rejected a Bill in 1990 which would have made the privatisation of roads possible.

Former Finance director-general Joop de Loor was involved in negotiations between the SA Roads Board and the private sector on redefining the role of private sector companies as government agents.

The Steinmetz committee had completed its investigation into the rationalisation of the structure for the provision, maintenance and operation of a national road system, including toll roads, and would report to Cabinet soon.

Although the privatisation of toll roads was prohibited, the private sector was widely involved in roads, particularly toll roads.

All national roads were designed, built, maintained and operated by private companies.

Scheepers said the Transport Department procured capital and money market loans and used toll income to service and redeem the loans.

Contractors to protest at Receiver's offices

BDay 4/2/93

SHARON WOOD

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STOCKS & STOCKS FM 5/2/93

Holding the margins

32

Stocks & Stocks Holdings Ltd's October interim results were complicated by the restructuring of its share capital to become a pyramid in November 1992. The results reflect increasing competition and wilting demand in the local construction market. Taking into account the issue of 28,1m new shares, a result of the restructuring, EPS were diluted to 8c. Without dilution, EPS would have been 12,3c, but this still represents a fall of 35% on the year.

Operating margins were slightly up on the year at 3,2%, but well down on the previous six-month margin of 4,5%. Reasons for the fluctuation are not clear — the results announcement does not break down operating profit.

While turnover was down 27% on the year, Stocks executive chairman Reg Edwards describes it as quality revenue because margins were slightly improved; he is keen not to compromise margins for increased volumes.

DIVIDEND CUT

Six months to	Oct 31 '91	Apr 30 '92	Oct 31 '92
Turnover (Rm)	839,6	599,1	613,2
Operating inc (Rm)*	25,9	27,1	19,6
Operating margins	3,1	4,5	3,2
Attributable (Rm) ..	10,1	7	4,2
Earnings (c)	19	19	8
Dividends (c)	5,0	6,0	2,5

* Pre-finance charges

FM 5/2/93 32

Edwards says order books are slightly down on the previous year and stand at R1bn. The Palace of the Lost City and the Valley of the Waves, now completed, accounted for about a fifth of turnover in 1992 and will account for about 5% in 1993. New projects like Sandton Square and Portswood Ridge represent the current big projects; work is paid for as it's done, which smoothes the revenue stream.

Stocks is in partnership with Liberty Life and Transnet Pension Fund in the R300m Sandton Square development. Work is expected to begin this month and the opening is projected for 24 months' time.

Construction is the largest division, accounting for 55%-60% of turnover. Stocks is aiming to spread its risk profile by encouraging growth of other divisions and reducing the contribution of construction to 30%-40%. Potential growth divisions include leisure, information technology and housing.

An attempt to reduce risk by diversifying away from the domestic market has not met with the success hoped for. Project work in the Indian Ocean met with "cultural problems" in the way work was carried out, and work in Angola has been halted due to strife between Unita and government forces. Botswana is the exception. The contribution of sales outside SA to total sales is less than 5%.

Edwards says turnover is expected to fall to R1,2bn in 1993, and remain flat in 1994. The outlook for dividends is coloured by the cut in the interim payout, which fell from 5c to 2,5c over the year. Without dilution the dividend would have been 3,85c, a reduction on the year of 23%.

It's ironic that since the restructuring the share price, at 85c, has not moved. Difficult trading conditions and market nervousness about the construction industry will deter investors until an economic upturn is palpable.

Louise Randell

NRG 6/2/93

Bleak year seen for building industry

32

OUTGOING Steel Window and Door Association (Swada) chairman Mr Ian Wood has warned that the building industry faces another bleak year in 1993.

Mr Wood said the violence, political uncertainty and revelations of corruption and maladministration would deter international investors. "I do not see any major improvement for the industry in 1993," he said.

Mr Wood, managing director of Wispeco, urged manufacturers of steel architectural products to introduce stringent cash flow measures and innovative marketing policies to survive the difficult year ahead.

Construction workers in tax protest

(33) S/Times (Buss) 7/2/93.

HUNDREDS of contract workers in the building and construction industry picketed the Receiver of Revenue's office in downtown Johannesburg on Friday.

They were protesting against a new tax directive which will come into effect on March 1 and will require them to pay tax at a rate of 48% on their hourly earnings.

By DON ROBERTSON

At 10am, Mark Hampson, the chairman of a newly formed group, the Association of Professional and Technical Contractors, handed the Receiver a statement objecting to the Income Tax Act of 1990 which was promulgated in December.

The statement which refers to "victimisation and discrimination" reads, in part, "the disregard that has been shown by the Department of Finance for our negotiations, recommendations and co-operation over the past two years, has led to the formation of this association in order to emphasise our determination on this issue with organised demonstrations such as this one, which we hope will result in a tax dispensation that will be effective for your office and our members".

A number of representations to the Department of Finance by the Association of Personnel Service Organisations of SA (Apso) have failed to elicit a favourable response.

As a result, the Association of Professional and Technical Contractors was established in January to pursue the matter.

In the past, contract workers have been taxed on a normal PAYE basis through close corporations or through labour brokers. The new association believes that the new tax requirement will force many out of their chosen professions which they believe will create serious problems in the construction and building industries.

Contract workers are generally individually employed or operate through close corporations or labour brokers and hire themselves out to companies on an hourly basis. They are employed for short periods of time while a particular project is being developed.

The association includes members who are involved in draughting, contract engineering, quantity surveying and computer skills.

They are paid considerably more than fulltime staff, but must make provision for their own pensions and medical aid with none of the benefits of fulltime staff.

In terms of the new Act, employers utilising their skills must deduct 48% of all salaries paid. Contract workers will then have to claim for tax deductions at the end of the fiscal year.

TAX TYRANNY ... Contract workers in protest against a 48% upfront tax in Johannesburg

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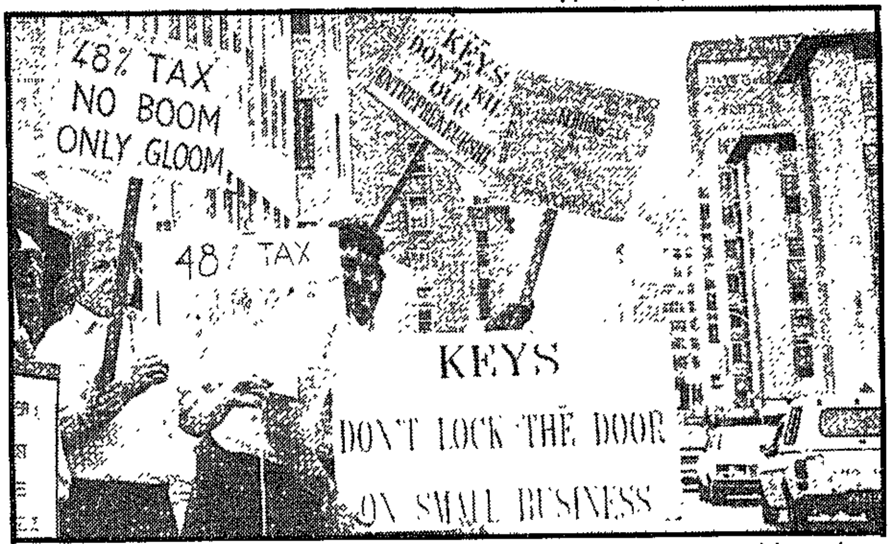

TAX TYRANNY ... Contract workers in protest against a 48% upfront tax in Johannesburg

Group Five part of Mauritius project

BIDAY 8/2/93

ANDREW KRUMM (32)

A JOINT venture between Group Five International and Mauritius-based General Construction has been awarded a R145,5m contract to build a new headquarters for the State Commercial Bank in Port Louis, Mauritius.

Group Five CE Peter Clogg said at the weekend, the group's order book required around R200m in monthly orders to keep resources fully occupied.

"So the award of the Mauritian contract is good news. And when taken with the recent award of a R126m contract to build Standard Bank's new south block in Johannesburg, the group has had a good start to the year."

He said the joint venture partners, who had previously worked together on a number of projects, had won the State Commercial Bank project against some hefty international competition. This included Bouyges, Europe's largest construction group, who beat the partners on price, but not quality.

The 16-storey office block project was the largest private sector contract awarded on the island to date. The building would have a gross internal floor area of 18 000m², and incorporate basement parking, retail and corporate banking facilities as well the State Commercial bank headquarters.

Two Group Five International companies — Goldstein Coastal and R.H Morris — would handle the project in conjunction with General Construction. Work was to start immediately.

Positive signs from building industry

(32) CT 8/2/93

By MAGGIE ROWLEY
Property Editor

WHILE the construction market was still at the bottom there were now signs that it was turning and a drop in interest rates would cement this, says Leon Glaser of D Glaser & Son.

"It's still bumpy at the bottom but the bumps are getting bigger.

"In the past two weeks in particular there had been a definite increase in the number of projects put out to tender and they were now tendering on five fairly large projects."

Tendering, however, he said remained cut-throat but they were not prepared to go in at a loss just to secure the contract.

"We pride ourself on high quality work and this is not possible if you tender below cost.

"In the past year we have been called in half way through three projects, for which we tendered but were not initially awarded the contract, because the contractors involved went under."

On the sales side, he said, interest was also picking up and four units in The Odeon, their multi-million luxury apartment block in Sea Point where sales have been extremely slow in the past two years, had been sold over December and January.

Units, with a floor area of about 265m², in the high security block were sold for an average of more than R1m each, bringing the total number of units sold to date to seven of the 17.

"And negotiations with a further four genuine buyers are now well advanced."

Timing

Glaser admitted that the timing of the launch of The Odeon could not have been worse.

The block came to the market about two years ago at a time when an economic upturn had been forecast. "But the goalposts kept getting pushed further and further back. Coupled with the political upheavals, the top end of the market just died but is now beginning to show new life.

"We have had to absorb pretty hefty holding costs on The Odeon, and have not adjusted our prices accordingly. The units represent the best value for money in the area as it would be impossible to build a block of its calibre at that price today.

"The Odeon was aimed at those at the top end of the market, ready for retirement who did not want the hassle and upkeep of a large property.

"However high interest rates, coupled with the political uncertainty of recent years, prevented many people from upgrading their properties. Consequently our target market sat tight. But at long last it looks promising."

Describing the current recession as the worst in his 40 years experience in the industry, Glaser said his company, like many in the industry had been forced to retrench quite heavily.

"We have had to let more than half of our staff go but as soon as there is any real improvement we hope to reverse this situation and re-employ as many of our people as possible."

STAR 8/2/93 (32)

Construction industry lines up award winners

Peter Clogg, president of the SA Federation of Civil Engineering Contractors (Safcec) and executive chairman of Group Five, will be the guest speaker at the first National Construction Industry Productivity and Quality Awards dinner at the Sandton Sun on February 24.

Three organisations will receive awards at the dinner, which will be attended by some 200 guests.

The competition, with the theme "Survival in hard times", was initiated and organised by the construction industry in conjunction with the National Productivity Institute (NPI).

It was the result of concern about the image of low productivity and poor quality prevalent in the industry.

The competition was sponsored by the Association of General Contractors (AGC), Pretoria Portland Cement (PPC) and Hippo Quarries.

The AGC includes companies such as Basil Read, Concor, Grinaker, Group Five, LTA, Murray & Roberts, Shoredits Holdings, Stocks & Stocks and Wilson Bayly Holmes.

Star 8/2/93

Anglo tidies up LTA stake

By Derek Tommey

(32)

The Anglo American group is tidying up its holdings in construction company LTA.

Anglo American Industrial Corporation (AMIC) is to acquire the 13,1 million LTA shares (48,78 percent of the issued capital) held by Anglo American in exchange for 1 064 323 Amic shares.

This will increase Amic's interest in LTA from 22,79 perfcent to 71,57 percent and Anglo American's interest in Amic from 46,94 percent to 47,9 percent.

The directors of Anglo American and Amic say the transaction will have a minimal effect on the earnings and net asset values of the two companies.

The share exchange will simplify the control structure, set up clearer reporting lines and demarcate management responsibility and accountability.

The JSE has deemed Anglo American and Amic to be concert parties and consequently no offer is required to be made to the minority shareholders of LTA.

Amic, Anglo are 'tidying up'

B/Day 7/2/93

(32) EDWARD WEST

THE consolidation of construction group LTA into Anglo American Industrial Corporation (Amic) might reflect a change in strategic thinking inside Anglo American and Amic, suggesting further streamlining of cross-shareholdings is in the pipeline.

Amic chairman Leslie Boyd yesterday confirmed that cross-shareholdings between Anglo and its industrial holding company were being reviewed. The process, involving a "steady tidying up" of shareholdings, would not be fast.

Amic yesterday announced the acquisition of a 48,8% interest in construction group LTA from AA to bring its stake in LTA to 71,6% from 22,8% to simplify its control structure, set up clearer reporting lines and demarcate management responsibility and accountability.

LTA financial director Jimmy Oosthuizen said LTA's consolidation meant it moved from being an associate to a subsidiary of Amic. The move was not likely to affect operations, but would probably mean LTA's financial year-end would change from March to coincide with Amic's in December.

LTA's consolidation was effected by Amic acquiring 13,13-million LTA shares in exchange for the issue to Anglo of 1,06-million new Amic shares. LTA and Amic shares were valued at R5 and R61,70 respectively.

The deal was not expected to have a significant effect on either firm's net asset value or earnings a share. However, the new shares issued to Anglo could affect its debt-to-equity ratio.

Other operations held jointly by Anglo and Amic are Mondi, NTE and Tongaat-Hulett.

French group buys 25,9% of Basil Read

(32)

BDay 10/2/93.

EDWARD WEST

LEADING French international construction group Bouygues has taken a 25,9% stake in Basil Read to become its major external shareholder.

Bouygues, which currently operated all over Africa, had been looking for a SA partner with which to explore opportunities in southern Africa, a statement from Basil Read said yesterday.

Basil Read MD Chris Jarvis said the move was initially only a change of shareholding. In future, however, co-operation between the two companies would be of substantial assistance to Basil Read and would allow it to develop business opportunities in surrounding countries in partnership with Bouygues.

Bouygues bought the stake on the JSE on February 1 1993 from German textile industrialist Claus Daun with 3,7-million shares worth R3,3m changing hands at 70c a share.

Daun doubled his money on the JSE in four months, having bought the stake in Basil Read in October last year when the share was trading at 35c. The share was untraded at 70c yesterday, still well below net asset value at end-June 1992 of 288c.

In that year, Basil Read reported its first losses in a decade and steps were being taken to reduce high gearing. Staff and management held the major shareholding at approximately 40%, it was reported.

SA Federation of Civil Engineering Contractors executive director William Vance said in future there would be great potential for contractors to take part in foreign aid-funded infrastructural development in southern Africa.

The World Bank accumulated $1bn in interest last year on funds it had allocated for southern African countries but had not spent, because of an inability of those countries to motivate and process fund applications, he said.

Government to prescribe more norms for co-ops

BIDAY 9/2/93

CAPE TOWN — Government would prescribe more norms for state-funded co-operatives, including the appointment of directors with business skills, Agriculture Minister Kraai van Niekerk said in Parliament yesterday.

Introducing the Co-operatives Amendment Bill, he said some co-operatives had run into financial difficulties through their own fault.

Government had contemplated introducing specific guidelines in the amending Bill, but had decided to first consult interested parties. Guidelines would be incorporated into future legislation.

The Bill was intended to level the playing field between agricultural co-operatives and other retail traders.

Giel Malherbe (NP Wellington) said organised agriculture appreciated government's understanding and compassion towards co-operatives.

Introducing the second reading debate on the Liquor Products Amendment Bill, Van Niekerk said the Bill legalised alcoholic beverages such as mead.

It also allowed for the appointment of two people from the agricultural sector to the Wine and Spirits Board.

Dempers Meyer (NP Humansdorp) said the "honey beer culture" in the eastern Cape went back to the time of the hottentots and the strandlopers.

Errol Moorcroft (DP Albany) said his party would support the Bill. However, he predicted that mead would not be drunk in "higher social circles". — Sapa.

Property recovery 'unlikely before 1994'

BDay 11/2/93

LINDA ENSOR

CAPE TOWN — The property market would reach a lower turning point by the first half of 1994, Boland Bank chief economist Louis Fourie said in the February issue of the bank's Economic Review which focused on the property market.

"Taking the real value of building plans approved in the private sector as a barometer of construction activities in the forthcoming two years or so, it becomes clear that the property market is not on the verge of a revival. Significantly, even the building plans for non-residential building are showing a sharp levelling off."

Fourie said that traditionally the property market lagged the business cycle by about 12 to 18 months making it unlikely that there would be any recovery before early 1994. He cautioned however that political developments would have a decisive impact on the property market.

"In the absence of an improvement in the general level of confidence in the future of SA, it is unrealistic to anticipate a significant revival in the property market. There are at least tentative indications that we can look forward to positive progress in this area."

While residential property had become relatively inexpensive over the past three years, there had been a severe setback in individual wealth. Fourie said there were no good reasons to believe that the labour market, income growth or tax position of the average individual would improve significantly in the short term.

Consequently, the "affordability factor" still had to be regarded as a negative determinant of property market trends.

Also, significant reductions in interest rates would not serve as a booster for the property market in 1993/94. Fourie stressed, however, that there were many opportunities currently available in the property market.

BASIL STARKE FM 12/2/93. 32

Talks about gearing

The recent cautionary announcement by Basil Starke Investments (BSI) and Basil Starke Group (BSG) concerns negot .tions in progress intended to address the group's heavy gearing. Chairman Basil Starke expects to complete negotiations within two weeks.

BSG's two businesses are in construction & building and manufacturing, which account for 75% and 25% of turnover and 55% and 45% of net income respectively.

According to Starke, the construction division has been severely hit by recession, but the manufacturing division has remained stable. In mid-January, management offered to buy the manufacturing division. The offer expires on February 17, 1993.

The June interim results showed net borrowings nearly double shareholders' funds. Operating income showed a small loss due to poor weather, labour unrest and recession. But debt servicing was the main component of the R2,3m attributable loss for the six months. During the 18 months to September 1992, the group halved its construction operations and reduced staff and overheads considerably.

Louise Randell

On strike for seven years

By Quentin Wilson

MORE than a hundred former Murray and Roberts employees are still trying to get compensation from the company — more than seven years after striking over an alleged racist remark.

In 1985, the workers were refused the chance to negotiate an imposed increase on their hostel rents because the personnel manager allegedly "didn't talk to kaffirs".

His remark started a strike — a strike that, as far as more than a hundred workers are concerned, is still continuing.

While this may be considered implausible as new workers have long since replaced them, those sacked in August 1985 still meet every Saturday morning in Langa to plan how to get their jobs back.

However, many of them are past the retirement age, so their demands are focussed more on winning compensation and securing pension schemes.

For the last seven years, after seeking help from the courts, the ANC, Cosatu, lawyers, the state president and even the company, they are back to where they started — without a cent.

Some of the workers had been with Murray and Roberts since the early fifties, and after more than 30 years with the company, they have been abandoned because of their strike action.

The dispute started when the workers, who were living in Guguletu and Langa hostels, were told to pay an extra R4 per month for lodgings.

The workers, who felt they could not afford the increase, asked to discuss the matter with the personnel manager, Mr Anthony Keal.

When Keal allegedly said he "would not talk to kaffirs", over a thousand workers downed tools.

Management pleaded with the workers to return to work. When they refused, Murray and Roberts replaced them all.

Determined to get payment and their jobs back, the workers took the bosses to court in 1988 to prove that their strike was legal.

And this is where it gets complicated.

The workers are convinced they won the case in court, but everybody else believes otherwise — including their lawyers.

But for the last seven years, the workers have tried, unsuccessfully, to get their money from Murray and Roberts which they believe is legally theirs.

Although the court record cannot be obtained because the case number has been lost, the law firm that represented the workers, Essa Moosa and Associates, claim the workers lost in court.

STANDING FIRM: David Ntuta, left, Oceanic Ngoza and Zonwabele Wellen, who have been on strike since 1985

SOUTH 13/2 – 17/2/93 (33)

Mr Oceanic Ngoza, spokesman for the workers, is bitter, but determined to continue their struggle.

"As far as we are concerned, we are still on strike. We were there in the court room and we heard what the judge decided.

"He clearly said the strike was provoked and that we were entitled to our money. But so far, nobody has been able to help us," Ngoza said.

Mr David Ntuta, 62, who was with the company for 14 years, says he desperately needs the money to survive.

"Four of my children are at school and it is impossible for me to provide them with all they need. Had it not been for my two other children who are working, I would surely starve," Ntuta said.

"Because of my age, it is impossible for me to get work. I worked hard for that company and now I am left with nothing," he added.

SOUTH has in its possession a letter addressed to the workers from Murray and Roberts dated June last year. The letter promises to remunerate the workers.

". . . We are prepared to assist our ex-employees in claiming their benefits from the various funds to which they belonged," it reads.

The letter invites the workers to come to their office to collect their money.

But so far, the workers say every time they rs arrive to collect their money, they are turned away.

Murray and Roberts spokesman Mr Geoff Turner refused to answer any questions put by SOUTH.

PROPERTY

Builders to fight red tape

B/DAY 17/2/93

(32)

Reports by
PETER GALLI

THE Master Builders' Association is to consider some form of deregulation of the industry's industrial council because the informal sector feels excluded from it by the red tape involved, incoming MBA president Keith Elgie said in an interview.

"We want to change some aspects without throwing out the whole concept of the industrial council, and this approach is well supported by the industry.

"While most of its benefits do not need to be changed, some funds like medical aid, tool insurance and the stability fund levy are difficult to administer," he said.

Deregulation was necessary to help increase the base that put money into the council. This would ensure all of their security.

While the outlook for the industry remained much the same as in the past year — unfavourable — industry players needed to be more positive themselves, and stop talking the industry down.

"We should also try to stop the price-cutting war just to get work, and we need to be more responsible about our markups. The recession is showing signs of change and the drop in the Bank rate and the bond rate are positives for the industry," Elgie said.

Progress at the National Housing Forum was "exciting" and there was a good chance that a lot of work could come out of this. A statement on the national housing policy for the year would probably be made in the next few weeks.

Outgoing MBA president William Hulscher said at the annual meeting last week that it was time unions realised that wages had to be linked to productivity. Saying that production was a management problem was futile when the unions were the source of intimidation in the industry.

"However, additional funds should be made available from government for training to raise productivity on sites.

"The organised building industry has created their own fund for training, but only a few are contributing as many consider themselves as informal sector operators," he said.

More money was needed to be allocated to housing, and at least another 15% for the non-residential sector, such as schools and clinics. The right economic climate also had to be created so that bond rates could be lowered even further.

Local bond rates were still the highest in the world in a country where home ownership was one of the lowest in the world, he said.

"The past year has taken its toll on both contractors and sub-contractors, with profit margins cut to the bone and work often being done below cost.

"However, I believe that local and foreign investors have not given up hope but have rather adopted a wait-and-see attitude until there is a political settlement and a drop in violence," said Hulscher.

LOA plan could pump millions into low cost housing

STAR 17/2/93

Property Staff

Millions of rands could be made available for housing and other social needs through the initiative recently announced by the Life Offices Association.

The plan, to be managed by the Investment Development Trust of the LOA, is to tap funds held by the large insurance groups for ongoing investment in housing, health, education and infrastructure development.

Barry Adams, chairman of the trust, told delegates to a National Association of Home Builders (NAHB) meeting yesterday: "Reserves of insurance companies have traditionally been invested in commercial and industrial projects to ensure high returns for policy holders.

"A new strategy to invest in residential projects as well has now been introduced and millions could be made available for housing and other social needs".

Catalyst

The trust is to act as the catalyst for developers and entrepeneurs who will submit plans for proposed projects, filtering these to members of the LOA for investment action.

Adams emphasised that the approval criteria for developments would be security, labour intensivity and reasonable return for the LOA membership.

Meanwhile, there are high expectations within the home building community that millions more will earmarked for housing in the March budget.

The existing allocation is R3,6 billion and there is a strong possiblity that this could rise to about R5 billion, following representations to government by the Building Industries Federation (Bifsa) and its associates in the construction industry.

State funding

The Institute of Building (SAIB), whose 1200 members represent management in the industry, has now also associatied itself with the moves to have more State funding released for housing.

Johan Viljoen, a past president of the SAIB, says that until about nine months ago, it was assumed that the Independent Development Trust would channel state housing funds to where they were most needed.

However, he says, its efforts have been hampered by the political situation, violence and the difficulty of finding representatives to deal with in each area.

It has also had problems "selling" the idea of projects near existing housing estates, because the residents of these areas regard site and service schemes nearby as a danger to their investments.

Bifsa, the SAIB and the NAHB have now accepted that housing cannot always be a government responsibility but, says Viljoen, they believe it is the responsibility of the government to come up with ways to give private institutions — such as the members of the LOA — the confidence to invest in housing.

Houses built

An indication of the urgency of the situation can be found in the fact that, while the National Housing Forum estimates that 200 000 houses a year are needed, only 25 500 were built in the first 11 months of last year.

According to the Central Statistical Service, this was 15 percent down on the corresponding period of 1991 and, of those houses built, only 40 percent were less than 81 sqm in size.

Boland Bank, in its latest economic review, points out that the real value of residential buildings completed during this period also fell, and that the average level of activity in the sector is now 10 percent lower than in three years ago.

What's more, non-residential building now accounts for approximately 42 percent of building activity, as opposed to an average of 33 percent in the years 1983 to 1990.

This, says the bank, is "directly contrary to the fact that the need in South Africa is for the construction of residential buildings".

Major Cape firm collapses

CT 20/2/93 33

1 200 jobs are 'on the line'

By ANDRE KOOPMAN and RONNIE MORRIS

MORE than 1 200 employees of construction and civil engineering giant Basil Starke Holdings face retrenchment and a further 5 000 dependents may be affected after the group and its subsidiaries were placed under provisional liquidation yesterday.

The Supreme Court order, if made final, will have a major effect on the Western Cape economy, already reeling in the recession.

Group managing director Mr Basil Starke confirmed last night that the jobs of at least 1 200 people from the group's nine subsidiaries were on the line.

Mr Starke said the group had many projects in various stages of completion, but would not comment further.

The group cut back construction operations by 60% last August and retrenched 300 workers, but these drastic measures were not enough to save the company.

Past managing director and attorney for Basil Starke Holdings Mr Maurice Phillips described the development as "an absolute tragedy" because of the number of jobs that could be lost.

Mr Phillips said a further tragic consequence was that another major group in the construction industry would disappear from the scene.

The third factor was the effect the liquidation of the group would have on its creditors

Asked if he thought the company was soundly managed he said he thought it was and added: "In the last three months I have never seen people work so hard in their attempts to save a company."

The decline of the group had been caused by the general state of the economy and the lack of jobs in the construction industry.

The group could be resurrected by a person or syndicate who could provide a cash injection and who had knowledge of the industry, he added.

While the group is said to have a solid framework, prospects for resurrection looked bleak since the building industry has been one of the hardest hit by the recession, said independent building economist Mr Johan Snyman.

He said at least 5 000 people would be affected should the company collapse since it has been calculated that the average number of dependants per worker is about four.

Professor of Construction, Economics and Management at UCT Professor Alan Stevens said since the construction industry was so labour intensive the liquidation of a company in this sector had a much greater impact on the job market than any other company.

He said once skilled construction workers left the industry they very seldom returned because of the lack of security. This meant that more people had to be trained.

The subsidiaries affected by the order are Basil Starke Civils, Basil Starke Building, Basil Starke Plumbing, Basil Starke Plant Hire, Premier Wire and Steel Products, Homberg Interiors, Autotube, Shotblasting Services, and Fleet Maintenance Company.

● Court order as building giant can't pay debts — Page 2

Picture ANNE LAING

BURNING ISSUES ... About 250 Stellenbosch University students set fire to copies of the student newspaper, Die Matie, outside their campus office yesterday after a protest march against the paper's "one-sidedness". ● Report Page 3

Taxi: More

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(33)

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● Court order as building giant can't pay debts — Page 2

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Picture: ANNE LAING

Taxi: More

'People's Bank' lends a hand

SOUTH 20/2-24/2/93 33A

Credit Unions, providing cheap loans for those unable to afford bank loans, have existed for more than a decade. **Waghied Misbach** finds out what these unions are all about:

THE CREDIT union movement is growing rapidly in South Africa.

Known as the "People's Bank", a credit union is a financial co-operative, owned and controlled by its members. Its main aim is to encourage saving and provide loans cheaply to members.

Credit unions started in 1980 in Cape Town with the Cape Credit Union League as a project of the Catholic Welfare Bureau, with three credit unions and 75 members.

It has now grown to over 5 000 members with funds of more than R1 million.

It is estimated that by March 1994, there will be 10 000 members with deposits over R5 million.

Credit unions draw members from churches and township residents, but are increasingly involving workers from other sectors.

The union provides an important service to people from rural areas who have little access to banks, said Savings and Credit Co-operative League of South Africa (Saccol) education officer Ms Olivia Henwood.

Credit unions also provide loans at rates well below that of banks.

Unlike ordinary banks, Saccol takes into account the money a family earns through informal work.

About 30 percent of their loans, are for funerals, said Henwood.

She said township residents often have to transport bodies of relatives back to the homelands, which accounts for the high cost of funerals.

"Banks are not prepared to give loans for funerals, which can cost well over R1 000."

The second largest slice of the loans is for education, where members are forced to make loans at the beginning of the year to pay for school fees.

Other loans are given for home improvements, electrification and buying livestock.

Average deposits of members are R250 each with the 36 Saccol credit unions averaging about R25 000 each in funds.

Credit unions are independent, but there are rules. For instance, Saccol would crack down hard on any union who spent more than 80 per cent of their deposits as loans.

The first credit unions were all church-based, but others were soon formed among workers such as domestics and miners.

The movement spread to the Transvaal, Northern Cape and later Namibia and eventually changed its name to Saccol.

Saccol is affiliated to the African Confederation of Savings and Credit Co-operatives and the World Council of Credit Unions (Woccu), which has affiliates in over 80 countries with a combined membership of 77 million. Woccu has estimated savings of about R696 billion.

While the South African credit union is not as advanced as that overseas, they still provide a necessary service to those not catered for by banks.

Funds are well protected. Audits are carried out on each credit union.

Credit unions are currently under scrutiny as they do not fall under legislation governing savings.

Henwood said that changes this year to the Deposit-taking Institutions Act were likely to benefit the movement. A benefit could be exemption from tax, she said.

While this was not ideal and legislation covering credit unions would be welcomed, "some legislation is

For information on credit unions or how to start new ones, contact Saccol at tel 23-8360.

Court order as building giant can't pay debts

CT 20/2/93

(32)

By RONNIE MORRIS
Supreme Court Reporter

BUILDING and civil engineering giant Basil Starke Holdings (Pty) Limited was yesterday placed in provisional liquidation in the Supreme Court because it is unable to pay its debts.

Nine subsidiary companies, Basil Starke Civils, Basil Starke Building, Basil Starke Plumbing, Basil Starke Plant Hire, Premier Wire and Steel Products, Homberg Interiors, Autotube, Shotblasting Services and Fleet Maintenance Company, will be affected by the order.

The action followed a liquidation application by Mr Derry Frank Reid, joint managing director of Basil Starke Holdings, who said he was authorised after a meeting of the board of directors to bring the application yesterday.

R30m liabilities

On December 31 last year, Basil Starke's unaudited statement of assets and liabilities revealed its current assets were worth about R20,5 million while its current liabilities amounted to about R30m.

The company has fixed assets and further liabilities, in the form of long-term loans, which have not been taken into account, he said.

Mr Reid said he had had talks with Standard Bank, the company's principal bankers, over the last few months to try and get support to continue business.

However, between January 1 and yesterday Basil Starke Holdings had incurred further trading losses and as a result has been unable to finance its further operation.

On February 4 Standard Bank granted the company a temporary excess of R1,3m until February 28 on its overdraft facilities of which R1m would go to Basil Starke Investments and R300 000 to Mr Basil Starke.

Mr Starke was in turn to lend this sum to Basil Starke Investments.

As security the bank required power of attorney to pass a R300 000 bond over Mr Starke's Bloubergstrand property and cession of Mr Starke's loan account of R300 000 in Basil Starke Investments.

Mr Reid said the overdraft used by Basil Starke Holdings by close of business on Thursday was R9,5m.

A bank official told him yesterday morning certain cash cheques were not being met.

When he enquired about this Mr H Thorndike, account executive, told him Standard Bank had decided not to honour cheques for cash, salaries and wages.

'Extreme urgency'

As a result Basil Starke Holdings was unable to pay its debts because it has no further facilities or line of credit to pay any of its creditors or staff. Certain payments due yesterday would not be made, he said.

It was accordingly a matter of extreme urgency that a provisional liquidator be appointed to take control of the affairs of Basil Starke Holdings. The company was insolvent and was unable to pay its debts, Mr Reid said.

Mr Justice D G Scott ordered all concerned persons to show by March 24 why the provisional liquidation order should not be made final.

Mr Steve Goddard, instructed by Mr Maurice Phillips, appeared for Basil Starke Holdings.

February 20 to February 24 1993

'People's Bank' lends a hand

SOUTH 20/2-24/2/93 [redacted] 33A

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"Banks are not prepared to give loans for funerals, which can cost well over R1 000."

The second largest slice of the loans is for education, where members are forced to make loans at the beginning of the year

Another tough year for building industry

THE building industry faces another bleak year in 1993, says the outgoing chairman of the Steel Window and Door Association (Swada), Mr Ian Wood.

This follows a warning from the outgoing president of the Master Builders Association in the Cape Peninsula, Mr Hector Minott, that the formal building industry would continue to be hard hit unless there was a political settlement soon.

Delivering his chairman's report at the Swada annual meeting, Mr Wood said the violence, political uncertainty and ongoing revelations of corruption and maladministration would deter international investors this year.

"I do not see any major improvement for the industry in 1993."

He urged manufacturers of steel architectural products to introduce stringent cash flow measures and innovative marketing policies "to survive the difficult year ahead".

□□□

NEIL MULLER Construction of Cape Town has been awarded a further two contracts worth R12-million in Montague Gardens.

32

The projects are a R6,6-million warehouse for M&R Properties on behalf of H Goldin and Co in Railway Road, and a 6 500 m² factory for Tradeforms in Ingrid Road.

Managing director Mr Neil Muller said his company extended the existing Tradeforms factory, a business forms printing company, in Atlantis in 1986.

Provisional liquidation for JSE-listed Basil Starke

(32)

LINDA ENSOR

CAPE TOWN — Standard Bank pulled the plug on the heavily indebted, JSE-listed construction and civil engineering group Basil Starke last week and the group was placed under provisional liquidation by the Cape Town Supreme Court on Friday.

Liabilities at end-December amounted to R30,5m and assets to R20,5m.

Further trading losses had been suffered since then and the group was unable to finance its operations, joint MD Derry Reid said in an affidavit.

The group's utilised overdraft facility with Standard Bank amounted to R9,5m and bank officials informed Reid last week that the bank would not honour cheques for cash, salaries and wages.

Our Cape Town correspondent reports that more than 1 200 employees of Basil Starke Holdings face retrenchment and a further 5 000 dependants may be affected.

The Supreme Court order, if made final, would have a major effect on the western Cape economy, already reeling because of the recession.

Subsidiaries affected by the order are Basil Starke Civils, Basil Starke Building, Basil Starke Plumbing, Basil Starke Plant Hire, Premier Wire and Steel Products, Homberg Interiors, Autotube, Shotblasting Services and Fleet Maintenance Company.

Group MD Basil Starke said the group had many projects in various stages of construction. B/Day 22/2/93.

The group cut back construction operations by 60% last August and retrenched 300 workers, but these drastic measures were not enough to save the company.

While the group was said to have a solid framework, propects for its resurrection looked bleak as the building industry had been one of the hardest hit by the recession, said independent building economist Johan Snyman.

He said at least 5 000 people would be affected should the company collapse, since it had been calculated that the average number of dependants per worker was about four.

When such "a big player goes down", many smaller companies such as suppliers and subcontractors were affected, Snyman added.

Grinaker bounces back after loss

DUMA GQUBULE

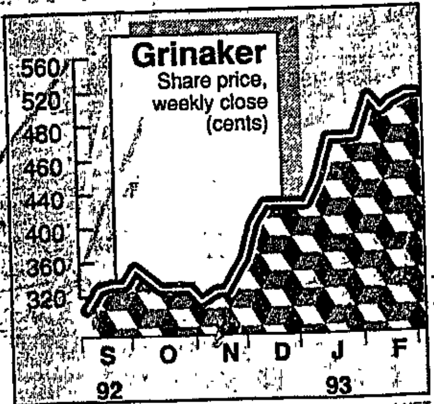
CONSTRUCTION and electronics holding company Grinaker Holdings reported a 24% improvement in attributable earnings to R7,7m on a marginal increase in turnover to R1,1bn for the half-year to end-December. (32)

This was equivalent to earnings of 22c a share. The interim dividend was maintained at 5c a share.

Chairman Jan Robbertze said business confidence and domestic fixed investment had remained low, resulting in severely underutilised group resources.

The most adversely affected division was civil engineering, which was operating at less than half its capacity.

Grinaker, an Anglovaal subsidiary, reported a R1,2m loss for the year to end-June after its 93%-owned Grinaker Construction Limited (GCL) suffered a R17,2m loss. GCL, however, bounced back into the black with an interim profit of R3m (R1,6m) on a 6% drop in turnover to



Graphic: LEE EMERTON Source: I-NET

R448m, according to a statement published today. B/Day 24/2/93

Grinaker's 68%-held and separately listed Grintek reported a 30% drop in attributable earnings to R8,6m (R12,3m), equivalent to 4,4c (6,4c) a share. The interim

To Page 2

Grinaker

B/Day 24/2/93 (32)

From Page 1

payout was 1,2c (1,7c) a share.

Grinaker's turnover rose to R1,1bn (previously R1bn), and operating profit was up 25% to R30,9m. Contribution from investments dropped a third to R6m (R9m) and profit before tax and interest was up 9% to R36,9m (R33,7m).

Interest payments rose by a half to R8,1m (R5,3m) and pre-tax profit rose marginally to R28,7m from R28,3m.

After-tax profit rose 3% to R18,9m (R18,5m), but associates absorbed R11,2m (R12,2m), resultingin attributable earnings of R7,7m (R6,6m).

Robbertze said GCL's modest improvement was largely due to good performances from its building division and Grinaker Duraset. The next six months were expected to reflect a lower trading and profit pattern as some building companies were showing signs of reduced activity.

He said Grintek's results were affected by a R4,1m pre-tax loss from 94%-owned Grinaker Electronics, resulting in a 30% earnings drop. This had been due to problems with a large export order. These had been resolved and the company expected to return to profitability by year-end.

Computer group Siltek, Grintek's other subsidiary, recently reported a 2% increase and said it expected a better second half. Robbertze said Grintek's earnings for the full year were expected to exceed those of the previous year as both its subsidiaries had budgeted for improved trading conditions during the second half.

'Dithering' leaders slated

LEADERS did not appear to care that the longer SA remained in confusion, the more the country's future was damaged, SA Federation of Civil Engineers and Contractors (Safcec) president Peter Clogg said yesterday.

Clogg said potential investors were watching the country and drawing their own conclusions. (32)

"They don't say much, they just invest elsewhere. And once they make a firm commitment, they are lost to us.

"The longer our confused scenario continues, the more we are damaging our own future.

"Is that understood in high places? It is hard to tell, but the perception is almost that they don't care," Clogg said.

Whites contemplating emigration because of deteriorating living standards, increased violence and little political progress would not solve SA's problems.

But by working together, South Africans could "find their feet". BDM, 24/2/93

The country's future would be assured "if only those in positions of leadership could put aside selfish considerations, face reality and take a constructive approach to the future". — Sapa.

—PROPERTY

Industrial council system for builders draws fire

B/DAY 24/2/93 (32)

Reports by PETER GALLI

THE industrial council system for the building industry has come under renewed fire, with the Transvaal North Building Industries' Association (BIA) threatening to withdraw its support.

Outgoing BIA president Mannie Bosch said at the annual meeting the industrial council system would have to be revised drastically if the BIA was to continue to take part in it.

Although the BIA had reached a wage agreement with the Construction and Allied Workers' Union (CAWU) regarding skilled and unskilled workers, the solution to wage disputes for unskilled workers remained a major problem, he said.

"This uncertainty about future wages, coupled with the high costs of complying with the industrial council's requirements, has aggravated the situation for a building industry that is already under siege and we question the merits of further participation in the system," he said.

The restructuring of industrial council activities would have to involve the handling of unregistered labour-only subcontractors, who had become a "fact of life" in the industry and needed to be accommodated in the system without further dissension and unhappiness, he said.

"Trade unions will also have to start telling their members that wage and benefit increases are difficult to implement unless they are linked to increased productivity and quality of workmanship. Productivity in the building industry is among the poorest of all sectors in SA," Bosch said.

Last week the Master Builders' Association (MBA) said it was considering some form of deregulation of the industry's industrial council because the informal sector felt excluded from it by the red tape involved.

MBA president Keith Elgie said the association wanted to change some aspects without throwing out the whole concept of the industrial council, an approach that was well supported by the industry.

Bosch said the apathy in the construction market about training new workers could result in soaring building prices, unrealistic wage demands and a drastic drop in quality.

There had been an "alarming drop" in apprentice registrations since 1986 and when the industry's work levels rose again there would be a critical shortage of skilled personnel, he said.

Bosch also implored government to provide relief measures for the industry in the forthcoming Budget as it had a vital role to play in the stabilisation of SA's sociopolitical problems.

"Many of our members are in dire straits and urgent action is necessary by both the authorities and the political players.

"The building sector is the engine of growth for SA and it needs to be revived by investments from the state, overseas and local financial institutions," he said.

Job creation had enormous potential for decreasing violence as did the provision of housing. Every million rand invested in the building sector resulted in the creation of 80 new jobs in the industry itself and more than 100 in related industries, Bosch said.

Grinaker holdings ups earnings 24%

(32) CT 24/2/93

Own Correspondent

JOHANNESBURG. — Construction and electronics holding company Grinaker Holdings reported a 24% improvement in attributable earnings to R7,7m on a marginal increase in turnover to R1,1bn for the half-year to end-December.

This was equivalent to earnings of 22c a share. The interim dividend was maintained at 5c a share.

Chairman Jan Robbertze said business confidence and domestic fixed investment had remained low, resulting in severely underutilised group resources.

The most adversely affected division was civil engineering, which was operating at less than half its capacity.

Grinaker, an Anglovaal subsidiary, reported a R1,2m loss for the year to end-June after its 93%-owned Grinaker Construction Limited (GCL) suffered a R17,2m loss. GCL, however, bounced back into the black with an interim profit of R3m (R1,6m) on a 6% drop in turnover to R448m, according to a statement published today.

Grinaker's 68%-held and separately listed Grintek reported a 30% drop in attributable earnings to R8,6m (R12,3m), equivalent to 4,4c (6,4c) a share. The interim payout was 1,2c (1,7c) a share.

Grinaker's turnover rose to R1,1bn (previously R1bn), and operating profit was up 25% to R30,9m. Contribution from investments dropped a third to R6m (R9m) and profit before tax and interest was up 9% to R36,9m (R33,7m).

Interest payments rose by a half to R8,1m (R5,3m) and pre-tax profit rose marginally to R28,7m from R28,3m.

After-tax profit rose 3% to R18,9m (R18,5m), but associates absorbed R11,2m (R12,2m), resultingin attributable earnings of R7,7m (R6,6m).

Robbertze said GCL's modest improvement was largely due to good performances from its building division and Grinaker Duraset. The next six months were expected to reflect a lower trading and profit pattern as some building companies were showing signs of reduced activity.

He said Grintek's results were affected by a R4,1m pre-tax loss from 94%-owned Grinaker Electronics, resulting in a 30% earnings drop. This had been due to problems with a large export order. These had been resolved and the company expected to return to profitability by year-end.

Computer group Siltek, Grintek's other subsidiary, recently reported a 2% increase and said it expected a better second half. Robbertze said Grintek's earnings for the full year were expected to exceed those of the previous year.

Construction boost for Grinaker

32

STAR 24/2/93.

By Stephen Cranston

A much stronger performance from its construction companies enabled Grinaker Holdings to report a 24 percent increase in attributable earnings to R7,7 million and in earnings per share to 22c in the six months to December.

The interim dividend was maintained at 5c.

Turnover increased by six percent to R1,08 billion but operating profit was up 25 percent to R30,9 million. After-tax profits improved by three percent to R18,9 million but earnings attributable to minorities fell by eight percent to R11,2 million.

Group chairman Jan Robbertze says that business confidence and domestic fixed investment has remained low and resources were severely underutilised.

The most adversely affected is civil engineering which is operating at less than 50 percent of capacity.

The unfavourable conditions for Grinaker Construction led to a six percent drop in turnover to R448 million but earnings improved from a loss of R1,6 million to a R3,0 million profit, largely due to a good performance by the building division and by Duraset, which manufactures precast concrete products.

But activity in the building sector may decline due to the general oversupply of office space.

Grinaker Construction may experience a lower trading and profit pattern in the second half of the year.

Grintek, which houses Grinaker's electronics interests, reported a 31 percent reduction in earnings per share to 4,4c. The interim dividend has been reduced by 29 percent to 1,2c a share.

One of its subsidiaries Grinaker Electronics made a pretax loss of R4,1 million during the period. Although the company received orders to the value of R145 million, which is 25 percent higher than for the corresponding period last year, there were delays in placing orders, technical challenges on a large export contract and high development and marketing expenditure on new product lines.

Non-defence orders now account for 70 percent of business, as part of the group's refocus on commercial business.

Grintek's other subsidiary Siltek reported a two percent reduction in earnings per share to 36c last week.

Grintek's turnover increased by 17 percent to R632,5 million but operating profit fell by 10 percent to R26 million.

Murray & Roberts lifts income after acquisitions

B/DAY 25/2/93. (32) B/DAY 25/2/93.

EDWARD WEST

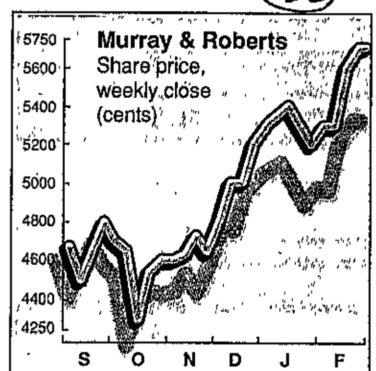
MURRAY & Roberts (M & R) upped attributable income 16% in the six months to end-December 1992 on the back of acquisitions, but earnings a share, diluted by increased shares in issue, fell 13% to 177c from 204c in 1991.

The interim dividend was raised slightly to 56c from 53c because the group remained positive about its future prospects, said financial director Lionel Bird. Management forecast a dividend increase for the whole financial year.

Turnover climbed 23% to R3,27bn (interim 1991:R2,65bn) mainly as a result of acquisitions, said Bird. Acquisitions in the 1992 financial year included Blue Circle, Darling & Hodgson, Fedstone, Unitrans and a stake in Standard Engineering.

Operating profit was 19% up at R340m (R286m). Operating margins dropped to 6,8% of turnover from 7,2% at the halfway stage last year and from 8,6% at the year to end-June 1992.

Bird said margins were affected by stayaways and strikes in the steel and automotive industries which had an impact on group businesses and customers. Margins were also affected by the cost of retrenchments in the first half which amounted to 3 493 employees out of a former complement of 49 897.



Graphic RUBY-GAY MARTIN Source I-NET

Interest paid climbed to R43m (R12m). Gearing was lower at 19% (28%). Tax dropped to R65m (R71m) after the rate fell to 35% (39,6%). Tax rates benefited from exports and assessed losses and the year-end rate was budgeted at 36,6%.

Attributable earnings climbed 16% to R111m (R96m). The average number of shares in issue climbed by a third to 62,8-million (47,1-million).

Bird said M & R was consolidating after last year's acquisitiveness although it would remain open to opportunities. Acquisitions had performed to expectation, he added.

Expectations of an economic upturn in the first half of 1993 had not materialised and gross domestic fixed investment in 1993 — upon which the majority of group activities depended — was now forecast to continue declining.

In the interim period M & R construction activities declined dramatically and contributions to operating profit fell to R17m (R35m). Engineering activities, which included the Firestone acquisition, rose to R83m (R55m).

Suppliers and services' contribution to operating profit fell to R44m (R64m), while the material operations' contribution — affected mainly by the Blue Circle purchase — climbed substantially to R72m (R27m). Property contributions to operating profit rose to R14m (R10m).

Cash balances dropped to R163m from R170m in 1991 and from R320m at year-end 1992 mainly as a result of capital expenditure, said Bird. Capex this financial year was budgeted at R600m, of which about R550m would be spent.

The board forecast attributable earnings for the second half to increase over the first half, but was likely to be lower than the second half earnings of financial 1992.

Year-end earnings a share would show the share dilution of the first half, said Bird. The group remained positive about prospects over the next three years, he added.

M&R up income 16% on back of acquisitions

32

Own Correspondent

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Stayaways, strikes dog M&R but it's still in good shape

(32)

STAR 25/2/93.

By Derek Tommey

Confronted by "a further sharp drop in economic activity" and exacerbated by stayaways and strikes, Murray and Roberts, one of the country's biggest industrial enterprises, still managed to push its interim dividend up by 6 percent from 53c to 56c.

It expects to pay increased dividends for the full year too.

This is a clear demonstration of its ability to weather these extremely difficult times and it also shows its financial strength.

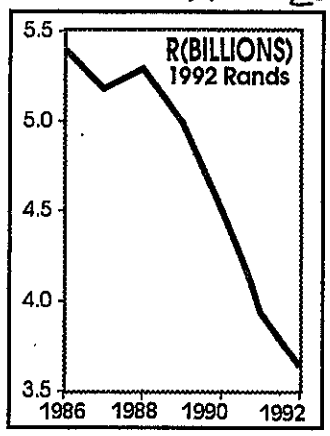
The group's attributable earnings rose by 16 percent from R96 million to R111 million in the six months ended December.

But a 33 percent increase in its issued share capital in this period following a number of take-overs, led to earnings a share falling 13 percent from 204c to 177c.

Group turnover rose 26 percent from R2,65 billion to R3,27 billion while group profit before interest and depreciation rose 19 percent from R286 million to R340 million.

Managing director David Brink said the economy had been expected to show an upturn in the first half of 1993. But it now seemed likely to remain depressed for most of the year.

This was particularly apparent from the expected 10 percent decline in gross domestic fixed investment (GDFI) in this period.



Expenditure on roads has dropped markedly, hitting hard an already hard-pressed civil engineering industry.

The group's activities are closely linked to the level of GDFI. He said it would be some time before the Alusaf contracts were awarded.

Brink said he hoped that the economic recession had bottomed. Partly because of seasonal factors he was expecting second half profits to be better than in the first half — though not as good as in the same period last year.

However, he was optimstic about the group's prospects for the next three years, as it was well positioned to take early advantage of any upturn in GDFI.

A survey of the group's many activities shows nine divisions are expecting an improvement in business in 1993. These are: cement, automotive, properties, Standard Engineering, bitumen products, community construction, gypsum, electronic and, not quite so strongly, mining contracts.

A further nine divisons are expected to maintain their level of business. These are: transport, land, sea and air services, manufacturing, mining and industrial, construction materials, construction and erection, construction services, design and project management and ready mixed materials.

Five divisions are expected to show reduced levels of business. These are Darling and Hodgson, building, civil engineering, foundries and heavy engineering.

Starke employees will be paid

CT 25/2/93 (32)

Supreme Court Reporter

EMPLOYEES of Basil Starke Holdings, which was provisionally liquidated last Friday, are to be paid today after the Supreme Court granted the liquidator authority to borrow R1 million.

Mr Justice W E Cooper granted the order after an application by Mr Ralph Millman to raise money on the strength of the company's assets.

Its subsidiaries are: Basil Starke Civils, Basil Starke Building, Basil Starke Plumbing, Basil Starke Plant Hire, Premier Wire and Steel Products, Homberg Interiors, Autotube, Shotblasting Services and Fleet Maintenance Company.

According to its draft financial statements for the year ended December 31, the company's average monthly turnover was R10m. It employs 1 200 people.

Mr Millman said he was obliged for the benefit of creditors and shareholders to continue various businesses for the time being and had to pay salaries and wages of employees and security guards today.

Until things were finalised, the company needed to buy materials, fuel and other essentials.

His failure to get the money would result in various projects coming to a halt, exposing the company to numerous and "vast" claims for damages, he said.

Mr Steve Goddard, instructed by Mr Maurice Phillips, appeared for Mr Millman.

Building over a busy railway station is highly problematic

Construction challenge

STAR 25/2/93.

(32)

THERE have been many larger construction jobs in South Africa, but few can have offered the challenges of The Bridge.

The Bridge is one of Johannesburg's newest shopping centres and is being constructed over the railway tracks leading into South Africa's busiest rail station.

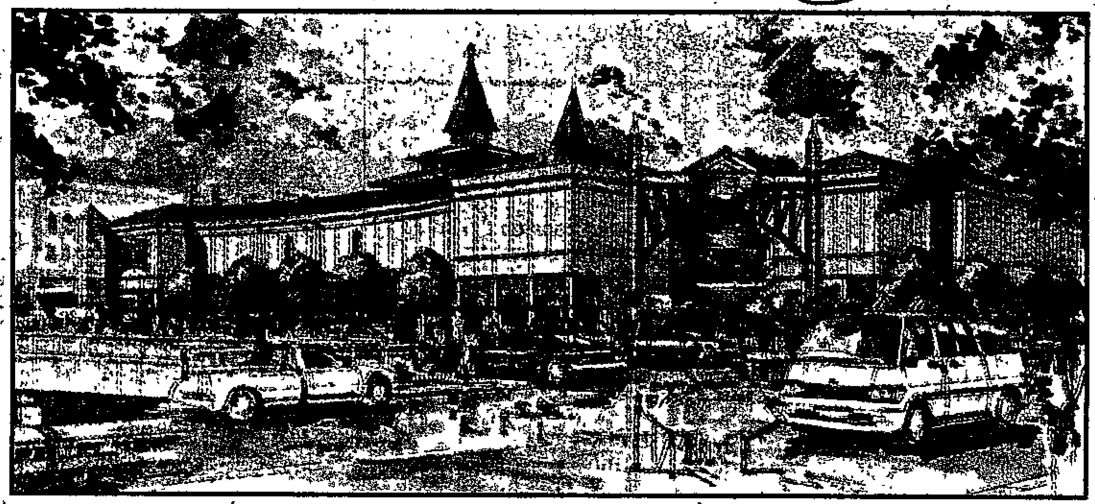
There are eight main lines leading into Johannesburg station and the traffic continues throughout the day.

The main contractor selected to tackle the difficult task of creating the Bridge was Grinaker Building, one of South Africa's leading firms.

Managing director Howard Jones says for all the company's experience, constructing The Bridge was one of the toughest jobs it has faced.

Says Jones: "We had to work very closely with the railway authorities on the contract as the station could not simply be closed down while we worked. The railway personnel were even more co-operative than we had expected."

Grinaker was able to close up to two tracks at a time, but even this caused problems. Commuters are used to going to the same platform to take their trains, and seldom do they read notices redirecting them to other platforms.



Link to the city ... An artist's impression of The Bridge shopping centre being built at the Johannesburg station.

Says Jones: "As we could only close two lines at a time during the day, we had to divide the job into three phases."

The first section of the job was to install the ~~piling which~~ would support the structure, and getting the equipment down to, and operating between the tracks was tough.

The next part of the project was the construction of the piers which support the deck on which the centre itself would be built. This called for careful coordination so that the piling was completed before the piers where ready for installation.

The piling was subcontracted to another company in the Grinaker Group as was the construction of the concrete piers.

Says Jones: "It surprised everyone that the job went ahead without a hitch. It goes to show how well, with positive negotiation with all parties involved, a contract can go."

After the piling and the piers were completed, heavy steel beams were laid across the piers to support the deck.

Jones says another part of the challenge was the dense traffic which made moving equipment and supplies difficult.

At the next stage of the contract, putting in the first concrete deck on top of the steel beams, there was no need to interfere with the running of the trains, but dense city traffic continued to plague the contractors throughout the job.

Says Jones: "The whole job was a never ending series of challenges. When we were building, we needed tower cranes. They could not simply be installed as would be the case with most construction jobs, the process was complicated by the fact there were railway lines underneath."

The shopping centre is due to be opened in April, which meant the contractors had to be finished two months before, as some tenants such as Pick'n Pay require two months to fit out their stores.

Attention to the finer detail, even where those details are not the direct responsibility of the contractor, is necessary to ensure the whole job is completed on time. An example of the care which has to be taken is the fact the Grinaker director responsible for the contract went out to the Far East to ensure the timeous delivery of the escalators, even though this was not the contractor's responsibility.

Jones believes that the skills and relationships which the company had developed in the course of constructing The Bridge will be invaluable in the future, particularly when it comes to similar projects.

Columbus awards R350m in contracts

EDWARD WEST (32)

26/2/93. BDAY

THE Columbus Joint Venture has announced contract awards worth R350m for civil, structural and site preparation work.

CE Fred Boshoff said other local contracts worth more than R600m would be awarded later in the year. These contracts would be awarded as soon as the design for services, utilities and infrastructure had been completed.

The site preparation contract was awarded to 3G, the structural steel contract to Wadeville Engineering and the civil engineering contract to an LTA and Murray & Roberts (M & R) consortium.

The consortium was also awarded the civil works contract for the steel plant at Columbus, while the plant's structural steel contract was awarded to Dorbyl.

Hot mill contracts were awarded to Wadeville Engineering and the piling operations were awarded to the LTA/M & R consortium.

Concor was awarded the civil works contract for the cold mill while Girder Naco was awarded the cold mill's structural steel contract.

Concor hit by difficult conditions in industry

32

BDAY 26/2/93.

PETER GALLI

CONTINUING difficult conditions in the construction industry have resulted in Concor posting a 9,8% fall in attributable income to R5,51m in the six months to end-December from R6,1m previously.

Earnings dipped to 48,3c a share (53,5c previously). However, chairman Brian Murphy said he was confident earnings for the full year would match those of the previous year and hence, the dividend was maintained at 10c a share.

Financial director Graham Mullany said yesterday Concor's existing order book for the rest of the year "looked good", but he declined to say what it was worth.

However, the industry was in for another tough year with little chance of any improvement before 1994, he said.

Turnover figures were not given, but edged up 3% over the same period in 1991. Operating income of R7,19m, net finance income of R2,66m and net investment income of R158 000 gave a pre-tax income of R10,02m — 12,9% down on 1991's R11,5m.

Taxation of R4,49m (R5,37m) left taxed income of R5,52m (R6,14m). Mullany said difficult trading conditions had forced the company to rationalise and reduce costs during the period under review.

"About 60 salaried staff and 400 wage group staff were retrenched over the period. If conditions remain as difficult, it may become necessary to cut even further," he said.

A number of operations had been combined and duplications in administration and lower management functions had been eliminated. While there was less government-funded work, there was still a moderate amount of work around.

Concor was also active in southern Africa, where there was still some work despite fierce competition from other SA and European firms. It had an office in Botswana and Mozambique and was active in Swaziland and Lesotho.

Concor was still intent on diversifying its operations but economic realities had forced it to concentrate on its traditional work market and existing clients, he said.

Quality home for R39 000 (32)

(325) (329)

By Joe Mdhlela

Sowetan 26/2/93

■ New technique puts homes in reach of many families:

A MAJOR construction company has unveiled plans to build a quality home for a mere R39 000.

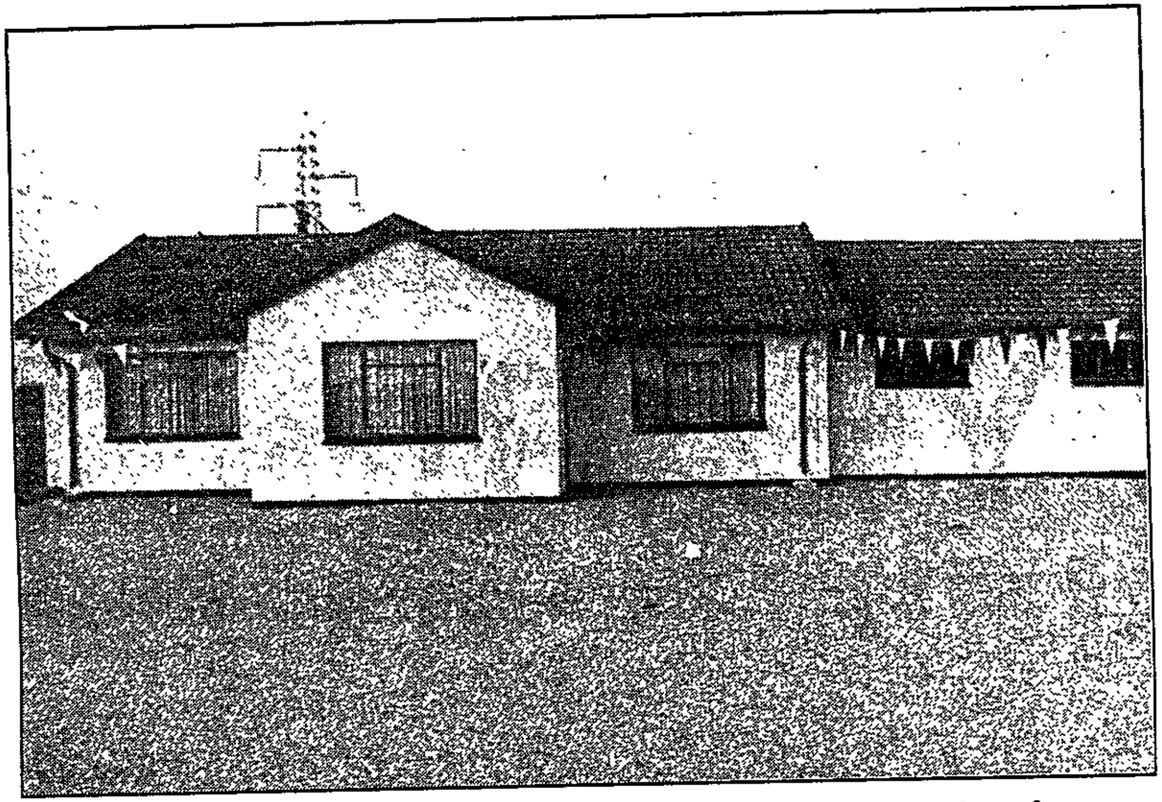
Chief executive of CA Brand Housing Mr Alan Young said the idea to build the affordable homes was conceived after extensive domestic and international research.

Said Young: "The rationale behind the development and ongoing application of this modern technology is based on the premise that the true test in differentiating between a home and a shelter is the asset value of each after 10 years."

He said they could build an 84 square metre home of three bedrooms, two bathrooms, lounge, dining room and kitchen, for only R69 000.

"A similar home of two bedrooms with high-quality finishes costs only R39 000," Young said.

What contributed to the affordability of the homes was the reduced labour costs and modern technological methods used.



FHA Homes, one of South Africa's leading developers, have a wide range of styles to choose from.

Positive way to defuse housing crisis in SA

(32)

Sowetan 26/2/93

■ Housing company is giving the homeless its best shot:

By Joe Mdhlela

SOUTH Africa is short of 1,3 million homes - 90 percent needed by black families.

The shortage was growing at a rate of 200 000 a year, while the current building rate stood at 30 000, spokesman for Murray and Roberts Housing Company, Mr Ian Bernhardt said.

The violence in most black townships made matters worse by lowering the level of productivity. Acute transport problems also exaggerated the problems encountered.

"It is a known fact that if productivity does not improve, the country is heading for economic and social disaster," he said.

Bernhardt said all of this was relative to the need to improve security and stability in housing workers.

This, he said, would improve the quality of life, and ultimately productivity.

Increasingly developers and builders had withdrawn from building sites because of harassment and violence, he said.

"Cases of builders being robbed of their vehicles and building material at gunpoint, and in some instances resulting in many fatalities, are common," he said.

Murray and Roberts Housing Company was trying to ease this potential crisis he said. The approach involved the participation of unions, shop floor and communications and education workshops on housing and development issues.

"We believe that every individual has a right to a good night's sleep and a good day's work. However it is essential for employers to understand and relate to the problems which workers experience in the townships," he said.

The current series of seminars will enable employers to solve the following:

- Understanding the hostel dweller;
- Company assistance for rural homes;
- Squatter settlement upgrading;
- The housing crisis and the key players;
- Effective company housing policies;
- What constitutes an investment in low income housing;
- Affordability and finance;
- Company housing projects close to the workplace; and
- Involvement of employees in housing programmes.

STAR 26/2/93

Concor to continue with diversification

By Stephen Cranston 32

Construction group Concor has reported a 9,8 percent reduction in attributable earnings to R5,5 million and in earnings per share to 48,3c in the six months to December.

But chairman Brian Murphy is confident that the full year's earnings will match those of the previous year so Concor will pay an unchanged dividend of 10c a share.

Concor has a strong balance sheet with cash reserves of R30 million substantially outweighing borrowings of R4,7 million.

Murphy says that conditions in the construction industry remain difficult but a good deal of rationalisation has taken place during the six months which, together with an improvement in productivity, helped the overall result.

Murphy says that the diversification programme will continue, and Concor will not just sit on its cash. It has acquired a substantial stake in Time Life Holdings, which is complementary to the core construction business, and in Time Life Insurance, which will assist in smoothing out the cyclical nature of the business.

Columbus contracts awarded

STAR 26/2/93 (632)

Contracts for civil, structural, and site preparation work valued at R350 million have been awarded for the Columbus joint venture.

Fred Boshoff, chief executive, said: "The contracts, as well as those still in the pipe line, will provide a welcome boost to the country's depressed engineering and construction companies."

Site preparation contracts have gone to 3G, Wadeville Engineering and the LTA/Murray and Roberts consortium.

Contracts for the steel plant have gone to the LTA/Murray and Roberts consortium and Dorbyl.

Hot mill contracts have been given to Wadeville Engineering and the LTA/Murray and Roberts consortium.

Cold mill contracts have been awarded to Concor and Girder Naco.

Local contracts worth over R600 million will be awarded later this year.

FM 26/2/93.

BASIL STARKE

32

End of the road

With his back to the wall, as private and State fixed investment continued to weaken and civil engineering contracts in the Cape dwindled, Basil Starke Group (BSG) chairman Basil Starke has become unable to procure enough work to keep his group operating profitably.

Last week, Derry Reid, a director of Basil Starke Holdings (BSH), the major operating subsidiary, filed for urgent provisional liquidation of BSH. He claimed it was unable to pay its debts and the line of credit with its bankers, Standard Bank, could not be extended. Salaries and wages could not be paid.

Unaudited accounts for December 31 showed current liabilities of about R30m, claimed Reid. Current assets amounted to about R20,5m. In addition, says provisional liquidator Ralph Millman of Cape Trustees, plant of R13m and a building worth R4m at book value should be taken into account. "On paper, the company is not insolvent," says Millman. "The problem is liquidity."

The return date for possible final liquidation is March 24. Millman says his first objective is to sell divisions that can realise satisfactory prices. Next, he says, it's essential to retrieve plant and equipment from sites so it can be protected for the benefit of creditors; he says shareholders are unlikely to realise any return. Also, each contract is being examined to see if work should continue.

There has been speculation that the 1 200 employees have been retrenched. Millman says that though many are not at work, nobody has yet been paid off.

Jimmy Thomas, a director of Ovcon, says BSG's predicament is indicative of "the terrible recession the construction industry is facing. Tender prices are ridiculously low because almost everybody in the industry is struggling to keep plant utilised and their companies going without having to sacrifice jobs."

For BSG, excessive gearing has long been a problem. Over the past three years, Starke has tried to reduce it by downsizing, but interest costs have remained high and absorbed a large proportion of cash generated by operations.

Before the provisional liquidation order, BSG's 20c share price gave a market capitalisation of R17,5m. Creditiors are now forced to wait for an indication of what they may get if the liquidation is final. *Gerald Hirshon*

GRINAKER HOLDINGS (32)
FM 26/2/93.

Gearing pressures

Rising gearing and the resulting interest payments continue to plague Grinaker Holdings and its listed subsidiary Grintek, depressing earnings and adding to the woes of reduced margins in the construction and electronics activities.

The holding company increased EPS 24% to 22c and pegged the dividend at 5c in the six months to December, thanks largely to Grinaker Construction nearly doubling earnings to R3m. Group chairman Jan Robbertze says this is largely due to the good performance of the building division and

FM 26/2/93.

(32)

Duraset, which makes precast concrete products.

But the electronic interests, under Grintek, saw EPS drop 31% to 4,4c; the interim dividend was cut to 1,2c (1991: 1,7c). Biggest disappointment was the pre-tax loss of R4,1m by subsidiary Grinaker Electronics. The only good news from Grinaker Electronics was that its refocusing on commercial products resulted in a 70% increase in non-defence activities.

Grinaker Holdings' interest bill of R8,1m is up 53% and comes on gearing which has climbed from 21,2% last year to 38,2%. Grintek paid R2,6m in interest (1991: R1,5m) and saw gearing climb from 9,1% to 22,5%.

This will continue to restrain profits, despite Robbertze's prediction that group earnings in the second half will exceed the first half's. That doesn't make the shares attractive — most investors are avoiding the building sector anyway and while Grintek is quite strongly rated relative to the electronics sector, interim results won't do the price much good.

Shaun Harris

Call to kick-start building industry

Business Editor ARG 27/2/93 (32)

TOP officials of the Building Industries Federation are to meet the Minister of Housing, Mr Sam de Beer, on March 9 in an effort to speed up the building of low-cost housing and help give a kick-start to the depressed building industry.

Mr Ian Robinson, executive director of Bifsa, said private financial institutions had indicated that funds for much-needed low-cost housing could again become available provided their risk was reduced.

If a guarantee formula could be worked out with the minister, 200 000 low-cost houses could be built each year.

"We believe this scale of low-cost housing is a possibility provided private sector funding is available," said Mr Robinson.

He did not believe it was in the interests either of the country or the building industry that all funds allocated should be put into squatter or shack-type housing.

Time was running out for the building industry with about 500 liquidations of contracting companmies likely this year, he said.

They had now to find work in the housing field.

Starke rescue fails

■ Standard Bank and a JSE-listed potential buyer have been unable to reach an agreement to save a provisionally liquidated Cape Town building giant — and 1 200 jobs.

BRUCE CAMERON 32 ARG 27/12/93
Business Staff

LAST-MINUTE attempts to save Cape Town construction company Basil Starke failed when the potential buyer, JSE-listed Scharrighuisen, failed to reach an agreement with creditor Standard Bank.

Scharrighuisen managing-director Mr L Fisher said his company had been interested in taking over Basil Starke, which was provisionally liquidated last week, but had been unable to strike a deal with Standard over the R9,5 million it was owed.

More than 1 200 employees face retrenchment if the Supreme Court order is made final.

Mr Fisher said the purchase of Basil Starke would have suited the company as it was looking for a foothold in the western Cape.

"A reduced value was offered for the R9,5 million but Standard Bank was happy with the securities it held," he said.

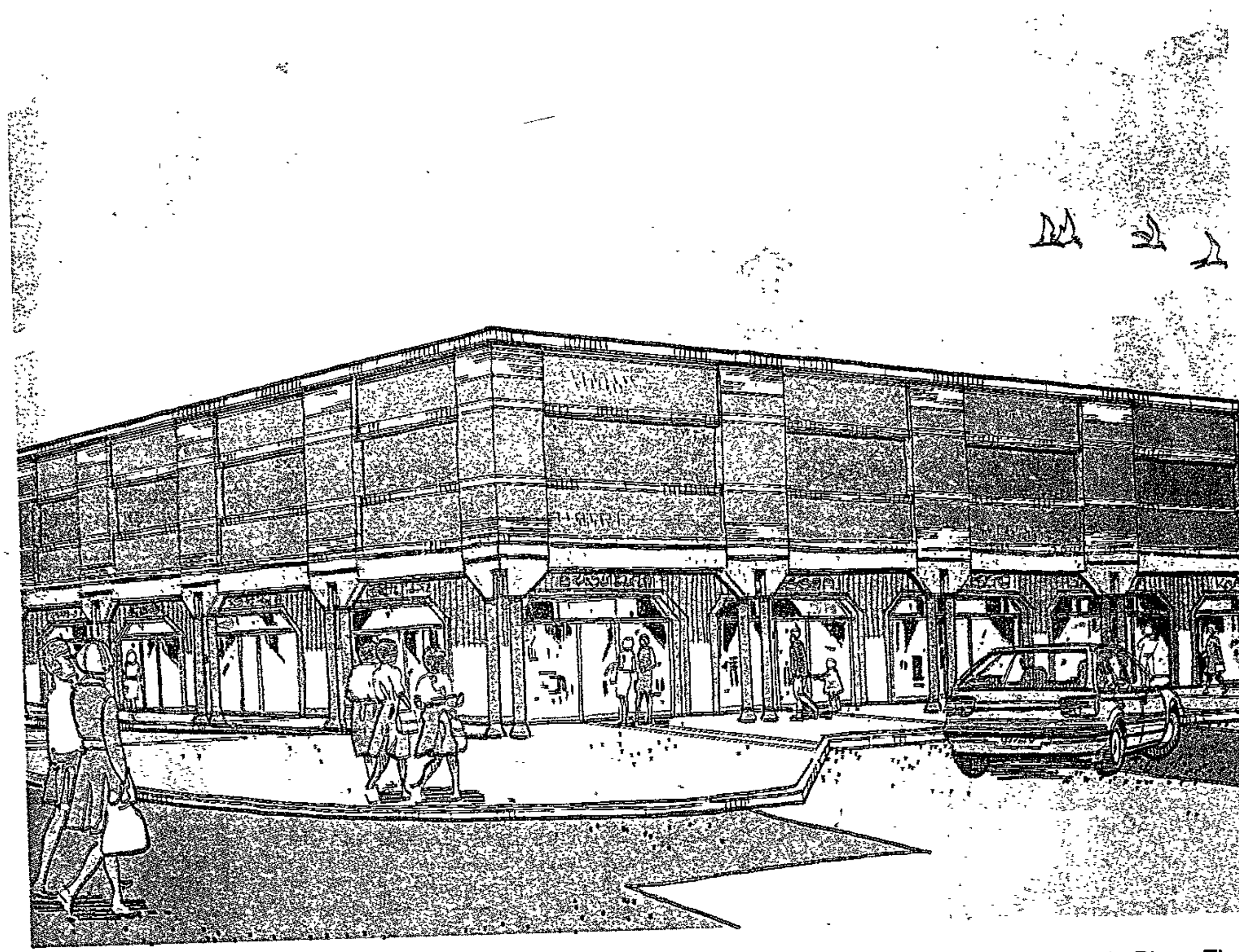
There were some other areas with which Scharrighuisen had not been happy, but they had not been discussed once it became clear the negotiations with Standard had failed.

Mr Fisher said Scharrighuisen would continue to look for opportunities in the western Cape.

Scharrighuisen is listed under industrial engineering on the JSE. Almost 85 percent of its activities are in coalmining and mining services, 10 percent in plant hire and five percent in construction.

Basil Starke made various attempts to save the company, including a 60 percent cutback in operations last year with the retrenchment of 300 workers.

By December 31, its unaudited statement of assets and liabilities revealed assets of about R20,5 million and liabilities of



□ **NEW CENTRE:** Construction will soon begin on a R3,5 million shopping centre, Die Kuilen, in Kuils River. The centre will target the fast-growing Cape Flats population. It will contain an upper floor of medical suites and offices. De Kuilen is being developed by Berk Enterprises at the corner of Van Riebeeck and Nooiensfontein Roads, the prime shopping area of Kuils River. ● Inquiries: Realty 1 Commercial, ☎ (021) 99 1018/99 6848.

JOB MARKET

M&R making the people flower

STimes (Buss) 28/2/93

33A

By CHERILYN IRETON

MURRAY & ROBERTS has been quietly using its people and expertise to train thousands of the country's unemployed.

At the last count, 55 000 people had learnt some skill from Sunflower Projects, a division of the group dedicated to uplifting communities by helping them to break the cycle of poverty.

M&R's commercial director Jeremy Ractliffe estimates that, with sufficient funds, Sunflower Projects could train 100 000 people every year.

Pride

Sunflower offers unemployed community members a chance to learn building and related skills, provides education and literacy courses and generally encourages the development of entrepreneurial attitudes.

The skills are put to use on community projects funded by aid organisations before workers graduate into the job market.

"What communities need above all else is skilled and confident people — who have pride, dignity and a reason for living. Development isn't something you do can do to people or even for them. Sunflower does it with them," says Mr Ractliffe.

Community projects tackled by Sunflower have to meet several basic requirements. The project must:

- Be endorsed and supported by the community;
- Promote community participation;
- Be linked to the world of work;
- Promote self reliance; and
- Lead to lasting improvements in the lives of those taking part.

Despite an impressive list of successes over the past few years, the recession and a dearth of funds for community development have hindered Sunflower's progress.

It recently had to retrench 157 of its trained instructors and is now having to rely on its permanent workforce of 205 to help communities identify suitable projects, train the workers and supervise the development.

As a result an appeal for help, by way of project sponsorship, has gone out to the main aid organisations and corporations operating in South Africa.

"The country is hard pressed to provide the resources needed to alleviate the hardships of many disadvantaged communities," says Ractliffe.

"The private sector can play a positive role in alliance with parties involved in community upliftment.

"The twin challenges facing funding agencies are to find key achievers who can really deliver results and then nurture the capacities of those key achievers

"The heart of what Sunflower Projects is all about is the realisation of dreams. Our vision is to see the concept spreading throughout Africa, in a never-ending cycle of renewal."

At a function to show off Sunflower's projects, M&R chief executive David Brink told guests that "good old fashioned honest hard work" was needed if progress was to be made in promoting employment and upliftment.

Until now M&R has insisted Sunflower be a profit-making organisation. But, says Brink, this has blocked assistance from several funding agencies.

"As a result we have changed our philosophy to ensure that profits made by Sunflower are ploughed into the M&R Foundation. This ensures that the money goes back into social support and that not a cent goes to M&R shareholders."

Expensive

Details of some of Sunflower's major projects show that it can train people at a cost of between R1 000 and R4 200 a person — depending on the size and duration of the development.

The most trained on a single project were 4 394 people at Lindelani, where R4,5-million was spent over a four-year period.

The most expensive project was the R8,7-million Tembisa School, completed in November, which created 2 100 jobs over 18 months at a cost of R4 158 each.

DAVID BRINK ... 'the money goes back into social support'

M&R making the people flower

ST Times (Buss) 28/2/93 33

By CHERILYN IRETON

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DAVID BRINK ... 'the money goes back into social support'

A bold plan to create homes

S Times (Buss) 28/2/93 32

By DON ROBERTSON

THE building industry believes it has the trick to resolve the critical issue of beating the low-cost housing problem.

The Building Industries Federation of SA (Bifsa) is to meet Minister of Housing Sam de Beer on March 9 to put forward its solution.

Bifsa's plan is to construct 300 000 new homes each year until the end of the century at a cost, at current rates, of about R7,5-billion annually.

Construction at this rate could create about 800 000 jobs with a strong participation from the informal sector. Bifsa has the backing of the National Economic Forum, the National Housing Forum, insurance companies, building societies, unions and other financial institutions.

Ian Robinson, executive director of Bifsa, recently met Minister of Finance Derek Keys, who has also given the project his blessing.

Funding

A straight-talking Mr Robinson says that there are 14 government departments and 25 financial entities involved in any housing project and "with the Independent Development Trust no longer playing a key role, it is almost impossible to get a clear go-ahead anywhere".

Last year, government provided R2-billion for housing, which resulted in the building of only 30 000 homes.

The plan involves the private sector, rather than government funding. He believes that for each rand the government provides, private enterprise will contribute R15. Government assistance, however, is vital, but not particularly in up-front funding.

Mr Robinson's scheme involves the State providing about R500-million a year to provide "risk finance" in addition to direct finance to provide against boycotts and the inability of homeowners to meet monthly instalments.

Star 1/2/93

Trencor doubles interim

Finance Staff

332

Trencor has declared an interim dividend of 90c a share for the year to June, more than double last year's corresponding payout.

This follows a statement last year that the board would review the large disparity between the levels of interim and final dividends.

For the year to June 30 1992, Trencor declared dividends totalling 95c — a 42c interim and a final of 53c — on earnings of 905c a share.

Chairman Neil Jowell says the board has increased the interim dividend in order to reduce the differential.

Trencor's pyramid, Mobile Industries, has also declared an increased interim dividend of 22c on the same basis (10c last year).

Star 1/2/93

Taxi barricades cause city chaos

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Staff Reporters

Johannesburg peak hour traffic was plunged into chaos this morning as minibus taxi drivers, protesting against excessive traffic fines and inadequate facilities, barricaded major routes into the city centre.

In one incident, shots were fired at a traffic officer attempting to remove taxis blocking a major route. He was not injured.

The taximen's action was launched today without warning. A decision was taken at a meeting yesterday afternoon.

Flying Squad public relations officer Lance-Sergeant Bradley Sole said groups of between five and 20 taxis barricaded the Soweto Highway leading into Booysens, the Baragwanath-Rand Show Road and Louis Botha Avenue into Harrow Road.

On Louis Botha Avenue at least 15 taxis blocked the road before a traffic official with a master key moved them to adjacent Mitchell Street.

'Maniacs'

Also affected were the adjacent Houghton Drive area and across town on DF Malan Drive near the West Park Cemetery. The Golden Highway leading from Soweto into the city was also the scene of mass taxi action.

As traffic officials managed to clear the blocked roads, other roads were systematically barricaded.

Star reporter June Bearzi, who passed the Booysens off-ramp barricade at about 7 am, said about six taxis were parked across the road and commuters were ordered to get out and walk into the city.

Hundreds of taxi commuters were dumped kilometres from their places of work.

In Louis Botha Avenue, angry motorists hooted and sweated in the chaos. One BMW driver shouted: "These guys are maniacs."

A fleet of tow trucks which appeared on the scene prompted one onlooker to say: "These taxi guys will shoot these tow truck owners one by one."

Officials managed to unclog Louis Botha Avenue by 7.45 am and the action shifted to Randburg at 8 am as the Jan Smuts/Republic Road intersection was blocked.

One driver who refused to give his name said: "We are tired of being ticketed for petty reasons, sometimes traffic officers stop our vehicles and search them for up to half an hour and find nothing. We also have no proper off-loading areas. We cannot discuss things with the authorities so we have to take action like this."

A similar mass taxi protest took place in Pretoria last week. According to one taxi driver in Louis Botha Avenue, a meeting was held by taxi owners yesterday at which they decided the only way to draw attention to their grievances was to embark upon a protest and refuse to enter the cities.

Winner . . . Nick Price signs autographs for fans after winning the ICL International golf tournament at Z with 70 for a two-shot victory over Mark McNulty in a classic head-to-head clash.

Star 1/2/93

Former military chief Malan calls it a day

Political Staff

General Magnus Malan, former military strongman of President P W Botha, quit politics last night — a departure expected to be followed soon by other Ministers as the transition to power sharing gathers pace.

Malan (63), shifted by President F W de Klerk from Defence to the less important Water Affairs and Forestry portfolio, announced he would retire on March 1 from the Cabinet, from Parliament and as chairman of the Ministers' Council in the House of Assembly.

Although his resignation was expected, Malan wasted no time in leading the exit from the Cabinet after De Klerk's announcement on Friday that the "own affairs" system would be phased out and replaced by a transitional executive.

In a statement Malan said he had served in politics for 12 years and had made his contribution in the Defence, Water Affairs and Forestry portfolios and as chairman of the Ministers' Council.

He said the basis for the rationalisation of the own affairs administration had been established.

The commercialisation of the Forestry branch was on its way and the Water Affairs department was operating smoothly.

"It is, therefore, the appropriate moment for me to retire."

He had informed the NP divisional council of Modderfontein of his decision.

He said he wanted to state clearly that he wholeheartedly supported De Klerk, the Government and the National Party.

Shake-up

Malan, who as Minister of Defence became one of the most controversial figures in the Cabinet and was subsequently demoted to his current portfolio, added: "I stand by the security forces, whom I believe remain the security shield for South Africa's stability and the maintenance of order."

A major Cabinet shake-up is now inevitable during the next few months as other own affairs Ministers are expected to follow suit.

Former Law and Order Minister Adriaan Vlok, now Correctional Services Minister, is also likely to retire.

And several ministerial jobs in the Ministers' Councils of the Houses of Representatives and Delegates will also become redundant on April 1 when the bulk of the own affairs ministries become general affairs.

The first to go will be the coloured and Indian Ministers of agriculture, health and local government, whose portfolios will disappear.

De Klerk's decision to phase out segregated education from April under a transitional education ministry should also necessitate some changes in the Cabinet.

The domino effect could see a whole range of moves in the Government's senior executive.

The advent of transitional executive councils is the most likely moment for the departure of Vlok who, like Malan, occupies an own affairs portfolio as well as a general affairs position.

Rumours are also circulating that Home Affairs Minister Louis Pienaar and Regional and Land Affairs Minister Jacob de Villiers are to be removed or retired.

Pienaar said last night he reserved the right to review

Taxi barricades clog Reef traffic

332 ARG 1/2/93

The Argus Correspondents

JOHANNESBURG. — Peak hour traffic was plunged into chaos today as minibus taxi drivers, protesting against excessive traffic fines and inadequate facilities, barricaded major routes into the city centre.

In at least one incident, shots were fired at a traffic officer attempting to remove taxis blocking a major route. He was not injured.

The taxi action was launched today without warning. A decision on their action was only taken at a meeting yesterday afternoon.

Flying Squad public relations officer Lance-Sergeant Bradley Sole said groups of between five and 20 taxis barricaded the Soweto Highway leading into Booysens Road, the Baragwanath-Rand Show Road and Louis Botha Avenue into Harrow Road.

On Louis Botha Avenue, at least 15 taxis blocked the width of the road before a traffic official — with a master key — moved them to adjacent Mitchell Street.

Also affected was Houghton Drive and the area across town on DF Malan Drive, near the West Park Cemetery. The Golden Highway leading from Soweto into the city was also the scene of mass taxi action.

As traffic officials managed to clear the blocked roads, other roads were systematically barricaded.

Hundreds of taxi commuters were dumped kilometres from work. Irate CBD workers telephoned The Star to complain against the "illegal action" by taxi operators.

In Louis Botha Avenue irate motorists hooted and sweated in the chaos. One BMW driver shouted: "These guys are maniacs."

A fleet of tow trucks which appeared on the scene prompted one onlooker to say that "these taxi guys will shoot these tow truck owners one by one".

Officials managed to unclog Louis Botha Avenue by 7.45am and the action shifted to Randburg at 8pm as the Jan Smuts-/Republic Road intersection was blocked.

Sergeant Sole said the protest was calm and they were not aware of intimidation by the drivers.

"So far there has been no violence and no injuries have been reported to us," he said.

Said a driver who refused to give his name: "We are tired of being ticketed for petty reasons, sometimes traffic officers stop our vehicles and search them for up to half-an-hour and find nothing. We also have no proper off-loading areas. We cannot discuss things with the authorities, so we have to take action like this."

A similar mass taxi protest took place in Pretoria last week. According to one taxi driver at Louis Botha Avenue, a meeting was held by taxi owners yesterday at which they decided the only way to draw attention to their grievances was to embark upon a protest and refuse to enter the cities.

Star 2/2/93

The day Jo'burg stood still

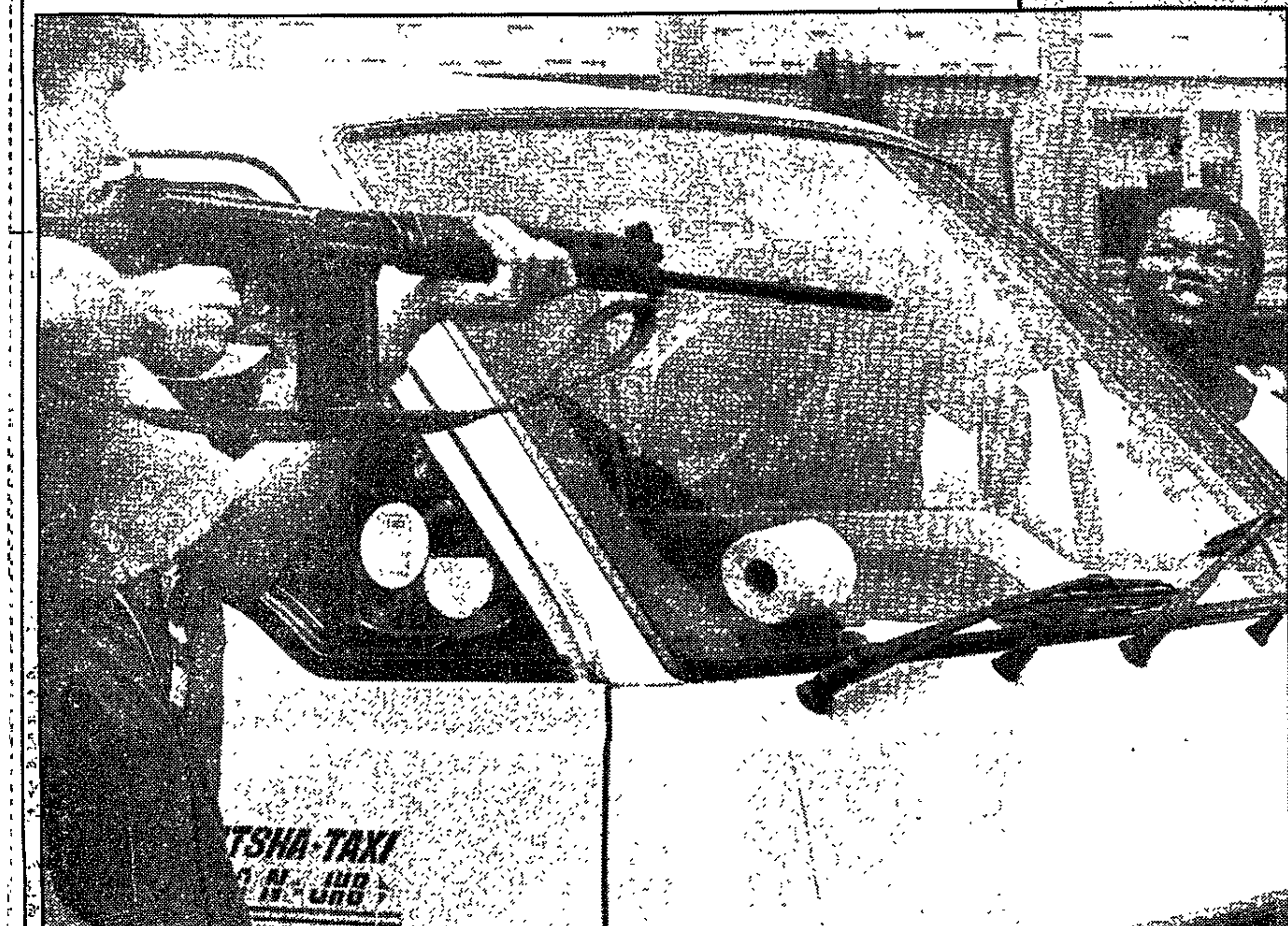
(332)

Central Johannesburg was brought to a standstill yesterday as most major routes leading into the city were blockaded by hundreds of taxi drivers protesting against alleged victimisation by traffic officials and police. Morning peak-hour traffic ground to a halt. In the ensuing chaos, commuters were forced out of taxis, private cars abandoned and buses forced to stop before reaching their destinations. As traffic officials and policemen cleared blockades on major routes and intersections, taxi drivers regrouped and blocked off roads elsewhere. Confrontations left several people, including policemen, traffic officials and at least two taxi operators, injured. A municipal bus and a police vehicle were set alight. Several taxi drivers were arrested and their vehicles impounded. The siege was lifted after intervention by Nelson Mandela and peace monitors. Star photographer Joao Silva (above) was cut under the eye when a rock hit him and smashed his glasses during a confrontation between policemen and taxi drivers. He was also bitten by a police dog.

Canine coercion . . . armed policemen used dogs to disperse crowds in Market and Sauer streets (right). Picture: Joao Silva

No messing around . . . a plainclothes policeman forcibly restrains a taxi driver in Sauer Street (below right). Picture: Joao Silva

Confrontation . . . a policeman and a taxi driver make their feelings clear at the corner of Commissioner and Sauer streets (below left). Picture: Alf Kumalo



What drivers demand

Furious drivers from taxi associations around the Reef handed out crudely scribbled and photocopied lists of their demands to the Johannesburg Traffic Department during the protest. Among the demands are:

- Stop setting speed traps in peak hours in fog and rain.
- Stop issuing tickets for parking in a loading zone or metered parking space.
- Stop fining for obstruction while taxis stop to let passengers alight.
- Stop fining excessively and adding extra fines for tickets not paid on time.
- Provide free parking for taxis that stop to pick up or discharge passengers, regardless of No Parking or No Stopping signs.
- Policemen must stop interfering with traffic officers' duties by demanding that taxi drivers produce their public driving permits during peak times.
- Stop fining taxi drivers for hooting when trying to attract commuters.

Blockade

Taxi chaos grinds Jo'burg to a standstill

332

CT 2/2/93

Own Correspondent

JOHANNESBURG. — Chaotic street blockades by minibus taxi drivers protesting their grievances erupted into violent battles in downtown Johannesburg yesterday, bringing the city to a standstill and prompting ANC president Mr Nelson Mandela to intervene personally.

Traffic officers and heavily armed policemen swarmed in the streets during the blockade, during which several shots were fired

And, as angry taxi officials threatened to extend protest actions to other major cities — including Cape Town — at least two people reportedly died in incidents which may have been related to the protest, according to traffic sources Six people were reported injured — with one taxi driver shot

Police liaison officer Lieutenant-Colonel Dave Bruce said there had been reports of pedestrians being assaulted at road-blocks and of commuters being forced off buses.

He said a policeman was admitted to hospital after being stoned, and that shots were fired at the police in Jan Smuts Avenue yesterday morning.

It was also reported that a taxi driver was shot in the stomach by a policemen at the corner of Sauer and Commissioner streets when he tried to disarm the policeman. Colonel Bruce said the wounded man's condition was not known.

Two municipal buses and a police lorry were set alight by demonstrators

Traffic chief Mr Michael Davis said Mr Mandela had made his office available for talks in which the drivers agreed to return the gridlocked streets of Johannesburg to normal while discussions around grievances continued.

The SA Taxi Drivers' Union warned yesterday that the taxi-barricade campaign would spread nationwide if local authorities failed to heed demands by taxi drivers.

In November last year, more than 80 disgruntled taxi drivers blocked parts of Strand and Adderley Streets in Cape Town, causing massive traffic jams

Mr Davis would not say what the drivers' grievances were, but it is believed they are unhappy with the heavy fines they receive for minor traffic violations and what they see as a campaign by traffic department officials to target them in law enforcement operations

Mr Davis said discussions with drivers would continue this morning.

TAXI PROTEST . . . Minibus taxis yesterday blocked a busy Johannesburg intersection as taxi drivers protest against traffic police harassment and demand government subsidies. Picture. AP

SURROUNDED . . . Angry taxi drivers move towards a traffic cop yesterday during their protest in Johannesburg. One driver was shot in Sauer Street. Picture. AP

Sabta condemns protest action

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CT 2/2/93

JOHANNESBURG. — The Southern Africa Black Taxi Association (Sabta) has condemned the protest action taken by Johannesburg taxi drivers yesterday.

"Sabta cannot condone such an action as it disrupts the flow of business in this important city," Sabta said.

The organisation also apologised to the business community and the general public for the inconvenience of the traffic chaos caused by the minibus blockade of the city

But, Sabta said, it understood the legitimacy of taxi drivers' grievances on the issue of "unfair traffic fines and lack of ranking facilities".

It said there had to be urgent meetings between the taxi industry and the Johannesburg City Council, and the taxi industry and the law enforcement agencies, to deal with the grievances.

The Azanian Youth Organisation (Azayo) condemned taxi owners for failing to consult the community before going on strike

Azayo spokesman Mr Marvin Hlatshwayo said his organisation supported the "genuine and legitimate" demands of the taxi owners, but in future they should consult the community before taking any action — Sapa

Blockade . . . teargas drifts across Sauer and Bree Streets in central Johannesburg as traffic is brought to a halt by protesting taxi drivers. Picture: Ken Oosterbroek

Release of taxi drivers 'a cavalier act, beyond his authority'

Star 2/2/93

A-G slams traffic chief

332

Staff Reporters

The Attorney-General of the Witwatersrand Klaus von Lieres today condemned Johannesburg's Traffic Chief Mike Davis for taking the law into his own hands by releasing the taxi drivers responsible for yesterday's city centre bloody chaos.

Davis said yesterday a compromise had been reached at an urgent meeting between traffic officials and enraged taxi operators which had been facilitated by ANC president Nelson Mandela.

The compromise included the releases with warnings and the handing back of impounded taxis without a fine.

Von Lieres said today Davis treated the matter "in a very cavalier fashion" and acted beyond his authority by releasing the drivers and impounded vehicles.

"The Traffic Department's conduct causes great concern in the AG's office and the question is on what authority did the Traffic Chief release the people and not hand them over to the courts."

Von Lieres said the releases and the conduct of the Traffic Department would be investigated.

Taximen involved in yesterday's unprecedented chaos in the streets of Johannesburg are to meet Traffic Department officials today in an attempt to prevent a repeat of the near anarchy which paralysed the city.

The meeting was arranged yesterday after the intervention of Mandela.

Talks prevented further violent clashes in the late afternoon after a day of running street battles between police, taximen and belligerent youths.

Eight policemen were injured, at least three taxi drivers were shot and wounded and a municipal bus and an SAP vehicle were set alight. Twelve buses — 10 municipal and two belonging to Putco — were also damaged.

Whether or not taximen attempt later today to again set up their blockades — to hammer home their grievances against the traffic department — depends on the outcome of today's meeting.

Yesterday's mayhem began when barricades made of locked taxis and concrete dustbins were strewn across the city streets and suburban feeder routes as taximen expressed their anger over what they perceive to be heavy-handedness by the Traffic Department in its dealings with drivers.

Massive traffic jams quickly built up, paralysing parts of the city.

Then it degenerated further into a day of teargas and bullets from the police; and of shots, rocks, bricks, stones and bottles from taximen and their supporters.

Blood from both sides flowed in the city streets as Johannesburg became a battleground.

Traffic officials and heavily armed police contingents with bullet-proof vests and semi-automatic weapons were evident on most street corners. The entire city centre was buffeted with sounds of wailing sirens.

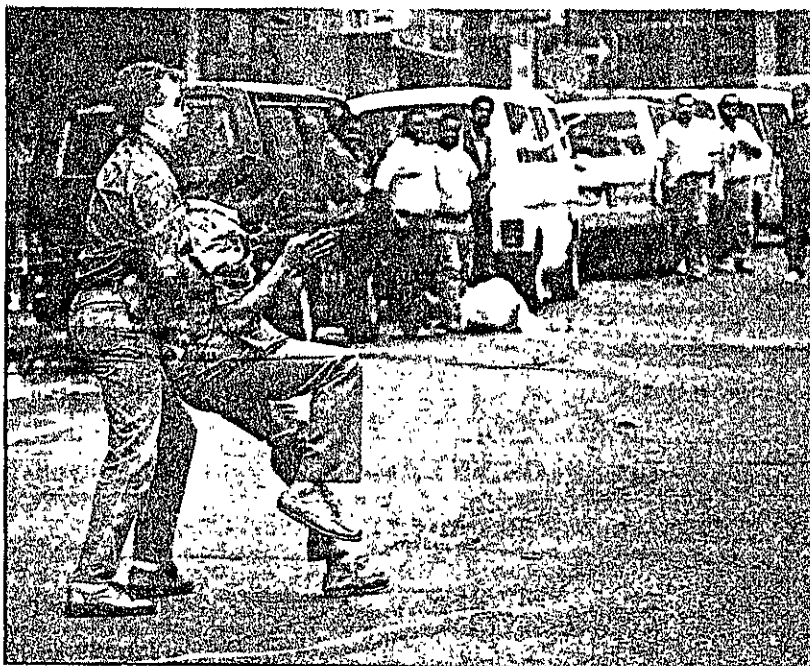
At about 11 am, the angry drivers attempted to storm the Traffic Department office on the corners of Loveday and Eloff streets. The department's gates had to be locked as taxi drivers tried to lay siege to the building.

Helicopters circled overhead as police leading about 20 dogs, straining on their leashes, failed to restrain the protesters as they forced their way through police blockades.

With shouts of "shoot like you usually do" the protesters tore up their traffic fines and hurled the bits of paper at the police and traf-

To Page 3

Chaos as taxi drivers strike



A plain-clothes policeman manhandles a pedestrian who had suffered dog-bite wounds as a result of police dispersing bystanders at the Bree Street rank in Johannesburg. Taxi drivers yesterday launched a protest against high traffic fines and harassment by traffic officers. PIC: SELLO MOTSEPE

Sowetan 2/12/93.

332

CRUCIAL TALKS will be held today between taxi drivers and traffic officials to prevent a recurrence of yesterday's siege of Johannesburg.

Ugly scenes erupted in the city's CBD when minibus taxis and their drivers blocked bus routes to protest against "harassment" by city traffic officials.

Streets were cordoned off, shots were fired at traffic and police officials and arrests were made.

Injuries to policemen and bystanders were reported.

Two vehicles, including a municipal bus, were set alight.

The taxi protest was decided upon on Sunday and launched yesterday without consulting or warning commuters.

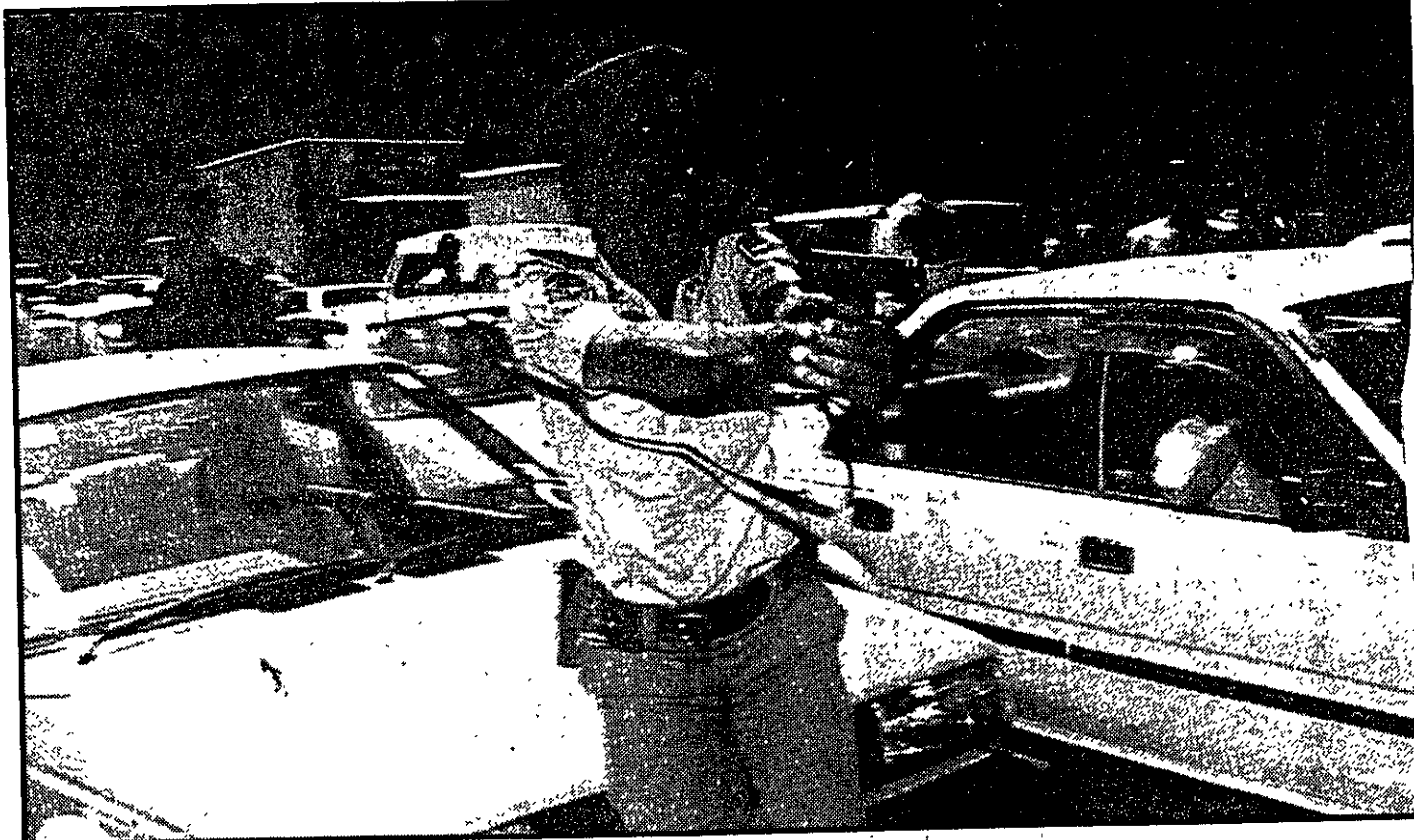
A similar mass action protest took place in Pretoria last week, but no violent incidents were reported.

Earlier in the day, thousands of Soweto residents were left stranded and unable to get to work as the taxi drivers launched their action.

Minibus taxi representatives have undertaken not to disrupt traffic in the city this morning after initial talks yesterday afternoon.

By late yesterday afternoon, buses were running and the traffic flow was back to normal.

See the full story on page 2



FLASHPOINT: A traffic officer opens fire as taxi drivers block a central Johannesburg street yesterday.

ARGT 2/2/93 (332)

Traffic chief's taxi deal attacked

The Argus Correspondent

JOHANNESBURG. — The Witwatersrand Attorney-General today condemned the Johannesburg traffic chief for taking the law into his own hands by releasing the taxi drivers responsible for yesterday's city centre chaos.

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The deal included the releases with warnings and the handing back of impounded taxis without a fine.

Attorney-General Mr Klaus von Lieres said today that Mr Davis had treated the matter in a cavalier fashion and acted beyond his authority. His conduct would be investigated.

Taxi drivers involved in yesterday's events are to meet traffic department officials today in an attempt to prevent a repetition of the near anarchy that paralysed the city.

The talks arranged by Mr Mandela prevented further violent clashes in the late afternoon after a day of running street battles between police, taxi drivers and belligerent youths.

Eight policemen were injured, at least three taxi drivers were shot and wounded and a municipal bus and a police vehicle were set alight. Twelve buses were also damaged.

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Yesterday's mayhem began when barricades made of locked taxis and concrete dustbins were strewn across the city streets and suburban feeder routes.

Taxi drivers were protesting over what they perceive as heavy-handedness by the traffic department in its dealings with drivers.

Massive traffic jams degenerated into a day of gunfire from the police and shots, rocks, bricks, stones and bottles from taxi drivers and their supporters.

Traffic officials and heavily armed police with bulletproof vests and semi-automatic weapons were on most street corners.

At about 11am, the angry drivers attempted to storm the traffic department office. Helicopters circled overhead as police leading about 20 dogs failed to restrain the protesters.

With shouts of "shoot like you usually do" the protesters tore up their traffic fines and hurled the bits of paper at the police and traffic officials.

The Southern Africa Black Taxi Association (Sabta) condemned the protest action.

"Sabta cannot condone such an action as it disrupts the flow of business in this important city," it said.

The organisation apologised to the business community and the general public for the inconvenience they had faced.

But Sabta said it understood taxi drivers' complaints about "unfair" traffic fines and the lack of ranks.

ANC spokesman Mr Carl Niehaus said the organisation was concerned at reports of police brutality and unprofessional action by police.

Anger as Jo'burg 'fails to satisfy taxi industry'

BDM 2/2/93. (332)

RAY HARTLEY

PATHETIC mounds of bloodstained sand in a Johannesburg street where a taxi driver shot by police had fallen yesterday starkly illustrated the failure of Johannesburg to come to terms with its taxi industry.

For while the taxis have become a part of urban life, this is more because they have bent the rules than because they have been integrated into the city's public transport system. Where no ranks are available, taxis have taken over parking bays. Where there are no facilities for loading and offloading passengers, taxis simply stop in the road with their familiar emergency indicators flicking.

Yesterday's city centre protest was a collective eruption of the frustration and anger taxi drivers have felt over what they see as the failure of the city to accommodate them.

But underlying the protest are more complex issues such as the vexing question of how to regulate and control an industry that was born out of the ingenuity of brave entrepreneurs.

The lack of regulation has led to sporadic incidents of violence among taxi associations and the oversupply of operators, which the Goldstone commission has described as a key cause of "taxi wars".

The absence of control has also spawned growing conflict between drivers and traffic officials on the one hand and drivers and taxi owners on the other.

Drivers yesterday said they were unhappy with heavy fines they received for minor traffic offences, and what they saw as a campaign by traffic department officials to target them in enforcement operations.

They claim that ruthless owners then force them to pay fines received for the condition of the vehicles they drive — something that should be the owners' responsibility.

They also claim their speedy driving and lack of regard for other motorists is a result of the pressure they are put under by owners to make as many trips as possible every day to maximise turnover.

The shooting of the taxi driver in Sauer Street tangibly changed the tone of yesterday's protest. The drivers' singing and chanting became more militant as they realised the gravity of their continued protest.

Drivers had repeatedly asked police to leave crowd control in the area to traffic policemen and to remove dogs and automatic weapons from the scene. Ironically, drivers seemed more at ease with the traffic police than the SAP, who were heavily armed, nervous and seemingly more aggressive.

A traffic policeman at one point ordered police to stop the removal of vehicles from a busy intersection when this became the focus of the crowd. Another traffic officer strongly reprimanded a subordinate for drawing his gun when a crowd surged towards him.

The different policing methods and command structures involved in coping with yesterday's blockade may have sparked the incident which led to the shooting in Sauer Street, although police maintained they fired only after efforts were made to remove a sidearm from an officer.

The taxi drivers' protest also involved a certain amount of intimidation, with reluctant drivers, who were not part of the protest, being forcibly removed from their vehicles when they tried to bypass congestion. One report said a driver was beaten up in one such incident.

MIKE ACOTT reports not all intersections were blocked by taxis. Traffic was flowing reasonably freely at the corner of Commissioner and Simmonds streets during the lunch hour when a group of men rushed into the intersection to close it.

They overruled the two traffic officers controlling the traffic, they stopped cars, halted a bus across the intersection where it was joined by a delivery van abandoned by its driver. They rolled concrete refuse bins into the road, and dumped the contents in front of vehicles.

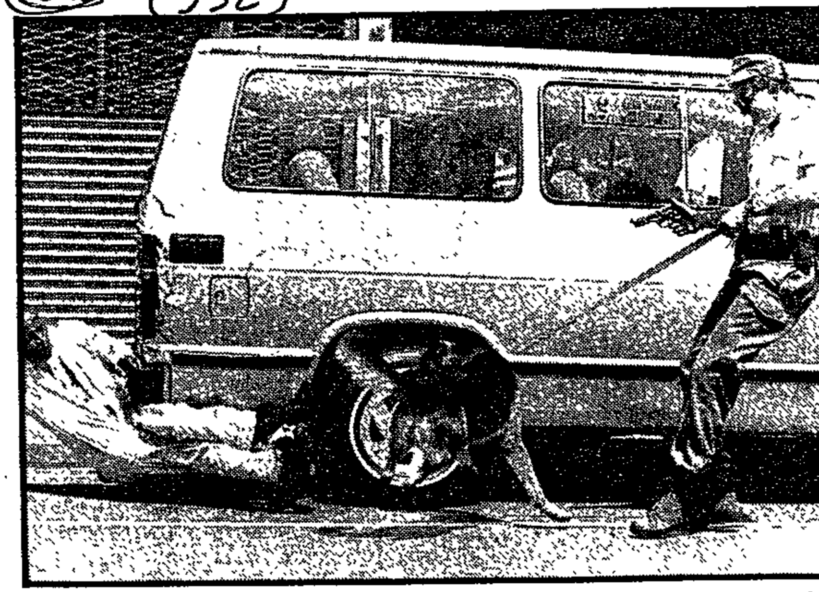
Police reopened the intersection before traffic became hopelessly clogged. The bus drove on, the delivery van driver returned and removed it, refuse bins were rolled away and the traffic flow resumed.

At the corner of Commissioner and Fox streets, a taxi driver who left his vehicle in the right-hand lane was ordered back in by police and told to drive away; as he did so an argument ensued during which an angry, struggling man was arrested.

One of those helping to make the arrest was a young policeman in camouflage uniform. Deciding he needed his hands free to help subdue the protester, he put his rifle down on the road and rushed into the fray. The weapon was quickly picked up by a traffic officer.

Taxi operator Ronnie Fredericks, of Eldorado Park, said yesterday's event would cause a backlash, and vowed that buses would find it hard to operate in the townships.

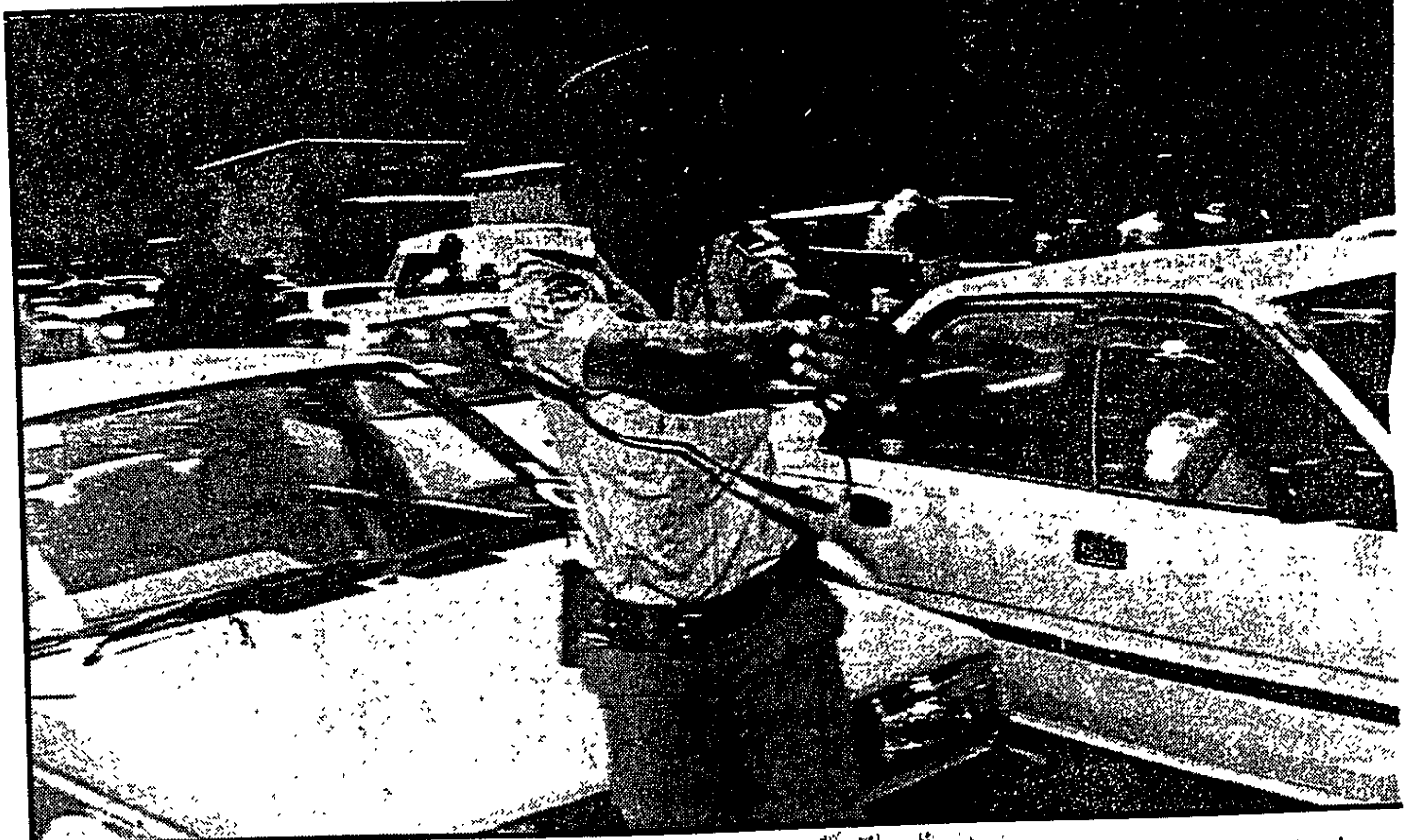
"Buses won't be able to operate in the townships, in Soweto, Eldorado Park, all over. We won't take our taxis back, but the buses won't be able to run." As Frederick's own taxi was towed away, he shouted to police: "Let the Boers take the car! If they need it, let them take it."



An armed policeman pulls his dog back after it attacked a man during the blockade by disgruntled taxi drivers. Picture: BRIAN HENDLER

LETTERS

employees, to their detriment.



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ARG 2/2/93 (332)

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Taxi crisis unresolved

Sowetan 2/2/93 (332)

By Lulama Luti

■ EXPLOSIVE SITUATION Chaos reigns in city centre as taxi drivers and police clash:

CRITICAL talks to defuse the explosive situation that resulted in a blockade of major routes in Johannesburg by irate taxi operators will continue today it was announced yesterday.

The Johannesburg Traffic Department and representatives of the South African Taxi Drivers Union will resume talks after a meeting between the two parties ended without any major decisions yesterday.

The meeting followed a blockade by members of the South African Taxi Drivers Union in the city centre in which dozens of taxis barricaded major routes in protest against traffic fines and alleged harassment by traffic officers.

Chaos and confusion reigned for the better part of the day but the situation returned to normal late in the afternoon.

At least two people were shot and injured when police opened fire in two separate incidents. Two vehicles were reportedly set alight during the protest that began early yesterday morning.

Thousands of workers reported late for work while scores of commuters, including schoolchildren, were stranded in the city and neighbouring townships by midday.

Major routes into the city became no-go areas while major bus routes were closed as the protest, which was unannounced, got underway.

Both members of the uniformed branch and the Internal Stability Unit of the SAP were engaged in running battles as taxi drivers repeatedly jeered and shouted at them to disperse.

The protest which brought Johannesburg traffic to a standstill was carried out to register protest against the Johannesburg Traffic Department in what taxi drivers described as continued harassment by traffic officers.

They also demanded that the Government subsidise the taxi industry.

"We are tired of these traffic cops. They always stop us any time, anywhere.

They have continued to issue us with traffic fines and when we don't pay we are arrested. How do we make a living under these conditions?" said a Soweto taxi driver who declined to give his name.

Taxi drivers' street barricades throw Jo'burg CBD into turmoil

BDay 2/2/93.

RAY HARTLEY
and THEO RAWANA

TRAFFIC officers and heavily armed policemen swarmed through Johannesburg streets yesterday when disgruntled taxi drivers blocked intersections, disrupting city traffic for most of the day.

Traffic chief Michael Davis said ANC president Nelson Mandela had intervened to facilitate talks between the drivers and the Johannesburg Traffic Department. Mandela had made his office available, which led to talks in which the drivers agreed to return the gridlocked streets to normal, allowing discussions on grievances to continue today.

The SA Taxi Drivers' Union warned that the taxi barricade campaign would spread nationwide if local authorities failed to heed drivers' demands.

Davis said it had been agreed at yesterday's talks that fines arising from violations linked to the protest would be disregarded and impounded taxis would be returned without cost to drivers.

He would not say what the drivers' grievances were, but it is believed they are unhappy with what they see as unfair fines they receive for traffic violations.

Police said last night that five civilians, seven policemen and one traffic officer had been injured in various incidents in the course of the day.

Earlier, police warned motorists to stay clear of the city centre during the protest, urging office workers to stay in their buildings until the situation returned to normal.

LLOYD COUTTS reports that a brief battle erupted on the corner of Bree and Sauer streets when officers attempting to clear a taxi barricade were stoned. Police responded by firing teargas into a crowd at a nearby taxi rank after bricks smashed into armoured tow trucks removing taxis from the rubbish-strewn road.

Policemen carrying shotguns, automatic rifles and submachine-guns provided cover for the tow truck drivers, and in turn were backed by colleagues with dogs.

In another incident, two traffic officers were slightly injured when their motorcycles were pushed over by protesters, in Louis Botha Avenue.

Police spokesman Col David Bruce said a policeman shot and slightly injured a man who tried to remove his weapon in Sauer Street.

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27

Police used teargas and rubber bullets on demonstrators in Bree Street, he said. A police vehicle and two buses had been set alight in the area.

Police helicopters hovered over the city throughout the day, monitoring flashpoints.

Sadtu Pretoria regional organiser Morris Bokaba said the blockade was a continuation of action begun in Pretoria last Thursday after the taxi drivers had

☐ To Page 2

Taxi drivers

BDay 2/2/93 (332)

☐ From Page 1

reached deadlock in talks with the city council. He said the campaign would be intensified in Johannesburg, with sit-ins at traffic department offices, pickets at council offices and protest marches. This would occur only if today's talks did not produce results.

"We have complained of lack of facilities — loading and offloading zones — but have met with negative response. Pointing out that 75% of taxi drivers are ticketed for loading and offloading, we have pleaded with the local authorities to set up interim structures that would help to put the harassment of drivers on hold while talks are going on, but to no avail."

The two major national associations — Sabta and Nafto — warned that the action might spread if grievances were not met.

Nafto chairman Peter Rabali said harassment of drivers by traffic officers was the cause. "It's not unusual for a traffic officer to stop six taxis at one time and have the passengers waiting while he is ticketing the drivers individually."

Sabta condemned the protest and apologised to business and the public for the inconvenience. However, Sabta public affairs director Mike Ntlatleng said his organisation understood "the legitimacy of the grievances on the question of unfair fines and lack of ranking facilities".

A Johannesburg Chamber of Commerce and Industry spokesman said business was taken "totally by surprise" and productivity was badly hit.

● See Pages 3 and 6

Star 3/12/93.

Jo'burg declared an unrest area as taxi talks break down

(332)

● From Page 1

through negotiations.

The state of emergency only gave police extra powers. "And they are already behaving in a way which makes one ask questions about the way they handle volatile situations."

He said ANC officials, including Nelson Mandela, were not playing a direct role in the negotiations but were acting as facilitators to help bring the two parties together.

Cosatu said the unrest declaration would be seen as "carte blanche for the police to use force". After a meeting yesterday between Cosatu and a delegation of taxi drivers organised by the SA Taxi Drivers' Union, Cosatu said it saw the drivers' grievances as legitimate.

Johannesburg traffic directorate spokesman Fanie van der Walt said municipal buses would run as normal today but would be withdrawn if violence flared again.

Witwatersrand police commissioner Lieutenant-General Koos Calitz, who warned that police would not tolerate "wanton violence" from taxi drivers, appealed to taxi associations to take control of drivers.

ANC regional executive member Mondli Gungubele, who was involved in yesterday's negotiations, said discussions broke down because a number of drivers who were arrested in Randburg on Monday had not been released.

At a Witwatersrand-Vaal Regional Dispute Resolution Committee press conference, Norman Prince, elected as the taxi drivers' representative, said police had deliberately altered the charges against some drivers to keep them in jail.

On Monday, taxi operators and authorities agreed that all drivers charged with traffic offences would be released.

Earlier yesterday, Attorney-General Klaus von Lieres condemned traffic chief Davis for taking the law into his own hands and releasing some of the taxi drivers and impounded vehicles. Von Lieres said Davis had treated the matter "in a very cavalier fashion" and acted beyond his authority.

Attitude . . . Bart Simpson makes his appearance amid the chaos that prevailed in Johannesburg yesterday.

Johannesburg management committee transport chairman Paul Asherson responded with an attack on Von Lieres for his "inflammatory statements and naivety". "The release of vehicles was fully within this council's jurisdiction," he said.

Yesterday's taxi barricade apparently started after two fights broke out between taxi drivers at the Bree Street taxi rank. The fracas spread quickly through Bree and Sauer streets and then to the rest of the city.

Responding to mealies, onions and bottles being hurled at them, police, without warning, used teargas, rubber bullets and in some instances live ammunition to disperse the crowd.

Two casualties of the rioting were press photographers Herbert Mabuza, who was shot in the arm, and Steve Hilton-Barber, who was hit by a teargas canister.

A pall of smoke from burning dustbins and teargas hung over the area as police sprayed bullets in pursuit of an alleged AK-47 sniper.

Police said at least 37 people were arrested and more than 207 vehicles impounded.

Jo'burg declared an unrest area as talks break down

Star 3/2/93

'Enough is enough'

(332)

Staff Reporters

Hanging on . . . a protester resists arrest while a policeman tries to kick away a teargas canister which was lobbed at demonstrators a few minutes earlier.
Picture: Etienne Rothbart

Johannesburg was declared an unrest area yesterday amid threats from taxi associations that the last two days of chaos in the city would continue today after emergency talks between traffic authorities and taximen broke down.

After a second day of taxi blockades and violent clashes which claimed at least one life and left at least 32 people injured, the SAP and traffic officials said they would not tolerate any more violence.

Traffic chief Mike Davis said last night: "The disruption of ratepayers' rights and those of commuters cannot be tolerated. Enough is enough.

"Motorists are getting tired of the conduct, indiscipline and driving habits of minibus taxi drivers, yet the drivers expect us to take no action against them. Where action against drivers is warranted in the interests of safety, such action must be taken."

His warning followed repeated pitched battles between policemen and taxi drivers who had besieged the city over the last two days in a protest against traffic authorities.

In the first confirmed fatality, a man was shot dead by police yesterday afternoon. Police could not confirm reports that a second man was killed in Bree Street. Scores were wounded by live ammunition, rubber bullets or police dogs.

The SAP and Johannesburg traffic officials went into talks last night to come up with an emergency plan to prevent anarchy, and police geared up to enforce the unrest regulations announced by Law and Order Minister Hernus Kriel in Parliament yesterday.

Police would not say what their plan entailed but said they would do everything they could to protect the city's people.

Spokesmen for the Alexandra, Meadowlands and Eldorado Park taxi associations warned last night that it was likely the confrontations would continue today.

"We do not give orders for the drivers to do anything, but they are angry at arrests and violent action by the police. They will continue to fight off their own bat," an Alexandra Taxi Association spokesman said.

Veiled threats included attacks on buses and municipal vehicles.

Kriel told Parliament he would proclaim Johannesburg an unrest area last night. He too made it clear the SAP would not tolerate any violence.

"We intend to prosecute. We do not intend giving in to pressure," he said.

Police in unrest areas have wide powers of arrest, search and seizure and may detain people without bail application hearings.

Police spokesman Lieutenant-Colonel Dave Bruce said although curfews could be enforced in unrest areas, police were unlikely to do this in Johannesburg unless it became necessary.

"But our action depends on the taxi drivers," he said.

The unrest declaration received round condemnation from the ANC's PWV region and the trade union federation Cosatu.

ANC head office spokesman Carl Niehaus said the only way the taxi problem would be resolved was

● To Page 3

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Flitestar to fly to India

(332)

The Ministry of Transport has given Flitestar permission to operate commercial flights between South Africa and India. Flitestar is now awaiting a licence for landing in Bombay.

Star 3/2/93

Safmarine opts for decentralisation

332

By Stephen Cranston

Safmarine has been divided into three separate operating businesses.

Some 76 people have been retrenched from the corporate office and 50 transferred to group companies.

By decentralising operations, Safmarine hopes to reduce duplicated or unnecessary effort and address cost structures.

The corporate office will consist of a small number of executives responsible for financial and policy controls.

The three operating units are liner shipping, non-liner shipping and air interests.

Safmarine MD Tony Farr says that since the easing of sanctions, the number of international shipping operators competing on the South African trade routes has increased, resulting in pressure on freight rates, volumes of cargo and, ultimately, on profits.

"It is therefore absolutely essential that Safmarine increase its responsiveness to customers, in order to retain and secure their transportation business, while, at the same time, remaining cost competitive with other companies in our industry."

Howard Boyd heads all liner activities, which now incorporate Safmarine's overseas liner interests.

Jan Rabie, the CE of the Swiss-based offshore subsidiary Rondeau Holdings, will head the non-liner unit called Safmarine International.

The South African arm, Safbulk, will now report to Rabie.

Star 3/2/93

Trencor to take big stake in W & A

332

By Stephen Cranston

The W&A group is proceeding with a rights issue to raise R500 million.

The highly rated transport group Trencor is investing R350 million in the recapitalisation by underwriting the rights issue and by taking up rights renounced in its favour by companies in the W&A group.

The rights issue is likely to be priced around the current W&A share price of 175c, less than half the 400c market price in mid-1992.

The issued share capital in the four group companies — FS Group, FSI, Waicor and W&A — is likely to more than double.

Trencor and the Liebesman consortium, which currently controls W&A, will exercise joint control at board and executive level.

A joint executive chairman will be appointed to W&A by Trencor.

Trencor executive chairman Neil Jowell said yesterday the company regarded the interest in W&A as an excellent investment opportunity.

"The Trencor group is highly liquid and for some time we have investigated potential areas of investment allied to our existing operations in manufacturing, trading, exports and transport.

"From past experience in our own areas we are familiar with much of the core businesses of W&A. They are strong, well-managed and well-positioned operations in good, basic industries."

W&A chairman Jeff Liebesman said the proceeds of the rights issue would be used to redeem debt — W&A had R869 million of long-term debt in its June interim statement.

He said the new capital would have a significant effect on the group's gearing as well as on interest cover.

Liebesman said the process of focusing W&A through the development of core businesses and the disposal of non-core activities would continue, and that negotiations for the sale of these could now be conducted from a position of strength.

Liebesman said the partnership with Trencor would be of enormous value to W&A in its development, both domestically and internationally.

The proven strength of Trencor's management would add value to W&A, and the compatibility of certain of the two groups' interests would create promising business opportunities, particularly in export-related and international fields, he said.

Both groups operate motor dealerships and motor spares outlets.

Trencor manufactures truck trailers and containers, while W&A manufactures automotive wheels, fasteners and tyres. Both groups are engaged in retail distribution and manufactured exports.

Buses burn as police ban taxis from city

Star 3/2/93 (332) (278)

Staff Reporters

Thousands of Soweto commuters were stranded today as taximen were barred from Johannesburg's city centre after the past two days of violent clashes with police and traffic officials.

Police, backed up by the Traffic Department, have erected roadblocks on all the main entrances into the city and all minibus taxis were being sent back.

Police spokesman Captain Eugene Opperman said all the taxis were banned from the city centre and police would continue to turn them away "until the situation is sorted out".

Putco buses heading for the city were stopped, their drivers and passengers pulled out and several buses set alight. Drivers were beaten up.

Putco announced it was suspending its services.

Managing director Dr Jack Visser said there would be no buses running from Greater Soweto, Eldorado Park, Lenasia and Orange Farm.

"I have given instructions for all our buses to be taken back to the depots.

"We are being stopped everywhere and firearms are being pointed at our drivers.

"We are unable to take passengers to their destinations along all the main arterial routes into Johannesburg," he said.

Main exit routes from Soweto were barricaded by taxis and burning Putco buses.

Near Baragwanath Hospital, a stand-off had developed at the time of going to press between scores of heavily armed policemen and taxi operators.

Taxis, with operators and supporters armed with pangas and other assorted weapons, were seen roving through the streets of Soweto intimidated any person using a vehicle to transport people into the city.

A Chamber of Commerce spokesman said the taxi strike had affected business quite badly. "People have simply not been able to get to work," he said.

He said figures were not immediately available but there had been considerable disruption of work "which is of great concern to the economy".

In Eldorado Park, one resident told The Star people were being pulled from buses, and taxis were not operating at all.

"We are isolated," he said.

A Spoornet official said more people had been using trains for the past two days to avoid being caught in the taxi feud.

He said there was a definite increase in the number of commuters into the city, especially from Soweto and its surrounding areas.

Running battle

(332) CT 3/2/93

Jo'burg now an unrest area

THE Minister of Law and Order, Mr Hernus Kriel, yesterday declared Johannesburg an unrest area following a running city centre battle between police and protesting taxi drivers in which two men are reported killed.

Hundreds of taxi drivers, protesting against alleged harassment from city traffic police, blockaded the centre of Johannesburg for a second day yesterday, leaving two people dead, one unconfirmed, and at least 32 injured — including six policeman, police said.

Altogether 207 taxis were confiscated and 37 people arrested while 26 vehicles were damaged.

A member of police flying squad yesterday shot and killed a man when a group tried to hijack a private vehicle, police said.

But a foreign press photographer said he saw a man shot and killed by policemen who opened fire with live ammunition and teargas in attempts to clear a blockade.

The running battle between police and a group of militant taxi drivers erupted after an apparent misunderstanding.

Police advanced on a phalanx of taxis and opened fire with teargas, rubber bullets and sharp ammunition when taxi drivers apparently failed to honour an agreement to withdraw from the area at the same time police vehicles removed.

But the drivers had in the meantime been assured by their leaders that they need not move until three men held after Monday's protest were released from John Vorster Square.

Mr Kriel said yesterday firm action would be taken against transgressors involved in the taxi violence.

Late yesterday, hopes for an end to the chaos faded when talks between the Johannesburg city council and representatives of the drivers collapsed.

The ANC's PWV region said last night the declaration of Johannesburg as an unrest area would only fuel tensions. "Unless the real grievances of the drivers were addressed, the present crisis will have a negative effect on the already troubled region." — Sapa

OPENING FIRE ... Police open fire in Johannesburg yesterday as a running street battle between police and protesting taxi-drivers erupts. Picture: AP

MAN TO THE MINISTRY ... Dr Allan Boesak explains his dilemma about returning to the ministry.

Church to act on Boesak

Staff Reporters

THE political future of Western Cape ANC leader Dr Allan Boesak is in the hands of the Dutch Reformed Mission Church of South Africa — and his resignation could deal the ANC in the Western Cape a body blow.

Dr Boesak's application to return to the ministry came "out of the blue" last week, a church spokesman said.

It would be considered by the general synodical committee in Bloemfontein on February 16.

The church does not allow ministers to hold political positions and Dr Boesak would be forced to quit if he is recalled as a minister.

"Dr Boesak would have to choose between the church or a political career," confirmed the acting actuary, the Rev Anton Doyer.

Yesterday, Dr Boesak described his dilemma outside his Constantia home after holding meetings with top Western Cape ANC officials.

"Ever since I left the ministry, I have felt a constant pain. I miss the pulpit. This is part of my agony and part of what keeps me awake at night. Where can I do best?" he asked

He said he would ideally like to retain his current political position and become a minister again — but realised this was not possible

Disgraced after disclosures that he was having an extra-marital affair with his present wife, Dr Boesak resigned from all his church positions in July 1990.

Dr Boesak dismissed reports of rifts locally within the organisation.

Attempts are being made to convince Dr Boesak that it is "crucial" he remain in his current ANC leadership position, ANC regional secretary Mr Tony Yengeni said.

While Mr Yengeni said the ANC understood that Dr Boesak's work revolved around his faith and the ministry, the organisation believed he was "needed here and now" to contribute to a new democracy.

Mr Yengeni said he had "no ambition" to assume the ANC leadership in the Western Cape.

"There is no tension whatsoever, not even on a personal level. Our relationship is one of integrity," he said.

PLEADING ... An unidentified man pleads with advancing policemen yesterday not to use their guns on protesting taxi-drivers. Three people were injured later when police fired shotguns and teargas. Picture AP

Man shot

Star

dead in

3/2/93

taxi chaos

(332)

crossfire

By Bronwyn Wilkinson

The first person to die in two days of battles between police and taxi drivers in Johannesburg was a man who walked out of a bottle store in West Street into crossfire between a mob and police, witnesses said.

But police spokesman Lieutenant-Colonel Dave Bruce said the unnamed man was one of a gang of about 15 who tried to rob a motorist of his car.

"The motorist escaped and members of the Flying Squad chased the gang. A warning shot was fired, which was ignored. Another shot was fired and one man was killed. The other 14 got away," Bruce said.

Three bystanders said the man had left a Newtown bottle store with two shopping bags.

"The police ran down the street and started shooting. There was no warning. The man was shot in the back. He had nothing to do with any taxi war or any other violence," said a woman who did not wish to be named.

Minutes later, a man who also claimed to have seen the shooting approached a police vehicle, pointed to a policeman and said he wanted it known that he had seen him fire the killing shot.

A witness said police leapt out of the vehicle, saying "He's talking too much", and arrested the man.

Strike: Bus driver shot dead

Own Correspondent (332)

DURBAN. — A bus driver was shot dead, at least one other driver was badly injured and three Umfolozi Transport buses were set alight in strike-related violence in the Empangeni area yesterday.

A truck driver of another strike-hit company, Amalgamated Beverages, was shot dead in an ambush. Police could not confirm that the shooting was related to the strike.

The violence in KwaZulu follows an industrial dispute between Umfolozi Transport and management over the sacking of a trade union shop steward. The dead driver, whose name has not been released, was ambushed on Monday night. Another driver was badly injured when he was shot at by unknown gunmen. CT 3/2/93

Mr André Joubert, managing director and co-owner of Umfolozi Transport, said the company had lost about R1,3 million from lost revenue and damaged buses.

Two killed as violence flares

Govt acts to curb Jo'burg taxi protest

BIDay 3/2/93 (332)

RAY HARTLEY, THEO RAWANA and LLOYD COUTTS

JOHANNESBURG was declared an unrest area yesterday by Law and Order Minister Hernus Kriel after a day of running battles between taxi drivers, bystanders and police which left more than 30 people injured and two dead.

In terms of the proclamation police and the SADF are given wider powers to arrest, detain and search than normally provided by legislation. Police are also given increased authority to break up illegal gatherings. But spokesman Capt Eugene Opperman said police did not intend imposing a curfew on the city.

Yesterday, a group of taxi drivers who felt agreements had not been honoured by the traffic department and police to release drivers detained in Monday's protest blockaded areas of the city centre.

Three drivers detained in Johannesburg and two in Randburg were not released yesterday morning.

Johannesburg City Council transport and utilities chairman Paul Asherson said the blockade was continuing because police substituted charges the traffic department had withdrawn against some drivers and kept them in custody. Asherson said police had made the situation more difficult by putting bail at R5 000 and R10 000.

Yesterday's meeting between traffic officials and taxi drivers, following Monday's violence, had gone well and the parties had agreed to meet again on Monday to thrash out an agreement. However, the drivers heard police were holding their members at Randburg and Johannesburg and trouble flared again.

When drivers refused to move their taxis from a blockade at the corner of Bree and Fraser streets, police opened fire with teargas, rubber bullets and birdshot, injuring drivers, bystanders and journalists.

Police spokesman W/O Andy Pieke said one man had been shot dead by police for stealing a vehicle, but bystanders said the man had been carrying shopping bags and had just left a fast food shop. Pieke said a second person, killed in the Bree Street area, had been involved in "criminal activity" unconnected to the unrest.

In West Street, police chased a gunman — who allegedly opened fire on officers attempting to make an arrest — into a parking garage. Scores of heavily armed and bullet proof-jacketed policemen and traffic officers converged on the building, but twice failed to find the gunman.

People in nearby office blocks were asked to remove their cars from the garage.

Pieke said 25 people had been arrested for offences related to the blockade, and 194 vehicles had been towed away.

☐ To Page 2

Taxi protest

BI 3/2/93 (332)

☐ From Page 1

Asherson said the SAP had taken over from the Johannesburg traffic department as adversaries in the war taximen were waging in the city streets.

Asherson hit out at Witwatersrand Attorney-General Klaus von Lieres und Wilkau for his "inflammatory statements and naivete" in condemning traffic chief Mike Davis after the latter withdrew charges against the drivers.

Von Lieres had accused Davis of going beyond his authority by dropping the charges and returning impounded vehicles.

Asherson said the release of vehicles was fully within the council's jurisdiction and was done "in a careful negotiation process involving senior members of the SAP".

The Johannesburg transportation directorate yesterday withdrew all municipal buses from the CBD in order not to expose passengers and drivers to further dangers, Sapa reports. Spokesman Fanie van der Walt said services would be suspended until the problems were resolved.

☐ The taxi drivers' union, Satdu, was in the process of merging with the Transport and General Workers' Union and SA Railways and Harbours Workers' Union yesterday.

● Picture: Page 3
● Comment: Page 6

Muddle over pact may have sparked clash

(332) RAY HARTLEY (2278)

A MISUNDERSTANDING may have led to yesterday's running battle between police and a group of militant taxi drivers in central Johannesburg.

Police opened fire when taxi drivers apparently did not honour an agreement reached between their leaders and Capt Kobus Peche that taxis withdraw from the area at the same time as police vehicles were removed. B/Day

But the drivers, in the meantime, had been assured by their leaders they need not move until three men held in connection with Monday's protest were released from John Vorster Square. 3/2/93.

This is how events developed:

11.30am: Taxi drivers began blockading the area around the Bree Street taxi rank. Some taxi drivers were forced from their vehicles and made to park them at the intersections.

11.50am: Police began talks over removal of the blockade. Peche told drivers to remove vehicles parked in breach of Monday's agreement to clear the streets. Drivers say traffic police fined them in breach of the same agreement.

12.15pm: Peche reached an agreement with taxi representative Norman Prince that the blockading taxis be moved while police retreated from the area, which they did. An argument ensued among the drivers who refused to honour Prince's agreement, and reiterated that the men in custody be released.

1.00pm: Prince and two UN monitors left to attend talks on securing the release of the three men.

1.20pm: The taxi blockade remained in place. Police began mobilising and Peche donned a bullet-proof vest. One police officer said: "If we don't deal with it now, it'll just go on for a month."

1.25pm: About 50 internal stability unit members and uniformed police carrying

To Page 2

Muddle

B/Day 3/2/93.

From Page 1

(332) (2278)

shotguns and teargas and accompanied by three dogs, moved down Bree Street towards the blockade.

1.26pm: A leader of the taxi drivers appealed to police not to use force. Peche replied: "You move now or you will be dispersed." The driver protested and was arrested.

1.30pm: Police fired teargas, rubber bullets and birdshot at the crowd after police were stoned. Several people were wounded. The crowd dispersed.

1.35pm: Police moved in with razor wire. Traffic police removed the first vehicle from the blockade.

1.47pm: The UN monitors returned. One monitor criticised the deployment of plainclothes police carrying machine guns in a crowd control situation.

2pm: Peche told the media no order was given for the use of birdshot. "We acted more than half-an-hour after discussions (agreeing to remove vehicles) ended. I think we have used excessive restraint in the past two days." Taxi drivers began to form a new roadblock a block away. "They are not going to tow us away now. They can bring their guns now," a driver said.

2.05pm: A brick and a bottle were hurled at police, sparking a second teargas attack. A traffic department motorcycle was overturned by the crowd.

2.38pm onwards: Police began dispersing the crowd. About 15 dogs joined running battles. A man, whom police said was trying to steal a car, was shot dead by police. Teargas and stones were exchanged between police and drivers in the Bree Street taxi rank. Protests continued for most of the afternoon, but most motorists were able to get home during rush hour when the situation quietened down.

Taxis block highway to Jo'burg

ARCG 3/2/93

JOHANNESBURG. — Minibus taxis blocked the Golden Highway near Eldorado Park, south of Johannesburg, early today.

Traffic officials said the blockade, which began about 7am, was being investigated.

Taxis, however, were not travelling into the centre of Johannesburg — the scene of conflict between police and taxi drivers over the past two days which has left two people dead and 38 injured.

Officials believed taxis would not be operating in the CBD today, but "anything might happen".

They said while Putco buses were running normally, many employees would probably arrive late for work.

Thousands have been stranded in Soweto, where at 5am commuters were milling at empty taxi ranks and street corners.

In Orlando taxis manned their own roadblocks, stopping and ordering commuters out of the few taxis that took a chance transporting them.

Some commuters walked in the hope of finding transport elsewhere to ferry them to the city.

Others were at the mercy of private car owners who charged inflated fares.

● Full report and pictures, page 4.

Taxi chaos likely to continue after talks break down

ARG 3/2/93
332

The Argus Correspondents

JOHANNESBURG. — Taxi associations have threatened that the chaos in Johannesburg will continue today after emergency talks broke down between them and traffic authorities.

Johannesburg was declared an unrest area yesterday.

After the city centre turned into a war zone in the second day of taxi blockades and violent clashes which claimed at least one life and left scores injured, police and traffic officials said they would not tolerate more violence.

Traffic chief Mr Mike Davis said: "The disruption cannot be tolerated. Enough is enough.

"Motorists are tired of the conduct, discipline and driving habits of minibus taxi drivers, yet the drivers expect us to take no action against them. Where action against drivers is warranted in the interests of safety, such action must be taken."

His warning followed repeated pitched battles between police and taxi drivers who had besieged the city over the past two days in protest against traffic authorities.

In the first confirmed fatali- enforced in unrest areas, police were unlikely to do so in Johannesburg unless it became necessary.

"It depends on the taxi drivers," he said.

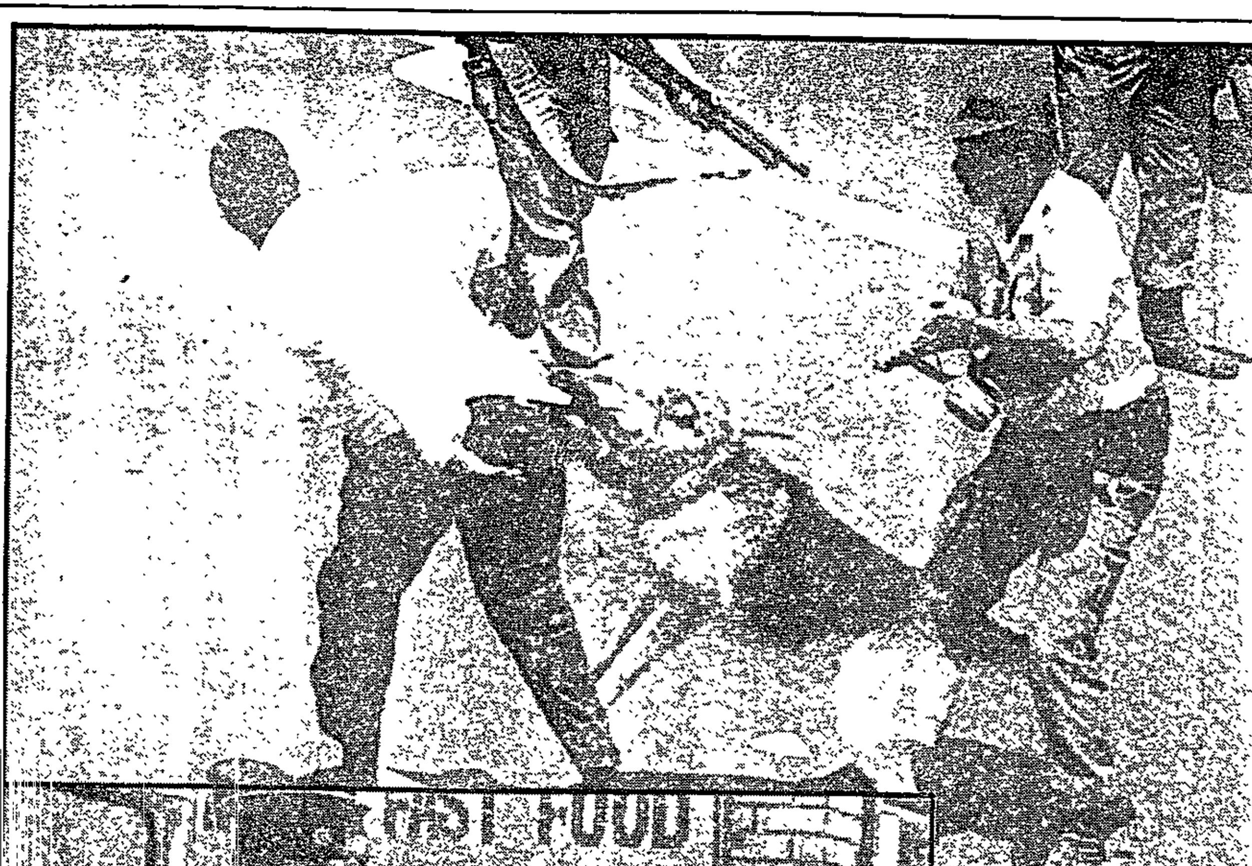
The unrest declaration received round condemnation from the African National Congress and the trade union federation Cosatu.

ANC head office spokesman Mr Carl Niehaus said the only way the taxi problem would be resolved was through negotiations between taxi drivers and the traffic department.

He said the ANC, including its president Mr Nelson Mandela, was not playing a direct role in the negotiations, but was acting instead as facilitator, when necessary, to help bring the two parties together.

Cosatu said the unrest declaration was "carte blanche to the police to use force", and the ANC PWV region said this would obscure the real grievances of taxi operators.

After a meeting yesterday between Cosatu and a delegation of taxi drivers organised under the South African Taxi Drivers' Union, Cosatu said it saw the drivers' grievances as legitimate.



CONFRONTATION: A police dog grabs a protester, above, in a Johannesburg street during a confrontation after protesting taxi drivers blocked intersections. Left: Two injured people are attended to after being shot by police. The taxi drivers were protesting against traffic department harassment and the lack of official facilities for an industry that ferries an estimated 300 000 commuters a day in and around Johannesburg.

Mr Davis, discounting reports of acrimony, said he and Mr Von Lieres had met and ured, police and traffic officials said they would not tolerate more violence.

Traffic chief Mr Mike Davis said: "The disruption cannot be tolerated. Enough is enough.

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His warning followed repeated pitched battles between police and taxi drivers who had besieged the city over the past two days in protest against traffic authorities.

In the first confirmed fatality, a man was shot dead by police yesterday afternoon. Police could not confirm reports that a second man had been killed. Scores of people were wounded by live ammunition, rubber bullets or police dogs.

Police and traffic officials went into talks last night to come up with an emergency plan to prevent anarchy, and police geared up to enforce the emergency regulations announced by Law and Order Minister Hernus Kriel in parliament yesterday.

Spokesmen for the Alexandra, Meadowlands and Eldorado Park taxi associations warned last night it was likely the confrontations would continue today.

"We do not give orders for the drivers to do anything, but they are angry about arrests and violent action by the police. They will continue to fight off their own bat," an Alexandra Taxi Association spokesman said.

There were veiled threats of attacks on buses and municipal vehicles.

In proclaiming Johannesburg an unrest area, Mr Kriel told parliament police would not tolerate violence.

"We intend to prosecute. We do not intend giving in to pressure," he said.

Police in unrest areas have wide powers of arrest, search and seizure and may detain people without bail.

Police spokesman Lieutenant-Colonel Dave Bruce said that although curfews could be the traffic department.

He said the ANC, including its president Mr Nelson Mandela, was not playing a direct role in the negotiations, but was acting instead as facilitator, when necessary, to help bring the two parties together.

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Johannesburg traffic directorate spokesman Mr Fanie van der Walt said municipal buses would run as normal today, but would be withdrawn if violence flared again.

Johannesburg traffic was stopped in its tracks for the second day running yesterday as taxi drivers piled their minibuses into intersections, refusing to move until negotiations between their representatives and officials had reached a satisfactory outcome.

The drivers demanded that all their traffic fines from the last six months be cancelled and that they be given better treatment, facilities and support from traffic officials.

Witwatersrand police commissioner Lieutenant-General Koos Calitz, who warned that police would not tolerate "wanton violence" from taxi drivers, appealed to taxi associations to take control of drivers.

ANC regional executive member Mr Mondli Gunguble, who was involved in yesterday's negotiations, said discussions broke down because a number of drivers who were arrested in Randburg on Monday had not been released. The situation was out of control, he said.

At the worst battle zone yesterday, in Bree Street, peace monitors said taxi operators were furious that the police had refused to release all the arrested men and had changed their charges from traffic obstruction to intimidation.

At a Witwatersrand-Vaal Regional Dispute Resolution Committee (RDRC) Press conference, Mr Norman Prince, elected as the taxi drivers' representative, said police had deliberately altered the charges to keep some drivers in jail.

On Monday taxi operators and authorities agreed that all drivers charged with traffic offences would be released

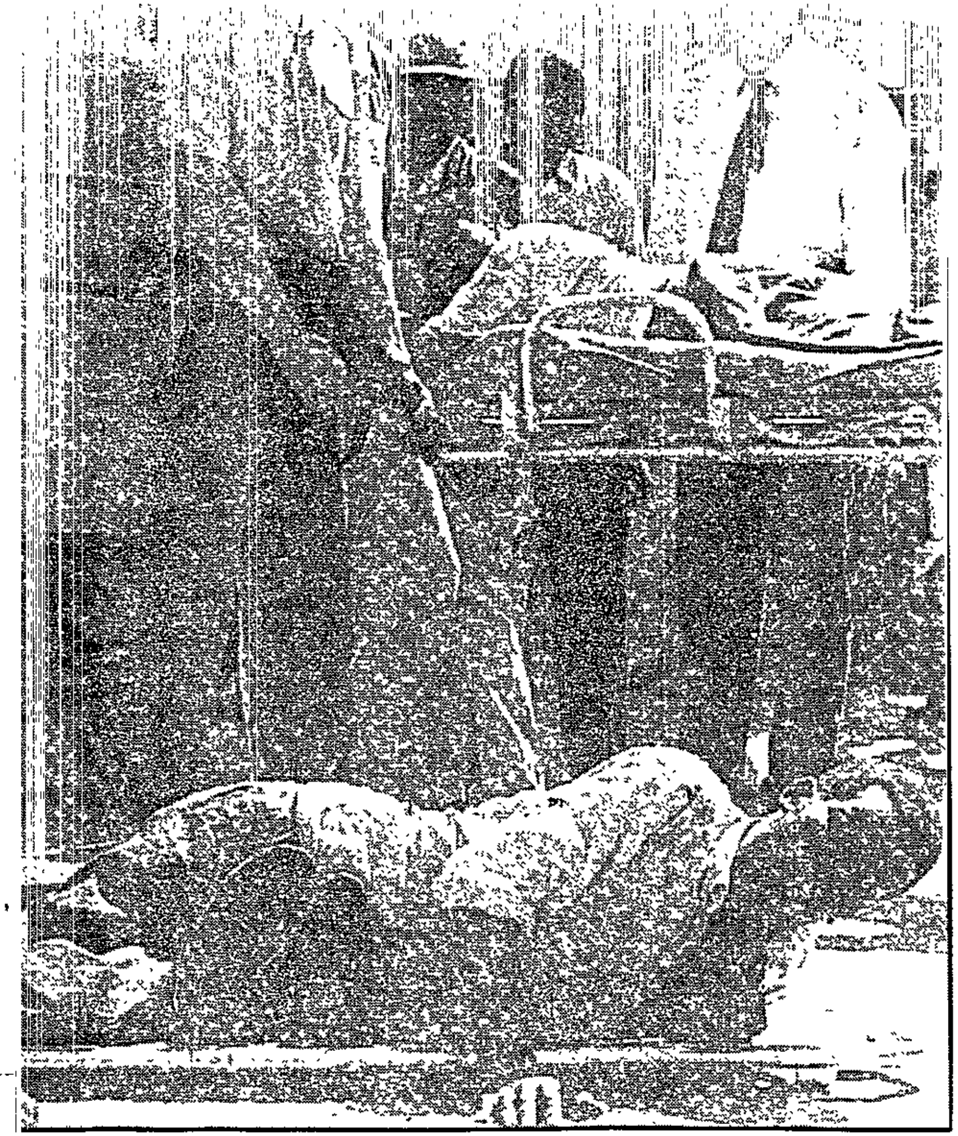
RDRC spokesman Mr Alfred Woodington said Witwatersrand Attorney-General Klaus von Lieres had undertaken to seek a resolution involving those still in custody.

Mr Woodington appealed to taxi drivers and the authorities to adhere to agreements reached. He said his peace committee would work through the night, if needed, to resolve the crisis.

Earlier yesterday Mr Von Lieres condemned traffic chief Mr Davis for taking the law into his own hands and releasing some of the taxi drivers and impounded vehicles. Mr Von Lieres said Mr Davis had treated the matter "in a very cavalier fashion" and had acted beyond his authority.

Johannesburg management committee transport chairman Mr Paul Asherson responded with an attack on Mr Von Lieres for his "inflammatory statements and naivete".

"The release of vehicles was fully within this council's jurisdiction and was done in a careful negotiation process involving the most senior members of the police," he said.



drivers blocked intersections. Left: Two injured people are attended to after being shot by police. The taxi drivers were protesting against traffic department harassment and the lack of official facilities for an industry that ferries an estimated 300 000 commuters a day in and around Johannesburg.

Mr Davis, discounting reports of acrimony, said he and Mr Von Lieres had met and were in "complete harmony". Mr Von Lieres said an agreement had been reached and he was not involved in any negotiations.

Yesterday's taxi barricade apparently started after two fights broke out between taxi drivers at the Bree Street taxi rank. More taxis entered the fray and ended up blocking the street with concrete dustbins.

The siege spread quickly through Bree and Sauer streets and then to the rest of the city, turning ugly when protesters refused to clear the streets and weary policemen took action.

Responding to mealies, onions and bottles being hurled at them, police, without warning, used teargas, rubber bullets and in some instances live ammunition to disperse the crowd.

A pall of smoke from burning dustbins and teargas hung over the area as police sprayed building tops with bullets in pursuit of an alleged AK 47-wielding sniper.

Municipal tow-trucks removed more than 30 taxis blocking Bree, Sauer, Fraser and West streets.

Police said at least 25 people were arrested and more than 194 vehicles impounded.

All the drivers of the impounded vehicles were issued tickets and about 200 people are expected to appear in the Johannesburg Magistrate's Court today.

Two men and a 17-year-old youth appeared last night on charges stemming from Monday's clashes between the police and minibus drivers.

Helpless commuters caught off guard

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Sowetan 3/2/93.

Assaults and scars bear testimony to volatile situation in taxi industry:

By Joe Mdhlela
Consumer Reporter

THOUSANDS of commuters from various parts of the Witwatersrand and Soweto were caught napping and in most instances failed to make it to work on Monday as a result of the taxi blockade.

Equally inconvenienced were motorists who were unable to make it to their destinations, either because they were too scared to travel to Johannesburg or were assaulted for daring to travel into the city

Volatile industry

Some of these motorists bear wounds, ugly scars which serve as a testimony to the volatile situation in the taxi industry.

The gripe expressed by the taxi operators relates to the "excessive traffic fines" they receive from traffic officers operating in the city.

The South African Taxi Drivers Union is locked into discussions with the Johannesburg Traffic Department to try to settle the dispute.

Central to the dispute was a call by the taxi union to have the Government subsidise the industry.

The general feeling among operators was that they are "tired of being intimidated by traffic officers".

"They stop us at every turn. We are tired of all this," most operators complained.

Spokeswoman for the ANC Gill Marcus said the transport situation as it affected taxi operators needed to be looked into.

"All parties involved, including the Government, need to resolve the volatile situation," Marcus said.

Frustrations and tensions

She said the ANC understood the frustration of the industry and appealed to Government and taxi authorities to thrash out a system that would help ease the tension.

"There is a need for the authorities, in conjunction with the taxi association, to develop a transport system to ensure taxi operators work harmoniously," she said.

Spokesman for the Azanian People's Organisation Mr Lybon Mabasa said the laws of the country, drawn in an undemocratic manner, impacted on developments in the crisis that developed in the city on Monday.

Mabasa said as long as blacks were not part of a system that legislated, such crises would be commonplace.

However, Mabasa regretted the fact that the taxi industry did not consult with other black organisations.

"There was a lack of adequate consultation and this is to be greatly regretted," he said.

As a result many blacks felt the taxi industry undermined them and were taking decisions affecting them directly "above our heads".

"We are disappointed that taxi associations took a unilateral decision without bothering to consult with commuters and other black organisations.

"While we appreciate the frustrations of the taxi operators, we cannot accept that they can just ignore commuters and other black organisations and impose themselves on us," an angry trade unionist, who preferred to remain anonymous, said. The unionist also condemned the high-handed manner in which the police used force to quell the situation.

Action condemned

The South African Black Taxi Association yesterday condemned the action by taxi drivers in blockading the city streets. In a statement Sabta said: "We cannot condone such action as it disrupts the flow of business in this important city.

"To this end Sabta apologises to the business community, general motorists, passengers and the general public. Sabta, however, understands the legitimacy of the taxi drivers' grievances on the question of unfair traffic fines and the lack of ranking facilities.

"Although the drivers meant well, it is questionable whether they acted well."

"Some of these motorists bear wounds, ugly scars which serve as a testimony to the volatile situation in the taxi industry"

Lybon Mabasa of Azapo ... lack of consultation.

Gill Marcus of the ANC ... a need to ease the tension.

Taxi strike draws mixed reaction

Sowetan 3/12/93

Sowetan & Radio Metro

Talkback

with Tim Modise

By Sipho Mthembu

YESTERDAY's taxi drivers' strike and the South African national squad's victory over Congo in Pointe Noire, Congo, dominated the *Sowetan*/Radio Metro Talkback Show on Tuesday night.

The taxi strike, which followed complaints of victimisation by traffic officers, brought Johannesburg to a virtual standstill.

The protest drew mixed reactions from the callers.

Nazeem of Berea, Johannesburg, supported the strike. He said the inconvenience caused by the protest was "a small sacrifice".

Seuntjie of Tembisa said passengers were also to blame for the behaviour of some taxi drivers.

"In most cases they are pressurised by late passengers to exceed speed limits. The South African Black Taxi Association is also to blame.

"If they had seriously taken up the drivers' problems, this kind of action would have been averted," he said.

Japhta of Durban said he was impressed by South Africa's performance in Congo on Sunday.

"Our guys are getting better by the day and they have now got their act together," he said.

Luciano of Tsakane said: "We were not only playing against the Congo team, but against the referee, the linesmen and the pitch as well. In fact, that was a ditch not a pitch."

"The name Bafana Bafana should stay. We are not using it derogatively. We know for a fact that our players are not small boys. We are using the name in an affectionate manner."

Luciano, Tsakane.

"We will not imitate anyone and call ourselves after animals. The name Bafana Bafana should stay."

Duba, KwaThema.

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"Taxi drivers are undisciplined, unfair, uneducated and negligent. They do not respect people's lives."

Anonymous, Johannesburg

"Police behaviour aggravated the situation during the taxi strike."

Cecil, Meadowlands.

"The referee and his linesmen were grossly biased. However, our boys overcame all that and I congratulate them for that. The Confederation of African Football should not have sanctioned the game to be played on that pitch."

Seuntjie, Tembisa.

W&A rights offers to raise R500m

BDay 3/2/93

(332)

MARCIA KLEIN

W & A companies are to raise at least R500m in rights offers which will see underwriter Trencor assume joint control of the group.

Manufacturing and transport group Trencor and the W & A group said in a joint statement yesterday Trencor would invest about R350m by underwriting the offers and taking up the rights renounced in its favour by the W & A group.

This would result in Trencor and a consortium led by W & A executive chairman and current controlling shareholder Jeff Liebesman taking joint control of the group at board and executive levels and "would include the appointment of a joint executive chairman to W & A by Trencor".

FS Group, FSI Corporation, Waicor and W & A would raise more than R500m. Trencor's investment would be based on the price of the ordinary shares issued in terms of the W & A rights offer, expected to be 175c per new W & A ordinary share.

Yesterday W & A shares surged 50c or 27,7% to close at 230c after a joint cautionary announcement was placed on the JSE board earlier in the morning. Waicor rose 20c or 25% to 100c, FSI 10c or 5% to 210c, and FS Group 10c or 6% to 175c.

The offer prices for Waicor, FSI and FS Group would be calculated in relation to W & A's offer price.

The proceeds of the offers would form part of a recapitalisation of W & A. Liebesman said they would be used to redeem debt and would have a significant effect on the group's gearing and debt cover.

This would position the group to grow its core businesses, while it would continue to dispose of its non-core assets.

Trencor executive chairman Neil Jowell said the deal was an excellent investment opportunity for Trencor. He said once W &A became more focused and reduced its debt burden, the core companies had excellent potential for growth.

Liebesman said the partnership with Trencor would create business opportunities, particularly in export-related and international fields.

Star 4/2/93

Stretched Davis gives his best shot

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By Helen Grange

A red-faced and flustered Mike Davis rushes into his reception area, ushers a police general and a Cosatu representative into his office, and rushes out again to ask his secretary to phone the Attorney-General.

During a moment's reprieve, Johannesburg's Traffic Department director sighs: "I'm out of my mind, I'm gone."

In a brisk interview with The Star, Davis (49) confidently put his case for the actions he has taken in the last three days of taxi chaos.

Davis has no regrets.

On Monday, the taxi operators "lit a bomb" with their sudden blockades, he says.

Davis moved into action. His department impounded 43 taxis, and he immediately launched into the negotiations — much to the ire of Attorney-General Klaus von Lieres.

But Davis believes his strategy was sound: "I took the decision ... so the city could slumber rather than burn. It's easy to say climb in there with a hammer. I have no regrets."

The taxi representatives had agreed to halting disruptions pending further negotiations on Tuesday, but Davis was to be surprised. Deliberations began at 10 am — and the next thing he heard was that the streets were being blocked again.

A violent Tuesday afternoon followed which saw 204 vehicles removed, 60 of them found to be suspected stolen vehicles.

That brought an increasingly frustrated Davis to deliberations [illegible] His biggest task [illegible] all parties together — and ensuring they had mandates so that whatever was negotiated stuck.

Phones are ringing. Maybe it's the Attorney-General. Davis gets moving. It's going to be another long day.

..ig.it security to protect commuters from angry taximen

Star 4/2/93

Armed escort for buses

(332)

Staff Reporters

Heavily armed police and members of the SA Defence Force today stepped up their efforts to ensure the safety of commuters by escorting buses into the city and patrolling railway stations.

The increased security force presence follows pitched battles yesterday in Soweto and Eldorado Park which left scores injured.

Armoured vehicles today escorted packed buses into Johannesburg from the two townships. Trains were also reported to be packed.

Extra security forces were deployed at railway stations in and around Johannesburg, police said.

A police spokesman said they decided to increase train and railway station patrols after receiving information yesterday that train commuters would also be targeted by disgruntled taximen.

Patrols

Police started patrolling trains and railway stations at about 5 am.

Soweto police spokesman Lieutenant Eugene Henning said one bus was gutted by fire in the township this morning. At about 5.40 am police patrols discovered the burning bus at Marafi taxi rank in Mapetla.

At least 22 buses have been attacked in Greater Soweto since yesterday morning.

He said virtually no taxis were operating from the townships today.

Commuters were seen lining the main routes from Soweto today trying to get to work in any way possible.

The two townships erupted in chaos yesterday when angry taximen stoned and petrol-bombed commuter buses, and police used live ammunition as taxi anarchy spread.

About 50 people, many of them children, were injured last night when police fired birdshot, rubber bullets and teargas to disperse crowds of Eldorado Park residents who had gathered to watch a bus set alight by taxi drivers at about 5 pm.

And earlier in Greater Soweto, panic-stricken commuters fled for their lives when buses were attacked by taxi drivers. Later in the day, police shot and seriously injured one man who tried to hurl a petrol bomb at a bus.

After two days of mayhem in the city centre, Johannesburg — which was declared an unrest area on Tuesday — was relatively quiet yesterday. Heavily armed riot police patrolled the almost deserted streets.

Worker absenteeism of between 80 and 90 percent was reported yesterday and retail business was slashed.

Initially taxi drivers were banned by police from entering the city but today the taximen decided they would not operate.

Township residents who managed to get to work yesterday morning were stranded in the city last night. Many people had to walk kilometres to get back home.

Soweto schools were also disrupted as the teachers released children early.

Putco abandoned morning services to Soweto after a bus was torched in the morning, but resumed its services in the afternoon.

Putco managing director Dr Jack Visser said several Putco officials were assaulted yesterday.

Thousands of taxi drivers, impatiently awaiting the outcome of talks on the heated taxi dispute, vowed they would not operate today and threatened continued violence against commuters using other modes of transport.

The crucial talks concerning the worsening taxi situation continue today.

Yesterday Soweto Taxi Association chairman M J Simelane and SAP Lieuten-

● To Page 3

Emergency treatment . . . residents injured in battles with police in Eldorado Park last night wait for attention at the Eldorado Park Civil Protection Centre. Many had to be treated on blankets on the centre's veranda. Picture: George Mashinini

Star 4/2/93

Buses get armed escorts

(332)

● From Page 1

ant-Colonel Paul Loock came to an agreement after drivers had initially demanded to be escorted en masse into the city.

Cheering taxi drivers were then escorted to the Central Methodist Church for the meeting with Cosatu and traffic police. They were met by armed police and members of the Internal Stability Unit.

All Smal Street Mall shops closed their doors and hawkers packed up stalls, anticipating trouble.

The Southern African Black Taxi Association, which has condemned the drivers' action but acted as a facilitator in negotiations yesterday, was denounced by angry taxi drivers. The taximen called for a new taxi association which would respect their views and look after their interests.

Emergency talks — between the city council, its traffic department and taxi driver representatives, assisted by the trade union federation, Cosatu — ended in deadlock yesterday.

The parties failed to reach agreement on the release of drivers arrested and vehicles impounded on Tuesday.

They did, however, agree to establish a multiparty forum to probe taxi drivers' grievances.

Cosatu assistant general-secretary Sam Shilowa, speaking on behalf of the taxi drivers, warned that there was still potential for conflict if no resolution was achieved.

Drivers had been asked to exercise restraint while talks continued.

STREET VIOLENCE: A vehicle smoulders in central Johannesburg during the taxi-protest disturbances.

(332) ARG 4/3/93

Frustration behind the 'explosion'

The Argus Correspondent

JOHANNESBURG. — This week's city taxi protest was as close to people's power as you can get — similar to the way French farmers sometimes block cities with tractors.

By midweek the SA Communist Party, the ANC and Cosatu got involved — to help represent the drivers and to help find a compromise. But they had nothing to do with it in the beginning.

Take the first street blockade by taxis on Monday. This was quite simply an explosion of frustration by pressurised drivers earning R800 a month or less, who feared relations with traffic officers had deteriorated so badly that there would be physical clashes and that passengers would get hurt.

One of their complaints is that they have too few places to load and offload passengers legally, and that they get fined R300 for obstruction when they stop anywhere else.

"Sometimes we get R1 000 in fines in a single day," said driver Fairbridge Khanyile, "and we have to pay up within a month."

So, at a meeting a week ago, where they blew off a lot of steam, they decided something dramatic had to be done.

They drove into town on Monday and blocked the streets to illustrate the point.

It made everyone cross, but it showed that the drivers were mad as hell. In a tense situation, police sirens were heard all day. Not wanting to run the sirens at full pitch, they gave short bursts, sounding like Pekinese dogs with heartburn.

A look at the drivers' complaints shows they have a point.

I take minibus taxis most days on the Kensington route, and traffic officers are often rude when they stop the drivers.

On the last occasion, two young officers just out of training school said arrogantly that taxis could stop only at taxi ranks. I got off at the Sauer Street taxi rank at the corner of Fox Street.

Another aspect is that they say most of the harassment and extortion they experience comes from white officers, so there is a racial element to it.

And the effect of their protest was to bring their struggle against apartheid from the townships to the city, for everyone to see.

They are very hot under their blue collars, and it showed in an emotional and sometimes confusing meeting at the Central Methodist Church.

A whole bunch of organisations were there — including drivers from the Reef with similar complaints — and just about everyone got stick, including Cosatu, for not producing drivers who had been arrested during the protests.

The taxi drivers' union has nevertheless applied for affiliation to Cosatu.

Besides the ANC-led alliance, members of Inkatha, Azapo and others were present.

In the end the attitude of the traffic police — and the City Council's failure to provide facilities — were the major problems, but owners were also fingered, for expecting drivers to do up to 400km a day in traffic.

Taxi industry needs more than a subsidy to resolve its crisis

BDM 4/2/93.

VIVIENNE LIPMAN

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SOUTH Africa's passenger transport industry is in a state of crisis. This situation has been brought home to the public through the train violence, a significant scaling down of some bus operations and, this week, the chaos and violence which erupted when minibus taxi drivers barricaded major routes in Johannesburg. For thousands of commuters the question is not whether they are going to get to work on time but whether they will arrive there at all.

The train violence focused the attention of authorities and the general public on the plight of rail commuters. While the causes of the train violence are political, the effects have been to discourage the use of trains, particularly when political unrest flares. Train fares are generally lower than those of buses and minibus taxis. Many of the poorest commuters therefore have little choice but to use trains even when they fear for their lives.

However, most of the shift of passengers away from the trains cannot be attributed to the violence. Inadequate modal interchange facilities at stations, overcrowding, crime, poor facilities and low levels of service have all contributed to passengers changing mode. Despite these problems, rail is an efficient mode of mass transport. It is relatively reliable, accident rates are low and it does not cause, and is not affected by, traffic congestion.

In many ways the success of the minibus taxi industry in the '80s can be ascribed to the failure of the bus and the train sectors to adapt to the changing needs of commuters. Bus and train services once faced the comfortable situation of having captive markets. Subsidies ensured that these modes of transport were affordable. By the time they realised that many commuters wanted a higher level of service even if it meant paying slightly more, the minibus taxi had made significant inroads into their businesses.

The bus industry has been faced not only with competition from the taxis, but with sharply rising vehicle and operating costs and attempts by government to stem the spiralling subsidy bill. The recession has further eroded passenger numbers. Attempts to increase fares have often resulted in bus boycotts and stonings of vehicles. With declining revenues and increasing costs, the bus industry has become increasingly unprofitable. Many bus operators have been forced to withdraw some of their services or to reduce the number of trips on many of their routes.

The minibus taxi's entry into the transport market provided many opportunities for black entrepreneurs. Rapidly increasing taxi numbers, coupled with high costs for vehicles, finance and insurance and pressure to keep fares low have, however, eroded the profitability of the industry. Taxi drivers receive very poor wages and are thus forced to speed and overload to supplement their earnings. "Taxi wars" over turf have become commonplace.

Many commuters are expressing dissatisfaction with minibus taxi services. Some passengers who once chose taxis because of the higher level of service which they offered now find themselves in overloaded, speeding vehicles with rude drivers.

The taxis are questioning the fact that they now carry more commuters than the rail and bus services, yet unlike other modes, they do not receive subsidies. They have a point. In many instances they operate as small buses on fairly fixed routes and their unsubsidised fares are often no higher than subsidised bus fares. This means that minibus taxis are no longer the sole domain of higher income commuters. The taxis are demanding that the playing fields be levelled.

One of the questions which would have to be answered is how a subsidy for taxis could be funded. The Transport Department is already attempting to restrict funding for the existing subsidies because of fiscal pressures. More money for transport subsidies means less money for other social welfare programmes. The size of the cake is limited and we must question the relative priority of transport subsidies.

Before suggesting an increase in the passenger transport subsidy we need to ask whether this is indeed the best use of scarce resources. What are the objectives of transport subsidies? Are there other ways of achieving these objectives? Are transport subsidies the best way of assisting the poor or would, say, housing or food subsidies be more effective?

The minibus taxi industry must also be careful not see a subsidy as a panacea for the industry's ills. The effect of a subsidy will be a short-term release of the pressure that has built up in the industry.

But will subsidies end the taxi wars, or will increased profitability simply attract more new entrants to the industry? If we introduce subsidies for minibus taxis we will have to limit entry into the market. This path is, in itself, fraught with difficulties. Who should regulate the industry? Regulating entry into an industry while still allowing sufficient competition to prevent the system from protecting inefficient operators requires a delicate balancing act. Will reregulation simply mean that there would be a resurgence in the number of illegal taxis?

These problems will reduce taxi profitability and create a a need for increased subsidies. Careful planning is required if taxis are to be subsidised to minimise the risks of encountering these problems.

One alternative would be to introduce some form of user subsidy aimed at subsidising the commuter rather than the mode. The commuters would then have a choice of modes and could support the mode which best served their needs.

Even if taxis are to be subsidised, it should be recognised that subsidies do not address the causes of a problem, they are merely a means of treating the symptoms. It is vital that parallel to any subsidy programme, some means of addressing the causes of the problems are put into action.

The cause of the problems of the passenger transport industry are manifold. They range from inefficient settlement patterns caused by past apartheid policies to poor planning and co-ordination to lack of business skills among minibus taxi operators.

Some of the solutions lie in providing clear policy and strategic direction as well as improved planning by authorities to ensure co-ordination and integration of the modes. Metropolitan authorities need to pay much greater attention to introducing measures like high occupancy vehicle lanes, improved interchange facilities, improved and additional minibus taxi rank facilities, and so on. These measures will help improve the efficiency of the various modes of transport.

The taxi industry urgently needs training in areas like business skills. Taxis need to be aware of opportunities for using their vehicles for other business dealings like parcel conveyance and contract work during their off-peak periods.

We must accept that there is no single solution to the problems faced by the passenger transport industry. The solutions will require not only action by all levels of government and by the transport operators themselves but also by passengers and by business.

☐ Lipman is a transport specialist at the Development Bank of Southern Africa. The views expressed in this article are not necessarily those of the bank.

Open lines of communication

■ East Rand taxis avoid CBD:

Sowetan 4/2/93

MINIBUS taxi services on the East Rand are carrying commuters to Johannesburg but avoiding central city ranks.

Springs Taxi Association president Mr James Mphahlele said yesterday East Rand operators had grievances similar to those claimed by the protesting drivers in Johannesburg but had established effective lines of communication with local town councils.

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He warned that plans to increase traffic fines would create serious problems for all taxi operators. - *Sapa*

Sowetan 4/2/93

Support for taxi drivers

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THE Azanian Peoples Organisation yesterday pledged its support for protesting minibus taxi drivers in Johannesburg, saying the black taxi industry had been "criminalised".

Azapo spokesman the Rev K E Leputu claimed that the State-owned rail and the white-owned bus industries were on the verge of collapse because of competition from black-owned minibuses. — *Sapa.*

Troops battle taxi anarchy

Township bus and train patrols doubled to stem violence

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ARG 4/2/93

Staff Reporters

JOHANNESBURG. — Heavily-armed police and troops doubled their efforts today to protect commuters from taxi violence by escorting buses into the city and patrolling railway stations.

The increased security force presence follows pitched battles in Soweto and Eldorado Park yesterday that left many people injured.

Armoured vehicles escorted packed buses to the city from the two townships. Trains were also full.

Few taxis were operating and commuters were lining the main routes from Soweto trying to get to work in any way possible.

Extra security forces were on duty at railway stations in and around Johannesburg, police said.

A spokesman said patrols had been intensified after reports that disgruntled taxi drivers planned to extend their campaign of disruption to the railways. He said police began patrolling trains and stations about 5 am.

Soweto police spokesman Lieutenant Eugene Henning said a bus was gutted in the township this morning. Police found it burning at 5.40 am at Marafi taxi rank in Mapetla.

At least 22 buses have been attacked in Greater Soweto since yesterday morning.

Soweto and Eldorado Park erupted in chaos yesterday when taxi drivers stoned and petrol-bombed buses and police used live ammunition, shooting and seriously injuring a man who tried to hurl a petrol bomb at a bus.

About 50 people, many of them children, were injured last night when police fired birdshot, rubber bullets and teargas to disperse crowds of Eldorado Park residents who gathered to watch a bus set alight by taxi drivers at 5 pm.

After two days of mayhem, central Johannesburg — declared an unrest area on Tuesday — was relatively quiet yesterday. Riot police patrolled almost deserted streets.

Worker absenteeism of between 80 to [illegible] percent was reported

Initially taxi drivers were banned by police from entering the city but today they decided they would not operate pending the outcome of talks on their dispute with the traffic department.

Township residents who managed to get to work yesterday were stranded in the city last night. Many people had to walk kilometres home. Some waited along Commissioner Street for hours in the hope of hitching lifts.

Soweto schools were also disrupted as the teachers released children early.

Putco abandoned morning services to Soweto after a bus was torched in the morning, but resumed its services in the afternoon.

Emergency talks between the city council, its traffic department and taxi driver representatives assisted by the trade union federation Cosatu ended in deadlock yesterday.

The parties failed to reach agreement on the release of drivers arrested and vehicles impounded on Tuesday.

They did, however, agree to establish a multi-party forum to probe taxi drivers' grievances, and they are meeting again today.

Cosatu assistant general-secretary Mr Sam Shilowa, speaking on behalf of the taxi drivers, said there was still potential for conflict but the drivers had been asked to exercise restraint pending the outcome of today's talks.

Twenty-six drivers appeared in a Johannesburg Magistrate's Court yesterday charged with obstructing traffic.

Senior Public Prosecutor Mr C F Krause said some paid R300 bail and were released while others were warned to appear in court. The hearings were postponed until February 19.

● See page 7.

Thefts discovered

RAY HARTLEY (332)

SEVENTY of 204 taxis impounded after protesting drivers set up blockades in Johannesburg this week had been tampered with, police spokesman Col David Bruce said yesterday. They would be released once investigations were completed.

BIDAY 4/12/93

Johannesburg City Council public safety director Ken McGee said earlier it had been established that 54 of the taxis were stolen. But Cosatu assistant general secretary Sam Shilowa said such claims had to be tested against ownership documents.

A taxi driver representative said owners, not drivers, had to bear responsibility for stolen vehicles.

Authorities, SAP and ANC to join talks on taxi crisis

B DAY 4/2/93

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RAY HARTLEY
and THEO RAWANA

A CRUCIAL meeting between Johannesburg's city councillors, traffic department, police, the ANC, Cosatu and taxi drivers today would try to remove obstacles to the resolution of the taxi crisis, Cosatu assistant general secretary Sam Shilowa said yesterday.

He spoke as the Johannesburg Chamber of Commerce and Industry disclosed that retail sales had dropped 50% during the past three days because of the taxi protest and Putco reported R1m damage to buses burnt yesterday.

The chamber estimated that 80% of the city's workers did not report for work yesterday.

There were widespread reports that police had erected roadblocks on main entrances to the city and were preventing taxis from getting to a mass meeting in town yesterday. However, police denied they were involved in turning back taxis, saying they had erected roadblocks only to monitor the situation.

Last night police reported that buses were attacked in many areas of Soweto and along the Soweto highway. A taxi loaded with petrol bombs was seized and several men were arrested. Internal Stability Unit policemen shot and seriously wounded a man who tried to petrol-bomb a bus, Sapa reported.

Shilowa said the burning of buses had been "isolated" and had not been planned by taxi drivers.

They had been asked to provide commuters with normal transport today to minimise disruption of business, after which they would gather to hear the outcome of the talks, Shilowa said.

The drivers' immediate demands were: the release of all held in connection with protests this week for "zero bail"; the release of impounded taxis at no charge; and the establishment of a multiparty forum to deal with drivers' grievances.

Progress had been made on such a forum and it had been agreed that the taxis impounded on Monday would be released, he said.

Police said 26 people were being held on charges of obstruction, malicious damage to property, robbery, attempted murder and armed robbery.

Shilowa said the SA Taxi Drivers' Union (Satdu), which claimed to represent 65% of taxi drivers, had been granted "conditional affiliation" to Cosatu.

Cosatu official Zwelinzima Vavi yesterday singled out Witwatersrand Attorney-

☐ To Page 2

Taxi crisis

B DAY 4/2/93

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☐ From Page 1

General Klaus von Lieres as the man responsible for the continuing conflict because of his "arrogant and insensitive" attitude. Von Lieres criticised a decision by traffic chief Mike Davis on Monday to release impounded taxis and those arrested without charge in order to resolve the conflict.

Vavi said taxi drivers' mood was very militant. It would be difficult to control them if their demands were not met.

Security force personnel were deployed throughout the city yesterday with a heavy presence on street corners in the Bree and Sauer street area where taxis obstructed traffic on Monday and Tuesday.

An attempt by drivers to block Market Street in the morning was foiled by rapid security force action.

Putco MD Jack Visser said his company had had to pull its buses out of Soweto in the morning after one bus was destroyed by fire, five were partially burnt, and others had windows broken and tyres slashed. He put damage at about R1m.

Visser said drivers were injured in the violence. "We feel sorry we had to leave commuters in the lurch. We won't just leave if it is possible to stay — but we also have to make sure of the safety of our employees."

Shilowa criticised government for deregulating the taxi industry but failing to provide much-needed facilities for minibus taxis despite the fact that they were a source of taxes and licence fees.

NEWS Soweto bus commuters saved by police in Diepkloof

A taxi driver whom police claimed was in possession of an illegal firearm being led to a police van near the Baragwanath Hospital in Soweto yesterday. Police conducted a search for dangerous weapons at the Baragwanath taxi rank in Diepkloof. PIC: PAT SEBOKO

Fiery death scare

Soweten 4/2/93 (332)

■ **NO TAXIS** Minibus drivers say they will not allow any vehicles into Johannesburg today:

By Tsale Makam and Lulama Luti

Soweto commuters narrowly escaped death when their bus was set alight in Diepkloof yesterday morning.

A commuter said the attack was related to the taxi strike.

"Are these people fighting the traffic officials or the community?," asked the irate commuter.

He said their bus was stopped by a group near a petrol station in Diepkloof about 6.30am.

"They were each carrying what later turned out to be petrol. They ordered the driver out of the bus, poured petrol around it and set it alight. Terrified pensioners were trapped as commuters jumped through windows to safety."

The commuters were saved by the arrival of the police who scared the attackers away and doused the flames.

Soweto police spokesman Captain Joseph Ngobeni said seven buses were attacked, but only one was completely burnt.

Putco yesterday withdrew all services to Soweto and areas to the south of Johannesburg.

A Putco spokesman said several drivers had been pulled out of their buses and a senior official of the company was admitted to Baragwanath Hospital after being attacked in his car.

Three buses were attacked and set alight at Baragwanath taxi rank but police quickly extinguished the fire.

Three more buses were attacked in Zone 3, Diepkloof, but police once again put the fire out.

By noon Soweto appeared calm as the drivers who had congregated at the Baragwanath taxi rank were escorted by police to a meeting in the city.

At the meeting the drivers resolved that no vehicles would be allowed into Johannesburg from any direction today.

Angry drivers also called for the resignation of South African Black Taxi Association president Mr James Ngcoya following Sabta's condemnation of the strike.

They demanded the unconditional release of taxi drivers arrested on Monday and Tuesday.

The Rail Commuter Corporation reported a 20 percent passenger increase on trains travelling towards Johannesburg.

* The TPA announced that pension payouts in Soweto scheduled for yesterday had been postponed.

Townships erupt as taxi chaos spreads

ARGUS 4/2/93

The Argus Correspondents

JOHANNESBURG. — Townships erupted in chaos when taxi drivers stoned and petrol-bombed commuter buses and police used live ammunition to control crowds as the city centre taxi anarchy spread to Eldorado Park and Soweto.

More than 50 people, many of them children, were injured last night when police fired birdshot, rubber bullets and teargas to disperse crowds of Eldorado Park residents who had gathered to watch a bus beingset alight by taxi drivers.

Panic-stricken commuters fled for their lives in Soweto yesterday when at least 21 buses were attacked by taxi drivers, police said. One man was shot and seriously injured by police.

After two days of mayhem in the city centre since Monday, Johannesburg — declared an unrest area on Tuesday — was relatively quiet. Heavily armed riot police patrolled streets.

Worker absenteeism of between 80 and 90 percent was reported and retail business was slashed by half.

Soweto schools were also disrupted as teachers released children early.

As riotous taxi drivers vented their anger on bus drivers and commuters, at least 21 buses were attacked in Soweto during the morning peak hour, police said.

Putco abandoned morning services to Soweto after one bus was torched and five were damaged. Services were resumed in the afternoon.

Thousands of taxi drivers, impatiently awaiting the outcome of talks on the heated taxi dispute, vowed they would not operate today and threatened continued violence against commuters using other modes of transport.

Police and taxi owners squared up on the main Soweto road. Soweto Taxi Association chairman Mr M J Simelane and police Lieutenant-Colonel Paul Loock came to an agreement after drivers had initially demanded to be escorted en masse into the city centre.

Some taxi drivers were then escorted to the Central Methodist Church for a meeting with the Cosatu trade union grouping and traffic police.

The Southern Africa Black Taxi Association (Sabta), which has condemned the drivers' action but acted as a facilitator in negotiations, was denounced by taxi drivers. They called for a new association.

The tense meeting ended in the afternoon with armed riot police ordering drivers to disperse. Taxi drivers will meet again at the same venue today to continue discussions on whether to suspend their action.

The parties failed to reach agreement on the release of drivers arrested and vehicles impounded on Tuesday. But they did agree to the establishment a multi-party forum to investigate drivers' grievances, which centre largely on alleged harassment by traffic officials.

Workers trapped in burning bus

Sowetan 4/2/93

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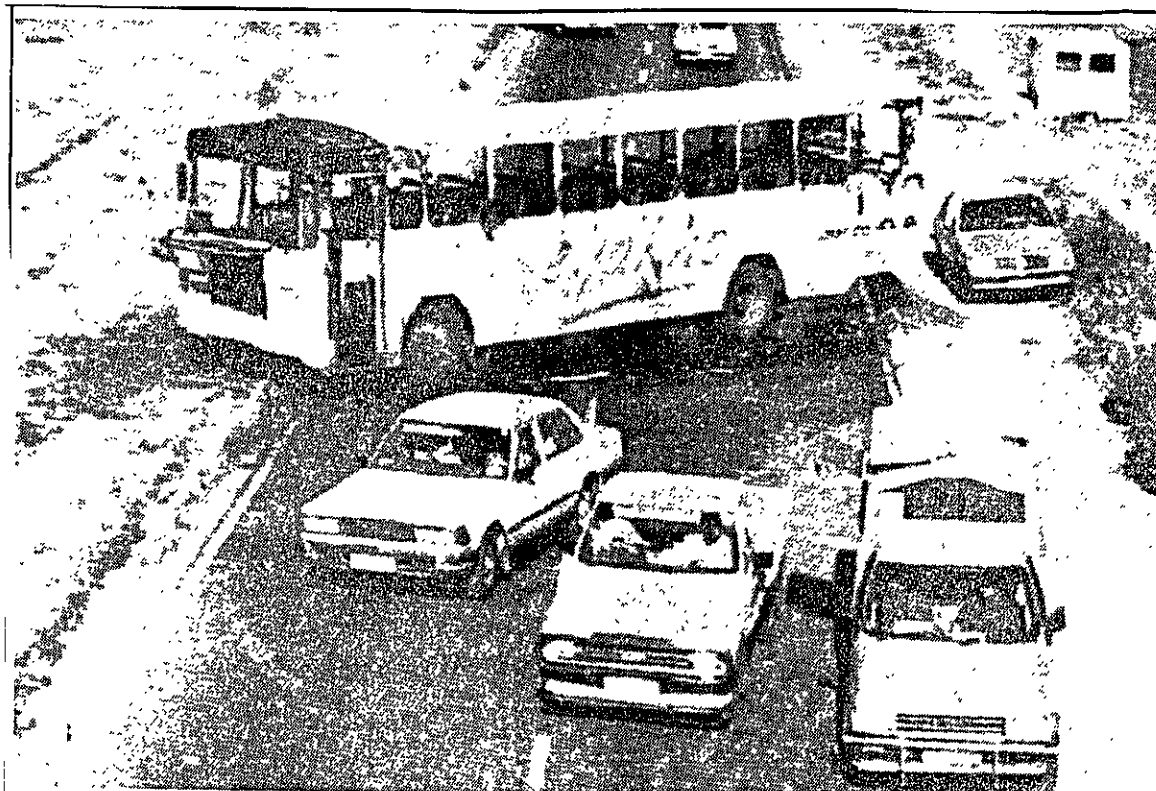
... yesterday vowed to intensify their action against Johannesburg's traffic department and adopted new strategies many people fear could escalate the violence in Soweto and in the city.

Yesterday buses ferrying people to work were attacked and some set alight and the taximen have warned that they will stop private vehicles from going to the city today. Putco has withdrawn all its services between Johannesburg and Soweto after several of its buses were burnt.

Meanwhile, in a last-ditch effort to defuse the situation, Cosatu and the ANC last night instructed their lawyers to seek an urgent meeting with Transvaal Attorney-General Mr Klaus von Lieres und Wilkau to secure the release of arrested taxi drivers and their impounded vehicles.

See page 2

Commuters narrowly escaped death when a bus in which they were travelling was attacked and set alight near the Baragwanath Hospital. Terrified passengers, many of them elderly, had to scramble frantically out of the bus. PIC: [illegible]



TAXI ANGER ... Cars pass a burnt-out bus in Soweto yesterday. Picture: AP

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Crucial Reef taxi talks

CT 4/2/93

Own Correspondent

JOHANNESBURG. — A crucial meeting today between the Johannesburg City Council, the traffic department, police, ANC, Cosatu and taxi drivers will try to take steps to help end the taxi crisis.

Cosatu assistant general-secretary Mr Sam Shilowa said this yesterday as the Johannesburg Chamber of Commerce and Industry disclosed that retail sales had dropped by 50% in the past three days owing to the taxi protest. And Putco reported R1 million damage to buses burned in Soweto yesterday.

The JCCI estimated that 80% of the city's workers did not report for work yesterday.

Fifty-four of the 204 taxis impounded in the confrontation are stolen, according to the police.

The Minister of Transport, Dr Piet Welgemoed, said yesterday he might reorganise the whole permit system and its administration so that supply and demand could be corrected to a healthy balance.

Sapa reports police said 26 people are being held on charges of obstruction, malicious damage to property, robbery, attempted murder and armed robbery.

Cosatu official Mr Zwelinzima Vavi yesterday singled out Witwatersrand attorney-general Mr Klaus von Lieres as the man responsible for the continuing conflict because of his "arrogant and insensitive" attitude.

Mr Von Lieres openly criticised a decision by Johannesburg traffic chief Mr Mike Davis on Monday to release those arrested and impound taxis without charge to resolve the conflict.

Security force personnel were deployed throughout the city yesterday with a heavy presence on street corners in the troubled Bree and Sauer street area where taxis had obstructed traffic on Monday and Tuesday.

TAXI DRIVERS' DEMANDS

Staff Reporter

FURIOUS drivers from taxi associations around the Reef handed out crudely scribbled and photocopied lists of their demands to the Johannesburg Traffic Department during the protest.

Among the demands are:

- Stop setting speed traps in peak hours in fog and rain;
- Stop issuing tickets for parking in a loading zone or metered parking space;
- Stop fining for obstruction while taxis stop to let passengers alight;
- Stop fining excessively and adding extra fines for tickets not paid on time;
- Provide free parking for taxis that stop to pick up or discharge passengers, regardless of No Parking or No Stopping signs, and
- Policemen must stop interfering with traffic officers' duties by demanding that taxi drivers produce their public driving permits during peak times and to stop fining taxi drivers for hooting when trying to attract commuters.

Star 4/12/98

Taxi action was 'people power'

(330)

By Peter Wellman

This week's city taxi protest was as close to "people power" as you can get; the way French farmers sometimes block city streets with tractors.

By midweek the SACP, the ANC and Cosatu got involved — to represent the drivers and help find a compromise.

The first street blockade by taxis on Monday was quite simply an explosion of frustration by pressured drivers earning R800 a month or less, who feared that relations with traffic officers had deteriorated to the point where there would be physical clashes in which passengers might get hurt.

One of their complaints is that they have too few places to load and offload passengers legally, and get fined R300 for obstruction when they stop anywhere else.

"Sometimes we get R 1000 in fines in a single day," said driver Fairbridge Khanyile, "and we have to pay up within a month."

So, at an emotional meeting on Sunday, they decided something dramatic had to be done. They drove into town on Monday and blocked the streets.

The move made everyone angry, but it showed that the drivers were mad as hell. Police sirens screamed and the situation was tense.

But the drivers have a case on some points.

I take minibus taxis most days on the Kensington route and traffic officers are often rude when they stop the drivers.

On the last occasion, two youngsters just out of training said arrogantly that taxis could stop only at taxi ranks.

As the drivers claim most of the harassment and extortion they experience comes from white officers, there is a racial element. Their protest brought their struggle from the townships to the city, for all to see.

They are very hot under their blue collars and it showed in an emotional and sometimes confusing meeting at the Central Methodist Church on Tuesday morning. All were there and just about everyone got stick.

But in the end the attitude of the traffic police, and the city council's failure to provide facilities, were the major gripes.

Group discussions and the drivers reveal that:

- Given the pressure they are under, they are more likely than other motorists to get tickets.
- They feel targeted by the traffic department and are often pulled up even when driving carefully.
- Traffic officers often ask for bribes.
- If there is a warrant against them for contempt of court (missing a traffic case), they are handcuffed in public.

Star 4/12/93

Police deny firing without warning

(332)

By Charmeela Bhagowat
Crime Reporter

Furious Eldorado Park residents claimed last night that police had opened fire on them without warning as Johannesburg's taxi mayhem spread to the nearby township.

Police said they were forced to fire teargas and rubber bullets at crowds which had tried to stone them, but later used birdshot to disperse another crowd.

About 50 people, many of them children, were wounded in last night's clashes between residents and police.

Witnesses said trouble flared when two Putco buses carrying commuters home were attacked — allegedly by taxi drivers — in Extension Two at about 5 pm.

One resident, who refused to be named, said he saw a red minibus taxi trying to run the buses off the main road.

"The red taxi swerved and one of the buses turned into the street to avoid being hit. The minibus, full of taxi drivers, threw two petrol bombs through the back window of the bus and drove away."

He said commuters had to leap out of the windows to escape from the blazing bus.

The other bus had apparently come to a standstill on the main road and the driver had fled.

"All the people came out to see what was happening and to try and help the passengers who were standing around the bus.

"When the police arrived they started shooting at people and firing teargas in all directions," the man claimed.

SAP spokesman Lieutenant Eugene Henning denied the allegation. He said Internal Stability Unit members, who were escorting a breakdown truck to a bus that had been attacked, were attacked by residents.

"The police had to use teargas and rubber bullets to disperse the people."

He said policemen guarding the gutted bus opened fire on residents after they were attacked with bricks and bottles.

A taxi driver, who refused to give his name, said taxi drivers were meeting at the rank in "Old Eldorado Park" at about 6.30 pm when police surrounded them and opened fire.

The driver was shot in the eye and was treated at the Civil Protection Centre.

Paramedics at the Civil Protection Centre said 25 people with birdshot and rubber-bullet wounds were referred to Baragwanath Hospital. About 30 people were treated at the centre between 7.45 pm and 8.30 pm.

Star 5/2/93 332

Putco shareholders get bonus

Finance Staff

A slowing down in the sharp decline in the number of bus passengers in recent years helped Putco lift attributable profit 32 percent to R8,3 million (R6,35 million) in the six months to end-December.

An additional R1,56 million profit received from the liquidation of the dormant Bermuda-based subsidiary, Commander Insurance Company (CIC), brought earnings a share to 31,4c (24,1c).

The company is paying an interim dividend of 14c (12c), plus a special dividend of 5c from the proceeds of the CIC liquidation.

The directors say operating conditions were stable during the six months, the only costly disruption of services being during the national stayaway in August.

Since the issue of the 1992 report the Receiver of Revenue paid R2,8 million interest on taxation paid in advance after an Income Tax Court ruling in the company's favour. The interest, paid last month, will be reflected in the full-year results.

There has been a modest growth in passenger volumes in some of the new settlement areas and the level of profitability is expected to be maintained.

Star 5/12/93

Taxi drivers, council to talk again

(332)

● From Page 1

taxi saga and tension of the past few days were over.

At the same press conference, Peter Rabali, president of the Southern African Long Distance Transport Association (Saldta) and the National African Federated Transport Association (Nafta), said he was confident drivers would call off the strike today.

But at a simultaneous report-back meeting at the Central Methodist Church in Johannesburg, the taximen decided they would not operate until talks resume on Monday.

The city centre, heavily patrolled by riot police, was again quiet yesterday. Thousands of township residents could not get to work as taxi drivers refused to operate.

Nearby Soweto and Eldorado Park, which erupted in chaos on Wednesday when at least 24 buses were attacked and police wounded about 50 people, were also relatively quiet but tense.

Yesterday morning one bus was gutted in Soweto.

Heavily armed police and members of the SA Defence Force yesterday stepped up their efforts to ensure the safety of commuters by escorting buses into the city and patrolling railway stations.

Armoured vehicles escorted packed buses into Johannesburg from townships. Trains were also full.

In the afternoon peak hour, stranded Soweto workers had to walk up to 4 km to get home after they had been dropped off at the township's entry points by Putco buses.

The Johannesburg Transportation Directorate said municipal buses would make extra trips until the taxi crisis was resolved.

Soweto police said virtually no taxis were operating from the townships.

But hopes are high that the violent dispute — which centres on alleged harassment of taxi drivers by traffic authorities — would be resolved.

Davis said taxi drivers were free to collect their vehicles.

A meeting has been set for 9.30 am on Monday for the Johannesburg City Council and taxi operators to deal with grievances.

Rabali said it was vital that stability returned. "We seriously ask drivers to send representatives to the negotiations (on Monday)," he said.

He said of 18 additional demands made by drivers, three had been dealt with: taxis would now be allowed to use the Soweto-Booysens busway; and the alleged excessive fining and stopping of taxis and fining for excessive hooting had been addressed.

Some remaining grievances were being investigated by the council's Metropolitan Planning Department. Other demands related to provisions in the Road Traffic Act, which every motorist was subject to.

In their statement the ANC, Cosatu and Sadtu said: "We appeal for calm and understanding among commuters during this difficult period."

The ANC, in an earlier statement, called for a reorganisation of the minibus taxi industry and fair employment standards for drivers.

● Doctors at Baragwanath Hospital, a flashpoint during this week's taxi violence, yesterday called for the premises and access routes to be regarded as "safe areas" which remained violence-free.

● IFP central committee member Themba Khoza yesterday urged traffic chief Davis to address grievances.

● International observer groups in South Africa yesterday urged all the parties involved in the taxi dispute to exercise maximum restraint and move to resolve the conflict through negotiations, Sapa reports.

Star 5/12/93

Taxi talks due to resume on Monday

(332)

Staff Reporters

Heavily armed security forces continued to patrol Johannesburg and all the major routes leading into the city this morning in an attempt to maintain yesterday's peace after three days of clashes with protesting taxi drivers.

Witwatersrand and Soweto police said the city was quiet this morning, but police would continue to monitor the area until the emergency was lifted.

Johannesburg taxi drivers decided yesterday to down tools until Monday afternoon despite a breakthrough in crisis talks to end this week's taxi mayhem.

The ANC's PWV region, Cosatu and the newly formed SA Democratic Taxi Union (Sadtu) said taxi drivers would continue their protest into next week, even after a private benefactor paid fines for vehicles impounded when angry taximen blocked off city streets during protests.

One of the stumbling blocks to a peaceful resolution of the taxi strike was removed when an unknown person paid about R8 000 to the Johannesburg Traffic Department so that the remaining 110 taxis — bar those identified by police as stolen — could be released.

All 43 taxi drivers arrested this week have been released on bail.

After a day of talks between taxi representatives, unions, the City Council and its traffic department, Johannesburg traffic chief Mike Davis told a press conference he hoped that the

● To Page 2

TAXI WARS FM 5/2/93 (332)

Driving a hard bargain

Black taxi drivers in Johannesburg were mad as hell this week and they weren't going to take it any more. They say traffic officers hound them, owners abuse them and government won't subsidise them or provide places to park. In protest, they simply jammed intersections and tied the city in knots.

There's no doubt the traffic department has been cracking down. Loaded taxis are routinely pulled over for inspection while private cars are allowed to pass. Idle taxis have taken over some city streets during the day — much to the annoyance of casual parkers and meter readers — because they have nowhere else to go. Drivers also claim that they are forced to cut corners because owners will sack them if they don't meet stringent quotas for trips and passengers.

Mike Ntlateng, spokesman for their main representative body, the SA Black Taxi Association (Sabta), says the drivers' action took even it by surprise. "We do not condone the way they disrupted business and traffic and the inconvenience it caused motorists. And we condemn the violence their action caused. It comes at a particularly sensitive political period.

"But we do understand their complaints that they are constantly hassled by the traffic police; that there are no places where they can load and offload passengers; and that though they bring more passengers into Johannesburg every day than trains and buses, they have no facilities."

The traffic problems, however, seem to be a symptom of more deep-rooted ills in the industry, which has exploded since ex-President P W Botha deregulated the sector as a way to build a black middle class. Black commuters welcomed the chance to avoid the dirty, overcrowded and dangerous government-funded buses and trains in favour of quicker and more convenient taxis, even if they were more expensive.

But recession has reduced the supply of passengers, though the number of taxis has kept increasing. Owners have forced drivers to make more trips to make a living, which means travelling faster and replacing vehicles earlier. Deadly taxi wars escalated as rival organisations fought for local dominance and to keep out pirate operators.

And thanks to a very vocal ridership, owners have had to keep fares down even though the cost of new mini-buses and petrol has risen sharply every year. All this obviously reduces profits. To cut costs, maintenance is reduced to the minimum. It is estimated that only one in four taxis is compre-

Wildest action ... *tying up the streets of Johannesburg*

FM 5/2/93 (332)

hensively insured and most do not carry third-party, fire and theft insurance.

So what's an industry to do when customers disappear and costs rise? Ask government make up the difference, of course.

Sabta has been campaigning for government to subsidise black taxi passengers, as it does those who ride trains and buses. Transport Minister Piet Welgemoed recently met Sabta, the SA Long Distance Taxi Association and the National African Federation of Transport Operators and made it clear there is no money in the Budget for that.

Nevertheless, he formed a working group consisting of taxi association and Department of Transport representatives to work out a long-term, integrated transport plan that will include taxis, trains and buses. He wants one ticket to be used on all three modes, which means the government will subsidise the passenger, not the carrier.

But the people with the subsidies are fighting to prevent the pie being cut more ways.

SA Bus Operators' Association chairman Nic Cronjé does not want government to even "contemplate paying subsidies to an industry riddled with wars, unlicensed drivers and an alarming accident rate, where operators do not render tax returns for themselves, nor deduct tax for their employees."

Cronjé believes much will have to change before the taxi industry can share the subsidies. "The industry will have to move into the formal sector and adhere to formal business practices. The number of taxis on the road must be reduced. Too many taxis are allowed to ply for business on bus routes."

The bottom line is that, despite Welgemoed's desire to pull a rabbit out of his hat, there is no money available to underwrite the tens of thousands of taxis plying the streets. The best government money would do is bureaucratise an industry that has flourished because of its independence, flexibility and entrepreneurial spirit and its ability to outmaneuvre subsidised modes of transport. ■

Codeta: City strife unlikely

CT 5/2/93

Staff Reporter

THERE was little chance of a taxi crisis in Cape Town like that in Johannesburg because of the good relationship here between the taxi operators, the traffic department and the Cape Town City Council, spokesmen for the Cape Organisation of Democratic Taxi Associations (Codeta) said yesterday.

They were speaking during a presentation of safe driving certificates to a number of drivers and Codeta executive members.

Codeta president Mr Kidwel Magwayi said the taxi crisis in Johannesburg was the result of attitude problems between all groups involved and no one in particular could carry all the blame.

However, several drivers told the Cape Times recently that if their relations with the traffic deparment did not improve, they would consider taking similar action.

Unknown donor paves the way for taxi peace

DT 5/12/93 (332)

JOHANNESBURG. — A major stumbling block to a resolution of the taxi strike was removed yesterday when an unknown party paid about R8 000 to the Traffic Department so the remaining 110 taxis — bar those identified as stolen — could be released.

Negotiations were expected to be concluded last night over the release of the last four taxi drivers in custody.

The city centre was quiet as police maintained a high profile.

Mr Peter Rabali, president of the Southern African Long Distance Transport Association and the National African Federated Transport Association, was confident that the drivers would call off the strike.

"The main problems were the release of the taxis and those in jail."

Traffic chief Mr Mike Davis hoped that the taxi "saga" of the past few days was over.

He hoped taxi drivers and owners would bring their grievances to a meeting planned for Monday morning.

He said additional demands had been dealt with: Taxis can now use the Soweto/Booysens busway and the alleged excessive fining of taxis as well as fining of taxis for excessive hooting, had been addressed. — Sapa

Taxi drivers disliked, but thousands depend on them

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WILSON ZWANE

5/2/93.

MANY of them are rude and have a predilection for very loud music while driving — and they are a nightmare to all road users and many passengers.

They are Johannesburg's taxi drivers on whom thousands of workers depend to get to work and back home.

This dependence on minibus taxis was made clear this week when thousands of township residents were forced to remain home because of the conflict between the Johannesburg Traffic Department and the taxi drivers.

Not all Reef townships have alternative modes of transport to minibus taxis, such as trains and buses. But even if there were alternative modes of transport in all townships, many township residents may not have used them.

The reason for this is simple. Incidents of violence on trains have led to the flight of thousands of commuters from trains.

In addition, there are no rail facilities in some townships, such as Vosloorus on the East Rand.

The usefulness of buses as a mode of transport is limited by the fact that they operate only at peak times in the mornings and afternoons.

For those travelling after 9am, the only available mode of transport is a minibus taxi.

In addition to their usefulness outside peak times, minibus taxis have another advantage — their single fares are lower than those of buses.

A bus fare for a single trip from Vosloorus to Johannesburg is R7, while a minibus taxi fare is R3 for the same distance.

We are told that the taxi drivers are not happy with the treatment they are receiving from Johannesburg traffic officers.

It is also no secret that about half of minibus taxi drivers are thoroughly disliked by their passengers.

The dislike stems from harassment of passengers by drivers. Many a passenger has been harassed by a driver for, among many things, complaining about the shabbiness of a vehicle or for not communicating "in a loud voice" a desire to disembark.

Passengers sometimes fear for their lives while travelling because of reckless, fast driving and attacks on minibuses.

But despite this, the minibus taxi still remains the only mode of transport for many people and the best alternative for many others. Their absence has hit their patrons very hard.

New demands from taxi drivers

RAY HARTLEY

JOHANNESBURG's taxi driver protest is set to drag on into its second week, with angry drivers making new demands of the Johannesburg traffic department at a meeting in the city last night.

The demands came as steps were taken to have imprisoned drivers released last night and traffic chief Mike Davis announced that impounded taxis could be collected by drivers. Davis said an unnamed benefactor had agreed to pay for the release of the vehicles.

The demands mean taxis could stay out of the city until midday on Monday.

ANC PWV official Obed Bapela said the demands included the repair of vehicles damaged during impounding and the convening of an "appropriate" forum to deal with other grievances on Monday.

He said arrangements were being made for the release without bail of four remaining taxi drivers held in connection with protests this week.

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Johannesburg Chief Magistrate Oelof de Meyer said no deal had been struck on the releases, but added the courts were available to drivers wishing to apply to amend their bail conditions.

Bapela said taxis would not ferry commuters to Johannesburg until traffic department officials agreed on Monday to a

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Taxi protests

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☐ From Page 1

forum to address remaining grievances and taxi drivers were satisfied with the condition of their retrieved vehicles.

However, Davis crushed reports that drivers' fines would be scrapped, reports Sapa, saying it was a matter for the courts.

"No fines whatsoever have been waived," Davis said. Fines already paid would not be refunded. Only vehicles identified as stolen or "suspect" would not be released from the municipal pound.

STEPHANE BOTHMA reports that a verbal request by a delegation from the talks that taxi drivers arrested in Johannesburg be released without bail was turned down by the office of Witwatersrand Attorney-General Klaus von Lieres und Wilkau. A request by the attorney-general's office that details of the petition be put in writing was not met.

Meanwhile, Johannesburg council metropolitan planning official Johan Pretorius, who attended yesterday's talks, said new taxi facilities would be available in the city in about five months and taxi stopping areas would be designated shortly. Contractors were awaiting funds.

A Transport Ministry spokesman said the issue of regulation was being discussed between the Transport Department and the National Taxi Working Group, which represented taxi associations.

The spokesman said the industry would have to be regulated "along the lines of the bus industry" before subsidies could be discussed.

The ANC yesterday backed the regulation of the taxi industry.

WILSON ZWANE reports that the Johannesburg Chamber of Commerce and Industries said yesterday retail sales had dropped 50% during the past four days while the absenteeism rate had been estimated at between 60% and 80%.

Sabta public affairs manager Lindile Lavisa said the conflict had cost the taxi owners thousands of rands in lost income.

☐ A man was killed at the site of a bus-burning in Eldorado Park yesterday, and a bus was burnt in Soweto's Mapetla section, reports Sapa.

African link-up for freight firms

Business Day Reporter

LOCAL freight forwarders Grindrod and Walon have teamed up with France's Scac Delmas Vieljeux group to offer the greatest spread of freight offices and agents in Africa.

According to Grindrod National development manager Peter West, the hybrid operations of the three companies in Africa will be developed as a separate service with the trade name Africalink.

The combination of the three gives access to 34 of the 50 states in Africa as well as the Indian Ocean islands of Madagascar, Mauritius and Reunion. (332)

West said that the Africalink service would concentrate on increasing business in traditional southern Africa markets as well as explore opportunities in Mozambique, Angola, Tanzania, Kenya, Nigeria and Ghana. BDay 5/2/93.

The service would also try to increase use of the sea freighting opportunities of Africa's east and west coasts as well as operating the traditional road and rail routes in the southern region.

Grindrod Walon, which will ultimately become the name of all cross-border operations of the two local companies, has already begun opening its own offices or establishing associations in a number of neighbouring states in which the Scac Delmas Vieljeux group is not represented.

Taxi talks deadlock

By JACQUIE GOLDING (332)

FOR the second day on the trot, Johannesburg's city centre was virtually at a standstill on Thursday, with workers unable to get to work and shoppers afraid of entering the central business district (CBD). Wlmail

Delegations from the Congress of South African Trade Unions, the South African Taxi Drivers' Union, South African Black Taxi Association and the Johannesburg Traffic Department were locked in crisis talks aimed at resolving the dispute between the city's minibus taxi drivers and traffic authorities. 5/2-11/2193

There was no sign of any agreement to break the deadlock by late yesterday afternoon.

Johannesburg councillors said yesterday they will petition the mayor to call a crisis council meeting to discuss the dispute. And a separate meeting initiated by the Johannesburg Local Dispute Resolution Committee is planned for Monday where protesting drivers and municipal authorities will try to end the dispute.

Meanwhile a Chamber of Commerce spokesman said businesses were drastically affected by the taxi drivers' strike, with sales running at a 50 per cent loss. This can "only worsen next week", he said.

"Retailers are affected the most because the majority of their employees travel from Soweto. There has been a drop in attendance because of the transport problem and concerns among retailers are growing," he added.

Banks and other institutions were not as hard hit because most of their employees have their own transport or access to transport.

"The area around the civic spine (including Commissioner Street and Sauer Street) is losing sales because this is on the route of the taxis," said the chamber representative.

"Employees are trying to get to work — at one Eloff Street retailer, a party of 100 walked from Alexandra to town — but there is a clear indication that things can only worsen."

●See PAGE 18 and 19

focus on taxis

There was no violence when farmers invaded Pretoria in 1991, in sharp contrast to the reaction to taximen's acts in Johannesburg this week. **Alinah Dube** reports:

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WHEN FARMERS BESIEGED PRETORIA on January 29 1991, there were no acts of violence as compared to when taximen took to the streets of Johannesburg this week.

The farmers had come to town to protest to the Government about years of drought, financial problems and lack of income. They claimed they were not getting a fair share of the price consumers paid for the food they produced.

There was chaos as protesting farmers blockaded roads by chaining their vehicles to any structure available. They used tractors, trailers, heavy trucks, caravans and an assortment of farming equipment.

The nightmarish action, which paralysed the central business district of Pretoria, was carried out with the blessing of the Pretoria City Council.

The council granted permission to the Potgietersrus-based Farmers Crisis Action organisation on condition that laws of the land and municipal by-laws were respected and that specially demarcated areas would be used.

But this was not adhered to and businesses in the city centre suffered losses running into millions of rands with turnovers slumping by more than 50 percent because of the protest and blockading of roads.

Supreme Court help

As a last resort, the City Council and its traffic department turned to the Supreme Court for help. They brought an application against Mr Daniel Elardus de Beer, the Boere Krisisaksie and 5 000 others.

Mr Justice Swart issued an order directing organisers and protesters to immediately remove all barricades from areas under the council's jurisdiction.

But police failed to evict farmers after the order was granted. Asked why they did not act immediately, a police spokesman said no further police intervention was needed at the time because "at this stage it appears the protest will fizzle out".

The spokesman also pointed out that police at some stage did act and that 200 farmers were detained and later released without being charged.

Owners of vehicles that were impounded were also allowed to collect them.

But the protest was marked by the absence of skirmishes between the protesters and the police.

In another "siege" in Pretoria last week, members of the South African Taxi Drivers' Union, protesting the local traffic department's failure to address their problems, brought taxi operations to a halt.

A disabled taxi driver screams for help after being bitten by a police dog at a taxi rank in Noord Street, Johannesburg. PIC: PATTY MOENG

The operators, who believed their members were being "unnecessarily fined" when loading and off-loading passengers in the CBD, were also demanding more ranking facilities.

A street leading to the Bloed Street taxi rank was blockaded by minibuses to highlight the fact that the existing rank was too small for the estimated 3 500 taxis operating between Pretoria and the neighbouring townships.

Although no incidents were reported during the protest, three people were arrested for alleged acts of intimidation.

This followed heated arguments between protesters and members of the Internal Stability Unit. The three were later released without being charged.

One wonders why there was so much restraint from the police when farmers invaded Pretoria in contrast with the swift reaction against the protesting taximen.

BLACK TAXI INDUSTRY

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Biting the bullet

It's ironic that the black taxi, or minibus, industry, only a few years ago held up as the triumph of black entrepreneurship, is not only looking somewhat different (see previous article and *Business),* but is also resorting to the traditional snake juice of the old SA: pleas for State aid and exemption from inconvenient laws the rest of us have to abide by.

Of course, this is not to deny that taxi drivers may have legitimate grievances. Anyone who drives around Johannesburg could well share taximen's view that they seem to be singled out for roadworthy and other checks by traffic cops.

But to stretch that complaint into what amounts to a request for near-total exemption from normal city driving and parking restrictions is a bit rich — unless taxi drivers themselves are to show much more compliance with generally accepted driving standards than they have in the past.

If the renewed chaos on Tuesday reflected the authorities' refusal to cave in to these demands, that may be the price we have to pay to avoid even greater anarchy on the roads.

Far more worrying in the long term is the industry's request for State aid to bail out its unsatisfactory finances — especially considering the general view that one of the industry's greatest early successes was its ability to avoid paying taxes legitimately due to that selfsame State.

It seems the industry has been crunched between, on the one hand, recession, and, on the other, over-expansion of capacity typical when a new industry reaches maturity. That's a phenomenon experienced in businesses as varied as international airlines and video cassette recorders.

It will be tragic if many black small businessmen burn their fingers in their first encounter with capitalism, and there's no denying that the lack of adequate mass commuter transport services gives minibuses an important role.

But, sadly, it's not clear that either pressure is valid grounds for State aid. It's simply not possible for a government to protect all industries against recession, and one which may be suffering from structural overcapacity is not a particularly high priority.

Indeed, financial aid in such a case may simply delay the necessary downsizing, and be positively counterproductive. The taximen must bite the bullet, like the rest of us. ■

Taximen vote to call off stoppage

Jubilation after stormy meeting

Star 6/2/93

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JOE LOUW

THE week-long work stoppage by minibus drivers came to an end yesterday afternoon — at least as far as 3 400 taxi owners and drivers who attended a stormy meeting in Fordsburg are concerned.

Represented were the two largest regional branches of the Southern African Black Taxi Association — regions 11 and 15, consisting of nearly 3 000 owners and affiliated drivers from Soweto — and another 400 owners and drivers from the former coloured areas of Fordsburg, Bosmont, Coronation/Newclare, Eldorado Park and Riverlea. They unanimously decided to get their taxis back on the road "immediately after this meeting".

Hundreds of jubilant drivers poured out on to the street blowing their hooters and congratulating each other.

Officials of the second largest taxi association, the National Federation of Transport Organisations (Nafto), also called for an immediate end to the stoppage.

MIKE DAVIS: "Let's get working."

Nafto and Sabta apologised to the public for the inconvenience and mayhem caused by the disruption.

Morris Bokaba, regional secretary of the South African Taxi Drivers' Union (Satdu), earlier yesterday said that the driv-ers would continue their dispute unless their demands were met by Monday. Bokaba said this stance had the support of 900 members of Satdu in Johannesburg. Bokaba said Satdu members would not drive into the city at the weekend.

An early evening survey by a Saturday Star team yesterday found that the main taxi ranks had already started operating. At the busy Bree Street-Newclare rank a number of minibuses were standing in a row. Others were loaded with commuters ready to depart.

Minibus driver Daniel Mathews from Newclare said news of the stoppage had not yet filtered through to everybody.

● See Pages 2 and 3, and Editorial on Page 10

But at the Commissioner Street-Soweto taxi rank, many commuters were still stranded. The single minibus driver said he hoped that everyone would be back in business today.

This was confirmed by a spokesman for the Johannesburg Traffic Department, who said that while an upsurge in the number of taxis on the streets had been noted after yesterday's meeting, the number was still below normal for a Friday evening.

One of the first to applaud the decision to end the stoppage was Johannesburg's Chief Traffic Officer, Mike Davis, who said: "I say to the drivers and owners: Let's go, let's get working. I welcome this move and I have been working all week to get back to normality. All the obstacles blocking the way have now been cleared, and we'll continue to address any other problems."

He confirmed that he had been informed by the

● TO PAGE 2.

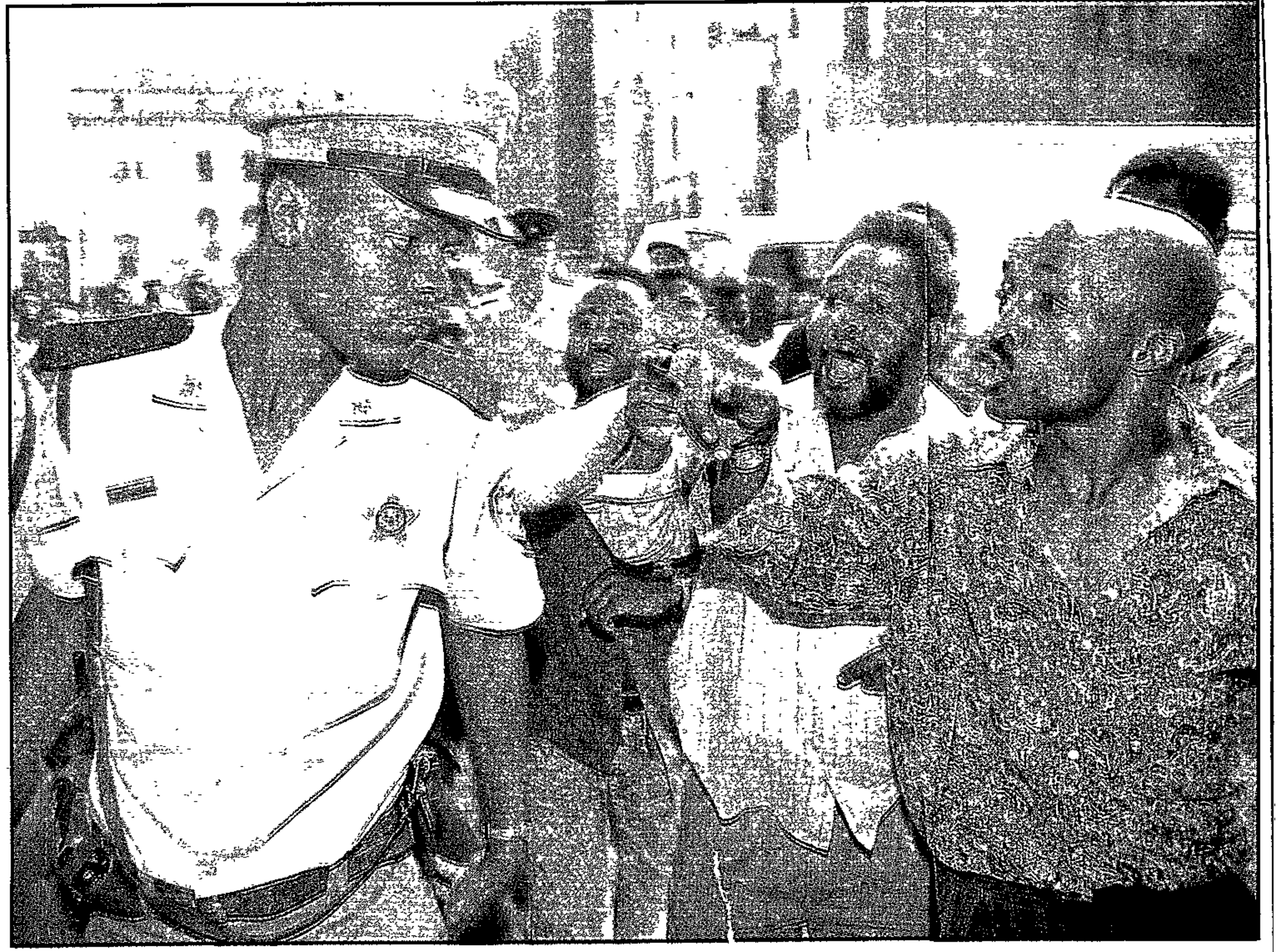
Greed, red tape drown taximen

Star 6/2/93 (332)

FEW whites get a glimpse of the workings of the taxi industry. The Robinsons did when they thought they would help an aspirant driver become part of the industry. They were in for several shocks, from which they have not fully recovered. Here they tell their story. All names have been changed.

THE black taxi industry, once regarded as a small-business miracle, is in chaos. Taxi associations and local government are looking for solutions. But unless they know what to look for, long-term solutions will never be found.

The associations, lacking proper control, have evolved into organisations with sinister, almost mafia-like rules. The experiences of a white family, the Robinsons, who tried to help their domestic worker's husband, Joe, get his own taxi business going, give some insight into the problems.



For minibus drivers it's a grind from dawn to late

Star 6/2/93

JOE LOUW

THEY are the men that everybody — black commuters and white drivers alike — love to hate: minibus taxi drivers.

But the life of a minibus taxi driver plying the routes into central Johannesburg is a high-stress, under-appreciated job. It's up at the crack of dawn and work, work, work like the devil — for very little pay.

But for Barend, Sollie and Mikey, three men who have been plying the routes between Eldorado Park, Soweto and the CBD for 12 years, that is the least of their worries.

The bane of their lives are those ubiquitous men in khaki: the Johannesburg traffic cops.

What seems to gall them most is the alleged "attitude" of the traffic police — their supposedly high-handed manner and special vigilance of every move that hundreds of taxis make.

"People might think we are just paranoid or want special privileges from other motorists," all three protest, speaking almost simultaneously, "but when you get two tickets in one journey costing over R600 it makes you want to explode ... it's unfair, we have to make a living."

hard as the next man, who are useful members of the community they serve and good businessmen. They all have fami lies to support and none has been to jail.

"What I can tell you right away," says Barend, "is no matter how good I feel in the mornings when my day starts, by the end of it I'm a wreck, and sometimes I reach home feeling like exploding."

The day, Barend says, starts sometimes as early as 4.30 am. And he returns at night after his children are asleep, often after having spent seven hours on the road covering as many as 400 km.

"Many people think we make oodles of money" says Mikey, "but if you think of R200 to R300 a week as a lot of money for working as hard as we do while having to support a family in Jo'burg today, then I don't know."

Most taxi drivers do not own the minibuses they drive but have to produce as much as R1 000 a day to be able to turn the profit that owners demand.

According to Sollie, this is what puts a lot of pressure on

(332) you at the rank," he says, "there isn't much time to waste — you have to load and get moving, as fast as you can. And this is where we get in trouble. People become very irritated with us because we hoot, stop where customers want us to stop, and we often take chances to get through red lights."

But all three vehemently claim that most of the driving public and the officers know where the stops are, and that hooting is a necessity in some areas.

Spot fines for speeding, or "allegedly" running red lights or parking in the wrong place, is often more than R300 — so bribing becomes "understandable", the drivers say. And paying a beat policeman "a little something" from time to time is a lot better, apparently, than spending days in court.

Each day off the job (even during the current few days' strike) is a financial burden that most drivers and owners just cannot afford.'

Mikey, Sollie and Barend were heartened this week by traffic department chief Mike Davis's assertion that he would solve their problems.

"That will be a happy hour

R39 000, indicated:

Gross income: R6 720 a month.

Expenses: R4 479 a month.

Net profit: R2 241 a month.

Joe was unable to get finance to buy the taxi, either with help from the Southern African Black Taxi Association or through a bank.

Although the associations forbid white partners, Joe was left with no option but to ask the Robinsons for help. They took out financing to buy the taxi but, in so doing, became liable for all repayments. In return, Joe agreed that the Robinsons would receive 40 percent of the profits.

Joe needed a permit in order to operate his taxi. These are issued by the Transportation Board and are hard to obtain. Here the "mafia" makes a killing: sharp operators become permit sharks and acquire as many permits as they can lay their hands on.

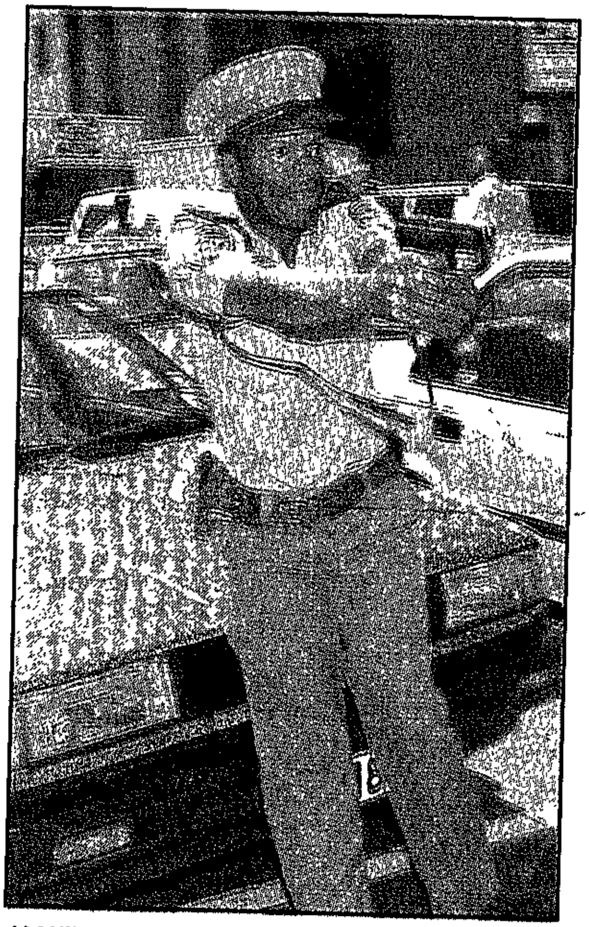
These are then "rented" out at rates that start at R200 a month. Canny operators rent out permits for a year at a time.

Joe finally rented a permit for R200 a month.

The combination of death threats from the associations and Government regulations left only one solution: the vehicle had to be licensed in the name which appears on the permit. To minimise the financial risk involved, an agreement was drawn up with the permit-owner which allowed the Robinsons to license the vehicle under a company name which included the name of the permit-owner.

But having got his permit for a specific route, Joe then had to join the association controlling that route. Mavericks risk losing either their life or their taxi. The fee for joining starts at R1 500.

But Joe could not become a taxi owner (according to the association) until he had served his "apprenticeship" as a driver for four years. The Robinsons discovered it is standard practice for an "apprentice" to pay another owner to become his front man, thereby enabling him to operate his own taxi. This can cost R500 a month.



MAKING A STAND: Whites of the eyes show as a traffic officer faces the human tide.

When, within a week, they discovered that new brake pads were needed and would be needed every week, the Robinsons investigated. They discovered that if Joe didn't stop instantly on demand, word would get out — and he would have no passengers. This cost the business an extra R100 a month. After a few months, the brake discs cracked right through.

The high cost of this replacement left little profit that month.

For safety, the Robinsons insisted on regular servicing. This turned out to be a monthly expense averaging R500 a time.

The business, already battling, then took two major knocks. Two accidents (neither Joe's fault) kept the taxi off the road for two months and cost R9 000 in insurance excess.

A vindictive rival, who suspected, but could not prove, that Joe had white partners, reported Joe to the association. A hearing was held and Joe was told he could no longer drive this lucrative route.

At this point the Robinsons were prepared to pull out. Joe was keen to carry on. He found a new permit. The taxi had to be relicensed at further cost and a new joining fee had to be paid to a new association. But this route was not as lucrative. Joe struggled to bring in a gross income of R2 800 a month. With expenses running at around R4 000 a month, the business was no longer viable.

This left the Robinsons with a big problem and a bigger bill. The taxi could not be sold for an amount equal to the debt.

The final blow came when the vehicle's cylinder head cracked.

Joe was responsible for the payment of speeding and overloading fines but his need to make extra money to meet the soaring expenses overwhelmed his caution. Joe still owes a substantial sum in speeding fines.

In attempting to build a business in an industry rife with "joining fees" and artificial red tape, Joe has ended up out of work and the Robinsons now have a financial obligation which runs into tens of thousands of rands. On top of what is owed to the bank, the Robinsons have sunk some R12 000 of their savings into the business and owe the local garage nearly R3 000.

The Robinsons believe that subsidies are not the solution to the taxi crisis. The solution lies mainly with the associations and the passengers.

Passengers must be educated to accept regular stopping points.

An extensive education programme is needed for owners and drivers that includes good business practice along with safe driving.

Associations should be restructured to cut out the "mafia" element.

Subsidies, in the long run, will make the situation worse. Taxpayers will pay the subsidies which will go to taxi owners who do not themselves pay any taxes. The drivers will get a small wage increase. But the biggest cut will go to the associations. If the owners have more income, associations will want their cut of the increase.

Although running a taxi is no simple matter and is not the gold mine it is reputed to be, with proper control and less greed on the part of the associations, a black businessman could build a viable business without relying on a subsidy.

Amid chaos, a willingness to talk

Star 6/2/93 (332)

JOE LOUW

JOE Simelane, chairman of the Soweto Taxi Association (STA) regional branch, is a man with a lot of patience and diplomacy. But he is also tough.

This week, during the long, hot and laborious "negotiations" during which an angry, volatile group of taxi drivers squared up to a contingent of heavily armed policemen at Baracity taxi rank opposite Baragwanath Hospital, Simelane found himself in a familiar situation: the man in the middle.

For several hours, militant youths and even some elderly drivers (who might have known better) taunted and jeered at the steely faced police.

In the piercing mid-morning heat, Simelane — a portly, amiable man in his 60s — found himself running up and down between the police and the restless crowd, sometimes pleading for patience, other times explaining — often to people not listening.

More than 200 taxi drivers demanded a police escort into the CBD to attend a negotiation session at Johannesburg traffic headquarters. The convoy they wanted would have stretched over several kilometres. The police refused, citing that Johannesburg had been declared an unrest area.

The situation became very tense when the taxi drivers demanded that the police leave "immediately".

Simelane has high praise for Lieutenant-Colonel Paul Loock with whom he negotiated. He says he is detecting a change in the attitude of the police, generally a change for the better.

"A few years ago it would have been unheard of to negotiate for long hours like we did with Colonel Loock without something terrible happening. I hope I'm not speaking too soon in noting their willingness to talk instead of shoot."

But when a young officer apparently at the end of his tether spoke rudely to Simelane and called him a racist name, the patient negotiator shook with rage and demanded an apology — and got one.

"I couldn't let a mannerless young pup like that get away with it," he said.

Simelane has been in the taxi business since he was a young man. First as a driver, then as a taxi owner and, for the past seven years, as an official of the STA.

He is currently branch chairman of the STA, which is a conglomerate of 14 taxi associations serving routes from Greater Soweto into the Johannesburg CBD.

"I felt like I was going to age a year in one day," he told me this week, "but in the end it was all worthwhile because, through talking and talking, we were able to defuse a potentially explosive situation. I shudder to think what might have happened if one of those boys threw even one stone in that situation."

In the end, a compromise was reached whereby 10 minibuses with 10 "representatives" were allowed, under strict police escort, to enter the city to attend a meeting of taxi drivers at the Central Methodist Church.

KEEPING CALM: Soweto Taxi Association's Joe Simelane (left) interceded between drivers and police this week.

2 Cape Times, Saturday, February 6 1993 ★

City taxi drivers 'hijacking' passengers

332 CT 6/2/93

By YVETTE VAN BREDA and RAMOTENA MABOTE

CAPE TOWN taxi drivers are hijacking passengers from rival minibuses in mounting, bitter disputes over the control of travel routes.

And they have taken it upon themselves to create "exclusive" route rules — disregarding formal agreements with the traffic authorities.

The drivers who halt others are also demanding that passengers' fares be handed over.

This came to light during a Cape Times investigation after Mr Christopher Thorne told how the taxi he was in this week was cut off by another taxi in Beach Road, Sea Point, and commuters were made to get into another taxi, the driver of which demanded their fares from their original driver, who meekly obeyed.

A police spokeswoman yesterday asked that Mr Thorne contact police as they wished to investigate.

Drivers and operators from the Convention for a Democratic Taxi Association (Codeta) and their rivals Peninsula Taxi Association (PTA) at the city's central taxi rank told the Cape Times yesterday that one driver would often stop another, order passengers out, take their fares from the original taxi driver and drive off.

One driver, who did not want to be named, said: "I do it myself, but I do it in a nice way. I do believe in free enterprise, but this is my bread and butter."

Cape Town Traffic Chief Mr Wouter Smit said it was "nonsense" that one association had jurisdiction over any one area. Routes were determined by permits issued to individuals, not associations.

Johannesburg taxi mayhem comes to an end

ARG 6/2/93

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JOE LOUW
Weekend Argus Correspondent

JOHANNESBURG. — The week-long work stoppage imposed by minibus taxi drivers came to an end yesterday afternoon — at least as far as 3 400 taxi owners and their drivers, present at a stormy meeting held in Fordsburg, were concerned.

The two largest regional branches of the SA Black Taxi Association (Sabta) — consisting of nearly 3 000 owners and affiliated drivers from Soweto, in addition to another 400 owners and drivers from former "coloured" areas — unanimously decided to get their taxis back on the road "immediately after this meeting".

Hundreds of jubilant drivers poured out on to the street honking their horns and congratulating each other.

Officials of the second-largest taxi association, the National Federated Taxi Organisation (Nafto), also called for an immediate end to the stoppage.

Both Nafto and Sabta unreservedly apologised to the public for the inconvenience and mayhem caused by the disruption.

Mr Morris Bokaba, regional secretary of the SA Taxi Drivers Union (Satdu), said earlier yesterday the drivers would continue their dispute unless their demands were met by Monday.

An early-evening reporters' survey found that the main taxi ranks had already started operating.

Sign of the times ... An angry taxi driver confronts the police with just his finger as a weapon Photos: KEVIN CARTER

Sabta fat cats should take the blame

WMail 5/2-11/2/93.

Taxi driver **RAY NXUMALO** *gives the drivers' version*

(332)

BOY, did we bring the Golden City to its knees this week — and the general feeling among us is that it was long overdue.

It was the one time that minibus taxis could fairly be charged with obstructing the traffic.

Stuck with a supposedly representative body like our South African Black Taxi Association (Sabta) — which speaks on behalf of the fleet owners, rather than the drivers — and an obstinate Traffic Department, manned by conservative cops, which won't listen to our pleas of harassment, heavy-handedness and biased policing, we had no other way of making our voice heard.

A lot of noise has been made about our inconveniencing commuters and obstructing emergency vehicles in Johannesburg. But when farmers did the same thing with their trucks and tractors last year in Pretoria, police handled them with kid gloves. Pretoria was not declared an unrest area. Was it because the demonstrators were whites?

All aboard ... Taxi drivers give new meaning to overloading as they protest in the city centre

The police response to our protest, the force they used, seem to confirm the racial bias of the authorities.

Nobody in power seems to recognise the strategic importance of our industry. Without us, most of the workers who keep the country's factories, shops and essential services going would not get to work. Like the farmers, we are just trying to make ends meet — but, unlike the farmers, we get no financial assistance from the government.

It's easy for Sabta officials — speaking from their safe havens while we, the drivers, have to bear the heat — to slate our action. But what has Sabta ever done to get the Traffic Department off our backs?

We don't mind getting stopped and ticketed like other motorists, but it is the way this is done that upsets us. You just have to see the glint in the cop's eye as he tickets you, the scorn and disdain that accompanies the scowl on his face.

Sabta bosses are aware of the speed traps the traffic cops set up at peak hours, but what have they done to remedy the disruption of the smooth flow of traffic? It is also not uncommon for such speed traps to cause accidents. I have witnessed a car — not a minibus — spin around as it tried to avoid hitting a trap.

The Sabta fat cats are aware that we can't bring them the money they love so much without attracting our passengers' attention with our hooters. Do they take up the matter with their buddies in the Traffic Department when we are ticketed for "illegal use of a warning device"? It's almost impossible to be a money-spinning taxi driver without a hooter.

It is we, not the taxi owners, who spend weekends in police cells because of outstanding fines. The crackdowns on defaulters are almost always carried out on Fridays, and it needs to be asked why the cops choose that day in particular to conduct such blitzes.

So-called negotiations between the taxi bodies and traffic departments have done nothing to stop the cops from locking us up every second weekend. No hard-working man wants to spend his weekend in a dingy police cell.

The biggest threat facing us drivers is the traffic cops who have become a corrupt law unto themselves. Many drivers can attest that many cops are more than willing to accept bribes. Many R20 notes have exchanged hands to make them look the other way.

The practice of greasing palms has led some taxi owners to the false belief that the drivers will "make a plan as usual". Instead of maintaining their vehicles in a roadworthy condition, they spend their money at the Lost City or the Carousel.

Although the traffic cops usually write out the tickets in English, they insist on speaking to the drivers in the other "official language" — which does not go down well with us.

I asked a traffic cop the other day about this practice. His response: "A guy is more likely to jump off his arse if you bark, 'ek gaan jou gat inskop' *(I'll kick your arse)*.

English was a "soft language" and did not have the same impact as Afrikaans, he said.

I would have more faith in these cops if they would stop hiding and pouncing on us while we are offloading passengers in "the wrong place". Trying to convince them that stopping there is for the passengers' convenience serves no purpose. The few offloading points that are designated for us don't help. What's supposed to happen when none of my customers wants to get off there?

Look, we are not angels. Some of us need training in customer care and some need to polish up on their driving skills.

But the people who need the real training are the traffic cops. A good start would be their attitude. Courteous traffic cops are an endangered species.

Until they learn to smile and shed their bias towards us, the us-and-them mentality will not stop and the enmity between us — not to mention explosions like the one this week — will continue.

Traffic police reply

Asked for comment, public relations officer for the Traffic Department Eric Hill said: "They (the taxi drivers) must come with specific accusations. We are not going to accept generalisations".

Very little sympathy from the commuters

WMail 5/2-11/2/93.

By BAFANA KHUMALO (332)

AN impromptu survey of commuters' attitudes to this week's taxi action showed that Sowetans — who were forced either to miss work or hike into town in their thousands — were overwhelmingly critical of the drivers' behaviour.

"This thing was organised by hooligans," said 30-year-old bank teller Themba Mthimkhulu. "You don't just wake up in the morning and without telling anyone, decide you are going on strike. You should consult with other organisations and arrange alternative services."

For him there was no justification for the strike. "If you are wrong, you are wrong," he said. "These guys drive in the most unsafe of cars and they expect that traffic officers should look the other way. That is stupid."

He added that the government as well as big business were at fault for not providing an adequate public transport system in the townships. "If they provided more transport than this," said Mthimkhulu, pointing at a packed Putco bus driving past, "then perhaps these guys (taxi drivers) would not be able to cripple us in this way."

Thembi Dlamini, a 35-year-old nursing sister, expressed feelings of anger and helplessness. She woke up early on Wednesday morning and was ready to go to work by 7am but only got to Baragwanath Hospital at 10.30am.

"It usually takes me 40 minutes to get from Dobsonville to Baragwanath," she said. She had to walk part of the 20km distance and, for the rest of the way, she got a lift from some good Samaritans. "I was lucky. My uniform worked for me," she said.

"They should at least have told us," said Dlamini — expressing a sentiment that ran through most of the commuters' comments.

A shop steward from the Municipal Workers' Union was one of the few sympathisers. Esther Nyembe said she understood "why they have to resort to this.

"These traffic cops don't treat taxi drivers with the respect that they deserve. They are always pulling them over, speaking to them as if they were schoolchildren and always up for *tho tho* (bribes)."

Nyembe experienced great inconvenience — she had to walk three hours to work Wednesday morning. But she believes the taxi drivers deserve a better deal than they are getting.

"Everybody is exploiting these guys, because most of them are not qualified to do anything else. They have to work long hours and still have to deal with rude, corrupt traffic policemen and passengers' demands."

Those who made it to work on Wednesday morning were the lucky ones. In Soweto hundreds of would-be commuters stood at street corners with their thumbs stuck out instead of the customary index finger pointed upwards until they finally gave up and went home.

Private owners of cars did a thriving trade in Soweto this week, ferrying stranded commuters around the township for the standard taxi fare.

And with a heavy presence of South African Defence Force troops and members of the South African Police's Internal Stability Unit in the area, there was none of the violence that rocked the centre of town.

Numsa fails to resolve fate of council

ERICA JANKOWITZ

ATTEMPTS by the National Union of Metalworkers of SA (Numsa) to prevent the collapse of the Motor Industries Federation industrial council met with limited success yesterday, according to union negotiations co-ordinator Les Ketteldas.

Ketteldas added that the crucial issue of wage increases had not been discussed at yesterday's meeting between Numsa and the SA Motor Industries Employers' Association. Employers had insisted the future of the council be resolved before the wage issue could be raised.

The council administers workers' social security funds that total about R1bn. B/Day 17/9/93

Association general secretary Vic Fourie said yesterday a technical committee had been established to discuss the administrative details of securing the social security funds. The committee would consist of representatives of both parties and was scheduled to meet on October 1.

However, Ketteldas said the parties had failed to reach agreement and the association had refused to negotiate any issues until the matter of the funds had been resolved. (189)

This was unacceptable to Numsa, which would report back to shop stewards this weekend to devise a plan of action. Numsa would be raising its problems in the motor industry in a number of forums, including the National Economic Forum.

Since January 1992 the almost 200 000 workers covered by the council agreement have not received pay increases as negotiations have continually deadlocked. The latest obstacle to reaching a settlement was an apparent attempt by a lobby within the employers' association to destroy the council, Ketteldas said.

A last-minute concession by employers to extend the administrative function of the main agreement for six months to the end of February meant the parties had a limited time to settle their differences, he added. But as workers had not received increases for 20 months, it was critical that negotiations were not further delayed.

Ampros strike over contractors

KATHY STRACHAN

NEARLY 1 800 workers at Anglo American Property Services (Ampros) in Johannesburg and Pretoria went on strike yesterday against management's new policy of contracting out services.

NUM media officer Jerry Majatladi said the strike seemed set to spread to Durban today as talks ended in deadlock last night. B/Day

He said Ampros had contracted private cleaning, security and maintenance services two weeks ago and workers feared this practice meant a loss of jobs. 17/9/93

Majatladi said agreement had been reached on the four other demands by the union: working groups would investigate union complaints of discriminatory practices, maladministration of pension funds, lack of proper job evaluation and an unfair housing subsidy scheme.

Ampros could not be reached for comment last night but Sapa reports that Ampros operations director Alex Gullan said earlier the company had not retrenched, and was not planning to retrench, any workers.

He said Darragh House was the only Ampros-administered building in the Johannesburg central business district where outside contractors had been employed, a step taken after the owners had requested that costs be reduced. (33)

None of the Ampros staff working at Darragh House had been retrenched, but had instead been employed in other positions.

Gullan said yesterday's stoppage had taken the company by surprise because workers had not previously expressed grievances.

Poland wants to boost its SA trade

PRETORIA — Poland would like to invigorate its relations with SA, especially in trade and economics, Polish Foreign Minister Prof Krysztof Skubiszewski said yesterday.

Skubiszewski, who is visiting SA, has met President FW de Klerk, ANC president Nelson Mandela and Foreign Minister Pik Botha.

He said Poland would like to increase its trade with SA.

His country could import food and technology from SA, a highly industrialised country which produced much of the machinery and equipment Poland needed but could not produce.

Poland had a negative trade balance and its industries needed to be re-equipped. There were "broad possibilities" in this area, Skubiszewski said. — Sapa.

SI Times (Buss) 7/2/93.

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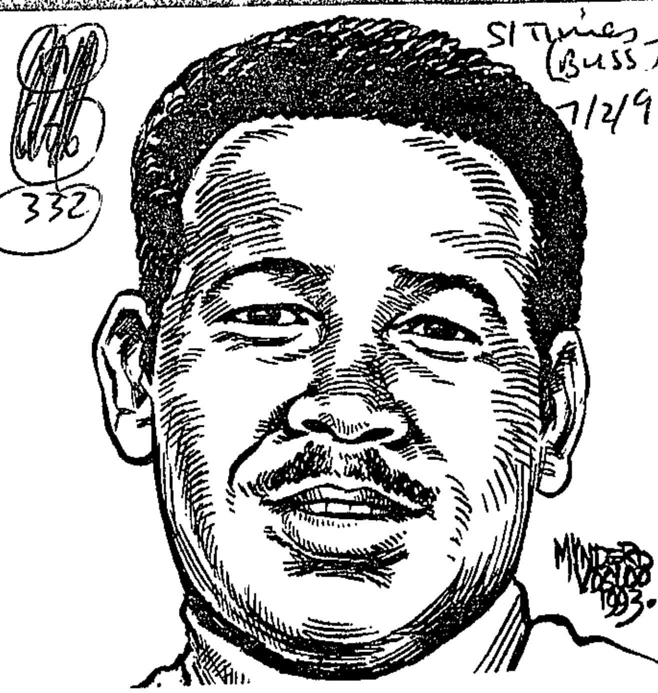
NEWSMAKER: JABU MABUZA



The driving force in black business

BY ZI[illegible] [illegible]EERAT

WATERVAL BOVEN may be one of the more conservative towns which stifles black entrepreneurs. But it produced Jabu Mabuza.

The head of the SA Black Taxi Association (Sabta) is spearheading informal black business development and playing a major role in mapping out South Africa's future economic policy.

Mr Mabuza, 35, is chief executive of both the Foundation for African Business and Consumer Services (Fabcos) and Sabta.

He is also black business's representative at the National Economic Forum (NEF) where he chairs the business part of the short-term working group. And he has been heavily involved in the National Peace Initiative.

No wonder Mr Mabuza is a hard man to get hold of lately. High on his immediate agenda has been a growing crisis in the taxi industry which this week led to Johannesburg being declared an unrest area.

But no less pressing is a need to get Fabcos back on its feet following a host of internal problems, perhaps even an internal power struggle, which led to the departures of two senior directors.

Then there are the streams of NEF meetings which take up a third of his time.

On the taxi crisis, Mr Mabuza says Sabta cannot condone the actions taken by drivers this week.

"But for years we have been telling government that it cannot deregulate without introducing some controls. We have consistently called for a control board which would give the industry the power to discipline itself.

"Government kept telling us that it was moving away from regulation, but at the same time it introduced the Security Officers Board and the Financial Services Board.

"It seems that if it involves white money, government will rush in with statutory bodies to protect it, but when it comes to black lives, it is not government policy."

Mr Mabuza adds: "It does not help for government to rush in with short-sighted measures like declaring cities unrest areas. What we need to do is sit down and talk.

"Taxi drivers have never been beneficiaries of the growth of SA's economic heartland, except providers of cheap labour and consumerism. They are treated, at best, as illegitimate invaders into business and, at worst, as criminals from another planet."

Mr Mabuza is no stranger to the taxi industry, once the shining example of what freer markets could offer.

He started driving a taxi to supplement his law study expenses at the University of the North. But, when his father was retrenched, he became a full-time driver to support his family.

He was drawn into the world of taxi associations, and began understanding the industry's problems, while taking down minutes at meetings at the request of his boss.

It was not long before the streetwise Mr Mabuza had bought his first taxi. A year later he was managing a travel agency and owned three taxis.

His rise through Sabta's ranks, after first joining it as a consultant, was fast and he later played a major role in forming Fabcos.

Today he is also chairman of Future Bank, a joint venture between Fabcos and Wesbank, and of insurance company Afgen.

On the achievements of the taxi industry, he muses: "In the old days, no financial house would give drivers a loan. Today they own a bank."

Mr Mabuza says the major challenge of the NEF, which takes up about a third of his time, is to deliver results and prove that it is not just another talk shop.

"Without being derogatory about other initiatives, a number of forums have failed to meet our people's expectations."

But he adds: "There is no doubt in my mind that the NEF will deliver. While we are still trying to find one another, a general sense of consensus prevails."

A personal challenge at the NEF is to ensure that the needs of his constituency do not compromise the national agenda.

This does not mean that he will neglect the needs of the marginalised business sector he represents, but he says: "A stumbling block is that labour sees us as business people, but our sentiments are represented by labour, not business."

While a restructuring of Fabcos and Sabta is set to keep Mr Mabuza very busy, he says he enjoys the challenges facing him.

He confesses, however, that his greatest disappointment in his career has been not finding common ground with rival black business group Nafcoc.

This week taxi blockades cost Johannesburg — and taxi owners — millions of rand in lost revenue. CHARLENE SMITH looks at some of the people and issues behind the conflict

STANDOFF .. furious taxi drivers protest as wary policemen keep them at bay, their rifles at the ready, in the streets of Johannesburg

The day they decide to 'tear apart the tow

ST Times 7/2/93 (332)

TAXI driver and owner Ansly Brown leans against the wall of a Johannesburg parking garage, his crisp white shirt uncreased. A few metres away a police dog tears at the buttocks of a man on the ground.

White teargas plumes float skywards. It is 2.30pm on a hot Tuesday in downtown Johannesburg. The traffic department situation report notes over the next half hour the arrests of two taxi drivers, the impounding of 59 taxis, five roads blocked by taxis, two shooting incidents in which four people are injured, a sniper shooting at police and roads barricaded with cement refuse drums.

The countdown to the chaos that gripped central Johannesburg this week began the previous Tuesday.

Then, delegates from 17 taxi associations that operate in the city met city council officials to complain about harassment.

The meeting ended unsatisfactorily as far as the taxi associations were concerned, so on Thursday drivers met at a secret township venue and decided to take action. Over the next few days the word was spread around taxi ranks: "Monday ons hikeneza die hele tone" (Monday we tear apart the town).

It was no idle threat. They blocked city arterials, forcing other drivers to join in the protest. Similar protest action was repeated the following day, with devastating consequences — four people killed and millions of rands lost in revenue to taxi associations, store keepers and the city.

THE taxi protest was not only a rebellion against a road transport system that 10 years after the taxi industry imprinted itself on the nation still does not accommodate the needs of the R4-billion industry or the millions of commuters it conveys.

It was also an explosion of anger against often exploitative owners and associations that pay little heed to the pressures experienced by drivers.

Taxi drivers say that since a Sunday Times article revealed corruption in the Traffic Department late last year and action was taken against 16 officers, they have experienced intense harassment.

Peter Mahlo who, like most taxi drivers, earns R200 a week, showed the Sunday Times tickets for January 25, 26, 29 and 30 for not having a public driving permit. He also showed the permit to the Sunday Times.

"Each time I show the traffic cops the permit. Each time they say I didn't take it out fast enough and fine me R100. These four tickets are two weeks' pay. How can I afford that?"

Taxi owner Ansly Brown made a R150 profit in January

Drivers pay traffic fines out of their own pockets, even if their vehicle's lack of roadworthiness, as an example, may be the fault of the owner.

Declining profits in an overtraded industry have meant drivers need to travel faster and carry more passengers. Competition for routes and rank space has led to bloody taxi wars that in the Cape saw damage amounting to R3-million and numerous lives lost.

Drivers complain that in Johannesburg, on the heavily plied arterials of Sauer Street and Bree Street, up to 10 traffic officers stand on the corner issuing tickets — R100 for hooting, R300 for offloading passengers in the wrong place. The list goes on.

City traffic chief Mike Davis says road users are sick of bad driving by taxis and taxis cannot be exempted from the rules of the road. However, by week's end he had given orders to combat any harassment of drivers.

City council transport head Paul Asherson is not unsympathetic to taxi industry complaints: "White taxpayers don't realise how much the taxis have saved them. Subsidies to Putco and the railways cost R2-billion. Johannesburg buses alone receive a R32-million subsidy. The taxi industry has saved the taxpayer a lot and now they want something in return."

He notes that while Johannesburg buses cost R7,30 a kilometre to operate, taxis cost R1,80 and that if Johannesburg convened a passenger transport authority that included commuter representation, it could train drivers — who would remain independent of the council but subject to certain rules — and they could receive subsidies.

They could move more passengers faster and cheaper than the buses.

It is a project, Mr Asherson says, that Johannesburg hopes to pilot within the next six months.

Mr Asherson said the area around Sauer and Bree streets, which were the focus of the worst disturbances on Monday and Tuesday, will see foundations dug in June for a R174-million development called Metro Mall that will revolutionise taxi travel and consumer shopping in the CBD.

But taxi drivers' problems do not end with the city authorities.

Deregulation has meant permits are issued like confetti. Too many taxis are strangling profits, leading to taxi wars and actions like this week's blockade in Johannesburg.

A spokesman for Toyota notes that commuter fare prices have not kept pace with the costs of buying and operating taxis: "A major reason for the speeding and overloading is the struggle for economic survival."

The Goldstone commission suggested in May last year that "the high rates charged by financial institutions on hire purchase contracts and ever increasing running costs collectively contribute to the need on the part of taxi operators to convey as many passengers as possible ..."

It called on financial institutions to re-examine their policies.

BUT there is little sign of more innovative thinking from financial institutions toward the industry. This is a consequence in part of scant interest from government in accommodating the industry. Present Transport Minister Piet Welgemoed was also the author in 1983 of a controversial government report that recommended outlawing the then burgeoning industry.

But the leaders of many taxi associations must also share part of the blame.

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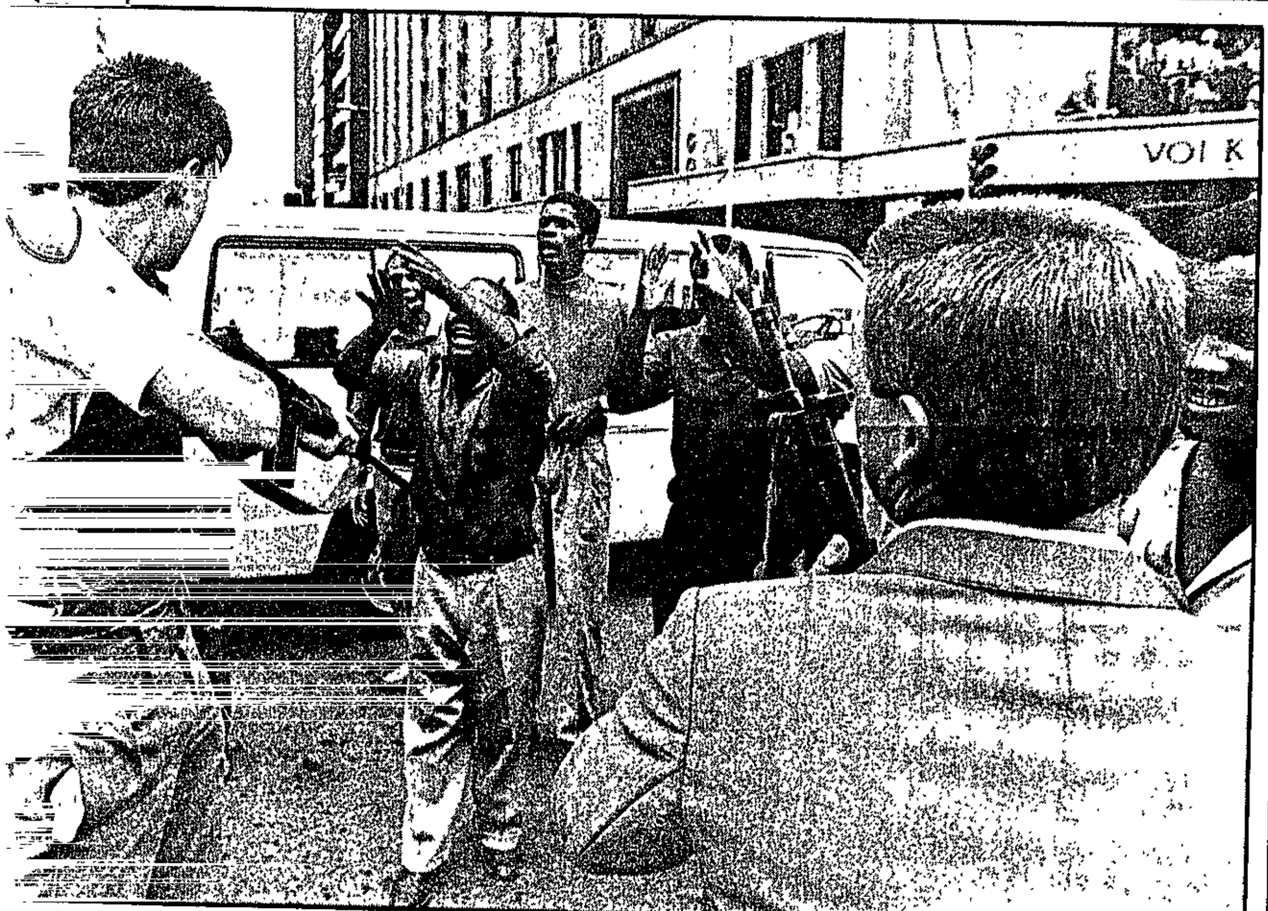

y policemen keep them at bay, their rifles at the ready, in the streets of Johannesburg this week

Picture: ARNOLD PRONTO

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But the leaders of many taxi associations must also share part of the blame. Many ~~have~~ become fat cats who drive expensive German vehicles and hobnob with executives from the private sector and municipalities. Many care little about improving the lot of their poorly paid drivers, who battle harassment from traffic officers, commuter anger, vehicle hijackers and other encroachers on their shrinking turf.

Ansly Brown, a driver and owner for nine years and one of the delegates chosen to represent the taxi drivers in negotiations this week, says in January he made R150 profit. Each week he pays his driver R300 and R550 for fuel. "We drive Monday to Monday to try to make money. But brake pads last two weeks and cost R140 for a new set, tyres have to be changed every six months and cost R3 200 a set.

"Every six months we have to take the taxi for a certificate of fitness. If we don't, we are fined R100."

For almost two years, despite rising running costs, commuters on the Eldorado Park route that he services have paid R2 for the 28km trip. If the taxi is full it earns R30 a trip.

The taxi stayaway this week has cost him at least R1 000 in lost fares, plus a R2 500 contract with a supermarket chain. "I told them if I transported their workers the vehicle would be destroyed and people could get injured. They don't pay insurance on my vehicle, but they did not care."

The Alexandra-Midrand-Randburg Taxi Association says it lost R250 000 in drivers' wages and lost fares alone in the first two days of the dispute. "That doesn't include the cost of fines and damage," an official said.

"The terrible thing is that innocent people were caught in the crossfire. There should have been compromises."

The official said Armsta initially had not supported the action, but drivers' demands were legitimate. "They get R300 fines for stopping at bus stops, but there are no other stopping points for taxis."

Mr Brown pulls a sheaf of documents related to the dispute from under his arm: "The trouble is, until we took this action, no one wanted to listen to us. But I am not sure they take taxi drivers and owners seriously as businessmen. What will it take?"

Trencor seeks R800m

S Times (Bus) 7/3/93 332

By JEREMY WOODS

TRENCOR, the star JSE performer, plans to raise up to R800-million in rights issues for debt-laden conglomerate W&A, which will leave W&A virtually debt-free.

This folows Trencor's announcement this week that it will be investing R350-million in a recapitalised W&A by underwriting a rights issue.

In an interview Trencor chairman Neil Jowell said on Friday: "We plan to raise up to R800-million to inject into W&A, which will leave it just about free of debt."

He said the level of Trencor's investment would depend on how the forthcoming rights issues were received by institutional shareholders.

While many analysts believe that W&A's controlling shareholder, 39-year-old Jeff Liebesman, has pulled off the deal of a lifetime, Trencor's management, with a long record of excellent and conservative deal-making, is also very happy.

Interestingly, the appointment of a joint executive chairman to W&A will be controlled by Trencor.

"We will appoint the joint chairman to ensure our partnership is effective at both board and executive levels," Mr Jowell confirmed.

While an appointee has not yet been named, it is likely to be a Trencor director.

Why did Trencor, a manufacturer and exporter of containers, among other things, choose to invest in W&A, an out-of-focus conglomerate with an R800-million plus debt mountain?

"First of all, we are in a strong cash position and we had to choose between giving the money back to shareholders or making it work for them," said Mr Jowell.

"We believe our shareholders expect us to get them the best returns we can.

"When we looked at W&A, we saw a chance to buy first class underlying assets in core businesses with excellant decentralised management and earnings potential."

"We had a good look at the businesses, and made our own profit projections. In our view, these far outweighed the benefits of simply having cash on deposit — which in the long term doesn't make a real return."

Talks between the two companies started six weeks ago and were crystallised at a Trencor board meeting in Johannesburg on Sunday, when the company decided to make its move.

Both parties have been friends for years, and have previously had talks about their overseas operations doing business together, although nothing materialised.

While admitting the similarity of businesses was "not great", the key to this deal for Trencor appears to be the price at which they have bought into W&A's assets, namely R1,75 a share against a net asset backing of R5,70.

"Even if you strip out goodwill and include asset write-downs, we are buying good cash-producing assets at about half their market price," explains Mr Jowell.

Another reason for Trencor's investment was the ability to buy into a sizeable spread of assets in one deal, where the companies concerned have also performed well in a very difficult economic climate.

"W&A has had the courage to invest in plant and systems and not run the companies down, despite heavy corporate debt."

As far as W&A's present asset disposals are concerned, these are set to continue.

"There are some businesses that do not fit into future growth plans and these will be sold."

● W&A's share price almost doubled from 180c to 350c on news of the deal. Its low was 165c four months ago — a far cry from the high of R9 reached early in 1990.

How fake permits corruption sparked street chaos

THE TAXI WAR CROOKS

S/Times 7/2/93.

By CHARLENE SMITH

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A NETWORK of corrupt transport officials selling fake taxi permits fuelled the taxi violence which has rocked the country and culminated in the siege of central Johannesburg this week.

Many taxi owners have paid up to R2 000 for dummy permits issued by local road transportation officials, but find themselves jostling for space at hopelessly overcrowded ranks. So serious has the situation become that the National Peace Secretariat is arranging a special forum to discuss the crisis that led to city blockades and taxi wars in Johannesburg, Cape Town, Pretoria and other centres.

The Sunday Times has established that seven top officials of the Local Road Transportation Board in Johannesburg — the biggest in the country — were suspended last month during a huge corruption probe.

One of the officials, Mrs Ronelle van Heerden, subsequently committed suicide.

The Goldstone commission, which has been investigating taxi violence for almost a year, also found evidence that a corrupt ... [illegible] ...tem is one of the

Jilted beauty: I did it for my son

Drama head loses post over sex harassment

By ROY RUDDEN

WELL-KNOWN Durban actor and lecturer Patrick Collyer has been sacked as ...

hundreds of lives and caused damage amounting to millions of rands.

This week tensions within the taxi industry came to a head as drivers and owners blockaded the main routes into and out of Johannesburg for two days and skirmished with police and traffic officials.

Problem

Similar crises have occurred in Cape Town, which experienced a taxi war that led to 66 deaths and caused damage estimated at R4-million.

The SA Black Taxi Association claimed that bribes — which had been as high as R50 000 for a single permit — had dropped to R2 000 a permit in recent years.

Abraham Moloi, general secretary Region 11 (Soweto) — the largest taxi region in the country with 10 associations under its umbrella — said corruption at the Local Road Transportation Board was rife. People who used "unregistered consultants" had their permits stripped from them when they went to register other vehicles.

"Drivers used the 'unregistered consultants' because they could get permits in a day instead of waiting a year," he said.

Similar allegations have been made in Cape Town before the Goldstone commission.

Intense

Piroshaw Camay of the Peace Secretariat said allegations of corruption in the issuing of permits, licences, roadworthiness certificates and certificates of fitness had been made by taxi operators nationwide. He had heard complaints from owners in Pietersburg, Johannesburg, Springs, Alexandra and Thokoza — all served by the Local Road Transportation Board in Johannesburg.

Deregulation and the easy acquisition of permits led to an over-proliferation of taxis, intense competition for routes — and gun-battles.

Mr Camay noted that in Springs, for example, there were 100 000 commuters a year ago. Now there were only 60 000, which meant that 40 percent of the drivers had no work. Yet permits were still being issued for the area.

Johannesburg city councillor Cecil Long, who has served on the Local Road Transportation Board in Johannesburg since 1988,

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P.T.O.

HELPING HAND . . . a policeman carries a child to safety as a woman flees a heated exchange between police and taxi drivers

Picture: BRIAN HENDLER

Taxi violence

□ From Page 1

said he did not know details of the corruption scam at the board as he "did not deal with administration".

Mr Long said the precise extent of the corruption was not known, but it could involve "hundreds of thousands of rands"(332)

However, a transport consultant who works closely with the board said the corruption involved millions of rands(246).

Mr Long said that although the board issued between 15 000 to 20 000 permits (from 30 000 applications) in Johannesburg alone in 1991, it now issues 1 000 to 1 200 a month.

He also denied Goldstone commission and city council complaints that permits were issued regardless of available rank facilities. S/Times 7/2/93

Johannesburg city council transport chief Paul Asherson said the council had complained to the Local Road Transportation Board about the "over-issuing of permits and a lack of consultation", but had been ignored.

Yesterday most taxis were back on the roads in and around Johannesburg. Meetings between taxi owners and drivers and city officials to iron out grievances resume in the city tomorrow.

● See Page 25

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(332) ~~(298)~~

Wildcat strike could make a weak drivers' union the . . .

Rulers of the road

By DESMOND BLOW

THE taxi chaos this week could result in the weak SA Taxi Drivers Union (Satdu), backed by Cosatu, becoming the strongest force in the taxi industry.

If all the drivers unite it could end what the Goldstone Commission concluded in December was a bloody power struggle by various taxi associations for control of the taxi industry.

The taxi industry is the strongest black industry in the country but, although Satdu has been in existence for more than a year, it's had too few members to bring about changes.

Satdu had not been very successful with its recruitment, but it is predicted it could become strong now that it has bared its teeth.

The drivers began the protest on Monday without any warning to the SA Black Taxi Association (Sabta), which they consider to be the owners' association.

Sabta spokesman Lindile Lavisa confirmed this week that Sabta had been unaware of the drivers' plans, but said it had not come as a shock because the drivers had made their grievances known to them and they had passed on these complaints to the Johannesburg City Council several times – but nothing had been done.

Johannesburg Traffic Chief Mike Davis denied that Sabta had passed on the complaints.

"We have had liaision committees in place for a long, long time," he said, adding that the chaos had been "very well orchestrated" – and that the traffic problems were a minor detail.

"There are serious shortcomings in the drivers versus the taxi owners' situation. The traffic problems we can sort out in two minutes."

He denied a complaint by the drivers that traffic officers stopped them in peak-hour traffic to check on whether they had outstanding traffic tickets and then handcuffed them and took them away, leaving their passengers stranded.

"We do not handcuff people, you must check with the SAP," Davis said.

He denied that his claim, that all the drivers' fines resulting from the strike had been paid anonymously, was a ruse to save face for the traffic department.

HEAVY HAND . . . A riot policeman and traffic cop manhandle a taxi driver. ■ Pic: THULANI SITHOLE

"Come to me and I will show you the receipt. The department has issued a receipt for R11 120."

Davis said he did not know who had paid it.

He agreed that drivers were fined for hooting, but said: "we use our discretion".

Sabta's Lavisa said he believed the protest by the drivers was justified, but did not agree with the strike, although he admitted that the drivers probably did not have any other recourse.

He confirmed reports that a large part of the drivers' frustration was caused by the market being saturated – and that profits were dwindling.

Lavisa said that because of the heavy competition taxis could not increase their fares sufficiently to cover the spiralling costs of fuel, insurance and vehicle maintenance.

He said they also had to compete with buses and trains, which benefited from state subsidies.

When it was pointed out that bus companies and the railways paid taxes, whereas taxis did not always keep books as they dealt in cash, Lavisa said that the subsidy matter had to be resolved – even if the solution was to deprive the other transport sectors of their subsidies to make the competition fair.

Drivers' complaints were that the owners were "fat cats" and made all the profits while drivers had to bear the costs of fines. They also said there were no proper pick up points for their passengers and that they were fined for hooting to attract passengers.

However, Lavisa maintained drivers agreed on the salaries they should be paid.

He said this reasoning by drivers was not a good argument – and could be levelled even at people like Harry Oppenheimer.

C Press 7/2/93

(332)

Drivers boil over at 'unfair' fines, bribes

By THEMBA KHUMALO

THE week-long taxi blockade in the heart of Johannesburg highlighted the frustrations experienced by black taxi drivers at the hands of "corrupt and ruthless" traffic officers.

The three days of unprecedented anarchy took five days of covert planning by frustrated drivers.

The blockade, marred by sporadic violence between police and strikers, left two dead and scores injured – leaving thousands of commuters stranded in the process.

The strike has brought to the fore conflicting views. Many whites participating in a Radio 702 talk show said the strike was a harbinger of things to come in the new SA.

Veteran Cosatu trade unionist Zwelibanzi Vavi dismissed this view as myopic, saying a similar blockade by farmers in Pretoria last year was largely accepted by whites as a "democratic act for legitimate grievances" – and did not draw the same violent response from authorities.

"The irony of racism and how it rears its head in certain communities in these changing times is amazing."

The magnitude of the blockade surprised Vavi, who conceded that Cosatu had had no advance warning.

Spider Monareng, a senior member of the SA Taxi Drivers' Union (Satdu), said the strike came after drivers had enough of bribes and being ticketed for petty traffic offences.

Angry taxi drivers spoke to City Press about their problems. Vusi Hlatshwayo, 30, of Emndeni served four months' jail sentences last year after he was twice convicted of obstruction. The charges arose from unloading passengers.

Another taxi driver who was caught in last week's feud was Philemon Tshabalala of Zondi.

Like Hlatshwayo, he earned R250 a week from his employer – whom he said made a profit of more then R1 000 in the same period.

Tshabalala is angry with the officers, especially whites, whom he accused of demanding bribes.

The drivers' general complaint was the officers' tendency to stop taxis during peak hours to check for minor defects and licences. They also complained bitterly about bribes.

Tension heightened at the drivers' public meeting at the Johannesburg Methodist Centre on Tuesday and Wednesday when the drivers protested against interference by political organisations.

The drivers also called for the resignation of the Sabta president, James Ngcoya, whom they accused of being indifferent to their plight.

Dear Hotline ...

Women are the real victims of taxi chaos

(332) C/Press 7/2/93

BY SANDILE MEMELA

ON several occasions last week I witnessed the tragic victims of the taxi chaos – black mothers, aunts and sisters bereft of transport to and from work.

The hundreds of feet wearily trudging the dusty pavements made me aware that our women are often sacrificed for the sake of more worthy political causes pursued by the menfolk.

My heart went out to the thousands of women that clutched handbags, plastic carrier bags with groceries and an assortment of luggage on the long walk.

Yes, black women are powerless victims of the anger and bitterness unleashed by their menfolk. Sadly, very few men are aware of the anguish that women caught in the crossfire suffer.

Hard times

As I drove home from work last week, I felt their pain and frustration as they stood on pavements, begging for lifts from passing motorists.

This week revealed that a woman who wakes up to fend for her family in these hard times of recession and high unemployment could later return home without her eye or purse. Or her life for that matter!

During the taxi siege I offered a ride to five women into various parts of Soweto. It was saddening to watch the fear, helplessnes, anxiety and utter powerlessness reflected on their faces.

The reason for their plight was the lack of consultation between taxi drivers and commuters, a middle-aged nurse told me.

The nurse, who works at the Hillbrow General Hospital, said she had been relegated to a beggar who rode in bakkies.

"It never crossed my mind that I would ever drive in the back of a bakkie like a bag of cement," she said.

"But perhaps one should expect these kind of things to happen, especially when the tendency is for people to impose their struggle on others."

As I turned into Potchefstroom road I saw the pitiful sight of tired middle-aged men and women wearily hoping for lifts.

They looked expectantly at the battered Ford I was driving and did not have to make any gestures.

I pulled over and they scrambled into the car. "Gentlemen, allow me to take the women," I said and three more scrambled in.

As I drove away I jokingly said I would be expecting R5 from each passenger. In the rear-view mirror I saw the sudden anguish on the face of one who looked thirty-something.

"I am sorry, boetie," she blurted out in a tone of anger, "I do not have that kind of money. This morning I was nearly killed when they stoned our bus. And in the stampede I lost my purse and my bag."

I could see her face clearly in my mirror, and I saw that her temper was rising. She seemed to be suffering a delayed reaction of what she had been through. Tears welled up in her eyes.

There was a strained atmosphere in the car, and even Bob "The Jammer" Mabena's *Joy Ride* was no consolation.

As I changed gears I sensed that the women were not willing to pay for the pain that us men had caused them.

I privately rebuked myself for using the fare issue to break the ice and strike up a conversation with the women.

As I was approached the bend near Diepkloof Hostel I realised that the traffic cops who often set a speed trap were nowhere to be seen.

I saw the brown hippo parked next to the entrance of Baragwanath hospital where more black women lined the streets, looking expectantly at passing motorists.

The nurse said she would get off at Orlando garage and walk the rest of the way home. "Thank you, bra," she said when I dropped her off. "I hope you men realise what you make us go through when you engage in the struggle". Her comment was echoed in the accusing stares of the women who were going deeper into Soweto.

I went back onto the road and was confronted by throngs of women – most without umbrellas under the scorching African sun – looking expectantly at me.

I felt awkward that I was a man who could not alleviate their plight.

I stopped near the Moroka Police Station and saw a dozen police cars parked there. I thought that if policeman really were friends they could perhaps have used the cars to help the women out. The women scrambled out and said they would carry on walking.

"If we are lucky perhaps we shall get more lifts," said a woman with a babe on her back. "All the same thank you. We do not know what we have done to deserve this." She closed the door and I watched as they crossed the road to continue their journey into the heart of Soweto.

As I watched the women disappear I wondered if men had ever given a thought to the trouble that the taxi chaos had caused their womenfolk.

KEEP ON TRUCKIN' ... Johannesburg commuters this week found an alternative means of getting to town during the wildcat taxi drivers' strike – even if it meant a wet and risky journey.

■ Pic: TLADI KHUELE

CIPress 7/2/93

Jo'burg taxi uncertainty continues

(332)

By MOSES MAMAILA

THOUSANDS of Soweto commuters could find themselves stranded tomorrow as a result of the uncertainty surrounding the taxi strike.

While Sabta – comprising mainly of taxi owners – officially called off the strike on Friday, some taxi drivers yesterday vowed to "continue with our struggle against traffic officials"

Yesterday's uncertainty was triggered by the decision taken by the regional structures of Sabta, region 15 and region 11, which called upon taximen to resume operating on Friday.

Taxi drivers said the meeting which resolved to resume operations was not representative as their union, the SA Taxi Drivers' Union (Satdu) which co-ordinated the strike, was not invited.

"If there was to be any arangement that could be honoured by the drivers, it should be the drivers themselves who map out such a deal," a driver said.

Confusion reigned in Soweto yesterday as Sabta's call to suspend the "keys down" action was only heeded by some taxi drivers – while others forcefully removed commuters from taxis in open defiance.

Dozens of commuters on the old Pochefstroom Road and other parts of Soweto were left stranded when a group of taxi drivers in vehicles stopped mini-

■ To Page 2

P.T.O

Black driver locked up while 'white is told to sober up'

By MONWABISI NOMADOLO

C Press 7/2/98

A WOMAN had to spend three nights and days in succession in a vehicle recently while her driver was imprisoned at a Nylstroom police station because his rear brake lights were not functioning. (332)

However, it is alleged that a drunk white man who was caught in a roadblock by the same traffic cops was not prosecuted. Instead his keys were handed to a policeman who was told to return it to him when he was sober enough to continue his journey.

Far northern Transvaal police spokesman Capt WF Voigt confirmed the driver was detained from January 27 to 30. However, he denied knowledge of the alleged drunk white driver, adding that police were making enquiries.

Ezrom Mapetla, 35, of Delmore on the East Rand, said he was fined R300 or 30 days' imprisonment after the switch of his rear lights broke while travelling from Pietersburg to Johannesburg.

"I did not have money to pay the R300 fine," Mapetla said, adding he had given a lift to a woman who was on her way to visit her husband on the Reef.

"The (rural) woman was penniless herself and there was nothing she could do except to wait for me.

"She spent three nights sleeping in the van next to the police station while we were waiting for money to be posted by a friend of mine in Delmore," he said.

After he was arrested, Mapetla said he was taken to the local police station. "While I was there, the same traffic cop who arrested me came to the charge office.

"He handed keys to the policeman on duty and told him they belonged to a (white) man who was drunk.

"He instructed him to give the man the keys when he sobered up because he was a lawyer who could cause trouble for them," Mapetla alleged.

Star 8/2/93

Six killed in minibus violence

Six people were killed and several others injured in weekend taxi violence.

— A 17-year-old passenger, Kalo Nkabinde (17), was killed when unidentified gunmen opened fire on a minibus taxi with pistols and AK-47 rifles on the corner of Corlett Drive and Louis Botha Avenue in Bramley, Johannesburg last night, police said.

Police spokesman Warrant-Officer Andy Pieke said the gunmen drove a grey Ford bakkie.

He said it appeared that the attack on the taxi, which was driven by an Alexandra Taxi Association (ATA) member, was in response to earlier attacks on Alexandra/Randburg/Midrand/Sandton Taxi Association (Armsta) members; the two associations have been at war in the townships.

He said an Armsta driver was killed and a passenger was seriously injured on Friday night when snipers fired at his taxi on the Old Pretoria Road.

Earlier yesterday, men armed with AK-47s attacked the Armsta offices in Wynberg, killing a driver and a passenger, said Pieke.

● A 19-year-old man was seriously injured in a dispute with a taxi driver on the De Deur-Vereeniging road last night.

SAP spokesman Major Piet van Deventer said Desmond Budcher, his son Cecil (19) and a friend, George Nel (26), were forced off the road by a taxi which overtook them recklessly.

Budcher, sen, stopped the taxi further up the road and a confrontation ensued.

Fired

Shots were fired and Budcher, jun, was hit in the head. He underwent emergency surgery last night and a bullet was removed from his head.

● Three western Transvaal taxi drivers who ignored a call last week to suspend their services were attacked by mobs at the weekend.

In one of the incidents, western Transvaal police spokesman Captain Ronnie Palmer said 200 people attacked a taxi at the mine's Shaft 2 at about 11.30 am.

The driver was hauled out of the taxi and told that people did not want taxis running near the mines. He was robbed of a pistol and R100.

Another taxi stopped and its driver fired at the crowd. The first driver recovered his firearm and also opened fire.

One person was killed and three others were injured.

Palmer said murder and attempted murder charges were being investigated.

At about 1 pm, at the same shaft, about 300 people attacked another driver, Peter Matebana, and set his taxi alight.

At 9 pm, a crowd attacked another taxi.

Palmer said the crowd set another car alight with two people inside. Elaja Roljo and David Ncgwena were in a serious but stable condition at the Rand Mutual Hospital in Johannesburg yesterday.

● And in Natal, police reported two gun attacks on minibus taxis on Saturday. One passenger was killed. — Crime Reporter, Sapa.

ARG 8/2/93

Fake taxi permits bedevil crisis talks

The Argus Correspondent

JOHANNESBURG. — Today's crucial meeting to resolve the bitter Johannesburg taxi dispute will face an added burden after claims that corrupt transport officials are selling fake permits to taxi owners.

A Sunday newspaper reported that the false permits, issued by a network of corrupt officials of the Local Road Transportation Board in Johannesburg, fuelled taxi violence as taxi drivers jostled for space at overcrowded taxi ranks.

Piroshaw Camay of the National Peace Secretariat confirmed yesterday that the allegations would be one of the items on the agenda for today's meeting, to be held at the Johannesburg Traffic Department office in the city centre.

He said the meeting, to work out long-term peace in the crisis-riddled minibus taxi industry, will be first to bring together drivers, traffic police, the SAP, law officers, taxi owners, the Peace Committee, the municipality, unions and political parties.

The meeting follows a range of discussions between various parties last week after angry taxi men had brought Johannesburg and its surrounding townships to a standstill to focus attention on their grievances.

The South African Taxi Drivers' Union (Satdu) on Saturday proposed a four-point plan to resolve the crisis.

Satdu hoped the plan would lead to a "mature and meaningful" relationship among all parties concerned, Satdu spokesman Norman Prince said in a statement to Sapa.

The union proposed that it and the Johannesburg City Council should demarcate specific loading zones or stopping bays in the city centre for use by taxis.

It was hoped that until this was done traffic officials would refrain from issuing tickets to drivers for randomly picking up commuters.

In respect of drivers, Satdu proposed that a forum of drivers, the city council and taxi owners' associations be established to devise an educational programme to guarantee the safety of commuters and road-users.

With regard to taxi owners, Satdu would formalise its labour relations so drivers' rights were protected. All taxi owners would be required to ensure taxis were roadworthy and that their ownership was valid, Mr Prince said.

Satdu was devising a code of conduct to ensure its drivers abided by all traffic rules and regulations.

The union called for the establishment of an ombudsman to protect the interests of the public.

Commenting on claims that corrupt officials sold dummy permits to unsuspecting taxi drivers for as much as R2 000, Paul Asherson, the Johannesburg City Council's transport chairman, yesterday blamed the "reckless granting of licences" on the Local Road Transportation Board.

He said the board should have tried to control the transport industry by not issuing more permits than for what space was available.

He said they had been warning the board for 18 months against issuing too many permits, but the warnings were ignored.

However, Councillor Cecil Long, who has served on the board since 1988, said the metropolitan section of the Johannesburg City Council had compounded the problem by issuing parking permits to drivers, which strengthened their case when they applied for taxi permits.

Explaining the procedure for applying for a taxi permit, he said the board was not entirely to blame as all affected parties had a say.

Mr Long said when a taxi operator came to the board, he was asked questions and had to complete a form, supplying details such as the route proposed.

Mobs attack taxi 'strike-busters' — 1 dead, 5 hurt

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ARG 8/2/93

The Argus Correspondent

JOHANNESBURG. — Three Western Transvaal taxi drivers who ignored a call last week to suspend their services into Johannesburg until today, were attacked by angry mobs who ordered them to support the taxi strike, police said.

The attacks, at the Wonderkop Mines in Marikana, near Rustenberg, on Saturday left one person dead and five injured. A minibus taxi and a car were gutted.

And in Natal, police reported two gun attacks on minibus taxis on Saturday. One passenger was killed and about six were slightly injured.

Western Transvaal police spokesman Captain Ronnie Palmer said 200 people attacked a taxi at the mine's Shaft 2 about 11.30am.

The driver was allegedly hauled out of the taxi and told that people did not want taxis running near the mines. He was robbed of a pistol and R100.

While the passengers were being ordered out of the minibus, another taxi stopped and its driver fired two shots into the crowd.

● Sapa reports that a man was shot dead and another injured in an attack on a minibus at Bramley last night.

Council announces plan to upgrade taxi facilities

BIDAM 8/2/93. (332)

RAY HARTLEY

CITY Council officials announced plans at the weekend to upgrade and increase taxi facilities in the Johannesburg area as wrangling over the taxi protest continued.

Johannesburg metropolitan planning official John Clutten said "hundreds of millions of rands" would be spent on new public transport facilities in the next few years.

Most of the money would come from the private sector and the council would facilitate the developments.

The construction or upgrading of a major terminus could cost up to R300 000, while stopping zones for taxis along city arterials could cost about R35 000 each.

Clutten said new or upgraded facilities, which would be available to taxis by the end of the year if everything went according to plan, included:

- The completion of the Pat Mbatha public transport thoroughfare which would be a dedicated route for buses and minibuses from Soweto to the corner of Sauer and Bree Streets in the Newtownarea;
- Improved public transport terminuses at Faraday Station, Newtown and Noord Street; and
- Upgrading of the "holding areas" at Jack Mincer parking garage in the centre of the CBD and along Maritzburg Road.

Work on the Noord Street public transport terminus would cost about R300 000, he said.

A department official, who attended talks between taxi drivers and the council during the crisis last week, said areas of Reserve Road, Noord Street, Fraser Street, Loveday Street, Banket Street and Commissioner Street were being considered as stopping zones for taxis.

The official said proposals for the stopping zones had already been approved by shopkeepers, councillors and the city health department and were now being considered by the council's management committee.

The zones would be established "in two or three months if everything goes according to plan," he said.

The council had already established 51 taxi ranks in the city, the official said.

Clutten said private developers had shown much interest in partially financing the new facilities, although the process of attracting investors had not yet been completed.

A Metropolitan Planning statement released at the weekend said regular meetings concerning facilities had been held with key players in the taxi industry since 1986.

"The department is looking at the feasibility of creating a public transport grid in the CBD which will effectively separate private and public transport vehicles," it said.

A study was being conducted into ways of improving transport along Louis Botha Avenue, Jan Smuts Avenue and on the M1 from Booysens Road interchange to Crown interchange, and along Booysens Road.

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enhanced'

WILSON ZWANE

cational education and training equired to focus education and fforts on national manpower ch could support national eco- technology development plans. ress, however, that the ent policy should not only "deal cial incentives for vocational and training ... but it should nplemented by recognition sys- xceptional contributions".

and Verster say the few initiato promote skills formation and outstanding contributions are

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World labour body to field group in SA

DIRK HARTFORD

BIDAM 8/2/93

THE International Confederation of Free Trade Unions (ICFTU) will establish a permanent co-ordinating group in SA — in conjunction with Cosatu and Nactu — as a contribution to the international forces monitoring the violence.

And it plans to call for more international observers in pro-active roles in violence monitoring and peace-making in the country, it said.

The organisation's 27-person delegation (from 15 countries) left SA at the weekend with the feeling that SA was "on the eve of big events" — either the beginning of the end of apartheid or the beginning of a disaster, said ICFTU general secretary Enzo Frizo.

Frizo said it seemed there were people opposed to the democratisation process who were fomenting violence and he had no doubt "some of them are operating within state structures".

The ICFTU was not leaving SA to make judgments, but to use all the means at its disposal to help those working to overcome the violence, he said.

Frizo said he found ANC president Nelson Mandela "so serene, full of good sense, without demagoguery, trying to understand the fears of the white minority".

But he feared, he said, that the youth Mandela was able to control today might run out of patience and understanding.

Commuters hope for end to taxi confusion

BIDM 8/2/93.

RAY HARTLEY

TENSE taxi commuters will find out this morning whether a week-long minibus taxi boycott has been called off, following confusion among drivers over the weekend, with some resuming normal services.

The SA Taxi Drivers' Union said it would decide today, after a critical meeting with the Johannesburg city council, traffic department, police and ANC and Cosatu officials, whether to call off a week-long protest that had crippled city centre businesses.

But a breakaway section of the drivers, supported by the SA Black Taxi Association (Sabta), resumed operations at the weekend in defiance of the union decision on Thursday.

Council management committee transport chairman Paul Asherson estimated yesterday that the protest might have cost the taxi industry as much as R10m in lost revenues in the Johannesburg area.

Asherson called for a halt to the issuing of taxi permits after weekend revelations that Johannesburg Road Transportation Board officials were suspended following a corruption probe into the issuing of permits. He said the unrestrained issuing of permits had forced the taxi industry to grow and prompted much of the conflict in the industry.

(332)

Taxi industry representatives and municipal officials needed to be represented on the board to shape taxi policy in the area.

Asherson said he was concerned about a section of the taxi drivers who were "singing off their own songsheet" and were not represented formally by existing taxi bodies, because it was difficult to communicate with them.

Taxis appeared to be operating normally in the Johannesburg area at the weekend, although police reported that a taxi driver was ordered by gunmen to return to Eldorado Park on Saturday morning.

□ To Page 2

Taxi

BIDM 8/2/93 (332)

□ From Page 1

The breakaway drivers reportedly decided at a meeting with owners at the weekend to begin ferrying commuters again, because demands for the release of impounded vehicles and those arrested in last week's protest had been met.

At the weekend the union proposed a four-point plan to resolve the crisis, Sapa reports.

It suggested the council impose a moratorium on fines issued to taxi drivers for picking up commuters randomly until the council demarcated minibus stopping bays in the city centre.

The plan also proposed a joint taxi driver, city council and taxi owner association forum which would draw up an educational programme to improve commuter safety and a code of conduct for taxi drivers. An ombudsman to protect the interests of the general public was also proposed.

Today's meeting is also expected to look into demands for an end to police interference in disputes between taxi drivers and authorities and "harrassment" by traffic and police officers.

Officials from parties to the talks spent Friday in caucus meetings to prepare the way for a major breakthrough today, ANC PWV spokesman Ronnie Mamoepa said.

Cosatu official Sam Shilowa has said once the immediate issues related to the protest have been solved, the union will look into establishing some form of collective bargaining with taxi owners.

On Saturday the PAC called on all people involved in the Johannesburg taxi crisis "not to aggravate tensions among the oppressed".

PAC spokesman Mark Shinners said those involved in the crisis should explore all avenues of communication to achieve their objectives.

The fall-out from the taxi strike

Sowetan 8/2/93

(332)

By Joe Mdhlela
Consumer Reporter

■ **TAXI CRISES** *Deregulation and disgruntled passengers may hurt industry:*

THE ECONOMIC IMPLICATIONS of the taxi crisis are varied and, to a very large extent, frightening.

Besides the loss of business to the taxi industry, the one serious side-effect the fall-out will have is that it will "set brother against brother".

The chaos resulting from the action by taxi operators to deny workers transport to and from work has increased mistrust between the taxi industry and commuters.

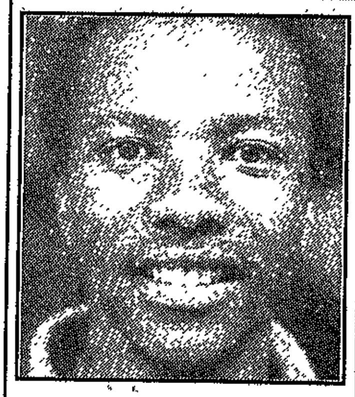
If this trend is not arrested, the industry will suffer immeasurable damage both in its ability to trade profitably and in its relationship with the market, the commuters who keep the industry afloat.

Already disgruntled commuters have threatened to go back to the trains.

Mr Philemon Sithole of Naledi works at Highgate. He said most commuters stopped using trains "because of violence".

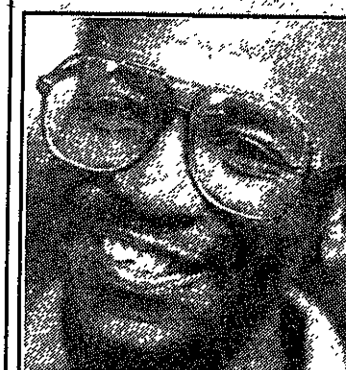
"With all these disruptions by taxi drivers, I am no longer prepared to go back to taxis," said Sithole.

Packet of quotes



"With all these disruptions by taxi drivers, I am no longer prepared to go back to taxis"

Philemon Sithole



"We swallow all this abuse without saying anything in return because we fear for our safety"

Stanley Kube

Mode of transport

"Trains have always been a reliable mode of transport. The only problem with the trains was the violence. We trust that security will be tight so that commuters can feel safe on the trains."

His sentiments were shared by his colleagues, Mr Stanley Kube and Mr Nelson Qakwane.

They said a third class monthly train ticket costs R29 compared to R162 for taxi fare a month.

The taxi industry needs to take these comments seriously. The fact that they are being articulated is indicative of the problems the industry faces.

Kube also expressed concern about the behaviour of drivers towards the passengers.

He claimed that they are, with few exceptions, downright rude. It was common for a driver to hurl abuse at his passengers, even threaten them with physical violence.

"That happens all the time and we swallow all this abuse without saying anything in return because we fear for our safety," said Kube.

This point seems to highlight the failure by the industry to recognise that the customer needs to be treated with the utmost courtesy.

It becomes natural that the power relations between traffic officers and taxi operators are strained because of one faction wanting to exert authority over the other.

The traffic officers have the power to issue tickets. To balance this equation, the taxi operators show their teeth by resorting to "mass action". They do so at the expense of commuters.

Today it as easy as saying ABC to obtain a permit to operate a taxi.

But it is this very principle of deregulation that is causing tension in the industry.

Taxi operators should recognise they have a shrinking market. They should realise that the market will not necessarily be loyal to the industry if it is abused.

The taxi industry is dealing with a sensitive and highly politicised market. Sure, commuters are aware that taxi operators have genuine grievances which should be addressed.

Blacks empathise with those engaged in a struggle against injustice and corruption. They have supported liberation and trade union movements in their struggle for justice.

They are prepared to give meaning to the slogan "an injury to one, is an injury to all".

But the industry cannot ride roughshod over commuters and yet expect their co-operation.

Already thousands of commuters are going to lose part of their wages because of this indiscretion.

Public relations manager of the South African Black Taxi Association Mr Lindile Lavisa recognises the danger inherent in the crisis.

Opinion makers

Lavisa said Sabta was hoping to have discussions with opinion makers in the black community, including trade unions, liberation movements and civic associations.

He said Sabta was fully aware that commuters had been antagonised by the behaviour of taxi drivers but the organisation would interact in order to resolve the issue.

Crucial meeting on taxi crisis

(332)

Sowetan 8/2/93

■ **Peak hour transport - but taxi service will be suspended later:**

By Lulama Luti

A MEETING between the Johannesburg Traffic Department and taximen this morning will finally decide whether taxis will operate later today.

Taxi drivers and operators said yesterday that while they would ferry commuters to work this morning, the service would stop at 10am and its resumption would depend on the outcome of the meeting.

Following a week of protest which saw police engaged in running battles with taximen in the city centre last week, the operators vowed they would not hesitate to blockade the city again if their demands were not met.

Unconfirmed reports said the taxi delegation would also meet Transvaal Attorney-General Klaus von Lieres und Wilkau to discuss the dropping of charges against taxi operators and the return of confiscated vehicles.

All taximen, including senior taxi officials at the giant Baragwanath taxi rank, declined to be quoted and said they feared endangering their lives.

Chief among the demands of the embittered taxi drivers are the scrapping of all existing traffic fines, that traffic officers stop spot checks during peak hours and the building of more ranking facilities in the city centre.

Today's meeting will be attended by representatives from several trade unions, political organisations, the South African Taxi Drivers' Union, Sabta and the Johannesburg Traffic Department.

The Bara taxi rank was a hive of activity when the *Sowetan* visited it yesterday.

Talks today may end taxi crisis

~~219~~ 332

Own Correspondent

CT 8/2/93

JOHANNESBURG. — Tense taxi commuters will only find out this morning whether or not a week-long minibus boycott had been called off, following confusion among drivers over the weekend as some resumed normal services.

The SA Taxi Drivers' Union said it would decide today, after a critical meeting with the Johannesburg city council, traffic department, police, and ANC and Cosatu officials, whether or not to call off the protest that has crippled city centre businesses.

But a breakaway section of the drivers, supported by the SA Black Taxi Association (Sabta), resumed operations at the weekend in defiance of the union decision made on Thursday.

Council management committee transport chairman Mr Paul Asherson yesterday estimated that the protest may have cost the taxi industry as much as R10 million in lost revenues in the Johannesburg area.

Mr Asherson called for a halt to the issuing of taxi permits following weekend revelations that Johannesburg Road Transportation Board officials had been suspended following a corruption probe into the issuing of the permits.

The union at the weekend proposed a joint taxi driver, owner and city council association forum.

It also proposed an ombudsman to protect the interests of the general public.

Star 9/2/93

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Attack mars taxi settlement

By Bronwyn Wilkinson

Johannesburg's taxi revolt, which erupted into three days of violence and virtually crippled the city by leaving thousands of commuters stranded last week, is over.

But the breakthrough was marred by an attack on the Soweto offices of the SA Black Taxi Association (Sabta) yesterday, in which two Sabta officials were seriously injured.

Taxi drivers agreed to go back to work immediately after meeting with traffic officials and political organisations yesterday.

A permanent multiparty forum was established for drivers, taxi owners, local authorities and other parties to discuss all matters affecting traffic and taxi issues.

All the parties agreed to settle their differences and agreed that the maintainence of traffic law and order and consultation, were of paramount importance.

Piroshaw Camay, chairman of the Johannesburg Local Dispute Resolution Committee (LDRC), who chaired yesterday's meeting, said a preliminary meeting would be held next Wednesday to decide on the paramaters of the forum.

The main forum would be convened by the LDRC and another smaller forum would also be established to represent taxi drivers and owners.

Spokesmen for Cosatu and the ANC's PWV region said they were relieved that the taxi crisis had been resolved amicably.

Johannesburg Traffic Department spokesman John van der Westhuizen said the department had decided not to issue a statement after the meeting, but Traffic Chief Mike Davis was reported as saying he was pleased with the outcome.

Davis said the Traffic Department had realised it had to communicate with the drivers and taxi industry, which it now realised was a major force.

An agreement of intent was signed by — among others — the South African Taxi Drivers' Union (Sadtu), Sabta, other taxi unions, Cosatu, the ANC, SAP, SACP, Azapo, PAC, IFP and traffic officials.

But violence continued to plague the taxi industry when two Sabta officials were seriously injured in a gun attack on Sabta's offices in Merafe, Soweto, yesterday.

Sabta Soweto chairman Raymond Nchunu and Sabta's Soweto secretary, Alfred Madlala, were admitted to the Baragwanath Hospital.

Although Sabta took part in the talks to defuse the crisis, it distanced itself from the taxi drivers' strike and street blockades last week.

Police said yesterday a passenger was beaten to death during a fight inside a taxi in Parkview, Johannesburg, on Saturday. Police said George Masalesa of Parkview died in the Johannesburg Hospital after being beaten by another passenger in the minibus.

On Sunday night a 17-year-old passenger was killed when gunmen opened fire on a minibus in Corlett Drive, Bramley.

Attacks on minibuses on the Reef, western Transvaal and Natal at the weekend claimed at least four lives. Police believe the attacks were all related to the taxi dispute.

Paul Asherson, chairman of the Johannesburg City Council's transportation and utilities committee, said there had been little acrimony during the talks yesterday.

Commenting on allegations that the Local Road Transportation Board had compounded the taxi crisis by issuing illegal taxi permits, Asherson said the board had nothing to do with the city council, but was part of the Department of Transport in Pretoria.

The Department of Transport was not available for comment last night.

Other matters that were finalised in yesterday's agreement included:

- Traffic officers will help with the on and off-loading of passengers from taxis during peak hours in areas where no facilities exist.
- Traffic officers will not stop taxis during peak hours for documentation checks.
- Minibus taxis will be allowed to use the Booysens bus lane between Soweto and Johannesburg.
- The City Council will not tolerate victimisation of drivers or racist behaviour on the part of traffic officers.
- Traffic officials will stop only one minibus at a time.
- The council will investigate every avenue to improve communication with the industry.
- A 24-hour hotline has been opened where complaints and any incidents can be reported. The number is (011) 490-1530.

Top-level talks seek end to crisis

Star 8/2/93

Taximen's four-point peace plan

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Staff Reporters

The week-long Reef taxi dispute comes to a head today when representatives of the city council, Cosatu, police, the ANC and the minibus taxi industry meet to thrash out a solution.

Piroshaw Camay of the National Peace Secretariat said the agenda would include weekend reports that corrupt Local Road Transportation Board officials selling fake permits to taxi owners have swelled the number of vehicles fighting for space at overcrowded city taxi ranks.

The meeting at the city's traffic department offices, follows a range of discussions between various parties last week after angry taximen had brought Johannesburg and some surrounding townships to a virtual standstill to focus attention on their grievances.

Early this morning it was still unclear whether taxi drivers would resume full services today, but some drivers from breakaway organisations took to the roads at the weekend despite a decision on Thursday to continue the strike until after today's meeting.

The South African Taxi Drivers' Union (Satdu) has approached the crisis by proposing a four-point plan aimed at leading to a "mature and meaningful" relationship among all parties concerned, Satdu spokesman Norman Prince said in a statement to Sapa.

The union proposed:

- The union and the city council demarcate specific loading zones or stopping bays in the city centre.

Education

It was hoped that, until this was done, traffic officials would refrain from ticketing drivers for randomly picking up commuters.

- A forum of drivers, the city council and taxi owners' associations be established to devise an educational programme to guarantee the safety of commuters and road users.
- Regarding taxi owners, Satdu said it would formalise its labour relations so that the rights of drivers were protected.
- All taxi owners would be required to ensure taxis were roadworthy and that their ownership was valid.

Ahead of today's top-level meeting, the council has detailed ongoing multimillion-rand plans to improve taxi facilities in the central business district.

The Metropolitan Planning Department said private sector funds would be poured into schemes organised by the council to upgrade taxi amenities.

The improved facilities included new stopping zones which could be in place within months in Reserve Road, Noord, Fraser, Loveday, Banket and Commissioner streets.

Also in the pipeline is the completion of the Pat Mbatha public transport thoroughfare restricted to buses and taxis from Soweto to the corner of Bree and Sauer streets.

Councillor Cecil Long, who has served on the Road Transportation Board since 1988, said six employees had been suspended in connection with the fake permits scam, and the matter had been referred to the police.

Unitrans shifts up a gear

STAR 9/2/93 (1332)

Transport group Unitrans posted a 8,6 percent gain in attributable profit to R16,6 million for the six months ended December 1992 and expects second half results to at least match these levels.

An interim dividend of 10,5c a share was declared compared with the same period last year of 10c a share while earnings a share increased from 34,5 cents to 36,4 cents a share.

Unitrans said operating profit of R23,5 million showed a 10,6 percent improvement largely as a result of more effective cost controls and better utilisation of assets.

Although turnover increased by 3,8 percent to R176,9 million, it had been constrained by the recession and the drought which had a significant effect on sugar cane transport operations.

Unitrans said it had also reduced its cash resources from R56,4 million to R16 million due to capital expenditure on new vehicles, for replacement and new growth potential.— Sapa.

Taxi protest called off as drivers strike deal

RAY HARTLEY

JOHANNESBURG's week-long taxi protest was called off after drivers hammered out an agreement with taxi owners, the city council and police yesterday.

Representatives agreed that the SA Taxi Drivers' Union, Sabta, the SA Long Distance Taxi Association, the Independent Taxi Association, the council and police would meet in a joint forum to look into problems involving infrastructure, policing, parking and facilities.

Council management committee transport chairman Paul Asherson said the forum would meet for the first time tomorrow to discuss ways to deal with the issues that prompted the protest — which was estimated to have cost the city R10m.

He said it was agreed that:

- Taxis would be allowed to use the Booysens bus lane, which was a main arterial route for traffic from Soweto to the CBD;
- Traffic officers would no longer be allowed to stop more than one taxi at a time;
- Traffic officers would "desist from document checks during peak hours";
- A 24-hour hotline would be established to deal with taxi drivers' grievances;
- The traffic department would help with the loading and offloading of passengers on Bree and President streets where no stopping facilities for taxis existed; and
- Language training for traffic officers would be looked into.

He said the council restated its policy that "racist behaviour" (by traffic officials) would not be tolerated.

Sapa reports that two Sabta officials — local chairman Raymond Nchunu and secretary Alfred Madlala — were seriously wounded in an attack on the organisation's Merafe, Soweto, office yesterday afternoon. Police spokesman Col Tienie Halgryn said police believed the attack was connected to the protests.

● See Page 9

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8/10/93

Taxis back on road as dispute ends

Sowetan 9/2/93

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By Lulama Luti

THE TAXI DISPUTE that almost brought Johannesburg to a standstill last week is over — and taxi operations will continue running normally.

In a deal clinched after a lengthy meeting between representatives of the taxi drivers and the Johannesburg Traffic Department yesterday, the traffic department gave in to most of the taximen's demands.

It also undertook to look into the other demands through a proposed forum to be established with the help of the Johannesburg Dispute Resolution Committee.

In a statement released shortly after the meeting, attended among others by the trade union movement and major political organisations, the Johannesburg Traffic Department declared:

- Taxis would not be stopped during peak hours;
- One officer would stop one vehicle at a time only;
- The Booysens bus lane would accommodate taxis; and
- Racist behaviour would not be tolerated.

The traffic department also undertook to ensure that taxi drivers were not victimised.

A hot-line number, manned on a 24-hour basis, would be established where complaints would be reported.

The statement said taximen had agreed to return to work immediately and that traffic officers would help facilitate loading and off-loading during peak hours.

Johannesburg's LDRC member, Mr Phiroshaw Camay, said the issue of the scrapping of all traffic fines as demanded by the taxi drivers was not discussed.

He said according to their information all drivers arrested on Monday and Tuesday last week had been released.

heir colleagues ● Court told of superstition

Taxi operations on hold until Monday

Sowetan 5/2/93

(332)

By Lulama Luti

■ TAXI DISPUTE Reef townships to be affected by suspension of taxi operations:

ALL TAXI OPERATIONS ON THE Reef have been suspended until Monday pending the outcome of talks between the parties involved in the taxi dispute.

Areas affected include Soweto, Alexandra, Western, Eldorado Park the East Rand and West Rand.

Taximen decided at a meeting at the Central Methodist Church in Smal Street, Johannesburg, yesterday not to resume their operations.

The decision was taken after they had held fruitless talks with the Johannesburg Traffic Department.

Yesterday's meeting followed several incidents this week in which minibus taxis blockaded streets in the Johannesburg city centre. The taximen were protesting against alleged harassment by Johannesburg traffic officers.

The meeting took place under heavy police presence. No incidents were reported.

ANC representative Mr Obed Bapela said talks with the traffic department would resume on Monday.

He said they had also secured another meeting with Transvaal Attorney-General Klaus von Lieres und Wilkau.

A report-back meeting would be held later on Monday.

Yesterday angry taximen staged several walkouts from the meeting, demanding the unconditional release of all impounded vehicles and their arrested colleagues.

Bapela said as far as he knew, all 43 people who were arrested since Monday had been released either on R300 bail or on warning. He said of the 209 minibuses which were impounded, 85 were released after an unknown benefactor had paid the fines.

Another 66 were reclaimed after their owners had paid R300 fines. Fifty-eight were still being held because the engine numbers had been tampered with.

Former editor Heard sues FM

Sowetan 5/2/93

■ Article represented a bad reflection on his integrity:

A R2,5 million defamation action brought by former *Cape Times* editor Mr Tony Heard against Mr Nigel Bruce, editor of the *Financial Mail*, has started in the Cape Town Supreme Court.

Heard brought the action against Bruce and Times Media Limited after he took offence to a leading article published in the *Financial Mail* on January 17 last year.

In his particulars of ~~claim~~, Heard said he was sacked without adequate, or any, reason being given. In the January 17 edition, a leading article under the title *Press Freedom: Keeping the Public Interest*, said: "It takes someone whose somnambulant editorship of the *Cape Times* rivalled Rip van Winkle's nap to wake up with the flawed notion democratic elections are impossible here unless existing press ownership is fractured." Heard said the statements represented a bad reflection on his integrity.

Taxi drivers at a taxi blockade in Wanderers Street, Johannesburg, last week during the protest launched to bring their grievances to the attention of the authorities. They succeeded in bringing Johannesburg and some surrounding townships to a virtual standstill as traffic was disrupted and commuters stranded.
Picture: SUE KRAMER

Guilty, but what can I do, says taxi man

Story 9/2/93. (332)

RAY HARTLEY

SIMON is a taxi driver on the Riverlea-Diagonal Street route. He admits to speeding, overloading and stopping in front of motorists on busy roads. But he says this is because taxi drivers are not catered for in the city.

He drives a 15-seater taxi between Riverlea, just off Main Reef Road, and Diagonal Street in Johannesburg's business district for a wage of R250 a week.

On a typical day, Simon makes eight two-way journeys between Johannesburg and Riverlea, moving about 150 people (the taxi isn't always full).

Simon's first load leaves Riverlea at 6.30am. The taxi is usually packed to capacity with city workers on its journey to town. "I sometimes overload when its raining or cold. That's not me, that's the passengers insisting they must get in".

He says traffic police are particularly strict on overloading of taxis.

On the journey back to Riverlea during the morning rush hour, his taxi is usually empty. During the rush hour, Simon uses Rissik Street as a stopping point for his passengers. Although Rissik Street is one of Johannesburg's busiest streets for motorists during rush hour, he says he has to stop in the left lane to offload passengers.

"If you don't drop them in the middle of town, they'll just use another taxi. What can I do?"

About 8.30am, Simon parks his taxi at the Diagonal Street rank and waits for a load. Since there is only space for six taxis at the rank and there are "about 30, maybe more" taxis doing the route, he often has to park at a parking meter. If the metered parking is full, he says, he has to double park and hope he is not fined.

Many taxi drivers are fined for parking offences because of inadequate ranking facilities, he says.

Simon takes about two loads of passengers to and from Riverlea during the day. Asked if this could mean there are just too many taxis, he replies: "Too many in the day, but too few at the rush hour."

At 4pm the afternoon rush begins and Simon takes another three loads to and from the suburb by 6.30 or so.

Other drivers don't seem to mind taxis, although taxi drivers say they can spot "uptight whities" who are in a hurry and taxis generally try to stay out of their way.

Simon says he is happy with his owner, who pays a relatively good R250 a week. But he points out that he pays about R1 0[illegible] a year in fines — the equivalent of a months salary — out of his wages.

"I've got a friend who paid R1 700 in fines last year," he adds. Tickets are a major grievance of the drivers, he says. Typical fines include R100 for double parking, R80 for blocking an entrance, and R30 for expired meters.

His taxi makes R160 to R200 a day — "after filling up with R40 petrol a day" — for the owner.

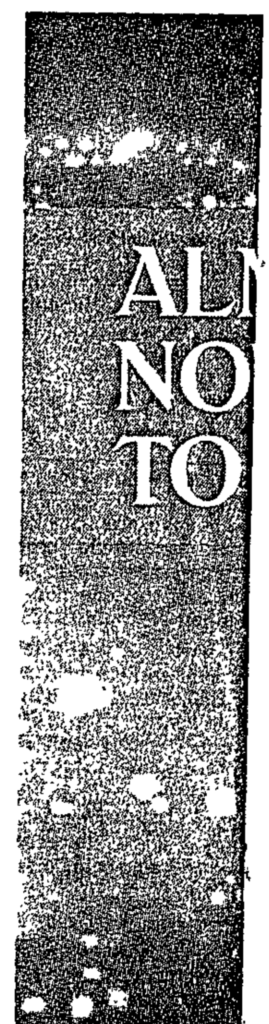
Simon drives at different speeds, depending on "where I'm driving and when I'm driving". Between Diagonal Street and Main Reef road, he averages about 70km/h. Between Main Reef road and Riverlea, he says, he does 100km/h.

Sometimes he goes faster. "I must make my three trips; the owner doesn't want to hear about parking meters and speeding tickets," he says.

Simon's support for the taxi driver protest springs from his belief that "taxis contribute to city business, but we've never been accommodated. The only way they have accommodated us is by ticketing us."

He says "new (traffic) officers" seem to be better mannered and more courteous to drivers, but still fine them for petty offences because of the system.

"We grew up with no rights and we suddenly realise that the minute we start opening our mouths, they bring in the guns," he says.



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Guilty, but what can I do, says taxi man

Story 9/2/93. 332

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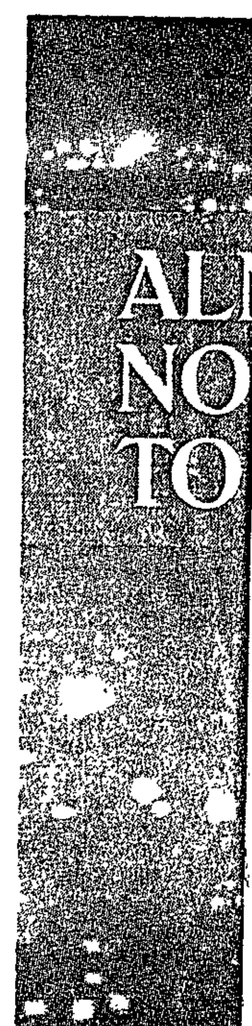

Sabta officials attacked

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JOHANNESBURG. — Two South African Black Taxi Association (Sabta) officials were seriously wounded in an attack on the organisation's Soweto office yesterday afternoon.

Local chairman Mr Raymond Nchunu and secretary Mr Alfred Madlala were in a serious condition in Baragwanath Hospital.

The attack came as concerned parties met yesterday in an attempt to defuse the taxi crisis on the Reef.

In an agreement reached at the talks, traffic officials in Johannesburg will in future assist taxi drivers in loading and off-loading passengers where no facilities exist and will not stop minibus taxis during peak hours for documentation checks.

CT 9/2/93

● The Johannesburg City Council was not involved in the alleged indiscriminate and illegal issuing of taxi permits, councillor Mr Paul Asherson said yesterday. — Sapa

DP blames Govt

THE Government must act immediately to clean up bribery and corruption in road transportation boards which issued taxi permits, Democratic Party spokesman on transport Mr Wessel Nel said yesterday.

"The appalling shortcomings of Government are an important contribution to the taxi violence and it must accept its share of the blame."

Assistance from the private sector already under way, writes **Paul Browning**

Star 10/2/93

Curing the sick taxi industry

(332)

ONE of the points made regularly by taxi drivers during their protest action last week was that they were no longer making enough money. To achieve the amounts demanded by the taxi owners, the drivers had to risk breaking the law. When they did so, they were ticketed by traffic officers, and the fines made their financial position even worse.

It has been clear for some years that this economic factor lies at the heart of the problems being experienced by the taxi industry. The industry is overtraded — there are too many taxis chasing a commuter population which, because of the recession, is itself shrinking.

Free marketeers might argue that this will lead to a market correction. The number of taxis will adjust to meet the demand. This may well be so, but the process will create a fertile field for instability and violence.

A better alternative would be for the taxi owners to develop new sources of income. This could be done in two ways: getting more money from existing commuter operations, and developing new business for their vehicles.

Taxi operators have made the reasonable demand that if commuters by bus and train are subsidised, those who chose to use the taxi should also receive public support. Minister of Transport Dr Piet Welgemoed has accepted the validity of this argument.

Market research has shown that there are many new sources of business which the taxi could tap. The combi-taxi is a remarkably flexible vehicle. As a passenger carrier it can convey up to 15 people. But without any modification it can also carry small parcels. And with the seats removed, it becomes a one-ton load carrier.

This flexibility gives it the ability to develop new markets in the fields of parcels, courier services, tourism, and many others. Much of this work can be undertaken outside the commuter peak.

The difficulty for the taxi operators is that the skills and organisation required are different from those which have enabled the industry to grow as an informal unscheduled commuter system.

This was recognised by the Goldstone Commission in a recent report on violence in the industry: "It became clear during the inquiry that a lack of business skills hampered operators in understanding the nature of competition and the economic forces involved. This may be a field in which the private sector, and particularly those industries which are automobile related (could) assist in providing training in business, marketing and entrepreneurial skills."

A major private-sector initiative has, in fact, been under way for the past two years, funded by Toyota, Mercedes-Benz and Atlantis Diesel Engines. It has the aim of developing practical methods by which the taxi industry can improve its professionalism, business skills and profitability through a process of capacity-building at local association level.

The development work has been carried out on behalf of the private sector companies by the Taxi Business Group, a consortium of consultants formed to assist the business development of the taxi industry.

The fundamental principle is that taxi operations must be undertaken through local level structures which incorporate the essential characteristics of a formal sector transport company.

Vehicles will continue to be owned by individuals, but will be operated as a co-operative by the association on behalf of its members. The association will be offered professional help in carrying out management tasks.

The co-operative structure will enable training to be provided in a cost-effective way to those who need specific skills and knowledge.

The Taxi Business Group intends to implement as quickly as possible a full-scale pilot application of the taxi co-operative. Discussions are taking place with a leading regional taxi association in the Johannesburg area.

The development work has been funded entirely by the automotive industry. Further support for the pilot project is accordingly being sought from the oil industry and finance houses, as well as from the transport industry itself.

However, the private sector cannot be expected to bear all the costs of implementation nationwide. The Taxi Business Group will look to the public sector to help the process of implementation.

● *The writer is executive consultant of the Taxi Business Group.* □

Taxi protests hit trade

(332) Sowetan 10/2/93

■ **Johannesburg chamber's executive appeals to members to treat employees sympathetically:**

By Joshua Raboroko

BUSINESS in the Johannesburg central business district lost hundreds of thousands of rands because of the taxi protest, which halved turnover in some cases.

The chief executive of the Johannesburg Chamber of Commerce, Mr Marius de Jager, yesterday appealed to employers to treat with "sympathy and understanding" employees who failed to arrive or arrived late at work during the protests.

An estimated 80 percent of Johannesburg's workforce was without transport while others walked long distances to the city. De Jager said while it was difficult to give exact figures, some members said turnover was "drastically reduced".

"In an already depressed economic situation, this has had a major negative effect on business," he said. "Even hawkers are suffering."

The chamber, which is part of the local dispute resolution committee set up in terms of the National Peace Accord, would contribute towards the resolution of the crisis.

The manager (he chose to remain anonymous) of leading supermarket in the city said 90 percent of his workforce failed to arrive at work while customers were not coming in. His normal turnover of R3 500 a day dropped considerably.

Meanwhile, taxi drivers have scored several concessions and agreed to return to work after a meeting with Johannesburg traffic officials and the city council.

A multiparty forum convened by the Johannesburg Local Dispute Resolution Committee to deal with matters affecting traffic and taxis in the city was scheduled to meet yesterday.

COMPANIES

Trencor share split wins approval

CAPE TOWN — The splitting of ordinary shares and 6% convertible debentures of Trencor and its pyramid Mobile Industries was approved by shareholders yesterday.

A Trencor spokesman said the 10-for-one split in ordinary shares and 6% convertible debentures would become effective from February 15. B|Day 10/2/93.

The listings on the JSE of the ordinary shares and convertible debentures would take place on Monday February 15.

The spokesman said each ordinary share, with a nominal value of 5c, would be sub-divided into 10 ordinary shares of 0,5c each. Consequently, Trencor will have more than 145-million ordinary shares of 0,5c each in issue and Mobile will have more than 283-million ordinary shares of 0,5c each in issue. (332)

The 2 862 680 Trencor convertible debentures of R91 each and the 5 672 620 Mobile convertible debentures of R22,50 each in issue are sub-divided respectively into 28 626 800 convertible debentures of R9,10 each and 56 726 200 convertible debentures of R2,25 each. — Sapa.

Lawyers for Human Rights director Brian Currin, right, and ANC PWV peace section head Robert McBride announcing at a media conference yesterday a para-legal training programme for 50 ANC violence monitors. Picture: BRIAN HENDLER

ANC plan to train unrest observers

RAY HARTLEY

B/DAY 10/2/93

THE ANC's PWV region has arranged to have 50 "paralegal" unrest observers trained in monitoring skills by Lawyers for Human Rights (LHR), in an effort to increase the chances of prosecuting perpetrators of violence in the region.

LHR director Brian Currin said the programme would counter the "top down" flow of authority in regional and national peace accord structures by "creating a culture of trust at grassroots level".

ANC PWV peace section co-ordinator Robert McBride said the training programme would increase the awareness among observers of the potential role their evidence could play in securing the conviction of perpetrators of violence.

Currin said the programme could also help to build trust between the police and communities that were often reluctant to give evidence to the authorities.

ANC PWV official Obed Bapela said the monitors would also be expected to "sift out bad elements in our organisation" in the course of their duties.

The programme would start on Saturday with a workshop on the causes and effects of violence, an LHR official said.

Taxi crisis 'a warning to local authorities'

B/DAY 10/2/93. (332)

THEO RAWANA and KELVIN BROWN

THE taxi crisis that cost Johannesburg retail business close to R30m should have warned SA's local authorities to heed recommendations from taxi associations, Sabta public affairs director Mike Ntlatleng said yesterday.

Sabta and other associations have been calling for an improvement in ranking facilities in cities and an end to harassment of taxi drivers by traffic officers.

The crisis, which involved blockades of main city streets by taxi drivers and clashes with security forces, had cost the CBD retail trade about R4m a day, a Johannesburg Chamber of Commerce and Industry source estimated last week.

The standoff ended on Monday when striking taxi drivers reached agreement with the Johannesburg City Council and the police.

Putco MD Jack Visser said the bus company had suffered at least R1,5m in damage to its vehicles during the blockade. Revenue losses were not great because buses were withdrawn only on the first day of the disruption. The Johannesburg Transport Department's Fanie van der Walt said the department had lost no more than R3 000 in revenue.

Sabta's Ntlatleng said the lesson for "our negotiating partners was that if they don't heed our signals, people will vote with their wheels". He said the forum, which comprised taximen, the council and the police, should be expanded to include the community.

The short term effect of the taxi violence on the hotel industry's foreign business was minimal, but there was concern about the long-term impact, hoteliers said yesterday.

Protea MD Arthur Gillis said last week's events had resulted in a number of cancellations and had affected day to day trade. But the damage was minimal because the violence had been relatively short lived.

The biggest problem was that it had increased foreign tourists' negative impression of SA as a result of overseas media exposure, he said.

"Whilst having the greatest sympathy for the drivers I urge them to excercise restraint in future because of the effect their actions could have on jobs," he said.

The violence had had a negative impact on bookings at the Holiday Inn Garden Court hotel in central Johannesburg, Southern Sun MD Ron Stringfellow said.

Stringfellow said he was worried about the long-term impact the violence would have on tourism, especially because it had occurred in the centre of SA's main city.

"When people overseas see that the violence has spread to the middle of what they perceive to be SA's capital they are bound to think twice about coming to SA," he said. Last year cancellations had been high throughout the group because of violence.

False papers will not prompt arrests

ADRIAN HADLAND

PRETORIA — The Pretoria City Council's traffic department yesterday said taxi drivers holding false or illegal documents would not be arrested unless they owned the vehicles they were driving.

This was decided at a meeting between the department and the SA Democratic Taxi Union in the wake of a taxi blockade of Pretoria's streets late in January.

At that time — while it made no specific threats — the union warned the council that it had two weeks to respond to its list of demands.

Pretoria chief traffic officer Jimmy Allison said taxi drivers with illegal documents would not be arrested, and traffic officers would not undertake random document inspections during peak hours.

Allison urged drivers to report irregular conduct by traffic officials to the department or police. A hotline was set up for drivers' complaints, as was a working committee to attend to matters concerning both parties.

Allison said suggestions for more loading points for taxis would be put to the council's management committee.

Sapa reported that further discussions would be held tomorrow.

hrough test

react immediately to incidents on closed circut television.

er said the new video system, consisted of 56 concealed video as on a 14-coach train and a oring booth, would cost 00 a train.

urther five trains would be ed with the video system, would then be evaluated thor- before a decision was made on er or not to install the system ... he said.

SA issues call on health

MICHAEL HARTNACK

HARARE — SA Health Department director-general Dr Coen Slabber yesterday urged southern African ... testing of imported drugs.

"If we can, let's get an ...

ECC opposes prosecutions

B/DAY 10/2/93.

STEPHANE BOTHMA

THE SADF had begun renewed prosecutions of con- ... who failed to report ...

Taxi crisis 'a warning to local authorities'

BIDay 10/2/93. 332

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and KELVIN BROWN

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Taxis back in business on the streets of Joburg

CT 10/2/93 (332)

JOHANNESBURG. — The reappearance of hundreds of taxis in the city centre yesterday marked the end of the week-long protest which had resulted in violent clashes between police and drivers.

At a marathon five-hour meeting with Johannesburg traffic officials and the city council on Monday, taxi drivers agreed to return to work after the council made certain concessions.

Buses also were operating as usual.

The South African Taxi Drivers' Union and the Pretoria City Council yesterday agreed on measures to help solve that city's taxi problems.

Among the points of agreement were:

- Drivers will not be arrested if the documents were false or illegal unless they owned the taxis.
- Drivers will report irregular conduct by traffic officials to the department or to the police. — Sapa

Trencor's Ray Hasson moves to W & A

332

Star 1/12/93

Finance Staff

Ray Hasson (61) joint managing director of Trencor, has been appointed joint executive chairman of W&A Investment Corporation.

This follows last week's announcement that Trencor is to invest R350 million in the W&A group and exercise joint control of W&A at board and executive levels.

Announcing the appointment, Trencor's executive chairman, Neil Jowell said Hasson's role at W&A would be full-time and his operational responsibilities at Trencor would be assumed by other executives.

City shelves taxi rank plan

CT 11/2/93 (332)

Municipal Reporter

TAXI chaos in Strand Street is likely to continue for at least another five months, after a council sub-committee decided yesterday to postpone spending a million rand on re-establishing the rank on the station deck.

Yet there are strong indications that councillors are prepared to drop an alternative plan to allocate space on the Grand Parade.

Utilities and works committee spokesman Mr Alan Dolby said yesterday the committee wanted a public-participation exercise conducted among taxi operators "at the grassroots level".

The views of the taxi industry have already been canvassed at taxi association level. Spokesmen for all the taxi associations have agreed to move to the station deck when facilities like toilets, shelters and kerbs are built there.

Concerned

Mr Dolby said that the council sub-committee was concerned about previous statements by taxi operators that they wished to remain at street level, where the buses are, rather than going one level up to the top of the station.

Traffic chief Mr Wouter Smit said yesterday that there was no moratorium at present on fining taxi drivers in Strand Street.

● Mr Dolby said the behaviour of taxi drivers in Strand Street was the second-largest source of complaints to the council at present, after street trading in the Central Business District.

Rooftop taxi rank gets green light

332

ARGT 11/2/93

Municipal Reporter

AN exit ramp from the station deck to Strand Street to ease traffic problems may be built when the minibus taxi rank is moved to the station.

The utilities and works committee yesterday gave the green light to move the Strand Street rank to the station deck, but it is not expected to take place before July.

Taxi operators and drivers will be polled on the proposed R1 million development.

The committee rejected moving the taxi rank to the Grand Parade in line with a National Monuments Council recommendation.

Taxi operators canvassed so far said they supported the move and would ensure drivers complied.

Official hopes are that the station deck will be part of an integrated commuter complex including the railway station and the Golden Acre bus terminus.

Deputy city administrator Mr Alan Dolby said architect Mr Louis Karol, who has been commissioned by the Railway Commuter Corporation to design a new station deck complex with office, conference and commuter facilities, would incorporate the minibus taxi rank in the plans.

Mr Dolby said the traffic situation in Strand Street caused a jam of complaints to the council to rival public moans about informal traders in the central business district.

Airlink, Comair in route battle

STEPHANE BOTHMA

A MINI price war on the Reef-Richards Bay air route has erupted since Airlink's announcement last month that it would challenge Comair for dominance on the service.

Traffic on the formerly quiet route is expected to increase substantially with the current expansion of the R6,5bn Alusaf smelter, which starts full production in November 1995.

Airlink's service would start on February 15, but already price cuts — reducing the cost of a ticket by almost 20% — had been announced.

In its original announcement, Airlink set its return fare at R620 compared to rival Comair's R704. Comair then reduced its fare to R580.

Airlink joint MD Rodger Foster yesterday announced his airline would now charge R579.

The special fares — advance payment — on the route would start as low as R348 return.

The airline will operate the route with a R33m 47-seater ATR42 turboprop from Monday in competition with Comair's F27 Fokker.

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TRENCOR/FSI/W&A

FM 12/2/93 (332)

Funding routes

One of the more arcane — and, therefore, fascinating — conundrums to emerge from the coupling of Trencor and W&A is how chairman Jeff Liebesman intends to engineer the injection into the group of Trencor's R350m contribution to the rights issue. It isn't as easy as may first appear.

The W&A structure has FS Group holding 64,5% of FSI, through which Liebesman holds most of his equity in the group and which is carrying debt of around R280m. FSI, in turn, holds 75,4% of Waicor (fully diluted) which holds 62,4% in W&A, the principal operating company. W&A's debt is about R1,1bn.

Assuming all the companies in the control structure procure rights issues in such a way that Waicor and FSI's control is reduced to only 50%, then the maximum sum that could be guaranteed to Trencor would be about R180m. That would present some difficul-

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ties given the expressed intention of the deal, which is to permit Trencor to invest up to R350m.

On the face of it, it would seem the only way Trencor's guaranteed investment can be increased is if certain other institutions holding shares in Waicor and W&A give solid commitments to waive their rights in favour of Trencor. Action of that kind could yield rights to subscribe for up to about R140m if every minority shareholder ceded its entitlement.

Since this must be highly unlikely, we must assume for this exercise that the likelier figure is about R50m-R60m. The total shortfall, therefore, is about R110m before account is taken of the amount of capital to be raised in FSI.

I suspect that a quid pro quo for the entire transaction was that in return for getting W&A relatively cheaply (at a likely strike price of R1,75/share), Trencor has probably committed itself to subscribe for FSI equity at a premium to intrinsic NAV.

If so, it would allow FSI, in turn, both to follow its rights in Waicor and substantially to reduce its own debt of about R280m. My guess is that upwards of R100m could be invested in FSI in this way.

Liebesman declines any comment. "You are speculating," he says, "and since we are now in a bid period, I can't help you."

An important side effect of the scheme considered in this exercise is that FSI would reduce debt, proportionately, to a significantly greater degree than the other companies. The subsequent improvement which would result in the gearing ratio suggests the share might then attract renewed investor interest.

David Gleason

PUTCO FM 12/2/93

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Doing more than cruising

It's all in a word, especially if the word is subsidies. That's what taxi drivers' associations want, based on perceptions of subsidies handed out to this bus company.

Putco cancelled most urban passenger services early in 1991, effectively conceding defeat to the minibuses, but results since then suggest it might have won the war, with a dramatic turnaround in profits despite a deterioration in almost every ratio measur-

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ing asset usage. That, of course, is a profound *non sequitur* and needs to be explained.

"Increased profitability has been brought about by the restructuring of overheads, management and the consolidation of activities" says MD Jack Visser. "With the growth of the taxi industry, Putco has repositioned itself in the long-distance market, where the minibus finds it difficult to compete in terms of economies of scale."

Visser denies that profitability is due to increased subsidies and tenders awarded by government. "When passengers pay cash, we receive no subsidy. The percentage of subsidy paid for passengers on season tickets depends on distance and route travelled. For 30 km-40 km, the subsidy is about 30% of the economic fare. This can rise to as much as 70% on longer distances."

Subsidies are based on a Transport Department formula which applies an industry inflation rate derived from a basket of wages, fuel and tyre prices and other items.

In the six months to December, revenue rose 10,2% to R211m and operating costs increased 9,3% to R198,4m. This narrow improvement in margins enabled a whacking 27% gain in operating profit from R9,9m to R12,6m. Interest received increased 46% to R3,3m, reflecting earnings on funds invested in the money market. This helped to extend the progressive increase in pre-tax profit to

X Contin →

 FM 12/2/93

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R16m, up 30% on a year ago.

An attributable profit of R8,3m (R6,4m) is equivalent to 31,4c (24,1c) a share. The normal interim dividend is up from 12c to 14c. There was also an extraordinary profit of R1,6m on liquidation of Commander Insurance, a wholly owned Bermuda subsidiary which became dormant several years ago, and this will be applied to a special 5c payment to accompany the interim.

All but R1,5m of the R17m earmarked for expenditure on new buses has been spent, says Visser. The outstanding amount reflects materials such as seats and coaches as well as cost of labour.

Visser believes that the taxi industry, operating in its own niche market characterised by shorter distances and off-peak business, is not direct competition for Putco. But it's hard to reconcile this with the long-term downward trend in passenger numbers.

The lack of market confidence reflected in a share price of 250c could have something to do with perceptions that Putco tends just to go along: things happen without much planning and the company is managed by default. Visser says that if this were so, the turnaround would not have been possible.

Marylou Greig

LABOUR

Drive to unionisation

w/mail 12/2–15/2/93. (332)

After last week's disputes in Johannesburg, taxi drivers are flocking to join the South African Taxi Drivers' Union.

FERIAL HAFFAJEE reports

THE taxi strife which took Johannesburg by storm last week has also drawn the battle lines between employer and employed. Many drivers expressed public outrage with "fat cat" owners and associations, like the Southern Africa Black Taxi Association (Sabta), which represent them.

The South African Taxi Drivers Unions (Satdu), although poor and badly organised, is being offered a life raft by the Congress of South African Trade Unions, which is keen to boost its membership.

The federation may help Satdu to obtain funds so it can establish an office — it "operates on the streets now", says Zwelinzima Vavi, Cosatu's organising secretary.

It will also help to develop the "organisational capacity" of the drivers' union, says Vavi, by training officials who are likely to be faced with a flood of membership after last week's effective show of force.

The union is strongest in Pretoria and the eastern Cape, but is building its presence in the PWV.

Satdu was conditionally affiliated to Cosatu in October last year. It pays no affiliation fees to the federation but must attend meetings of the Merger Facilitating Committee where plans for a single transport union are being hammered out.

In line with Cosatu's 1991 congress resolution to establish "one union in one industry", the Transport and General Workers' Union (TGWU), the South African Railways and Harbours Workers' Union (Sarhwu) as well as the smaller South African Scooter Drivers' Union and Satdu will unite at a launching congress in May.

Satdu and the organised scooter drivers will be bolstered by the superior organising power of established unions like the TGWU and Sarhwu.

And organised taxi drivers will need all the help they can get: Vavi points out that the union has only 12 000 members, a tiny proportion of the total number of employees in the industry.

Organising in the sector will not come easy because there is no shopfloor or central meeting place and few drivers take regular lunch-breaks.

Cosatu believes the sector should be organised at national, regional and local levels in a collective bargaining relationship with taxi associations.

But a Satdu representative points out "taxis belong to individual owners and implementation of agreements will have to be carried out by individuals", not associations.

He also says that most taxi drivers are not registered with the Department of Manpower and so are not entitled to benefits like unemployment insurance or compensation in case of injury while on the job.

Getting into top gear ... Last week's taxi strife acted as a catalyst for organising in the sector **Photo: KEVIN CARTER**

Neither do all owners belong to associations: at this week's negotiating forum, where a peace plan was signed, many owners attended and stressed they belonged to no organisation.

Cosatu this week continued to represent both Sabta and Satdu in non-labour matters like ranking and traffic control but "in matters affecting only taxi drivers, it will represent taxi drivers alone", says Vavi.

Sabta representative Mike Ntlatleng points out that Sabta is a voluntary organisation, but believes it should be self-regulated — "like doctors, nurses and security companies" — when membership becomes compulsory.

A bargaining relationship of sorts could then be arranged, but Ntlatleng doubts whether it would succeed.

The Labour Relations Act cannot be applied to the industry because "taxi owners are not businesses in terms of the Companies Act, they are registered in terms of the Voluntary Associations Act for non-profit making companies", he says.

Sabta has been taken by surprise by the flood of unionisation in the sector; it still clings to the belief that it acts for the industry, for "drivers, owner-drivers and taxi owners".

Ntatleng says: "Unions will be surprised to find that many owners are in the same predicament as the drivers."

TRENCOR AND W & A FM 12/2/93.

More than meets the eye

332

The marriage did not seem without impediment

Why would a highly focused company like Trencor — developed, mature, enormously successful, confident and cash rich — see any merit in the acquisition of a group plagued by unsatisfactory gearing ratios, burdened with heavy interest payments and viewed with suspicion by institutional investors? That is a litany with which Trencor chairman Neil Jowell surely wouldn't normally be associated.

But the contrary has turned out to be the case. In a move which left analysts astounded, W&A chairman Jeff Liebesman and Jowell jointly announced last Tuesday (*Fox* February 5) that cash-flush Trencor has agreed to come to the rescue of the ailing W&A. Momentarily stunned, investors quickly fell over themselves to buy W&A stock, and the share rocketed to close last Friday at 345c — an increase of 86% in a week. There are to be rights issues within the W&A group to raise R500m. Trencor will invest and underwrite the issue and has committed itself to invest and underwrite up to R350m of the offer.

Institutional fund managers and broker analysts see few, if any, synergies between the two groups — but all agree it is a great accomplishment by Liebesman. While W&A's need for a white knight was widely recognised, Trencor's desire to play that role is less well understood.

Predictably, Trencor's share price has moved marginally lower, reflecting a sense of shareholder uncertainty. Jowell's unruffled response is a broad smile: "Of course, we talked to our major shareholders."

Explaining the underlying reasons for his group's decision, Jowell says: "Trencor has had a strong and liquid balance sheet for a long time. The sale recently of our interest in Contred has strengthened that further. We had intended to apply some of the money raised in the recent rights issue against an investment overseas in Textainer — but problems have arisen in that area because of the latest constraints placed on the use of the financial rand. Discussions with the Reserve Bank to resolve the problem are continuing. Domestically, our businesses are mature and large. Opportunities in those fields are, therefore, limited."

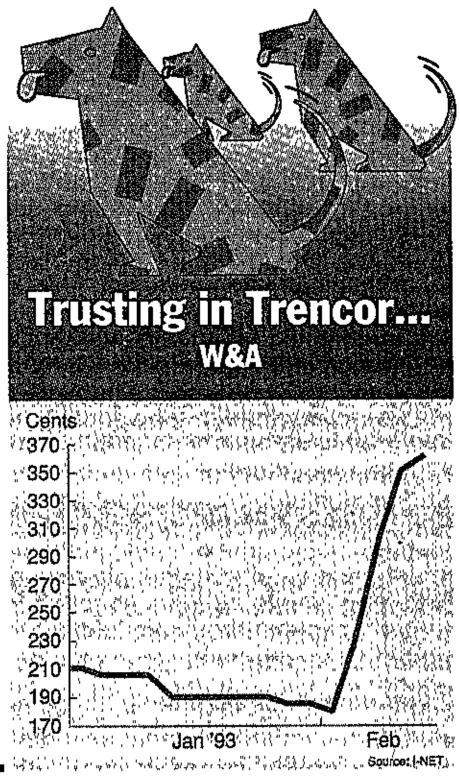
Jowell confirms that Trencor has been looking around for some time for suitable expansion opportunities. And W&A, asset-rich and cash-shy, looked ripe. "This seemed to us to be an excellent opportunity. W&A has well-structured facilities and excellent operational management. And we were impressed that management continued to invest in infrastrusture despite being short of cash."

The bottom line, however, is that Jowell is getting a very sweet deal. Effectively, he is buying a package of assets, some of which are very good, at a bargain price. The likely strike price for the rights issue in W&A is R1,75, and is, therefore, the yardstick for the rights in the other companies. Even after discounting for the eventual dilution, Trencor's investment will immediately reflect a substantial paper profit.

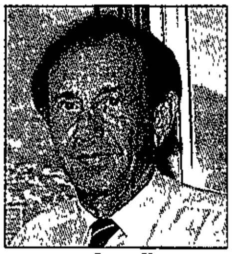
Asked about this, Jowell says quietly: "Yes, we are getting very good value." And it is his perceived ability to turn that value to account which has sent W & A's shares soaring since the announcement.

For Liebesman personally, however, when he's had time to reflect after the euphoria's worn off, the deal may come to be seen as something less successful. He has been accepted only as an equal partner — and Jowell won't be shy to apply his authority. Liebesman is obliged now to acquiesce in the appointment of a joint chairman to W&A; his position as a controlling shareholder has been turned into a shared arrangement.

"When we began with FSI," says Liebesman, "we had no equity. It follows that we had to create our wealth out of underperforming assets." But turning assets to good account can sometimes be hugely expensive — and made more complicated when assets acquired were outside the group's expertise.



And sometimes luck plays an important role. The strains of SA's economic recession have been immense: W&A couldn't possibly escape the ravages. One result is that the group's combined borrowings now stand at about R1,3bn — enough to give the most sanguine of bankers sleepless nights.


Jowell

Absa, which has inherited W & A as a major client, is proving anything but sanguine. In recent months MD Piet Badenhorst has superintended the liquidations of Tollgate Holdings and Bester Homes, and he has seen off the Rusfurn board. The market is alive with rumours that Badenhorst, determined to clean up Absa's lending book, told Liebesman bluntly that something had to be done to restore W&A's debt:equity ratio.

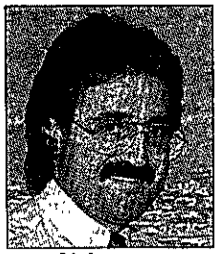
Liebesman denies this flatly. "That's rubbish," he says. "On the contrary, we've had nothing but understanding and warm assistance from all our bankers." But then he would say that, wouldn't he? Bankers, of course, won't talk about their clients so perhaps the best confirming clue is Jowell's remark that a priority for W&A was to de-gear the business and concentrate on focusing it with greater thoroughness.

And de-gearing is very close to Jowell's heart. He is debt-averse; Trencor, for example, has no borrowings. The process of focusing at W&A to which both Jowell and Liebesman give great emphasis means that some parts of the business will be sold off, a course essential to the programme.

The debate within the managements of Trencor and W&A, and the guessing games in the financial community, will concentrate in the next few months on which bits are to be cut away. All Liebesman will say is that the matter is receiving urgent attention. Rumours, of course, abound. Already, the *FM* has heard that Bidvest's Brian Joffe has lodged a formal bid for the Tarry Group: Liebesman denies knowledge of any such offer.

Cash and de-gearing are very much at the centre of W&A's problems. And Jowell is well aware of it, which is why he has agreed to participate in the rights issues to raise R500m — all of which will be applied against debt (Badenhorst will be happy).

That will leave the group with borrowings of about R800m — still too high for a conservative like Jowell. It is this pile which the disposals are meant to address. Neither Jowell nor Liebesman will say how much they hope to raise but, when pressed, Jowell says: "Your guess of R500m is of the right order." But he's very anxious to make it clear the disposal process will be lengthy: "This isn't something we are going to achieve overnight," he says.



Liebesman

If successful, that will leave borrowings of about R300m. Jowell says he expects that quantum to be reduced by the application of cash arising from normal, and profitable, trading operations. In other words, investors must accept that the long-term aim is for W&A to become a group with a gearing ratio as close to zero as makes no difference.

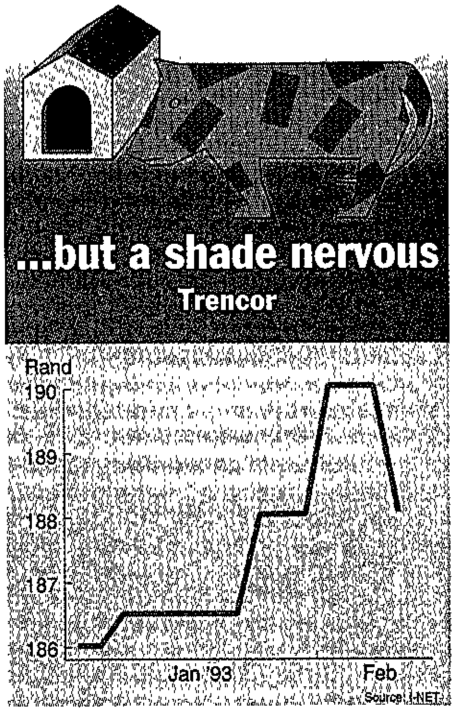
Nor is Jowell unaware that W&A is a group which is viewed with some disfavour by the country's financial institutions. For example, the company is perceived to make use of creative techniques in its accounting. Jowell's forthright response to the *FM* is that "accounting policies in W&A will be reviewed. Those which will be applied will be more in line with those which are used at Trencor. Substantial writedowns may result from this for the 1992 accounts."

That is strong stuff. How much will be written down, and what effect might that have on W&A's results? Asked where the changes might come, Liebesman said he thought they would be spread across the accounts.

In considering what might attract Jowell's attention, the *FM* has looked at four specific areas. The first of these is W&A's treatment of share-dealing profits. A few years ago, the group indicated that share trading wasn't a part of its regular business. However, it is well known the company sold a large number of insurance shares in early 1992 at a very substantial gain. However, the shares were warehoused by an institution and therefore never appeared in the balance sheet. It is assumed the profits were brought to account in the group's interim earnings results for June 1992.

A second area of concern is that of depreciation. W&A's accounting policies provide that, while refurbishment costs on scaffolding assets are charged against income as it arises, no depreciation is applied against the assets. Since there are about R475m worth of scaffolding assets in the balance sheet, depreciation could become a factor of major importance.

The group has long made a habit of including intangibles in its balance sheet. Last year patents, trade marks and goodwill added up to an astonishing R403m. If these were



to be written off along with a writeback of some asset revaluations — which Liebesman flatly denies has taken place — then the effect could be to eliminate up to half the group's equity base (which would make the gearing ratio look even worse). That, of

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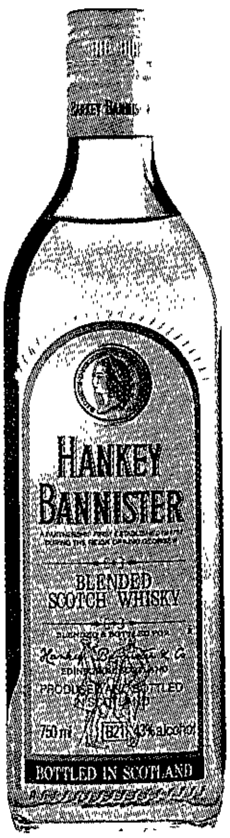


 FM 12\2\93.

332

Coping with the pressure

The taxi dispute was not just about a tough market

Just about everyone, black and white, who had any business in central Johannesburg last week was hopping mad at the minibus drivers' protest. And, because this is SA, a municipal disruption cannot be just that; it was not long before the protest was haunted by images of politically explosive battles between police and hostile crowds.

Selective TV coverage broadcast to other countries recalled the classic images of high apartheid, in the days when all this country's problems were reduced to an elemental battle between bad whites and good blacks, Hitler and the Cosby family.

But things are no longer so simple, though the fear of violence at the taxi confrontations was real enough. Perhaps for the first time, cracks could be seen in what would once have been an automatic black solidarity with demonstrators against authorities. Even if they have real grievances, the taximen are hardly a persecuted group — and the commuters know it.

Many blacks were furious when they were prevented from getting to work, while their children were endangered by being stranded at the roadside and when other modes of transport, like buses, were stoned. An impromptu survey among Sowetans by the *Weekly Mail* found that they were "overwhelmingly critical of the drivers' behaviour." The Southern Africa Black Taxi Association (Sabta), which has an estimated 58% of the black taxi market, criticised the action; it felt the grievances could have been dealt with in another way.

This reaction suggests that the ANC alliance, PAC and others will in future have to choose their causes with more care.

The immediate background to the protest was the drivers' perception that they have been severely harassed by traffic cops. They talked mainly of victimisation and "excessive" fines, which, in turn, are often related to a shortage of taxi-rank and other facilities. But many other road users support special vigilance over these vehicles, which are widely regarded as a menace. They tend to stop suddenly anywhere, cut in dangerously and are often overloaded. There is pressure by owners on drivers to meet targets by speeding and overloading.

The taximen are feeling the squeeze because there are too many permits and too few ranks — but that's tough; a shakeout is perhaps overdue. In Springs on the East Rand, 40% of taxis are standing idle because there are simply no fares. The market will decide whether they can survive.

Last week, in Johannesburg, the pressure produced a dangerous blend of frustration, desperation and recklessness among the drivers. Matters were complicated by the fact that they did not appear to have accessible representatives. On the second day of the protest, the Johannesburg traffic department, having shown remarkable restraint on the first day in the hope of defusing the crisis without police involvement, swung into action — as it had to if order was to be restored.

Some drivers were detained and 204 taxis were impounded — of which 54, said city officials, were found to have been stolen. A mystery benefactor paid the fines to get drivers discharged. This helped the mediation attempts by the ANC, Cosatu and the local dispute resolution committee of the Peace Accord, involving the taxi associations (mainly Sabta), the SA Taxi Drivers Union (Satdu), local transport authorities and the police.

It is extraordinary, observes Wits University political scientist Tom Lodge, that the casualty rate over the four-day confrontation between police and the drivers was relatively low, with one reported death and about 30 people injured. The police were restrained in the face of what was clearly great provocation: bus and other commuters had been attacked by taxi drivers. The fact that the protest occurred in the city centre and that international observers were present may be part of the explanation.

Clearly, the more restrained policing was also a result of greater sensitivity and experience gained from dealing with thousands of protests and marches since political organisations were unbanned in 1990. Guidelines for handling protests, which were formulated by the Goldstone Commission with international police assistance, seem to have had a beneficial impact.

Yet there is still a lingering illegitimacy about our law & order agencies. Despite the unpopularity of the taximen's action last week, there was no outright condemnation by blacks — any official security force is still seen as hostile. Until SA has a popularly elected government, or at least one of national unity, most blacks will be ambivalent.

It was significant that neither the ANC alliance nor the PAC condemned the protest, even though taxi drivers attacked other black commuters. This is not to detract from the role played by the ANC to facilitate talks in the taxi dispute. Instead, these organisations chose to highlight the drivers' legitimate grievances.

The taxi industry in general and the drivers in particular are, to a large extent, victims of the legacy of apartheid and what passed for a public transport policy, based on the politically inspired subsidy system. Deregulation was cynically embraced by government as a means of coping with the problem.

In recent years, minibus taxis have largely displaced other forms of public transport for blacks. According to a Transport Department study, the minibus taxi industry's share of black commuter transport had increased to 44% in 1990 from 29% three years earlier (see chart).

According to Sabta, which has 60 000 members and is the biggest black taxi association, the industry represents a total investment of R8bn. Sabta members use 800 M*l* of petrol, 3,5 M*l* of engine oil, spend R800m on spares and drive 40bn km/year.

Sabta spokesman Mike Ntlateng says it is difficult to establish how many owner-drivers there are — he knows of one owner with 65 taxis — but most are owner-drivers. Ntlateng denies that the industry is facing collapse — there are "only some belly-aches," chief among them, that "there are too many taxis on the road" and economic conditions mean that it is "a question of survival." There is, he adds, not enough training.

The problems of sustaining the industry were foreseen. Two years ago, for example, Development Bank senior researcher Mike Muller wrote: "The minibus industry is frequently hailed as a free market triumph. It is, of course, more the product of gross interference in the market for labour and land. Only because people have been so widely scattered, without concern for rational transportation provision, has it thrived.

"While there was fat in the economy, that was possible to sustain. Now that the fat is melting away, subsidies are under pressure. So, too, are the settlement patterns they underpinned." Muller concluded that friction over the high price of commuting would encourage more people to live closer to their jobs. Low-income people normally live within a 10 km radius of a city.

One role for the transport industry during the long and difficult process of transition, wrote Muller, would be to help dissipate the heat from the friction. "It will have to pass on to its consumers the unpalatable market message that travelling great distances is expensive — and leave them to make the rational decision."

These messages, he added, would help people make the transition from an apartheid city to an integrated city, from an apartheid economy to an integrated one and be an important element in SA's own structural adjustment.

In an interview with the *FM*, Muller drew attention to a CSIR study of the Pretoria region. It shows that, over 20 years, the transport subsidy for workers in KwaNdebele travelling to work could have provided commuters with housing in Mamelodi. The core of the problem over the taxi wars, he says, is an inefficiently planned apartheid city.

This may explain but cannot excuse the fact that many taxi drivers are not familiar with municipal by-laws — a problem which will now be addressed with the co-operation of the traffic authorities. As it was, an attitude of benign neglect on the part of the authorities seemed to have crept in — even though the city has a transport planning department on which Sabta is represented.

Once again, readiness to enter meaningful negotiation was eventually the key factor in defusing the crisis.

For its part, the SA Taxi Drivers' Union (Satdu) proposed that:

☐ Demarcation by the city council of loading bays in the city, until which time there would be a moratorium on ticketing taxis for stopping at random to drop off and pick up passengers;

☐ The setting up of a forum of drivers, taxi associations and the city council to devise an educational programme for greater safety;

☐ A formal labour relationship between the union and taxi owners; and

☐ An obligation on taxi owners to ensure taxi roadworthiness and legality of ownership.

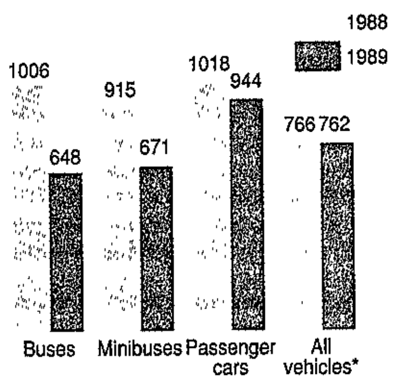
The city council had, in the meantime, made public its plans for upgrading taxi ranking facilities. Traffic chief Mike Davis and the Satdu agreed to work towards a regime of "consultation and a good working relationship."

Also on the agenda was the question of the alleged issuing of false permits by certain officials of the Local Road Transportation Board, which has compounded problems of taxi over-supply. Symptomatic of the fierce competition was the slaying last Thursday of a taxi owner from the Ivory Park squatter camp, just hours after he had won a coveted long-distance contract.

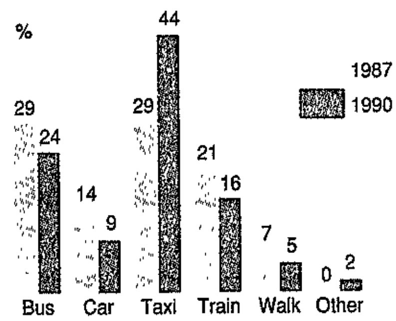
Asked about the worst aspects of taxi-driving, one Sabta official replied: "I am not justifying it, but you must remember when they are on the road they are busy working."

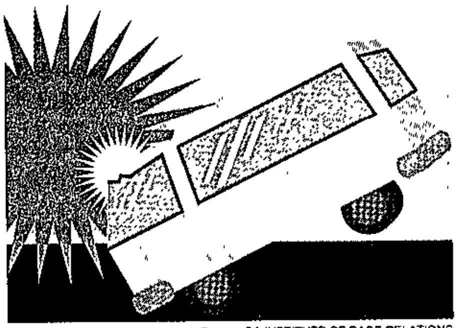
That's all very well, but rules of the road are the kind that simply have to be obeyed if society is to function normally. This kind of moral relativism may be inevitable as long as the civil power does not enjoy full legitimacy — but it is also increasingly being discredited by the commonsense of the masses. ■

Accidents per 100m km



Main modes of black commuter transport





Source SA INSTITUTE OF RACE RELATIONS

Star 2/2/93

Details of the agreement with operators

(330)

The provisional agreement between taxi operators, the police and the Johannesburg Traffic Department to end the taxi protest, pending negotiations today, provided for:

- Charges against taxi drivers for obstructing traffic to be dropped.
- The Johannesburg City Council to investigate claims by taxi owners for injuries or damages to their vehicles during the protest.
- Complaints by the taxi drivers' representatives to be referred to the city council for investigation.
- Taxi drivers' complaints about traffic officers, past taxi shootings, and the role of taxi association representatives to be addressed jointly by National Peace Accord structures, taxi drivers and council officials.

Observers from the United Nations, European Community and regional dispute resolution committee assisted in the negotiations. — Staff Reporters.

S Times 14/2/93. 332

STATE SUBSIDIES

By CHARLENE SMITH

THE government is urgently studying ways to revamp its crumbling transport policy — and for the first time, input from the black community is considered pivotal.

Admitting that corruption, mismanagement and poor planning are leading to problems on city roads, the Department of Transport is accelerating plans for a new urban transport policy.

The man responsible for drawing up the new policy, deputy director-general of transport, Dr Malcolm Mitchell, said a major issue would be subsidisation of commuter transport, including minibus taxis.

He said a future transport policy would have to take note of the development of metropolitan areas.

"The correlation between land use and transport is a major issue. We have tended to place the poor miles away from work and transport opportunities."

He added that future policy would devolve increasingly to regional service councils, which had been asked to prepare transport plans for their areas.

Considerable thought was being given to subsidies, and it was possible that taxis would, in future, receive a share of the R2-billion transport subsidy.

The issuing of permits through local road transportation boards was also being re-evaluated. However, there were continuing complaints about the way permits were issued by the boards, and these were being examined.

SUPPORT

Road transport policies were last revamped in 1986, three years after black minibus taxis were allowed to operate.

Since the beginning of the year, Dr Mitchell has been consulting a wide range of transport operators, including taxi associations, metropolitan transport bodies, the SA Rail Commuter Corporation and businessmen.

No new legislation is expected this year, but Dr Mitchell said the new policy would evolve over the next 18 months. If, for example, there was sufficient support for taxi subsidisation, there could be earlier changes.

The director-general of transport, Dr Coenraad "Skippie" Scheepers, said the department was "deeply concerned by allegations of the illegal issuing of permits, and implications that this was seen as a contributing factor to the present taxi violence".

The Sunday Times disclosed last week that corruption amounting to millions of rands was taking place in the issuing of permits by local road transportation boards nationwide. Taxi owners pay up to R2 000 for permits.

In response to further questions about corruption at the Johannesburg Local Road Transportation Board, the Department of Transport said five senior administration staff were suspended, along with a typist and administration clerk, from September last year.

This was despite the fact that the department was aware of corruption at the board since November 1991. Dr Mitchell said "the staff concerned were only suspended a year later when they began destroying records".

In addition, five senior staff, three of whom had also been suspended, were charged with fraud, corruption and contravention of the Road Transportation Act.

Anger ignites the tinder

(332)

THE first fire was not very big, but with the undergrowth dry as tinder it didn't need much to set everything ablaze.

The week-long minibus taxi troubles in Johannesburg had a low-key start when drivers gathered on Sunday afternoon at a Soweto taxi rank.

"There were more than 1 000 of us there," said one. "There were drivers from all the associations and from the South African Taxi Drivers' Union (Satdu), and together we took a decision to blockade."

Satdu national organiser Joel Sindane said his union had called the meeting, which was attended by about 700 people.

The union had warned last month that it would launch a mass campaign to push for subsidisation of the taxi industry.

However, the photocopies of 10 demands it had handed out made no mention of subsidies.

Minibus drivers who blockaded Pretoria on Wednesday last week, protesting about fines and a lack of facilities, inspired Soweto's drivers.

The speed with which the call for action spread the next morning was impressive.

"I had heard some rumblings about this on Sunday," said one driver.

"Then, as I was passing though Baragwanath on my way to the East Rand, I was stopped and told that all taxis must go to town and barricade the streets.

"The men were polite, although they were carrying sticks and metal rods. But I would have gone anyway because I am also tired of these fines."

An Eldorado Park driver said: "We were already working on Monday when guys came from all over and said 'we are taking on the traffic cops'.

"We joined them and things grew very fast."

A middle-aged Diepkloof driver said: "I was pulled up at a robot when another driver came along and told me what was happening.

"'Today is our mass action' was what he said. He didn't have to tell me what the problems are because I know for myself."

Johannesburg and Soweto felt the effects of the taxi drivers' strike for an entire week.

But while the paralysis of a city was a measure of the drivers' militance, it was not a measure of their ability to organise themselves.

Satdu, a new union, was conditionally affiliated to the Congress of South African Trade Unions only in December. Sindane's vagueness about signed-up membership suggested it was small.

Blockading the streets was easy.

Using the negotiations that followed to push home their demands — while staying in touch with feelings on the ground — proved more difficult

On Tuesday, when action was meant to be suspended, drivers took decisions at street level. "They said we should take people to town between six and nine and then wait there for some news," one driver said. "When we didn't get a positive answer we decided to block the roads again."

On Wednesday, drivers were amused and elated by the police escort they were given from Baragwanath to the Central Methodist Church in Pritchard Street, where they gathered for a meeting. "For a day we were the presidents," said one.

But by Thursday afternoon they were irritable

The morning's bargaining had led to some breakthroughs Part of the fines imposed on vehicles blocking the roads were sus-

GO TO HELL: A taxi driver screams at security forces called in to break up the blockades in Johannesburg. ● Photographs: STEVE HILTON-BARBER

JOHN PERLMAN
Chief Reporter

pended and the rest paid by "a private benefactor". The three drivers in custody were to be brought to court that afternoon.

That meant real talks about their grievances could go ahead on Monday. But every five minutes, the doors to the steamy church hall would swing open as 20 or more men stormed out. "Why must we wait until Monday for talks?" one asked. "What's wrong with tomorrow? We can't miss more days of work."

Unionist Piroshaw Camay, a key figure in the negotiations, cautioned: "Your cause is a just cause but if you act in an undisciplined manner you will render your leaders powerless. One act by one driver can jeopardise this whole process and that act can weaken your negotiators."

Had Camay cast his mind back, he would probably have recognised the situation.

The drivers are in something of a time warp, following a route that other black workers have been tramping since the 1973 strikes in Durban — grievances prompting an explosion of militance, followed by attempts to channel anger into continued organisation.

The drivers' estrangement from the new South African way was epitomised when it was announced that a "transport forum" would be set up to look into their grievances. "Forum", of course, is one of the new South Africa's favourite buzzwords — but it didn't seem to cut much ice with a bunch of men whose demands at one point included "cancellation of all old tickets from 1980 to 1993".

A number of transport forums already exist, but none includes taxi drivers.

When asked what they thought of the R172 million plan to upgrade the taxi rank on the corner of Bree and Sauer streets, drivers who used it every day said they had never heard of it.

While the Southern African Black Taxi Association (Sabta) has generally spoken for the industry, you couldn't find a driver this week who said it spoke for him.

"Sabta is an owners' thing," said one young Meadowlands driver.

At the first meeting with authorities on Monday, driver representatives asked owners "to excuse themselves". On Tuesday they said the owners should be represented through their organisations. Said a mediator: "I think this is because the grievances of the drivers have not been taken heed of in the forums that already exist. This is their frustration because they feel they have asked owners to do so."

The relationship between drivers and owners is mixed. One said: "The owners were all themselves young boys driving before becoming owners. They know the job and the problems."

F S Ndlovu, one of whose taxis was standing abandoned on the corner of West and Bree streets, said: "My drivers also get tickets, about 60 a month, mostly because we have no place to offload passengers. But this is not the way to solve this. We have to sit down and talk. (Johannesburg traffic chief) Mike Davis is a very nice man and we work well with him."

There is little likelihood that owners' organisations will start accommodating drivers and their interests.

That means the resolution of problems during the next year will depend heavily on whether drivers can build up a representative and disciplined organisation of their own.

Ducking rubber-bullet fire in the Sauer Street rank, a driver said: "If they keep shooting, there will be more problems. The taximen have a lot of guns."

By the end of the week the taxi drivers' organisation seemed to be gaining some coherence Neutral mediators said drivers generally had sent the same delegates throughout the week. Julius Makhubela, a strongly built young man, was emerging as a leader.

Makhubela said their executive was made up of two drivers from each of the 12 associations plus three delegates from Cosatu.

Said a mediator: "A number of political organisations have entered the fray, which is not particularly helpful. They may start making promises and commitments that cannot be delivered. But if the principal parties are left to their own devices, I believe this thing can be resolved."

Intervention 'delayed solution to taxi crisis'

Council blames A-G and Kriel

Star 16/2/93

(332)

By Brian Sokutu

The recent Johannesburg taxi crisis could have been resolved within a day had it not been for the intervention of Witwatersrand Attorney-General Klaus von Lieres and Law and Order Minister Hernus Kriel, city management committee members said yesterday.

Committee chairman Ian Davidson and deputy Paul Asherson said that by declaring a state of emergency, Kriel had "left us powerless" when they were on the brink of reaching a solution.

Said Davidson: "When Minister Kriel declared Johannesburg an unrest area on that Tuesday, we became concerned about the adverse implications it would have on us. What would our function be when control was given to police? Our authority was taken away."

Davidson and Asherson also objected to the way Von Lieres had handled the first day of the taxi crisis. Von Lieres had opposed traffic chief Mike Davis's decision to release taxis impounded and not hand the drivers over to the courts.

'Cavalier'

Von Lieres said at the time that Davis had treated the matter in a cavalier fashion, and that his department's conduct had caused great concern in the A-G's office.

Asked to comment on statements made by Davidson and Asherson, Von Lieres responded: "They (management committee) are entitled to their opinion. I don't agree with them."

Davidson and Asherson were responding to a string of attacks by Conservative Party councillors Jacques Theron and Cecil Long, who claimed the management committee could not deal effectively with the crisis.

The meeting was called after a group of eight councillors asked to debate the way that the management committee dealt with the taxi strike.

Theron and Long also accused the management committee of creating lawlessness in Johannesburg by agreeing that taxis should not be stopped by traffic officers during peak hours.

Democratic Party councillor Sias Reyneke said the taxi crisis was a labour dispute that had spilt into the city.

"Taxi drivers are forced to overload passengers and make maximum trips because they earn meagre salaries. They are frustrated by being stopped by traffic officers because they can't afford delays."

The management committee commended Davis for the manner in which he had dealt with the crisis.

Taxis: Von Lieres under fire

The Argus Correspondent

JOHANNESBURG. — Had it not been for intervention by Witwatersrand Attorney-General Mr Klaus von Lieres and Law and Order Minister Mr Hernus Kriel in the recent taxi blockade here, the crisis could have been resolved within a day, say Johannesburg management committee members.

Addressing a tense city council meeting yesterday, management committee chairman Mr Ian Davidson and deputy Mr Paul Asherson said that by declaring a state of emergency Mr Kriel "left us powerless" when they were on the brink of reaching a solution during talks with taxi drivers.

Mr Davidson said: "When Mr Kriel declared Johannesburg an unrest area on that Tuesday, we became worried about the adverse implications it would have on us. What would our function be when control was given to police? Our authority was taken away."

Arg 16/2/93 (332)

Mr Davidson and Mr Asherson also objected to the way Mr Von Lieres had handled the first day of the crisis. Mr Von Lieres had opposed traffic chief Mr Mike Davis's decision to release taxis impounded and not hand the drivers over to the courts.

Mr Von Lieres said at the time that Mr Davis had treated the matter in a "very cavalier fashion" and his department's conduct had caused "great concern in the A-G's office." He questioned the authority by which Mr Davis had decided not to hand the drivers over to the courts.

Asked to comment on statements made by Mr Davidson and Mr Asherson, Mr Von Lieres responded: "They (the management committee) are entitled to their opinion. I don't agree with them. I've said what I had to say." He would not comment further.

Mr Davidson and Mr Asherson were responding to a string of attacks by Conservative Party city councillors Mr Jacques Theron and Mr Cecil Long, who claimed the management committee could not effectively deal with the crisis because they were "not at their offices when we called".

Mr Davidson replied that the management committee members were in their offices holding several meetings with taxi operators.

Mr Theron and Mr Long also accused the management committee of "creating lawlessness" in Johannesburg by agreeing that taxi drivers should not be stopped by traffic officers during peak hours.

"The decision not to stop taxi drivers and ask for permits during peak hours will create chaos, because pirate taxis will then be able to operate freely," charged Mr Theron.

This was "unfair to law-abiding road users", he said.

Wool prices stagnant

BDAY 16/2/93.

MARIANNE MERTEN

THE slack world economy has depressed international wool demand and caused prices to remain stagnant.

Gerhald Pretorius, assistant manager, public relations, of Woolex, one of two wool co-operatives in SA, said he did not expect any significant price fluctuations in the near future although a marginal price increase in the second half of 1993 would be possible.

"A big factor is the Australian stockpile of about 4-million wool bales," he said.

It is expected that reserves will be sold off over the next four years, keeping prices down.

Total SA wool receipts for this season are 56,2-million kilograms, down 8% from the corresponding period last season.

Only 67% of 13 243 bales on offer were sold during last week's auction, said a Woolex statement.

Local production has been affected by the severe drought, which is particularly severe in some wool prooducing areas.

Pretorius said: "SA has combined forces with Australia and New Zealand to stimulate consumer demand through the International Wool Secretariat."

Private sector to back taxi industry

(332)

BDAY 16/2/93

THEO RAWANA

A MAJOR private sector-backed initiative aimed at improving the taxi industry's profitability and standards of operation would be launched soon, transport consultant Paul Browning said at the weekend.

Browning said the establishment of the scheme, which he believed would remove causes of unrest in the taxi industry, was in line with a recent report of the Goldstone Commission into taxi wars. Judge Richard Goldstone's team recommended that the private sector should help taxi operators to develop business, entrepreneurial and marketing skills.

The scheme, under which taxi associations would be helped to form co-operatives to manage members' operations, was being funded by Toyota, Mercedes Benz and Atlantis Diesel Engines, Browning said.

"The co-operatives will be able to take part in commuter subsidy schemes — since they would be able to tender for subsidies as groups — and develop new business," he added.

The development work had been carried out by the Taxi Business Group, a consortium of transport experts with particular knowledge of the taxi industry.

The taxi co-operatives would also be helped to develop new types of business, including contracts, commuter services in areas of high car ownership, tourism, parcels, courier services and many others.

Browning said the sponsoring companies, which had so far pumped R600 000 into the scheme, wanted to help the taxi industry to stabilise itself because it was good for the country.

He added that Mercedes Benz would like to sell midi-buses to the industry. "But the taxi industry has tens of thousands of individuals — and these vehicles cannot be bought by individuals.

"Atlantis Diesel Engines wants to tell operators diesel engines are more economical, but the taxi owners presently have no knowledge of operational costing," Browning said.

These "first world" firms recognised that changes in methods of operation might bring them the chance of dealing with taxis.

Browning said the pilot phase of the programme would need a further R1m and said further funding was sought from the automotive industry, oil companies and financial houses.

"Our aim has been to develop practical methods by which the taxi industry can be helped to improve its professionalism, business skills and profitability through a process of capacity-building at local level," said Browning.

Under the scheme vehicles would continue to be owned by individuals, but would be operated in a collective or co-operative fashion by the local taxi association on behalf of members. "The association will be offered professional help in carrying out its management tasks," Browning said.

Conference on jobless BA graduates

KATHRYN STRACHAN

WIDESPREAD concern at bleak job prospects for the waves of BA graduates entering the work market has led to a high-level conference aimed at enhancing their "employability".

The conference organisers believe BA graduates have a wealth of skills to offer but, because of false perceptions about their "usefulness", their potential is often overlooked.

Conference convenor Elisabeth Lickindorf said at the weekend there was little communication between the various stakeholders — the students, lecturers and employers — and the purpose of the conference was to build bridges between them and to find practical ways of resolving the problem.

There was a need to change perceptions at all levels, she said. Many BA students were unaware of how the skills they had been taught at university related to the "world of work", and of how they could be applied productively outside the formal sector.

Companies too believed that employing someone with a background in humanities was a luxury in these hard times, and they had to be taught that an employee with highly adaptable skills was an indispensable asset, especially in a period of rapid change.

BA graduates had the edge over students with more practically orientated degrees, as they had been trained specifically to analyse and interpret material — abilities which made them far more successful in adjusting to the demands of a variety of roles, she said.

University lecturers were the other sector which needed to be targeted, Lickindorf said, because there was clearly also a need to introduce more skills-orientated elements to BA courses.

The conference will be held on Thursday and Friday this week.

A cash register that

ɘ Congress of South African
tion fees. PIC: LEN KUMALO

7 die in taxi smash

Sowetan 16/2/93 (332)

By Don Seokane

SEVEN PEOPLE were killed and 14 injured yesterday when a minibus taxi and a car collided head-on on the road between Dendron and Pietersburg.

The injured were taken to the Pietersburg Hospital where the superintendent, Dr A du Plessis, said three of the injured died on arrival. Four died instantly.

Police spokesman Captain Werner Voigt said the accident occurred between 7.30am and 8am about 16 kilometres outside Pietersburg.

Du Plessis said X-rays revealed that the injured suffered multiple fractures.

One passenger was discharged yesterday. The condition of those in hospital was serious but stable, Du Plessis said.

Mr Amos Mphahlele, who was among the injured, said the accident occurred immediately after the taxi had gone around a curve and a car approached from the side of the taxi.

He said he heard a loud bang and people started screaming. There was confusion after the accident and ambulances arrived "some time after the accident".

Mphahlele was among the people whose condition was described as stable yesterday. He sustained a fracture.

The names of the dead will be released after their next-of-kin have been notified. Voigt said the police did not know whether the drivers of the vehicles were among the dead or injured.

He said it was not known whether or not the taxi was overloaded.

Own Affairs:

State-aided/public schools: management bodies

5. Mr A GERBER asked the Minister of Education and Culture:

(1) Whether there are any procedures by means of which parents of pupils at (a) State-aided and (b) ordinary public schools may express their dissatisfaction with the functioning of the management bodies of such schools; if not, why not; if so, in terms of what regulations, in each case;

(2) whether, as a result of such action by parents, the management body concerned may be relieved of its duties; if so, subject to what conditions? B91E

The MINISTER OF EDUCATION AND CULTURE:

(1) (a) No, because present legislation does not provide for this, but a change in the regulations is at present under consideration to make it possible,

(b) yes, Regulation 5(2)(b) of the Regulation relating to management councils of public schools, excluding industrial and reform schools;

(2) state-aided ordinary schools: at present no, ordinary public schools: yes, subject to the conditions of Regulation 5(2)(b) which stipulates as follows:

"If at least 60% of all parents entitled to vote under regulation 7(1) at the election of members of a management council of a school should, at a parents' meeting convened for this purpose with at least fourteen days' prior written notice which shall be sent by post to such parents, or be handed to each pupil with the oral instruction to hand it to his parents, vote for a motion of no confidence in the management council concerned, the Minister shall by notice in the Gazette dissolve such management council with effect from a date mentioned in the notice, whereupon a management council shall be reconstituted in accordance with regulation 2."

HOUSE OF ASSEMBLY

Precedence given to interpellations on general affairs on Wednesdays pursuant to the resolution adopted by the House on Friday, 29 January 1993.

INTERPELLATIONS

The sign * indicates a translation. The sign †, used subsequently in the same interpellation, indicates the original language.

General Affairs:

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Black taxis: subsidies/incorporation

1. Mr J CHIOLÉ asked the Minister of Transport:*

(1) Whether the Government intends introducing any subsidies in respect of Black taxis; if so, what are the relevant details; if not,

(2) whether the incorporation of these taxis into a future integrated and/or co-ordinated transport system is envisaged or being planned; if not, why not; if so, what steps are contemplated in this regard?

B133E.INT

*The MINISTER OF TRANSPORT: Mr Speaker, I shall reply to the two questions jointly.

During the past few years repeated requests have been received for the establishment of a subsidy scheme for the passengers of minibus taxis. I discussed the matter during talks I had with a delegation of a newly formed umbrella working group of all the recognised national taxi associations in Cape Town on 26 January 1993.

The possible establishment of such a scheme was analysed and discussed on the basis of the following three guidelines. Firstly, that an integrated system of public transport be created whereby a commuter can wherever possible travel from his point of departure to his destination by different modes of transport on one ticket. Secondly, that an upgrading in standards of service and discipline should take place within the taxi industry so that the industry can be established properly and will be able to operate in an orderly manner. Thirdly, that such a step will be subject to the limitations of the Budget and that it will not be possible to appropriate any additional funds for it, but that it will be possible to effect an improved utilisation of subsidies for the commuter by means of the reorganisation of the public transport sector.

It is important to note that subsidies are not paid to modes of transport or companies, etc, but are paid to the passenger and that the Government is intent on ensuring greater convenience and safety for the travelling public. The purpose of the subsidy policy is also that the Government will get the maximum possible value for every subsidy rand spent on behalf of the passenger.

It has been agreed that an investigation will be made into viable arrangements regarding the guidelines mentioned and a special task group under the leadership of my department and consisting of a number of role-players has been set the task of making recommendations to me in this regard.

The matter is, of course, closely linked to the devolution of the commuter transport function to the regional services councils and the joint services councils of KwaZulu-Natal. I also issued instructions for the process of restructuring public transport to go hand in hand with the compiling of public transport plans for every region or area, and for all interested groups to play a part in this.

The object is to establish a co-ordinated and integrated public transport system for every area or region in such a way that it will be implemented with the active participation of all the inhabitants and other role-players. Because investigations are still under way, I do not want to make any statement which will anticipate the findings of this task group.

*Mr J CHIOLÉ: Mr Speaker, the hon the Minister is now saying that taxi passengers and therefore Black taxis must also be able to share in the subsidies if an integrated transport system is created, but he insinuated that additional funds could not be allocated. At the same time, however, in his statement he exerted pressure on White local authorities to accommodate the Black taxi industry by establishing the necessary facilities.

cont →

These standpoints are completely irreconcilable and are the first covert steps in the direction of channelling the passengers of the South African Rail Commuter Corporation and the bus services to the Black taxis. It is simple logic. If one has more people sharing in a fixed subsidy, there is less for the original recipients, and if in addition the facilities for the newcomers are improved they will get more clientele at the expense of the others. [Interjections.]

The problem with the hon the Minister and the Government is that they are not capable of looking at logical facts and absorbing them. What does the hon the Minister himself tell us, and I quote from *The Citizen* of 16 March 1991:

> While minibuses formed a total of 4,1 % of the registered motor vehicles, they ~~were~~ involved in 9 % of accidents.

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Therefore minibuses are more than twice as accident prone as motor cars.

To what extent has the number of deaths increased? To demonstrate a realistic tendency, I will quote statistics from the annual report of the NRSC of 1989 under the heading, "Minibuses". From 1986 to 1988 the number of registered minibuses increased from 129 065 to 145 967. This is an increase of 13 %, but during the same period the number of deaths increased from 395 to 853. That is an increase of 116 %.

This period can be seen as reasonably representative owing to the fact that the increase in Black taxis was very high. Therefore it is a logical conclusion that the risk of a Black taxi traveller dying in a collision is five times greater than that of an ordinary car traveller. [Interjections.]

Therefore the pathological situation which we are now experiencing, is that this Government wants to subsidise the greatest danger on our roads in future and in the process covertly break down and destroy an expensive and established infrastructure, which has been established and developed over a period of years with the taxpayers' money.

This is the tragic result of how a Government acts when it displays a complete obsession with being of service to the ANC and wants to eliminate so-called racial discrimination with such a destructive urge that it no longer has any logical basis of judgment left.

Mr R V CARLISLE: Mr Speaker, the disaster that constitutes the taxi industry which my colleague the hon member for Pretoria West describes, has its roots in the very policies that the CP subscribe to. [Interjections.] It is, in the first instance, a product of the apartheid system.

*Mr H J COETZEE: You hate the boers!

Mr R V CARLISLE: That is now a comment . . .

Mr R M BURROWS: You only have two minutes left.

Mr R V CARLISLE: Then I will insult the hon member later.

It has its roots in that policy, and it goes on to the period of overregulation, and then the period of underregulation. Once again the spectre of the hon the Minister of Mineral and Energy Affairs appears here. [Interjections.]

I have to say that every subject we are discussing on transport over the next six days points to one thing: There is no place in the Cabinet for a Minister such as that hon Minister. He must go. He must take his responsibility for the disasters and the corruption that occurred with the local Road Transportation Board which led to the overissuing of permits and the fraudulent issuing of permits.

Mr L FUCHS: Where is George?

Mr R V CARLISLE: Where is George? That is a good question. He has a headache. He has got tired.

The subsidy may make sense. I trust that the hon the Minister will be very careful with it. There is no such thing as a free lunch. If the subsidy is not used in itself as a technique for regulation, then it is not worth considering. It has to be part of the system of bringing regulation back into the taxi industry. We cannot tolerate, politically or economically, what the taxi industry is inflicting on South Africa.

*The MINISTER OF TRANSPORT: Mr Speaker, I should like to ask the hon member for Pretoria West whether he is opposed to Black taxis. If he is opposed to Black taxis, then we are now engaged in an exercise in futility. The reason why I say this, is because approximately 50 % of the daily commuters in South Africa travel by Black taxi. The most important aspect which we must remember is that we must use the minibus taxi industry as part of the solution and not regard it merely as part of the

problem. As long as we regard it as part of the problem, as the hon member for Wynberg has rightly pointed out, then we have a problem. That does not solve the problem.

The most important thing I want to say here is that unless we make provision for the planning of the taxi industry, we can forget about making the taxi industry a part of the solution.

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†I would like to say to the hon member ~~for~~ Wynberg that I do agree that we must use subsidies in order to get back to implementing some sort of regulation. However, we must also be careful not to get it back in the form of monopoly in the hands of a few people. We must achieve that fine balance between the demand and supply, and that is not so easy. That is why we would like to enable the regional services councils and other local authorities to issue the licences, because the third tier of government knows better than the first tier of government how many taxis need to be licensed in order to transport certain people from their places of work at night and to their offices the following morning. They also know which facilities are available to the taxis.

I would like to agree that we must consider the possibility of subsidising those taxis as the first step on the way back to regulation, but careful regulation, a policy of regulation which can be implemented. [Time expired.]

*Dr W J BOTHA: Mr Speaker, why did the hon the Minister not consider the costs involved in the alternatives to rendering the same service, before he decided to consider subsidies for the taxi industry. I can believe that the taxi industry's arguments that what is good for the taxi industry is good for the country, sounded very plausible to the hon the Minister. People who talk nonsense, easily believe nonsense themselves. [Interjections.] The hon the Minister allowed himself to be caught by this argument. Besides the fact that we are dealing with sectional interests here, which must get preference above the interests of the country, the hon the Minister did not see the hidden political agenda behind everything. Or perhaps he was merely blackmailed, and as paralysed as the Government is, he immediately gave in to the demands.

The Government committed itself to free-market principles. There was a stage when the former Minister of Finance praised the taxi industry as a triumph for deregulation. Now the taxi industry comes running to the same Government when the free-market competition starts to sift the wheat from the chaff. Upon careful consideration, the complaints of the taxi industry do not centre around a lack of support, but rather an excess of competition. Have hon members ever seen a half-full taxi? The lack of profitability is no reason to apply for a subsidy. We have now reached the sad day when the hon the Minister, who should be schooled in basic business principles, has thrown everything overboard and is making business principles subordinate to political expediency. Once the hon the Minister has reached that stage, we can no longer trust him with anything. However, it is clear that the wooing of Black voters has started in all earnest. However, the Government will hope in vain that every . . . [Time expired.]

*Mr J CHIOLÉ: Mr Speaker, the CP wants to warn the hon the Minister seriously that he is now exerting pressure on White local authorities and that as a result Johannesburg has already made drastic concessions. For example taxis are now allowed to drop passengers where there are no facilities, the traffic police must support them in this, taxis no longer have to produce documentation on request during peak hours and a multiparty forum—therefore the ANC as well—will now deal with taxi matters in Johannesburg. Therefore chaos and lawlessness are being legalised, which must spill over to the other towns, and this will also have serious implications for the implementation of the Natis system.

If the taxi driver does not have to produce documentation, how is it going to be established whether he has a licence or whether the vehicle is stolen? That is the system which those hon members now want subsidised. The CP says reverse the policy, introduce measures to discourage Black taxis in White towns, show a will to restore law and order in Black areas, and there will then be an increase in the number of people who make use of the commuter services and the subsidies will decrease. [Interjections.]

*The MINISTER OF TRANSPORT: Mr Speaker, I am sorry to say that both the previous speakers are making a political problem out of the taxis and the problems which passengers who travel by taxi are experiencing. I can only conclude that they hate the Blacks, because I have heard nothing else in the debate here today. [Interjections.] All that was debated

cont →

here, was that taxis had to be banned and people forced to return to other modes of transport. [Interjections.] As long as the after effects of apartheid exist, we shall have to accept that those people live far away, where housing is available. [Interjections.] They must reread . . .

*Dr P J GOUS: What about the free market.

*An HON MEMBER: Oh, that hon member must keep quiet

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*The MINISTER: They must reread ~~what the~~ Commission of Enquiry into Bus Transport said in 1983 with regard to taxis and buses, then they will know what it is all about.

It is estimated that there are more than 120 000 of these minibus taxis on our roads. Some people estimate the number to be as high as 180 000, but I think that 120 000 is closer.

*Adv S C JACOBS: You do not know how many there are because they are not registered.

*The MINISTER: The most important fact is that we cannot replace 120 000 vehicles with a bus or train tonight, because there are no buses or trains where these services are being rendered.

*Dr W J BOTHA: Who said that?

*The MINISTER: I say so! [Interjections.] There is one important point which hon members must concede, and that is where do those people come from? They come from White areas, where some of them sleep at night, and then they travel to the city. There are no trains or buses to or from the northern suburbs of Johannesburg.

*Adv S C JACOBS: That is not the point!

*The MINISTER: We must examine the facts at grassroots level. It is a very important point to examine the facts at grassroots level. [Interjections.] If there is no demand for more than 120 000 taxis, why do they exist? [Interjections.] The most important thing is that they must be included in the planning. They are a part of the public transport system in South Africa. [Interjections.] [Time expired.]

*Mr F J LE ROUX: Mr Speaker, on a point or order: I understand that a mistake crept in with the speaking turn of the hon member for Rustenburg. Could you perhaps just allow him to finish what he was saying? Will you allow him a little extra time?

*Mr SPEAKER: Order! I am not aware of that. I shall just make sure. Yes, it is true that the hon member still has 23 seconds. [Interjections.] I grant him those 23 seconds.

*Dr W J BOTHA: Mr Speaker, I said it was clear that the wooing of Black voters had started. However, the Government will hope in vain that every subsidised taxi passenger will mean a vote for the Government. The reality is that many Black taxi-drivers are political commissars for the ANC, and spread the message of the ANC, not that of the Government, to their passengers. [Interjections.] In this way the Government will ultimately use White taxpayers' money to finance its own downfall. How stupid can a Government be! [Interjections.]

Debate concluded.

Bill of rights: funding

2. Mr A J LEON asked the Minister of Justice:

(1) Whether the Government is providing funding for the promotion of the concept of a justiciable bill of rights for South Africa; if so,

(2) whether parties and/or political organisations independent of the Government will be allocated funds for the purpose of promoting versions of a bill of rights which differ from the Government's Proposals on a Charter of Fundamental Rights, published on 2 February 1993?

B156E.INT

The MINISTER OF JUSTICE: Mr Speaker, a bill of fundamental rights will be the cornerstone of a new constitutional dispensation and even perhaps, as Mr Justice Warren Burger had expressed it, the harness for a constitution. For the ordinary citizen it will also be a document which will provide protection for his fundamental rights and which will enhance his quality of life.

The Government has taken the initiative in publishing its proposals for a bill of rights, and it has taken the initiative to launch an extensive plan of action to promote the purpose and functions of human rights throughout the country. I want to emphasise the responsibilities they entail.

For this purpose we have provided for an amount of R1,5 million which will be allocated, for various purposes, under the umbrella of the wider objective.

*Everybody knows its history. The SA ~~Law~~ Commission submitted its interim report in 1991. That report was the product of years of research and contributions by a large number of scientists, interested parties and political parties. Those political parties accepted in principle the necessity for a bill of rights in a constitutional dispensation. Some of them even said they wanted it immediately. However, the Government did not react to that report the way it normally reacts to commission reports, and as is its custom and its duty. Accordingly the Government chose this moment in our history to react to it, because it is essential that it be made known what the present Government's reaction is to this very important commission report.

†It is important to note that the Government is not saying that these proposals are final. We are saying that they should be seen as proposals by the Government to stimulate a debate and to serve the purposes I have already mentioned. Therefore I think it is justified to use the tax payer's money to promote the cause of a bill of rights, which we say will have to be the cornerstone . . . [Time expired.]

Mr P H P GASTROW: You are promoting your own bill of rights!

Mr A J LEON: Mr Speaker, we thank the hon the Minster for his customary generosity with taxpayers' money. He confirmed this for us this afternoon. The propaganda onslaught which the hon the Minister has launched with his concept of a bill of rights consists of the following elements. There is a seven-page panelled document—a pamphlet—which deals with the Charter of Fundamental Rights. There is also the 44-page document which the Government has published already and which is free on demand, from the Department of Justice, to any citizen of South Africa who might be interested. Then we have a somewhat garish, pink—and no doubt sexist, in colour at least—seven-panel glossy pamphlet entitled "Equality for Women". The hon the Minister of Justice has just confirmed that R1,5 million was going to spent for this purpose, and a fair amount has presumably already been consumed by publications of this kind.

We want to ask the hon the Minister the following questions which, with all due respect, he has not answered this afternoon: Will the Government concede or will it not concede that it has published a draught of its own version, not as a final proposal, but, as he said, for the purposes of debate. It is not a White Paper, it is not draft legislation and it is not a *Gazette*. As the hon the Minister told us, it is simply a debatable proposal.

The hon the Minister also told us that this was the natural outflow of the South African Law Commission's work, to which all political parties had access. However, will he not confirm that the proposals made in the Government's charter are highly controversial, extremely political and deeply debatable? I refer to just six instances in which the Government has radically departed from the Law Commission's proposals on a bill of rights: 1. The enshrinement of the death penalty. 2. The provision for detention without trial for a minimum of ten days. 3. The refusal to outlaw the provision of State funds to institutions which practise apartheid. 4. The watering-down of safeguards against the declaration of a state of emergency. 5. The proposal to licence the media. 6. The extremely wide and vague grounds on which a right promised in the charter may be suspended by the Government of the day.

All those are fundamental departures from what the Law Commision said should be in a bill of rights, and those are only six examples. As the hon the Minister knows, we in the DP welcome the Government's five- minutes-to-midnight or deathbed conversion to a bill of rights, something which we have been advocating since 1959. However, to suggest, as the hon the Minister has done this afternoon, that taxpayers should fund the propagation of this project, of its particular party viewpoint, is quite wrong.

At least the hon the Minister was frank about it in 1989 when he told the NP's federal congress that the Government would be using this bill of rights "to lick the revolutionaries". It is clear, however, that South African taxpayers are unwillingly, and until today unknowingly, being harnessed for this purpose.

We believe that Government funding should be provided to all parties wishing to engage in the rights debate, and not just to the most recent converts to this noble concept. Will the hon the

Cont - D

Stronger dollar boosts Trencor

STAR 17/2/93.

(332)

By Stephen Cranston

The focused transport group Trencor lifted earnings a share by 16 percent to 363c for the six months to December.

The interim dividend has been raised from 42c to 90c as the board intends to reduce the disparity between the interim and final dividends.

Turnover improved 28 percent to R381,5 million, pre-tax income rose 21,7 percent to R56,5 million and attributable earnings were up 17,8 percent to R52,7 million.

Because there were 200 000 more shares in issue, the increase in earnings per share was limited to 16 percent.

Executive chairman Neil Jowell says trading conditions overseas have not changed materially, but the stronger dollar increased the contribution from exports in rand terms.

The further deterioration in the domestic economy was felt in all local operations, with the transport division and tyre interests hardest hit.

He expects similar conditions to prevail for the second half of the year but forecasts real earnings growth.

There was an extraordinary profit of R100 million from the sale of the 25 percent holding in Contred to Consol.

The acquisition of an interest in W&A, which will result in Trencor jointly controlling the W&A Group, is not expected to have a significant effect on earnings in the current financial year.

Star 17.12.93 (332)

Kriel defends clamp during city taxi crisis

Staff Reporter

Law and Order Minister Hernus Kriel has defended his decision to declare Johannesburg an unrest area during the city's taxi crisis, adding that the action had rescued the city from being held to ransom by "rebellious and violent" taxi drivers.

He was responding to criticism on Monday by Johannesburg management committee chairman Ian Davidson and his deputy Paul Asherson, who slammed the imposition of a state of emergency.

Addressing a council meeting, Davidson and Asherson said the declaration "left us powerless when we were on the brink of a solution".

Kriel said in a statement yesterday that the situation required immediate and decisive action by the Government, adding that his declaration was made only on the second day of the crisis — after intensive negotiations to save the city from further violence and disruption had obviously failed.

"In view of the virtual anarchy in the city, the SA Police needed extra powers to not only halt the violence as soon as possible, but to prevent a reccurrence."

● Davidson yesterday denied having blamed Kriel for prolonging the recent taxi violence either by statements or by declaring the city an unrest area.

Last night, Davidson agreed he had criticised the unrest regulations imposed on the city, but denied having mentioned Minister Kriel by name.

The Star reported yesterday that Davidson and Asherson had said the taxi crisis could have been resolved within a day had it not been for the intervention of Kriel and Witwatersrand Attorney-General Klaus von Lieres.

Kriel was mentioned by name in the light of the fact that he had declared the unrest regulations.

Kriel slams council

■ Minister says Jo'burg management committee failed to address taxi crisis properly

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By Ismail Lagardien
Political Correspondent

Sowetan 17/2/93

THE Minister of Law and Order, Mr Hernus Kriel, has rebuked the Democratic Party-led Johannesburg Management Committee for failing adequately to address the root causes of the taxis crisis.

Kriel said it was "ridiculous" to blame the the ministry of police for prolonging the taxi violence by declaring Johannesburg an unrest area.

Accusing JMC chairman Mr Ian Davidson of "political posturing of the worst kind," Kriel said the situation in Johannesburg during the crisis required immediate and stringent action by the Government. "Declaring an unrest area in fact rescued Johannesburg — South Africa's economic hub — from being held to ransom for an indeterminate period by rebellious and violent taxi drivers," Kriel said yesterday. He pointed out that the city was declared an unrest area only after intensive negotiations had failed and that taxi drivers had rebelled against their own umbrella organisation. "These organisations had completely lost control over certain members and over the situation, (therefore) in view of the virtual anarchy in the city, the South African Police needed extra powers to not only halt the violence as soon as possible but to prevent reoccurence. "Declaring an unrest area was not intended to negate, undermine or replace negotiations to find a solution to the crisis, nor did it remove any powers or authority of local government.

"However, with violence the order of the day in the streets of the city, additional physical measures were necessary to first re-establish order," Kriel said in a statement.

Trencor on track with earnings boost of 16%

BDay 17/2/93. (332)

LINDA ENSOR

CAPE TOWN — Container and transport group Trencor maintained its consistent track record of healthy profit growth in the six months to end-December, increasing earnings by 16% to 363c (312c).

The strengthening of the dollar which boosted the contribution of exports and overseas operations in rand terms, together with the interest earned on funds raised by Trencor's convertible debenture issue, helped to offset the sluggish domestic conditions.

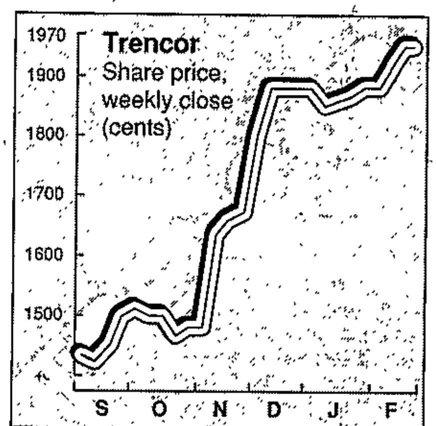
An interim dividend of 90c (42c) was declared, an increase which Trencor executive chairman Neil Jowell said was decided upon to smooth out the difference between the interim and final dividends.

The calculation of earnings and dividends were made prior to the 10-for-one share split which took effect on Monday.

Jowell added that the acquisition of joint control of W & A was not expected to have a significant effect on earnings this financial year.

Turnover rose 28% to R381,5m (R297,4m), but with margins slipping to 17,5% (19%) the group notched a 17% rise in pre-interest income to R66,8m (R56,9m). Net interest paid on debt — which at end-December stood at R44,4m (R42m) — was contained due to interest earned on the funds raised from the R260m convertible debenture issue.

Jowell said the volume of containers sold on the international market was on a par with the previous period and the margins of both the group's exports and overseas operations had been more or less maintained.



Graphic RUBY-GAY MARTIN Source I-NET

"There was a further deterioration in the domestic economy. This was felt in all our operations but the transport division and our tyre interests were hardest hit," Jowell said. Trencor sold its interest in tyre manufacturer, Contred, in December to Consol for R210m.

Trencor's parent company Mobile Industries earned 89,4c (78,1c) during the interim period and declared a dividend of 22c (10c).

Goldstone probe told of police taxi-owners

Staff Reporter ARG 18/2/93

A COMMITTEE of the Goldstone Commission inquiring into the taxi violence in Cape Town will be given the names and addresses of policemen who own taxis. (332)

Mr Jabu Mabuza, on behalf of the Southern Africa Black Taxi Association (Sabta), told the commission yesterday that he knew of police, especially in Daveyton in the Transvaal, who owned taxis "in their individual capacity".

Mr Mabuza at first declined to give the committee the names, saying he was concerned about the consequences.

But he agreed to supply the list by next Friday after a request by Mr G D Griessel SC, for the police, who said police who owned taxis could be seen as having a conflict of interest.

Mr Mabuza earlier told the committee that friction in the Western Cape began as early as 1982 and that violence and intimidation was not confined to the area.

"The violence threatens the imminent collapse of the taxi industry," he said.

Mr Mabuza said that some of the reasons for the violence were a lack of facilities and a lack of visible law enforcement.

Recommendations by Sabta to provide solutions for the conflict include the establishment of a taxi authority which would take over the issuing of permits, control and discipline of the industry.

TRENCOR FM 19/2/93 (332)

Gratifying performance

With the lion's share of its business transacted overseas, Trencor depends heavily on the buoyancy of international trade. Though world trade softened throughout last year, and the domestic economy slumped, the group maintained real earnings growth in the six months to December.

Turnover grew by an impressive 28,5%. Chairman Neil Jowell says he was gratified with the performance of the overseas interests. His comment refers particularly to Textainer (*Fox* November 6), the US-based international container leasing operator in which Trencor has a significant stake.

continue

FOX FM 19/2/93 (332)

ON A ROLL

Six months to	Dec 31 '91	Jun 30 '92	Dec 31 '92
Turnover (Rm)	279,4	346,6	381,6
Pre-int profit (Rm)	56,9	97,1	66,8
Pre-tax profit (Rm)	46,4	84,9	56,5
Attributable (Rm)	44,7	85,3	52,7
Earnings (c)	312	593	363
Dividends (c)	42	153	90

While exports and earnings generated outside SA added lustre, trading was conducted at roughly maintained margins; the stronger dollar helped magnify rand profits. All the domestic operations were hampered by recession but the impact was largely offset by interest earned on R260m cash raised from the issue of convertible debentures in November 1991. The sale of Trencor's interest in Contred (*Fox* December 25) came too late to affect the interim results.

EPS were up 16,3% and the interim dividend has been increased 114%. This was to equalise the disparity between the interim and final dividends.

Jowell says trading conditions in the second half are expected to be similar to those of the first. Based on present exchange rates, earnings growth for the full year "will at least exceed the rate of inflation, notwithstanding an expected increase in the average tax rate."

The investment in W&A Investment Corp won't yield a significant earnings contribution this year, but it will absorb up to R350m once the W&A rights issue is completed around April.

Trencor's share has remained in demand over the past six months. It rose to a high of R192 before the 10-for-one split (effective February 15). Its historical dividend yield is now a thin 1,3% and its p:e exceeds 21. Despite the outstanding earnings record, it seems fully priced, but the share should remain an institutional favourite and will doubtless be accumulated by investors if the price weakens. *Gerald Hirshon*

UNITRANS FM 19/2/93.

Staying ahead

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It's little wonder that leadership among hauliers in the transport sector rests with Unitrans, which again bucked the trend and turned in a solid performance in the six months to end-December.

Cost controls and better utilisation of assets produced improved margins — 13,3% against 12,5% — and operating profit rose 10,6% on a 3,8% turnover advance.

EPS increased 5,7% to 44,3c and the dividend was lifted in line, to 10,5c. Fully diluted EPS climbed to 36,4c (34,5c).

CE Eduardo Gutierrez-Garcia says all operations remained profitable, though two of the 12 experienced "temporary setbacks." Unitrans Sugar, based in Natal, was hardest hit by the drought. Unitrans Malawi, one of the more profitable operations, had a slow start to the financial year, suffering from security problems which have bedevilled its transport routes and currency restrictions which hampered imports.

Unitrans Lesotho, which was awarded the contract to supply cement for construction of the Katzi Dam in 1992, incurred considerable expenses initially but a significant increase in volumes transported is expected to flow through by June/July.

Increased capex, says Garcia, of some R53,5m was spent on new vehicles. The resultant lower tax charge helped after-tax profit to rise 8%. These benefits are expected to continue. Capex was funded partly from

continue

STILL STRONG

Six months to	Dec 31 '91	Dec 31 '92
Turnover (Rm)	170,5	176,9
Operating inc (Rm)	21,2	23,5
Attributable (Rm)	15,2	16,6
Earnings (c)	41,9	44,3
Dividends (c)	10,0	10,5

FOX FM 19/2/93.

Unitrans's Garcia ...
several avenues for growth

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cash resources, absorbing three-quarters of the R56,4m cash reserve. Capex for the year will be around R156m — well up on the annual R80m of the past two years — but Garcia states this will be offset by the amount recouped on sale of assets.

Garcia says Unitrans is looking to several avenues for growth. Development of a regional network is being investigated, as political reform in SA and the interdependence of sub-Saharan countries should offer increasing opportunities.

With no significant improvement in the economy expected soon, Garcia says operating results for the second six months are forecast to remain at least at current levels. While this forecast may be conservative, the results failed to move the share price which, at R12, stands at a 12-month high. *Marylou Greig* was taking in water but was not in immediate danger.

Winds gusting up to 45 knots had been battering the boat. These had moderated but there was a heavy swell.

In a radio call last night Juan de

the skipper Oli
his crew can re
A spokesman
cue Co-ordinat
mine said they
situation and t
the situation go

Court approves Greyhound sale

CT 19/2/93 (332)

Supreme Court Reporter

THE provisional liquidators of Entercor Limited and Greyhound Coach Lines, subsidiaries of the liquidated Tollgate Holdings Limited, have been authorised by the Supreme Court to accept an offer of R9,2 million for Greyhound's assets.

Entercor's staff would not lose their jobs if the court authorised the sale, the court was told.

Mr Justice D G Scott authorised the liquidators to accept the offer.

In papers Mr Steven Malcolm Gore, a provisional liquidator of Entercor, said an agreement was reached on February 9 with Unitrans Limited to buy Entercor's business (trading as Greyhound Coach Lines) as a going concern.

Mr Gore said Absa Bank was the largest creditor of Tollgate Holdings with a claim of more than R300 million. It held a notarial bond over all Entercor's movable assets. In view of this substantial claim concurrent creditors are not likely to receive a dividend.

● Unitrans buys Greyhound Citiliner — Page 13

'Outsiders raise taxi conflict'

Staff Reporter

WHEN parties outside the taxi industry involved themselves in solving the crisis in the industry the result was more conflict, the managing director of the SA Black Taxi Association (Sabta), Mr Jabu Mabuza, said yesterday.

Addressing the Goldtone Commission's committee inquiring into the taxi violence in the Western Cape, Mr Mabuza said that most of the (political) groups that got involved did so for political motives.

Responding to questions on deregulation of the taxi industry, he said Sabta supported a market-driven economy, but the system was not going to work until the "playing fields are levelled".

He said any solution to the problem would have to take into account taxi fares, training for drivers and a subsidy from the government.

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He called for the formation of a taxi control board to replace the present Local Road Transport Board.

He said the duties and powers of the proposed board should be much broader and should include financing of taxi operators, which was central to the solution.

CT 19/2/93

Mr Mabuza denied that the industry was saturated.

Reef taxi dispute resolved after talks

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ARGT 9/2/93

The Argus Correspondent

JOHANNESBURG. — The taxi revolt is over after three days of bloody violence which virtually crippled Johannesburg by leaving thousands of commuters stranded last week.

But the breakthrough was marred by an attack on the Soweto offices of the South African Black Taxi Association (Sabta) yesterday, in which two officials were seriously injured.

Taxi drivers agreed to go back to work after a lengthy and sometimes heated meeting with traffic officials and political organisations yesterday.

A permanent multiparty forum was established to discuss all matters affecting traffic and taxi issues.

All parties agreed to settle their differences and agreed that the maintainence of law and order and consultation were paramount.

Mr Piroshaw Camay, chairman of the Johannesburg Local Dispute Resolution Committee (LDRC), who chaired yesterday's meeting, said a preliminary meeting would be held next week to decide on the paramaters of the forum.

Spokesmen for Cosatu and the ANC's PWV region said they were relieved the crisis had been resolved.

Johannesburg Traffic Department spokesman John van der Westhuizen said the department had decided not to issue a statement after the meeting, but Traffic Chief Mike Davis was reported as saying he was pleased with the outcome.

Mr Davis said the traffic department realised it had to communicate with the drivers and taxi industry, which it now realised was a major force.

An agreement of intent was signed by, among others, the South African Taxi Drivers Union (Satdu), Sabta, other taxi unions, Cosatu, the ANC, SAP, SACP, Azapo, PAC, IFP and traffic officials.

A source at yesterday's negotiations said the meeting came close to exploding over the issue of vehicles which had been impounded and not yet released because police suspected they had been stolen.

According to the source, 12 vehicles were still being held and the police told the meeting they would be released when the owners produced documents to show they were legally owned.

"The drivers are now facing pressure from the owners who say the police would never have suspected the vehicles were stolen if they (the drivers) had not used them to blockade the streets," he said.

He said the issue had still not been solved by the end of the meeting, and would be discussed in the new forum.

Students go on the rampage

Sowetan 19/2/93

■ **CAMPUS ANGER** Mamelodi, Cape Town also in uproar over students' financial problems:

By Sipho Mthembu and Sapa

CHAOS erupted in Soweto yesterday when hundreds of pupils went on the rampage, damaging vehicles after rejecting the suspension of the go-slow strike which started on Monday...

In Mamelodi, Pretoria, Vista University's campus was closed until next Tuesday after students hurled stones at private vehicles and the institution's building after a meeting with the authorities over registrations ended in a deadlock.

A police spokesman estimated the damage at R13 000.

In Cape Town about 80 chanting students at the University of the Western Cape entered the offices of the rector, Professor Jakes Gerwel, amid a new storm over financial exclusions.

The group left after Gerwel agreed to meet a delegation to discuss the plight of students barred from courses because they owed the university money.

In Soweto yesterday a number of vehicles were stoned and set alight before and after meetings which were held at the Prudence and Pace College in Tladi and Jabulani.

The meetings rejected a call by the Southern Transvaal region of the Congress of South African students to end the boycott.

Pupils went on the rampage, stoning vehicles after leaving classes at about 11am.

Mr Sam Dubazana, a businessman in Dube, said his delivery van had its windows shattered by pupils at about 12 noon.

At the Jabulani Technical College police used teargas to disperse chanting pupils who had blocked traffic on their way to a meeting.

At the Selelekela High School in Orlando East teachers toyi-toyied on the premises, protesting against "heavy salary deductions".

A police spokesman in Soweto, Colonel Tienie Halgryn, yesterday said two delivery vehicles were hijacked and burnt in sporadic incidents of violence yesterday.

Subsidy is not for taxi operators

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■ **Commuters will get the benefit:** Sowetan 19/2/93.

By Ismail Lagardien
Political Correspondent

THE Government is considering a subsidy for the taxi industry that would be directed at commuters through a ticket system and not at the owners of vehicles.

Responding to a question in Parliament yesterday, Minister of Transport Dr Piet Welgemoed said it was necessary to see the problems and other issues surrounding the taxi industry in South Africa for what they were: the legacy of apartheid.

"It is important that subsidies are not paid to the various transport operators but to the commuters and that the Government's objectives are to make public transport safe and convenient," Welgemoed said.

Some of the details of a possible subsidy scheme were:

- That an integrated public transport system be created whereby commuters could travel from any departure point to their destination by different modes of transport on a single ticket; and
- That any possible subsidy be done within the limits of the Budget and that no additional funds be appropriated.

She said her organisation believed in ... wasted will never be regained."
Jerry, Tembisa

composed of all parties

news in brief

Sowetan 19/2/93

Coetsee acts on Bills

THE Government was prepared to fund the publication and promotion of the proposed Bills of Rights submitted by other parties, Justice Minister Mr Kobie Coetsee said yesterday.

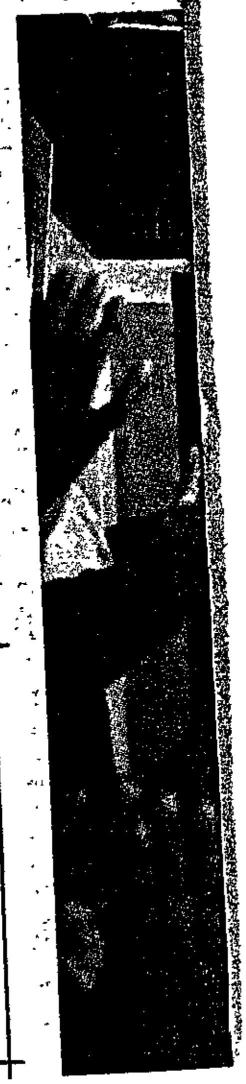
Speaking in Parliament, Coetsee said the Government was taking the participation of other political parties in human rights seriously.

Sowetan 19/2/93

New forum set up

332

A BROADER forum set up by the Johannesburg Traffic Department, transport unions, taxi associations, the South African Police and the Johannesburg City Council is to meet next Tuesday to discuss concerns surrounding the issue of taxis in the city.



Policeman

Unitrans buys Tollgate's Greyhound

BDay 19/2/93 (332)

EDWARD WEST

ROAD haulier Unitrans acquired the luxury passenger carrier Greyhound Citiliner for R9,25m from the liquidators of the Tollgate group, Unitrans CE Eduardo Garcia said yesterday.

Greyhound offered interesting possibilities for the future, had shown rapid growth since inception and was well managed in spite of certain capital constraints imposed by Tollgate, Garcia said.

Removal of these restrictions and active involvement by Unitrans would enable Greyhound to develop a more comprehensive range of luxury travel services. Greyhound's employees would be retained, many of whom had been engaged and trained previously by Unitrans.

Unitrans had come a full circle with the acquisition. It started the luxury intercity passenger service in 1984 after a costly battle to secure permits from the National Transport Commission.

A decision in 1988 to withdraw from passenger transport led to the sale of United Passenger Holdings, of which Greyhound was a subsidiary, said Garcia.

Greyhound transports 250 000 passengers a year.

A working cover

By TERRY BETTY

CORPORATE insurer Concord Insurance is to offer death and disability cover for taxi, bus and train commuters. It is estimated that eight million people travel by taxi, train and bus every day.

Concord director Basil Palmer says 100% of people surveyed say they feel most vulnerable when commuting to work, so Concorde is now going to insure just that portion of the day.

For R60 a year, or 10c a trip, the person will have R30 000 disability cover and R33 000 death cover, the extra R3 000 being for funeral expenses.

The condition of the policy is that the insured has to be a paying passenger injured while commuting in either a taxi, bus or train.

These payments will be over and above any other payments received from a medical aid or life cover.

Mr Palmer says the product will be marketed directly to the public, but he expects most of the business will be companies taking out group policies for their employees. "The advantage is it is tax deductible."

OPINION

Patrick Laurence detects a potentially fractious dichotomy in the black taxi industry

Class conflict rears its head

Stm 22/2/93.

(332)

SOUTH AFRICA'S once booming black taxi industry, already divided by wars for control of territory between rival taxi associations, faces another potentially explosive fissure.

In retrospect it is clear that the two-day taxi blockade in Johannesburg helped to identify a divergence of interest, perhaps even an embryonic class conflict, between taxi drivers and taxi owners.

Three points are worth recalling about the blockade:

- It was initiated by drivers, acting largely through the newly formed South African Taxi Drivers' Union (Satdu), in a bid to seek redress of their grievances.
- It was condemned by the Southern Africa Black Taxi Association (Sabta), which represents owners rather than drivers.
- Its end coincided with the bombing of Sabta's Soweto offices and the wounding of two Sabta officials, a sign that anger may have reached boiling point.

The main thrust of the drivers' demands seems to have been directed at the "petty" attitude of traffic policemen and their "victimisation" of black drivers. But closer analysis of the grievances shows that they originated, in part at least, from differences between drivers and owners.

Jane Barrett, national organiser of the Transport and General Workers' Union, says many drivers work on a quota system: they have to hand over a fixed sum to the owner or complete a prescribed number of trips before they can pocket any money themselves. The system pressures drivers to complete as many trips as possible; the result is random stopping on busy roads to pick up or offload passengers, overloading and speeding.

Further consequences ensue: interventions by traffic officers, time-consuming court appearances, convictions and fines, all of which add to the frustration and anger of the taxi drivers.

Transport consultant Colleen McCaul says the situation is aggravated by the financially parlous state of the once booming industry (which at the height of its prosperity was described by Anglo American's Clem Sunter as the miracle of the mid-1980s).

Escalating costs — of vehicles, hire purchase, spares and repairs — and the increasing number of taxi operators (due in part to the purchase of permits from corrupt transport officials), have sharply reduced profitability.

Taxi owners are thus under financial pressure and cannot relent. They must get their money's worth from the drivers.

Another grievance cited during the blockade points back to owners: taxi drivers say they are held accountable by traffic officers for unroadworthy vehicles.

Significantly a demand that owners should ensure that the vehicles are roadworthy and properly registered is part of the four-point plan proposed by Norman Prince of Satdu to resolve the dispute which led to the blockade and to prevent it recurring.

Prince states in an interview: "Drivers are paid very badly. They aren't paid a working wage. They can't function effectively ... The owners work on a quota basis. If the driver doesn't bring in the required quota he is penalised."

After reiterating that owners rather than drivers should be held to account for defective vehicles, he declares: "There is no job security for drivers. There is no unemployment insurance, no medical aid." It is time, he says, to acknowledge drivers' rights.

He adds that all sections of the industry, including drivers, will have to be included in discussions.

The formation of Satdu — according to Prince it has 12 000 members — may mark a turning point; it could help orchestrate the demands of drivers and ensure that their grievances are included on the agenda.

Satdu has been granted temporary affiliation to the Congress of South African Trade Unions (Cosatu), South Africa's largest trade union federation. Permanent affiliation has been made conditional on Satdu joining the Cosatu-affiliated Transport and General Workers' Union (TGWU).

Prince is personally in favour of a merger between the two unions but he is reluctant to anticipate a decision by Satdu as a whole. The indications, however, are that a merger will take place.

As Barrett observes, the TGWU has already organised taxi drivers in the Vaal Triangle and can thus offer experience as well as resources to the infant Satdu in its struggle on behalf of drivers.

In the Vaal Triangle the TGWU succeeded in winning agreement from taxi associations to a minimum wage and a bonus system, an improvement on the bonus system only because it took some pressure off the drivers, Barrett says. One of the problems was to get the different taxi associations to talk with one voice, she adds.

During the Johannesburg blockade many drivers were "furious with Sabta" because of its failure to support them and in later settlement talks with municipal authorities there were calls for Sabta representatives to leave the meetings, Barrett says.

Looking ahead to the prospect of relations between the TGWU as the voice of taxi drivers and Sabta as the collective representative of owners, she anticipates a tense period.

Sabta spokesman Michael Nglatleng has a different perspective: Sabta has no problem in principle with interaction on labour matters with a drivers' union, provided it is not built on a crisis like the one in Johannesburg; a number of underlying questions need to be settled first, however.

One is whether a "voluntary association" like Sabta can enter into a formal agreement with unions. Another is that Sabta represents taxi owners at national level whereas labour problems often occur at local level and are more properly addressed by local taxi associations.

Nglatleng makes another two points: apartheid's legacy means "taxi owners and drivers share common aims and "toyi-toyi for the same objectives"; the distinction between owners and drivers is blurred as owners are also often drivers while many drivers are aspirant owners.

But, as the ANC is beginning to discover, old solidarities forged in the struggle are breaking up and new, class-based interests are starting to emerge. □

News in brief

Sowetan 23/2/93

Bargains galore here

DO YOU want a bargain — anything from a car, house, gearbox, fridge or furniture?

All these things you can find in your copy of *Sowetan* every day in the paper's Classified section. There are many more services offered in our Classifieds, such as education centres, driving schools, where to apply for jobs and our column on penpals.

Briefly in court again

A MAN charged with the abduction of a 10-year-old Yeoville, Johannesburg, girl appeared briefly in the Johannesburg Regional Court yesterday.

Mr Bhonoto Mpungose (38), of Bellevue, Johannesburg, was not asked to plead. The case was postponed to April 5.

Mpgungose is on bail of R1 000.

Tribute in Atteridgeville

THE SA Defence Force at the weekend paid tribute in Atteridgeville, Pretoria, to the courage of 823 men who died when the SS Mendi sank in the Atlantic Ocean in 1917.

The men were travelling from the English port of Plymouth to the French port of Le Havre when the SS Mendi was hit by another ship, the SS Darro, on February 21 1917 during a night of bad weather. A total of 805 privates, 17 non-commissioned officers and five officers drowned or froze to death in one of the country's worst military disasters. The men, all from the Native Labour Corps, were seconded for duty in France when the disaster occurred.

Sowetan 23/2/93

Sadtu goes global

THE SA Democratic Teachers' Union has been accepted as an affiliate of the new Education International and will form part of the international union's family of 30 million teachers.

The EI was formed at a conference in Stockholm, Sweden, on January 26 after two former international teacher unions dissolved and merged into a new international body.

Sowetan 23/2/93 332

Taxi rank torched

BETWEEN 200 and 300 youths torched a taxi and a taxi office and pulled down 16 parking shelters at a taxi rank in Katlehong after a meeting on Sunday afternoon, East Rand police said yesterday. About R50 000 damage was caused and police are investigating a charge of property damage.

Sowetan 23/2/93

Clothiers to retrench

CAPE clothing manufacturer Rex Trueform is to retrench at least 570 workers next month, citing the continued severe recession as the reason.

In a letter to staff, the company said there had been a further fall-off in orders for garments manufactured in many departments.

Last year hundreds of Rex Trueform workers were retrenched when its Wynberg and Atlantis plants closed.

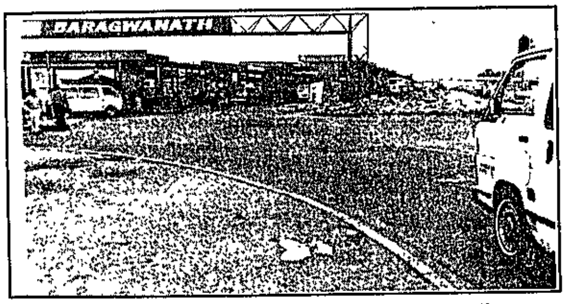
Policeman under fire

SHOTS were fired at a policeman of the Internal Stability Unit in Ratanda near Heidelberg at the weekend, East Rand police said yesterday. Sowetan 23/2/93.

He was uninjured.

They said two men approached Sergeant R de Jager while he and colleagues were looking for a man in the township. One of the men pulled out a firearm and shot at De Jager before they fled. — *Sowetan Reporters and Sapa.*

NEWS FEATURE *R8 million to be spent on sprucing up the largest Soweto taxi rank*



Littering at the main rank at Baragwanath shows how urgent the upgrading system is needed in the area. PIC: JOE MOLEFE

Facelift for Bara rank

Sowetan 24/2/93

By Isaac Moledi

■ TERMINUS UPGRADE *More than 25 000 pass through at peak hour:*

(332)

ONE OF THE BIGGEST TAXI and bus ranks will be upgraded at an estimated cost of R8 million, Stewart Scott Incorporated spokesman Mr Dave Skinner said this week

Skinner, whose company was appointed by the Diepmeadow City Council to upgrade the Baragwanath terminus in Soweto and expand the existing facilities, said work will begin in two weeks

The first phase which includes the new taxi rank on the Johannesburg side of the hospital pedestrian bridge will cost about R1 million

This will be followed by an overhaul of the whole bus and taxi ranks in a year's time

According to Skinner, the establishment of the formal taxi rank in Greater Soweto began with the identification of suitable sites for upgrading, liaising with affected parties and obtaining necessary approvals.

Preparatory work

He said much preparatory work was required in liaising with the taxi associations, local authorities and other affected parties.

"We held many meetings with the bus and taxi companies, the local hawkers associations, shopkeepers and almost everybody involved

"Following this, the number of taxis operating at the site had to be established together with their destinations and additional facilities

"The design was then prepared in consultation with the local taxi association "

Skinner said facilities at each rank would include a paved area for ranking, queuing loading and unloading of passengers, a meeting room for the taxi association, toilets, shelter, a tap for washing vehicles, a grease trap and litter bins

The terminus is now more important as a general commuter interchange than when it used to be a terminus constructed primarily for buses serving the hospital in 1976

At present 430 buses and more than 4 000 taxis enter the terminus on a typical weekday. In the morning and afternoon peak periods more than 100 taxis are parked at the terminus and another 200 at the holding areas adjacent to the terminus More than 25 000 passengers make use of the facility during the morning period

Extensivé congestion

Besides extensive congestion, the existing one-way system of operation through the terminus has several undesirable aspects. All taxis and buses enter at one point in the west and leave from another point in the east, and although two aisles are provided for taxis and one for buses, many accidents happen

Taxis tend to speed through the terminus, while the layout causes unnecessary long looping travel movements, wasting time and travel distance.

Pedestrian access points to the bridge are poor and involve tedious walking distances up looping ramps. Taxis belonging to one taxi association overflow into the area of another association or block the flow of taxis from other associations.

Taxi repossession

THEO RAWANA 332

THE Civics Association of Southern Transvaal (Cast) and major taxi organisations were to take up the issue of repossession of vehicles with financial institutions, Cast said yesterday.

Cast said yesterday's meeting with taxi organisations Sabta, Saldta and Nafto had looked at taxi profitability, the role the taxi industry should play in the forthcoming nonracial elections, the involvement of community organisations in restructuring public transportation and relationships between the taxi driver, taxi owner and the community. B/DAY 24/2/93

The parties also resolved that any concessions made to the taxi industry by government would have to be discussed with civic organisations.

Sabta working for new deal on repossessions

BDAY 25/2/93

JOHN DLUDLU (332)

SABTA and Future Bank were working on a new financial scheme aimed at reducing the rate at which taxis were being repossessed, Sabta spokesman Mike Ntlatleng said yesterday.

Last year 30 western Cape taxi associations broke away from Sabta citing, among others reasons, its failure to negotiate repossessions with Wesbank. Wesbank has since handed over Sabta members' accounts to Future Bank.

He said Sabta was reviewing the scheme and would today unwrap a "new deal for taximen".

Future Bank spokesman James Smith said the rate of repossessions had "not been dramatic, but we realise there has been a problem with affordability of instalments".

Ntlatleng said massive retrenchments had encouraged people to turn to the taxi industry for a livelihood, restricting the profitability of the industry. To aggravate matters, passenger volumes had shrunk.

"The repossessions are caused by inability to pay instalments, just like in the housing sector," he said.

Ntlatleng said the problem affected taximen countrywide. "It would be wrong to say it is acute in Natal."

He denied the repossessions stemmed from a misunderstanding of the Sabta pool scheme. "The Sabta pool scheme accounts for 20% of the repossessions."

The scheme — run jointly with Future Bank — was launched to help black people get financial assistance from banks, and required members to pool money for collateral. The money was used as surety in a bank, enabling members to obtain loans and served as backup for members in arrears.

Sabta launches new taxi finance scheme

JOHN DLUDLU

332

SABTA yesterday announced a "new deal" for its members to replace the old financial scheme and save the collapsing taxi industry, marketing manager Cyprian Lebese said at a news conference yesterday.

According to the new scheme — to be called Excel — members' contributions would go directly towards settling instalments rather than investing in the debenture fund.

"Any deposit paid comes directly off the amount owed, reducing the instalment accordingly," Lebese said.

He said Excel was based on research which had shown operators found a monthly instalment of R3 000 for a new vehicle to be reasonable.

Members would not have to pay separate insurance premiums.

Periods of repayments would vary from 24 to 36 months.

He said the old scheme had had to bear large volumes of debt and members were understandably disgruntled when faced with capital losses.

3/2/93

S/Times (Buss) 28/2/93.

Safmarine all at sea

THE diversified Safren Group suffered from a tumble in its freighting subsidiary, Safmarine, to record an 18% drop in attributable profits for the interim period to December.

Taxed profits dipped to R109,4-million from R133,3-million, which chopped earnings to 202c a share from 248c. Good news for shareholders, however, is that the half-year dividend has been kept at 65c a share. In spite of the modest 2,7% increase in turnover to R2,3-billion, Safmarine's results were down by 46,5% at the same time last year. 332

■ SMALDEEL Coal's listing on the JSE has been suspended with effect from tomorrow due to a lack of published financial information from the company, the JSE said on Friday.

C/Press 28/12/93

'LET MY TAXI GO!' (332)

THE start of the Johannesburg taxi strike at the beginning of this month was the end of a thriving business for Klipspruit taxi owner Freddy van der Haar.

Although he was not involved in the strike because he was appearing in the magistrate's court on traffic fines at the time, Van der Haar's minibus was towed away and impounded.

He hasn't been able to get it back from the Jabulani Vehicle Theft depot because police said the engine had been tampered with. Van der Haar said he is losing about R1 500 a week in earnings.

He has shown the police his registration papers and taxi permits, to prove he bought the vehicle from Dan Perkins over six years ago and paid for it in full.

"At first the investigating officer told me my engine number was not a Toyota engine number, now they say the engine number has been changed. I told them I bought the taxi with this engine and it has never been changed, but they don't believe me," Van der Haar told City Press this week.

City Press asked Toyota to check its records, which revealed the vehicle left the Toyota factory with the exact same engine number it has now.

Police spokesman Capt Eugene Opperman said the engine number had "definitely been tampered with" and that "registration irregularities are also being investigated".

The police have asked an expert from the Toyota factory in Durban to travel to Johannesburg to inspect the vehicle.

If the Toyota expert disagrees with the police, they will hand the vehicle back to Van der Haar.

If he agrees that the engine number has been tampered with – even if it can't be proved when or by whom – the vehicle will be forfeited to the state and sold on auction – even though Van der Haar has papers for it and can prove he paid for it.

The police are still interpreting Criminal Procedure Act 51 of 1977 which allows them to seize and forfeit to the state the proceeds of suspected stolen vehicles.

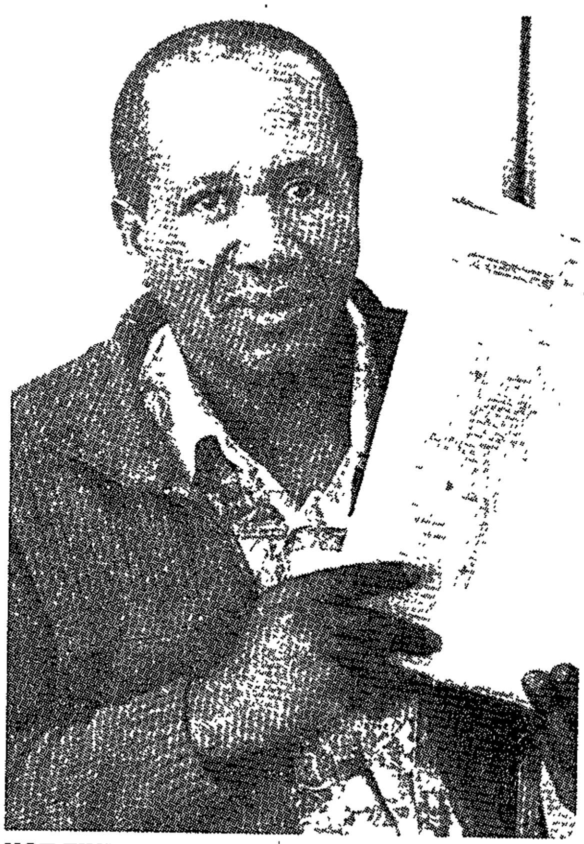
This is despite losing an appeal in 1988 against a Natal Supreme Court judgement, ordering police to hand back vehicles to the people they were seized from rather than forfeit them to the state.

The Legal Resources Centre said it would act for Van der Haar to prevent the police from seizing and selling his vehicle.

In 1990, Legal Resources took up the case of City Press reader Jan Ramphisa, whose vehicle was about to be forfeited to the state as a suspected stolen vehicle, despite the fact he had bought it from a large motor dealer and had it financed through a bank.

The police said there were signs of number tampering, but as they could not prove what the original numbers had been, they could not trace the rightful owner.

After LRC started legal proceedings, and the police lost their appeal court case, they handed Ramphisa's vehicle back, together with R7 500 in damages caused while the vehicle was in the pound.



NOT FINE . . . Klipspruit taxi owner Freddy van der Haar may lose his once thriving business.

CONSTRUCTION – GENERAL
1993

Construction's casualties mount

(32) CT 1/3/93

Property Perspectives

by MAGGIE ROWLEY

THE recession is continuing to claim building and construction companies and the casualities are mounting almost daily.

Among those recent causualties which have rocked the industry in Cape Town was that of A Norman Earthmoving.

Brian Wallace, provisional liquidator of the A Norman Earthmoving, which was placed under provisional liquidation with liabilities exceeding assets by about R5m, said negotiations were underway with a number of parties interested in purchasing the company "lock, stock and barrel" as a going concern.

A spokesman for the company confirmed that some of the 160 full-time staff members had been kept on to complete contracts in hand.

Another big contractor not to make it through the current recession, deemed the worst in living memory for the industry, was Basil Starke which was put in provisional liquidation two weeks ago. At stake there are 1 200 jobs.

These represent just the tip of the iceberg and the Building Industries Federation of South Africa (Bifsa) has forecast that a further 600 companies could go to the wall this year.

Forecasts by economists in the past week that little or no improvement in the economy will be forthcoming this year is enough to send tremors through the industry where many contractors are holding on by the skin of their teeth in the hope of an upswing.

Industry sources said this week that other medium-sized contractors had just closed shop due to lack of work and large companies who had divisions geared towards the construction industry had closed these down, including Dorbyl.

The one small light at the end of the tunnel has been the reported increase in the number of tenders for new work going out in the first couple of months of this year.

However, as one industry source said: "We don't want to concentrate too much on this in case the bubble bursts before its of fair size."

Ian Robinson, executive director of Bifsa, said at the weekend that they were cautiously optimistic that an upturn in the industry could occur by the end of 1993 if "business confidence improves" and a political settlement is in place.

Bifsa, he confirmed, is to meet the Minister of Housing Sam de Beer this month in a bid to stress the need for the govenrment to plough funds into the low-income housing sector.

Any state funding in this regard, Bifsa argues, should be aimed at unleashing private sector funding into this sector of the market. However, this would only be possible if measures or strategies were implemented to reduce the risks involved.

The long-term consequences of the liquidations and closures are frightening, not least of all the loss of skilled labour and professionals to the industry.

It has been shown in previous economic downturns that those who leave do not return to the industry which tends to be relatively more susceptible to economic cycles. Once the economy picks up, the industry will face yet another gruelling problem — a shortage of skills.

Millions lost as shoddy building work flourishes

B/DAY 3/3/93 (32)

ANDREW KRUMM

THE banking industry's failure to protect unsophisticated home buyers against shoddy workmanship at the bottom end of the formal housing market has cost the economy hundreds of millions of rand, say sources involved in the provision of low-cost housing.

These costs, which may run into billions if damage to informal housing is included, are largely borne by the homeowners themselves, and probably contribute to the prevalence of bond boycotts.

Banks and building societies are not the only parties to the problem, the sources add. It is the profusion of "bakkie builders" and the relative ease with which they get accreditation from institutions which compounds the situation.

HouseSure CE Peter Veal says the advent of what could be called built-in damage to lower income housing is significant, though not "wholesale".

HouseSure underwrites SA Housing Trust (SAHT) bond finance subsidiary Khayalethu Home Loans.

Veal says the root of the problem lies with institutions which leave the unsuspecting black client unaware of his rights and on his own in a sophisticated environment.

This, coupled with the lack of a workable quality assurance programme to eradicate poor workmanship, makes it all the easier for "cowboy operators" at the bottom of the formal market, says Khayalethu quality assurance manager Martin van Vuuren.

Where institutions fail to perform quality control inspections they tacitly sanction shoddy workmanship, and fail to recognise the need to prosecute the errant builder.

Van Vuuren adds, however, that the problem is broader and includes other drawbacks such as the employment of poorly qualified local labour, often demanded by the community itself.

"There is also the delay between the time a new homeowner notices a problem and when he reports it. Often it is then too late to prosecute the builder."

Veal says current discussions between the banking community and groups like the SA National Civic Organisation could result in an undertaking by banks to protect their lower income customers.

Measures could include a quality assurance programme and improved methods to check on builder's skills — both of which Khayalethu quickly learnt to implement.

Veal adds that although this type of arrangement might solve most of the problem, one snag remained: how to get institutions to lend into the high-risk, low-return end of the housing market. This is where insurance came in, as insurers "are accustomed to dealing with risks".

However, insurance industry commentators say they are loathe to get into the lower income housing market because of the large volumes, with attendant high administration costs, and low margins on offer. Insurance products giving both builder and homeowner protection are available, but they are expensive.

A building industry source says: "We are trying to bring down the cost of low income housing in SA, and insurance might make housing in this sector unaffordable."

But Veal denies this, saying the answer is to spread insurance cover over the very large volumes in this sector.

"In Khayalethu's experience insurance costs add between 5% and 10% to the monthly mortgage repayments." The homeowner gets a comprehensive policy covering all risks, with the exception of political risks.

Veal says it is necessary — and profitable — to offer comprehensive insurance to the new homeowner, covering not only structural defects and breakages but contingencies such as unemployment.

This approach reassures banks that they will get their money if the homeowner is retrenched, while the client knows he has someone to back his bond repayments, or to pursue the matter of shoddy workmanship in the courts.

"One cannot approach the lower income market from a Western perspective as the cost of insurance becomes too high for the policyholder. If insurers are to get into this market in a meaningful way, they will have to change their outlook," Veal says.

Bifsa leaders to meet govt

BDAY 3/3/93. (32)

PETER GALLI

BUILDING Industries Federation of SA (Bifsa) executives are to meet Housing Minister Sam de Beer next week to discuss kick-starting the building industry through the promotion of low-cost housing.

This follows a meeting between Bifsa executive director Ian Robinson, president Robert Giuricich and consulting economist Johan Snyman with Finance Minister Derek Keys.

"We are not trying to go it alone in our approaches to Cabinet and support the initiatives of the National Housing Forum," he said.

NEWS IN BRIEF

Church faces test

World Alliance of Reformed Churches president Dr Jane Dempsey Douglas is in SA with other alliance executive committee members to see if they should reinstate the Dutch Reformed Church as a member.

Douglas told reporters in Johannesburg yesterday they would determine if the NGK had met readmission conditions set in 1982. A decision will be taken in July.

B/DAY 4/3/93.

R100 000 surf revamp

NEARLY R100 000 is to be spent on a "surf amphitheatre" at Durban's North Beach, upgrading what has already become a world surfing venue. This year's Gunston 500 in July will be extended to 10 days and will include lifesaving, boogie-boarding and jet-ski events.

Workers bury hatchet

LANGEBERG Foods, the Food and Allied Workers' Union (Fawu) and the United Workers' Union of SA (Uwusa) have signed a code of conduct aimed at ensuring a climate of tolerance and fair play at Langeberg's East Rand factory in the future following eight violent deaths in union rivalry.

B/DAY 4/3/93

B/DAY 4/3/93

RSC gets new boss

LEONARDUS de Wet was appointed chairman of the Witwatersrand Regional Services Council by Transvaal Administrator Danie Hough yesterday.

R520m Post Office...

Labour-intensive projects favoured

B/DAY 4/3/93.

GRETA STEYN

THE construction industry has made a strong plea for labour-intensive building as a means to create jobs.

Submissions to the National Economic Forum will be used by the forum's short-term working group to draw up a consensus document on employment which could form the basis of government policy.

The document is expected to be finalised by the end of April.

The working group this week heard verbal submissions from 16 organisations chosen from more than 60 responses to requests for written suggestions.

Government, labour and business delegations would study the tabled submissions and oral testimony, the forum said yesterday.

Each would draw up a report which would then be considered by the working group with a view to reaching consensus.

Submissions chosen by the working group included those from the National Committee for Labour-Intensive Construction and consulting engineering firms Soderland & Schutte and B S Bergman & Partners.

The committee said the SA Federation of Civil Engineering Contractors was "completely" in favour of labour intensive construction projects and would do "everything possible" to ensure their success and viability. The construction method uses as much labour as technically possible without compromising standards.

The Small Business Development Corporation and the Sunnyside Group submissions focused on small business development.

The Sunnyside Group argued that elements of entrepreneurial and small business development had to be built into programmes such as housing projects.

Other submissions focused on small-scale farming.

AgriLink argued small-scale agricultural development created jobs at less than the cost of job creation in formal industry.

Common themes in submissions were housing projects, electrification, road building and provision of infrastructure in labour-intensive ways.

The Standing Committee on Water Supply and Sanitation noted job creation opportunities in rural and urban areas.

Improvement of rural sanitation could create an initial 2 000 jobs.

On financing, Nedcor/Old Mutual's Professional Economic Panel suggested the creation of an independent public works trust which received annual state grants.

The trust should absorb or co-ordinate job creation activities currently undertaken by institutions such as the IDT, DBSA and the Urban Foundation.

FM 5/3/93 (32)

MURRAY & ROBERTS FM 5/3/93 .

Diluted earnings

(32)

A rash of acquisitions during ~~the past~~ past financial year spurred on sales by a quarter but diluted EPS, which fell 13%; the average number of issued shares has increased by a third since the 1991 interims.

CE Dave Brink stresses 1993 would be more difficult than 1992; group EPS forecasts are 8% down on 1992 at best. But thin order books, the time-lag on contracts for large capital projects (which includes the engineering contract in consortium with LTA, for Columbus) and continued low fixed investment implies continuing difficult trading conditions. During 1992, organic growth was a negative 3%-4%.

WAITING FOR GDFI

Six months to	Dec '91	Jun '92	Dec '92
Turnover (Rm)	2 654	3 188	3 268
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Attributable (Rm)	96	169	111
Earnings (c)*	204	281	177
Dividends (c)	53	127	56

* Comprehensive treatment of deferred tax.

The contributions to operating profit from the five divisions (construction, engineering, supplies & services, materials and properties) has been affected by acquisitions. These include buying out the minorities in Genrec Holdings and Blue Circle. Of the big movers over the last six months, construction's contribution fell from a sixth to a 13th; materials rose to about a third from a fifth, while supplies & services fell from about a third to a fifth.

The acquisition policy has focused on infrastructural businesses linked to the fixed investment cycle, heightening exposure to cyclical downturns. But the diversity of group businesses means they join the cycle at different stages, smoothing the earnings path.

Low fixed investment, stayaways and strikes in the steel and automotive industries ate into operating margins, which slipped to 6,7% from 7,1%. And the hike in the depreciation charge of a quarter, after the two-fifths expansion of the asset base, took another bite out of operating profit.

Redundancy payments also undermined operating profits; over the past six months Murray & Roberts cut back 7% of its workforce. The labour-intensive nature of the group, with 46 404 employees, and continuing pressure on wages, are likely to provoke further redundancies unless the economy picks up. The broad range of unions representing the workforce is viewed by the group as a strength, as it dilutes the risk of being affected by a strike.

The consolidation of acquisitions doubled interest-bearing debt at the 1991 interim stage, explaining the two-and-a-half times rise in net interest charges. But the increase in the average number of shares and R163m in cash has kept net gearing low at 0,22, allowing further acquisitions should opportunities arise.

Capex on acquisitions was R1,5bn in 1992, but is expected to be much less in 1993, assuming no major opportunities arise. Spending on fixed asset replacement was R350m in 1992 and is forecast to rise to R550m in 1993.

The share price has gained more than a quarter, rising from R45 to R57 since October 1992. On a p:e rating of 14,9 on 12-month earnings, it's beginning to look expensive. But a drop in the price may provide an opportunity to buy into this industrial giant, for the next cyclical upturn. *Louise Randell*

Otis sits out recession

BIDAY 5.3.93

EDWARD WEST

OTIS Elevators was in a favourable position to weather the recession even though no growth was forecast in the equipment market in 1993, MD Roy Markham said in the group's 1992 annual report.

However, chairman Drew Gnodde said the economic climate would make significant improvements in profitability in 1993 difficult to achieve. Turnover in 1993 was expected to be lower because of less new equipment orders.

32

Turnover in 1992 climbed 59% to R186,3m from R117m in 1991 due to the acquisition of Melcorp and new equipment contracts sold in 1991. Markham said Otis would concentrate on productivity.

The construction downturn required rationalisation of new equipment sales by combining the sales forces of Otis and Melcorp, said Markham.

In the year to end-November 1992 Otis's earnings a share climbed 30,5% to 50c from 38,3c in 1991 and the dividend was raised to 25c from 19c.

Inner city pilot plan lays foundation that is beneficial to all

BIDAY 5/3/93.

MONTY NARSOO (32)

THE Seven Buildings Project — a pilot co-operative housing project in the Johannesburg inner city — has over the past one-and-a-half years helped to forge important partnerships between the public and private sectors and non-governmental organisations. And there have been important innovations aimed at addressing the housing and inner city crises.

There remain, however, areas where there is a lack of clarity, where problems remain unresolved and where there is no consensus among the key actors.

The purpose of the Seven Building Project — which involves 400 units and 2 000 people — is to deliver decent and affordable housing to people in the low income category and to maintain this housing stock by keeping it off the speculative property market.

It also involves buyers in the management of the delivery and maintenance of housing stock.

To be able to achieve this form of housing in SA three areas need to be addressed.

First, unlocking housing finance from a variety of players, most importantly from the financial institutions. For a variety of reasons financial institutions are reluctant to invest in this sector because of perceived big risks.

Red-lining has become the norm rather than the exception in this market segment.

Second, the actual delivery of housing stock has come to a standstill for lower income people as result of government opting out of housing provision and the perceived unappealing nature of the market to property developers.

There has been no major residential property development in Johannesburg for more than two decades.

Third, access to affordable and decent accommodation is very difficult for most blacks, even those with jobs, as property and construction costs have increased over the years.

It is within this context that a number of key public, private and community development players have been discussing the need for a coherent programme.

Housing co-operatives in the inner city were seen as part of the answer.

This consensus was achieved only after protracted negotiations. It still, nevertheless, needs to be tested.

In attempting to establish housing co-operatives in the Johannesburg inner city a number of problems and solutions emerged which could have a direct impact on a broader housing programme.

The mandate received from low-income blacks living in Johannesburg's inner city was that they wanted decent and affordable housing that provided them with security of tenure.

The first issue that required addressing was unlocking working and end-user finance. This was addressed in two ways: by securing guarantees, which address the credit risk issue, and by providing institutional, technical and educational backup, which addresses the issue of business risk management.

Loan guarantees were committed by the Inner City Housing Upgrading Trust, a subsidiary of the Central Johannesburg Partnership, involving the Johannesburg City Council, business and community interests.

On the basis of this commitment, banks agreed in principle, subject to a number of conditions, to lend money into formerly redlined areas.

A housing utility company will provide the project management and the working capital.

The banks have insisted on good business risk management, while the community argues that good organisation will make the project cheaper. Technical service organisations and professional consultants have therefore invested a great deal in training and education.

Preliminary estimates are that as much as 20% of project costs have gone into developing personnel and organisational capacity within the community to ensure good organisation and efficient management.

In terms of affordability, a four-pronged approach has been undertaken.

The first is to devise financial models that use a variety of mechanisms to make money cheaper and to graduate repayments from low to high. These models are being tested by the Seven Buildings Project.

The second is to obtain subsidies from public sources.

Two kinds of subsidies are needed: subsidies aimed at making housing projects feasible along the lines of group subsidies; and individual subsidies for persons and families with severe financial problems.

Because a co-operative ownership model has been followed, there has been great difficulty in obtaining group subsidies. And there are few subsidy options for individuals that provide relief for low income earners or those in temporary financial difficulty.

The third prong is to involve the community in mutual aid and self-help schemes, particularly as regards upgrading and maintenance of housing stock.

To achieve this, the development plan will involve residents in its management and work.

Essential to this approach is that the local authority, project managers and technical service groups have an orientation towards community involvement in the delivery of housing stock by providing financial and technical expertise, training and support services. The spinoff is that skills will be improved and jobs created.

lem is being addressed by using a co-operative ownership model which makes provision for cross-subsidisation within the tenant community.

Better-earning people living in the best apartments will pay a little more than the actual cost. This will assist lower earners.

The rationale is that, if public money is made available in the form of subsidies, higher earners benefit from it and should be obliged to make a greater contribution.

Delivery of housing stock in the inner city through a co-operative housing model means that run-down and decaying buildings are being acquired and upgraded at a cost of about R20 000, cheap in terms of housing developments in other parts of the city.

Finally, ownership models have been designed on a limited equity basis. This means that owners may not sell their units on the market when they leave.

The unit reverts to the co-operative non-profit company and owners are reimbursed according to a set formula.

The method ensures that there will be continued low-cost housing stock in the inner city, speculators will be unable to enter the market and the poor will not shifted to the periphery.

This form of co-operative housing will not only benefit participants. It has spinoffs for the city too. It will assist in the revitalising of the inner city and thereby avoids the Bronx syndrome of inner city decay.

The city will be used more efficiently because residential accommodation means people will use the city over longer periods of time during the day and night. It stabilises the community in the inner city.

Finally, it delivers housing cheaply and may revitalise the residential market in the inner city.

These conditions provide the potential for stabilising and expanding the city's rates base.

☐ **Narsoo is co-ordinator of the inner city unit of Co-operative Planning and Education.**

FM 5/3/93 · FM 5/3/93 (32)

Whatever the truth, a share price rise from 650c in October to 900c now is hard to justify, either fundamentally or technically.

The interim report for the six months to December shows a 7,3% increase in turnover (for the first time, turnover figures are disclosed) and a small 1,3% dip in trading income. This result was predictable (*Companies* October 16) in a recession which continues to diminish consumers' discretionary spending and while liquor traders battle for market share at the cost of margin.

At grass roots, except for a couple of per cent fall in the prime rate, the economic climate has not improved. A Distillers spokesman expects 1993 to be a tough year for the liquor trade. Distillers will not escape this.

Technical analysts must be scratching their heads. The chart topped out at 900c in December 1991 after trading in a channel for three years. The decline formed a downtrend line within the channel which, over a year, created a good example of a "flag."

The downtrend then penetrated the flag on the downside, suggesting further declines. But within three months, after first moving sideways, the price started a recovery which took it to R10, from which it has corrected to 900c. So much for technical analysis.

In the year ended June, Distillers earned R7,5m interest on cash resources of roughly R46m. These have been used, so this year's interest earned is unlikely to be as high. And because of the economic climate, trading income is likely to suffer at least as large a decline as at half-time.

So why has the price risen? It could be that the market has finally recognised that Distillers has a solid financial base and, as a big player in the liquor market, deserves to be rated more highly. Or it could simply be that there is too much money chasing too few quality stocks on the JSE. *Gerald Hirshon*

SFW FM 5/3/93

Puzzling price trend

Similar comments apply to SFW as those expressed about Distillers Corp (see this page). Neither fundamental nor technical analysis justifies the rise in the share price since early January. Though the 16% rise in SFW's price is small, compared with the 46% jump in Distillers' since October, the trend is puzzling.

SFW's results for the six months to December show turnover up 11,5% but trading profit fell 10,8%. EPS before additional depreciation fell 12,9% and after additional depreciation 14,1%. The cut in the interim dividend emphasises this decline, especially when compared with Distillers whose dividend was maintained.

It's not news that the liquor industry is facing reduced demand — in particular in the higher-priced, premium brands of wine and spirits. While SFW feels this draught, its problem is that its low-priced wines,

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which in the past have been responsible for most of its profits, are being undercut by those of many co-operatives. The co-ops are successfully selling to consumers who are trading down. SFW has therefore lost market share. Its stocks have risen, along with debtors.

After recovering from the October 1990 low of 110c, SFW's price rose to 250c in September 1991. From there, it fell and then recovered to make a double top at 250c last September. There was every reason then to believe the technical indication was confirming the fundamental position that further short-term growth in earnings was suspect while the recession continued and that the share was unlikely to breach its high. However, since the beginning of January, the

OUT OF SPIRITS

Six months to	Dec 31 '91	Jun 30 '92	Dec 31 '92
Turnover (Rm)	514	403	573
Pre-interest profit (Rm)	71,4	37,3	63,7
Pre-tax profit (Rm)	66,9	36,6	59,9
Attributable (Rm)*	27,8	15,6	24,0
Earnings (c)	19,9	11,1	17,1
Dividends (c)	4,0	8,5	3,5

* After additional depreciation.

price rose rapidly from 210c to 300c a month later.

Chairman Frans Davin, notes that "due to the poor economic climate, trading conditions remain difficult. This situation is not expected to change significantly during the remainder of the year." The implication is that results for the full year are unlikely to be better than the interim figures. They could even be worse.

Distillers and SFW are both held 30% by SA Breweries, 30% by Rembrandt and 30% by KWV. That leaves only 10% of each available to the public. That is why SFW, in particular, is so thinly traded, which is more a justification for disinvestment than for investment.

Reasons for the price rise are elusive. The liquor industry cannot be attractive to investors except on a long-term view. *Gerald Hirshon*

MURRAY & ROBERTS FM 5/3/93 · (32)

Diluted earnings

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The share price has gained more than a quarter, rising from R45 to R57 since October 1992. On a p:e rating of 14,9 on 12-month earnings, it's beginning to look expensive. But a drop in the price may provide an opportunity to buy into this industrial giant, for the next cyclical upturn. *Louise Randell*

THE LAW

Putting a shoulder to the boulder

FM 5/3/93 · (32)

Few who shop at Midrand's new Boulders centre have an inkling of the acrimony between the developer and the ' 's financier. The dispute between deve 'lstaton and the Motor Indus ad Administrators (Mifa) has be wing since August 1991 when, during , course of two Midrand developments, the companies parted ways. Each alleges to have severed relations with the other.

Shelstaton Holdings and its MD, Martin Janit, have since brought a R98m defamation action against Mifa and its related companies. March 10 has been set as the trial date for what is being described as the biggest defamation suit in SA.

Meanwhile, on December 30, judgment was passed in an ancillary matter between the companies. Two Shelstaton affiliates, Shelfaerie Property Holdings and Shelagatha Property Investments, have been ordered to pay a combined R6,8m plus interest and legal costs to two Mifa subsidiaries, Midrand Shopping Centre and Kellywood Homes, for money owed to Group Five Contractors. Janit has applied for leave to appeal.

Shelstaton says that, before it parted with Mifa in August 1991, its affiliates stopped cheques to the contractor as a result of a dispute. The R6,8m represents money owed by Shelstaton's affiliates to Group Five for work it was commissioned to perform on two Mifa projects in Midrand, the R105m Boulders centre and R55m Mifa Industrial Park.

Shelstaton argued that it owed the money to Goldstein Building Transvaal, a subsidiary, not to the holding company, Group Five Contractors. The argument was dismissed because Shelstaton had contracted with Goldstein as a division of Group Five on the first development and with Goldstein, a division of Imprefed, on the second. The judge described the relationship between Goldstein and Imprefed as nonsense — because Imprefed and Goldstein are subsidiaries of Group Five — but the fact remained that Goldstein is a subsidiary of Group Five.

In addition, the corporate entities were of no relevance when Shelstaton contracted the Group Five subsidiaries to undertake the work and to which Shelstaton pledged as security the mortgage bonds over the separate properties.

Separate, similar judgments were given.

In the first case, brought by Mifa subsidiary Midrand Shopping Centre against Shelstaton subsidiary Shelfaerie Property Holdings (for money owed on work on the Boulders), Shelfaerie was ordered to pay to Group Five R4,5m; a further R617 582 (interest between certificate date and application launch); interest on both amounts at 18,5% a year from February 21 1992 to date of payment (interest from application launch to date of payment). In addition, an order was granted declaring the mortgaged property part 1 of stand 910 Faerie Glen Extension 7 Township, Registration Division JR Transvaal, executable and Shelfaerie was ordered to pay costs, including those for two counsel.

In the second, brought by Mifa subsidiary Kellywood Homes against Shelstaton subsidiary Shelagatha Property Investments CC (for money owed to Group Five for work on Mifa Industrial Park), Shelagatha was ordered to pay R1,5m, a further R300 000, and interest at 18,5% a year on these amounts from January 21 1992 to date of payment. In addition, an order was granted

continue

declaring the mortgaged property stand 7 Tzaneen Township, Registration Division LT Transvaal, executable and Shelagatha was order to pay costs, including those for two counsel.

There is the question of whether Janit will be able to sustain the larger defamation suit if he loses his appeal against the judgments. Sources close to Janit say that if it came to the worst, he would still be able to press ahead with the defamation suit.

Janit's R98m claim is based on income he alleges his company Shelstaton Two has lost because of derogatory remarks Mifa employees allegedly made about him to third parties and which caused him to be regarded as "without integrity, corrupt and untrustworthy." In papers before the Rand Supreme Court, Janit claims senior Mifa employees accused him of bribery.

Mifa told the *FM* in December 1991 that it had severed its relationship with Shelstaton halfway through the Boulders project. At the time, two of its employees, its GM and property manager (*Property* December 6 1991), were dismissed for allegedly mismanaging Mifa's contracts with Shelstaton. Mifa subsequently took over the leasing, management and development of the projects.

Shelstaton's Janit, however, countered the following week (*Property* December 13 1991) that the Mifa board was responsible for property investment decisions, that he had personally presented to the board the viability study for the shopping centre and the projected return, and that the contractual documentation presented to the Mifa board for the Midrand developments was a correct reflection of the deal approved by the board and similar to that of previous developments undertaken by Shelstaton for Mifa.

Janit also said Shelstaton had severed relations with Mifa when he learnt its employees had been suspended (initially and then dismissed). He said it became apparent to him, after the suspensions, "that management of Mifa became virtually nonexistent, obstructive and made it impossible for Shelstaton to continue to do business with Mifa." ■

Construction industry goes to the wall

W/Mail 5/3 – 11/3/93 (32)

The once-huge construction industry is shrinking at an alarming rate. **MICHAEL WANG** *looks at the reasons for the rapid decline*

THE South African construction industry is fighting for its survival. Huge drops in public spending, a giant surplus capacity in commercial and industrial space and a profound reluctance to invest in black housing is ravaging what was once one of South Africa's largest contributors to gross domestic product (GDP).

"The shortage of work is now critical," says Ian Robinson, executive director of the Building Industries Federation South Africa (Bifsa), "and there appears to be no hope of a turnaround on the horizon."

Apart from two years of positive growth in 1988-89, investment in construction has fallen since 1981, with the civil engineering industry being worst hit.

Fergusson Bros industrial analyst Lesley-Anne Dry predicts gross domestic fixed investment (GDFI) — the yardstick used for measuring all building and construction — will shrink by eight percent this year. This on top of last year's 12 percent decline.

"There is still no sign of any recovery in this industry," writes Dry in her latest research report.

Total GDFI has tumbled from 28 percent of GDP in 1982 to 16 percent last year. It is not hard to pinpoint where investment has declined:

- Total road expenditure has fallen from almost R5,5-billion to R3,5-billion in six years.
- Total public construction as a percentage of GDP has dropped from nearly 10 percent to under 4 percent in little more than 15 years.
- Total building has whittled to R15,5-billion from a peak of R21-billion in 1984 (using constant 1992 prices).

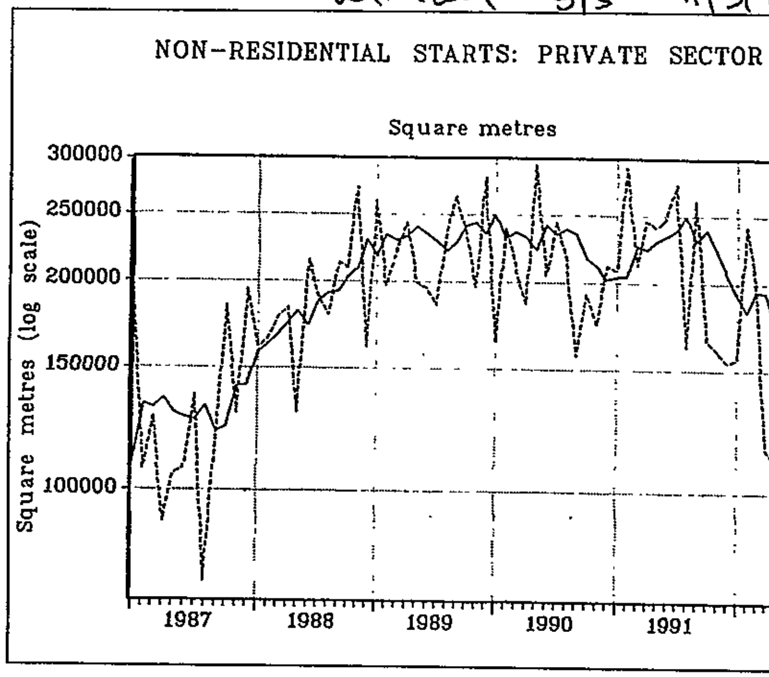
For South Africa's "big eight" construction firms it is a matter of slugging it out for a smaller pie while holding the line on costs. That has translated into sharply lower profit levels, project tendering at cost (or even below) to maintain industrial activity and substantial company retrenchments.

Bifsa's Robinson predicts 600 liquidations in the construction industry this year, up from 340 in 1992.

Perhaps, more than any other industry, building and civil engineering has been affected by the unresolved, and often fractious, political debate. "Until the politcal situation settles down, we can't go further," says Group 5 executive chairman Peter Clogg, echoing industry sentiment.

In fact, there is worry in some quarters that unless there is upturn soon, the industry might become a shadow of its former self. "If (construction) drops clean out of the bottom," warns Clogg, "we will go like the rest of Africa — where there is no indigenous construction company to handle the requirements as they come up."

To prevent what Clogg calls "industry suicide", many construction groups are tendering together as partners, on the opinion that shared work is better than none.



Shifting foundation ... Building construction, as the graph shows, is plumbing depths not seen since 1987 **Source: The Rode Report**

Moreover, to counteract the steep drop in operating income, many of the large construction groups are diversifying their operating base.

Cross-border construction activity, which contributes roughly 20 percent in turnover to the major groups — is expected to decline this year. Fast-growing Botswana, which has been a magnet for many companies, is forecast to record a deficit; while the rest of southern Africa continues to be battered by weak commodity prices, government mismanagement and conflict.

Tapping into promising reconstruction projects further afield — such as in eastern Europe and the Middle East — is not seen as viable.

Still, construction groups have had something to cheer about with the Alusaf, Columbus, and Namaqua Sands mega-projects coming on line. The combined price tag of the three projects breaches R11-billion, of which local construction and engineering firms expect to receive the lion's share of work.

With a backlog of anywhere between one-to-two million low-cost units, affordable housing has been long considered an untapped gold mine for builders. But, executives at major firms say — aside from demand for new roads and sewerage infrastructure — building low-end housing is considered too logistically difficult for the amount of work involved.

"From what we can tell," says Murray & Roberts David Brink, "township development will be too small and too dispersed."

The other great hope is tourism. But, with demand weak in so many of South Africa's travel destinations, there is little impetus to build. Fedhasa tourism chairman Alan Goodison reports that hotel occupancy stands at a meagre 47 percent, suggesting there is a vast capacity.

Even with the number of tourists increasing at 16 percent a year, Goodison figures it won't be until 1996 that more hotel beds will be needed.

However, even when the economy returns from its deep and protracted slump, the construction industry will not immediately enjoy the benefits. This is because in the parlance of economists, building is a "lagging indicator", meaning industrial activity typically is not generated for at least 18 months after an economic uptick.

"It could be as long as three-to-four years before it gets back to where it should be," says Clogg.

For Brink the opening up of South Africa will mean that overseas expertise will flow in often displacing local contractors. "The result," he observes, "is you will see the demise of the great building and civil engineering industry that we have had."

CIB's R50-million Bank guarantee

S/Times (BUSS) 7/3/93.

RESERVE Bank Governor Chris Stals says guarantees to Cape Investment Bank depositors could amount to about R50-million — more than half of which could be recovered when CIB's final liquidation comes through.

The Reserve Bank agreed to compensate CIB depositors to the tune of R5-million each when CIB was placed in provisional liquidation. "This is part of our function as lender of last resort. Every bank runs into liquidity problems at some point."

Reserves fall by R490m

GOLD and forex reserves fell R490-million or 5,6% in February after dropping R300-million in January.

This dashes hopes of another cut in the bank rate as it gives the Reserve Bank little room to relax its monetary policy, says Nedcor chief economist Edward Osborn.

The Reserve Bank sold 10% of its gold holdings in January, which Mr Osborn says is probably to finance debt repayments, part of which fell due in February. The balance is to be paid in August and December this year.

3,2% more in revenue

S/Times (BUSS) 7/3/93

REVENUE collected for the Exchequer during the first 10 months of the 1992/3 financial year reflects an increase of 3,2% compared with the corresponding 10 months of the previous financial year. The CSS reports that this amounts to only 74,3% of the 13,2% increase budgeted for.

7/3/93.

Productivity building plan

32

THE CSIR has launched a programme to help increase productivity in the depressed building and construction industries.

The council says that for every 1% increase in productivity in the R8,2-billion industry, savings of R300 000 can be achieved each day.

A new range of electronic information tools has been developed for the smallest to largest companies. Quantity surveyors, architects, engineers, contractors, manufacturers and suppliers of equipment will now have co-ordinated tools for increasing productivity and cost effectiveness.

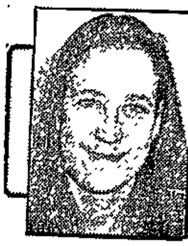
Netsys wins major deal

PRETORIA-based communications specialists Netsys International has won a contract against five large international companies, including conglomerates from France and the US, to supply a R3-million SA-designed and built computer

Office space

Bifsa pleas for housing boost

(32) CT 8/3/93



Property Perspectives

by MAGGIE ROWLEY

THE powerful Building Industries Federation of South Africa (Bifsa) is to hold further top-level talks with government this week in a bid to save the industry which is reeling under the worst recession in living memory.

Company after company has gone to the wall in the past year and a further 600 liquidations are forecast by Bifsa unless something dramatic is done.

The Bifsa delegation, which is due to meet Minister of Housing Sam De Beer tomorrow, is seeking guarantees from government to help free up vast resources of the private sector for low-cost housing.

Bifsa executive director Ian Robinson said that without the input of low-cost housing the building industry would go through the worst year in living memory.

"In the past 50 years the amount spent by the state on all construction work has dropped to less than 4% of GDP and this has not been compensated for by private sector work although until recently their input has been significant.

"We now spend only 8% of SA's GDP on construction — a figure that is 2% lower than that of Britain in its worst recession in 25 years."

Robinson said that with office and retail and even industrial space largely oversupplied in all the major centres, the industry had to get back to low-cost housing to find the construction turnover it needed, and to continue the training of a workforce which it could not allow to be further disbanded.

While Bifsa's proposals to the minister would not at this stage be concerned with getting any specific allocation from government for low-cost housing, they would make recommendations on how the housing allocation should be spent.

"What we look to is an approach where, by means of guarantees from the government, the vast resources of the private sector are once again freed up for low-cost housing. We accept that the government cannot handle the housing crisis on its own as far too much cash is needed.

"What we want is some means of enabling the private sector to invest in low cost housing with far fewer of the huge risks that have previously accompanied financing in this field.

"Obviously some risk will always be attached to any home loan but we are convinced that guarantees of one kind or another could once again make the risks fully acceptable to the private sector which is very keen once again to be involved."

Robinson said if this transpired, the state, Bifsa and private enterprise would then be able to approach the other players in the game, particularly the black political parties, and win a measure of acceptance from them.

"This could lead to a reduction in bond boycotts and even in township violence."

The message Bifsa was picking up, he said, was that low-cost housing was again feasible in certain areas but the government still held the key.

"For every R1 they invest in the way we are envisaging, Bifsa believes that R10 to R15 could be tapped from the private sector."

Robinson said the system proposed by Bifsa would cut through the huge planning and administrative logjam which has to date bogged down the low-cost housing effort.

"With 14 government departments and 25 financial entities involved and with the IDT no longer playing the key role, it is almost impossible to get a clear go-ahead anywhere."

Star 8/3/93

Blockbuster building scheme to kick-start economy

(32)

Both the housing shortage and unemployment threaten to worsen rather than recede, but the Building Industries Federation believes it has found a fresh route towards solutions. MICHAEL CHESTER reports.

THE crisis levels of black homelessness and unemployment will come under renewed scrutiny tomorrow when the Building Industries Federation of South Africa (Bifsa) hands the Government a blockbuster package of proposals.

Bifsa claims the viability of the package has been tested in broad outline in preliminary talks with Finance Minister Derek Keys. Now the blueprint will be unfolded at a special meeting with National Housing Minister Sam de Beer in Cape Town tomorrow.

Cynics may have reservations over yet another formula, thinking back on dozens of so-called masterplans that were acclaimed with fanfares in recent years — but failed at the first hurdle and now languish under layers of dust in filing cabinets.

They are unlikely to dampen the enthusiasm of Bifsa executive director Ian Robinson when he lists the objectives he is convinced are within reach:

● New low-cost houses coming on to the market at a rate of 300 000 units a year until the shortage, estimated at 1,4 million homes, has been wiped out.

● The creation of more than 800 000 new jobs as builders reverse the wave of retrenchments and expand the size of their labour forces — along with the start of scores of new small businesses as budding black entrepreneurs have the opportunity to share in order-books.

● Major spin-offs for the industrial sector as demand climbs for supplies of items ranging from bricks and cement blocks to window frames and roofing materials.

"It could mean a brand new kick-start for the entire economy," says Robinson.

"The action would not be confined to the building industry. More houses will obviously mean more demand for products ranging from bedroom and lounge furniture to electric appliances and pots and pans.

"We're totally confident of the backing of both the National Housing Forum and the National Economic Forum as they test the logic of the initiative."

The first question likely to be raised is how the programme would be financed — especially when estimated costs run into billions of rands and when the State treasury chest has been stripped almost bare by debt and decades of Government mismanagement.

That, says Robinson, is the conundrum Bifsa believes can now be cracked by a radical new approach.

In short, the State should not even attempt to try the impossible task of shouldering the entire cost, but instead earmark a relatively modest slice of its socio-economic budget to introduce a system of Government guarantees on new investments by the private sector — banks, building societies, insurance companies and pension funds.

Bifsa calculates that every R1 million pledged by Government guarantees would generate as much as R15 million from financial institutions because of the multiplier chain reaction once investments are protected from high risk — the problem compounded by violence and threats of bond boycotts that at the moment have brought house-building to a virtual standstill.

Bifsa further estimates that every R1 million ploughed into housing schemes can create not only 80 new jobs for construction workers, but also 120 new jobs in outside companies — suppliers, manufacturers, transport operators and so on

All in all, an annual building rate of 300 000 low-cost homes would generate no fewer than 800 000 jobs over the next three to five years.

Bifsa predicts at least 800 new small companies could be launched to share orders for the avalanche of materials that would be required:

● 1 325 million sacks of cement.
● 286 million concrete blocks.
● One million doors.
● 600 tons of nails.
● 1,4 million square metres of glass.
● 17,9 million litres of paint.
● 20 million metres of cable.

The Bifsa researchers have also finely tuned the pace of building work — the total construction of each two-bedroom house in the R10 000/R15 000 price range is set for inside 18 days.

"There'll be unlimited scope for the setting up of small contractor firms that can handle neighbourhood schemes involving around 20 to 30 houses," says Robinson.

"And that means a lot more elbow-room for the informal sector too"

Bifsa finds it ludicrous that at a moment of such pressing demand, Government spending on construction work, as a percentage of gross national product, last year sank to its lowest ebb since World War 2. The total number of new low-cost houses dropped to as low as 30 000 — no more than a minor dent in overall demand.

No one will follow the outcome of tomorrow's session with the National Housing Minister more closely than the shrinking current labour force of building workers.

With tens of thousands of jobs already axed by the recession, Bifsa estimates that as many as 600 building firms may join the casualty list of liquidations inside the next 12 months, unless the green light flashes on a full-scale housing programme.

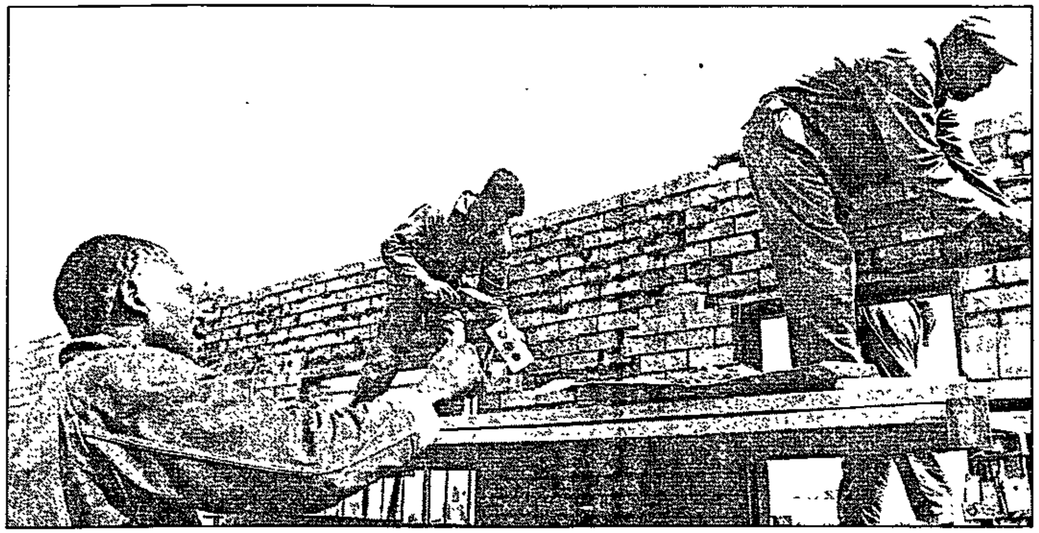
"There is cause for a flicker of optimism," says Robinson. "Until now, most initiatives have sunk in an entanglement of bureaucracy because no fewer than 14 separate Government departments have insisted on a voice in housing affairs.

"If a new democratic system puts an end to the mess and brings housing matters under one roof at a single State department, at least there will be a chance to co-ordinate the planning of a viable programme.

"There are also signals that private sector institutions are beginning to look more willing to start the vital flow of funds, once their investments find some form of reasonable protection," says Robinson.

"That brings to the crunch the issue of Government guarantees.

"If that can be resolved, we can at last expect to see real action." □



Homes for South Africa . . . proposals aimed at boosting the building industry go before the Government tomorrow.

Basil Starke jobs saved

29/3/93 (32)

Business Staff

PREMIER Wire and Steel Products and Homberg Store Interiors — two of the manufacturing divisions of Basil Starke Holdings, which has been placed under provisional liquidation — have been rescued by a management buy-out, according to a statement issued by the buyers yesterday.

The announcement said the buy-out, for a sum which has not yet been disclosed, "has been formally approved by the liquidators."

It was led by MD Kobus Lombaard who said yesterday:"We have saved 300 jobs, which are vital to the economy of the Western Cape."

He said the companies would trade as Premier Wire Homburg.

"Our order books are very full and our shopfitting operation is doing well at the moment, even in today's conditions. We have a base of good customers which has been built up over the years."

Lombaard said Premier Wire had been profitable since 1989. "We have had our ups and downs but we have never shown losses."

The companies had "a highly qualified, experienced management team and workforce. We are motivated and optimistic about the future of the business."

London hits another high

LONDON. — British shares, boosted by an early rally on Wall Street, soared to their second consecutive record close yesterday at 2 957,3 — up 35,2 points from Friday's previous record close.

Other European markets were also higher but the dollar fell against the mark and yen and oil and gold prices were lower. — Sapa

Building handed over, but dispute over delay goes on

BDAY 10/3/93. (32)

PETER GALLI

SANLAM's retail and office development at 158 Jan Smuts Avenue was handed over to Sanlam Properties last week — months after the agreed completion date. The delay has resulted in litigation between Time Developments and Basil Read.

On January 21 Basil Read walked off the job after cancelling its contract with Time because of financial disagreements after the building was not completed on schedule.

Time Developments MD Colin Taylor recently said that when the completion date — August 3 1992 — was not met, the company gave Basil Read notice of cancellation on October 16.

Time later suspended notice on the proviso that the completed building was handed over on December 1 1992. When it was still not completed, Time withheld the December payment in lieu of penalties.

Taylor said Basil Read disputed Time's right to withhold the payment and had cancelled the contract, as well as those of the subcontractors. However, Time entered into contracts with all but two of them to complete the building by the end of February.

Shortly after restarting, "numerous unforseen items that required remedial work" were discovered, placing extra pressure on the workforce.

Sanlam is believed to be unhappy about the delay but was paid penalties by Time. Time is trying to recoup losses from Basil Read.

PROPERTY

Clients may be bruised by builders feeling the pinch

BIOAM 10/3/93 (32)

ANDY DUFFY

AT LEAST half of all building work begun this year could be plagued by legal wrangles, shoddy workmanship and the prospect of the contractor going under, SA's leading contractors have warned.

With the construction workload down at least 35% on the year, the contractors claim that many companies in the R20bn-a-year industry are so desperate for work they are bidding for jobs at or below cost.

Conservative estimates suggest about half the new contracts awarded so far this year have been won in this manner, though one company says no-margin tendering has now become the "norm".

Tender prices over the last year have fallen between 6% and 10%, despite an estimated rise of 4% to 11% in materials and labour costs.

The contractors said although initially the client paid less for the work, the contractors would be forced to resort to other means to make money.

These included claims against the client for extra money as the work progressed, and cutting costs by using low quality materials and cheap unskilled labour. If the company collapsed before the contract was completed, the developer could become entangled in the liquidation.

The job would be further delayed while a new contractor was brought in, and could prove more expensive as the new contractor charged a premium of 25% to 30% to take over responsibility.

"It's a question of how long one can hold one's breath,"said Concor Construction MD Tom Fenwick. "The problems (for the client) will emerge later."

A senior source in C A Brand's R120m-a-year construction division said the first effects of no-margin tendering were already visible.

Under normal conditions, the tendering process is designed to weed out cut-price bidding. The client is given an estimated cost for the work by the quantity surveyor, which is used as a guide to judge the bids that come in. The quantity surveyor may also advise the client to draw up a select list of contractors, again to avoid rogue bids.

But with new construction effectively moribund, many clients are now ignoring this process, throwing the tender open and going with the lowest price.

Few of the major contractors admit to chasing work at or below cost. Given that they have to pay at least the minimum wage to staff, their ability to cut labour costs without sacking staff is limited. The industry lost 5 000 jobs last year and a further 15 000 jobs — 10% of the workforce — may go this year.

The director of one R2bn-a-year company, who declined to be named, said several major companies would go "totally wobbly" within the next six months.

REGION H: EASTERN TRANSVAAL

Prison	*% over-populated*
Barberton Maximum	36,0
Barberton Medium A	56,2
Barberton Medium B	35,5
Bethal Male	7,7
Ermelo	0,8
Lydenburg	27,2
Middelburg (Tvl)	38,6
Nelspruit	2,3
Newcastle	23,2
Standerton Medium A	13,0
Standerton Medium B	8,6
Utrecht	17,1
Vryheid	12,7
Waterval Medium A	49,6
Waterval Medium B	50,3
Witbank Male	37,2

REGION I: NATAL

Prison	*% over-populated*
Bergville	43,8
Bulwer	34,9
Dundee	29,4
Durban Medium B	63,9
Durban Medium C	32,4
Durban Medium D	5,8
Empangeni	101,6
Eshowe	39,6
Estcourt	20,9
Glencoe	10,3
Greytown	11,8
Ixopo	30,4
Kokstad	83,1
Kranskop	78,1
Ladysmith (Natal)	35,9
Matatiële	14,3
Melmoth	18,2
Pietermaritzburg	51,3
Port Shepstone	57,9
Sevontein	37,8
Stanger	32,2

A new prison for 350 prisoners is planned at Umzinto.

The Department of Correctional Services annually provides a priority list of identified building projects to the Department of Public Works with a view to incorporating them in the Department of Public Works's five year building programme according to which building work is programmed for a term of five (5) years.

This programme is revised annually according to the availability of funds. The fact that a specific project appears on the major works services programme does not imply that it will be executed within five (5) years.

The average rate of over-population in South African prisons on 31 December 1992 was 28,2% in comparison with 15,67% on 31 December 1991.

ANNEXURE A

ANALYSIS OF THE PRISON POPULATION AS ON 31 DECEMBER 1992

Sentenced	
Up to and including 6 months	6 973
More than 6 months to under 2 years	11 316
2 years to 5 years	33 698
Longer than 5 years to 10 years	22 746
Longer than 10 years to 20 years	7 626
Longer than 20 years and imprisoned for life	1 761
Indeterminate sentences	3 886
Unsentenced	20 408
Other categories	284
TOTAL	*108 698

*Not daily average as mentioned in (1) (b) above.

Self-governing territories/TBVC countries: land purchased

97. Mr P G SOAL asked the Minister of Regional and Land Affairs:

(a) What was the total accumulated amount spent on purchasing land for the purpose of consolidation in respect of the (i) self-governing territories and (ii) independent Black states as at 31 December 1992 and (b) how much land was added to each such territory or state in 1992? B232E

The MINISTER OF REGIONAL AND LAND AFFAIRS:

(a) In terms of the White Paper on Land Reform it is no longer the policy of the Government to acquire large extents of land for addition to the TBVC States and Self-governing Territories. The acquisition of land can, however, not be summarily terminated and the Government is therefore, prepared to adopt a flexible approach to this matter. Land will, however, no longer be incorporated into the TBVC States and the Self-governing Territories for the purpose of state forming as in the past.

(i) and (ii) Separate statistics are not available. The total accumulative amount spent from 31 August 1936 until 31 March 1992 in respect of the acquisition of land amounted to R1 403 373 297. The South African Development Trust has been abolished on 31 March 1992.

(b) Former SA Development Trust properties which had already been included in the areas of jurisdiction of the various self-governing territories on 31 March 1992, have been transferred in ownership to the said authorities on 1 April 1992 by Proclamation R28/1992 on the understanding that, where practically feasible, it will be transferred to tribes/communities.

No land, being the property of the former South African Development Trust, situated outside the areas of jurisdiction of the self-governing territories, has however, been incorporated into the areas of jurisdiction of the said authorities during 1992, or transported to the Self-governing territories.

The extent of the land transferred to the various self-governing territories on 1 April 1992 by Proclamation R28/1992, is as follows:

KwaZulu	1 013 487 hectares
Lebowa	506 325 hectares
Gazankulu	304 086 hectares
KaNgwane	146 821 hectares
KwaNdebele	16 738 hectares
Qwaqwa	46 499 hectares
TOTAL	2 033 956 hectares

Prisons: provision for disabled persons

127. Mr A J LEON asked the Minister of Correctional Services:

(1) (a) How many members of the current prison population are (i) physically, (ii) visually and/or (iii) auditorily disabled and (b) in respect of what date is this information furnished;

(2) whether any prisons make special provision for disabled persons; if not, why not; if so, (a) which prisons and (b) for what categories of disablement in each case? B297E

The MINISTER OF CORRECTIONAL SERVICES:

(1) (a) (i) 67 (of which two are dependent on wheelchairs)

(ii) 61 (only one eye in all cases)

(iii) 14 (partially in all cases)

(b) 2 March 1993.

(2) No. Structurally prisons do not cater specially for disabled persons except for those prison hospitals which are designed in such a way that a wheelchair can be accommodated in passages and bathrooms. However, provision for disabled persons is made in the sense that such persons are accommodated where it is convenient for them with due consideration of the nature of their disability. This sometimes necessitates a transfer to a large prison where a 24 hour nursing service is available.

(a) and (b) Fall away.

Own Affairs:

Teachers: retirement on accelerated pension

6. Mr A GERBER asked the Minister of Education and Culture:†

(1) How many teachers in his Department retired from service on accelerated pension in 1992;

(2) whether any of these teachers have since been re-employed as teachers by his Department; if so (a) how many as at the latest specified date for which information is available and (b) why? B92E

The MINISTER OF EDUCATION AND CULTURE:

(1) 5 492 (early retirement 234; medical grounds 74; retrenched 5 045; prior to 1-4-1992 converted to state-aided school 139) in the two main categories which are considered for accelerated pension, namely:

PTO

— Any teacher who has reached the age of 50 and has at least ten years actual uninterrupted pensionable service, has the right to be retired on early pension with actuarial adjustment (diminished benefits) at own request. A teacher may also leave on early retirement if declared unfit on medical grounds.

— Teachers, whose services are terminated as a result of rationalisation, qualify for a retirement package, which also implies accelerated pension;

322

(2) Yes,

(a) 367 as on 15 February 1993,

(b) The posts of people who retire on medical grounds, at normal retirement age, on early pension, exercising own choice, etcetera, remain to become vacancies for which qualified educators may be considered for appointment.

Legally a person may be considered for re-employment if he/she is the most suitable applicant for a post. Some people who are retrenched are still relatively young and further career possibilities cannot be withheld from them. The relatively small number of educators who have been re-employed, illustrates the preference given to educators other than those who have left service.

The number 5 045 (question 1) represents posts that were abolished and which cannot be filled again by the Department. However, after the post has been abolished by the Department the governing body itself may maintain and finance the post.

Subsidies for State-aided ordinary schools

16. Mr A GERBER asked the Minister of Education and Culture:† 52

(a) What amount was budgeted by his Department in respect of subsidies for State-aided ordinary schools in the 1992–93 financial year and (b) what part of that amount was paid over in subsidies? B195E

The MINISTER OF EDUCATION AND CULTURE:

(a) No separate vote was granted for the 1992–93 financial year in respect of subsidies for state-aided ordinary schools, as the implementation of this school type took place after the printed budget for 1992–93 had been finalised;

(b) expenses concerning state-aided ordinary schools are reflected in the programme structure for ordinary school education. The programme structure has been amended, however, to make separate provision for state-aided ordinary schools as from 1993/94.

Teachers made redundant

17. Mr R M BURROWS asked the Minister of Education and Culture: 322

(1) Whether any (a) secondary and (b) primary school teachers employed by (i) his Department and (ii) each of the provincial education departments were made redundant in 1992; if so, how many in each case in (aa) his Department and (bb) each province;

(2) whether any of these teachers were subsequently employed in another capacity within his Department; if so, (a) how many and (b) in what capacity was each of these teachers employed in (i) his Department and (ii) each province? B210E

The MINISTER OF EDUCATION AND CULTURE:

(1) (a) (b) (i) and (ii) Yes,

		(a)	(b)
(aa)	*Total in Department	639	866
(bb)	Cape	520	601
	Natal	104	203
	OFS	15	62;

*Transvaal excluded. In the TED 3 540 teachers were redundant. Separate statistics for secondary and primary schools are not available.

(2) Yes,

(a) 354,

(b) (i) in the Department as a whole 35 in permanent posts, 46 in permanent relieving posts, 271 in temporary teaching posts, 1 in a part-time post and 1 in an administrative post

322

(ii)

	CED	Natal	OFS	Tvl
Temporary teaching posts	111	39	6	115
Permanent teaching post	26	9	0	0
Permanent relieving	0	0	0	46
Administrative	0	0	1	0
Part-time	0	0	1	0

Expenditure at schools

18. Mr R M BURROWS asked the Minister of Education and Culture:

What (a) total amount was spent and (b) was the *per capita* expenditure in the 1992–93 financial year on (i) school textbooks, (ii) library books, (iii) hostel accommodation subsidies, (iv) pupil transport subsidies, (v) school audio-visual equipment, (vi) school buildings, (vii) stationery and (viii) school furniture at schools falling under his Department? B211E

The MINISTER OF EDUCATION AND CULTURE:

The following are provisional expenses as the financial year only ends at the end of March 1993:

(a) (i) R7 646 076

(ii) R2 080 021

(iii) R24 702 584

(iv) R62 558 880

*(v) R113 297

(vi) R120 821 082

(vii) R9 914 455

(viii) R20 257 360,

(b) not available, as all schools that changed over to Model C schools are responsible for their own running costs.

*A total amount of R890 386 is allocated by the CED for (v) and (viii) as well as for other equipment and is not indicated.

*Expenses for audio visual equipment are included in (viii) by the TED and are not indicated separately.

Model C schools: amount collected

19. Mr R M BURROWS asked the Minister of Education and Culture:

(1) Whether his Department has information on the total sum collected by Model C schools in compulsory school fees and by way of fund-raising activities since the inception of Model C schools up to the latest specified date for which figures are available; if not, why not; if so, what (a) was the total sum that was collected in each province in 1992 and (b) is the annualized sum projected to be collected in each province, using the figures in respect of 1992 as a guide;

(2) what percentage of Model C school expenditure at primary and high schools is being funded by the State at present;

(3) whether he will make a statement on the matter? B212E

The MINISTER OF EDUCATION AND CULTURE:

(1) No, state-aided schools are autonomous and each school determines its own school fees. Audited financial statements are drawn up at the end of a financial year, which closes on 31 March. Within six months after the end of the financial year the governing body submits a copy of the financial statements to the Head of Education,

(a) and (b) Fall away;

cont – 10

Fresh optimism over low-cost housing drive

Star 11/8/93

32

By Michael Chester

Thousands of homeless black families may be close to rescue from the crisis caused by the dramatic shortage of new low-cost houses, according to the Building Industries Federation of SA (Bifsa).

Bifsa executive director Ian Robinson said yesterday renewed optimism stemmed from extensive talks with National Housing Minister Sam de Beer about new strategies to tackle the crisis.

Discussions had centred on Bifsa proposals to start a programme to build no fewer than 300 000 affordable homes a year until the backlog was wiped out.

Bifsa President Robert Giuricich said the programme not only promised an economic kick-start out of recession but also 1,4 million jobs.

At the end of the talks, Robinson said: "The chances of success for the formula to trigger the release of huge amounts of private sector capital, to finance low-cost housing, now appear to be excellent."

There had been agreement that the housing effort had until now been bogged down in bureaucracy, with as many as 14 different Government departments and 25 financial divisions claiming a voice in decisions.

As a result, although R2 billion was allocated to State housing schemes last year, a final count showed that only 35 000 houses were actually constructed.

The Minister had agreed there was now a need for "complete transparency and openness" in all future funding of housing.

"Everyone must be able to see exactly where all the money is being spent — and as little as possible must be spent on administration," Robinson added. "We will never get full concensus on spending but people should at least know in detail where the money is going."

The Minister had been told the flow of private sector funds depended on Government agreement to introduce a form of State guarantee as reasonable protection from the high risks on investment.

Limitations on State funds made it impossible for the Government alone to meet the cost of low-cost housing, Robinson said. Instead, it should mobilise the bulk of its available funds to create a "risk pool" to guarantee the funds injected by private financial institutions and developers.

Bifsa calculated that every R1 million the Government pledged in guarantees would generate as much as R15 million in private sector investments because of the multiplier effect.

The balance of State housing funds should be ploughed into capital subsidies for the very poorest homeless families and into a redesigned scheme for subsidies for first-time homebuyers.

Earnings plunge at Group Five

32

B/DAY 12/3/93

EDWARD WEST

AN EXTRAORDINARY item and depressed conditions in the building and construction sector pushed Group Five sideways for the six months ended December 1992.

Earnings a share plummeted by more than two-thirds to 10,4c in the six months from 36,1c in 1991.

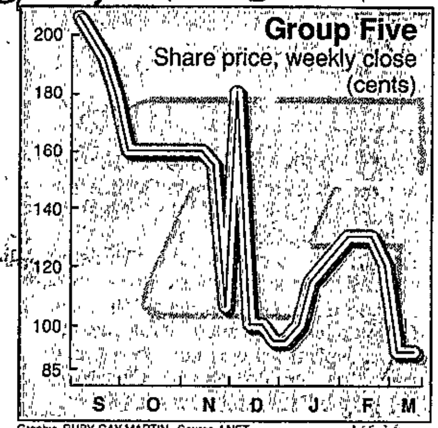
Comparable turnover before accounting for the Everite acquisition at R529m (interim 1991: R533m) declined 10% in real terms, but the consolidation of Everite led to a 40% increase to R749m, said executive chairman Peter Clogg.

Included in the turnover were unresolved builders' liens worth R22m on contracts relating to Fancourt and Marina Martinique — both related to the Masterbond debacle. However, Clogg was confident of realising the investment.

Operating income fell 32% to R16,1m (R23,7m). Finance costs rose to R10,6m — R2,5m was received as interest in 1991 — of which R7,1m was consolidated from Everite with the balance attributed to the construction group.

Finance costs were paid because of the depletion of cash reserves used to pay for Everite. A further R2,6m abnormal loss was experienced in completing the Houston Bridge contract.

Clogg said the cash position would soon be boosted by about R30m from a property



Graphic RUBY-GAY MARTIN Source I-NET

sale, about R11m from the Houston Bridge contract and a completed contract previously under dispute.

Borrowings at December 31 amounted to R100,5m (cash balances R47,9m) after the consolidation of R103,6m in borrowings in Everite. Pre-tax income dropped 57% to R8,3m (R19,3m). Income before extraordinary items was R4,3m (R15,1m).

The earnings a share figures were based on 41,8-million (16,7-million) shares in issue after a capitalisation issue on November 30 1992, but comparative figures were adjusted accordingly.

A R14m extraordinary loss related to a

To Page 2

Group Five

B/DAY 12/3/93

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From Page 1

profit warranty provision from lower than expected earnings and closure of Everite's Cladding Specialists operation.

Clogg said the building division had recently won significant new work, including the new Standard Bank Building in Johannesburg (R126m) and the new State Bank buildings in Mauritius (R145m).

The road building division had taken a pounding. It was operating at about 15% of capacity. Activity levels were being offset by a new pipe-making venture.

The civils division suffered with the cancellation of a R100m contract after Eskom decided to halt work on Majuba power station after finding it too costly to mine underlying coal reserves. Clogg said the group intended to claim from Eskom.

Group Five's dividend was passed. Clogg said there was some indication that the bottom of the construction market had been reached, but until fixed investment levels improved, the group was unlikely to grow. All group divisions were profitable, he added.

Everite's dividend was passed after earnings a share dropped to 4,3c (13,3c). Executive chairman Theunis Kotzee warned that any further fall-off in activity levels could see the group go into a loss-making situation. An economic upturn was not expected before 1994.

SM Goldstein, which derived its income from a 45% stake in Group Five Holdings, also passed its dividend after earnings a share dropped to 10,6c in the interim period from 36,7c at the same time in 1991.

Murray & Roberts plans R500m bond

TIM MARSLAND (32)

MURRAY & Roberts was looking at listing a R500m corporate bond on the capital market, group commercial director Jeremy Ractliffe confirmed yesterday.

It has been learnt that the group had been expected to list a bond in February, but was advised to wait for the Budget to judge the direction of interest rates.

Ractliffe said there were "currently no moves to bring the matter to the board for a decision, as the group did not require additional funding now".

An analyst said Murray & Roberts could be looking at a minimum issue of R250m. But for the bond to be successful, it would have to be more than R500m.

A capital market dealer said the difficulty with corporate bonds was the size of the issue. Institutions preferred to buy large parcels of a single stock, but did not want to own more than 10% of the stock. Corporate bonds were too small to satisfy this requirement, as institutions tended to invest in parcels of more than R10m.

12/3/93 BDAY

Star 12/3/93

Group 5 passes dividend

By Stephen Cranston

32

After an extraordinary item, Group Five lost R9,7 million in the six months to December, compared with net income of R15,1 million in the same period in 1991.

Earnings a share before the item declined from 36,1c to 10,4c, while the loss per share after the item was 23,1c a share.

The interim dividend has been passed.

Executive chairman Peter Clogg says all operating divisions remained profitable in the period under review.

Turnover, including that derived from the acquisition of control of Everite Holdings, rose by 40 percent to R747 million and taxed income was R7,6 million (1991: R15 million).

Operating income decreased from R23,7 million to R16,1 million and finance costs shot up to R10,6 million, of which R7,1 million was consolidated from Everite.

The extraordinary item of R14 million was the result of a profit warranty provision arising from lower-than-expected earnings and closure costs in certain operations sold in April 1992, says Cloggd.

He says a further abnormal loss was experienced in completing the Houston bridge contract.

Moreover, group is owed R22 million from its involvement in the Masterbond debacle through Fancourt and Marina Martinique.

BUSINESS/CONSTRUCTION AND DEVELOPMENT

Building prospects for Cape looking better

(32)

ARG 31/3/93

Frank Wright, president: Master Builders Association (Cape Peninsula).

TENTATIVE signs can be seen of a return of confidence in the Cape Peninsula's building sector in spite of economists predicting minimal real growth for 1993, says the president of the Cape's Master Builders and Allied Trades Association, Mr Frank Wright.

"As the MBA predicted last year, the Peninsula could well be capable of shrugging of the recession faster than other areas of South Africa," he said.

His increased optimism was based partially on the amount of tender work made available to contractors in November, December and February.

"Our figures are not comprehensive — they do not include negotiated work — but they indicate that in those three months the amount of tendered work available was higher than in the corresponding months a year ago.

"Although the figures for March are not available, we already know they will be no lower than March 1992 and could well be marginally higher."

Mr Wright said for the first time in many months, a light was "just visible at the end of the building industry tunnel".

"With these figures there are grounds for hoping that, just as this area was the last to be badly affected by the recession, we could be the first to emerge from it."

MBA members had been encouraged by the talks between Bifsa (the Building Industries Federation), the Minister of Finance and the Minister of Housing, he said.

"Although the budgeted increase of 4 percent in VAT will impact directly on building costs and will not assist in speeding up revival in the industry, it appears these talks could lead to the establishment of a central financial pool and a revival in low-cost housing.

"We at the MBA recognise this as a top priority, and we fully support Bifsa's moves."

Contracts drying up to 1969 levels

One in five construction jobs face axe

B/DAY 15/3/93. (32)

ANDY DUFFY

UP TO 70 000 construction jobs — one job in five — could be lost this year, the industry's trade body warned at the weekend.

With building's R15bn turnover forecast to fall 10%-20% this year, the Building Industry Federation of SA (Bifsa) said many companies would be forced to cut staffing heavily to stay afloat.

Retrenchment over the past two years had already cut the labour force from 420 000 to 350 000, Bifsa said. But this had not halted a steady decline in operating margins as contract awards dried up.

Though many contractors posted profits in their latest accounts, this was mainly due to contracts won before the recession took hold.

Bifsa executive director Ian-William Robinson said these cash-generating contracts had not been replaced, leaving firms with little option but to cut operations.

"I don't believe building companies are making any money at all," he said. "Anything that the contractors have managed to replace is not profitable. There is going to be a real cashflow problem."

The federation, which represents companies accounting for about 80% of SA building activity, said private sector work had declined drastically in the face of oversupply and political uncertainty. Spending on public sector building had fallen to its lowest level since records began in 1946.

A fall in total activity of just 10% this year would still reduce building work to the level of 1969, Robinson added. "It's disastrous."

Bifsa's warning follows grim results for SA contractors, with few escaping a fall in operating margins and earnings per share (eps). Last week Group Five reported profitability on sales had fallen from 4,5% to 3%, with eps down 71% for the six months to December.

Operating margins for Murray & Roberts slipped from 7,2% to 6,8% for the year to December, with eps, hit by acquisitions, down 13%. Concor saw a near 10% fall in eps for the six months to December. A 3% rise in sales, coupled with a 12,8% fall in operating income, suggests its profit margin also slumped.

LTA reported a higher margin and eps.

Recovery hopes are pinned on housing, which currently accounts for just 7% of industry turnover. Bifsa wants government to produce a pump-priming programme to finance the construction of 300 000 low-income houses a year, increasing current production tenfold.

Figures due this week from the SA Federation of Civil Engineering are expected to confirm that construction has been hit across the board.

The civil engineering sector, which in recent years has cut its workforce by more than a third to 60 000, is thought to have suffered an 11% fall in activity last year.

Though workload had been boosted by the Columbus and Alusaf projects, there was "not a hell of a lot else happening", said Steel and Engineering Federation of SA economist Michael McDonald. Government capital expenditure, which accounts for 70% of civils' R5bn workload, had "more or less dried up", he said.

Angolan fighting scuttles LTA deal

32 ANDY DUFFY

CONSTRUCTION group LTA has scrapped plans to buy into Constrei, the contractor owned by the Angolan government.

LTA says it has now drawn up alternative acquisition plans in other, unnamed, southern African states.

The terms of the Constrei deal had been agreed, but the recent upsurge in fighting in Angola killed the sale.

Although talks between LTA and the MPLA government have now been closed, LTA refused to detail the terms of any proposed deal. B/DAY 15/3/93

LTA group MD Colin Wood said the group was still considering the plan.

But shareholder Anglo American Industrial Corporation (Amic), which is to increase its stake in LTA to 72% at the end of this month, confirmed the deal was off. "There is no question of going ahead," said Amic chairman Leslie Boyd. Neither Boyd nor Wood would comment further.

Talks between LTA and the Angolan government had been under way since last year. The contractor wanted to use Constrei — Angola's largest contractor — in its strategy to seek work outside SA as a cushion against a declining domestic work.

LTA's cross-border operations are based in Lesotho and Botswana.

● See Page 2

LTA pulls out of Angolan deal

CT 15/3/93

JOHANNESBURG. — Construction group LTA has scrapped plans to buy into Constrei, the contractor owned by the Angolan government. (32)

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Home improvement sector booming to tune of R3-bn

Star 16/8/93

(32)

By Meg Wilson
Property Editor

South Africans are expected to spend at least R3 billion on improving their homes this year — and provide almost 300 000 jobs in the building industry.

And, a new survey shows the amount could easily grow to almost 15 times the sum now being spent on affordable housing — if political circumstances improve and if black home ownership continues to grow.

The investigation into the potential of the segment was conducted by building industry research organisation BMI—BRSCU, which also found that 60 percent of work done in the additions and alterations market was contracted out — to "an army of small builders and subcontractors".

In fact, evidence is that 65 jobs are created for every R1 million spent in this market.

Dr Llewellyn Lewis, head of the research team, says it is estimated that white homeowners will spend R2,8 million on improvements this year.

Although this is significantly lower than the R4,3 million reported value of work completed last year, he says the discrepancy is mostly in extensions and alterations (as opposed to repairs and maintenance or alterations and improvements).

These obviously require a commitment, on the part of homeowners, to major expenditure, "which is difficult to predict, especially in the prevailing uncertain political circumstances".

The estimate of black expenditure in 1993 is based on records of improvements, additions and alternations made in the past five years, which translate into R250 to R350 million a year.

However, Dr Lewis says, this can be expected to grow exponentially — "possibly quadrupling in the next four to five years" — as the ownership of black housing stock doubles from its present 35-40 percent and other new owners are added.

The survey found that maintenance and repairs to white-owned homes already accounted for R800 million a year — most of it spent on repainting.

Decorative alterations and improvements represented a market worth more than R1,5 billion a year, while additions and alternations were worth R1,8 billion last year.

Types of materials mostly purchased in the past year were paint, electrical fittings, plumbing fittings and pipes.

Paint was also the material most purchased in the black sector, but here windows, doors, flooring, ceilings and roofing were bought in large amounts, as well as baths, toilets and taps.

Dr Lewis says the improvements market has been underestimated as a source of work for those in the building industry, where there are now about four people informally or self-employed for every one formally employed.

The segment, he says, represents an even more attractive opportunity for those in the industry if they remember that most expenditure on improvements is made after a decision at the grassroots level of the individual homeowner, and out of existing household budgets, so is not dependent on the availability of bond or other loan finance.

And, even in cases where finance does have to be obtained, the customer is most likely to have an existing bond and a track record of payment.

Civil engineers hope worst is over

BDay 17/3/93 (32)

ANDY DUFFY

THE civil engineering industry may have seen the worst of the recession, according to its latest outlook on trade figures.

In marked contrast to the fortunes of the building sector, civils workload and contract awards for the last three months of 1992 rose sharply on both the preceding quarter and year.

The SA Federation of Civil Engineering Contractors (Safcec) said the industry would still shrink in real terms by 6% this year, and that virtually all its members were dissatisfied with contract prices.

But the federation, which represents companies accounting for 80% of the industry's R5bn turnover, said activity swung upward from the second quarter of last year, and was likely to show a recovery in real terms of 3% by next March.

"It's been a great problem to say there is some movement in the industry," said Safcec economist Henk Langenhoven. "But we're certainly more positive."

Provisional estimates for the fourth quarter suggest contract awards rose 24% on the quarter and 19% on the year to R1,17bn, while turnover leapt 20% on the quarter and 30% on the year to R1,18bn.

The federation added that order books had begun to improve, and that the recovery had continued into the first two months of 1993: contract awards in real terms for January rose 43% on January 1992.

Safcec said the improvement was due largely to public money long allocated to "social infrastructure" finally beginning to flow through.

The initial orders from the Columbus project had also impacted on the survey. Contracts worth R350m were awarded for Columbus in February.

Though staff losses had begun to taper off, the industry still cut 3 000 jobs last year, trimming the workforce to just over 57 000. Safcec forecasts further retrenchment and company failures this year. The industry is working at 75% of its capacity.

The major companies, accounting for 65% of the industry by turnover, have been hardest hit, Safcec added.

The change in work mix from road-building to township, water, sewerage and industrial work, and from megaprojects to smaller contracts, had forced larger companies to cut staff.

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Building industrial councils 'in crisis'

BIDAY 18/3/93

ERICA JANKOWITZ

BUILDING industrial councils in the Transvaal appear to be in crisis, with employers in Johannesburg and Pretoria advocating the phasing out of these structures.

A Building Industry Federation of SA spokesman said there was talk of establishing a single national industrial council, or at least a confederation of the 10 industrial councils countrywide, so as to streamline their functions and the wage bargaining process.

Should the Transvaal Building Industrial Council collapse — which is possible after the Witwatersrand Master Builders' Association, representing 803 employers, apparently voted on Tuesday to withdraw — minimum wages set down in the agreement would no longer apply to the 40 000 workers who are employed in this sector.

An industry source said the decision was largely based on the generally poor economic circumstances of the industry.

(32)

Building stamp contributions paid by employers to cover pensions, sick pay, holiday fund and related benefits, added about 15% to 35% to the wage bill — a cost which employers found increasingly difficult to justify.

This move followed the expiry at the end of February of the council agreement covering general workers, who constituted 59% of the workforce. Neither Cosatu's Construction and Allied Workers' Union nor the employers signed the wage agreement and no wage increase was implemented.

A union spokesman said discussions within the union on the lack of an annual wage adjustment were going on and a decision on some form of action would be taken by the end of the week.

As the 1993 agreement covering general workers had not been gazetted, this category of worker was now protected only by the Basic Conditions of Employment Act. Effectively, this meant employers were not obliged to contribute to industrial council funds — sick, pension, training, holiday, and so on — or to pay the minimum wage of R5 an hour set down in the last agreement.

The Building Industrial Council general secretary Wynand Stafelberg said workers employed before the expiry of the agreement could not unilaterally have their conditions of employment changed and so would not be affected.

However, the same could not be said for newly employed general workers.

The Master Builders' Association said it would issue statement today.

Sasol plan 'amounts to unfair competition'

BIDAY 18/3/93

EDWARD WEST

OIL refiners have come out strongly against Sasol's intention to establish its own service stations, accusing the synthetic fuel producer of unfair competition.

According to a report in Beeld newspaper yesterday, Sasol planned to introduce its own service stations and to retail crude oil-based petrol from its Natref refinery.

Sasol's Blue Pump retail points at service stations would be scrapped and existing service stations would be bought to sell Sasol fuel. A new corporate identity would be introduced.

All conventional refineries, including Natref, would be forced by legislation to buy synthetic petrol from Sasol and Mossgas at a government-imposed price, the report said.

Shell Oil division MD Ian Williams said he failed to see how Sasol could want to compete on an equal basis with the conventional oil refiners when it was being subsidised for its synthetic fuel production. The plan would also mean further unwelcome industry regulation, he added.

Engen marketing director John Robert said in terms of the balance of payment situation it would be foolish not to use Sasol's synthic fuel production, but it would be equally "crazy" to expect Sasol to compete on an equal basis with oil refiners while it was being subsidised.

However, Sasol said no cross-subsidisation would be possible between tariff protection received on synthetic fuel production and Natref's production destined for the planned service stations.

Sasol wished to uncouple its synthetic production from Natref by forming a separate Sasol crude oil refining and marketing entity. The separate reporting of Natref's accounts was also a possibility.

Sasol received no protection from operations at Natref. The tariff protection framework — which Sasol said was not a subsidy — was based on a floor price of $23 a barrel.

Sasol received R537,5m in tariff protection in the 1991/92 financial year — more than double the R222,5m received the previous year because of higher international oil prices in the 1991/92 financial year.

Sasol said it did not know yet how many service stations it intended acquiring.

Star 18/3/93

Minister tarred over cash for roads

CAPE TOWN — The South African Bitumen and Tar Association (Sabita) has attacked the 1993 Budget for a sub-increase allocation to the country's crumbling road network, which has a backlog of more than R20 billion.

(32)

Executive director Piet Myburgh stressed that Sabita and other interest groups had argued for years that the public would be prepared to accept a taxation directed towards the upkeep of roads which, as in the United States, Switzerland and elsewhere, could be collected specifically from fuel levies.

"The funds allocated in the last Budget to roads — just over R2 billion — constituted less than half the necessary expenditure required on rural roads alone," said Myburgh.

Provincial authorities reported that existing funds did not even satisfy maintenance needs, let alone any new construction.

"We welcome, however, the Minister's commitment to socio-economic rehabilitation in areas such as education, housing and the provision of employment.

"But once again, South Africa's roads, the arteries to link those sectors to the economy, have been neglected, and yet motorists are paying more tax than before."

If Finance Minister Derek Keys were serious about kick-starting the economy, he simply had to address the poor health of the country's fundamental infrastructure.

Sabita was supported in this view by the authoritative voices of international aid agencies as well as the experience of Eastern Europe.

"Congested and deteriorating roads are sadly becoming a familiar sight on our neglected R100 billion road network, which may affect the prospects for economic recovery as severely as the drought, international recession and the unsatisfactory gold price." — Sapa.

GROUP FIVE FM 19/3/93

Shrinking order book (32)

If one needed proof of the depth of the recession in the construction business, last week's announcement by the Building Federation of SA (Bifsa) that up to one in five construction jobs face the axe this year is conclusive evidence.

Recession has bitten deeply into Group Five's interim results. Turnover rose two-fifths due to the acquisition of Everite (on a comparable basis it fell in real terms by about a tenth), operating margins fell from 4,4% to 2,1% and attributable profit fell more than two-thirds to R4,3m.

The evident need for a major increase in low-cost housing and the trend towards greater urbanisation prompted the Everite acquisition. But the higher fixed-cost nature of its business — compared to the cost flexibility of other businesses — has reduced Group Five's ability to cope with shrinking demand.

Capacity utilisation at Everite has fallen to 50% (breakeven level) in 1993 from 60%

Continue

FM 19/3/93. (32)

in 1992, a significant fall given its high fixed costs. Executive chairman Peter Clogg has a candid and realistic response to the prospect of losses at Everite: "If it's more than just a three-month blip we'll have to start closing some factories."

Despite the dramatic fall in profit, all the divisions remained profitable. But the order book is thin, with only two small-to-medium projects for the next two years: the State Bank building in Mauritius is worth R145m and the Standard Bank contract in Johannesburg R126m. Clogg expects a profit margin of 2%-3% on these projects — a total of only R8,1m over the next two years — small for a group whose turnover exceeded R1,3bn in 1992.

Cross-border sales (25%-30% of total sales) are dwindling. The fall in diamond sales has affected demand from Botswana, and the recession has tightened purse strings in Zimbabwe, Lesotho and Swaziland among others. A pick-up in the construction business will depend on an increase in fixed investment, says Clogg, which he does not expect within the next two years.

Non-recurrence of abnormal provisions (R2,6m in 1992 taken above the line) for the Houston, Texas, bridge project should steady earnings. Clogg expects a resolution of certain contracts related to the Masterbond debacle to be protracted but ultimately successful: the group is owed about R22m. Cash of R30m is expected soon from a property sale, the Houston bridge and a disputed contract.

The share price dived from over 260c at the end of 1992 to 85c now, putting it on a 12-month p:e of 1,8. The Everite investment was premature, given its high fixed costs and the cash it absorbs. Group Five will be treading water until fixed investment in construction, especially low-cost housing, improves.

Louise Randell

Star, 19/3/93

Housing 'millions' need to be released

By Frank Jeans

The building contruction industry has welcomed the additional housing allocation given in the Budget which pushes the figure to R2,5 billion.

There is consensus, however, that this money must be seen to be used productively — now.

Emphasing this point at a post-Budget meeting organised by the National Association of Home Builders yesterday, Matthew Nell, chairman of the co-ordinating committee of the National Housing Forum, said: "I personally welcome the additional millions, but people are still playing games with the numbers.

"What hasn't changed is the intricate spaghetti-like system which the millions go through."

The "housing sponge" absorbed the funds but "we now need somebody to squeeze it and get the money into the ground."

Calling for the implementation of a national housing strategy, Nell said the forum worked closely with the government and together they had one year to get a properly directed housing strategy in place and in time for the 1994 Budget.

"I have to emphasise that the National Housing Forum must be seen as a negotiator and not another executive agency.

"The forum needs participation for it does not have a life of its own. Through restructuring we can move towards an agreed housing strategy."

Outlook bleak for surveyors, architects

GERALD REILLY (32)

PRETORIA — A 29,8% decline in the value of building plans passed in January 1993 against the same month last year highlights the crisis in the building and associated industries and professions, according to economists. BDM 19/3/93

The value dropped to R615m.

Non-residential building plans plunged by 70,7% to R70,7m — a clear indication of a stagnant economy and the massive surplus of office and shop space and industrial buildings, they said. It also explained the worsening plight in the architectural and quantity surveying professions.

Earlier this week the Building Industries Federation of SA (Bifsa) warned that up to 70 000 construction jobs could be lost in the industry this year.

Also in January the value of plans for houses fell by 16,5% to R234m, for flats and townhouses by 12,8% to R71,4m and additions and alterations by 7,6% to R231,5m.

Institute of SA Architects executive director Martin Knoetze said the profession was in a worse way now than in any previous recession.

Partners and directors of firms had opted for early retirement because of a lack of work. In other firms, short-time was being worked and salary cuts imposed in an effort to retain the maximum number of trained staff.

The number of insolvencies among architects was also rising.

Another worrying factor was the number of graduates unable to find work.

Even large-scale, low-cost house buildings would bring little relief to the architectural and quantity surveying professions, Knoetze said.

Other architectural sources said the building industry was in the doldrums and was likely to remain there for the rest of the year.

An Association of Quantity Surveyors spokesman said the profession was operating under a tremendous strain and partnerships were being dissolved. Many had abandoned offices and were working from home in an effort to survive.

Dire Budget blows to embattled building industry

ST 22/3/93 (32)

THE VAT and petrol increases announced in last week's Budget came as a nasty shock to the home building industry already struggling to sell new stock due to consumer disposable income being under pressure.

These increases will serve to increase the gap between existing houses and new homes especially at the lower end of the market when transfer fees have effectively been reduced for second hand houses below R250 000.

Bill Rawson of Rawson Real Estates said builders and property developers who were already very cautions about the economy would adopt an even more pessimistic approach towards developing which would be bad news for the housing industry and would have a negative effect on the housing crisis.

The Building Industries Federation of South Africa (Bifsa) said that while the Budget pushed the economy in the right direction it offered no immediate relief to the building industry which was in dire straits.

President Robert Giuricich said rather than helping the industry, the Budget, through the increased VAT, petrol and diesel price increases, would worsen the problems facing the industry and could make certain borderline projects no longer viable.

Ian Robinson, executive director of the organisation, said while the Budget had the right formula for a renewal of growth in the economy, Bifsa

Property Perspectives

by MAGGIE ROWLEY

members were unlikely to experience any benefits this year with the only possible exception being the low cost housing sector.

Because of the present economic climate, he said, the housing sector offered the industry its only chance of survival as conventional retail and commercial projects were largely on ice at present.

"The housing allocation of about R2,5bn in total, equal to a mere 0,25% of GDP is totally inadequate in the face of the enormous housing backlog we face.

"However we are encouraged to see that the National Housing Forum (NHF) has been promised a basic R200m and a further R200m in bridging finance for projects during 1993/4."

Together with allocations to the IDT, South African Housing Trust and the Development Bank this could be "just sufficient capital for the kickstart to the housing programme so long requested by Bifsa, provided that the money is wisely spent."

Robinson said the government now had to become totally transparent in the unbundling of all housing finance allocations.

"To achieve an effective housing programme, one that has the approval of as many parties as possible, we need to know who has received what monies and how they intend to spend them, and most importantly we need greater participation from now on in these decisions.

"Bifsa has been much encouraged by the fact that the Minister of Housing agreed that as soon as the budget allocation was made, we and others representing private enterprise would form part of a new decision-making body along with the NHF to decide on the spending of housing funds.

"One effect of this action would be to make housing a non-statal activity and therefore less likely to be interfered with by those community leaders who on principle resist any government initiative," said Robinson.

The budgetary allocation of R200m to the NHF and the promise of more to come was welcomed by both the NHF and Minister of National Housing Sam De Beer.

In a joint statement NHF chairman Eric Molobi and De Beer said that the NHF and Department of Local Government and National Housing had been involved in wide ranging negotiations on key national housing issues for some time.

In particular, negotiations in respect of a new joint housing initiative to be funded through the State budget had "proceeded far.

"The intention is that a significant sum of state funding be applied to initiating a new broadly supported non-racial housing initiative which focuses on disadvantaged communities. The initiative, which would be managed jointly, would apply state housing support in a manner which would better facilitate the housing delivery process, while at the same time mobilising significant private sector investment.

They said negotiations were still underway to settle the terms of the proposed initiative.

"In particular, while the initial 93/94 budgetary commitments of R200m allocated from within the housing budget, and a further R200m supplementary budgetary allocation is a positive start, several weeks will still be required to finalise the amount of further funding already in the national housing fund that will be redirected to this joint initiative.

"Once this exercise is complete, it will be possible to quantify the total value of housing projects that can be approved during 1993/94 through the new initiative and to finalise detailed negotiations."

According to the statement, the joint initiative is viewed as the first step in an agreed programme of negotiations aimed at rationalising and restructuring the housing sector.

"The focus would be on securing an agreement on national housing policy and strategy as well as state administrative structures and budgets within the 1993/94 Budget year."

Star 24/3/93

Building industry: showdown looms

(32)

By Meg Wilson
and Montshiwa Moroke

The stage seems set for a major showdown in the Transvaal building industry following the decision by employers to close the industrial council which serves as a central bargaining mechanism with unions.

This would mean that the setting of prescribed wages in the Transvaal's building industry could soon fall away, to be replaced by plant-level bargaining.

The Master Builders Association (MBA) announced this week that the council was a costly and unnecessary bureacracy. But trade unions, which claim to have more than 50 000 members in the Transvaal, have vowed to fight "by all means" to retain the council.

Three unions, the Amalgamated Union of Building Trade Workers of SA, Construction and Allied Workers Union and the Building Workers Union met yesterday and said the demise of the council would lead to widespread instability and chaos amongst workers in the building industry.

The unions said after the meeting that they were at no stage ever consulted on the problems that employers had experienced in the Industrial Council and the trade unions' viewpoint on its possible restructuring was never requested.

"The trade unions view the Industrial Council as being the only mechanism whereby a forum exists for centralised bargaining at industry level and this forum forms the only collective basis of supplying our industry with basic socio-economic benefits which provide equal benefits to workers in the building industry.

"The withdrawal from the council in turn will load the Government with the responsibilty of providing socio-economic benefits to workers," the unions said in a joint statement.

A statement issued by the MBA said members felt the burden placed on employer members of the council had become too severe.

"This relates to unrealistic presribed wages as well as the provision of fringe benefits costing 25 to 28 percent more than the prescribed wages. The informal sector generally does not pay these wages or fringe benefits, and does not have to contribute to education and training in the industry."

In addition, the MBA said, the industrial council system had become bigger and more costly to run, and members were upset by the bureacracy, the attitude of the trade unions and unfair prosecution of the formal sector compared with little law enforcement in the informal sector.

"Members have decided that the free market system should again be applied and supply and demand be the only criteria (in wage negotiations) and that plant-level bargaining between unions and employers or individual employees and employers be the mechanism to determine the wage structure."

Building a cost-effective alternative to buying

PETER GALLI

THE fall in house prices and the intense competition in the building industry could make building a new home in the mid to lower range of the market a cost-effective alternative to buying.

(32) (428)

J H Isaacs Natal residential sales director Andrew Foxcroft says now is the time to buy a home in the top end of the market, but in the middle to lower priced sectors building could prove more economical.

"Absa statistics show that in real terms house prices fell by 4,6% last year and have fallen by an average of 3,4% a year in real terms since the start of the recession in 1989.

"This trend is particularly evident at the top end of the market, where excellent value can be obtained."

At the lower end of the market, prices were extremely competitive.

Walters & Simpson quantity surveyors partner Dave Griffiths says house prices increased by 10% on average last year and prices should remain fairly stable this year.

When deciding whether to build or buy a home, the owner needed to consider a number of factors.

"The most important of these is that there is a severe shortage of well situated vacant land in suburbs close to the Durban CBD."

Durban-based Williams Palmer Associates auctioneer Rob Palmer said there was increased confidence among residential developers for well positioned land in Durban.

At an auction earlier this month, Lot 48 at 34 Bohmer Road was sold for R350 000 and negotiations were under way for Lot 40.

Commercial broker Ivor Smith said the buyer of Lot 48 would be developing a 40- to 45-unit residential complex on the 2,21ha site. He was also involved in the auction last year of a site in West Riding.

A townhouse development — known as Cherry Lane — of 90-100 units was to be developed. The first phase of 28 units had sold out.

Building industry needs 'low cost kickstart'

(32) BIDA 24/3/93

RENEWED activity in the affordable sector of the housing market was essential to kickstart the building industry, BMI-Building Research Strategy MD Llewellyn Lewis said.

He told the SA Housing Trust yesterday the industry was likely to start improving in the third quarter of this year.

While the outlook was more positive, building more affordable homes would have a spinoff effect on the economy and would go a long way to help create employment, peace, stability and wealth, he said.

"Black consumers will play an increasingly important role in the housing market," he said.

Last year homes for blacks accounted for 43% of the market. This was expected to rise to 56% by 2000. About 352 luxury homes were built for black buyers last year compared with 3 000 for whites.

"The impact of the increasing affluence of the black consumer is contributing to the liberation of the housing market and has a tremendous impact on the industry and its future strategy," he said.

The industry needed to employ another 500 000 people over the next seven years, while 100 000 affordable homes needed to be built annually and 200 000 serviced stands provided.

This contrasted with the total of 74 000 homes built last year, including just 18 000 starter homes at the bottom of the housing scale.

Investment in housing also needed to rise to 5% of GDP from its present level of 2,5%, he said.

24/3/93

Three M & R concrete companies to merge

Star 25/3/93

Finance Staff (32)

Three concrete masonry companies in the Murray & Roberts stable — Cape-based Calsica Bricks, Tricrete Transvaal and Border Concrete — have been merged to form a new company, Inca.

Bob Low, chief executive of the new company, says the decision to merge was a difficult one.

"All of the entities are major players in their own regions and are fiercely protective of their names, reputations and product lines."

Although autonomous managements within a region have been the key to each of the companies' successes, national cohesion would allow pooling of knowledge and resources.

"The new structure will allow us to retain the benefits of the individual operations while taking advantage of shared technology and improved ranges," he said.

The three founding companies will trade under the INCA logo in their various regions, where they are among the market leaders.

tems, the converter-canning operation in the Delta Group, received the General Motors supplier of the year award.

Because catalytic converters are not yet used in SA, Algorax's output ends up in the export market.

After the implementation of Phase VI of the local content programme in 1989 and in order to boost export opportunities for the local car industry, the German company Degussa set up Algorax as a joint venture with the Industrial Development Corporation.

It was constructed to a large extent by local contractors, although they conformed to Degussa standards.

Algorax supplies coated monoliths to Mercedes, Volkswagen and Delta.

Joint venture in Zimbabwe strikes gold

Star 25/3/93

HARARE — A Zimbabwean mining company exploring for gold in conjunction with a Canadian firm is expected to commission a new mine which will create 600 jobs, Ziana news agency reports.

The exploration by Antares of Canada and Forbes and Thompson of Zimbabwe has been successful and drilling is expected to begin within six months.

(362)

Forbes and Thompson MD Morris Thompson said yesterday exploration had cost Z$4 million so far.

Thompson said results of the exploration had been promising and there was potential for a mine at the southern end of Vumbachikwe mine, where the drilling would begin. — Sapa.

Schools scheme aids locals and professionals

BIDAY 25/3/93.

32

ANDRÉ TEN KROODEN

THESE days, if professional practitioners do not get out of their offices and look for appointments, they end up working for the council or in the unemployment queue. The professions that rely on construction are particularly poorly off. Government as a source has all but dried up and little is forthcoming from private sector developers.

Perhaps, in a perverted way, some good has come from this otherwise depressing situation. It has forced attention on one area of work that is socially beneficial and which still attracts what finance is available: the construction of schools for disadvantaged communities.

Not that the professional engineers, architects and quantity surveyors who have become involved in this area are doing it simply because there is no other work. That would be denying their real concern for the social reconstruction of the country and the value of their contribution. It is possible, however, that under different circumstances, the volume of more conventional work would have taken precedence over this type of project.

The Independent Development Trust (IDT) has allocated R300m to the construction of new schools, the backlog of which is estimated to stand at 50 000 classrooms. To ensure the real needs of communities are addressed, the IDT has established 11 regional trusts which interact with the local community, forming bodies called Community Schools Associations. These bodies are charged with evaluating and setting regional educational priorities. They then formulate a proposal and apply to the IDT for funds. The IDT will consider finance up to 90% of the contract amount. The local community body must find the balance.

Once funds are allocated the IDT devolves responsibility for planning and construction of the schools to the local trust. An important feature of the conditions laid down by the IDT is the appointment, by the local trust, of professional consultants including architects, quantity surveyors, land surveyors and engineers.

The possible inexperience of local communities in dealing with professional consultants is obviously of concern to the IDT, which has set out criteria to be used by the local community in making its selection.

These require the professional, among other things, to be locally resident, to be sensitive to the needs of the local community and to be prepared to consider solutions that are outside conventional methods of contracting.

This is not to say that the projects are a way of enriching existing construction professionals and building firms. The objective is very clear. The need to provide schooling for the youth of the area must be used to provide employment and training to members of the community; the use of professionals is essential to ensure the construction is soundly designed and built and that the costs are properly calculated and controlled.

A typical example is the Empulukheni school recently opened in the Witbank township of Kwa-Guqa.

The contract cost of building this 42-classroom school was R3 195 380. It was completed in four-and-a-half months, within the budget that was set and opened in time for the 1993 academic year.

What makes the achievement of being on time and within budget exceptional was that the individuals who formed the Kwa-Guqa African Builders' Association, the contractors, had previously built nothing more complex than simple township houses.

The association was brought together specifically to tender for the job. A training programme was established to train unemployed and retrenched workers in building skills prior to commencement of the project. The training was of a practical nature in that the trainers themselves undertook to build nine classrooms as part of the overall project. The quantity surveyor assisted with the budgets, documentation and negotiation of the tender and financial management of the project.

Having completed this 4 459m² complex under the guidance of a team of professionals, the seven small contractors had learned skills that would in future empower them to undertake work which normally would require the employment of outside contractors.

The benefits to the community are considerable. Not only does it now have its own sophisticated construction resource, but the work it will generate will be to the benefit of the community in the form of employment and the reinvestment of profits among its own people.

This IDT-brokered scheme will achieve more than the core objective of providing educational facilities and skills to the local community, it also stimulates much needed work for hard pressed but experienced professionals.

☐ **The author is a senior partner in quantity surveying firm Walker Maré.**

LETTERS

Homebuyers find a friend

Star 25/3/93

32

Thousands of low-income black families have fallen victim to swindlers when trying to buy homes. They are now being promised a fair deal and protection from exploitation, reports MICHAEL CHESTER.

ATTORNEY Brian Leveson adds new names every week to the blacklist he keeps within quick reach at the offices of Lawyers for Human Rights (LHR) in Johannesburg.

The dossier is a rogues gallery of scores of pin-striped conmen and fly-by-night builders who have been tracked down as culprits behind scams that have swindled millions of rands out of low-income black homebuyers.

The blacklist is the first reference to be checked by Leveson, director of the LHR housing rights unit, when he picks up the legal cudgels on behalf of disillusioned families who arrive in an almost daily stream to seek help when their dreams of a new home have turned into financial nightmares.

Leveson has lost count of the number of legal battles he has fought in the courts or taken to the Harmful Business Practices Committee. However, a recent rough calculation put the number of homebuyers who had been ripped off in a web of exploitation and corruption at more than 5 000 — with losses running at more than R10 million, and still climbing.

No fewer than 3 500 bulging files spell out the details of thousands of couples whose life savings have been lost by financial trickery — or contractors who saddled homebuyers with houses on the point of collapse under sagging roofs and cracked walls from shoddy workmanship.

"What adds to the tragedy," said Leveson, "is the look of utter despair on the faces of couples who have tried to buy a first real home for their families — and have fallen into traps laid by operators who have spotted their desperation and exploited it to the limit."

By now, he has been able to draw the typical profile of the average victim: a low-income wage-earner struggling to keep a whole family going on about R950 a month, anxious to offer a wife and three dependants (children and/or relatives) a better future than a squatter camp or backyard shack, but handicapped by no more than a Std 4 education when it comes to putting a signature on complex paperwork.

LHR have by no means been alone in the battle against skulduggery. Alarm over the growing number of scams operated by ruthless builders and landlords has also been voiced on several occasions by the Urban Foundation, which warned in its latest annual review:

"The exploitation of low-income families desperate to resolve their own housing needs is seriously undermining civil society. It is imperative that a new culture is created in South Africa — a culture which upholds the right to a fair deal in the purchasing and rental of housing."

The Legal Resources Centre was in the vanguard of volunteers to join forces when the foundation announced a special project to search for new answers. In turn, support was rallied from across the entire socio-political spectrum.

The outcome has been the launch of a brand-new combined initiative by legal, business and social experts determined to thwart unscrupulous operators.

The promise of a square deal for future homebuyers came nearer with the creation in Sandton yesterday of the Housing Consumer Protection Trust, with backing from a formidable list of key players in political and community affairs whose tempers have been frayed by the scale of fraud in the low-income housing market.

"As matters stand," said the trust in a first salvo, "there are endless instances of hard-earned savings being stolen, and dreams shattered by unscrupulous operators. We mean to call a halt to the exploitation."

The warning, it stressed, was intended to be heard by all the main players in the housing business — developers, contractors, landlords, land speculators, Government officials, estate agents and financial brokers.

New alerts were sent out to homebuyers about such risks as suspicious building contracts, sub-standard construction work, buying land from anyone without proof of legal ownership — and coercion into signing financial deals that pushed household budgets into danger zones.

The focus of the Trust, explained Alistair Rendall of the Development Action Group, will be on a four-point action plan:

- Introducing legal mechanisms to ensure that low-income families have adequate and reasonable protection against undesirable practices, backed by amendments to current legislation.
- Appointing a new ombudsman and a special arbitration panel to settle disputes over housing deals.
- Intervening in the market process to encourage higher standards of behaviour within the low-income housing market — monitored by teams of independent, licensed building inspectors.
- Extending legal services and consumer education to help low-income families become more discriminating customers who can enforce their housing rights and ultimately prevent their own exploitation. That goes hand-in-hand with the setting up of homeowner advice offices and access to legal services.

The SA National Civic Organisation, among the front-running supporters, said the Trust intended to not only address but also resolve what had become a grave problem.

"It will do much to empower low-income families to demand a fair deal," said a spokesman.

Matthew Nell, chairman of the Co-ordinating Committee of the National Housing Forum, added:

Exploitation

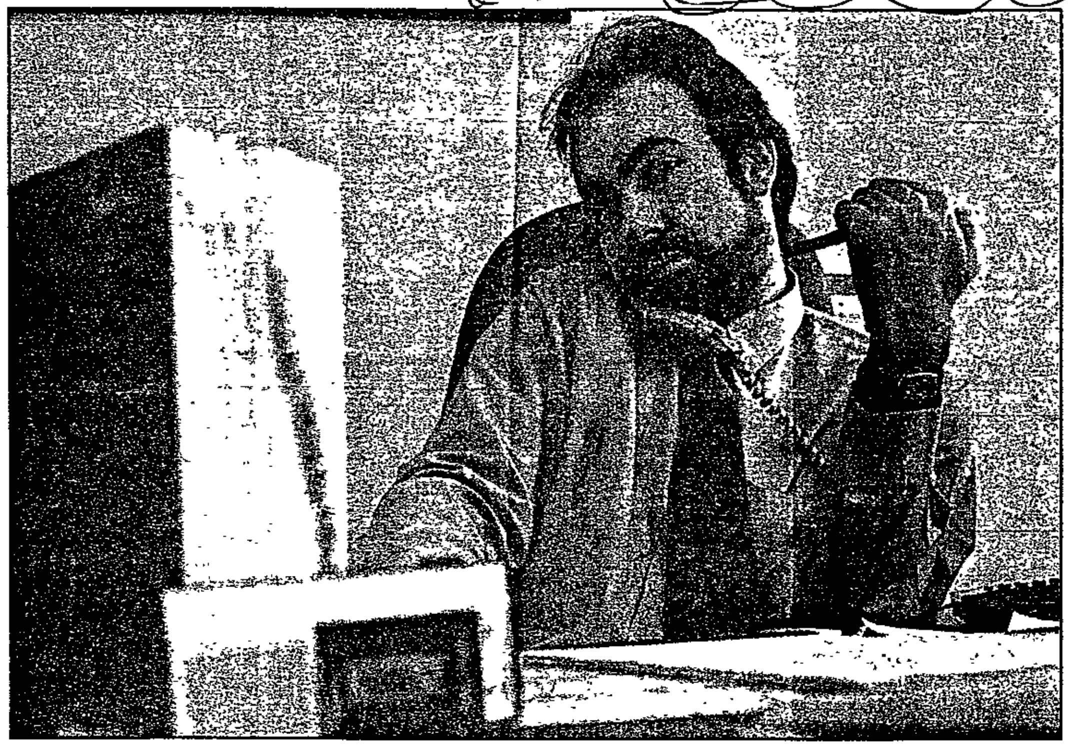
"Consumer exploitation must be very high on the agenda throughout the process of negotiating a new housing plan for the country. It is receiving the forum's highest priority and many parties welcome the new initiative."

The Trust summed up: "In today's gross overcrowding of existing houses, and with the growth of spontaneous settlements in all major urban areas and a proliferation of backyard shacks, the quality of life of communities is being seriously undermined.

"Against this background many low-income families will explore whatever means possible to secure access to shelter.

"As desperate consumers, often with inadequate education and inadequately informed about the workings of the housing market, they are vulnerable to exploitation.

"The Trust intends to introduce homebuyers to a whole package of protection measures. Racketeers — beware." □



Fight against exploitation . . . Brian Leveson, of Lawyers for Human Rights, answers an appeal for help from yet another victim of scams in the low-income housing market. About 5 000 homebuyers have been ripped off. Picture: Joao Silva

Giant Basil Starke finally liquidated

Staff Reporter CT (32) 25/3/93

BUILDING and civil engineering giant Basil Starke Holdings (Pty) Ltd was yesterday finally liquidated in the Supreme Court because it is unable to pay its debts.

At least six subsidiary companies, Basil Starke Civils, Basil Starke Building, Basil Starke Plumbing, Basil Starke Plant Hire, Shotblasting Services and Fleet Maintenance Company will be affected by the order.

Three subsidiaries were rescued: Premier Wire and Steel Products, Homberg Store Interiors and Auto-Tube.

Joint managing director of Basil Starke Holdings, Mr Derry Frank Reid, brought the liquidation application last month and said he was authorised to do so after a meeting with the board of directors.

Its assets were worth about R20,5 million and its current liabilities amounted to about R30m.

Star 25/3/93 (32)

Building giant liquidated

CAPE TOWN — Building and civil engineering giant, Basil Starke Holdings (Pty) Ltd, was finally liquidated in the Cape Town Supreme Court yesterday because it is unable to pay its debts. At least six subsidiary companies, Basil Starke Civils, Basil Starke Building, Basil Starke Plumbing, Basil Starke Plant Hire, Shotblasting Services and Fleet Maintenance company will all be affected by the order.

Ackerman opts for joint MDs

BDAY 26/3/93 (32)

LINDA ENSOR

WHILE Pick 'n Pay chairman Raymond Ackerman agonised about a new management structure to lead the group into the future he held no fewer than 55 meetings with executive and non-executive directors, GMs and outside advisers and consultants.

The soul-searching was prompted by MD Hugh Herman's announcement that he was to resign at end-April.

Ackerman's decision to appoint his son, Blue Ribbon national GM Gareth Ackerman, 35, and human resources director Rene de Wet, 49, as joint MDs was announced to about 90 corporate directors at the conclusion of a two-day meeting on Wednesday night. Until that dramatic moment neither De Wet nor Ackerman jnr knew the outcome with any certainty.

Ackerman snr told a news conference yesterday it was an important time to take stock of the involvement of the Ackerman family in the group. The family controls the group through its ownership of more than 50% of the shares in the pyramid company, Pick 'n Pay Holdings. He had even considered capitalising the stock but had decided to retain the family's control of the group.

Ackerman jnr said later that the decision to retain control was taken after he and his brother Jonathon, 22, — assistant manager of the Table View Pick 'n Pay store — had both indicated their commitment to remaining involved with the group.

Raymond Ackerman had founded the retail chain and seen it grow to a turnover of R6,4bn with 29 000 employees. At 62, it was time to resolve the question of succession. But he is not relinquishing control of the group. Ackerman stresses that he will continue to function as CEO and chairman and will oversee the transition to a new management structure. It is a structure which he believes combines the enthusiasm and drive of youth and the wisdom of experience.

Ackerman has created a chairman's committee to guide the MDs who will also be supported by a team of experts. Pick 'n Pay's decision-making is decentralised and board meetings will be held every two weeks to provide the new team with strong backup. Herman will be a consultant and non-executive director.

Johannesburg-based food director Sean Summers becomes deputy MD. All the new appointees will retain their previous portfolios to minimise the disruption of the changes.

"I believe that with our established mangement team and the leadership of 'youth and experience' the company will enter a new era. I remain the chairman and CEO and I look forward to the ensuing years with confidence," Ackerman said, adding that it was important that the CEO did not change at this time.

He did not believe his son was too young for the job saying he had been with the group for 10 years and had good line experience, though he needed to develop his corporate skills.

De Wet has been with Pick 'n Pay virtually since its inception when he joined as an accountant.

Gareth Ackerman has worked in virtually every area of the company, starting off as a casual worker during his school holidays. He spent two years with a US supermarket company and after a stint with the group in SA, spent three years helping to build Pick 'n Pay's Australian venture.

Avenue to survival, says Bifsa director

B10rm 26/3/93 (32)

BIFSA has paid particular attention to the Budget's proposals for low-cost housing because in the present economic climate it is only through this avenue that the industry will find the income it needs to survive, says executive director Ian Robinson.

"Quite apart from Bifsa's needs, a major housing programme is essential for political stability and for combating unemployment.

"As we have pointed out many times, each R1m spent on housing creates 180 jobs on and off site."

He says the housing allocation for about R2,5bn at 0,25% of GDP is totally inadequate in the face of the enormous backlog.

But he is encouraged that the National Housing Forum has been promised a basic R200m and a further R200m in bridging finance for projects during 1993/94.

Added to this will be the unexpended R800m of the National Housing Fund, which will be available to the IDT, the SA Housing Trust and the Development Bank, for low-cost housing.

"This may be sufficient capital to kickstart the housing programme, provided the money is wisely spent.

Encourage

"We would like, as members of the NHF, to participate in a project whereby the fairly limited funds available are used to encourage private enterprise investment in the housing field. We believe the creation of an insurance or guarantee pool to reduce the risks of all involved in low cost housing — financiers, developers and contractors — should now be set up," says Robinson.

COMPANIES

Basil Read sees losses doubled

EDWARD WEST (32)

CONSTRUCTION group Basil Read continued to bear the brunt of falling building activity and lack of funding for low-cost housing. Its losses more than doubled in the six months to end-December 1992.

Losses plunged to the equivalent of 104,1c a share in 1992 compared with 44,7c a share loss at the same time in 1991. The interim dividend was passed.

A major contributor to losses was an R9,5m write-off on serviced sites and low-cost homes established with the expectation that bonds would be available.

Directors reported that all property values were now realistic to be competitive in the depressed property market. No investment in new development properties had taken place in the past 15 months.

Turnover dropped 16,6% to R192,8m (interim 1991: R231,3m) mainly due to declining building activity and lower house sales. Operating income before abnormal items was R1,04m (R5,1m). The attributable loss was R14,9m (R6,4m).

Interest paid dropped slightly to R6,4m (R7,5m). Gearing fell to 196% from 204% at June 30 1992 due to the R30m disposal of unlisted preference shares. the sale of properties and construction site supervision would also reduce borrowings.

Productivity improvements enhanced results from waste recycling company Waste Flow, but were insufficient to cover the cost of interest of capital employed.

MD Chris Jarvis expected turnover and profit to improve slightly in the next six months. Secured workload was equivalent to about 70% of annual turnover.

The civil engineering division had a satisfactory workload and the mining division was performing ahead of budget.

In February French construction group Bouygues purchased a 25,9% stake in Basil Read. Jarvis said this would provide additional business opportunities across SA's borders.

BDAY 26/3/93

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Roads 'threatened by inadequate budget'

BDAY 26/3/93 GERALD REILLY (32)

PRETORIA — SA's road network would crumble further this year because of a totally inadequate Budget allocation of R2,4bn, authorities warned yesterday.

DP transport spokesman Wessel Nel said that in two years government income from the fuel tax had increased from R4,5bn to an estimated R6,4bn in the new financial year. This, he said, was 2,8 times the total expenditure on national and provincial roads.

Despite the desperate need for funds for road maintenance the amounts allocated had remained static. Taking inflation into account, the amount had been reduced by an effective 35% in the past two years alone.

Nel said the road budget for the new financial year was only enough to fund 60% of essential maintenance, leaving nothing for new construction.

The only means of halting road destruction was to dedicate a portion of fuel taxes to the road network.

SA Road Federation president Leon Oosthuizen said the Budget allocation was inadequate even to carry out much of the urgent routine maintenance work needed on many stretches of the road network.

There seemed to be a lack of appreciation in government of the chaos which threatened the system unless more funds were urgently allocated to the road authorities.

Oosthuizen said the road system, a vital part of the country's economic infra-structure, had begun to fall apart and the consequences for the economy and road safety could be disastrous.

"If the allocation had been doubled to near R5bn it might have been enough to eliminate the maintenance backlog and prevent the system from deteriorating into third world standards."

But the R2,4bn fell far short of what was needed to halt or even slow the accelerating pace of deterioration, he added.

A SA Federation of Civil Engineers source said the inadequate roads allocation impacted directly on the civil engineering industry.

It could mean further retrenchments and increase an already considerable slack in the industry. The industry was heavily dependent on work from government.

It was not only roads, however, where spending had been severely limited but in other areas as well. A symptom of the severe recession was the cut-throat tendering for those jobs that did come on to the market.

Inadequate funding over the past few years had meant the build-up of a huge backlog in road maintenance and construction, and the longer the delay in reducing this, the more costly it would become.

Basil Read's losses mount to R14,8-million

Star 26/3/93

Finance Staff

Losses at construction group Basil Read mounted to R14,8 million in the six months to end-December 1992 from a loss of R6,3 million in the 1991 interim period.

The dividend has been passed.

(32)

The directors say: "Economic conditions and the state of the construction industry remain depressed and, in addition, the company's performance over the past six months has not been very satisfactory."

Property sales were difficult in an unfavourable market.

Turnover and profits for the next six months should show a slight improvement, however.

Losses hit building firms

(32) ARG 26/3/93

Business Staff

HOME builders Rabie ended 1982 with a R4 1 million loss after writing off a capital loss on the sale of its stake in Kwikspace Holdings for R6,5 million to Murray & Roberts.

However, residential developments traded well in the first guarter of 1993 and a reduced interest burden should improve profitability, say the directors. The 4 percent increase in VAT would, however, have an adverse effect on profitability.

■ **Basil Read Holdings** reported a net loss of R14,8 million for the six months to December, up from a R6,3 million loss a year ago.

Property sales had proved difficult to achieve in an unfavourable market, bringing additional pressure on cash reserves.

Recession increases DIY home renovation

ST Times (Cape metro) (32)

By FRED ROFFEY

THE DIY industry the Western Cape is coming into its own to the tune of R500-million a year as the recession forces people to do their own home improvements to avoid digger deeper into their pockets. 28/3/93

This estimate is made by Wolfgang Thomas, regional manager of the Small Business Development Corporation in the Western Cape, which is encouraging people to take a closer look at home hobbies as a possible source of income.

Mr Thomas says there are about 650 000 households in the greater Cape Town/Boland area, comprising 200 000 higher-income households, 250 000 medium-income and 200 000 lower income.

Monthly spending on DIY in the first category is about R100, while in the second category it is roughly R50 and in the third about R30.

"If we include self-assembled furniture and kitchenware as well as external and internal home improvements, the total might be substantially higher," says Mr Thomas.

Nationally, a staggering R4,3-billion a year is spent on DIY and home improvements, according to BMI Build Research Strategy Consulting Unit.

Managing director Llewellyn Lewis said home improvements, alterations and additions through building plans passed amounted to about R1,7-billion last year.

However, he said a "surprisingly large" amount of work was being done illegally without plans.

He estimated that the value of redecorating, painting, wallpapering and reflooring, which did not require plans, was about R1,9-billion a year.

Mr Lewis pointed out that the country's housing stock was ageing, which mean homeowners would have to invest in improvements, additions and alterations.

Star 30/3/93

Building industry still in doldrums

32

By Derek Tommey

Gloomy conditions in the building industry are reported by the Bureau for Economic Research (BER) at the University of Stellenbosch.

Its latest survey of business conditions found the level of confidence among builders — on a scale of one to 100 — to be 12.

The level of confidence among architects was only slightly better at 16.

The bureau reports that both architects and quantity surveyors have been laying off staff, including partners, because of the shortage of work.

However, the bureau says fewer architects shed staff in the first quarter of this year, compared with the fourth quarter of last year.

And even fewer retrenchments are expected in the second quarter of this year because of a feeling that the downtrend might soon start bottoming out.

But the bureau points out that the current quiet conditions architects are experiencing mean the building industry can expect poor conditions for the greater part of the year.

It takes months to proceed from sketch plan commission to the award of contracts, and drawing of sketches is still firmly in a downtrend.

The dismal first quarter experienced by architects was shared by quantity surveyors.

The bureau says four out of every 10 respondents said that conditions were worse than a year ago.

Builders of non-residential structures reported much keener tendering.

Nonetheless, half of them suggested that first-quarter building activity was at a higher level than a year ago.

The bureau found builders of residential properties less depressed.

They reported that the situation had improved over the last part of 1992. But competition was keen, which was stopping buuilding costs from escalating rapidly.

Bid to generate construction jobs

B/DAY 3/3/93. (320)

ANDREW KRUMM

A FRAMEWORK agreement designed to boost labour intensive construction methods will be implemented within months to create thousands of jobs in the civil engineering industry, says National Committee for Labour Intensive Construction chairman Graham Power.

Speaking at an SA Institution of Civil Engineers symposium, Power suggested the "inevitable" switch to labour intensive construction could create 120 000 jobs in the industry over the next few years.

He said a preliminary draft of a February 25 1993 "framework agreement" between his committee and Cosatu, covering employment practices and other issues, would be ready for implementation in June. This would set in motion labour intensive pilot projects which would provide input for a final agreement.

Power said government had been drawn into the process in late 1992 and Manpower Deputy Minister E C Carelse was preparing a memorandum for Cabinet approval.

Cosatu's Tony Ruiters said the framework agreement would be put forward to the National Economic Forum.

The amount spent on labour in urban development currently amounted to about 10% of contract value.

This could be increased to at least 40% through effective labour intensive projects. In rural areas, the labour portion of contract value could be increased to 25%.

A Development Bank of Southern Africa paper presented at the symposium suggested 40 000 jobs could be created if 10% of current civils expenditure were undertaken on a labour intensive basis.

Bifsa seeking foreign funds for training

Star 1/4/93

(32)

Property Editor (163)

The Building Industries Federation (Bifsa) is to approach overseas aid organisations to fund a training programme for informal sector operators, says executive director Ian Robinson.

It hopes eventually to raise about R20 million a year — the amount Bifsa now spends on formal sector training.

Robinson says the federation's own training fund is fully allocated to the formal training it undertakes on behalf of its members, all of whom pay a levy to cover the service.

"We will, therefore, be looking overseas for training grants of the kind issued by most First World countries to development organisations in the poorer parts of the world."

He is to begin canvassing for the funds in the Netherlands, Belgium and the UK.

The move follows a watershed decision by Bifsa members — mostly established contractors who have long accused the informal sector of poor workmanship and non-performance on contracts — to offer training in numeracy, literacy, basic building and entrepreneurial skills.

A recent survey shows that informal sector operators now outnumber formal sector employees by four to one.

Since these people are often subcontracted to larger concerns which have had to cut their own labour forces during the recession, the sector has become an important reservoir of industry know-how, despite its shortcomings.

NEW DIRECTORS AT BONNITA ... Rias van Wyk, professor at the Graduate School of Business, University of Cape Town, has been appointed as a director of Bonnita Holdings. Two other directorships go to Gordon Utian (middle), deputy CE of the Premier Group, and Leon Schönknecht (right), group development executive of Premier.

992

Management buy-out saves Starke subsidiary

CT 1/4/93

(32)

Business Editor

A SECOND Basil Starke subsidiary has been saved by a management buy-out, for an amount not yet disclosed, following the liquidation of building and construction group Basil Starke Holdings.

The deal has saved nearly 30 jobs in Shotblasting Services (Pty), based in Stikland, which specialises in abrasive blasting and industrial coatings.

The main shareholder in Shotblasting Services is its new chairman, Joan Starke, whose husband, Basil Starke, was chairman of Basil Starke Holdings. Ludwig Lillie, who has been GM of Shotblasting Services for three years, is now a director.

'Profitable levels'

He said yesterday: "As a subsidiary we were always running at profitable levels. We have a strong client base and we have continued normal operations while the group's problems were being sorted out.

"We are delighted that we have managed to keep all our management and staff."

A management buy-out of Premier Wire and Steel Products and Homberg Store Interiors — which were manufacturing divisions of Basil Starke — was announced last month.

Another subsidiary, Auto-Tube, was bought by Atlantis Diesel Engines (ADE).

BUSINESS Construction industry still stuck in the doldrums ● Unit trust company formed

Building industry gloom

Sowetan 1/4/93.

32

■ **NO LIGHT** Skilled men now being retrenched:

By Mzimkulu Malunga

THERE is no end in sight to the recession in the construction industry. A survey of the industry by the Bureau for Economic Research, published this week, shows that due to the scarcity of work retrenchments will continue unabated.

Even some of the most skilled workers are beginning to lose their jobs. "The lack of work experienced in these professions obviously spells a near-disaster for those lower down the stream," says BER.

When a four percent increase in the rate of Value Added Tax comes into effect on April 7, coupled with a hike in the petrol price, builders will be hard hit, says the survey.

Though the contracts awarded in the first quarter of 1993 exceeded expectations, they are still much lower than those clinched last year at the same time. However, many in the sector feel the decline has reached its lowest level and will start picking up towards the end of the year.

Many in the construction industry are keeping fingers crossed that the R1 billion allocated for housing this year, starts creating contract opportunities for them.

Stocks & Stocks looks like good buy ahead of upturn

(32) ARG 2/9/93

Business Staff

FOR the first time less than half of Stocks & Stocks's operating income was provided by construction, the annual report for the year to April shows.

Nevertheless, construction remained the most important contributor, providing 43 percent of income.

The highlight was the completion of the Palace Hotel and Lost City project.

Sun International has been a key client for many years, and Stocks is almost certain to be the lead contractor for the R220 million revamp of the Sun City Hotel and Cascades, which starts in January next year.

Other important projects are the new ISG Head Office in Sandton and the New Heart Hospital in Pretoria.

Chairman Reg Edwards predicts that the turnover and profitability of the housing construction division will increase by 50 percent this year.

He says this division is seen as an area for forging closer ties with the informal sector and, through labour-intensive processes, being an area of job creation.

The property division continues to provide its building colleagues with 50 percent of their work.

The thrust of the division has moved from office blocks to retail, leisure and industrial developments.

The leisure division provides an added dimension, which differentiates Stocks from competitors such as Grinaker, LTA and Murray & Roberts.

Its KwaMaritane timeshare complex near Sun City is perhaps the most successful property of its kind.

Stocks has taken what it calls its "environmentally oriented" concept to form a network of eight resorts, including Kruger Park Lodge, Castleburn in the Drakensberg, Wilderness Dunes on the Garden Route and Tshukudu Lodge in the Pilanesberg.

Stocks Systems Technology provides some diversification from bricks and mortar.

It is now the sole distributor of Lotus products. It has made meaningful investments in the open systems and software application arenas.

Stocks has assembled a good portfolio of clients and properties. Though turnover took a 23 percent knock last year, the quality of the business improved.

With a P/E ratio of 3,2 and a dividend yield of 9,2 percent, it looks worth accumulating ahead of the next upturn.

BDAY 8/4/93

NEWS IN BRIEF

(32) (FEB)

Building plans gloom

THE total value of building plans passed dropped nearly 30% to R615,2m in January compared with R876,2m in the same month last year, CSS statistics released yesterday showed.

The value of non-residential plans passed fell 71% to R70m, mainly due to R134m less space approved in Johannesburg. The value for residential buildings fell 19% to R313m (R384m).

NEWS IN BRIEF

(32) (BD)

B/DAY 8/4/93

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Insignia 'a courtesy'

SWISS manufacturer Pilatus put SA Air Force insignia on one of its PC-7 training planes as a "courtesy" during a visit by former Defence Minister Gene Louw, a company spokesman said in Stans, Switzerland yesterday.

He said it was a "normal courtesy measure during a visit by ranking clients". The insignia was removed after Louw's visit.

Malaria rampant

(BD)

B/DAY 8/4/93

OF THE 100-million cases of malaria reported annually, 80% occurred in Africa, Health and Population Development northern Transvaal director Dr Nicholas Crisp said yesterday after attending a World Health Organisation meeting in Brazzaville, Congo.

About 275-million Africans, or more than half the continent's 500-million people, were infected. The disease was responsible for 1-million deaths a year, he said.

Beit Bridge warning

B/DAY 8/4/93

ZIMBABWE could lose a substantial volume of tourist business over the Easter holidays if facilities at the Beit Bridge border post were not adequate for the large number of tourists expected from SA, Hotel and Restaurant Association of Zimbabwe president Charles Tawenga said.

He said problems at the border post during the December/January holidays caused much unfavourable comment about Zimbabwe in SA. (BD)

REPORTS: Business Day Reporter, Sapa-AFP.

Thousands go as job losses rise in clothing industry

B/DAY 8/4/93. (BD)

LINDA ENSOR

CAPE TOWN — Job losses in the clothing industry were accelerating and thousands of workers had joined the ranks of the unemployed, National Clothing Federation economist Arnold Werbeloff said in the latest issue of Clothing Industry News.

Employment levels had dropped 13% in the major manufacturing regions between January 1992 and January 1993. The number of employees dropped to 94 000 (108 000) in this period, with 3 700 jobs lost between December and January this year.

He said Natal had been the most severely affected with employment levels falling 18% last year, followed by the Transvaal with 15% and the western Cape with 9%.

Production volumes of clothing declined 8% and of textiles 12% in the 11 months to November 1992 while production prices in the last quarter of the year were 9% lower for clothing and 5% for textiles. On the other hand retail sales of clothing rose by 4% in real terms in the first 10 months of last year.

Werbeloff attributed this anomaly to the larger share of the market being taken up by second hand and imported clothing and the rise of the homeland and informal manufacturing sectors.

Foreign interest in investing in SA clothing and textile industries had surged in recent months, particularly among US, Belgian and British importers, Werbeloff said.

"The possibilities for exports of clothing and textiles from SA into the EC, eastern Europe, the North Atlantic Free Trade Area and even the Far East are very attractive and these opportunities are enhanced by a variety of export inquiries from these markets," Werbeloff said.

"Trade missions are arriving on a regular basis and sourcing agents continue to make SA a favoured stopover," he said.

Exports represented over 10% of official clothing industry output and were estimated to total R500m last year — a 50% increase over the 1991 figure, Werbeloff said.

Federation executive director Hennie van Zyl said yesterday major overseas investors had expressed interest in establishing themselves in SA, mainly through joint ventures with SA firms, with the aim of using the country as a base for exports.

No concrete steps had been taken, however, as there was concern over SA's complicated maze of rules and regulations and its tariff structure. Potential investors were also awaiting the outcome of the investigation into a long-term strategy for the clothing and textile industries.

Van Zyl noted that SA labour costs were competitive with those of Far Eastern clothing manufacturers and the clothing industry also had a well developed infrastructure and a highly demanding retail sector.

Builders bear brunt of violence

EDWARD WEST

FOR many construction workers in townships, coping with violence had become a part of life, M&R subsidiary Bridge and Structures MD Tim Evans said last week.

Construction workers, depending on the townships in which they worked, frequently had to face hold-ups, vehicle hijacks, robbery and arson, he said.

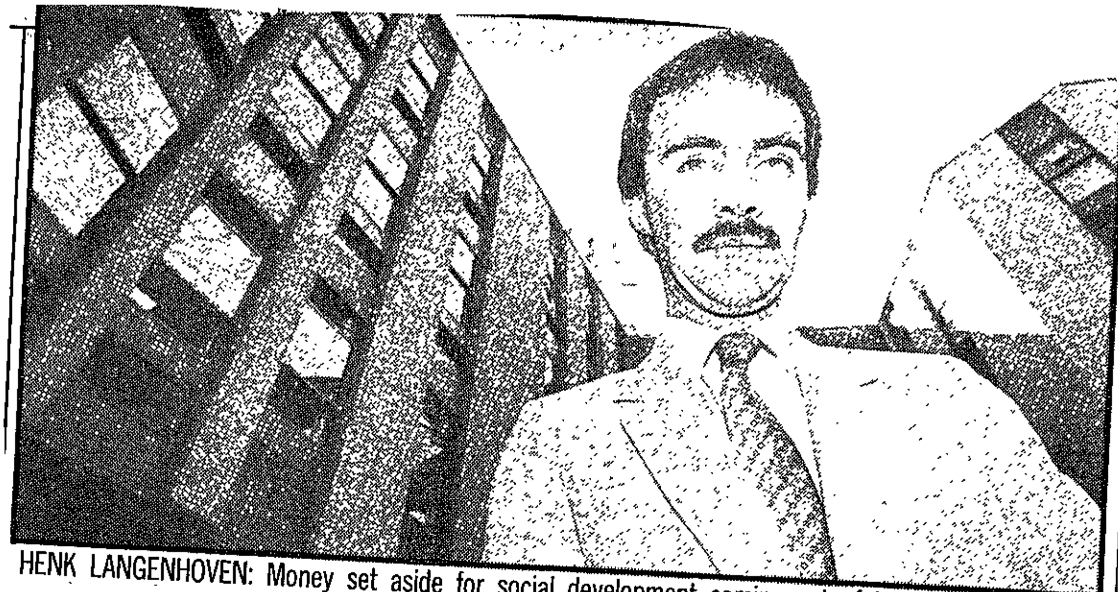
Particularly disturbing was that an increasing amount of construction work was being directed at townships to provide essential services.

Most contractors had learned to operate relatively safely from direct political violence by regular liaison with civic associations and community leaders. The likelihood of theft or violence on site increased substantially for contractors which did not liaise with community leaders, he said.

An example of this was that Concor recently completed two schools in the Cape under security measures provided by the ANC after complaints to civic associations about worker safety, said Concor safety officer Johan Grassman.

Group Five CE Peter Clogg said virtually all contractors had lost employees to township violence. Most contractors tendered only after ascertaining whether it was "politically possible" to enter an area.

Group Five had recently been able to complete a contract only by arming its employees. The number of contracts for work in townships was decreasing at a slower rate than other construction fields. The building of black housing had virtually ceased as a result of the violence and rent and bond boycotts, he said.



HENK LANGENHOVEN: Money set aside for social development coming out of hiding in the vaults

Civils climbs out of deep recession

S/Times (Buss. Times) 18/4/93

(32)

By TERRY BETTY

CIVIL engineering work is heading for an upturn. SA Federation of Civil Engineering Contractors (SAFCEC) economist Henk Langenhoven says January 1993 turnover was 43% up on the previous January. This is the first time civils — road construction, among others — has shown positive growth in rand terms since 1989.

Turnover was 20% higher in 1992 than forecast.

Contract awards were 50% higher in the second half of 1992 than in the first. Mr Langenhoven says that although the second half is usually better because local authority budgets are announced in the middle of the year, this is still better than expected.

It is not a spectacular turnaround and jobs will continue to be lost in large companies until there is an upswing in real terms. Mr Langenhoven says a turnaround has to start somewhere.

He says the nature of the industry has changed. It used to rely on a few multimillion-rand contracts, but firms now have to compete for many more small jobs.

Companies that never considered tendering for contracts under R50-million are now looking for anything more than R500 000.

Trend

Mr Langenhoven is optimistic that civils is about to turn the corner because tender work, the most important indicator, started to pick up in the second quarter of 1992.

"It has picked up to such an extent that it is sometimes difficult to process all tenders. SAFCEC printed its largest-ever Tender Bulletin in February this year."

Group Five Construction chief executive Trevor Jackson says large civils firms are scaling down operations to handle smaller deals.

This does not mean they will be unable to handle large contracts.

"It is an international trend that companies are forming joint ventures to handle the enormous contract, instead of trying to carry them out on their own.

"This way is more efficient. It spreads the risk in a competitive situation and the contractors are more able to respond to customer needs."

Mr Jackson says the reason for the surge in small contracts is that some large companies are taking advantage of the competitive situation in the industry and are packaging their work into smaller contracts spread among more firms.

Sewerage

This is forcing companies to become more competitive, which will stand them in good stead when SA opens to the world and they have to compete with international firms.

Mr Langenhoven says many tenders are coming from local authorities and agencies for township development.

Where township work accounted for 15% of turnover in 1990, it now does so for 25%.

All service-type work has increased from 40% to 50% of turnover.

"The type of work put out to tender could be an indication that vast sums of money allocated over past years to social infrastructure development are emerging from the labyrinth where it seems to have been lost."

Most civils work was usually building roads and bridges, but much is now for site and service as well as water reticulation and sewerage.

Order on Basil Starke Group

(32) AUG. 20 11/93

PATRICK FARRELL
Supreme Court Reporter

THE giant Basil Starke Group construction company and three sister companies were provisionally liquidated in the Supreme Court today.

The companies are Basil Starke Investments Ltd and Basil Starke Group Ltd, which are listed on the Johannesburg Stock Exchange, and Basil Starke Premier Marketing (Pty) Ltd and Basil Starke Somerset Park (Pty) Ltd, which are owned by Basil Starke Holdings (Pty) Ltd.

Basil Starke Holdings, the main civil engineering arm of the group, was finally liquidated on March 24.

Basil Starke Investments owns 87 percent of the shares in Basil Starke Group Ltd, which owns Basil Starke Holdings.

The applications were made by the companies and, in the case of the subsidiaries of Basil Starke Holdings, by the liquidator, Mr Ralph Millman.

In papers the company secretary of Basil Starke Investments, Mr Rento Garschagen, said the company owned 7 649 000 ordinary shares and 3 500 000 preference shares in Basil Starke Group Ltd.

He said Basil Starke Investments had assets of R8,3 million and liabilities of more than R14 million, nearly R10 million of this from signing surety for Basil Starke Holdings and Basil Starke Group Ltd.

He said Standard Bank froze the company's account after the liquidation of Basil Starke Holdings. It had no means to pay its debts and was insolvent.

Mr Garschagen said in view of the liquidation of Basil Starke Holdings and the "imminent liquidation of other subsidiaries", the existence of Basil Starke Investments was no longer necessary.

Mr Acting Justice Farlam granted the provisional winding up order. The return date is June 4.

Mr Steve Goddard, instructed by Mr Maurice Phillips, appeared for the companies and Mr Millman.

Building industry decline continues

Bdorm 21/4/93.

(32)

EDWARD WEST

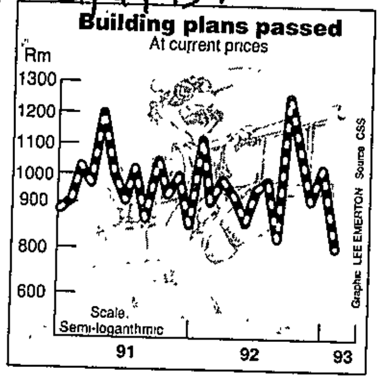
THE building industry remains in the doldrums as activity levels continue to decline, latest CSS statistics show.

Hardest hit is the non-residential sector, in which the value of building plans passed fell 71% to R70m in January, compared with the same month last year. This was mainly due to R134m less space approved in Johannesburg.

Property economist and editor of the Rode Report, Erwin Rode, described the non-residential building plan statistics as "catastrophic".

He attributed the decline to 10 years without economic growth. Developers had been over-enthusiastic in the non-residential sector over the past five years and were curbing development due to an oversupply of office space.

Total value of building plans passed plummeted nearly 30%, at



current prices, to R615,2m in January compared with R876,2m in January 1992. The value for residential buildings fell 19% to R313m (R384m), with additions and alterations down 8% at R232m (R251m). In January, 673 fewer house plans were passed compared with January 1991.

Rode believed the low point had been reached in house sales in the low cost ~~and middle~~ middle-class housing sector. But it would be long time before the low cost housing segment would recover.

Bond boycotts had to be solved, political and other interest groups were involved in protracted negotiations and a large number of developers who had lost money in the low cost market were hesitant to return, he said.

The only sector showing growth was cluster homes and townhouses. Rode said this sector had boomed since 1990 because of a desire for security and a change in lifestyle to smaller accommodation. Construction was started on 4 880 of these units in 1992, 23% higher than the 3 954 in 1991, he said.

Statistics from the Cement Producers Association show cement sales 14,18% down in January compared with the same month in 1992, while February sales fell 9,8%.

Star 2/4/93

Basil Starke construction companies liquidated

CAPE TOWN — The Basil Starke Group construction company and three sister companies were provisionally liquidated in the Cape Town Supreme Court yesterday.

The companies are Basil Starke Investments and Basil Starke Group, which are listed on the Johannesburg Stock Exchange, and Basil Starke Premier Marketing and Basil Starke Somerset Park, which are owned by Basil Starke Holdings.

(32)

Basil Starke Holdings, the group's main civil engineering arm, was finally liquidated on March 24.

Basil Starke Investments owns 87 percent of the Basil Starke Group's shares. The Basil Starke Group in turn owns Basil Starke Holdings.

The applications were made by the companies and, in the case of Basil Starke Holdings' subsidiaries, by liquidator Ralph Millman.

In papers before the court, Basil Starke Investments company secretary Rento Garschagen said the firm owned 7,65 million ordinary shares and 3,5 million preference shares in Basil Starke Group.

Basil Starke Investments had assets of R8,3 million and liabilities of more than R14 million, he said.

Nearly R10 million liability came from signing surety for Basil Starke Holdings and Basil Starke Group.

The company could not pay its debts and was insolvent. Acting Justice Farlam granted the provisional winding-up order and set the return date for June 4. — Sapa.

COMPANIES

Provisional order on Starke firms

LINDA ENSOR

CAPE TOWN — JSE-listed civil engineering and construction companies Basil Starke Group and its parent Basil Starke Investments were provisionally wound up in the Cape Supreme Court yesterday.

This followed the provisional liquidation of subsidiary Basil Starke Holdings a few months ago.

Trading in the two lines of stock had been suspended for some time.

Basil Starke Premier Marketing and Basil Starke Somerset Park, subsidiaries of Basil Starke Holdings — the group's main civil engineering arm — were also provisionally wound up. Basil Starke Holdings went into final liquidation on March 24.

Basil Starke Investments company secretary Rento Garschagen said in an affidavit that the company had assets of R8,3m and liabilities of more than R14m, about R10m of which was owing in terms of sureties signed on behalf of Basil Starke Holdings and Basil Starke Group.

The company could not pay its debts and was insolvent.

Garschagen said Standard Bank had frozen Basil Starke Investments' bank account after the liquidation of Basil Starke Holdings. The company also could not pay its debts and was insolvent.

Garschagen said in view of the liquidation of Basil Starke Holdings and the "imminent liquidation of other subsidiaries", the existence of Basil Starke Investments was no longer necessary.

The return date of the provisional winding up orders granted by Acting Judge Farlam was June 4.

Murray & Roberts plans worker 'village'

32

BDAY 27/4/93

GAVIN DU VENAGE

MURRAY & Roberts is to develop a multi-million-rand "town" to house its workers in Wadeville, south of Germiston.

M & R Engineering commercial director Timothy Trollip said yesterday the Wadeville Model Village, to be launched next month, would consist of about 750 low-cost houses.

There would be a community spine, a park, a church, community centre, education complex, clinic and sports facilities.

Trollip said the project, in which several other companies were participating, was being managed in close consultation with the company's workers. Architecture and the cost of houses would be based on employees' wishes, he said.

A planning consideration was to make the project as labour intensive as possible, with retrenched employees from participating companies being given preference for jobs.

He expected the one- to three-bedroomed houses to sell for between R35 000 and R60 000.

Home-owners who left the company could keep their homes, or could sell them on the open market.

Workshops would be held for buyers on such subjects as basic household budgeting and bond payment maintainance.

Trollip said the spinoff for the company would emerge in higher productivity, because of employees' proximity to work, a stable community and adequate facilities.

work of landscaped pedes- ity of a development and lake and embankment will be R30m.

many of the original offices in the buildinge have been

four courtrooms, including the original three, will be

The building will have to be completely rewired.

Garden city venture on cards for Rosslyn

B1D93 27/4/93.

NISSAN SA and Murray & Roberts have agreed to be partners in what they believe could be a first for Pretoria and SA.

They have embarked on a joint venture to create Nissan/Rosslyn Garden City within easy access of Nissan's Rosslyn plant, northwest of Pretoria.

The project will aim to create a quality living environment for 3 000 to 4 000 Rosslyn employees. However, the idea is not to create a Nissan-only village, which would not result in bond support from the financial institutions, says BDA Worker Housing and Development Consultants spokesman J Dunstan.

But Nissan will be the front-runner to the community development, with low-cost, fully serviced homes surrounded by parks, child care facilities and other amenities.

The facilities will be built as the practical part of a job creation and training programme to be run by M & R Sunflower, which will hold small business training and literacy courses. (32)

M & R Construction will be responsible for planning, community and worker liaison, training, costing and project management.

The housing units will be priced to suit the pocket of every grade of worker at Nissan. Houses are expected to cost about R28 000 each.

Planning

Nissan's involvement will be participation in the planning of the environment as a corporate social investment project. Its involvement is likely to cost about R50m.

Finance will be raised from the private sector and agencies like the IDT. An approach will be made to Nissan Japan.

Nissan and M & R have already purchased 140ha of land at what they describe as the "amazingly low price of R2 100 per hectare".

Zoo animals to live in 'natural' surroundings

B1D93 27/4/93.

IN THE year 2000, all animals in the National Zoological Gardens will live in enclosures resembling their natural habitats as closely as possible.

This will be due to the Masterplan for the zoo, commissioned by the Public Works department and executed by Pretoria architectural firm Dry and Joubert at a cost of R250 000.

Expected to be implemented over just more than 10 years, it will cost more than R12m. With government subsidising R5m of that amount, the rest will be generated by the zoo itself and the public and private sectors will have to become actively involved to guarantee the plan's success.

Turnabout

The masterplan was designed to meet the major turnabout in philosophy towards total naturalism during the last 15 years, says Public Works director-general Theo van Robbroeck.

Zoo animals will be grouped according to the six continents. As the cause-effect relationship between climate and vegetation determines the type of animal found in an area, environmental aspects such as topography, slope, vegetation, soil and water at the zoo have been studied.

In the new zoo, natural barriers will separate visitors from animals and species from one another. Depending on the type of animal, separations will take the form of dry or water-filled moats, natural fences concealed by shrubbery or raised paths.

KPMG Aiken & Peat audits council, govt

INTERNATIONAL auditing firm KPMG Aiken & Peat's involvement in Pretoria dates back to 1902 and since then the group has attracted major clients such as Telkom, Iscor, the SABC, Volkskas and the Pretoria City Council.

Aiken & Peat's Pretoria office is the second largest KPMG office in SA, comprising 13 partners, under the leadership of senior partner Dawie Jordaan, and 104 staff members.

A large division of the office specialises in the provision of internal audit services, mainly to municipalities and government entities — the primary client being the city council.

The public sector group specialises in the audit of, assistance to and consultancy of government and quasi-government clients, including the Wheat, Maize, Citrus, Egg and Tobacco boards.

The computer audit department is responsible for backup and support of computerised auditing functions, as well as carrying out internal control evaluations, systems evaluations and client support.

The performance audit group attends to "value for money" evaluations of primarily government and quasi-government organisations. B1D93

Training

27/4/93.

Internal and external training courses, workshops, technical updates, publications, technical bulletins, seminars and research projects are handled on behalf of clients by the professional practice and training department.

Other services offered by KPMG Aiken & Peat include litigation support, fraud investigations, forensic accounts, executive search and staff support.

Bifsa chief calls for tax break on inner city refurbishments

Star 28/4/93

(32)

Property Editor

There should be a tax allowance on the refurbishment or conversion of inner city residential buildings, says Robert Guiricich, president of the Building Industries Federation (Bifsa).

He reckons SA's major cities — Johannesburg in particular — should take note of the Italian experience 20 to 30 years ago.

Faced with mass migration to cities and the proliferation of slum areas, the Italian government instituted a substantial VAT reduction on inner city apartment renovations.

Guiricich says such a move here would help stop the flight of business from the CBD to the suburbs — notwithstanding the decision by several large financial institutions and other big companies to stay.

The trend is most noticeable in Johannesburg, and is partly due to the fact that inner-city residential areas such as Hillbrow increasingly encroach on the CBD, while being downgraded through an influx of poorly paid or unemployed people and experiencing a sharp increase in violence and crime.

An incentive is needed to overcome the tendency in such areas for landlords to let apartment blocks get run down in anticipation of overcrowding and difficult rent collection.

"Our experience is that when an apartment block is kept in good condition it attracts a better type of person who is proud of his home and is, in the long run, a better tenant or buyer."

Guiricich believes upgrading blocks and conversion of other suitable buildings has greater potential than putting up new ones.

Basil Read rakes in deals

EDWARD WEST

(32)

BASIL Read Engineering had been awarded contracts worth more than R67m in the past three months and would achieve budgeted workloads in spite of tough conditions prevailing in the construction industry.

Basil Read director Jimmy Johnston said there was a slight improvement in construction tendering activity in terms of quantity and quality. Much of this was due to the Alusaf and Columbus projects and the Olifantsfontein sewerage extension works.

BDay 28/4/93

Recent awards included the upgrading of the Beit Bridge border post, refurbishments at Impala Platinum in Springs, civil works at a new Engen service station, upgrading the Old Oak road in Cape Town and a contract from Serowe Telecommunications in Botswana, Johnston said.

ıg ● Scheme for staff to own land

Employee housing scheme

32

■ **BUILDING PLAN** Company makes renovations problem-free:

Sowetan 30/4/93.

By Joshua Raboroko

A NEW CORPORATE Homemaker Plan has been introduced to allow employers to safely help their black employees improve their homes in the townships.

Introduced by U-Build, a subsidiary of Cashbuild Limited, the building material cash and carry supplier, the aim is to market the service directly to employers.

Since its inception the plan has successfully helped hundreds of homeowners in Soweto to improve their homes in some way or other, and to do so at discounted prices.

It is run from stores in Jabulani and Soshanguve and combines an advisory service on all aspects of home building or improvement.

Jabulani store manager Mr Abel Mohlamme said that customers were able to use all or individual aspects of the plan.

"Some come to us for help with the drawing up of plans, their submission for approval, help in the arrangement of finance, drawing up the list of materials they will need, buying the materials from us, and using one of our supervised and approved contractors."

General manager Mr Mac Leaf said the flow of inquiries from companies had prompted U Build to extend the services to employers.

He said that the extension was a logical one given the problems experienced by employers with fly-by-night contractors, unreliable building and substandard materials.

> 'The problem of employees getting a loan and using it for other purposes was no longer a major one'

The problem of employees getting a loan for housing and using the funds for other purposes was no longer a major one.

Employers were often willing to assist their employees but could not obtain the necessary guarantees to ensure that the building project was problem-free.

Leaf said the employer had a number of options in structuring the repayment of the debt incurred on behalf of approved employees. But the one thing that they could be certain of was that the completion of the employee's home would be done reliably.

In view of the background to township housing projects — rip-offs and poor quality have been far too common — "our scheme should enable even the most sceptical of companies to now begin to think about their employee's housing needs as we enter a changing South Africa".

NEWS Home loans were initially approved then cancelled

Chaotic housing situation

Sowetan 30/4/93.

■ Blacks hard hit by banks' refusal to grant bonds:

By Joshua Raboroko

MORE than 600 black home buyers have been refused bonds by financial institutions in the PWV-area even though South Africa is faced with a large-scale housing shortage.

Research by leading estate agents and home developers shows that hundreds of bond applications in the PWV areas have been turned down by leading banks in the past four months.

According to agents some of the buyers, whose bonds were initially approved and are occupying the new homes, subsequently received letters informing them that their applications had been unsuccessful.

A leading estate agent says banks have to change their attitudes towards financing bonds for black home buyers who, he believes, are unfairly prejudiced on grounds that are more emotive than realistic.

"The fact is that the black market is where the real growth of the property market lies, yet it is being stunted by lack of access to finance by black buyers," says managing director of Remax Homenet Mr Basil Renecle.

"Obviously any bank must be prudent with its lending policies but the qualifying criteria applied should be based on business principles only and not on unfounded opinion that black buyers are not good credit risks."

One of the institutions that has fallen into this trap is the prominently Afrikaner orientated bank Saambou which has turned down scores of bond applications after it found that they failed to comply with certain requirements, including security and credit worthiness.

Several clients claimed they had already paid transfer fees — on average R4 900 — and were waiting for their homes when they received letters from Saambou informing them that bonds had been refused.

Saambou's senior general manager, Mr Dawie Botha, said after an internal audit and administration it was found that most of the requirements were not met. Primary requirements, he said, were credit worthiness and the security each applicant provided to the bank. After the audit the bank decided to "put some of the applications on ice" pending investigation.

"We have advised estate agents and clients of our position and will continue to discuss the matter with them," Botha said.

Regarding those already occupying new homes, he said: "We will investigate their bonds because it will be illegal to put them on ice."

An estate agent James Gomes said it was unfair to withdraw bonds of blacks who held saving accounts with the bank worth thousands of rands. Most of their clients were professional people, who received State subsidy.

Mr Llewellyn Ford of Wizards Estate said buyers and sellers of properties had a chaotic situation on their hands. About 400 families were sold, bonds granted and given official unconditional bond letters. The financial institution had withdrawn their bonds, even though some only had one week to go for registration of transfer.

Affordable housing to be showcased

■ There is a solution to crisis:

By Joshua Raboroko

AN international exhibition to showcase solutions to the South African national housing crisis will be held at Nasrec, Johannesburg, from July 30 to August 3. Sowetan 30/4/93

Afribuild '93 is expected to attract many players in the marketplace so that it can show financial institutions, the construction industry, civic associations and the man in the street how affordable housing can be.

Writing in a newsletter produced by the National Housing Forum, McNaughton Victor, managing director Ms Bette McNaughton, one of the most reputable exhibition organisers, says: "We are hoping that Afribuild '93 does not become a political pawn in the greater scheme of things. "It will be seen as an honest attempt to alleviate some of the conditions many people have to live in.

"We have had a moderate interest from sub Sahara with stronger interest from countries like the United Kingdom, many of the European countries and the United States."

According to a newsletter by the National Housing Forum "... the present housing shortage is enormous and even conservative estimates indicate the need for 200 000 units each year if we are to overcome the shortage by the year 2010."

On the Witwatersrand alone, tens of thousands of people still live in single sex hostels for up to 11 months a year a relic of the apartheid era. Millions of ordinary South Africans live in so called "informal settlements" usually without basic services like running water or water borne sewerage.

French firm 'may want aid deals'

ANDREW KRUMM

BDAY 30/4/93

FRENCH construction group Bouygues's interest in a bigger slice of SA contractor Basil Read could stem from a desire to tap the future flow of EC and French development funds to southern Africa, sources speculate. (32)

The speculation follows Basil Read's cautionary announcement yesterday that negotiations between the two groups had not yet been finalised.

One source said: "One has to look at why Bouygues, which has a R34bn turnover internationally, is interested. The major reason is probably that overseas donors envision much infrastructural investment in southern Africa over the next few years."

The deal made "geographic sense". Aid usually came with the stipulation that companies from the place of origin participated in the provision of the development service. Bouygues was probably looking "to cash in" on the flow of development assistance.

"France has just had a change of political leadership, and the conservatives now in power appear about ready to make a contribution to southern African development."

Basil Read MD Chris Jarvis yesterday declined to comment on the issue of price, and declined to specify what additional stake Bouygues would take. He did say Basil Read would keep its name should the deal go through. "Indications are that negotiations will end before the end of May."

Upturn seen as swing to tenders picks up

(32)

ARG 5/5/93

BUSINESS conditions are close to rock bottom but there are many indications of better times to come says Frank Wright, president of the Master Builders and Allied Trades Association of the Cape Peninsula

Mr Wright says he continues to be optimistic about the likelihood of an upturn in thhe industry in the Western Cape before the end of this year or early next year,

"We are seeing a huge swing away from negotiated to tendered work.

"This is to be expected in times of such severe shortages of work because the tender prices are now incredibly low. Some are often too low and clients should be careful about accepting suicidal tenders," he said.

"The bad news therefore is there has been a marked decline in negotiated work, which in boom times might comprise as much as 65 pecent of the total.

"The good news is that in the tendered section the figures for both March and April have held up well. In March, more than R50 million was put out to tender.

"Considering the difficulty of the current situation, this is reasonably encouraging and gives us once again reason to believe investors favour the Cape in difficult times."

Most MBA menmbers believed a quick political settlement was essential if business confidence was not to be completely destroyed.

"The general opinion among senior members of the MBA is that if and when we get a sustainable political settlement, conditions in our industry will immediately start to improve.

"There is without doubt great impatience among developers, manufacturers and others to get on with business as usual, but for this to be achieved, some sort of political situation has to be clearly in sight."

Mr Wright added that political groups who were currently disrupting the work scene must also learn to exercise restraint.

"Stayaways and work stoppages, especially when accompanied by violence, always have an immediate negative impact on business. In practical terms, this simply means that projects are put on hold for a few more months.

"At this stage in our political evolution, the business sector does not need any more hammer blows. The message has been delivered and we believe understood.

"Further pressures will simply kill an already weak economy, lead to the closure of more firms and the loss of more jobs.

"Our industry, being labour intensive, particularly needs to be kept going as we are a major provider of jobs."

Star 7/5/93

(32)

Road chaos warning

New disclosures about the deterioration of South Africa's road network have caused concern to grow into alarm. The Government is under mounting pressure to provide solutions, writes MICHAEL CHESTER.

TRANSPORT experts have flashed hazard signals to the Government that massive cutbacks in road programme funds have pushed the 300 000-km national road network on a downhill slide into disrepair and neglect that threatens eventual chaos.

The speed and extent of deterioration has been confirmed in admissions by Transport Minister Dr Piet Welgemoed that R10 billion would be needed to reverse trends, and to restore primary and secondary roads to 1988 standards.

Welgemoed has caused concern to grow into alarm with estimates that a current 1993/94 transport budget allocation of R2,1 billion works out at no more than half the cash needed to cope with essential maintenance work alone.

He told Parliament there were no funds at all to press ahead with any new road construction to cure growing congestion on urban routes.

The shock disclosures have stirred renewed controversy about what happens to the billions of rands that road users pour into government coffers via the special fuel levies they have to fork out at petrol and diesel pumps.

Increases announced in the 1993 Budget have aimed at boosting State income from fuel levies, which were originally designed to foot the bill of roadworks, to more than R7,6 billion in the next 12 months.

That works out at almost double the amount needed to keep the road network in good shape — and expand it.

What's gone wrong?

Until five years ago, the collections from fuel levies were specifically earmarked to finance road programmes.

Since 1988, the Government has drawn a curtain across details of how the levies are allocated.

The influential Southern Africa Road Federation has demanded an explanation.

Federation president Leon Oosthuizen hopes the pressure will bring the whole issue to a crunch. He is encouraged by a surge of support from transport experts. Among them:

- The SA Chamber of Business, which also recommends the return to a dedication of fuel levies to expenditure on roads, with the added recommendation that funds are administered by a brand new utility company outside government control.
- The Automobile Association added the support of the private motorist: "It is essential that a road user action group brings pressure to bear on Government so that it can gain a proper appreciation of the role of the road network in the South African economy and well-being."

Private motorists and the big transport operators alike are infuriated at the millions of rands in damage caused to vehicles by the bad state of many roads — and costly delays caused by bottlenecks.

What especially concerns the SA Road Federation is that the longer the Government neglects work on wear and tear damage, and building new roads to keep pace with demand, the heavier the costs to the taxpayer will be in the long run.

How far South Africa had fallen behind with roadworks could be assessed by studies showing the annual roads budgets were slashed by 45 percent between 1975 and 1990. The cuts had since run even deeper.

In the 1991/92 financial year, the Department of Transport calculated that about R6,7 billion was required to handle roadworks classified as "worthwhile". If the list was cropped to projects in greatest need of attention, costs could be trimmed to R4,8 billion. That was the bottom line.

In fact, the 1991/92 budget was hacked down to R2,7 billion. The current 1992/93 budget was lower still — at R2,1 billion.

"Everyone likes the idea of tying the Government down to a discipline on how it spends the money it collects from various sources," says Tony Twine, transport expert with the Econometrix research unit.

"Of course, the state of the road network is a crucial issue. But precisely where do roads fit into the order of priorities? If we committed all or the bulk of income from fuel levies to road projects, how far do we go in robbing Peter to pay Paul?

"As an example, would the vacuum have to be filled by higher income from VAT taxes?" □

CONSTRUCTION INDUSTRY

Darkest before the dawn

FM 7/5/93.

(32)

All is not lost for the SA construction industry, now at a nadir, as forced retrenchments wipe out thousands of jobs. Imminent new policy announcements from the National Economic Forum and the National Housing Forum could breathe new life into the industry.

At least this is the fervent hope of Building Industries Federation SA (Bifsa) executive director, Ian Robinson, a member of both forums.

According to Robinson, the economic forum will soon deliver positive recommendations on the stimulation of the economy. It will be addressing such issues as job creation, public and private sector investment and training — "All of which will impact favourably on the building industry, which is recognised internationally as the engine for growth."

Robinson says Finance Minister Derek Keys's normative economic model, on which the recommendations will be based, is "exciting" as it indicates that the economy could be heading for real growth in the medium term.

In addition, the National Housing Forum, on which Robinson represents the construction industry, will soon be presenting an innovative strategy to launch the provision of low income housing on a massive scale. The concept is based on leveraging government funds to elicit private sector finance, which until now has been unavailable because of the high risks associated with investments in low cost housing.

Though not all forum members believe this form of financing is a first priority, Bifsa has comissioned its own experts, Federated Insurance and Investec Bank, to produce a workable formula which will provide the insurance cover and guarantees needed to create a large pool of end user finance.

The National Housing Forum is working on a proposal similar to Bifsa's. However, Robinson believes there will be no conflict, "merely the presentation of two options from which a choice can be speedily made."

Meanwhile, a joint body of the housing forum and the Department of Housing has recently been allocated R500m by Keys for low income housing. "If the money is used as a risk pool, as much as R1,5bn in private sector money could be added. Our goal is to devise a strategy whereby as much as possible of government's total annual allocation for housing and related infrastructure is used for leveraging.

"In this way, R2bn — not quite as large as this year's budget allocation for housing and related infrastructure in SA and the self-governing states — could raise R7bn. This would see to the building of 300 000 much-

Bifsa's Robinson ... *long an advocate of private-sector financing*

needed houses a year. It would also provide employment for over 1m people annually and eliminate the housing backlog by the turn of the century. It's a self-generating process."

Robinson says that while the De Loor Report, released last May, made a significant contribution to formulating a national housing policy, it did not sufficiently address the key issue of private sector financing. He is confident that the appointment of Louis Shill as Minister of Housing from June 1 will be helpful in that respect. Both Bifsa and the National Housing Forum will be meeting with Shill soon to brief him on their progress.

This will include a report on the formation last week of the Council of SA Construction (Cosac), an umbrella body which will in future represent both the formal and informal building sectors to deal with macro problems in the industry.

It comprises Bifsa, the National Association of Home Builders, the SA Federation of Civil Engineering Contractors, the National African Federation for the Building Industry, the African Builders Association, the Specialist Engineering Contractors' Committee, the Association of SA Quantity Surveyors, the Institute of SA Architects and the SA Association of Consulting Engineers. Certain parastatal bodies will be invited as co-opted members.

The formation of this body comes on the eve of a conference this week in Swaziland of construction industry representatives from Zimbabwe, Namibia, Botswana, Lesotho, Swaziland, Mozambique, Zambia, Malawi, Angola and SA. The focus of the conference will be on cross-border relationships and training needs. All participating countries except SA will be led by Ministers, says Robinson. The SA delegation is not government-led, an arrangement appropriate for the political circumstances of the day.

"Interestingly," says Robinson, "since Cosac was formed, other countries have recognised the need for the establishment of similar bodies, which makes the prospect of the formation of a Confederation of Southern African Construction Councils a likelihood at this week's conference."

Robinson will meet with Shill after the Swazi conference. ■

TIMESHARE FM 7/5/93.

Going green

In spite of dogged opposition from environmentalists, final approval has been granted for the construction of a 62-unit timeshare resort at Drakensberg Gardens in the southern Berg. Environmental watchdog Bergwatch objected to the scheme on the grounds that Drakensberg Gardens Hotel, established in 1935, had become a sprawling network and should not be further enlarged because it was in a fragile area.

The result of objections, according to developer Alan Gooderson, of Gooderson Leisure Corp, was that it took three years to obtain approval for the scheme.

"These delays have cost the project roughly R100 000," he says. "I'm all in favour of strict controls in environmentally sensitive areas like the Berg, but that should not mean long and costly delays."

Gooderson, who was also behind the Riverbend timeshare development in the Berg (now almost sold out), says great care will be taken to ensure that the scheme's impact on the environment is minimised. "The architect's brief, with this in mind, was to ensure that the scheme blends with its surroundings. The cottages will be thatched and local construction materials are being used wherever possible," he says.

Though the overall development has 62 timeshare units, in 31 semi-detached structures, the R4,5m first phase of seven semi-detached structures (14 units) will, subject to demand, be developed over the next two years.

The timeshare is targeted at A- and B-income group buyers with prices from more than R14 000 for a flexi-week. Land for the development was made available through the subdivision of the 348 ha Drakensberg Gardens Hotel estate.

Among the facilities available to timeshare purchasers will be the only (recently completed) 18-hole golf course in the Berg,

see cont'd

Basil Read under pressure of Time

S/Times CBuss 9/5/93

By TERRY BETTY

THE threatened collapse of Time Holdings and several subsidiaries could put pressure on construction company Basil Read.

Basil Read is suing Time Developments for about R8-million for withholding payments on a development in Jan Smuts Avenue, Rosebank, says Timeprop developments managing director Colin Taylor.

However, Mr Jarvis says the amount is much more than that.

If it succeeds in its action, Basil Read will rank as a concurrent creditor for amounts not covered by payment guarantees, says Basil Read managing director Chris Jarvis.

He says some payment guarantees are in place, but they do not cover the full amount owed.

Timeprop is suing Basil Read for about R8-million in penalties for allegedly not completing the contract on time.

This is the key issue in dispute.

Months

The two parties have been involved in an acrimonious tussle since the beginning of the year.

Mr Jarvis says that for several months Basil Read has been trying to bring the matter to arbitration as stipulated in the contract. He hopes that if Time goes into liquidation, the liquidators will speed up this process.

Basil Read has been hit hard by the recession.

Mr Jarvis says the effect of the recession has been more pronounced on Basil Read than others in the sector because of its large property holdings and exposure to the housing market.

Financial statistics seem to indicate that the company is undercapitalised.

Republic Ratings, which was asked a few months ago by a financial institution to compile a report on Time Holdings and the construction industry, shows Basil Read to be in need of emergency surgery.

Its key ratios are below industry norms — for the year to June 30, 1992, it had a debt:equity ratio of 203,9% and an operating profit margin of 0,1%, which Mr Jarvis says is closer to 1%.

Republic's figures also highlight the extent of the company's negative operating cash flow of more than R40-million last year. This probably accounts for the high finance charges.

Discount

In the year to June 30, 1992, Basil Read showed an attributable loss of R9,1-million. For the six months to December 1992 there was a loss of R14,9-million which includes a R9,5-million provision for write-down of property values.

At 60c, Basil Read's share price is trading at a 79% discount to net asset value.

But a rescue could be mounted by French multinational Bouygues.

Bouygues, one of the largest construction firms in Europe, acquired a 25,9% stake in Basil Read in February and is said to be considering taking more.

Analysts say Bougues is unlikely to allow Basil Read to fold.

Basil Read said at the beginning of May that negotiations should be completed by the end of the month.

Construction: Need for new methods

Property Editor

CONSTRUCTION methods and processes need to be changed to accommodate emerging contractors in providing infrastructure within their own settlements, Mr R B Watermeyer of Soderlund & Schutte told the congress.

He said the development and upgrading of human settlements could provide local communities with both employment and entrepreneurial opportunities.

The labour content of a construction project could be increased by substituting men for machinery. If the technology employed was changed to make it appropriate for manual construction, unskilled and semi-skilled workers could carry out the work with minimal reliance on the plant.

"This change in methodology servies to reduce the barriers to entry for local entrepreneurs to the engineering services construction industry.

Sapoa AGM at Waterfront

THE 23rd AGM of the Western Province regional committee of the SA Property Owners' Association (Sapoa) will be held in Cape Town on May 24.

The meeting, which will be held in the executive room of the UCT Graduate School of Business in the Waterfront at 5pm, will be addressed by David Bridgman, executive director of Wesgro.

For details telephone Christine Clarke at 405-2880.

Ovcon secures R7m Abu Dhabi contract

(32) CT 13/5/93

By MAGGIE ROWLEY
Property Editor

CAPE-based Ovcon Construction has secured its first contract in Abu Dhabi in the United Arab Emirates where it opened an office recently.

MD Jan Kaminski said that while the R7m odd contract was relatively small it marked the group's entry into the market.

He said a R50m tender they submitted for an office block earlier this year had not been successful, but now they had broken into the market they were confident further contracts would follow.

Work on the new contract, where Ovcon is primarily playing a project management role, would begin shortly.

"Dealing in a new country, in a new culture, while a lot of fun, is a whole new ball game and there is a very steep learning curve. In Abu Dhabi for example, even the largest sub-contractors prices are very negotiable," he said.

Kaminski said they were increasing their full-time staff in the Abu Dhabi office and were presently negotiating with an Egyptian, Arabic-speaking project manager, with 12 years experience in the country, to secure his services.

He said the dire state of the South African construction industry was evident in that nearly 200 applicants had responded for two posts the group had advertised in Abu Dhabi.

"Some of these people were extremely highly qualified and included well known names in the industry — former MDs of companies and engineers with MBAs. It is truly tragic as many of these people will be lost to the industry for good."

Besides acting as project managers on construction contracts, Ovcon was in joint venture with Forum International of Cape Town actively marketing South African products in Abu Dhabi and orders already secured included wine and canned fruit salad.

Higher tax bill cuts Ovcon earnings 23%

6 IDPM 14/5/93 (32)

LINDA ENSOR

CAPE TOWN — A sharply higher tax bill was largely responsible for building and civil engineering group Ovcon suffering a 23% drop in earnings to 36,1c (46,8c) a share in the year to end-March.

The total dividend however was maintained at 12,5c a share after the declaration of a final dividend of 8,5c.

Turnover rose 10,8% to R147,8m (R133,4m) but a slippage in margins saw the operating profit up by 6,5% to R5,3m (R5m).

Lower interest charges helped push pre-tax profits up 12,9%.

The final utilisation of assessed tax losses resulted in a sharp increase in the tax rate with the result that after-tax profits dived to R3,2m (R4,2m).

MD Jan Kaminsky said the group had performed exceptionally well considering the difficult economic circumstances.

Major projects completed over the past year and others nearing completion included the Victoria & Alfred retail complex (R90m), the Harbour Island marina and residential complex (R30m), Paarl Reservoir (R8,5m), Helderberg Retirement Village frail care and sports club facilities (R9m) and a milk powder factory in Estcourt (R7m).

At year-end Ovcon had cash resources of R15,3m which Kaminski said would be used for investment by Ovcon as a minority partner in projects that would generate construction work for the group.

Interest bearing debt was cut by nearly 50% to R2,3m.

Kaminsky noted that the group's order book was sound but pointed out that profit margins in the industry were thin at present.

He warned that low contract prices currently being offered could not be sustained for much longer.

New work included a major renovation to the old Garlicks building in Cape Town (R25m), renovations and extensions to the SA Library in Cape Town, (R19m), a grandstand at Newlands cricket ground (R20m), expansion of SA Breweries' Newlands brewery (R10m) and the Bluff shopping centre in Durban (R22m).

Kaminski said that Ovcon was actively seeking work outside SA which would generate better returns. An office had been opened recently in Abu Dhabi and it had already won a contract worth R7m.

Dividend dip for Metboard

PETER GALLI

METBOARD Property Fund (Metprop) has posted a 5,23% fall in total distributable income to R17,097m in the year to end-March from R18,04m previously.

This translates into a 5,23% dividend fall to 29c a unit from 30,6c previously. 6 IDPM

Directors said net distributable income had fallen in the second six months of the financial year under review because of increased vacancies. However, the fund had managed to let a "substantial amount" of space that had stood vacant for some time.

A 17,2% rise in dividend income to R16,16m (R13,78m) was offset by a 69,1% plunge in interest income to R1,57m (R5,06m). The drop in interest income was because the fund had continued to invest in industrial property. It had bought four properties for a total of R10,15m during the year, while another R3,44m was spent on improving existing properties.

Metprop was untraded yesterday, reflecting a seller at 210c but no buyer. 14/5/93

It last traded on May 11 at 205c, almost midway between its annual high of 240c, reached a year ago, and its August 28 low of 180c.

Recession, clothing imports hurt Cutrite

6 IDPM 14/5/93

MARCIA KLEIN

RECESSIONARY conditions and the adverse effect of duty-free imports saw clothing manufacturer Cutrite's earnings drop by 25% to 13,6c (18,1c) a share in the year to end-February.

MD Peter Edel said the results should be viewed against the background of a weakening in the demand for clothing caused by sociopolitical problems, consumer resistance, boycotts and industrial unrest.

Results were further affected by government's policy of allowing imports of new and second-hand clothing on a duty-free basis. About 93-million units had come into SA over the last year, Edel said. This had resulted in "a general decline in the level of the price of goods manufactured for customers", and necessitated a reduction in profit margins in order to maintain market share.

Turnover declined by 3,2% to R45,7m (R47,2m) and net income before finance costs and tax was 22,3% down at R5,2m from R6,7m.

Financial director Hymie Feinberg said Cutrite had focused on controlling stocks and increasing the rate of collections. The 22,6% reduction in finance costs resulted in a 22,3% decrease in net income before tax to R4,5m (R5,8m).

A high tax rate, which included the effects of secondary tax on companies, saw net attributable income drop by 25% to R2,2m from R3m previously. A 7% lower dividend of 6,5c (7c) a share was declared.

Edel said although the issue of imports had been resolved to some extent, companies had until March 1993 to order stock duty free. From next year, when these stocks would be depleted, the company should have more orders at better prices. This would mean Cutrite would get its legitimate markup and its factories could operate at capacity.

Cutrite expected an improvement in earnings in the coming year.

Tax knocks Ovcon's attributable earnings

CT 14/5/93 (32)

By MAGGIE ROWLEY
Property Editor

CAPE-based construction company Ovcon lifted operating profits by 12,9% on a 10,8% increase in turnover in the year to March.

But a rise in tax because assessed losses had been utilised fully meant a 22% drop in attributable earnings.

Turnover rose to R144,8m with pre-tax earnings advancing to R4,6m. This equalled 52c a share, which after tax was reduced to 36,1c (46,8c).

However the final dividend of 8,5c brings the total payout for the year to an unchanged 12,5c a share.

MD Jan Kaminski said the directors were "extremely pleased with the results" in the light of the dire straits the industry was in.

"There is still no light at the end of the tunnel for the industry in general, but our order books are sound even though work was secured at tight margins.

"We are actually in a better position this year than last year, but it is still tough. We are working at only 50% capacity and are actively seeking new contracts."

Kaminski warned that construction costs could be expected to soar by possibly even more than 45% once confidence levels improved after a political settlement and major capital projects got under way.

He said conditions in the industry had continued to deteriorate and margins had remained under intense pressure in a fierce tendering climate where below cost tendering was commonplace.

Added to this wage increases in the industry over the past four years had failed to keep pace with inflation as had building material cost increases and plant and machinery had not been replaced.

"All these things will have to be addressed as soon as there is any upturn in the industry. The extent to which costs increase will be dependent on the level of activity.

Costs to soar

"Plant and machinery will have to be replaced, labour and building material costs will rise and contractors will be looking for margins.

"In addition, because so many contractors and subcontractors have gone under in the recession, levels of employment have dropped. Skilled workers and professionals have left the industry and we are going to struggle to find the skilled labour if activity levels pick up rapidly.

"It is hard to quantify by what percentage construction prices will soar, but in the last mini-boom between 1987 and 1988 they jumped by 45%. The next time round could be even higher as the current recession has been worse for the industry than previous downturns in the 1980s," he said.

Tax hits Ovcon earnings

MARC HASENFUSS
Business Staff

32

ARG 14/5/93

BUILDING and civil engineering contractors Ovcon posted a 23 percent dip in earnings to R3,25 million in the year to end March as the effects of tax payments kicked in.

The group has utilised its assesses tax losses and paid R1,4 million in tax. This dampened a 13 percent rise in pre-tax income to R5,3 million in the period under review.

The dividend was held at 12,5c a share.

Directors said the group had a sound order book — but warned that profit margins in the building industry were still thin.

Major projects completed and in hand include the Victoria and Alfred retail complex (R90 million), the harbour Island marina and residential complex R30 million), Paarl Reservoir (R8,5 million), frail care and sports club facilities at Helderberg Retirement Village (R9 million) and a milk powder factory in Escort (R7 million).

In spite of the recent award of a number of contracts, MD Jan Kaminski said the group was still actively looking for more work.

■ **Meritex Holdings** more than doubled its losses to R7,5 million in the year to end January.

The group will close its Tide Fabrics manufacturing and outside sales activities. This forms part of the new group policy of concentrating on core activities in-house and non-core activities externally.

Directors said the closure of Tide Fabrics would release working capital and enable fabric raw material sourcing to be undertaken more advantageously.

"This change will enable Meritex to concentrate on quality garment manufacturing and marketing, notably T-shirts and underwear, as well as textile printing."

Directors said losses since the beginning of the new financial year had been reduced.

■ **Boland Bank** reported a 12 percent increase in profit to R24 million in the year to end March despite an increase in bad debts.

The final dividend was increased 4c to 33c a share — lifting the total payout to 56c (previously 52c)

MD Gert Liebenberg said during the year under review the economic environment showed a further weakening, resulting in a limited asset growth for the bank. Provision for bad debts amounted to R56 million.

■ Canned fruit producer **Langeberg** had received its first orders from the US in eight years, managing director Ray Brown said last night.

Speaking to a meeting of the Investment Analysts Society in Johannesburg, Mr Brown said that Langeberg had sold 75 percent of its crop, whereas at this time of year it had normally sold 90 percent.

Orders from America, and others from Scandinavia, however, promised to be the first of many.

Since the beginning of sanctions in the mid-Eighties, Langeberg had built up its market in the Far East from almost nothing to 29 percent of deciduous fruit sales. In rand terms sales to Japan increased in value in the six months to March.

■ **Anglo-Transvaal Collieries** posted a 5 percent drop in after-tax profit to R3,9 million (previously R4,1 million) in the half year to March — equivalent to 231,5c and 245,4c a share respectively.

Higher tax bill cuts Ovcon earnings 23%

17B10Pm 14/5/93 (32)

LINDA ENSOR

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LOW-COST HOUSING FM 14/5/93.

Beware of glib promises

32

Black building clients — those who need housing most — are being ripped off by some developers. Since the inception of the housing rights unit of Lawyers for Human Rights (LHR) in April 1990, roughly 5 000 files have been opened against black housing market developers and builders.

"Not a single developer or builder has escaped without a complaint, not even the development agencies," says unit director and lawyer Brian Leveson. "The difference, however, is that where there are defects, the development agencies and the larger builders will go back and fix them. Not so the others."

The unit has a list of about 100 building companies against which as many as 350 complaints have been lodged with it and other legal representatives by home buyers. Summonses are being served by the unit in five cases. They include:

☐ Ven Rich Housing — against which 40 complaints have been registered with LHR. In one case a judgment of R49 000 plus interest has been awarded in favour of one of its clients when the company built a house on land already registered in someone else's name.

Says Ven Rich Housing MD Vino Nankan: "Our client is now living in the house and the property is being registered in her name in the Deeds Office. The original owner of the stand, who wanted the house free because it was built on his land, prevented our client from taking occupation by harassing her. We installed our own foreman in the house to prevent it from being vandalised. Earlier this year, we convinced the owner of the stand to buy another stand in the same area at the same price."

Nine Ven Rich clients are being represented by Legal Resources Centre attorney Tandi Orleyn over the alleged falsification of employer information to obtain bonds. The name Mankobi Projects, which had an office in the same building as Ven Rich, appears as the employer in some of the bonds. One home where the buyer's pay was artificially inflated has already been repossessed by Saambou because the client could not keep up repayments.

Nankan retorts: "We reject this allegation completely and with contempt. When financial institutions lend to clients, it is a loan manager and not a departmental clerk who sets up the appointment to interview the client. This meeting is conducted usually for over an hour to discuss every aspect of the loan, the building contract and the builder. Therefore, it is ridiculous to claim that anything can be falsified."

Many other LHR cases concern the refusal by Ven Rich to refund deposits where no building has taken place after a long time.

Ven Rich Housing's Vino Nankan ... *confronting complains*

Though LHR worked out a formula with Ven Rich for refunding deposits more than a year ago, no refunds have yet been made. Refunds were to be made to clients where, through no fault of their own, work was not executed. Alternatively, if clients failed to qualify for a bond, because of a bad credit reference, for example, an amount for work carried out would be deducted from their deposits.

But Nankan says: "We have reached no agreement with Lawyers for Human Rights attorneys because of the ridiculous demands of the settlement. Their proposal is totally unacceptable and we suggested that we will resolve this problem in a court of law."

In addition, seven summonses are about to be served on Ven Rich by one of SA's largest legal firms as well as one by independent attorney Piet Meyer.

☐ African Property Development Co Afprop) — deemed a harmful business practice in 1992 and now in liquidation — has about 30 complaints registered against it with LHR. An additional 2 000 people are allegedly victims of a Afprop's scheme whereby monthly payments of R250 were to be paid to obtain a R22 500 house eight-and-a-half years later;

☐ Roughly 30 complaints have been lodged with LHR against Mepco, mostly involving cases where no work has been carried out and deposits have been lost. Six cases have been settled but the builder has since disappeared;

☐ Jackie Tsatsimpi is a lone builder against whom there are 61 complaints lodged with LHR and a pending application for judgment. Once again, deposits were taken but by and large no work was delivered. Tsatsimpi is also said to have disappeared;

☐ Econdi Construction, trading as Invesco International, has 340 complaints against it. In each instance, a R4 500 deposit for a R65 000 house-and-land package was to be paid in monthly instalments of R350 over 30 years. Director Ronnie Francis (27) is said to have closed his office in the Kine Centre, Johannesburg, in April last year, allegedly taking R1m-R2,5m in deposits. Many judgments have been obtained against him and the matter is proceeding. Francis is being sought by the police. Meyer is also acting on behalf of 250 people who bought homes through Econdi and he has obtained judgment in 200 cases.

Added to this list are the names of other matters being dealt with by the Legal Resources Centre which has a housing portfolio but no unit:

☐ Group Housing, alias Pentax's, has 80 complaints against it registered with the centre. The complaints, about poor workmanship, are from Diepkloof Zone 4 community. In three cases, judgment has been obtained but monies have not been received because no attachable assets could be found. The centre is now investigating the directors' personal liability;

☐ Kamohau Enterprises, against which more than 50 complaints have been lodged with the centre, is primarily being charged with not refunding deposits, ranging from R2 000 to R20 000, over incomplete work or the failure to secure sites. The sole proprietor of the company, Peter Sekgonyane, has been found guilty of fraud by the Vereeniging Magistrate's Court and ordered to repay R93 000 but no money has yet been received by his clients, some of whom are represented by the Legal Resources Centre;

☐ Wimpey Homes, against which Meyer is representing 80 buyers, apparently constructed about 200 houses in Emden Exten-

cont P.T.O

RMP TRANSFER

In a deal worth close to R100m, the property interests of Barlow Rand have been consolidated under the umbrella of Rand Mines Properties. RMP has acquired Barlow Rand's 78% controlling interest in Barlow Rand Properties with effect from April 1 1993. As a substantial property group, RMP will apply to the JSE for a transfer of its listing from mining holding to the property board.

BUSINESS

Ovcon braced to weather recession

MARC HASENFUSS
Business Staff

(32) ARG 15/5/93

AN ORDER book totalling nearly R100 million should brace Ovcon's profit foundations against any unexpected recessionary afterquakes.

New work includes major renovations to the old Garlicks building (R25 million), renovations and extensions to the South African Library (R19 million), a grand stand at Newlands Cricket Ground (R20 million), capacity expansion to SAB's Newlands Brewery (R10 million) and the Bluff Shopping Centre in Durban (R22 million).

These contracts should buoy the Cape Town-based building and civil engineering contractor through another tough year ahead.

So far Ovcon has weathered the recession better than most of its industry stablemates — despite a tax-induced 23 percent dip in bottom line to R3,2 million in the year to end March.

Tax payments for the group kicked in this year at R1,4 million with the group having utilised previous assessed tax losses. Pre-tax earnings — a better reflection of trading — showed an inflation-beating 13 percent increase to R5,3 million.

The group will still be hard pressed to maintain these earnings in the year ahead, considering that two major contracts in the V & A retail complex (R90 million) and Harbour Island marina and residential complex (R30 million) have been completed.

However, dividend payouts were maintained at 12,5c in the year to end March.

The dividend payout is partly justified by a sound balance sheet. Over R15 million is available in cash for investing as a minority partner in projects.

In addition, interest-bearing debt was commendably reduced by almost 50 percent to R2,3 million.

Managing director Jan Kaminski said in spite of securing a number of contracts, the group was still actively looking for more work. He estimated that Ovcon had the capacity to increase its present turnover (R145 million) by 50 percent.

He pointed out that the new contracts were secured at tight margins. This is in line with increasing competition in the industry as business levels wane. In the year under review Ovcon's operating margin was a meagre 3,5 percent.

Mr Kaminski said the impact of major industrial projects — including Alusaf, Columbus Steel and Namaquasands — and improved confidence levels on the back of a political settlement, could see construction prices soar as resources come under pressure.

Ovcon is also looking at opportunities outside South Africa. An office has been opened in Abu Dhabi in the United Arab Emirates and the first contract, a R7 million residential and office development, was recently secured.

Architects struggling to stay afloat in recession

BDay 19/5/93 (32)

PETER GALLI

ARCHITECTURAL practices are struggling to stay afloat because of the decline in activity in the building industry, say leading firms.

They say about 40% of registered architects have left the profession since the start of the recession, while many of those retained have not had salary increases for two years.

Institute of SA Architects director André van Graan said there had been a decline of about 20% to about 2 000 in the number of registered architects in the past year.

"But there has been a corresponding increase in the number of practices, to 1 550 from 1 400 previously. This indicates that some of those retrenched are opening their own practices," he said.

Osmond Lange MD John Dovey said many firms were battling to project activity three months ahead from the usual forward order-book of 12 to 24 months.

"Our practice has been in existence for 64 years, and the present economic and political situation has resulted in industry conditions being the worst ever," he said.

"The uncertainty in the country is responsible for the reluctance of institutions to commit themselves to major projects.

"Even during the Second World War there was certainty that it would end and matters would return to normal. There is no such certainty in SA at this point," he said.

If the downward spiral in work continued, many practices would have to retrench more people, close offices and consider shortening the working week for those staff retained, he said.

The industry was being put under further pressure by major institutions, which were placing much of the risk associated with new developments on the architectural practices.

Risk

"We are expected to produce drawings and plans for a proposed development upfront and, if the project is approved and we are appointed, we are then paid.

"However, if the project is shelved or takes years to get off the ground, we have to wait, or write off those costs," he said.

Willie Meyer of Smith & Meyer Pienaar agreed, saying this situation placed practices under extreme cash flow problems as work was being done but fees were not flowing in on a regular basis.

Van Graan said the increase in the amount of "at risk" work was industry wide as there was often no other work available. However, on the positive side this had resulted in the profession creating its own work.

"Architects are now putting projects together, jointly initiating projects and selling these. However, they should be insisting on a profit share — over and above the actual fee — to compensate for the increased risk they are taking."

Stauch Vorster deputy chairman Derek Garvie said not only were architectural firms taking greater risk, but clients were also demanding that fees be negotiated downwards.

Stauch Vorster had retrenched at least 40% of its workforce and had closed three satellite offices as part of its rationalisation programme. It had also disposed of its European connections.

"I have also tried to change the perception that the group is a bureaucratic organisation that deals only with large contracts. We offer a personal service that caters for the small, individual project as well as the huge corporate one," he said.

Meyer said the only consolation for the local industry was that its situation was less severe than those in Britain and the US.

"Like many other practices, we have closed our offshore offices as a result of the lack of work worldwide, and are operating only from our Johannesburg office," he said.

NOTICE 429 OF 1993

DEPARTMENT OF PUBLIC WORKS

ARCHITECTS' ACT, 1970
(ACT No. 35 OF 1970)

NOTICE IN TERMS OF SECTION 3 (7)

It is hereby notified in terms of section 3 (7) of the Architects' Act, 1970 (Act No. 35 of 1970), that the Minister of Public Works in terms of section 3 (1) and (6) of the said Act, appointed the persons mentioned in the Schedule hereto as members and alternate members of the South African Council for Architects for a period of three years with effect from 1 May 1993.

KENNISGEWING 429 VAN 1993

DEPARTEMENT VAN OPENBARE WERKE

WET OP ARGITEKTE, 1970
(WET No. 35 VAN 1970)

KENNISGEWING INGEVOLGE ARTIKEL 3 (7)

Hierby word ingevolge artikel 3 (7) van die Wet op Argitekte, 1970 (Wet No. 35 van 1970), bekendgemaak dat die Minister van Openbare Werke kragtens artikel 3 (1) en (6) van genoemde Wet, die persone in die Bylae hiervan genoem aangestel het as lede en plaasvervangende lede van die Suid-Afrikaanse Raad vir Argitekte vir 'n tydperk van drie jaar met ingang van 1 Mei 1993.

SCHEDULE • BYLAE

Member Lid	Section in terms of which appointed Artikel waarkragtens aangestel	Alternate member Plaasvervangende lid	Section in terms of which appointed Artikel waarkragtens aangestel
P. B. BOLD	3 (1) (a)	P. G. VAN WYK ROOS	3 (6)
L. R. M. FEE	3 (1) (a)	A. J. LOUW	3 (6)
E. N. FINSEN	3 (1) (a)	S. G. SEGAL	3 (6)
H. L. FISH	3 (1) (a)	P. C. BAKKER	3 (6)
D. M. GLENNIE	3 (1) (a)	W. J. CARTER	3 (6)
B. C. JOHNSON	3 (1) (a)	P. A. GIBSON	3 (6)
J. M. J. KOORTS	3 (1) (a)	D. W. B. YUILL	3 (6)
W. O. MEYER	3 (1) (a)	F. PIENAAR	3 (6)
R. F. D. PHILIP	3 (1) (a)	G. MCLACHLAN	3 (6)
H. M. J. PRINS	3 (1) (a)	H. E. BLACHER	3 (6)
R. B. PRISGROVE	3 (1) (a)	Mrs/Mev. M. KAMSTRA	3 (6)
A. G. ROBERTSON	3 (1) (a)	Mrs/Mev. G. F. GROENEWALD	3 (6)
J. T. KEMP	3 (1) (b)	B. J. BRITZ	3 (6)
J. D. THERON	3 (1) (b)	I. PRINSLOO	3 (6)
A. N. CAVE	3 (1) (bA)	P. JORDAAN	3 (6)
S. G. OOSTHUIZEN	3 (1) (bA)	D. Z. SCHOÜLTZ	3 (6)
R. R. STRAUB	3 (1) (c)	—	—
F. P. QUASS	3 (1) (d)	—	—
D. N. FRASER	3 (1) (d)	—	—

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(21 May 1993)/(21 May 1993)

NOTICE 430 OF 1993

DEPARTMENT OF PUBLIC WORKS

ARCHITECTS' ACT, 1970
(ACT No. 35 OF 1970)

NOTICE IN TERMS OF SECTION 13 (3)

It is hereby notified in terms of section 13 (3) of the Architects' Act, 1970 (Act No. 35 of 1970), that the Minister of Public Works in terms of section 13 (1) and (2) of the said Act, appointed the persons mentioned in the Schedule hereto as members and alternate members of the Education Advisory Committee for Architects for a period of three years with effect from 1 May 1993.

KENNISGEWING 430 VAN 1993

DEPARTEMENT VAN OPENBARE WERKE

WET OP ARGITEKTE, 1970
(WET No. 35 VAN 1970)

KENNISGEWING INGEVOLGE ARTIKEL 13 (3)

Hierby word ingevolge artikel 13 (3) van die Wet op Argitekte, 1970 (Wet No. 35 van 1970), bekendgemaak dat die Minister van Openbare Werke kragtens artikel 13 (1) en (2) van genoemde Wet, die persone in die Bylae hiervan genoem aangestel het as lede en plaasvervangende lede van die Adviserende Onderwyskomitee vir Argitekte vir 'n tydperk van drie jaar met ingang van 1 Mei 1993.

SCHEDULE • BYLAE

Member Lid	Section in terms of which appointed Artikel waarkragtens aangestel	Alternate member Plaasvervangende lid	Section in terms of which appointed Artikel waarkragtens aangestel
J. D. THERON	13 (1) (a)	G. MCLACHLAN	13 (6)
I. PRINSLOO	13 (1) (a)	J. COOKE	13 (6)
B. J. BRITZ	13 (1) (a)	C. P. KOTZE	13 (6)
G. T. MILLS	13 (1) (a)	R. KIRBY	13 (6)
D. HOLM	13 (1) (a)	J. T. KEMP	13 (6)
E. J. HAARHOFF	13 (1) (a)	E. TOLLMAN	13 (6)
P. S. DE JONGH	13 (1) (b)	H. C. DU TOIT	13 (6)
P. J. LE ROUX	13 (1) (b)	B. MARAIS	13 (6)
H. E. BLACHER	13 (1) (c)	H. VEALE	13 (6)
G. J. B. GALLAGHER	13 (1) (c)	P. G. VAN WYK ROOS	13 (6)
F. H. PIENAAR	13 (1) (c)	P. HATTING	13 (6)
G. H. PIKE	13 (1) (c)	A. G. ROBERTSON	13 (6)

(21 May 1993)/(21 Mei 1993)

NOTICE 432 OF 1993

DEPARTMENT OF TRANSPORT

AIR SERVICE LICENSING ACT, 1990
(ACT No. 115 OF 1990)

Pursuant to the provisions of section 15 (1) (b) of Act No. 115 of 1990 and regulation 8 of the Domestic Air Services Regulations, 1991, it is herby notified for general information that the application details of which appear in the Schedule hereto, will be considered by the Air Service Licensing Council.

Representations in accordance with section 15 (3) of Act No. 115 of 1990 in support of, or in opposition to, an application, should reach the Air Service Licensing Council, Private Bag X193, Pretoria, 0001, within 21 days of the date of publication hereof.

SCHEDULE 1

APPLICATION FOR THE GRANT OF LICENCE

(A) Full name and trade name of applicant. (B) Full business or residential address of applicant. (C) Class of licence applied for. (D) Type of air service to which application applies. (E) Category of aircraft to which application applies.

(A) Regional Air (Pty) Ltd, Regional Air (Pty) Ltd. (B) P.O. Box 1245, Bedfordview, 2008. (C) Class I. (D) Type S1 and S2. (E) Category A1.

(21 May 1993)

NOTICE 433 OF 1993

CUSTOMS AND EXCISE TARIFF APPLICATIONS: LIST 19/93

The following applications concerning the Customs and Excise Tariff have been received by the Board on Tariffs and Trade. Any objections to or comments on these representations must be submitted to the Chairman, Board on Tariffs and Trade, Private Bag X753, Pretoria, 0001, within six weeks of the date of this notice. Attention is drawn to the fact that the rates of

KENNISGEWING 432 VAN 1993

DEPARTEMENT VAN VERVOER

WET OP DIE LISENSIËRING VAN LUGDIENSTE, 1990 (WET No. 115 VAN 1990)

Hierby word ingevolge die bepalings van artikel 15 (1) (b) van Wet No. 115 van 1990 en regulasie 8 van die Regulasies vir Binnelandse Lugdienste, 1991, vir algemene inligting bekendgemaak dat die Lugdienslisensiëringsraad die aansoek waarvan besonderhede in die Bylae hieronder verskyn, sal oorweeg.

Vertoë ingevolge artikel 15 (3) van Wet 115 van 1990 ter ondersteuning of bestryding van 'n aansoek moet die Lugdienslisensiëringsraad, Privaatsak X193, Pretoria, 0001, binne 21 dae na die datum van publikasie hiervan bereik.

BYLAE 1

AANSOEK OM DIE TOESTAAN VAN LISENSIE

(A) Volle naam en handelsnaam van aansoeker. (B) Volle besigheids- of woonadres van aansoeker. (C) Klas lisensie waarom aansoek gedoen word. (D) Tipe lugdiens waarop aansoek betrekking het. (E) Kategorie lugvaartuig waarop aansoek betrekking het.

(A) Regional Air (Edms.) Bpk., Regional Air (Edms.) Bpk. (B) Posbus 1245, Bedfordview, 2008. (C) Klas I. (D) Tipe S1 en S2. (E) Kategorie A1.

(21 Mei 1993)

KENNISGEWING 433 VAN 1993

DOEANE- EN AKSYNSTARIEFAANSOEKE: LYS 19/93

Onderstaande aansoeke betreffende die Doeane-en Aksynstarief is deur die Raad op Tariewe en Handel ontvang. Enige beswaar teen of kommentaar op hierdie vertoë moet binne ses weke na die datum van hierdie kennisgewing aan die Voorsitter, Raad op Tariewe en Handel, Privaat Sak X753, Pretoria, 0001, gerig word. Die aandag word daarop gevestig dat die skale

Tight schedule for Newlands' expansion

BIDAY 26/5/93. (32)

ANDREW KRUMM

CONTRACTORS will soon begin work on the second phase of the R72,5m facelift for Newlands cricket ground in Cape Town.

The master plan to redevelop Newlands was first proposed in 1990, and construction of the R25m first phase — including extra public seating and a revamp of the oaks corner and north pavilion grandstands — was completed in late 1992.

Ovcon Cape Civil MD Ray Gamble said this week Ovcon had been awarded a R22m contract by the WP Cricket Association (WPCA) to build a new grandstand on the southwestern side of the oval, as part of the R25m second phase.

Gamble said the construction period had to be sandwiched into a short nine-and-a-half months — between the recent Benson and Hedges final and the Australian tour in early March 1994. Construction was scheduled for completion on January 31, 1994. This would give tenants one month to fit out their suites.

The five-storey pavilion, known as the president's pavilion, would provide seating for 3 500 people, and additional space on grass banks. The three top floors would house 58 private suites, and the lower floors would be for public seating.

MLH Architects partner Terry Bracher, who was involved in the design of the master plan, said the WPCA planned a further two or three phases, depending on the sale of suites and other facilities.

The third and fourth phases included redevelopment of the oaks and railways stands, the construction of the plains pavilion and possible new facilities for players.

Total development costs of the final phases would run to about R22,5m at current prices, bringing the estimated value of the WPCA's development effort to R72,5m.

Bracher said that although the Newlands revamp was largely driven by the WPCA, which leased the pavilion areas from the WP Cricket Club, the club had planned developments of its own.

RH Morris MD Frank Wright said the club had recently awarded an independent R12,5m contract to construct a members' pavilion on the site of the demolished members' enclosure. Construction had begun and was scheduled for completion in December 1993.

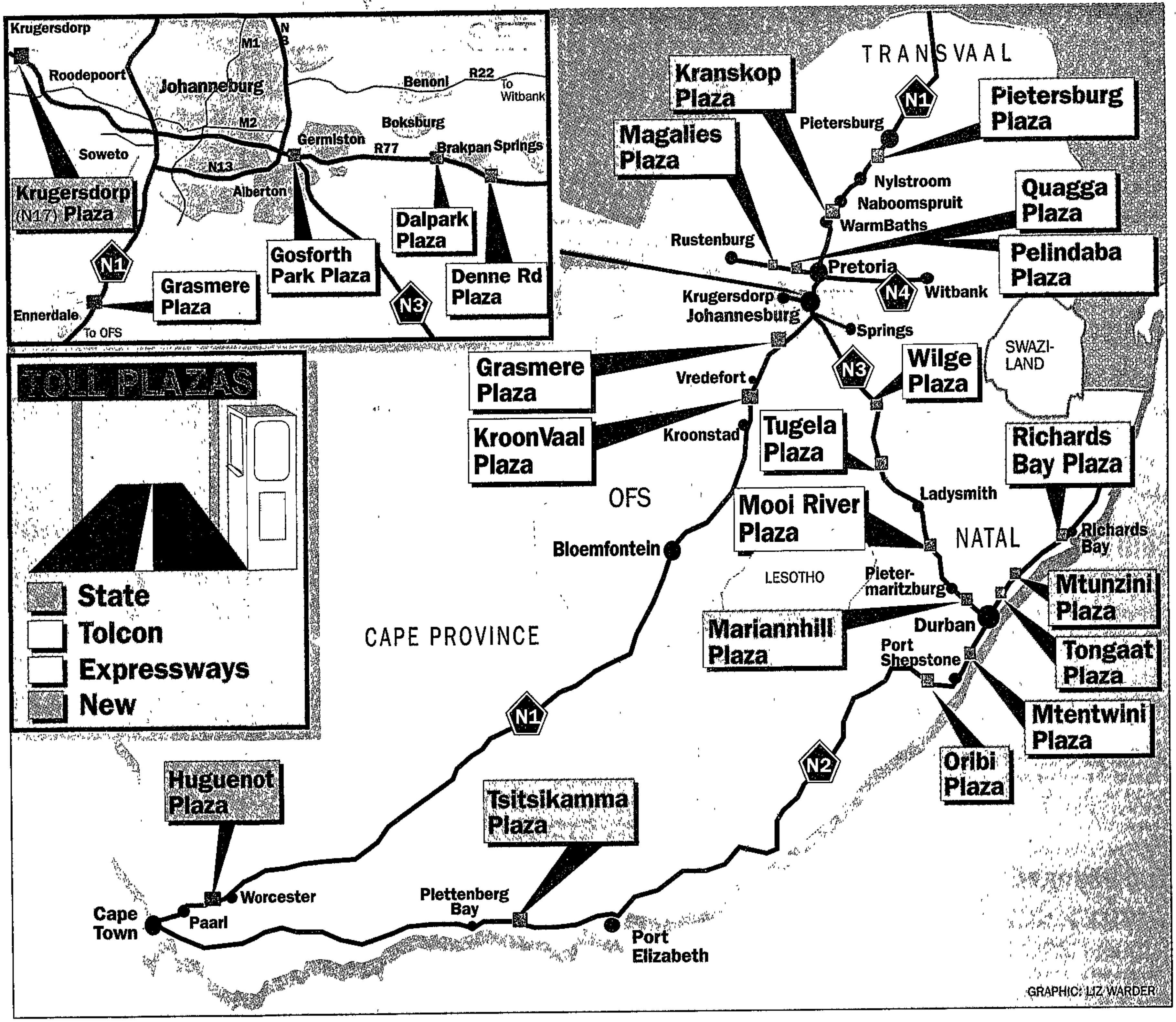
"Although the contract is an extremely tight one, there is an added problem in that contractors will be working through the rainy season."

Wright said the four-storey members' pavilion would be built in the style of the new grandstands, and have about 2 500 seats spread over three levels.

Bracher said that after completion of the final phases Newlands would accommodate about 27 500 spectators, compared with 16 500 before the revamp.

"Newlands will also have the best floodlighting of all cricket grounds in the country. The four lightmasts cost about R1,2m each, and two have already been erected."

Bracher said although construction required that some of the old oak trees would be cut down, they would be replaced and more trees would be planted.



If that's the case, the critics go on, at least the Government should lay all its cards on the table and provide precise details of where all the cash goes.

Sooner or later, argues one lobby, the only solution will be privatisation of national roads. That is certainly the ambition of the two consortia that were formed to handle several of the first generation of toll roads — Toll Road Concessionaires (Tolcon) and the Toll Highway Development Company (Expressways).

But privatisation was given a vigorous thumbs-down by both the House of Representatives and the House of Delegates when enabling legislation was trundled into Parliament three years ago.

The issue seems to be wedged on a back-burner.

Several observers suspect one reason is uncertainty about the attitude of the next government to privatisation of roads.

Dr Welgemoed has underlined that a fundamental point of policy is that the national road network — toll roads included — will remain State property.

On the Government side, the current negotiations visualise both Tolcon and Expressways staying in the role of project managers.

Insiders believe it is virtually certain that Tolcon and Expressways will be awarded the contracts to complete the toll roads on the immediate agenda.

But the two companies are unlikely to be handed monopoly privileges.

"The open tender system will apply in the case of all new toll roads," says Dr Welgemoed, "based on the principles that the State will retain ownership of the road; that the greatest possible private sector participation will be encouraged; that the roads will be self-financing in the longer term and that sound competition to ensure cost-effectiveness will flow from the open tender system."

While a new package of solutions is awaited, the state of the national road network goes into a steeper and steeper decline. Economists as well as road users remain anxious whether the Department of Transport can finally untangle the problem. □

Let users pay for SA roads

Star 26/5/93

(32)

The Government is under growing pressure to find solutions to the cash crisis facing the national roads network. Its answer may be more pay-to-drive toll plazas, reports MICHAEL CHESTER.

ROAD users may need to brace themselves for far more encounters with pay-to-drive toll plazas on the national roads network if they expect new and better highways in the future.

The Department of Transport considers wider application of the toll system vital to solutions to the multi-billion-rand cash crisis that has hit the national roads programme.

The issue of more toll roads has been made the central theme of behind-the-scenes negotiations on how to tackle a squeeze on road budgets that has started a chronic deterioration of road standards by severe cutbacks in construction and maintenance.

Insiders say the Department of Transport is convinced there may be no alternative to more revenue from toll fees to foot the bill of road improvements and the longer term expansion of the roads network.

The issue has been brought to the boil by disclosures by Transport Minister Dr Piet Welgemoed that it would take R10 billion to cover maintenance to restore national roads to their 1988 condition.

The Minister believes the road programme can be put back into the fast lane.

He puts the wider use of the toll system as crucial to pressing ahead with completion of highways on the drawing board but stymied by lack of funds.

Among the top priorities:

- The N17 expressway planned to sweep across the Witwatersrand axis from Springs to the West Rand, which at the moment peters out at Germiston near Gosforth Park plaza.
- The plan is to connect the eastern section of the N17 with a new road curving around southern Johannesburg, to be known as the M4, that will link back to the highway and speed on as far as Krugersdorp.
- New stretches of the N4, which at the moment runs from Witbank to Pretoria and restarts on the western side of the city in a short run through the Quagga and Magalies plazas and at the moment fizzles out at Pelindaba. That route is intended to be resumed on a new highway that will press on to Brits and finally to Rustenburg.
- Pushing northwards with a new road from the Kranskop plaza, on the N1 north of Pretoria, on to Pietersburg.
- On the N3 between the Witwatersrand and Durban, there are still two major jobs awaiting completion — a new toll road stretch between Heidelberg and Villiers, and the Harrismith bypass.
- A new section of the South Coast toll road, between Durban and Port Shepstone, that will reconnect with the N2.
- New toll road links on the North Coast that will connect with the N2 at the Mtunzini plaza and run all the way to Richards Bay.

Work on the N3 and N17 alone will cost an estimated R2 billion.

The Department of Transport has learnt to compromise with residents, mainly commuters and regular road-users, outraged by toll fees.

These latter have won a whole series of battles that have ended in the plazas working out discounts that can be worth as much as 40 percent of normal toll costs.

Powerful watchdogs, such as the Automobile Association and the SA Chamber of Business, have also insisted that wherever a toll plaza appears the operators must ensure that alternative routes are in place, and that toll fees must always stay well inside what are claimed to be savings on petrol and vehicle wear-and-tear.

Even so, there remains a lot of deep suspicion, if not full-scale opposition, to the notion of more toll roads.

Critics blame the entire present cash dilemma on a Government decision to abandon the system that committed all fuel levies to a dedicated fund earmarked for roads until 1988.

The SA Road Federation has led mounting pressure on the Government to restore the formula.

The Government uses the counter-argument that the new system of steering all fuel levies into central State funds makes far more sense in the present climate. That way, it says, total State revenue can be used much more effectively in working out spending priorities, meaning roads have to stand in line with demands such as housing, education and health.

That still may not mollify critics, who accept the "user-pays" principle but insist that since they are already paying fuel levies, the imposition of tolls is equal to double taxation.

Star 28/5/93

Sunflowers to shine on the poor

THE MENDERS

by Helen Grange

Community upliftment programmes undertaken by South African corporations are often unsustainable because of the "handout" philosophy behind them. Jeremy Ractliffe, Murray and Roberts commercial director and a key facilitator in the company's job creation scheme Sunflower Projects, is bent on changing that philosophy.

IF THE talk is about sunflowers, Jeremy Ractliffe is passionately interested. More precisely, Sunflower Projects, a Murray and Roberts upliftment and job creation programme, is an initiative Ractliffe is convinced is making massive strides towards building grassroots economies in fractured, disadvantaged communities.

Ractliffe's role in Sunflower Projects is to help secure funding for community-inspired projects destined to set people on the road to financial independence, the long-term objective being to lay the foundations for informal business efforts to grow.

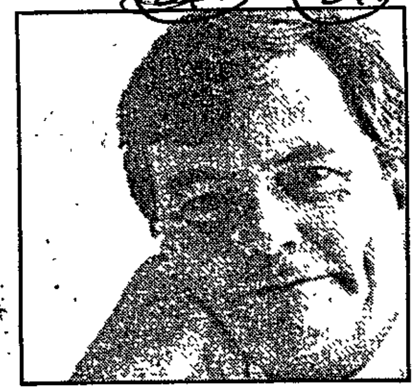
Since its launch in 1985, Sunflower has trained more than 55 000 people in skills ranging from building to electrical work to sewing and leatherwork. It can teach 60 trades and has recently introduced a complete literacy package to complement the technical training processes.

Ractliffe has been a kingpin in a number of Sunflower projects in the Transvaal and Natal. One of his most recent challenges was to try to secure permission and funds to build prefabricated structures in Sweetwaters near Orange Farm, south of Johannesburg, which could serve as classrooms for seven impoverished community teachers.

The kind of ambition which drove the Sweetwaters teachers to continue teaching despite appalling conditions is a quality Ractliffe greatly admires. His rescue instinct gravitates towards people with energy and potential but with little or no resources to realise their dreams.

"There are undiscovered gems or key achievers in disadvantaged societies who, with a financial kick-start, have a natural ability to turn dreams into reality."

One such "key achiever" was musician Kolwane Mantu, the founder of the African Youth Ensemble. Ractliffe



Jeremy Ractliffe . . . gives disadvantaged communities a new lease of life.

fondly remembers Mantu as a dedicated voluntary teacher struggling with shared instruments, second-hand strings and a shortage of sheet music to create a truly African classical orchestra.

Says Ractliffe: "All he needed was a little support to get him going."

At the same time that Murray and Roberts decided to "adopt" the African Youth Ensemble through establishing a trust and providing funding for new musical instruments, a classical musician in England got together 110 of her professional colleagues to busk on British Rail to raise an equivalent amount of money and set up a youth aid trust called Buskaid to support Mantu's project.

The foreign news agency Reuters also provided a combi for transport and the SABC provided practice facilities and additional teachers. The British Council provided bursaries.

Today, Mantu's popular group of 36 Soweto musicians is playing publicly.

Ractliffe says Sunflower applies the same criteria to large-scale community projects as he does to individuals — the "get up and go" factor must be present before Sunflower motivates for funding.

"It's easy to provide money. It's difficult to provide it effectively," he explains.

Money will be invested only where there is support and participation from the community, if it is linked to the world of work, if it promotes self-reliance and if it leads to lasting improvement in the participants' lives.

"Sunflower takes a holistic approach in that the people, with Sunflower's guidance, are ultimately uplifting themselves," says Ractliffe.

Sunflower is trying to mobilise funding to the tune of about R120 million for more than 30 projects — mostly involved in the creation of wealth-generating facilitties by the disadvantaged through on-site skills training.

The process involved in getting a Sunflower project off the ground is long and endurance-testing, requiring community consensus each step of the way from the design stage to completion of a scheme.

It begins with setting up a management committee comprising local formal and informal leaders as well as representatives from any existing local authority or organisation involved in the development of the area.

After the details of the project are agreed to, a proposal is submitted to potential funders. Once funds are released, the unemployed people of the community are invited to join free courses in blockmaking, bricklaying, plastering, painting, carpentry and other building skills.

Ractliffe says the process of training is critical. It is at Sunflower's on-site training centres where people start to reshape their destinies.

"It's not plain sailing. There are a lot of people involved in a Sunflower project and it's a big process getting consensus, but it's the process which empowers people," says Ractliffe. □

NOTICE 464 OF 1993

CUSTOMS AND EXCISE TARIFF APPLICATIONS: LIST 20/93

The following application concerning the Customs and Excise Tariff has been received by the Board on Tariffs and Trade. Any objections to or comments on this representation must be submitted to the Chairman, Board on Tariffs and Trade, Private Bag X753, Pretoria, 0001, within six weeks of the date of this notice. Attention is drawn to the fact that the rate of duty mentioned in the application is that requested by the applicant and that the Board may, depending on its findings, recommend a lower or higher rate of duty.

Rebate of the duty (in Schedule 3) on:

Knitted or crocheted fabrics interlined with neoprene rubber (closed cell), classifiable under tariff heading 59.06, for the manufacture of limb and body supports.

[BTT Ref: T5/2/11/9/1 (930029)

(H. Claassens)]

Applicant:

National Converter Industries (Pty) Ltd, P.O. Box 97, East London, 5200.

List 19/93 was published under General Notice 433 of 21 May 1993.

(28 May 1993)

BOARD NOTICES

BOARD NOTICE 54 OF 1993

ENGINEERING COUNCIL OF SOUTH AFRICA

AMENDMENT OF TARIFF OF FEES: ENGINEERING PROFESSION OF SOUTH AFRICA ACT, 1990 (ACT No. 114 OF 1990) 32

In terms of section 6 (4) of the Engineering Profession of South Africa Act, 1990 (Act No. 114 of 1990), the Engineering Council of South Africa hereby makes known that it has in terms of section 6 (1) (k) of the said Act, made the provisions in the Schedule hereto, and that the Minister of Public Works has approved such provisions.

The provisions contained in the Schedule, which specifically exclude Value-Added Tax from the amount on which fees are calculated but do provide for the addition of Value-Added Tax to the fee so calculated, shall come into effect on the date of publication hereof and shall further apply to all new projects as of that date.

Notice 1170 of 13 December 1991 and Board Notice 100 of 15 May 1992 are hereby withdrawn.

(28 May 1993)

KENNISGEWING 464 VAN 1993

DOEANE EN AKSYNSTARIEFAANSOEKE LYS 20/93

Onderstaande aansoek betreffende die Doeane- en Aksynstarief is deur die Raad op Tariewe en Handel ontvang. Enige beswaar teen of kommentaar op hierdie vertoë moet binne ses weke na die datum van hierdie kennisgewing aan die Voorsitter, Raad op Tariewe en Handel, Privaat Sak X753, Pretoria, 0001, gerig word. Die aandag word daarop gevestig dat die skale van reg wat in die aansoek genoem word, dié is wat deur die applikant aangevra is en dat die Raad, afhangende van sy bevindinge hoër of laer skale van reg mag aanbeveel.

Korting van die reg (in Bylae 3) op:

Brei- of hekelstowwe, met tussenvoerings van neopreenrubber (geslote sel), indeelbaar by tariefpos 59.06, vir die vervaardiging van ledemaat- en lyfstutte.

[RTH-verw: T5/2/11/9/1 (930029)

(H. Claassens)]

Applikant:

National Converter Industries (Pty) Ltd, Posbus 97, Oos-Londen, 5200.

Lys 19/93 is by Algemene Kennisgewing 433 van 21 Mei 1993 gepubliseer.

(28 Mei 1993)

RAADSKENNISGEWINGS

RAADSKENNISGEWING 54 VAN 1993

SUID-AFRIKAANSE RAAD VIR INGENIEURSWESE

WYSIGING VAN GELDETARIEF: DIE WET OP DIE INGENIEURSWESEPROFESSIE VAN SUID-AFRIKA, 1990 (WET No. 114 VAN 1990)

Kragtens artikel 6 (4) van die Wet op die Ingenieursweseprofessie van Suid-Afrika, 1990 (Wet No. 114 van 1990), maak die Suid-Afrikaanse Raad vir Ingenieurswese hiermee bekend dat hy kragtens artikel 6 (1) (k) van genoemde Wet die voorsiening in die Bylae hiervan gemaak het, en dat die Minister van Openbare Werke sodanige voorsiening goedgekeur het.

Die bepalings vervat in die Bylae wat Belasting op Toegevoegde Waarde spesifiek uitsluit van die bedrag waarop die gelde bereken word maar wel voorsiening maak vir die byvoeging van Belasting op Toegevoegde Waarde op die gelde aldus bepaal, tree in werking op datum van publikasie hiervan en is verder van toepassing op alle nuwe projekte vanaf daardie datum.

Kennisgewing 1170 van 13 Desember 1991 en Raadskennisgewing 100 van 15 Mei 1992 word hierby ingetrek.

(28 Mei 1993)

SCHEDULE

32

1. In this Schedule "the Regulations" means the regulations promulgated under Government Notice No. R. 1113 of 11 June 1982, as amended by Government Notices Nos. R. 1638 of 30 July 1982, R. 1497 of 8 July 1983, R. 2396 of 2 November 1984, R. 1737 of 22 August 1986, R. 2590 of 23 December 1988, R. 480 of 15 June 1990, R. 2057 of 31 August 1990 and R. 2543 of 2 November 1990.

2. The Index to the Regulations is hereby amended—

(a) by the insertion, after "2.3.5", of the following heading:

"2.3.6 Levying of VAT";

(b) by the insertion, after "3.3.5", of the following heading:

"3.3.6 Levying of VAT"; and

(c) by the insertion, after "4.3.5", of the following heading:

"4.3.6 Levying of VAT".

3. Regulation 2 of the Regulations is hereby amended—

(a) by the substitution for regulations 2.3.1.1 of the following regulation:

"2.3.1.1 CIVIL AND STRUCTURAL ENGINEERING SERVICES.

The fee for the civil and structural engineering services shall be calculated as follows:";

(b) by the substitution for the table contained in regulation 2.3.1.1.1 of the following table:

"2.3.1.1.1 BASIC FEES

Where the cost of the works (VAT excluded)—		the fee shall be the sum of the primary fee stated in column 3 and the secondary fee calculated in terms of column 4	
exceeds— **(Column 1)**	but does not exceed— **(Column 2)**	Primary fee **(Column 3)**	Secondary fee: Calculated on the value in columns 1 and 2 at the following percentages **(Column 4)**
R	R	R	%
0	335 000	1 000	10,50
335 000	613 000	4 350	9,50
613 000	922 000	7 415	9,00
922 000	1 380 000	12 025	8,50
1 380 000	2 303 000	18 925	8,00
2 303 000	3 838 000	30 440	7,50
3 838 000	6 140 000	49 630	7,00
6 140 000	9 211 000	80 330	6,50
9 211 000	16 886 000	149 413	5,75
16 886 000	27 632 000	233 843	5,25
27 632 000	39 913 000	372 003	4,75
39 913 000	67 544 000	471 785	4,50
67 544 000		640 645	4,25";

(c) by the substitution for the table contained in regulation 2.3.1.1.2 of the following table:

"Where the cost of the reinforced concrete portion of the works including the cost of the relevant proportion of the preliminary and general items (and excluding VAT)—		the additional fee shall be the sum of the primary fee stated in column 3 and the secondary fee calculated in terms of column 4	
exceeds— **(Column 1)**	but does not exceed— **(Column 2)**	Primary fee **(Column 3)**	Secondary fee: Calculated on the value in columns 1 and 2 at the following percentages **(Column 4)**
R	R	R	%
0	3 380 000	0	3,40
3 380 000	5 063 000	8 450	3,15
5 063 000	6 753 000	21 108	2,90
6 753 000	11 358 000	37 990	2,65
11 358 000	16 886 000	100 459	2,10
16 886 000		184 889	1,60";

(d) by the substitution for the table contained in regulation 2.3.1.2.1.2 of the following table:

"Where the length of track—		the fee shall be the sum of the primary fee stated in column 3 and the secondary fee calculated in terms of column 4	
exceeds— (Column 1)	but does not exceed— (Column 2)	Primary fee (Column 3)	Rate of secondary fee calculated on the total length of the track (Column 4)
m	m	R	R/m
0	500	450	8,87
500	1 000	2 215	5,34
1 000	2 000	3 055	4,50
2 000	3 000	4 095	3,98
3 000	5 000	5 385	3,55
5 000	10 000	7 735	3,08
10 000	20 000	11 835	2,67
20 000	50 000	20 435	2,24
50 000		44 435	1,76";

(e) by the substitution for regulation 2.3.1.3 of the following regulation:

"2.3.1.3 MECHANICAL AND ELECTRICAL ENGINEERING SERVICES.

The fees for mechanical engineering services shall be calculated as follows:

Where the cost of the works (VAT excluded)—		the fee shall be the sum of the primary fee stated in column 3 and the secondary fee calculated in terms of column 4	
exceeds— (Column 1)	but does not exceed— (Column 2)	Primary fee (Column 3)	Secondary fee: Calculated on the value in columns 1 and 2 at the following percentages (Column 4)
R	R	R	%
0	346 000	1 100	10,50
346 000	565 000	4 560	9,50
565 000	864 000	7 385	9,00
864 000	1 436 000	11 705	8,50
1 436 000	2 294 000	18 385	8,00
2 294 000	4 017 000	30 355	7,50
4 017 000	5 746 000	50 440	7,00
5 746 000	8 632 000	79 170	6,50
8 632 000	20 090 000	143 910	5,75
20 090 000		244 360	5,25

The fee for electrical engineering services shall be calculated as follows:

Where the cost of the works (VAT excluded)—		the fee shall be the sum of the primary fee stated in column 3 and the secondary fee calculated in terms of column 4	
exceeds— (Column 1)	but does not exceed— (Column 2)	Primary fee (Column 3)	Secondary fee: Calculated on the value in columns 1 and 2 at the following percentages (Column 4)
R	R	R	%
0	314 000	1 000	10,50
314 000	510 000	4 140	9,50
510 000	775 000	6 690	9,00
775 000	1 291 000	10 565	8,50
1 291 000	2 073 000	17 020	8,00
2 073 000	3 622 000	27 385	7,50
3 622 000	5 178 000	45 495	7,00
5 178 000	7 780 000	71 385	6,50
7 780 000	18 106 000	129 735	5,75
18 106 000		220 265	5,25"; and

(f) by the insertion after regulation 2.3.5 of the following regulation:

"2.3.6 Levying of VAT

VAT must be added to the fee or remuneration calculated in terms of regulation 2.".

32

4. Regulation 3 of the Regulations is hereby amended—

(a) by the substitution for regulation 3.3.1.1 of the following regulation:

"3.3.1.1 STRUCTURAL AND CIVIL ENGINEERING SERVICES PERTAINING TO BUILDING PROJECTS.

In respect of works making normal demands on the time of the professional engineer, the fee shall be:

Where the cost of the works (VAT excluded)—		the fee shall be the sum of the primary fee stated in column 3 and the secondary fee calculated in terms of column 4	
exceeds— **(Column 1)**	but does not exceed— **(Column 2)**	Primary fee **(Column 3)**	Secondary fee: Calculated on the value in columns 1 and 2 at the following percentages **(Column 4)**
R	R	R	%
0	335 000	1 000	10,50
335 000	677 000	4 350	9,50
677 000	1 690 000	11 120	8,50
1 690 000	3 380 000	19 570	8,00
3 380 000	6 753 000	36 470	7,50
6 753 000	16 886 000	70 235	7,00
16 886 000		154 665	6,50"; and

(b) by the insertion after regulation 3.3.5 of the following regulation:

"3.3.6 Levying of VAT

VAT must be added to the fee or remuneration calculated in terms of regulation 3.".

5. Regulation 4 of the Regulations is hereby amended—

(a) by the substitution for the tables in regulation 4.3.1.1 of the following regulation:

"4.3.1.1 MECHANICAL AND ELECTRICAL ENGINEERING SERVICES

The fee for mechanical and electrical engineering work shall be calculated as follows:";

(b) by the substitution for regulation 4.3.1.1.1 of the following regulation:

"BASIC FEE—MECHANICAL

Where the cost of the works (VAT excluded)—		the fee shall be the sum of the primary fee stated in column 3 and the secondary fee calculated in terms of column 4	
exceeds— **(Column 1)**	but does not exceed— **(Column 2)**	Primary fee **(Column 3)**	Secondary fee: Calculated on the value in columns 1 and 2 at the following percentages **(Column 4)**
R	R	R	%
0	173 000	850	10,50
173 000	346 000	2 580	9,50
346 000	864 000	6 040	8,50
864 000	1 729 000	10 360	8,00
1 729 000	4 017 000	19 005	7,50
4 017 000	8 632 000	39 090	7,00
8 632 000		82 250	6,50

BASIC FEE—ELECTRICAL

Where the cost of the works (VAT excluded)—		the fee shall be the sum of the primary fee stated in column 3 and the secondary fee calculated in terms of column 4	
exceeds— **(Column 1)**	but does not exceed— **(Column 2)**	Primary fee **(Column 3)**	Secondary fee: Calculated on the value in columns 1 and 2 at the following percentages **(Column 4)**
R	R	R	%
0	154 000	800	10,50
154 000	314 000	2 340	9,50
314 000	775 000	5 480	8,50
775 000	1 556 000	9 355	8,00
1 556 000	3 622 000	17 135	7,50
3 622 000	7 780 000	35 245	7,00
7 780 000		74 145	6,50";

(c) by the substitution for the tables contained in regulation 4.3.3.3.1 of the following tables:

32 33 189 355

"MECHANICAL—

Where the cost of the works in the schedules of quantities (VAT excluded)—		the fee shall be the sum of the primary fee stated in column 3 and the secondary fee calculated in terms of column 4	
exceeds— (Column 1)	but does not exceed— (Column 2)	Primary fee (Column 3)	Secondary fee: Calculated on the value in columns 1 and 2 at the following percentages (Column 4)
R	R	R	%
0	346 000	0	3,15
346 000	1 729 000	865	2,90
1 729 000	4 582 000	5 188	2,65
4 582 000	9 164 000	12 060	2,50
9 164 000	13 812 000	25 806	2,35
13 812 000	20 681 000	39 619	2,25
20 681 000	—	70 640	2,10

"ELECTRICAL—

Where the cost of the works in the schedules of quantities (VAT excluded)—		the fee shall be the sum of the primary fee stated in column 3 and the secondary fee calculated in terms of column 4	
exceeds— (Column 1)	but does not exceed— (Column 2)	Primary fee (Column 3)	Secondary fee: Calculated on the value in columns 1 and 2 at the following percentages (Column 4)
R	R	R	%
0	314 000	0	3,15
314 000	1 556 000	785	2,90
1 556 000	4 133 000	4 675	2,65
4 133 000	8 259 000	10 874	2,50
8 259 000	12 448 000	23 263	2,35
12 448 000	18 641 000	35 711	2,25
18 641 000		63 672	2,10"; and

(d) by the insertion after regulation 4.3.5 of the following regulation:

"4.3.6 Levying of VAT

VAT must be added to the fee or remuneration calculated in terms of regulation 4.".

BYLAE

1. In hierdie Bylae beteken "die Regulasies" die regulasies afgekondig by Goewermentskennisgewing No. R. 1113 van 11 Junie 1982, soos gewysig by Goewermentskennisgewings Nos. R. 1638 van 30 Julie 1982,R. 1497 van 8 Julie 1983, R. 2396 van 2 November 1984, R. 1737 van 22 Augustus 1986, R. 2590 van 23 Desember 1988, R. 480 van 15 Junie 1990, R. 2057 van 31 Augustus 1990 en R. 2543 van 2 November 1990.
2. Die Inhoudsopgawe van die Regulasies word hierby gewysig—
   (a) deur die volgende opskrif ná "2.3.5" in te voeg:
   "2.3.6 Heffing van BTW";
   (b) deur die volgende opskrif ná "3.3.5" in te voeg:
   "3.3.6 Heffing van BTW"; en
   (c) deur die volgende opskrif ná "4.3.5" in te voeg:
   "4.3.6 Heffing van BTW".

Government feels pinch as rentals keep on rising

Buss day 2/6/93

PETER GALLI

THE economic climate and increasing office rentals have resulted in the Public Works Department experiencing problems financing its obligations as provider of state accommodation.

In its annual report released at the weekend, it said: "The problem lies not so much in the initial rental as in the annual escalation and periodic rental adjustments.

"The situation is cause for grave concern as the shortfall in the department's rental account could mean that it might not be able to satisfy requests for accommodation."

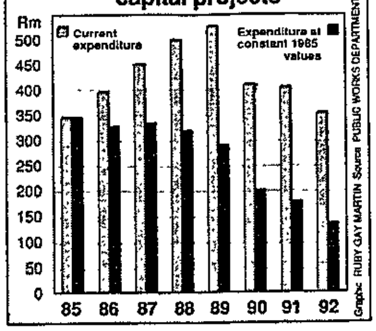
However, a mutual dependence had developed between the state and the private sector, which was evident from "the success achieved in persuading lessors to reduce the rental escalations and adjustments in their offers".

As a result of the reduction in funds for building and related services, larger amounts were being spent on rentals.

"For the first time, rental payments in 1992 exceeded the amount allocated for capital projects. The department's running expenses are increasing while investment in job-creation projects is falling, which is contrary to government's policy of encouraging investment in capital projects," the report said.

About 1,86-million square metres

Decrease in expenditure on capital projects



of office space was leased by government departments. This cost the state R308,3m last year compared with R275,3m in the preceding year.

As a result of a lack of funds the department had spent less money on building and related services, reflecting a decline from R522m in 1989 to about R365m in 1992.

In view of this, and the fact that in Pretoria alone about 70% of the state's accommodation needs were leased, building state accommodation in Pretoria "appears to be not only desirable but a good strategy".

While leasings held greater benefit for the state in the short term , they became "decidedly disadvantageous" for 12 years and longer.

During the year, 220 new contracts were concluded, 115 were cancelled and 405 were renewed. The leases were generally signed for 10 years with annual escalations and periodic rental adjustments.

There was also a significant increase in property sales during the year under review. In the period 1982 to 1991, R182,5m worth of property was sold, while in 1992 alone property worth R108,37m was sold.

The department ascribed this to its marketing campaign to sell redundant immoveable property. Land worth R1,8m was bought for emergency police stations, 30 houses worth R2,84m were bought for the SADF and the Camden and Usutu Mine residential areas near Ermelo were bought from Eskom and Trans-Natal Collieries respectively for R4,5m.

Another 1 280ha of land was bought by the Natal Parks Board for R1,15m to expand the Kransberg National Park, while seven properties near Uitenhage totalling 2 961ha were bought for R1,26m to expand the Zuurberg National Park.

On behalf of the Education and Training Department, 45 properties totalling 164ha had been bought on a recoverable basis for R33,74m for the construction of new schools.

The department's allocation in the national Budget had decreased from 2,9% in the 1985/86 financial year to 1,9% in 1992/93, while its spending — as measured against GDP — had dropped from 0,75% to 0,61%.

"The decrease in the funds allocated has had specific negative side-effects, the most regrettable of which is that existing assets cannot be properly maintained," the report said.

Saficon earnings plunge

Star 2/6/93

By Stephen Cranston

The continuing slump in the motor and building industries led to a decline in Saficon's earnings from a pro forma 50c to 14c in the year to March.

Saficon consolidated the building supplies group Boumat as a subsidiary from the beginning of the year.

Its dividend has been reduced from 13c to 4c.

Boumat, which remains listed, reported a 42 percent decline in earnings to 25c a share and a 40 percent reduction in its dividend to 6c.

Saficon chief executive Kurt Hipper says the group's results were affected by a relentless pressure on margins in all areas as the group fought to maintain its share of a shrinking market.

Turnover was static at R2,7 billion, and was affected by an inadequate supply of Volkswagen cars in the second half.

Hipper says operating costs were well contained and in some areas declined in the wake of major cost-cutting steps.

Operating profit was down 43 percent to R48,2 million and a reduction in borrowings led to a 29 percent reduction in interest paid to R29 million.

Attributable earnings fell from R17,8 million to R5,1 million.

The size of the national vehicle market declined for the fourth successive year.

This was compounded by a change in the product mix in these markets as consumers traded down to smaller models.

The turnover of the motor businesses fell by R3,8 percent to R1,5 billion and a loss was incurred in this division, after accounting for a non-recurring consultant's fee.

Boumat underwent major operational, strategic and leadership changes during the year and improved its performance in the second half.

Boumat CE Adam Klein says that there should be a significant improvement in results for 1994.

New road regulations positive for business

Buss. day 3/6/93

(32)

IMPLEMENTATION of the Road Transport Quality System (RTQS) will drive more private transport operators into the hands of full maintenance leasing (FML) and long-term fleet rental operators.

Rent-A-Bakkie chairman Don Dick says increasing administrative burdens will force private vehicle fleet operators to seek a measure of relief from the added responsibilities of the RTQS regulations.

"Companies whose core business is not transport and who do not have good internal controls and a professionally managed fleet are better advised to get out of the transport industry and focus on their business," he says.

"The RTQS has far more stringent requirements than the previous Road Act and the onus falls on companies to ensure they adhere to the new system."

Dick, who is also chairman of the Truck Rental Association of SA (TRAOSA), says a worrying aspect of the transport industry is the age of the national commercial vehicle fleet, which now exceeds 10 years.

"Many companies are hanging in there and extending the lives of vehicles well beyond economic sense, and a number have changed their depreciation policies accordingly. The problems will come at replacement time when the costs of heavy commercials, many priced above R500 000, are not catered for."

He says there is going to be a day of reckoning.

In this situation FML and rental are viable options to reduce strain on cash flow and the burden of administration.

"The new laws will create growth opportunities for professional operators in the truck hire industry.

Complete

"The industry will have to provide a more complete transport service than merely truck hire. Truck rental companies will have to work far closer with customers to ensure that the new laws are adhered to."

Dick says the truck rental industry is gaining in status among road transport legislators and has received growing recognition as a separate special interest group.

It has also gained a greater voice since it affiliated to the Road Freight Association in 1990.

Comprising about 50 operators and 149 outlets countrywide, it represents 90% of wheels in the truck hire industry. Its turnover exceeds R350m a year.

He says truck rental is a different animal to FML. With rental the risks lie firmly with the rental company, whose responsibility it is to ensure vehicles and drivers comply with the RRTQS.

TRAOSA has been heavily involved in the implementation of the RTQS, as well as an important lobbying voice. The RTQS will benefit truck rental.

"Few companies can afford to have excess fleet capacity and rental is the perfect option to fill the gap at times of peak demand."

During the phasing in of the RTQS, operators could be subjected to three sets of regulations — depending on whether operator cards have been issued or vehicles are still subject to the 300km exemption or, in the case of vehicles registered in the TBVC states, where the permit system still applies.

"Despite the complications, TROASA has welcomed the RTQS from the safety aspect and because it levels the playing fields between private and public transport operators."

DON DICK

Industry looks forward to tougher road legislation

Buss. day 3/6/93

(32)

TOUGHER legislation that is simpler to enforce should ensure better control of vehicles on the road and reduce fleet operating costs.

A leading truck manufacturer and a risk management specialist say vehicle overloading and driver irresponsibility have been allowed to go relatively unchecked for years.

They say vehicle authorities and companies are now pinning their hopes on the Road Transport Quality System (RTQS) to help enforce a safer, more responsible attitude among road users.

Stricter

The RTQS, to be phased in under certain sections of the Road Traffic Act over the next five years, goes beyond laying down stricter measures on vehicle roadworthiness and overladen vehicles.

"It also calls for better driving practices and addresses the problems of forged and invalid licences and unlicenced drivers and vehicles," says PFV Insurance Brokers company Corporate Risk Management's (CRM) Alan Harvey.

He says companies with motor fleets should take a more responsible attitude to the situation on roads.

Moreover, they should not be motivated solely by new and tougher legislation and policing.

Toyota SA GM (truck product strategy) Barry Moore says many truck operators have ended up with rigs that are heavier and more powerful than needed to meet minimum loading specifications.

Because implementation of loading legislation has been slack for years, many truck operators have exceeded payload restrictions, he says.

Realising this, truck manufacturers have felt obliged to build their rigs to exceed legislated safe axle load specifications, particularly so that their rigs do not get a bad name should they fail under the extra, albeit illegal, strain of overloads.

"As a result, SA has ended up with a grossly over-specified vehicle population. This has increased commercial vehicle production costs which have had to be passed on to truck buyers."

But the authorities are serious about clamping down on widespread overloading, says Moore, and new laws on overloading are expected to be finalised late this year.

Confiscate

"Legislation will allow a magistrate to confiscate the truck and payload of any serious offender on the third conviction."

CRM's Harvey says as about 50 different sections and regulations are involved, consultants such as CRM can guide companies with motor fleets through the legislative process.

"We can assist by providing tailor-made documents that identify the applicable sections of the Road Transportation Act and other regulations still to be promulgated."

If properly enforced, the RTQS should not only reduce motor vehicle losses, which cost SA R16m a day, but could help to reduce the rising cost of insurance and save lives.

Although most traffic departments are stretched when it comes to policing traffic offenders in terms of moving violations, this could improve gradually.

Harvey says that to encourage companies with motor fleets and individuals to take a more responsible attitude to the situation on the roads, motor insurers should play a greater role by offering incentives on motor insurance policies.

Incentives would include lower premiums based on a company's degree of compliance with the law and safe practices, along with recording fewer accidents and less claims.

Important as it is, insurance should be just part of the broader package to control accident costs.

Training

In the US, for example, the talk is about accident control programmes, which encompasses everything from accident assessment — such as claims, premiums, repairs and excesses — to driver training courses.

In SA, about 90,2% of all road accidents can be attributed to driver error, while overladen and unroadworthy vehicles are not only major contributors to many accidents but are major causes of damage to road surfaces.

Bifsa assigns key housing finance plan

(32) CT 3/6/93

By MAGGIE ROWLEY
Property Editor

THE Building Industries Federation of SA (Bifsa) has commissioned the Federated Group and Investec Bank to carry out an investigation into devising a formula that could help "leverage" private sector finance for low cost housing.

Executive director Ian Robinson said in an interview that Bifsa hoped to present the "solution" to new Minister of Housing, Louis Shill, next month.

He said while he was aware both the National Housing Forum and the New South Africa Housing Company were working on similar formulas, "the more brains we have working on it the better the end solution will be".

"We also want to speed things up. We can't wait another 12 months to get a formula up and running," he said.

Robinson said Investec and the Federated Group had been given until the end of June to come up with a suitable formula. "Bifsa and the National Housing Forum are in the process of setting a date for a meeting with Minister Shill and we expect to be able to present the solution to leverage private sector finance at that meeting."

He said Bifsa, which has been waging a campaign to give a significant kick-start to the country's low cost housing programme for the past six months, strongly believed that the total sum allocated to low cost housing should not be used directly for building but rather to achieve leverage of private sector finance.

"In this way we estimate that more than R7bn could be released for housing every year.

"This is such a large amount that it could bring about a total change in South Africa's economy. More than 600 000 additional building workers would be employed on site and more than two million jobs would be generated with manufacturers, suppliers, transport operators and others.

"A huge sum of money would be released into the economy through employees' wages and the housing situation itself would start improving with the ultimate result that by the year 2 000 about 70% of all housing in SA would be black owned and of this nearly 25% would be in the luxury housing market.

"Further SA would be spending 4% of its GDP on housing and would have reduced its housing backlog from 1,3m units to around the 30 000 mark."

Robinson said it was their firm conviction that a new housing programme was now not only essential but feasible: "The political and other factors that torpedoed SA's first efforts in this direction are now better understood and have greatly changed. There is a new agreement at government and black political party level that the housing programme must now go forward. We believe this could percolate down to community leaders who would no longer stand in its way."

FM 4/6/93 (32)

BOUMAT

- **Earnings per share 25 cents**
- **Dividend per share 6 cents**
- **Improved market share**

Income statement
for the year ended 31 March 1993

	1993 (R'000)	1992 (R'000)
Turnover	**1 221 699**	1 163 235
Operating profit	**24 688**	39 268
Net interest paid	**8 233**	17 397
Profit before tax	**16 455**	21 871
Tax	**8 547**	10 545
Profit after tax	**7 908**	11 326
Outside shareholders' interest	**4**	(176)
Earnings for ordinary shareholders	**7 904**	11 502
Dividends for ordinary shareholders	**1 863**	3 336
Secondary tax on companies	**280**	–
	5 761	8 166
Deferred tax adjustment	**302**	–
Extraordinary items	**-**	1 059
Earnings retained	**6 063**	7 107

Balance sheet
at 31 March 1993

Fixed assets	**29 656**	36 810
Investments and loans	**10 896**	9 434
Current assets	**381 150**	370 905
Stocks	169 887	181 040
Accounts receivable	210 499	187 999
Tax prepaid	764	1 866
Total assets	**421 702**	417 149
Less. **Non-interest-bearing debt**	**294 885**	270 059
Net assets	**126 817**	147 090
Financed by:		
Total equity	**142 660**	136 029
Ordinary shareholders' equity	142 656	136 029
Outside shareholders' interests	4	–
Interest-bearing debt	**(15 843)**	11 061
Medium-term loans	8 903	19 069
Short-term loans and bank balances	(24 746)	(8 008)
Net assets	**126 817**	147 090

Other information

Weighted number of shares in issue	**31 054 000**	26 612 000
Number of shares in issue	**31 054 000**	31 054 000
Earnings per ordinary share (cents)	**25**	43
Dividend per ordinary share (cents)	**6**	10
Net worth per share (cents)	**459**	438
Debt: Equity	**-0,11:1**	0,08.1
Total debt: Equity	**1,96:1**	2,07:1

Boumat Limited
(Reg No 04/01284/06)

Audited preliminary announcement for the year ended 31 March 1993

Purposeful change
Fiscal 1993 has been a watershed year for Boumat. It has marked the beginning of a process of purposeful change; change in strategic direction, change in structure and organisation and change in the way we operate. This process has stemmed from the recognition that we need to anticipate the possible changes in the economic and political environment over the next few years, since these will most certainly impact on our business.

Results
Earnings of 25 cents a share for fiscal 1993 are better than we indicated in the interim statement to shareholders in November 1992.

Trading conditions became increasingly difficult as the year progressed and there was fierce competition for the lower volume of business available. The outcome of this was a reduction in margins as we maintained or improved our market shares. Operating costs were kept well within budget but our interest costs, although well below those of last year, were higher than budget.

A final dividend of 6 cents per share has been declared for the year.

Financial position
The consolidated balance sheet at 31 March 1993 reflects an improved financial position with net worth per share of 459 cents.

Future outlook
Our budgets for fiscal 1994 show a material improvement on our results for fiscal 1993.

Annual report
The 1993 annual report is in the course of preparation and will be mailed to shareholders on or about 30 June 1993.

Declaration of ordinary dividend in respect of the financial year ended 31 March 1993

Boumat Limited
Notice is hereby given that ordinary dividend No 72 of 6 cents per share, in respect of the financial year ended 31 March 1993 was declared by the board of directors on 1 June 1993. This dividend is payable to shareholders registered at the close of business on 18 June 1993. The share transfer register and register of members will be closed from 19 June 1993 to 25 June 1993, both dates inclusive and dividend warrants will be despatched on or about 30 July 1993.

In terms of the Republic of South Africa Income Tax Act 1962, as amended, non-residents shareholders' tax of 15 per cent will be deducted from dividends payable to shareholders whose addresses are outside the Republic of South Africa.

By order of the board

Patricia R Marais
Group secretary
1 June 1993

Transfer secretaries
Central Registrars Limited
154 Market Street
Johannesburg, 2001
PO Box 4844, Johannesburg, 2000

Registered address
86 Grayston Drive
Sandown, Sandton
PO Box 65725, Benmore, 2010

Malbak sells Standard stake

Star 4/6/93

By Sven Lünsche

Malbak has sold its 38 percent stake in Standard Engineering for R155 million to Murray and Roberts in terms of an option agreed to when M&R first made an offer to Standard minorities in 1991.

M&R, which will be paying cash for the stake, now owns 76 percent of Standard.

The purchase consideration of R154,4 million is based on a price of R11,47 per Standard share.

Malbak says the sale is in line with its objectives to focus its business on consumer related products and would have a minimal impact on earnings. In the six months to February earnings would have fallen 1,1 percent.

Standard's inclusion would have boosted M&R's earnings by 1,7 percent in the second half of last year. It fits well into M&R's focus on fixed investment related businesses.

Malbak exercises Standard sell option

EDWARD WEST

MALBAK had exercised the option to sell its 38% stake in Standard Engineering to Murray & Roberts (M & R) in a R154,5m deal, Malbak CE Grant Thomas said yesterday.

Malbak sold 13,5-million Standard shares to M & R for cash at R11,47 each. This was the weighted average share price over the 60 days before May 27, the effective date of the deal. M & R now holds 76% of Standard.

The transaction was in line with Malbak's objective to focus its activities on consumer-related products and with M & R's objective to concentrate on gross domestic fixed investment-related businesses, a statement said.

Standard Engineering's activities include the manufacture and distribution of vehicle components, metal pressings and steel pipes and the design and manufacture of rolling stock.

Thomas said Malbak's decision was a logical step following management control of Standard passing to M & R on May 1

☐ To Page 2

32

Malbak

Buss. Day 4/6/93

☐ From Page 1

1993 in terms of the agreement of the sale of Standard and Darling & Hodgson to M & R in November 1991.

The deal increased Malbak's cash balance to about R850m.

Thomas said the cash pile was viewed as a good strategic asset in the volatile socio-economic environment; some of it would be invested in existing operations and possible acquisitions.

M & R financial director Lionel Bird said there was much commonality between M & R Engineering's and Standard's businesses.

Had the transaction taken effect for the six months to end-February 1993, it would have lowered Malbak's earnings to 55c from 56c a share. It would have increased net asset value to 839c from 816c a share.

M & R's earnings would have increased to 180c from 177c a share had the deal been effective for the six months to-end December 1992. Net asset value would have fallen 5% to 2 184c from 2 299c a share.

No offer would be made to Standard minorities as the Securities Regulation Panel ruled this was unnecessary.

32

Raising the flag fittingly

Sowetan 8/6/99

■ New headquarters completed after 5 years:

MURRAY Roberts (Cape) has spent five years at Sanlamhof Bellville constructing a new headquarters for Sanlam.

Although some of the old buildings were retained in the re-development plan, they have now been extensively modernised to put them on a par with the new.

The project has been described as the biggest alteration contract ever completed on a commercial complex in Southern Africa.

Largest construction

It is also the largest construction project of its kind ever undertaken by a Murray Roberts company, the largest construction project in the Cape and one of the largest nationally.

Despite an initial delay of 12 weeks, caused by unstable soil conditions, M'R is completing the contract six months ahead of schedule, allowing Sanlam's entire Cape staff to be brought together under one roof during the company's 75th anniversary year.

New buildings

New buildings constructed during the phased re-development include two new car parks, a computer centre, a training centre, the South office block, infills between the old and the new buildings, an entrance and additional staff accommodation.

Older buildings have either been demolished or gutted for total refurbishment so that the new complex bears little resemblance either inside or out to what it looked like before.

Apart from the complexity of the phased construction schedule and the need for work to proceed continually at a cracking pace because of Sanlam's urgent need for space, M'R was faced with a huge additional challenge in having to carry out its work while 2 600 Sanlam employees went about their business with the minimal disruption.

At times there were as many as 1 500 construction staff working on the site which resembled a curious hive of activity: white collar staff working at high-tech computers in air conditioned offices and yellow hatted construction workers perched on outdoor scaffolding or knee-deep in concrete.

32

Old structures

The sound of jackhammers demolishing old structures and piledrivers driving piles for new ones soon became a familiar background noise in the offices where staff obligingly adapted to discomfort levels.

According to Rex Laver, M'R's director in charge of the contract over the past five years, "The tolerance and co-operation of Sanlam's management and staff during these years has been fantastic.

Most difficult

Even through the most difficult periods and crises, like burst water mains, a happy atmosphere has prevailed. This helped to make it possible for M'R to complete the project ahead of schedule."

The enormity of the project can be gauged by some of the quantities used: 180 000 tons of concrete for the shell of the building alone - enough to build 9 000 average size houses; 6 868km of steel bars with an average diameter of 12mm — almost the distance from Bellville to London when laid end to end. At construction peak there were no fewer than seven tower cranes working and as many as 180 different subcontracting firms on site. To catch up on time lost through the delay at the start of the project, all teams worked seven-day weeks for a considerable period. At one stage the computer centre team peaked with a record 2 500 cubic metres of concrete poured in one day during a 17 hour shift.

In spite of working under pressure during the entire five-year period, M'R's Sanlam site team maintained exceptionally high safety standards, winning a first prize in Bifsa's annual National Safety Awards competition.

Sanlam's new headquarters now has double its original usable office space — 78 0000sqm, several plant-filled atriums linking the office blocks, many more covered parking bays and an impressive new entrance.

Speaking at the final roofwetting function held recently, M'R's group chief executive David Brink said: "When friends invite you into their home to undertake extensive alterations, the challenge is daunting. When they tell you that they want to live in it while you do the work, the project becomes quite frightening.

"This project called for exceptional workmanship, interpersonal skills and co-operation in order to succeed. Murray' Roberts is proud of the result."

Star 8/6/93

New office complex finally becomes home

(32)

MURRAY & Roberts (Cape) has spent five years at Sanlamhof Bellville constructing a new headquarters for Sanlam.

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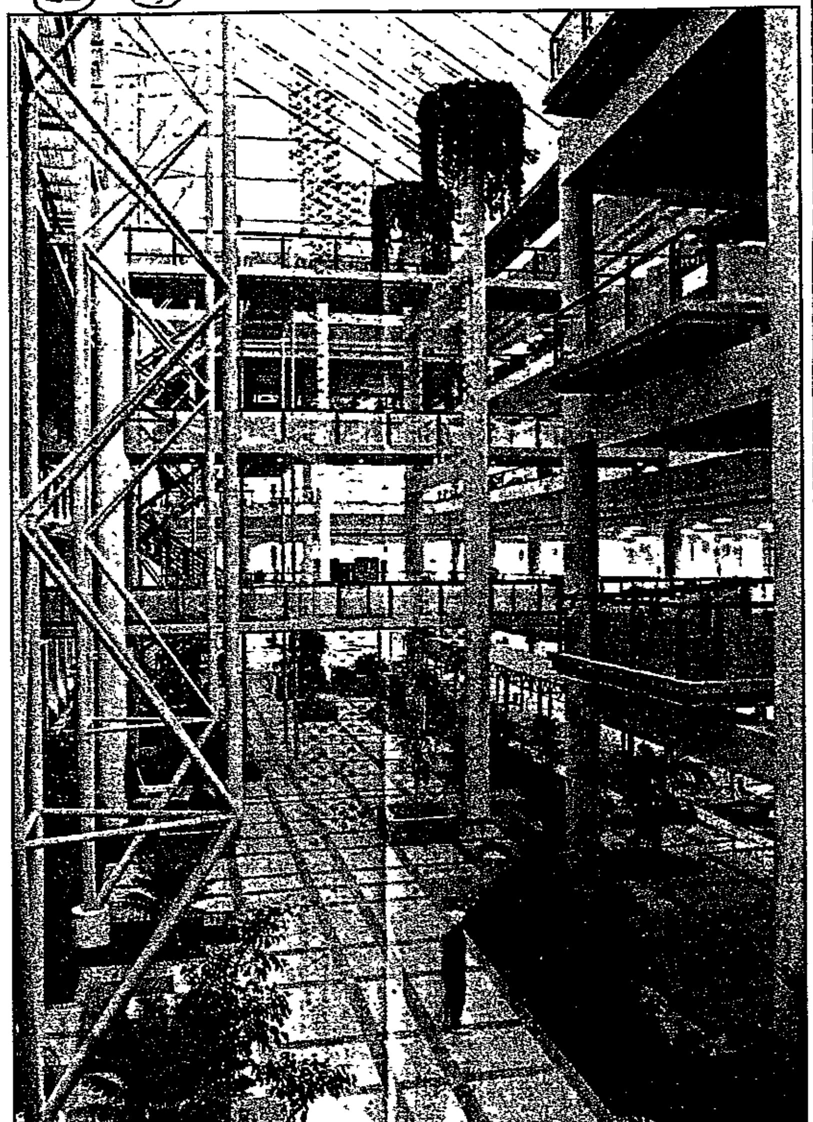


Unusual structure ... the north infill of Sanlam's headquarters links two components of the office block with a high-tech glass roof.

Millions to tackle low-income housing

B/Day 9/6/95

ANDREW KRUMM

THE National Housing Forum (NHF) and the Housing Department are expected to disburse a R500m government housing grant within weeks, part of which will be used to lever private sector funds into the low-income housing market.

The R500m was allocated to the NHF in the recent Budget. Sources said while some funds would go to direct housing susidies, part of the R500m would be used as a guarantee to underpin efforts to mobilise institutional funds for the development of low-income housing.

The sources, however, could not specify what amount this was likely to be. "The NHF and Department of Housing are close to a decision on the issue, and will come up with a recommendation on how the funds are to be spent within weeks."

One commentator said: "In theory, a substantial government guarantee could stimulate enough private sector investor momentum to unlock billions of rands, which would substantially reduce the housing backlog."

"Renewed institutional and other interest in low-income housing will depend largely on the investment instruments available."

However, SA Building Industries Federation (Bifsa) executive director Ian Robinson said it was likely that a suitable investment instrument would emerge shortly.

Bifsa had recently asked the Fedsure Group for assistance in the design of a capital market instrument to appeal to prospective institutional investors in the low-income housing market, he said. (32)

Fedsure deputy GM Dennis Paizes said Fedsure had subsequently called in Investec Merchant Bank. Investec Merchant Bank senior manager Christos Diakoyannis confirmed that they had been asked to investigate the viability of such an issue.

Warning that feasibility studies were at a tentative stage, Diakoyannis said "the idea is to create an instrument acceptable to the investment community, which will offer investors a market related return".

Investec would be considering all possibilities to see whether some form of a "housing bond" was viable, he said.

"I must emphasise, though, that we have not found a solution yet, and are brainstorming on the issue," he said.

BUSINESS

Bifsa seeks leverage for housing finance

Star 9/6/93

Property Editor

(32)

The Federated group and Investec Bank have been commissioned by Bifsa, the Building Industries Federation, to investigate the "leverage" of private sector finance for low-cost housing.

Bifsa executive director Ian Robinson says that, in view of the large amounts lost by many major investors — "through violence, larceny, theft and bond boycotts" the private sector cannot be expected to invest in low-cost housing again without some form of guarantee.

The organisation believes the total amount allocated by government for low-cost housing should not be used for building, but rather to achieve leverage of private sector finance.

"In this way we estimate that more than R7-billion a year could be released for housing."

Star 9/6/93

M & R a sign of the times

By Stephen Cranston

The recent dip in the Murray & Roberts share price reflects the extent to which the upswing in gross domestic fixed investment (GDFI) has been further delayed.

The price fell from R55 to R42, before improving ~~to its~~ present level of R48. 32

CE Dave Brink ~~says~~ that a year ago economists were predicting a four percent improvement in GDFI for 1993, but it is now predicted there will be a decline of nine percent.

He is puzzled by the recent share price fall, as there has been no change over the last two months in the internal or external environment ~~in which~~ the group operates. 332

Frankel Pollak Vinderine analyst Johan Snyman, for instance, still predicts it will increase its total dividend for the year from 180c to 194c, although he says there will be a small dip in earnings per share from 485c to 467c.

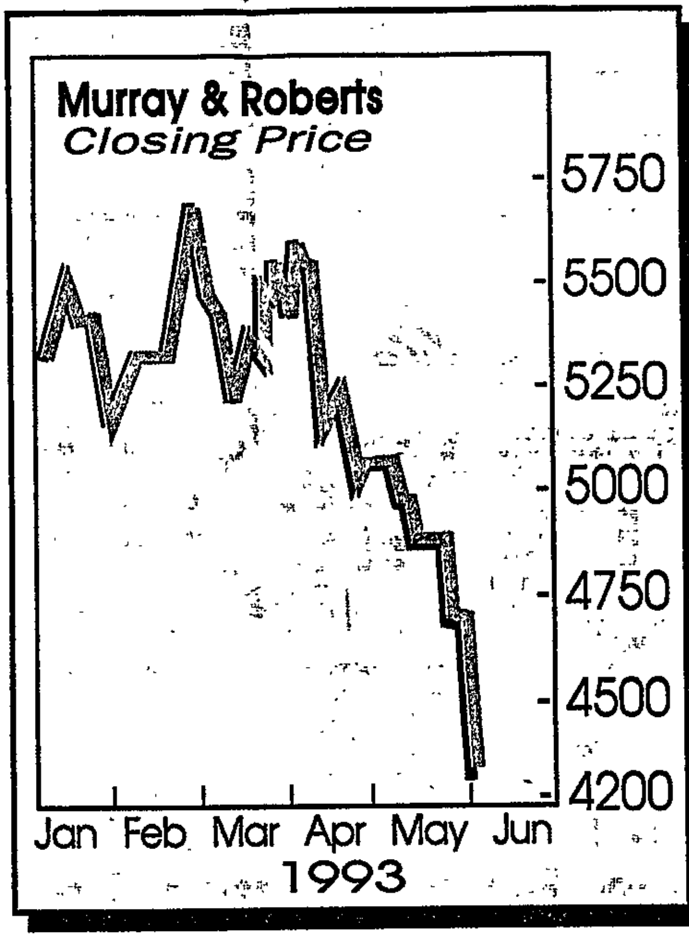
Yet M&R's decline of about 20 percent has far outstripped the declines in the major GDFI-based indices.

Over the same period, the building and construction index has fallen by seven percent to 2449 and the engineering index by three percent to 1622.

To some extent, M&R has fallen victim to the unbundling craze.

Because Sankorp is its major shareholder, some investors assume a plan must be in place to dismantle M&R into its components of construction, engineering, suppliers & services, materials and property.

This seems unlikely, however, at least in the short term, because Sankorp has earmarked M&R as the holding company for its GDFI-based companies and over the last two years has brought Darling & Hodgson, Standard Engineering and Firestone into the fold.



M&R's head office probably does add value because when group companies tender for business, the M&R name undoubtedly helps them to win contracts.

M&R has a lean head office with a good reputation for helping to impose financial disciplines.

With its "critical mass", it is able to consider listing a corporate bond, of perhaps R500 million, giving it advantageously priced finance.

Brink says he is satisfied at the way in which the acquisitions have bedded down, although there are some lingering doubts in the market.

Firestone, in particular, can be seen as a consumer marketing business, which is not an area in which M&R has much experience.

The profitability of Blue Circle, acquired with the Darling & Hodgson purchase, might also be affected if the cement cartel is ever threatened with dismemberment.

Moreover, these acquisitions have been asset-intensive, which has diluted M&R's enviable returns on assets somewhat.

Building industry expects difficult conditions to last

B/Day 9/6/93

PETER GALLI

THE building industry expects the depressed conditions in the country to last at least another year. A recent survey shows that many companies experienced worse conditions in the first quarter this year than in the same period in 1992. (327)

The survey was conducted by BMI Building Research Strategy Consulting Unit (BMI-BRSCU), in association with the African Builders' Association, SA Building Industries' Federation and the National Association of Homebuilders. It reflected the views of 120 building contractors and homebuilders countrywide.

Respondents expected an upturn by the second quarter of 1994. The previous two surveys found that the industry expected the turnaround to be in the fourth quarter of this year.

"It is clear that the mood of despondency and pessimism has deepened. About 13% of the respondents are completely disillusioned, with no hope the industry will ever turn.

"But 32% of respondents qualified their view, saying conditions would depend on a political settlement and social stability as well as the availability of funds," said BMI-BRSCU MD Llewellyn Lewis.

A net 29% of the respondents experienced worse conditions in the first quarter of 1993 than in 1992.

This is the third year in succession that contractors are experiencing worse conditions in the first quarter of the year than in the same period the year before.

"This does not augur well for activity in 1993, where a small 1% growth in investment in building was expected to take place. Expectations for the two quarters to September are that conditions will be 5% worse than in the comparable period last year."

While the building fraternity was generally optimistic and capitalised on opportunities when they arose, its activity stemmed from investors' decisions to build, said Lewis.

"This decision is made on the their view of the future and the risk/return trade-off inherent in the investment decision. The building industry has a limited role to play in influencing this decision.

"Their expectation of the future is influenced by their perceptions of the investor climate, which is vitally affected by the political climate.

"It is clear that, at this stage, the respondents surveyed are disillusioned by the apparent lack of progress towards a political settlement, which is a prerequisite for economic growth. This is reflected in their general mood of despondency in a desperate struggle for survival."

The interminable nature of the political negotiations, increasing crime and violence and the assassination of SACP chief Chris Hani had all contributed to this malaise. This showed in respondents' rating of factors which could affect growth in the industry.

The appointment of new Housing Minister Louis Shill was ranked the least important of all the factors listed. This was probably because the appointment was expected to be of short duration, and would therefore have little effect on the industry.

Hani's assassination was ranked second last in order of importance, yet there was a view in industry circles that the event had a major impact on business. The level of optimism had plummeted, with more people preferring liquidity to investment and adopting a wait and see attitude, Lewis said.

'Housing the way to go'

ACT 9/6/93 (32)

TOM HOOD
Business Editor

THE building industry's future lies in housing and the provision of social amenities and not the glamorous, profitable first world projects of the past 30 years, says SA Institute of Housing president Mark Massyn.

The spate of depressing statistics about the decline of the building industry suggested the industry had an uncertain future. But this, he believed, was defnitely not the case, he said in an interview.

"We are seeing not so much a decline but a severe recession and a marked change of emphasis."

The challenge, said Mr Massyn, was to get State money already allocated for housing and social amenities channelled into the right places.

"As the Minister of Finance pointed out, in the housing field we have not only a funding problem, but a spending problem. We have as yet few secure outlets for the housing funds available — not to mention the increase of funds likely to be available under a new government.

"Pressure must be kept on the State by the Building Industries Federation and others to continue investing in these fields while at the same time finding ways of cutting down the risk for the financial institutions and contractors who are prepared to re-enter the housing sector.

"This will involve, among other things, facilitating the processes whereby a small entrepreneur can gain access to big institution money. At the moment many of them are in a Catch-22 situation, wanting to get into this field but considered too small and financially unstable for big institution investment money."

Pressure by local communities to be far more involved in the projects within their community had brought a change in the way projects would be managed.

Design firms, for example, were making their projects far more labour-intensive than five years ago.

"Obviously there are those who feel that their sophisticated training and years of acquiring experience are now being wasted. No doubt certain people with these views will emigrate, but there are others who see clearly the road ahead and are adapting to it."

This process often involved accepting that the design specialist, whether architect or engineer, need no longer head up the construction team.

"In the large, unsophisticated social upliftment projects which are likely to become available to the industry, the emphasis will be on management and co-ordination.

"On almost all construction projects the emphasis has already swung to these aspects. This means the qualified building or project manager will inevitably play the key role in the years ahead, managing and co-ordinating not only the contractors and subcontractors, but also the professionals, who until recently were considered semi-independent from most types of outside interference."

The Institute of Building could play an important role in helping bring about a single, united body representing all managers in the building industry as has been suggested by Bifsa with the support of the other major employer organisations.

"As we see it, educational qualifications, while remaining important, will become less vital than proven competency.

Company well prepared to sail the tides of change

B Day 10/6/95

It was the best of times, it was the worst of times, it was the age of wisdom, it was the age of foolishness, it was the epoch of belief, it was the epoch of incredulity, it was the season of light, it was the season of darkness, it was the spring of hope . . .

TALJAARD Carter MD Bill Carter maintains this excerpt from Charles Dickens' A Tale of Two Cities sums up the position in which SA finds itself — on the brink of a new future in which the company is positioned to take an active part.

The firm, in its 36th year of existence, is totally committed to the reconstruction of Johannesburg as the flywheel for development in SA and the southern African region, says Carter.

"I believe that where before we were building our cities for 4-million people, we will now be building them for 40-million people. That is another dynamic entirely," he says.

"Societies make cities, not architects, so a decision in the boardroom to establish an executive dining room or a cafeteria means one more restaurant closes in the city."

Because boardroom decisions are critical, it is important that the decision makers "begin to walk the pavements of the cities, which they have not done for the past 20 years".

He says directors of companies involved with development need to be encouraged to get involved in projects together with their staff.

Thriving

"We dare not allow the change and growth of Johannesburg during the next two decades to be anything but dynamic and successful in order to create a background suitable for a peaceful, thriving and rewarding lifestyle."

A part of the company's "vision" is to involve young people in all projects and to ensure they are technologically up to date.

"We also believe in strong management skills and have three project managers in the office."

32

Carter has suggested a voluntary professional services corps be founded to allow young graduates to earn a reasonable salary while honing their practical skills by maintaining and expanding infrastructure in rural communities.

Architects, engineers and builders could join hands with communities, the Urban Foundation and the Independent Development Trust to build schools, houses and clinics.

Carter says part of the firm's principle in rural areas is to develop local skills on building sites and leave the wealth generated by a project in the area.

Although the company's team is small, it has diversified into four core areas — commercial, retail, industrial and corporate — with specialists in each area.

Its focus has changed dramatically from the early days when it began with a lot of work for the public sector, including three universities and 11 teacher training colleges.

The foremost sign of changes in the company has been the decision to finally amalgamate its Randburg and Johannesburg operations into one in Parkwood, along Jan Smuts Avenue.

Adjoining

Staff currently operating from Robindale, the company's original headquarters since the '70s, will soon move into an adjoining site which was bought recently.

The firm has offices in Pietersburg, Pretoria, Maritzburg and an associate office in London — all housing a total staff component of 70 people.

Future plans include strengthening the regional offices in line with the proposed strengthening of regions in the political sphere and setting up offices in Africa.

Industrial arm strengthened in anticipation of upswing

BDay 10/6/93 32

TALJAARD Carter has strengthened its industrial arm in anticipation of an economic upswing which is likely to boost the industrial building market.

The company was involved in the 60 000m² R100m industrial park development for Abland in Strijdom Park, which offers a rental or freehold solution to light industry.

The park has been immensely successful due to the demand for such space and because of its easy access to Johannesburg's northern suburbs and a major freeway.

Demand in the park has been mostly in the 1 000m² to 4 000m² space range.

The company recently completed a building for Kawasaki in the park.

Technical designer in charge of the company's industrial team Mark Pestana says the industrial field will begin to combine with retail, allowing companies to manufacture and sell their products at the same premises.

"People are increasingly moving into more industrial complexes because of security, low rentals and a better inter-relationship with other industry."

The Motor City centre in Wynberg, a venture between Abland and Sanlam, is another of the company's recent industrial projects.

The 7 435m² site is strategically located just off the Ben Schoeman highway along Rautenbach Avenue.

The fall of the site towards the north affords opportunities for relatively inexpensive lower ground level space. It offers motor retail and auto spare facilities.

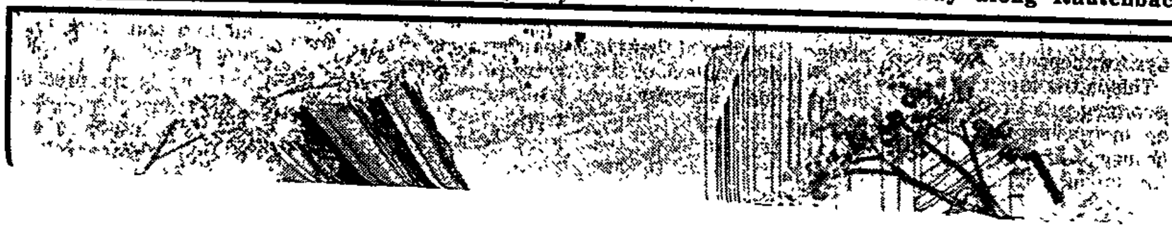
The planning of the complex was developed around the tenant mix and the fall of the site.

Internal shops have beendesigned to accommodate motor vehicle service heights.The design allows for fully flexible space which can be used for showrooms, workshops, fitment areas and fast foods.

A micro mini factory industrial park in Strijdom Park is being developed between Sanlam Properties and Abland on a site covering 9 415m² just off Hans Strijdom Drive.

In designing the mini factories it was important that each of the 30 units have its own identity.

Each unit has a facebrick gable over the entrance to make provision for signage, and is provided with its own office entrance leading to mezzanine level offices.



Put people back into production

wlm ail 11/6-17/6/93

32

By FERIAL HAFFAJEE

LABOUR-INTENSIVE construction could alleviate some of the poverty and unemployment in South Africa by employing jobless workers in road construction, housing, electricity and other infrastructural projects.

So says Robert McCutcheon, professor of civil engineering at the University of the Witwatersrand, who recently delivered an inaugural lecture on "Employment Creation in Public Works".

Unemployment is soaring at more than 40 percent of the economically active population and the housing backlog will only be overcome if between 200 000 and 300 000 houses are built every year.

Studies of labour-based construction programmes show that they have worked in countries like Kenya, Malawi, Lesotho and Ghana and could work in South Africa.

In Kenya, for example, more than 11 000km of road and 170 000 man-years of employment have been created by labour-intensive construction methods. In Botswana, 3 000 jobs have been created and 2 000km of road upgraded.

The International Labour Organisation and the World Bank encouraged the principles of labour-intensive construction in the 1970s. Broadly defined as the substitution of labour for equipment, these methods "create more employment than conventional capital-intensive methods". Statistics indicate that they create five to seven times more employment per unit of expenditure.

McCutcheon stresses that labour-intensive construction "is not large numbers of people producing something of ill-defined quality". Neither is it a quick-fix solution: projects need a start-up period of at least three years, but should be accompanied by short-term programmes.

The job creation programmes should be long-term and national and should be run from within a government ministry — to secure political and financial commitment.

They should be economically and technically feasible and must be accompanied by training programmes to improve the levels of skills of individuals and communities.

McCutcheon suggests that to overcome potential productivity problems, payments should be task-based.

Public works programmes in South Africa have generally been badly run. An example is the government's Special Employment Creation Programme established in 1985.

It consisted of what McCutcheon calls "poorly conceived, unplanned, unco-ordinated, individual projects" which were not linked to development.

But, a well-planned national job creation programme may be in the offing.

The National Economic Forum (NEF) recently called for submissions on job creation proposals. And this week, Department of Finance special advisor Japie Jacobs announced that the government had accepted in principle the proposal of a national public works programme.

The proposal involves financing of between R5-billion and R6-billion, which will be provided by central government. The Development Bank and the Consultative Forum on Drought estimated in their proposals to the NEF that a public works programme would create between 300 000 and 350 000 jobs.

The most developed job creation plan, though, is the one being negotiated between the civil engineering industry and the Congress of South African Trade Unions.

In a 45-point plan, the industry has committed itself to labour-based construction while Cosatu has agreed to link payment to production. McCutcheon cautions that the industry is still capital-intensive and "cannot restructure itself overnight". However, he says the "language of the framework is good and as such this proposal could be an ally of the long-term programme: in effect, its first phase."

Export orientation as a way of expanding the economy is generally touted as the most intelligent solution to unemployment. But, says McCutcheon, "some ways of creating employment within the existing economy are required.

"It is essential that the (national job creation) programmes be initiated as soon as possible, so that they could begin to bear fruit within the lifetime of the next government."

Contractors fighting for their lives

BDay 14/6/93

AS ECONOMIC conditions worsen and building activity continues to decline, contractors are tendering at below cost to keep themselves busy and staff employed.

"Almost every builder is tendering below cost and none of them are making money at today's prices. (327)

"Any improvement in this regard is solely dependent on a positive political settlement," SA Building Industries Federation (Bifsa) executive director Ian Robinson says.

However, he says there are a number of positive factors pointing towards an improvement:

- The upturn in the world economy will boost the SA economy;
- The firmer gold price could result in increased capital expenditure by many gold mines;
- Political negotiations are looking positive;
- Louis Shill has taken over as Housing Minister.

"All of these factors could result in a renewed momentum on the low-cost housing front. There are signs that many potential investors are poised to grant assistance in this regard," he says.

However, this is unlikely to affect the industry before the end of the year, and may be too late to save many companies.

Last year 400 building companies were liquidated — in the formal and informal sector — and between 400 and 600 are expected to be liquidated this year.

Says Robinson: "Once the industry returns to profitability, in the medium term there will be insufficient qualified people to handle the work available.

"Bifsa is trying to address this problem by implementing training programmes in the formal and informal sectors."

The medium building companies are the hardest hit by the recession as they are too big to compete for the very small jobs but not large enough to be able to branch out into Africa.

The smaller players are fairly active, with the additions and alterations market showing excellent growth as people upgrade their existing properties rather than buying or building new premises.

The larger companies have branched out into Africa and many are involved in internationally funded projects.

Refurbishment is an alternative

B DAY 14/6/93

RISING demolition and construction costs are forcing property owners and developers to consider refurbishment instead of new development — but only in select locations.

Concor Property Development GM Ian Clark says: "One of the major problems is overcapitalising a building in an area where accommodation and property values do not support it. It is seldom cheaper to knock down the old building and rebuild it as the demolition and removal costs are very high."

Pressure

In addition, the oversupply of office space and the downward pressure this exerts on rentals means few suburbs could command the rentals required to make a brand new development financially viable.

"Cosmetic renovations are mostly employed in a recession, while major renovations are often undertaken in boom times. However, this depends on the view the property owner takes of the market — with the institutions in a far better position to take a longer-term view and experience an initial deficit," Clark says.

The Solomon Brothers — three property owners in Cape Town — agree, saying rising demolition and construction costs, as well as time constraints, are encouraging property developers to look seriously at refurbishment.

A refurbished building does not have to be less comfortable and, in many cases, is able to offer cheaper rentals, they say.

The brothers bought the former Saambou building, renamed 45 On Castle, in the Cape Town CBD, last year and spent about R7m on refurbishment.

32

Stripped

Each of the 11 floors of 660m² were stripped and rebuilt, while security features were introduced and more lifts, kitchens, restrooms, airconditioning and light fittings added to bring it to A-grade status.

The asking rental is R20/m².

Tenants already signed include Saambou, Heyns and Partners, Pleroma Insurance Brokers and the SA Council for the Aged.

SURVEY SHOWS MOOD IN BUILDING INDUSTRY HAS TAKEN A PLUNGE

[illegible] deepened and a sense of hopelessness was emerging.

The survey, carried out by BMI Building Research Strategy Consulting Unit, in association with the African Builders Association, SA Building Industries' Federation and National Association of Homebuilders, surveyed 120 building contractors and homebuilders countrywide. B/Day 14/6/93

"The interminable nature of the political negotiations, increasing crime and violence and the recent assassination of SACP chief Chris Hani have all contributed to this malaise," says the unit's MD, Llewellyn Lewis. (32) (023)

Respondents were asked to rank, on a scale of one to seven, the importance of a number of factors that could affect growth in the industry.

The appointment of new Housing Minister Louis Shill was ranked the least important of all the factors, probably because his appointment is expected to be of short duration and, therefore, hardly any effect on the building industry can be expected, Lewis says.

"The assassination of Hani is ranked second last in order of importance, yet there is a view in industry circles that the event had a major effect on turnover as optimism plummetted and everyone tightened their belts, preferring liquidity to investment and adopting a wait-and-see attitude," Lewis says.

Worse conditions

A net 29% of the respondents experienced worse conditions in the first quarter of 1993 compared with 1992. This is the third year in succession that contractors are experiencing worse conditions in the first quarter of the year compared with the same period the year before.

"This does not augur well for 1993, where a small 1% growth in investment in building is expected to take place. Expectations for the next two quarters to September are that conditions will be 5% worse than in the comparable period last year," he says.

The survey found that expectations were that the industry should turn by the second quarter of 1994. The previous two surveys found that the industry expected the turnabout would be in the fourth quarter of this year.

While the building fraternity is generally optimistic, capitalising on opportunities when they arise, it is dependent on the decision to build by the corporate or individual investor.

"The building industry has only a limited role to play in influencing this decision. Their expectation of the future is influenced by their perceptions of the investor climate, which in turn is vitally affected by the political climate.

"It is clear that, at this stage, the respondents surveyed are disillusioned by the apparent lack of progress towards a political settlement. This is reflected in their general mood of despondency in a desperate struggle for survival," Lewis says.

Building work slide continues

B/Day 14/6/93

GERALD REILLY

PRETORIA — The value of building plans passed in the first four months of the year declined by 10% to R3,312bn, compared with the January to April period last year, according to Central Statistical Service figures.

Economists and industry observers said the crisis in the construction industry was reflected in statistics released at the weekend. (327)

The value of plans for houses dropped 4,5% to R1,122bn, and for flats and townhouses by 20,9% to R404,4m. Non-residential buildings registered the biggest decline — by 25% to R626,7m. By contrast, additions and alterations plans were valued at R1,119bn — an increase of 2%.

Building Industries Federation of SA executive director Ian Robinson said the figures indicated the industry was still in recession and the bottoming out process could be delayed until next year. But, progress in political negotiations and the appointment of National Housing Minister Louis Shill were expected to boost optimism, he said.

Economists agreed that the figures confirmed the industry's continued rundown and gave little hope for significant improvement this year. CSS figures also show that the number of industry workers dropped by more than 9 000 between September and December last year.

Election date sets shaky market back on course

B/Day 14/6/93

RECENT positive political developments have renewed hopes that the downward spiral in the commercial and industrial property markets over the past few years has bottomed out.

This follows the recent setting of a tentative date for SA's first non-racial elections, a move well-received by the property industry following the setback it suffered after the Hani assassination.

Before the assassination, the commercial and industrial property markets had begun to reflect increased investor and tenant confidence.

This was evident in increased activity, a slight improvement in some rental levels and the start of the phasing out of rent-free periods and other concessions.

However, the assassination threw the country into turmoil, which was reflected in a severe decline in activity in the property market.

Most of the local deals that were under negotiation at the time were either shelved or cancelled, while almost all offshore deals were terminated.

However, the negativism surrounding this event has been largely offset by the fact that multiparty negotiations have continued and players seem committed to a democratic SA.

"The recent announcement that a provisional date has been set for democratic elections has boosted confidence locally and abroad," says SA Property Owners' Association executive director Brian Kirchmann.

"Many of those deals that were shelved have been taken up again, while offshore investors have again expressed their interest in investing locally."

However, before any large-scale foreign investment takes place, the issues of social unrest, violence and crime have to be addressed. If the new SA remains socially unstable, it will see little external investment, he says.

However, while most property brokers see some light at the end of the tunnel, the building industry remains in the doldrums.

Activity — which is presently at an all-time low — is not expected to pick up before the end of the year, depending on political developments.

Building Industries Federation of SA (Bifsa) executive director Ian Robinson says while there are a number of factors that point to an improvement in the industry, these are unlikely to filter through before 1995.

"This means that many building firms will not be able to hold out that long. Most of them are already tendering below cost and few are actually making money," Robinson says.

"Last year about 400 firms, in the formal and informal sectors, were liquidated and this could rise to about 600 this year."

Disillusioned

A recent survey by BMI-Building Research Strategy Consulting Unit found that a sense of hopelessness was starting to emerge in the building industry.

Some 13% of the 120 contractors and homebuilders surveyed countrywide were completely disillusioned, while 32% said any improvement would depend on a political settlement and social security.

The major financial institutions — the largest investors in the commercial and industrial property market — are adopting different investment approaches.

Old Mutual Properties is becoming more cautious and not undertaking speculative or high-risk investments, while Sanlam Properties is to consider taking greater risks and looking at alternatives to traditional, risk-free investments.

While the commercial and industrial markets have remained under pressure, with rentals only showing nominal growth due to lease escalations, some brokers feel the possibility exists that rental levels may start to rise and reflect real growth over the next year.

The oversupply of commercial space continues to dominate that sector, but Anglo American Property Services sales and marketing director Grahame Lindop says that as soon as the upturn comes, this will be rapidly absorbed.

"For the first time ever, construction of new office blocks has virtually come to a halt. This means that when demand increases, the present oversupply will be taken up in about 18 months to two years and a shortage will develop."

LTA staves off the worst of recession

MATTHEW CURTIN

CONSTRUCTION and civil engineering group LTA has staved off the worst effects of the recession and reported a 4% advance in earnings to 119c (114c) a share in the year ended March 31. (32)

The Amic subsidiary declared a 35c total dividend compared with 32,5c in 1992.

Good cost control and improved interest income were responsible for a 15% improvement in pre-tax profit to R62,6m (R54,5m) after the group's turnover crumbled to its lowest level since 1988.

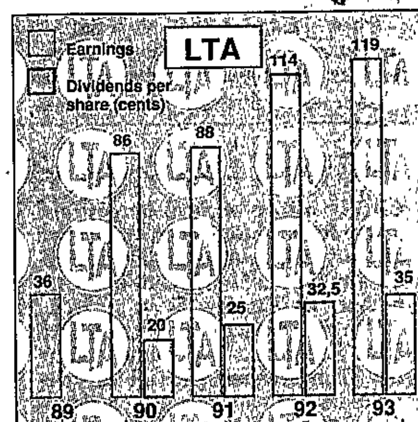
MD Colin Wood said yesterday the "disappointing" fall in revenue to R1,61bn from R1,88bn was directly related to the state of the economy.

The best LTA could do was to pick the most lucrative projects on offer.

Chairman Hilton Davies said Reserve Bank figures showed residential buildings, non-residential buildings and civil engineering works operated in 1992 at 74%, 77% and 66% of their levels in 1985.

He said the building division found conditions particularly tough and profits fell at structural steel and engineering business Steeledale. The civil and earthworks division, and the group's property, electrical and instrumentation activities improved profits.

Operating profit rose to R51,5m



Graphics. RUBY-GAY MARTIN Source: LTA

(R47,4m) due to hundreds of retrenchments in the year, low wage increases and reductions in overheads at the group's 50 profit centres.

Net finance income climbed sharply to R11,1m (R7,1m), in spite of an increase in LTA's long-term borrowings and reduced cash reserves, thanks to larger cash balances in the early part of the year.

The group fell under both old and new company tax regimes, contributing to a rise in tax provisions to R25,8m (R19,9m). After-tax profit stood at R36,7m (R34,6m),

□ To Page 2

LTA

B/Day 15/6/93

□ From Page 1

with attributable earnings improving to R32,4m (R30,3m). (32)

Wood said shrinking volume of building work, a decline in down payments and capital investment in mining activities adversely affected group cash flow, but the swing was no cause for concern.

He added that LTA would do well to hold its performance in the current financial period, the nine months ended December 31 as the group brings its year-end in line with parent Amic after becoming a subsidiary in February.

Wood foresaw "no substantial growth" in sales or earnings until the economy recovered, an event which was proving impossible to predict.

Civil engineering contracts related to the Columbus, Alusaf and Namakwa Sands projects would bolster results for the rest of 1993, as would LTA's opencast mining operations and smaller businesses.

Davies said LTA remained active in southern Africa but had no large new projects in the pipeline on the scale of its abortive attempt to buy Angolan state contractor Constrel earlier this year.

LTA's profit up 6 percent

Star 15/6/93

Construction company LTA lifted after-tax profit six percent to R36,7 million in the year to March (R34,6 million).

Earnings a share were 119c (114c) and a dividend of 35c (32,5c) is being paid. — Business Staff. (32)

Shift in national road policy urged

BDay 16/6/93

A SECRET government-appointed task group has told Transport Minister Piet Welgemoed to commercialise the management of SA's national road network.

Transport director-general Skippie Scheepers said yesterday the committee had proposed that national roads become the responsibility of a body independent of government.

(32)

The Commission for Administration, however, had adopted the position that the department's structures should instead be strengthened and national roads retained by government.

The committee also gave the green light for the maintenance and probable expansion of the toll road system.

Scheepers confirmed the committee had closely investigated the future of toll roads. It was generally agreed that with "one or two exceptions" these were operating successfully and were likely to be expanded.

The committee was chaired by Gerard Steinmetz, recently appointed executive chairman of Sage Holdings in the place of new Housing Minister Louis Shill.

Scheepers said the committee included

PETER DELMAR

representatives of government departments and experts from the private sector.

The internal probe did not apparently canvass the opinions of private sector interests affected by roadbuilding and management. National Road Federation president Leon Oosthuizen said he had no knowledge of the Steinmetz report.

The investigation considered the future of the National Roads Board. Early last year government put on hold plans to abolish the board, but it now appeared likely that the board could go if Welgemoed accepted the committee's recommendations.

The report comes at a critical time for the funding of road building and maintenance. In April Welgemoed estimated that it would take R10bn to restore SA's national and provincial roads to their standards of five years ago.

TRACY SCHNEIDER reports SA Road Federation Western Cape chairman Cecil Rose as saying recently that more than R1bn a year was needed immediately to bring SA's roads to a state of "just accept-

To Page 2

Roads

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From Page 1

able" repair.

"If money is not allocated, roads will decline to the point where they will have to be replaced," he said. "The cost of replacing the 305 000km of intercity roads alone would be almost R100bn."

The federation objected to road maintenance receiving a small percentage of the large tax on petrol. Government now takes 60,9c of the R1,68/l petrol price. (32)

AA spokesman Robin Scholtz said the road network was the "lifeblood of SA's economy", but roads were not high on government's list of priorities.

Funds for road construction and maintenance were drastically curtailed after the withdrawal of the dedicated fuel levy for roads in 1988.

"The result is that we have a serious backlog in routine road maintenance and any delay in making funds available exacerbates the already critical situation," said Scholtz.

PROPERTY

Office construction fears

BDay 16/6/93

ANDREW KRUMM

OVERALL office building activity in SA's metropolitan areas this year could plummet by almost half compared with 1992 if present building trends continue, says Rode's New Office Development Report editor Gert Tighy.

"New office completions surveyed dropped 48% in the first quarter 1993. When coupled with depressed new office starts, and the pressure of high office vacancies, the overall outlook for office building in 1993 is rather uninspiring," he said.

"Should new office completions continue to drop at the rate measured in the first quarter, only 318 672m² of new office space would be built in SA this year, compared with the 655 039m² that came on line in 1992.

Tighy said activity in the Johannesburg area should be most affected as all but large corporates had put the brakes on developing new space.

As a result the number of building completions in the Johannesburg area could decline by about 61% to 47 000m² this year.

32

"In Braamfontein, Bruma, Illovo, Randburg and even the Sandton CBD, depressed conditions are also evident. Rosebank is the only bright spot in the greater Johannesburg area with 13 762m² in completions expected, compared with 5 000m² in 1992."

However, contrary to the overall trend, completions in the Pretoria, Cape Town and Durban CBDs would increase this year, though not by enough to reverse the national trend.

Planned completions would rise 61% to 14 600m² in the Pretoria CBD, nearly 100% to about 50 000m² in the Cape Town CBD and periphery, and 82% to 37 426m² in greater Durban.

But in places surrounding these major centres, office development was at a virtual standstill.

"In the Sunnyside, Arcadia, Verwoerdburg and Hatfield areas, developers have not planned any new office space in 1993. In Cape Town south and the Tygerberg area, activity is dead or will halt after mid-year."

Tighy said although the level of new office starts planned for 1993 was severely depressed, this did not mean developers had no plans for the future. "About 80 new office developments have been mooted for the Johannesburg area, about 29 for the Pretoria region, 39 for Cape Town and 13 for Durban."

However, most developers would delay the start of these projects for the forseeable future because of the high office vacancies.

Tighy said early 1995 was the earliest that a strong pick-up in office building activity could be expected.

Property investments lose ground with fund managers

BDay 16/6/93

LINDA ENSOR

CAPE TOWN — Property investments had become less attractive for portfolio fund managers under pressure to produce short term returns, Southern Life MD Jan Calitz told the SA Property Owners Association (Sapoa) annual conference last week.

Enhanced competition had resulted in far more attention being given to the performance of asset categories and allocation of investment funds between them. Since 1983 property had underperformed equities, particularly industrial shares, and had been included in portfolios only to reduce their risk profile.

Calitz believed an upswing in the property market would have to be fuelled by a sustained economic upturn. Assuming the economic upswing got underway in late 1994/early 1995, the property market would experience a turnaround only in late 1995/early 1996.

Contrary to popular misconceptions that property assets performed only in periods of high inflation, he felt confidence and economic growth would have a far greater impact on performance than inflation. An independent survey of major pension funds found that while property represented a weighted average of 12,8% of all assets, mining equities represented 20,1%, industrial shares 43,1%, bonds 17% and money market instruments 7%.

Ovcon expecting growth in industry

LINDA ENSOR

CAPE TOWN — The construction and civil engineering industry had reached the bottom of the downward cycle, Ovcon chairman Andrew Ovenstone said in the group's annual report. B/Day 17/6/93

He was confident Ovcon would remain in a sound financial position with satisfactory cash resources in the year ahead but warned that profitability would be lower as a result of thin margins. (32)

A satisfactory baseload of work had been secured. At year-end Ovcon had cash of R15m (R18m) and contracts in progress valued at R16,3m (R11,4m).

Ovcon had opened an office in Abu Dhabi in the hopes that this would generate better returns than in southern Africa.

In the year to end-March all Ovcon's divisions improved on turnover and profitability and the group increased its pre-tax profit 12,9% to R4,7m (R4m) on a 10,8% turnover rise to R147,8m (R133,4m).

LTA FM 18/6/93

Spreading its risks (32)

It isn't often a financial journalist comes across a company the size of LTA which reports an adverse movement in working capital — in other words, it grew — of as much as R196,3m. Chairman Hilton Davies, himself taken aback momentarily by the size of the movement, says it's due primarily to heavy investment in two major mining projects and to a number of large cross-border operations.

In fact, by the standards of an economy severely constrained and diminished, LTA has done well to increase its attributable earnings by 8% and to improve EPS to 119c (1992: 114c) despite an increase in the issued share capital. What's more, the dividend improves to 35c (32,5c) and it's small wonder Davies says he's pleased the company improved its profitability for the seventh successive year.

And that's no joke: against the background of a worldwide construction industry recession, LTA's performance is remarkable. There may, of course, be particular local reasons for the group's ability to return these results; nevertheless, in an industry under sustained attack, these results are wor-

FOX FM 18/6/93

thy of celebration by investors. (32)

There are some important new developments. LTA is now heavily involved in cross-border operations, specifically in Botswana where it is building the defence force's new air base, and in Lesotho where it is concentrating on three tunnels integral to the Lesotho Highlands Water Project.

The balance sheet raises some questions. These include interest-bearing debt which has increased R18,5m and a fall in cash holdings of R55m. Davies says LTA invested heavily in mining plant and equipment; nevertheless, in times of extreme cash-flow difficulty, it is surprising that cash reserves are not being protected better.

Davies says he's confident LTA will hold the ring over the next year and that the company should see the benefits from an economic revival around the second half of 1994. We all are hoping for that. *David Gleason*

OZZ FM 18/6/93

Still on his bicycle

(32)

It's abracadabra time again and the Wizard of Ozz has once more plucked from his bottomless hat goodies with which to delight shareholders. The company's bottom line improved 24% to R9,2m, EPS increased by the same percentage to 69,7c and the dividend will rise 21% to 26c. For an investment community long inured to gloomy year-end reports, falling turnover, squeezed trading margins and reduced earnings, this is a result which rekindles a belief that there may be life after recession.

Chairman Gary Zulberg, as ever disarmingly modest about his company's achievements, says he's pleased trading margins improved to 15,4%. And he is at pains to point out this was achieved by putting the muscle on costs, not by increasing selling prices. Turnover remained static.

It won't for long. The recent purchase of the foundries and wearparts businesses of Unihold will kick in this year. Zulberg says Ozz's ability to hold down costs will reflect strongly when its disciplines are brought to bear in areas which Unihold found difficult to control. That's his way of telling shareholders to stand by for more fun.

Much of Ozz's bottom-line increase this

FM 18/6/93 (32)

year comes from a substantial reduction in tax. The directors say this came about because of the earlier investment in dividend-earning preference shares.

The balance sheet remains strong, though the R5m increase in borrowings on balance sheet date will attract some attention. Zulberg says Ozz is sitting on net cash of about R9m and, despite having to pay for the Unihold foundry, he does not expect borrowings to exceed R20m. That means gearing is unlikely to be worse than 28% — a number most investors can live with happily.

I have to confess an attachment to this company and to a CE who has amply demonstrated his ability to attack a recession with conspicuous success. The danger, of course, is that one day the Wizard, for some unexpected reason, will fall off his bicycle.

David Gleason

'No deposits before job is done'

Star 21/6/93

By John Miller
Star Line

The scrapping of deposits by all home-improvement companies has been called for by Lynn Morris, president of the Housewives' League.

She appreciated that many small, even bigger, companies had a cash problem, but this should not become the customer's problem.

"My attitude is that I will pay you once the job has been done," she said.

"I accept that people do not trust each other today so companies want some kind of guarantee that they will be paid.'

Morris said she was surprised to hear that many companies still insisted on deposits.

"I would have thought that they would have been fighting everybody off to get the work."

She also believed that because of the economy there were probably many more one-man and small businesses operating. She felt sorry for the person forced to start a business, but the customer should be even more on his guard.

"Anybody can have a printed contract but nevertheless your money can go down the drain if you are not careful."

A survey conducted by Star Line showed that while most companies did not advertise or voluntarily offer alternative finance schemes, they were prepared to accept payment through a trust account or bank guaranteed cheque.

The customer must therefore ask for these terms and invariably discuss them with the owner or financial director of the company.

NEWS FEATURE *Verwoerdian dictates reversed as Murray and Roberts start workers' village*

Sowetan 21/6/93

Let us go to Graceland

32

By Joe Mdhlela

■ WORKERS' VILLAGE *Houses of hope:*

HOW DOES IT FEEL to wake up early in the morning and know you are within whispering distance from your workplace?

Surely, it must feel good.

That is how workers employed in Wadeville industrial areas will soon feel in what will reverse the old Verwoerdian dictates that forced workers, especially underpaid black workers, must live far from their workplaces.

Three cheers to Bernhardt, Dunstan and Associates for conceiving the idea, and to Murray and Roberts Engineering for making it concrete.

Unique project

But what makes the project unique by South African standards is that there was consultation right across the spectrum. The old paternalistic approach hitherto adopted by those who own capital gave way to more consultation.

The workers, or "the people" if you like, have been thoroughly consulted. And what do you know, they gave their approval, making the concept of a "workers' village" theirs.

To be called Graceland, this model workers' village, to be situated in Wadeville, near Germiston, will give employees an opportunity to live close to their workplaces.

"In fact, employees will need to either walk or cycle to be on time to start work," chief executive officer of Murray and Roberts Mr Ian Colepepe said at the sod-turning of the village three weeks ago.

First formal house

Listen to Mr Albert Hane, who has never known what it means to stay in a formal house, has to say about the new scheme.

"It has my blessing. My wife, my children and I will now not only be able to own a home we will call ours but will be within walking distance of our places of employment."

Hane, who lives at Mandela squatter camp in Katlehong, works in Wadeville. For many years he has been forced to travel to work either by train or taxi.

Like many other black South Africans who live on the Reef, Hane knows very well how dangerous it has become to travel by train. Much as he would like to use trains because of the their affordability, he would rather forgo that for taxis.

"That is a choice one has to make. But with the introduction of the new complex in Wadeville, God has answered our prayers. I am looking forward to the day this project is completed," he said.

Director for BDA Jo Dunstan said the success of the project has been underpinned by working in partnership with trade unions, workers, black builders, local authorities and financial institutions.

"To make the project work and keep on working you need to keep all parties satisfied," Dunstan said.

She said it was important to create a suburb, and not a township.

"The point that must be made clear is that this will not be a corporate-owned housing scheme where employees rent their houses. The concept will be that the land, owned presently by Murray and Roberts Engineering, will be passed to the village once all the units have been purchased by owners," she said.

Planned suburb

She added that the village would not be "some soulless housing estate" but a planned suburb with facilities that would add value to the village life.

Accommodation would vary from bedsitters, suitable for singles, to three-bedroomed homes for larger families. There would also be walk-up apartments with a small private yard space.

The village will also have double-storey houses, where families will have small private gardens. The village will have trees to make it more attractive.

Watch TSS today at 9pm for more details about this scheme.

Final move ... the new workers' village will bring stability and some form of security for people who have never lived in a proper house.

Hope and relief ... these squatters will soon know comfort as a new village is being built to house workers nearer their places of employment.

This space was made possible by the support of the Positive Development News Initiative, which seeks to document a unique development model that is evolving in South Africa where people from all walks of life — Business, Labour, Grassroots, Democratic Structures, Development Agencies and Communities themselves — are coming together in focused alliances, to play a powerful role in reconstruction and reconciliation to build a common future that will provide the foundation of a peaceful and prosperous inclusive society in this wonderful land of ours.

Core founders of this initiative are:

The D G Murray Trust
Independent Development Trust
Kagiso Trust

The Anglo American and De Beers Chairman's Fund
Eskom

Murray & Roberts
Nedcor Chairman Fund
Facet Film & Television

R10489

Further move to reorganise control of Sankorp group

BDay 22/6/93

EDWARD WEST

THE removal of Murray & Roberts Holdings' (M & R) pyramid company M & R Investments (M & R Inv) represented a further move to reorganise and simplify control of the Sankorp stable of companies, M & R financial director Lionel Bird said yesterday.

Sankorp and Sanlam hold 50% of M & R Inv which in turn holds 25,1% of M & R Holdings.

32

M & R announced last week that, subject to the passing of unbundling legislation, M & R Inv would distribute its shareholding in M & R as a dividend in specie.

In the distribution M & R Inv shareholders would receive about 89 M & R Holdings shares for every 100 M & R shares held.

Sanlam and Sankorp controlled M & R with an effective 40% stake. With the delisting of M & R Inv, the control element would be eliminated, said Bird. Sankorp was willing to lower its stake in M & R as part of its process to clean up its investments and free shareholder wealth.

The move would allow M & R Inv shareholders to hold shares directly in the operating group, while the discount to which the shares had traded traditionally would be eliminated, said Bird.

M & R Inv originally was called Anchusa, a pyramid company through which the Murray family and the original owners ensured control.

M & R Inv previously held 50% of M & R Holdings, but this was diluted to 25,1% by the paper issued to fund last year's acquisitions.

A JSE analyst said the removal of group pyramid companies went a long way towards creating greater transparency of group operations.

This could become particularly significant considering the proposed widening of the Competition Board's powers and the implications of SA having to adhere to GATT provisions regarding the lowering of industrial protection measures.

The analyst believed groups which had removed controlling pyramid companies increasingly would come to the market for finance in future by issuing paper with no voting rights to maintain controlling shareholdings. The recent rights issue by Clinic Holdings was an example of this.

Deal paves way for construction boost

Star 23/6/93

Organised labour, civics and the civil engineering sector signed an historic agreement in Johannesburg last night, paving the way for possibly huge job creation in the construction industry.

The signatories are the Congress of South African Trade Unions, the South African National Civic Organisation and the civil engineering sector's National Committee for Labour Intensive Construction (NCLIC).

For the industry, the agreement means maximising the use of labour-intensive methods within public works programmes, despite its enormous investments in machinery.

Cosatu and Sanco have compromised by agreeing to payment through a productivity-linked system.

(32)

"I think we shall find a lot of entrepreneurial skills and small contractors starting to develop," said NCLIC chairman Graham Power.

Cosatu general secretary Jay Naidoo said the agreement showed that "labour movements are not the antithesis of economic growth but part of it". — Sapa.

Landmark deal for construction industry

32 CT 23/6/93

From GRETA STEYN

JOHANNESBURG. — Cosatu and SA's civil engineering industry have reached a landmark agreement on labour-intensive construction methods aimed at creating thousands of jobs.

The Framework Agreement for Public Works Projects using Labour Intensive Construction Systems was concluded this week after a year of negotiations between Cosatu, Sanco and NCLIC — a committee representing civil engineering contractors, civil engineers, the SA Road Federation, consulting engineers and municipal engineers. A statement yesterday said the agreement could increase employment in the industry by up to ten times current levels.

NCLIC chairman Graham Power said: "The agreement formalises the desire and intention of the civil engineering industry and organised labour to raise employment levels in the construction industry — which have fallen from 135 000 in 1985 to 55 000 today." He hoped the agreement would form the basis on which a national employment creation programme could be built. He believed within three years about 50% of all state expenditure on construction would be spent on projects with some labour intensive component.

Cosatu spokesperson Lisa Seftel said the organisation saw the agreement as the foundation of a much wider programme to increase employment.

Table Top moves into the Gulf

Star 25/6/93

Foodcorp's Table Top division, has spearheaded the group's latest export initiative with the successful launching of a number of its products in the Arabian Gulf region.

Branded garden peas, mixed vegetables, cut and sliced beans, baby carrots, sweetcorn, corn-on-the-cob, broccoli and potato chips were introduced to the retail, wholesale and catering trade in Abu Dhabi, Bahrain, Dubai, Kuwait and Muscat in Oman.

"Follow-up orders have been good," says the group's exective director for international marketing, Gert Schoonraad. "In fact, retailers in Bahrain were sold out on the first day.

"Our aim is to capture at least a 10 percent share of their frozen vegetable category in the first 12 months and then to grow this over the next three years to 25 percent," said Schoonraad.

Vietnam appoints SA firm to plan R75-bn export zone

Star 25/6/93

32

By Tom Hood

A South African firm of engineers and planners has won a contract to prepare the master plan for a R75 billion development at Hai Phong, the largest harbour in North Vietnam.

The firm, Van Niekerk, Kleyn and Edwards (VKE), claims to be the country's first to undertake consulting work in Vietnam.

It is acting for a giant Hong Kong investment company, Verygood International, which will invest about \$25 billion (R82 billion) in a joint venture with the Vietnamese government to develop an export processing zone.

Other South African companies could also become involved, says Shirwell Kipps, a partner in VKE.

About 540 factories are to be built in steel, prefabricated and shipped to Vietnam and South African firms could be asked to make them.

"We might also export our bricks there as well," he said.

The Hai Phong development covers about 3 000 hectares. The first phase includes 200 ha of industrial factories and 100 ha of bonded warehousing.

The other 700 ha will contain commercial, business and residential areas, with recreational facilities such as a holiday resort, hotels and a golf course.

Model built

Today the firm completed an architectural model of the project and airfreighted it to Hong Kong.

Kipps said the investment group had been invited by various other governments to develop similar projects.

He and town planners Nico Malan and Alan Simonic returned recently from a visit to Hanoi, Hai Phong and Ho Cho Minh City (formerly Saigon).

Vietnam was poised for tremendous growth, with Japan and Taiwan also planning huge investments there, said Kipps.

A Chinese contractor was expected to build the development.

The Cape company will supervise the construction, civil engineering and other works.

Kipps said Vietnam was a poor country that had seen no development since the war started in 1966 and the communist government was encouraging capitalism to develop the country so it could compete in the Pacific Rim.

VKE was experienced in this planning work through developing 10 new towns, including Khayelitsha, he added.

"In terms of sheer capital investment, South Africa has had nothing to touch this development."

PROPERTY

INTERNATIONAL CONTRACTS

(32)

Two in the bag

FM 25/6/93

Symbion Group, an informal international association of six architectural and design consultancies formed 18 months ago to pitch for property development contracts worldwide, has won the contracts to design two hotels in East Africa.

The group comprises two SA firms, MSC Architects & Design Consultants with offices in Johannesburg and Cape Town, and Durban-based Artek 4. Its African partner is Nairobi-based architect Symbion International which also has offices in Seychelles and Uganda. Its UK-based associates are Surrey architect Broadway Malyan, building services engineer Richard House Barclay Partnership and structural engineer Peter Brett & Associates.

MSC partner Paul Milton says the various firms employ around 500 people, which is the necessary size of an operation to compete for significant projects on the international market. The group is now bidding for 15 projects, several of which are in Africa.

Its first appointment, for the refurbishment of the five-star Serena hotel in Nairobi, for the Paris-based Aga Khan hotel group, came through five months ago. The second, which was signed three months ago, is for the refurbishment of the Sheraton hotel in Kampala.

One project which the group is bidding for is a shopping centre in the Seychelles to be developed by an SA concern. A hypermarket in Nairobi, being developed by a Kenyan group, is at design stage. Other contracts the consortium is seeking are a major hospital in Dar es Salaam and several game lodges in Tanzania. A number of Kenyan contracts, including designs for hotel, retail and health club developments, are also being pursued. ■

FM 25/6/93. (32)

GENBEL/M&R FM 25/6/93

More unbundling

(32)

Having made its decision Sanlam is moving with an almost unseemly haste to put its unbundling plans in motion. Over the past week, companies controlled by Sankorp have announced either a dramatic restructuring of shareholding portfolios (Genbel) or the dismembering of an old pyramid structure (Murray & Roberts, M&R).

Genbel MD Anton Botha says arrangements being negotiated with Gencor, basically to give effect to Gencor's programme of refocusing itself solely in the mining sector, are valued at about R800m. They include the sale by Genbel of its wholly owned subsidiary Genbel Offshore Investments (GOI) which Botha believes is probably worth about R500m.

GOI, domiciled in a safe haven, holds 12,83m A preference shares and 3,5m ordinaries in Donny Gordon's TransAtlantic. That's the company's biggest asset, says Botha, though he confirms GOI also owns 30% of Gencor's exploration operation in Turkey.

Genbel is also reshuffling its holdings of mining shares, principally those in Gencor-managed mines. The Securities Regulation Panel has recommended the definition of control should be increased to 35%. Botha says it's important Gencor should be put in a position which gives it control before the change in definition takes effect.

"At present, Genbel's shareholdings taken together with those of Gencor's, mean it could be deemed a concert party. We'll be selling enough in some cases, principally the Evander mines, to Gencor to ensure it isn't inadvertently caught in a subsequent trap," says Botha.

Another item up for sale is Genbel's joint ownership with Gencor of an unlisted company which holds a significant stake in Samancor. "Because it's unquoted, it gives us little opportunity to undertake any trading," says Botha. "We intend exchanging it for shares in Sappi and Engen."

Gencor chairman Brian Gilbertson says he's anxious to retain links with Genbel. Botha says he believes Genbel's continuing role will be as a financing partner for Gencor projects. "It will give us the opportunity of a first bite at new cherries and it'll give Gencor a market maker it can rely on," says Botha.

Meanwhile, in a move that confirms unbundling means different things in differing circumstances, Sankorp intends breaking up M&R Investments, a classical pyramid company whose sole asset is 25,1% of the issued equity of M&R Holdings.

M&R Investments' shares in M&R will be distributed to shareholders as a dividend in specie, and the biggest beneficiary will be Sankorp. M&R shares may become more tradeable over the long term as some holders divest themselves. Neither Sankorp nor M&R executives were available for comment.

A senior JSE broker says the unbundling debate has been conducted at a very superficial level. "It simply means unlocking assets," he says. The case of JCI-managed holding company Dabi is a good example: this largely neglected counter was trading at a discount of about 32% to the value of its underlying investments. When JCI announced its intention to distribute Dabi's assets to shareholders, the share price almost immediately reflected full value. It is an experience which tends to support the original Derek Keys thesis that his sole intention was to realise value for shareholders' assets.

"The argument about pyramids and holding companies is really about power," says an investment analyst. "These structures were very often put in place to preserve family control of major companies." Whether they survive for much longer in an increasingly hostile environment seems problematic.

David Gleason

Building a better industry

Sowetan 25/6-1/7/93.

By FERIAL HAFFAJEE

A FRAMEWORK agreement signed by major players in the construction industry, trade unions and civic associations this week sets in stone an innovative job creation programme for the sector.

(32)

The agreement commits the industry to using labour-intensive construction methods in public works, while the Congress of South African Trade Unions, for its part, has agreed to a task-based payment system instead of rate-for-the-job remuneration.

Early indications are that the proportion spent on labour in public works programmes will be increased from 10 percent of the contract value to 40 percent, increasing employment in the industry by up to 10 times.

The South African National Civic Organisation is also party to the agreement because projects will be carried out on a community basis.

A flailing economy has dictated the change for both the union and the industry. Employment in the construction industry has fallen from 135 000 jobs in 1985 to 55 000 today; many companies are going to the wall and others are working for cost just to stay afloat.

An accreditation board will oversee the scheme to ensure projects comply with labour-intensive construction methods.

COMP

LTA actively seeks new work

BDay 28/6/93

DUMA GQUBULE

LTA expects to maintain earnings in the year ahead, but will continue to draw down its cash resources to invest in new projects.

MD Colin Wood said in the company's 1993 annual review that LTA remained in a strong financial position with funds on deposit and at the bank exceeding borrowings by R44m at the year-end.

But the funds would continue to diminish over the coming year as LTA made further investments in its businesses. (32)

LTA's funds on deposit had fallen sharply to R67,4m at end-March, which had contributed to a R196m deterioration in the group's working capital position.

Chairman Hilton Davies said at the weekend he did not expect LTA to move into a borrowing position under present economic conditions.

The position was that normal work had been declining, which had forced LTA to look for new projects to replace completed projects.

LTA was looking at a number of new projects which would absorb cash resources in the year ahead, he said.

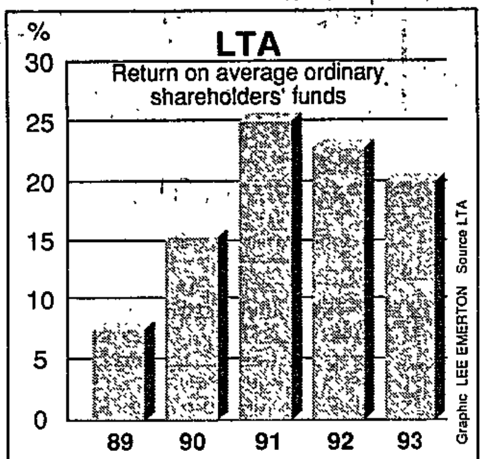
Wood said the value of work contracted for and remaining to be completed at the end of the year had increased slightly to R1,56m (R1,53m).

LTA remained committed to its belief that meaningful opportunities would be secured in other countries although its increased marketing efforts had yet to produce a return.

In his review of operations, Wood said LTA's Aritecon division, after beating its profit forecasts in the past year, expected its margins to come under pressure in the year ahead. The division had, however, identified sufficient opportunities to maintain market share, in spite of expected lower volumes of work.

Prospects in the chemical sector and in mining and infrastructural projects and current work on hand would enable the division to maintain satisfactory profit levels. (1815)

The building division, whose contracts included the Bank City development and the SA Reserve Bank complex in Johannesburg, had taken rationalisation measures. These would enable the division to secure the reduced turnover required to achieve satisfactory profit levels in the current year.



Graphic LEE EMERTON Source LTA

Civil engineering and earthworks operations remained active in neighbouring territories and were involved in the Lesotho Highlands water scheme on a joint venture basis.

The division's opencast mining and heavy earthworks activities were continuing successfully in SA and neighbouring territories.

The Steeledale division, involved in property project management and development, regarded its forward commitments as satisfactory in spite of the increasing caution of institutional investors.

Manufacturing and subcontracting had met forecasts despite losses recorded in factory manufactured buildings and structural steel operations.

The reasons for the losses included a drop in turnover in manufactured buildings to 65% below forecasts, the effects of a strike in August 1992 and a highly competitive market in structural steel activities.

Suitable corrective measures had been implemented in both areas and a return to profitability was expected for the current trading period, Wood said.

Generally, all operations had dealt with declining turnovers and resulting pressure on margins. Where necessary companies had been restructured and refocused in line with changing market conditions.

Agreement set to boost building industry

Property Perspectives

by MAGGIE ROWLEY

EMPLOYMENT levels in the construction and civil engineering industry have fallen off drastically in the past four years of recession.

However, it is hoped a landmark agreement reached last week between labour and industry bodies will pave the way to boosting current employment levels in the industry by as much as 10 times.

Signatories to the Framework Agreement for Public Works Projects using labour intensive construction systems are Cosatu, the South African National Civic Organisation and the National Committee for Labour Intensive Construction (NCLIC), a joint committee comprising representatives of the South African engineering industry.

The NCLIC comprises the SA Federation of Civil Engineering Contractors, the SA Federation of Civil Engineering Contractors, the SA Institution of Civil Engineers, the SAA Association of Consulting Engineers, the SA Road Federation and the Institution of Municipal Engineers.

The agreement was concluded after a year of negotiations and opens the door for a national policy specifying planning and negotiation procedures, job requirements, payment systems, training schemes and so forth.

NCLIC chairman Graham Power said the agreement would hopefully spur government to provide incentives for the use of labour intensive methods.

Endorsement and support was now to be sort from the National Economic Forum.

The stated objectives of the Framework Agreement are:

- To maximise the use of labour intensive methods within public works programmes with due regard to economics;
- To contribute to employment generation;
- To promote the growth, stability and viability of the construction industry and of the labour pool by promoting the development of skills; and
- To meet the social infrastructural needs of the people of South Africa and to ensure their equitable distribution and accessibility.

A high priority in the agreement is given to the consultation with those communities for which public works programmes are undertaken and this is seen as mandatory in the initiation, planning and implementation of any project.

A vital constituent of the Framework Agreement is that a task-based payment system be integral to labour intensive construction projects, the definition of the task and its rate of payment being negotiated between the funding body, trade unions and local community.

Lisa Seftel of Cosatu said while the task-based labour system was integral to the Framework Agreement, Cosatu would not be happy to see this used as a precedent for piecework payment

Power said an Accreditation Board was to be established comprising representatives of NCLIC, organised labour, nationally representative community organisations and the Department of Manpower.

This board will ensure that proposed projects comply with the specifications defining labour intensive projects and will also arbitrate on any complaints, such as breach of the conditions of work, which may arise from the project.

— ET 28/6/93 (32) (88)

New road laws will be tough to implement

B/Day 29/6/93

IMPLEMENTING new road legislation will be a thorny issue — especially laws to ensure heavy vehicle drivers are competent and do not spend long hours without a break from driving.

Road Freight Association business development manager Hugh Sutherland says sections of Chapter 3 of the Road Traffic Act may be implemented from January next year, beginning with registration of drivers of all vehicles in excess of 3,5 tons gross mass.

Chapter 3 also aims to ensure all heavy vehicle drivers, not just those providing a public service, possess valid drivers licences, are competent and medically fit.

This is seen as the first stage towards introducing stricter driving hours, adding another dimension to the new Road Transport Quality Service (RTQS) legislation being phased in.

Registered

Problems could arise, as Chapter 3 will require drivers of vehicles exceeding 3,5 tons to become registered PrDP (professional driver permit) holders.

Not only is the PrDP expected to be a stiffer test than is the existing PDP (public driver permit), but many who do not hold PDPs — such as private fleet drivers — could fail the medical and lose their heavy duty licences.

A large number of drivers for private fleet operators are in that transport sector because they could not pass the old PDP test to qualify for employment with public fleet operators.

Sutherland says some resistance from trade unions is expected, as those drivers who fail the new PrDP test could be disqualified from driving heavy trucks and stand to lose their jobs.

As things stand, the holder of a PrDP will be defined as the "operator" and also be held criminally liable should his vehicle be overloaded — even if this is the fault of his unscrupulous employer. (32)

In an effort to reduce fatigue and the accident rate on SA roads, these tougher driver requirements will precede new legislation due in July next year on stricter driving hours for commercial vehicle drivers.

Enforcement is always the real test and, if past records are anything to go by, there could be hiccups.

Toyota SA director (truck division Des Gush is concerned about the number of incidents of corruption among law enforcement officers that are reported by operators.

"Such practices should be discouraged and reported to the authorities. If road transport is to remain a dynamic and vital industry, the RTQS must be properly enforced," says Gush.

A major requirement in enforcing RTQS driver hours legislation is that a monitoring device — onboard computer or tachograph — must be able to make such records available at all times.

In terms of SA Bureau of Standards requirements introduced two months ago, monitoring instruments must meet new stringent accuracy calibration, installation and servicing requirements which ensure they cannot be tampered with, says Sutherland.

SABS-approved monitoring devices will help to reduce the number of hours a driver spends behind the wheel, says Control Instruments marketing director Terry Savage.

A tachograph fitted to a commercial vehicle, for example, can at any time produce on-the-spot driving time records for law enforcement officers.

The latest SABS requirements aim to prevent it from being falsified, and each driver will need his own tachograph chart on each journey.

Simple

"It is believed most medium and heavy trucks are fitted with tachographs and, when legislation on driver hours is fully implemented, enforcement can be simple," says Savage.

"This is because traffic officers require little training to obtain tachograph information on how long the driver has been at the wheel or resting and can take immediate action."

In SA, legislation allows the driver of a heavy vehicle to drive continuously for up to five hours before taking a mandatory break of at least 15 minutes. No more than 15 hours of driving is allowed in any 24-hour period.

Basil Read to sell its R45m portfolios

B/Day 30/6/93

ANDREW KRUMM

BASIL Read Holdings will sell its R45m investment and development property portfolios to a consortium of investors, the directors said today.

Issuing a cautionary notice, they said the transaction would be concluded today, prior to the signing of a long-awaited deal giving French-based Bouygues Construction a majority stake in Basil Read.

Basil Read MD Chris Jarvis declined to name the members of the consortium or the purchase price. He said the deal would convert its property holdings to cash for use elsewhere in the organisation.

The deal would enable Basil Read to concentrate on its core business and distance it from the risks of holding property.

"Although the deal implies that Basil Read will no longer be a landlord, it does not mean we will move out of the property development market," Jarvis said.

He added that Bouygues was prepared to increase its participation in Basil Read from its present 25,9% stake only once the property deal was concluded.

A hint of recovery in building survey

B/Day 1/7/93

CAPE TOWN — The lack of confidence displayed by architects, quantity surveyors, building contractors and subcontractors confirmed that the recession, while bottoming out, was still firmly in place, Bureau for Economic Research (BER) director Ockie Stuart said yesterday.

He said the findings of a survey of conditions in the building sector in the second quarter suggested that there was no likelihood of positive growth before well into 1994. However, there were signs of a slight improvement in conditions in some sectors in the third quarter of this year relative to the second.

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Of particular note, Stuart said, was the lack of confidence among architects, as their level of activity was a signal for future activity in the building sector as a whole. The inactivity among architects therefore suggested that the building sector was likely to continue experiencing depressed conditions.

Conditions among architects in the second quarter were unchanged from the first quarter and were worse both year-on-year and in terms of expectations.

However, the situation was expected to improve in the third quarter in terms of the number of people employed by architectural firms; an increase in the value of contracts awarded relative to the second quarter; and a sharp rise in the number and value of commissions at working drawing stage.

LINDA ENSOR

Stuart said these trends could be an early indicator that a better future lay in store particularly for the non-residential architectural sector.

A high number of quantity surveyors (83%) were dissatisfied with business conditions, but an improvement over the first quarter was apparent in terms of value of contracts awarded, number of projects at sketch plan stage and total value of projects at sketch plan stage. This was expected to continue in the third quarter.

Residential building contractors were pessimistic about any improvement in the third quarter compared with the second quarter although better conditions were not expected by non-residential contractors or by subcontractors generally.

"Competition in tendering remains keen for all contractors. The survey does, however, indicate that tendering competition in the second quarter relative to the first was less keen for contractors in the non-residential market, but marginally keener for the residential sector."

Keen tendering was keeping building costs at a very low level.

The survey found that competition remained keen among subcontractors, with 80% of respondents indicating it was worse in the second quarter compared with the first. "There are, however, clear indications that the builders are unable to keep on absorbing cost increases," Stuart said.

Building costs set for sharp increases

(32) CT 9/7/93

By MAGGIE ROWLEY
Property Editor

BUILDING costs could be expected to increase shortly as builders could no longer continue absorbing cost increases, the Bureau of Economic Research warns.

BER's latest nationwide survey of the building sector confirmed that the recession was still firmly in place. While there were "slight" signs of a bottoming out in the recession most indicators suggested that positive growth would not be registered before well into next year.

This, said BER helped explain the lack of confidence among professionals, particularly architects, in the industry.

According to BER, its building cost index (excluding VAT) recorded an average increase of 3,1% last year far lower than the 11,4% average increase recorded in 1991.

However, there has been an annualised increase in the index for the first quarter — 4,1% against 3% in the last quarter of 1992.

BER says that in spite of the recession in the building industry and the very keen tendering it is possible that the index will further increase this year.

"A major reason for this is the length of the recession and its impact on companies that are no longer able to absorb further cost increases without very serious financial implications."

Architects surveyed said business conditions in the second quarter reflected a no-change situation from the first quarter of the year and a deterioration on the second quarter of 1992.

Conditions were also worse than architects had anticipated when surveyed in the first quarter regarding both the number and total value of commissions received at working drawing stage and the number and total value of contracts awarded.

In spite of this, marginal improvements were reflected in some of the indicators surveyed. The number of people employed by architectural firms showed the largest "net" improvement with 28% of respondents reporting that the number of people employed by their firms had declined in the first quarter against a net 18% in the second quarter.

This bottoming out is expected to continue in the third quarter with only a net 10% expecting further decreases in employment.

BER says that in spite of conditions being worse than during the same period last year, the number and value of commissions at working drawing stage are expected to be improve considerably in the third quarter which could indicate better things are in store for the non-residential sector in particular.

More than 80% of quantity surveyors surveyed were dissatisfied with prevailing business conditions. However, although conditions were worse this year than last some improvement was seen in the second quarter and this relatively positive trend is expected to continue in the current quarter.

Conditions for both building contractors and sub contractors in the residential and non residential sectors were worse during the quarter under review than the corresponding period last year.

Non residential contractors were more pessimistic and dissatisfied than their residential counterparts.

Competition in tendering remains keen for all contractors, however tendering competition in the second quarter was less keen for non-residential contractors than in the first quarter. Reflecting the lack of work on hand, 80% of subcontractors reported keener tendering competition in the second quarter.

LTA

Costs make the difference

Activities: *Engineering, construction, project management and development projects in all disciplines throughout southern Africa.*
Control: *Amic 70%.* (32)
Chairman: *H K Davies; MD: C J M Wood.*
Capital structure: *27,4m ords. Market capitalisation: R164,4m.*
Share market: *Price: 600c. Yields: 5,8% on dividend; 19,8% on earnings; p:e ratio, 5; cover, 3,4. 12-month high, 625c; low, 300c. Trading volume last quarter, 1,1m shares.*

Year to March 31	'90	'91	'92	'93
ST debt (Rm)	28,2	10,5	15,3	19,5
LT debt (Rm)	13,2	4,4	31,8	46,0
Debt:equity ratio	n/a	n/a	7,3	12,5
Shareholders' interest	0,19	0,2	0,21	0,27
Int & leasing cover	2,5	7,7	n/a	6,7
Return on cap (%)	6,4	7,0	6,6	10,6
Turnover (Rm)	1,83	1,87	1,88	1,61
Pre-int profit (Rm)	36,3	40,1	47,4	51,5
Pre-int margin (%)	1,9	2,1	2,5	4,6
Earnings (c)	53	88	114	119
Dividends (c)	20	25	32,5	35
Tangible NAV (c)	485	412	598	673

Chairman Hilton Davies looks particularly cheerful in the full-page photograph the company devotes to him in this year's annual report. But, then, this year he has good cause to display a broad smile.

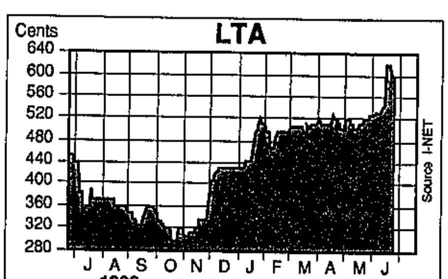
LTA, one of SA's largest building and construction companies, isn't exactly in a sector noted for the ease with which it is managed. After all, who in his right mind would want to be in a business so heavily dependent on confidence and which has been so squeezed in the last two years?

Bucking the trend, LTA has returned a net increase in operating profit of 8,6%, an improvement in EPS of 4,4% and an 8% increase in dividend. This was achieved in the face of a 14% fall in turnover to R1,6bn. No wonder Davies is pleased.

There is a story in this and it relates to an ability, in a difficult period, to focus on the lone area in which management can have some effect: costs. LTA's accounts don't give much away in this area but it's possible to deduce the extent of control over costs from the improved trading margin.

I was berated by Davies for my hasty conclusion (*Fox* June 18) that LTA's working capital requirement had grown by nearly R200m over the year. He says the change was limited to R119m; so I stand corrected.

Nevertheless, that swing in working capital requirement, along with significant in-



& cont

vestment in plant and equipment for two major mining projects, has affected cash holdings, which have diminished by R54,7m over the year. MD Colin Wood says funds on deposit at year-end were R44m, but these "will continue to diminish over the coming year."

Davies and Wood emphasise cross-border activities. Strangely, neither divulge where these are taking place or how important they are. When questioned, Davies says they relate in particular to Botswana, where LTA is building the defence force's new air base, and Lesotho, where it is heavily involved in tunnels for the Highlands Water Project.

Still, I'm intrigued by their approach. They manage to make it sound as though working outside SA is something new for LTA. It isn't.

LTA has a tradition of taking on work wherever it looks inviting: examples are London's Docklands project and various schemes in the Far East. This time the store Davies lays in cross-border work is based on providing the crutch LTA needs until the local economy revives.

LTA's directors emphasise its penetration of contracts related to new mining projects. Davies singles out the open-cast platinum mine development for JCI and a new coal mine project for Sasol. These absorbed much of LTA's spare cash (used to invest in mining equipment).

The 1993 year was important for LTA in that it finds itself with a new owner, Amic, which has absorbed the Anglo American Corp share and now holds 70% of LTA. While putting these holdings in one basket probably makes sense, it also means Amic chairman Leslie Boyd, known for his tough, business-like approach, will have even more reason to scrutinise LTA's performance.

That will please shareholders in a sector conspicuous for the frailty of its returns in recent years and which doesn't promise much better for 1994.

David Gleason

DATES TO REMEMBER

Last day to register for dividends:
Friday Jul 9: Clicks 27c; GDM 11,2c; Otis 17c; Pepgro 22,5c; TML 47c.
Meetings:
Monday Jul 5: Corwil; Powertech (Sandton).
Wednesday Jul 7: Altech (Bedfordview); Edgars.
Thursday Jul 8: OK.
All meetings are in Johannesburg unless otherwise stated.

Big chance for small builders

S/Times [Buss] 4/7/93

THE formal construction industry cannot meet the housing backlog of about 1,4-million units and small, informal contractors must be developed to their full potential.

This is the view of Promatra Training Centre director Nick Band, who with the Development Bank of Southern Africa and the Independent Development Trust, has convened a two-day meeting for Friday and Saturday of small contractors to discuss development of their business. (327)(~~123~~)

The meeting will be attended by 48 delegates from the National African Federation of Building Industries, the African Builders Association and small contractor organisations.

BDay 7/7/93

New training concept

MZIWAKHE HLANGANI

THE African Builders' Association, in conjunction with the National Federation for the Building Industry, has launched a new assistance programme for black builders. It will focus on turning craftsmen and labour-only subcontractors into productive contractors and developers.

A community-based construction concept, in which communities' approval was sought for new projects and building costs were held down, was a prerequisite for SA's construction sector, said property analysts.

Civil Engineering Consultant associate Dave Harrison said the new concept would develop contractors within communities. There would be training in all aspects of building, including technology and financial and entrepreneurial skills. This would help communities to build and maintain their infrastructures.

He said the dangers of violence in black townships had caused construction companies to place a price premium of 30% to 50% on contracts in these areas. Community-based construction could provide services at a reasonable cost where no conventional method would have succeeded.

The Development Bank of Southern Africa's Centre for Policy Analysis associate director Mike Muller said construction industry personnel had to become multiskilled to meet the challenges of a new SA.

The construction industry had shown its willingness to meet the challenges after a tentative agreement between Cosatu and the civil engineering industry on labour-based construction. 32

Another promising venture was the development and application of products and processes, such as concrete block road technologies, which were more labour intensive than other methods.

National African Federation for the Building Industry executive chairman Conny Peterson said a joint education programme to assist small black building contractors had been set up with the African Builders' Association.

Existing training for building tradesmen did not meet the needs of the small black contractor. Hands-on assistance was needed, and access to finance, surety bonds and credit for building materials should be addressed, he said.

PAC senior analyst Mosebane Malatsi said the future government should provide on-the-job-training to unemployed youth in the same manner that the present government had when it built areas such as Soweto and Mamelodi 40 years ago.

Costs mask dip in building

Municipal Reporter (32)

THE value of building work in progress in the city at the end of June last year was R1,1 billion — an increase of 26% over the previous year, the city planner's latest annual report says.

The report deals with the period June 1991 to June 1992.

But much of the increase can be attributed to higher building costs, as other statistics indicate a downturn in activity. CT 8/7/93

In all, 8 748 building plans were submitted compared with 10 620 in 1991.

The number of plans approved was down but the value of the work approved rose from R656m to R693m.

Fewer houses but more blocks of flats were completed than in the previous period (526 houses and 10 blocks of flats, compared with 672 and six).

32

OVCON FM 16/7/93

Tax squeeze

32

Activities: *Civil engineering, contracting and building.*

Control: *Directors 31%; managers and staff 27%.*

Chairman: *A D P Ovenstone; MD: J Kaminski.*

Capital structure: *9m ords. Market capitalisation: R7,2m.*

Share market: *Price: 80c. Yields: 15,6% on dividend; 43,5% on earnings; p:e ratio, 2,3; cover, 2,8. 12-month high, 125c; low, 75c. Trading volume last quarter, 17 000 shares.*

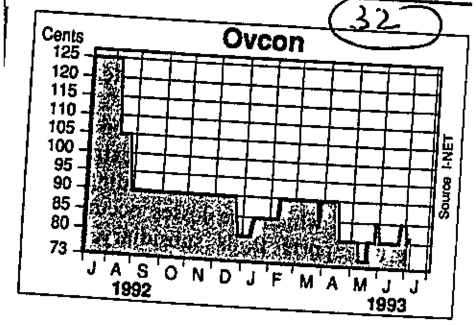
Year to March 31	**'91**	**'92**	**'93**
ST debt (Rm)	—	—	0,9
LT debt (Rm)	3,4	3,9	1,4
Debt:equity ratio	n/a	n/a	n/a
Shareholders' interest	0,18	0,25	0,28
Return on cap (%)	2,0	4,6	5,7
Turnover (Rm)	72,7	133,4	147,8
Pre-int profit (Rm)	0,9	2,0	2,6
Pre-int margin (%)	1,2	1,5	1,8
Earnings (c)	14,7	46,8	34,8
Dividends (c)	—	12,5	12,5
Tangible NAV (c)	88	122	145

Ovcon has proved its ability over the years to complete complex contracts on time and to a high standard. It is now proving it can operate profitably in an economic climate that is hostile to building and civil engineering contracting.

In the year to March 31, turnover advanced by 10,8%. More commendable was the 31% increase in pre-interest profit, but the taxman queered this pitch. Until last year, Ovcon could use assessed losses to minimise its effective tax rate. All these losses have been absorbed and the tax rate rose from almost nil to 33%.. Attributable income therefore fell 26%.

All divisions throughout SA improved turnover and profitability. Only a limited retrenchment programme among salaried staff was necessary.

To generate better returns than can be



achieved in southern Africa, management has been seeking opportunities elsewhere. There are attempts to win contracts in the Middle East, where large infrastructural spending is taking place.

MD Jan Kaminski expects thin margins and lower profitability this year, largely because the home market is fiercely competitive. Ironically, the better margin last year was mainly responsible for the good growth in operating profit.

The balance sheet is healthy. At year-end, it showed a cash balance of R15,3m (R18,3m) and minimal interest-bearing debt.

Management believes the industry is at the bottom of its cycle and notes that Ovcon could increase turnover by more than half without calling for additional capital from shareholders.

The market's rating of Ovcon shares on a p:e of 2,3 and a 15,6% dividend yield seems harsh, as the dividend was at least pegged.

Though the economy is not encouraging investment in infrastructural stocks now, the company seems capable of taking full advantage of any improvement. A well-timed investment in the share could produce good gains.

Gerald Hirshon

COMPANIES

BDay 16/7/93

Paper raises R200m for M&R

TIM MARSLAND

MURRAY & ROBERTS has raised R200m through the commercial paper market — making it one of the first listed companies to borrow funds in this way.

M & R's paper has maturities of seven and 10 years. (32)

Under new regulations issued by the Reserve Bank this year, any company with net assets of more than R100m can issue commercial paper. The advantage is that banks do not have to endorse it, which brings down companies' cost of financing. It also does not have to be secured.

M & R commercial director Jeremy Ratcliffe said the cash raised would form part of the company's "piggy bank". He did not expect further significant issues in the near future because M & R's cash position was healthy. M & R had not gone the route of a corporate bond because the issue was too small, he said.

UAL GM, treasury, Peter Lane, whose merchant bank put the deal together, said the paper had been placed with five major institutions and issued at a fixed interest rate linked to government's RSA paper, to which a slight premium was added.

He expected the commercial paper market to take off, because it was attractive to corporates. More issues were under consideration, he said, but he would not elaborate. He said a commercial paper issue need not necessarily be for a large amount and could be structured to meet the needs of most corporates.

□ SA Breweries launched a R1bn corporate bond in December 1992, but commercial paper differs in that it is not a listed instrument.

SUNDAY TIMES, Business Times, July 18, 1993

Less work for fewer architects

S Times (Buss) 18/7/93

ADRIAN HERSCH

THE number of registered architects in SA — which usually increases every year — has fallen in the past three years.

André van Graan, of the Institute of SA Architects, says most are being lost to emigration. Some are moving into other fields.

Graduates entering the field battle to find jobs, but there may be a shortage of architects in a few years. (32) (648)

The Central Statistical Service (CSS) says that in the first four months of this year the value of plans passed fell when compared with the same time in 1992. (38)

The value of plans for houses fell by 4,5% to R1,122-billion and for flats and townhouses by 20,9% to R404,4-million.

The value of plans for non-residential buildings fell by 25% to R626,7-million. Addition and alteration plan values increased by 2% to R1,119-billion.

Mr van Graan says graduates ~~have had to~~ accept low pay in order to find employment.

"There are even instances where graduates took jobs for next to nothing, in order to get experience." (15)

Probe into raising housing funds

GRETA STEYN

INVESTEC Merchant Bank and its partner Fedlife are investigating the feasibility of devising a new capital market instrument to mobilise institutional funds for low-cost housing.

Investec bank director Peter Cahi said at the weekend the merchant bank and Fedlife had had preliminary discussions with the SA Building Industries Federation "to see if we can come up with an instrument that will appeal to institutional investors".

He could not elaborate on how much finance would be raised and which development organisation would channel the funds to end-users.

"The project is still being pinned onto the drawing board," he said. It is understood support from major political players will be a key factor in shaping the venture.

Institutional investors, eager to avoid imposition of prescribed asset requirements once a new government is in place, have indicated their willingness to put funds into "socially desirable" investments if suitable instruments are found.

Their enthusiasm has sent merchant bankers rushing to the drawing board to come up with new ideas. Leading the pack so far is UAL, which was involved in the first new instrument for low-cost housing, known as Collateralised Housing Investment Paper (Chips).

The merchant bank in the Nedcor fold was also involved in Eskom's new bond to finance township electrification. Rand Merchant Bank is also active and helps manage the collateral security backing the Chips initiative.

Although more than R100m was raised through Chips, very little of the finance has been disbursed because of bottlenecks in the housing delivery channels. Development experts said at present the lack of institutional capacity was a greater problem than the availability of finance.

ccess in building ● Wrighton urges beneficiaries of old order to sacrifice ● Function tonight

Soccer gave him a key

Sowetan 22/7/93

■ CIRCLE OF MIGRATION Hoping for a return to the boom days of 250 plans a month

(32)

David Nkutha

By Mzimkulu Malunga

DURING David Nkutha's days as a soccerite, the word "Inch" spontaneously flowed from fans' mouths and it made business sense to call his enterprise by that name when he ventured into business.

"The name was so popular that I noticed that people would get to know more quickly about my business and it was a marketing strategy for my business," says the owner of Inch Building Plans.

The company has been around since 1978 and between then and now, it migrated from township to Johannesburg's central business district and back to the township.

Despite recessionary conditions which have hit the construction industry hard below the belt, Inch Building Plans still produces 100 plans a month — strictly to order.

Like many who do business in the depressed construction industry Nkutha is keeping his fingers crossed that talks on a major national housing programme are converted into action, so that the good old days of 250 plans each month can return.

Inch says he has deliberately shied away from entering into business transactions with big companies as the tend to dictate terms to smaller ones.

Inch employs three people, one of them a qualified draughtsman.

David Nkutha automatically qualifies for the *Sowetan*-Sanlam Entrepreneur of the Month competition. Winners of the monthly contests will compete among themselves at the end of the year.

New look at finance for low-cost housing

BiDay 23/7/93

GAVIN DU VENAGE

BUILDING suppliers and contractors involved in low-cost housing should set up their own channels for end-user finance, building material suppliers' representive to the National Housing Forum, Barry Ferguson, said in Johannesburg yesterday.

Speaking at the CSIR's Quantarc Forum, Ferguson said traditional lending institutions were incapable of providing finance for the low-cost housing market. (32)

Banks did not have the necessary culture, or mindset, to change their thinking, he said. Low-income families had limited access to other forms of finance, but if the building industry was to capitalise on the need for housing, it should consider setting up its own financing mechanisms.

The lack of finance at this level was still the most "vexatious" problem the forum was grappling with, he said. But the building industry could come up with creative solutions, such as partnerships with banks.

Ferguson said the forum was in the process of developing policy approaches that could lead to a framework for a national housing strategy.

Once its proposals had been translated into concrete structures, it would lead to a housing boom. "From now on, it is only good news for the building industry."

Although the forum had been criticised for not having built any houses, or not having spent some of the R500m budgeted for housing, it was acting as an important "talk shop".

It was not the forum's task to provide housing, but to provide a framework in which other interest groups could function.

The four key areas of concern were: land availability and affordability, rule of law, which would determine a lender's right to take possession of a house in case of a default; the difficulty of end-user finance; and consumer protection.

Ferguson said all the major interests were represented, and would eventually take on responsibility for setting housing policy. This included extra-parliamentary political parties, civics, government and business.

While government held a monopoly over housing provision, its role would soon diminish, he said. With community organisations and the building industry getting directly involved, the R500m would soon be spent.

Ferguson said that during this process the civics had become aware of what was affordable and what was not. In some instances politicians were having to move away from fixed positions, a move that would be traumatic during elections.

Promises of a $50m^2$ house for every South African were not realisable, and politicians had come to accept that.

Ovcon orders in place for growth

CT 24/7/93

By MAGGIE ROWLEY
Property Editor

CAPE-based Ovcon Construction — whose share price has more than doubled in the past year — has secured 80% of the work it requires to get through the year, according to MD Jan Kaminski.

Ovcon's share price has jumped from 35c a share this time last year to 80c a share at the JSE close last night.

Ahead of the agm yesterday Kaminski said in an interview that while there were still no signs of the an improvement in the industry and the government remained paralysed certain private sector projects were in the offing.

"As such we are confident we will secure the additional 20% work load we require to get through the year."

He pointed out however that they remained "hungry" and with their current infrastructure the company had they had the capacity to increase their work load by 50%.

Chairman Andrew Ovenstone said the lack of business confidence and prevailing difficult economic times made accurate forecasting difficult particularly regarding fixed investment.

Margins, he said, remained under pressure and would have to improve before earnings growth could be seen.

Preliminary results indicated that nothing adverse had happened and the company was performing satisfactory.

Liquidity remained strong and the company had little gearing with cash flows remaining sound.

The industry, he forecast, would benefit from infrastructural spending once a political settlement was in place.

"And we believe our company is better placed than most to benefit from this."

Ovcon, which had secured a R7m contract in Abu Dhabi, was currently tendering for other contracts.

Surprise! Concrete blocks cost more

(32) ARGT 24/7/93

TOM HOOD
Business Editor

BUILDING houses with concrete blocks is more expensive than using other forms of masonry material, say University of Cape Town construction economics academics.

Professor Alan Stevens and senior lecturer Mr Keith Cattell reached the surprise finding after a study based on three house designs produced by an architect and a structural engineer.

Contrary to perceptions, even clay face bricks were more economical than concrete blocks, they found.

Concrete blocks, introduced into low-cost housing as an alternative masonry material, has generally been perceived to result in considerably lower construction costs.

The academics found, however, that when built strictly in accordance with the Concrete Masonry Association recommendations, the concrete blocks resulted in buildings more expensive than those constructed from either clay or concrete maxibricks, or combinations of these with facebricks.

It was also significant, they said, that on the basis of lifecycle costing, taking the need to paint at regular intervals as the only criterion, clay face brick, considered by many to be the walling of choice would probably be the most cost-effective option over the full economical life of the building.

The house specifications used in the study were for modular designs suited to both block and brick construction.

It was found that, within the constraints of the design, more concrete block material was needed to complete the buildings.

The work involving masonry-penetrating roof timbers was also more expensive, adding considerably to the cost of the buildings in concrete block.

Also adding to the cost was the need for corner blocks, three-quarter, half and quarter blocks.

Limitations in the available range of modular windows and door frames necessary for blockwork construction made it necessary to purpose-make certain of these fixtures when using concrete block — again adding to the cost of the entire construction.

Professor Stevens and Mr Cattell said it was common cause that concrete block had been used less expensively in construction in the Western Cape.

PROPERTY SCENE

Moving water across country

Sowetan 28/7/93

By Bongani Mavuso

■ **SEMI-ARID** South Africa is not blessed with water like other countries:

WATER MAY fall freely from the heavens but without the intervention of the civil engineer, who harnesses it and makes it available, most of it will flow unused to the sea.

So says Mrs C Barnard of the Department of Water Affairs and Forestry.

(327)

Barnard says where there is water, health, growth and development are possible.

"The key to a country's well-being is therefore a sound water engineering infrastructure."

Qualified water engineers are needed to bring this life-giving resource to as many users as possible at a cost that the country can afford.

In South Africa, Barnard says, many practical problems hamper the water engineer in his-her task. She says compared with many other countries, South Africa is not "blessed" with much water.

"Great tracts of land are semi-arid. Very little water occurs there naturally and rivers flow only sporadically."

She says severe droughts that occur regularly affect the flow of South Africa's largest rivers. In addition, many of the country's cities have developed far away from ample water sources.

Dams are built to store excess water that falls during wet spells for use during dry periods.

"That water then has to be transported to where it is needed which can sometimes be hundreds of kilometres away.

"Our country is therefore characterised by many large interbasin water transfer schemes that transport large volumes of water from rivers that have water to spare, but few users, to places with little water but great concentrations of people and industries," Barnard adds.

Referring to the Lesotho Highlands Water Project, she says such projects will provide much-needed additional water to the PWV region in exchange for royalties that have to be paid to Lesotho.

Barnard notes that large water projects are extremely expensive and can only be embarked upon if they can be economically justified as being in the national interest.

Intensive and detailed engineering studies precede the construction of a dam or large water scheme.

Only if it is found to be a viable option, the Department of Water Affairs and Forestry will proceed with the project.

These studies, she continues, are done within the context of river basins and in consultation with all interested parties.

The volume of water that is available to the catchment, the users in the catchment, their water quantity and quality requirements, future water requirements and cost are all carefully assessed.

Water users include homes, agriculture, industry and the natural environment.

The Department of Water Affairs and Forestry is responsible for bulk water supply.

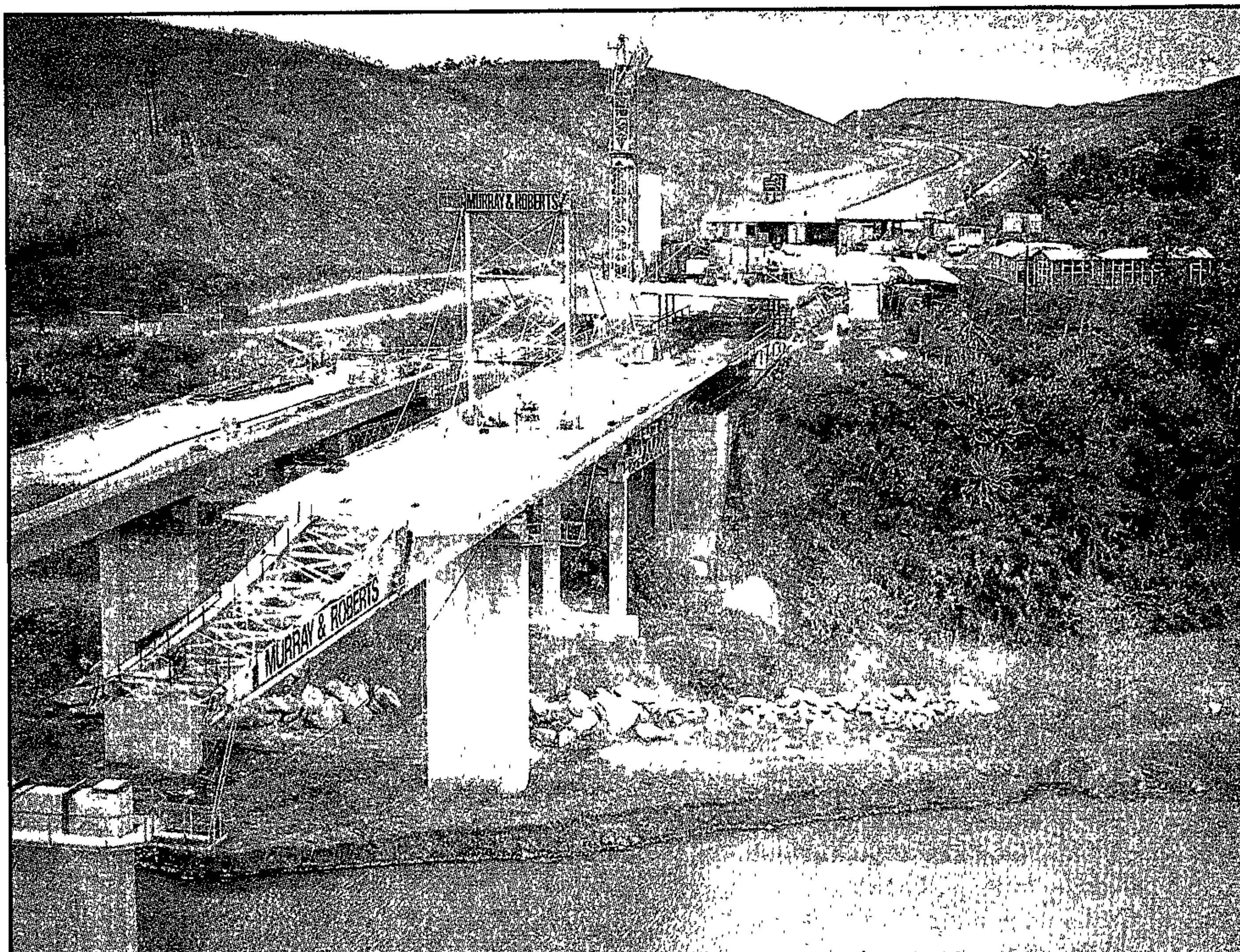
This means that it has to ensure that a dependable water supply is available to all users.

Thereafter, it is the responsibility of the second tier of water supply, water boards or regional authorities to purify and supply the water to the third tier, namely local authorities who distribute it within their areas of responsibility, Barnard explains.

"Small, local and rural water schemes fall within the ambit of the last category and therefore ultimately slot in under the provincial authorities," she says.

Barnard says as the population growth rockets with its accompanying demands for more food, jobs and improved lifestyles, the pressure on South Africa's water resources will increase.

INSTITUTION OF CIVIL ENGINEERS FEATURE



Umhloti Bridge is one of Murray and Roberts' projects.

More capital key to progress

Sowetan 28/7/93

By Bongani Mavuso

THE managing director of Murray and Roberts Construction Limited, Mr AJ Coy, says little has been spent recently on the infrastructure in South Africa because of the recession.

Coy says as the economy improves, more capital will need to be made available for the upgrading and maintaining of the basic infrastructure of the country.

"This is vital for the long-term prosperity of the country. This, together with the obvious needs of our neighbours in this regard, are positive indicators for the future."

Civil engineering, while covering many aspects of design and construction, has to a large degree to do with the provision of infrastructure, which includes clean water, water treatment, roads, railways and the provision of power, harbours and airports.

These aspects of civil engineering and many others are all related to improving the quality of life of an area or country.

Coy points out that the work of a civil engineers can be split into two categories: the design of civil engineering works and the construction of the works.

He says the design of civil engineering works is traditionally done by an engineer working in a professional engineer's office. This involves the technical design, drawings and specifications.

(32)

The construction of the works is undertaken by a civil engineering contractors working on sites, wherever that may be, physically building or constructing the works required.

Murray and Roberts Construction is a construction company which is involved in building, housing and civil engineering contracting, Coy says.

"The company undertakes all types of civil engineering work and other specialist work such as that related to mining and the slip forming of concrete silos."

Umbrella body for SA construction

32
27/9/93

By MAGGIE ROWLEY
Property Editor

MORE than 50 employer organisations in the construction industry have joined forces under an umbrella body in a major breakthrough expected to increase the industry's bargaining muscle.

The move, initiated by the Building Industries Federation of South Africa (Bifsa) unites the industry which has previously been separated not only on formal/informal sector lines but also into different ethnic groupings.

The constitution of the new body, known as the Council for Construction in South Africa (Cocosa), is being finalised and is expected to be ratified at a meeting later next month.

Nine organisations were elected by member organisations to steer the new council. These include the African Builders Associaton, Bifsa, the National African Federation for the Building Industry, the National Association of Home Builders, the Association of General Contractors, the South African Federation of Civil Engineering Contractors, the various professions such as architects, quantity surveyors, Specialist Engineering Contractors and BMSA representing the material suppliers to the industry.

Each of these bodies will be represented by one menber and one alternate on the council and each will have the right to call in observers to any council meeting.

In terms of the interim constitution, other bodies, such as the Development Bank of South Africa, the Independent Development Trust and the South African Housing Trust can be co-opted to the council for specific meetings.

Describing the formation of Cocosa as a major breakthrough, executive director of Bifsa, Ian Robinson, said his organisation would continue to perform the secretarial functions.

"The spin-offs should be immense in the increased bargaining muscle we should have as a united industry. Once Cocosa has had some time to bed down, it will no doubt become the lobbying force for the industry," he said.

The greatest spinoffs, he said, were likely to be in housing matters which were expected to take top priority in the new South Africa.

Besides lobbying government, Cocosa would liaise with associate bodies, co-ordinating training through South Africa and further afield.

Neighbouring companies were presenting formed bodies similar to Cocosa through which they would be regionally represented. Cocosa would be an important member of the newly formed Regional Council for Southern African Construction, said Robinson.

This Regional Council will be chaired during its inaugural year by Swaziland followed by Zambia.

Construction still Stocks mainstay

Star 1/9/93 (32)

BY STEPHEN CRANSTON

For the first time less than half of Stocks & Stocks's operating income was provided by construction, the annual report for the year to April shows.

Nevertheless, construction remained the most important contributor, providing 43 percent of income.

The highlight was the completion of the Palace Hotel and Lost City project.

Sun International has been a key client for many years, and Stocks is almost certain to be the lead contractor for the R220 million revamp of the Sun City Hotel and Cascades, which starts in January 1994.

Other important projects are the new ISG Head Office in Sandton and the New Heart Hospital in Pretoria.

Chairman Reg Edwards predicts that the turnover and profitability of the housing construction division will increase by 50 percent this year.

He says this division is seen as an area for forging closer ties with the informal sector and, through labour-intensive processes, being an area of job creation.

The property division continues to provide its building colleagues with 50 percent of their work.

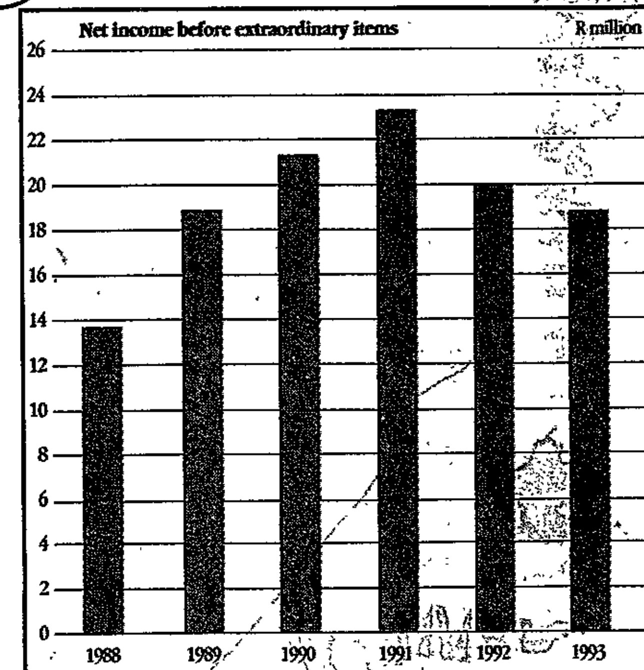
The thrust of the division has moved from office blocks to retail, leisure and industrial developments.

The leisure division provides an added dimension, which differentiates Stocks from competitors such as Grinaker, LTA and Murray & Roberts. Its KwaMaritane timeshare complex near Sun City is perhaps the most successful property of its kind.

Stocks has taken what it calls its "environmentally oriented" concept to form a network of eight resorts, including Kruger Park Lodge, Castleburn in the Drakensberg, Wilderness Dunes on the Garden Route and Tshukudu Lodge in the Pilanesberg.

Stocks Systems Technology provides some diversification from bricks and mortar. It is now the sole distributor of Lotus products. It has made meaningful investments in the open systems and software application arenas.

Stocks has assembled a good portfolio of clients and properties. Though turnover took a 23 percent knock last year, the quality of the business improved.



Stocks & Stocks looks like good buy ahead of upturn

ARG 2/9/93

Business Staff

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Stocks has assembled a good portfolio of clients and properties. Though turnover took a 23 percent knock last year, the quality of the business improved.

With a P/E ratio of 3,2 and a dividend yield of 9,2 percent, it looks worth accumulating ahead of the next upturn.

Bifsa's bid to drop whites-only image

ROBYN CHALMERS

THE executive of the Building Industries Federation SA (Bifsa) has approved a plan to dispel its image as a whites-only organisation serving the needs of big business.

Bifsa executive director Ian Robinson says the federation has to become "more representative and relevant in the new SA".

Reconciling the needs of a large construction group like LTA and those of the Transkei Builders' Association may prove harder to achieve in practice. BIDay

Robinson says "the driving force" behind the plan is the need to encourage greater alliances between the formal and informal sectors. 2/9/93

Bifsa has hit on a new slogan — Building, the engine for growth — which reflects the industry's position as the largest employer in SA. (32)

"The revival of the building industry will go a long way towards boosting SA's macro economy. Every R1m spent in the sector creates 80 new jobs directly and 100 jobs indirectly," says Robinson.

Full details of the plan will be released in a few weeks' time, but Robinson says the organisation will become more involved in numeracy and literacy training and will promote increased training of disadvantaged entrepreneurs.

"The building industry has been in a recession for five years and we believe that for the first time we are beginning to see the tentative signs of an upturn, albeit off a very low base.

"We should have a new housing initiative from the Housing Ministry by the end of this year and there will be greater government emphasis on social infrastructural spending, both of which will help boost the industry," says Robinson.

Should conditions become more buoyant, Robinson says, the industry will face a huge skills shortage, making training and education programmes vital.

Robinson says the recent formation of the Council for Construction in SA — which draws together 10 organisations within the building industry — is a move towards a greater alliance between the industry's formal and informal sectors.

FM 3/9/93 (32)

MURRAY & ROBERTS

FM 3/9/93

Cycles within cycles

Murray & Roberts tends to make cautious forecasts on earnings growth, yet invariably manages to pull something impressive out of the bag when results are published. (32)

The 1993 year's preliminary figures are no exception, though the solid 9% increase in EPS is due primarily to the lower corporate tax rate, which released R36m from deferred tax, amounting to 57c per share. Without this, EPS would have declined nearly 2%. But even that would not have been a bad performance for a year in which CE Dave Brink says fixed investment sunk to 15,9% of GDP, and is expected to decline to a record low of 15% by the end of this year.

Full year results certainly picked up on interim figures, when a 13% decline in EPS (though it was diluted by 33% more shares in issue) indicated a difficult year for the group.

M&R's strong focus on engineering-related activities and accompanying dependence on the fixed investment cycle means prospects for financial 1994 are not much better. Brink says M&R expects to increase pre-tax income, but with the likelihood that 1993's tax benefits will not be repeated, believes attributable earnings and EPS will decline.

At the same time M&R's acquisition spree — most recent was the increase in its holding in Standard Engineering to 76% after buying Malbak's remaining 13,5m shares for R154,5m — means that while it remains closely tied to fixed investment, it has a good balance in its portfolio of businesses.

BUILDING UP

Year to June 30	1992	1993
Turnover (Rbn)	5,84	6,78
Operating income (Rm)	502	530
Attributable (Rm)	265	333
Earnings (c)	485	531
Dividends (c)	180	200

Commercial director Jeremy Ractliffe points out that the group's five major groupings — construction, engineering, suppliers & services, materials and properties — tend to kick in to the fixed investment cycle at different times.

"Last financial year we received a nice boost from properties (R46m of operating profit, from R25m the previous year), which tends to makes its contribution at the end of the cycle. At the same time we should see increasing activity from suppliers & services earlier in the cycle than the other operating groups," he says.

A breakdown of operating profit shows the core engineering activities and materials increasing contributions to 37% (30%) and 25% (20%) respectively, though this was largely influenced by acquisitions made over the past two years. Construction and suppliers & services felt the full brunt of shrinking fixed investment, with contributions to operating profits declining to 8% (17%) and 22% (28%) respectively.

M&R tends to take a long view on earnings potential, and does not expect fireworks until financial 1995 or 1996. But there are some encouraging signs in the short term. For example, Ractliffe says exports, of both products and activities, now account for about a tenth of turnover. "We are exporting to more than 60 countries and have contracts as far away as Hong Kong. There is great potential here for increased earnings."

M&R will also receive a stable flow of income for the next few years from both the Alusaf and Columbus projects.

Latest results should stem the decline in the share price, which had been on a downward trend since interim results appeared, though it has picked up to R48 over the past month; the 12-month low was R42. Considering the share price has shown little direction over the financial year, and is now on slightly lower ratings, it appears fairly priced for now.

There is probably no urgency to rush out and buy the share, though it's bound to appreciate sharply in advance of any improvement in fixed investment. *Shaun Harris*

Grinaker's turnaround puts group back in black

B/Day 8/9/93

EDWARD WEST

ANGLOVAAL's construction and electronics group Grinaker Holdings has turned the previous year's loss to profitability in the year to end-June 1993.

Earnings a share jumped back to 85,1c from the equivalent of a 3,3c loss a share in 1992. In 1991 earnings amounted to 108,7c a share. A final dividend of 13c was declared, lifting the dividend for the year to 18c (5c).

The turnaround was due to the non-recurrence of substantial write-offs in Grinaker Construction last year, relating to amounts written off in low-cost housing and retrenchments, and a lower tax rate, the group said yesterday. Turnover was 5% higher at R2,28bn (R2,16bn), but operating profit soared 91% to R75,5m (R39,6m).

Operating profit margin was 3,3%.

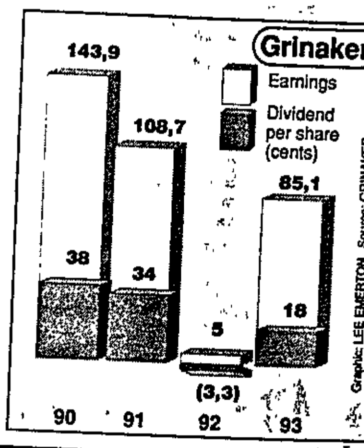
Income from investments was lower at R19,7m (R22,6m) and interest paid was slightly up at R16,5m (R15,6m). Pre-tax profit was more than two thirds higher at R78,7m (R46,6m). Tax paid dropped 19% to R20,3m (R25m).

Earnings from associate companies rose nearly two fifths to R4,4m (R3,2m), largely as a result of a good performance by Q Data. Gearing fell to 17% (27%). Deposits and cash climbed to R81,4m (R43m).

Chairman Jan Robbertze said work was keenly contested and margins remained under pressure. (32)

Favourable factors during the year included the reduced corporate tax rate, lower interest rates and a marked decline in inflation.

Grinaker Construction produced earnings of R9m on a 2% lower turnover of R898m, compared with a R17m loss in earnings last year. Building and certain sectors of the supplies and services division performed well and previous losses incurred in the cement brick and paving operations had been reversed.



The civil engineering division improved its performance despite losses on a road contract in Malawi and the depressed market.

Silica producer Commercial Granite made a loss of R4,4m (1992 loss: R5,9m) and available sales volumes continued to inhibit recovery. Operations were cash neutral in the final quarter of the financial year.

Grinaker Electronics raised earnings 37% to R8m (R6m). Specialised systems engineering operations produced good results, but manufacturing capacity remained under utilised.

Grinaker's listed information technology subsidiary Siltek lifted earnings 29% to R47m on a turnover of R1,12bn and new strategies were in place to address changes taking place in information technology.

Application was made to operate a cellular mobile telephone service in SA.

Robbertze said Grinaker planned for modest earnings growth this year.

Private sector funds plummet

B/Day 9/9/93

ROBYN CHALMERS

PRIVATE sector funding of low-cost housing has plummeted by more than half over the past four years because of bottlenecks in government's subsidy systems, violence and a lack of end-user finance.

The effect has been to escalate SA's already exorbitant housing backlog, estimated at around 1,4-million units.

LTA MD Colin Wood said construction companies were debating how to get more involved, but there was little that could be done without a government subsidy plan. (32)

LTA had not been heavily involved in low-cost housing since the late 1980's. "There were a lot more low-cost housing projects on the go about four years ago, and some of the contractors lost money on them."

Grinaker Construction MD Otfrid Bornheimer said the dire need for housing had created major opportunities, but there could be no progress before the National Housing Forum and government had come to an agreement on policy.

The last large sum of money allocated by government was chanelled through the Independent Development Trust. It provided R750m in 100 000 R7 500 capital subsidies for site-and-service housing.

An Urban Foundation spokesman said government's housing budget had not decreased dramatically in recent years, but there were problems allocating money at grassroot level. Bank red-lining of townships and other areas had led to a lack of end-user finance. Coupled with the violence and the lack of a formal subsidy structure, the problem had reached "devastating proportions".

Group 5 bridges R29m setback

By JULIE WALKER

GROUP 5, the independent diversified construction company, matched the previous year's earnings in the year to June 1993, although the bottom lines were arrived at differently. S Times (Buss) 12/9/93

Executive chairman Theuns Kotzee says the group "crossed the bridge" — the American project that led to a R27-million loss in 1992. The remnants of the project cost another R2,6-million. (32)

Group 5's turnover of R1,49-billion was 8% higher than the previous year's. But operating income — hit by a first-half loss of R10-million — was down a third to R32-million.

Non-recurring costs of R30-million arose from a R14-million profit warranty and retrenchments at Everite, the closure of a building company in Natal and a R4-million knock on Fancourt.

Building broke even, civils made R21-million, engineering broke even, homes quadrupled profits to almost R1-million and property's trebled to R1,5-million. The roads division made R8-million.

This was Everite's first full year of inclusion. It earned R5,7-million (R13,6-million).

The cladding division was shut down with attendant costs of R6-million, Vaal Potteries was merged with the sanitaryware arm of Cobra, retrenchments costing another R4-million. Everite's pipes business was merged with Rocla's to give it 70% of the resultant AC Pipes.

Static earnings at Group Five

B/Day 13/9/93

EDWARD WEST

CONSTRUCTION company Group Five's earnings were static in the year to end-June 1993 compared with last year, but net income represented a turnaround from the net loss at the interim stage, today's published results showed.

Sales were slightly up at R1,49bn (R1,38bn), but operating income was down by just more than a third to R31,7m (R48,6m). Pre-tax income was 22% lower at R18,7m (R24m), but a deferred tax write-back of R3,7m compared with R2,9m tax paid last year pushed taxed income 5% higher to R22,4m (R21,2m).

(32)

Income before extraordinary items was static at R16,3m (R16,6m). Earnings a share were 39c (39,6c). The R9,7m net loss in the first half was converted into R1,5m (15,4m) net income after a R14,8m extraordinary item relating to a profit warranty which was paid to Everite.

An above-the-line abnormal loss of R2,6m was incurred, the last amount to be written-off on a bridge contract in the US. There remained a dispute with Fancourt liquidators and Masterbond curators regarding the group's right to a R20m builder's lien over the project.

The dividend was passed to strengthen the balance sheet. The dividend this year

was likely to be passed for the same reason, said MD Theunis Kotzee.

Contract risk provision was increased to R25,3m (R13,4m). Cash balances climbed to R77,8m (R44,8m). Borrowings to shareholders funds fell to 19,4% (21,5%).

The building division broke even with a R0,2m profit (R22,7m) after R13,5m holding and unrecoverable costs on Fancourt and the closure of the unprofitable Natal

To Page 2

Group Five

B/Day 13/9/93

From Page 1

Districts operation.

The civils division's profit fell to R20,7m (R30,8m). Turnover increased by nearly a fifth mainly through participation in capital investment projects and upgrading of petro-chemical plants. The division is involved in the building of the Katse Dam at the Lesotho Highlands Water Project.

The roads division offset the shortage of construction work and low prices by its 50% participation in a spiral welded steel pipe manufacturing operation and through cross-border activities.

(32)

The engineering division turned last year's R6,4m loss into a break even position even though turnover fell by a third due to the paucity of work.

Building materials subsidiary Everite Holdings' turnover was virtually unchanged at R408,6m (R392,8m) due to recession. Earnings dropped to 7,5c (19,1c) a share due to non-recurring write-offs.

A R6,8m loss was incurred on the closure of Cladding Specialists, R1m through the sale of Agriplas and Paxit and R4m with Vaal Pottery's purchase of Cobra. Everite was currently profitable in spite of 45% spare capacity, said Kotzee.

Residential building marks time

Star 24/9/93

PROPERTY EDITOR

There appears little evidence of any significant upturn in the residential building sector, widely held to be the major area of opportunity for a severely pressured construction industry.

In particular, there has been a decline in the number of plans passed and houses completed for black occupants, as well as for housing units smaller than 81 sqm, which are surveyed separately by the Central Statistical Service.

According to the latest CSS figures, the total value of building plans passed fell 6,5 percent to R6,2 billion in the seven months to end-July, compared with the same period of 1992, while the value of buildings completed fell 6,6 percent to R4,3 billion.

The non-residential sector was hardest hit, showing a 27,8 percent decline in the value of plans passed and an 18,5 percent decline in the value of buildings completed.

32

However, the only significant increase recorded in the residential sector was a 14,8 percent rise in the value of flats and townhouses completed — to R431 million.

The CSS notes that the value of plans passed for houses larger than 81 sqm increased 0,6 percent in the seven-month period to R2,1 billion.

However, the figures show an overall decline in actual housing starts since May, from 2 132 to 2 089 in June and 2 027 in July.

While the number of plans passed for houses fell by 1 000, the number passed for black occupants fell by almost 2 000.

In addition, the actual number of plans passed for houses smaller than 81 sqm fell by more than 1 300.

Everite to hive off property

8/Day 15/9/93

ROBYN CHALMERS

EVERITE Holdings, building materials subsidiary of Group Five, plans to hive off half its R130m property portfolio into a loan stock company which is currently being established.

Everite executive chairman Theunis Kotzee said the organisation had about 50% of shareholders' funds invested in property, and wished to reduce this exposure to about 25%.

"We are in the process of registering the loan stock company.

"We will consider listing the company in the future, but this will depend on market conditions."

(32)

Once the company has been established, about half of Everite's properties would be transferred into it for scrip which would be put onto the market at a later date.

Kotzee said Everite's mature properties would initially be transferred into the loan stock organisation, but that a move into new developments could take place depending on the property market.

"About three years ago, Group Five formulated a strategy which identified a listed property company as an area we wanted to get into. We were able to consider that route with the acquisition of Everite," he said.

Everite reported financial results for the year ended June on Monday, showing turnover marginally increased to R408,6m (R392,8m) and a sharp drop in earnings to 7,5c (19,1c) a share as a result of non-recurring write-offs.

The reorganisation of the property portfolio would be the last phase in Everite's reconstruction drive in the face of poor economic conditions, which included a review of accounting policies, a revamp of the board of directors and the down-selling of Group Five's non-construction interests into Everite.

Concor boosts earnings despite lower turnover

B/Day 17/9/93

EDWARD WEST

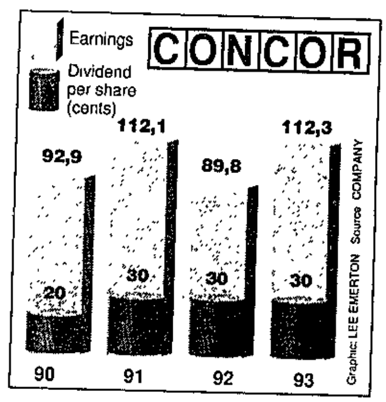
CONSTRUCTION group Concor increased earnings by 25% to 112,3c (89,8c) a share in the year to end-June 1993 in the face of flagging industry activity and a continuing decline in fixed investment levels.

The increased earnings were achieved in spite of a small decline in turnover — which was disclosed for the first time — to R488,2m (R505,9m). Operating profit however climbed 15% to R13,1m (R11,3m), reflecting improved profit margins.

Chairman Brian Murphy said chasing turnover at the expense of margins was not possible in current industry conditions and the group had trimmed operations to suit workloads. The results for the year were satisfactory given the prevailing socio-political and economic circumstances, he said.

Finance charges fell to R5,3m (R6,9m); interest bearing debt dropped to R3,9m (R4,6m); pre-tax income was slightly up at R18,4m (R18,2m); and tax was lower by just more than a third to R5,3m (R8,1m) after benefiting from the reduced corporate tax rate. But income from investments was lower due to a smaller cash balance of R35m (R45m) and lower interest rates.

Murphy said the disappointment of the year was the liquidation of Time Holdings in which Concor had a 30% stake. Concor made a provision of R7,9m against this investment as an extraordinary item, and anticipated recovering the balance of the investment through realising various securities it held.



Most of the securities held were TimeLife shares and, if all went as expected, a substantial reversal of the extraordinary provision could be reflected next year. The extraordinary provision was made in the belief that one should rather overprovide for eventualities than underprovide, he said.

(32)

Last month Time Botswana was sold to Concor by Time Holdings' liquidators for nearly R2m.

The remainder of the R8,7m extraordinary item reported comprised goodwill written off on an acquisition, he said. A final dividend of 20c was declared leaving the total dividend for the year unchanged at 30c.

Murphy said the group had an adequate workload and was well placed to look forward to an improvement in results this year provided political and economic conditions remained reasonably stable.

The stock market appeared to have anticipated the group's improved fortunes and Concor shares traded at their 12-month high of 350c yesterday. The share had been trading at its high since late July after climbing off its 12-month low of 300c.

Lower tax boosts Concor

By MAGGIE ROWLEY
Deputy Business Editor

IMPROVED efficiencies and the lower corporate tax rate helped construction group Concor boost earnings by 25% to 112,3c a share in the year to June despite a 3% drop in turnover.

On turnover of R488,2m, operating profit of R13,1m was up 16% on the previous year but income from investments was down at R5,3m (R6,9m) due to a smaller cash balance of R35m (R45m) and lower interest rates.

Dividend

The tax bill was down substantially at R5,3m (R8m) impacting positively on the bottom line with earnings up R2,6m at R12,8m.

A final dividend of 20c a share brings the total payout for the year to an unchanged 30c a share.

A provision of R7,9m has been made as an extraordinary item against the group's investment in the failed Time Holdings Limited Group. (32)

However chairman Brian Murphy said they were in the process of selling off Timelife shares and expected to be able to show a "very nice credit" for the current year. CT 17/9/93

Although margins remain under pressure, the improved performance in the past year had been achieved partially through increased efficiencies and productivity. Retrenchments had continued with the staff complement being cut by a further 10% to 12% and now standing at around 5 500.

Order books for the current year were satisfactory with the group having secured joint ventures on major capital projects such as Colombus and Alusaf and had tendered on other large projects.

Botswana

The group had also secured a number of contracts in Botswana including a R25m housing development, Swaziland and Mozambique.

He said that "although we still have to get through the next year" there were signs that the economy was improving.

"We are well placed and, providing political and economic conditions remain reasonably stable, earnings for the current year should show further improvement."

Star 17/9/93

Construction industry warned to clean up its act

PROPERTY EDITOR

The housing sector — and indeed the whole construction industry — is going to have to clean up its act, according to Horst Kleinschmidt, chairman of the central Pretoria branch of the ANC and deputy director of the Kagiso housing trust.

He said this week that companies in the sector which showed a lack of commitment to change, as well as those involved in the exploitation now rife in the low-cost housing sector would be "unacceptable" under a future dispensation. (32)

Addressing property developers, construction industry representatives and civil servants, he also said the shoddy quality of much of the housing built commercially had already earned private enterprise a bad name in black residential areas.

The ANC's housing policy, he said, would promote job creation and training, with work going to black buildiers and artisans where possible.

Kleinschmidt also made it clear that it was not ANC policy to extend the government's present "site and service" housing system, and said it would mobilise massive resources to provide housing that ensured racial, economic and social integration.

The organisation would pay urgent attention to the release of all unused, under-utilised or otherwise available State land, and to the development of retail finance in a manner that brought affordability within reach of far more people.

Fm 17/9/93

STOCKS & STOCKS Fm 17/9/93

Becalmed by low activity

Activities: *Construction, property and related fields.*

Control: *Directors/staff own 70% of pyramid S&S Holdings.*

Chairman: *R A Edwards; MD: A H Dorrestein.*

Capital structure: *80,5m ords. Market capitalisation: R64,4m.*

Share market: *Price: 80c. Yields: 8,8% on dividend; 29,5% on earnings; p:e ratio, 3,4; cover, 3,4. 12-month high, 85c; low, 65c. Trading volume last quarter, 662 094 shares.*

Year to April	'90	'91	'92	'93
ST debt (Rm)	58,0	36,8	37,2	43,9
LT debt (Rm)	18,0	27,9	25,3	35,8
Debt:equity ratio	0,39	0,13	(0,26)	0,09
Shareholders' interest	0,29	0,27	0,28	0,33
Int & leasing cover	3,6	4,5	n/a	n/a
Return on cap (%)	7,5	5,8	4,8	3,7
Turnover (Rm)	1 097	1 347	1 439	1 104
Pre-int profit (Rm)	35,7	35,5	32,1	22,5
Pre-int margin (%)	3,25	2,63	2,23	2,03
Earnings (c)	28,6	29,0	24,9	23,6
Dividends (c)	6,5	7	7	7
Tangible NAV (c)	163	189	204	216

(32)

Considering the state of the economy and the building/construction sector in particular, it's hard to quibble with chairman Reg Edwards's statement that Stocks & Stocks performed creditably for the year to April by holding earnings to within 5% of their 1992 level.

Market reaction, however, either to the results or the group restructuring in December, has hardly been encouraging. The share price, adjusted for effects of the restructuring, has remained almost moribund over the past year despite a slight uptick in the JSE's building & construction sector. The yield is at a discount of more than 50% to the sector average.

Restructuring involved converting Stocks & Stocks Holdings (SSH), listed in 1988, into the pyramid holding company of a new operating company, Stocks & Stocks Ltd (SSL), listed in December. This was achieved by selling all operations down to SSL, while the spread of shareholders needed was achieved by a distribution in specie of 35% of SSL's equity to SSH shareholders.

SSL's share capital was reconstructed so that, after both transactions, SSH, whose own issued capital remained unchanged at 52,3m shares, would hold a similar number of SSL shares with each SSH share backed by one SSL. Per share data for each company is thus exactly the same, save for a 35% dilution of SSH's historical data stream in respect of EPS, dividends and net worth.

Results remained on a comparatively even keel except for the Roads Division which took a R13m bath on two major projects that, in Edwards's words, "went wrong", promoting a scaling down of this division under new management. These losses fully accounted for the decline in pre-interest profit, which fell from R32,1m to R22,5m.

This damage was partially made good firstly by a R1,4m increase in net interest receipts and, secondly, by a reduced tax charge of R4,9m (1992: R10,6m). The latter was due mainly to the reversal of prior year tax provisions and to some extent, therefore, detracts from the quality of 1993 earnings. Against this, however, there should not be a repeat of last year's losses. It's difficult to justify the market's negative perceptions of the company on these grounds. (32)

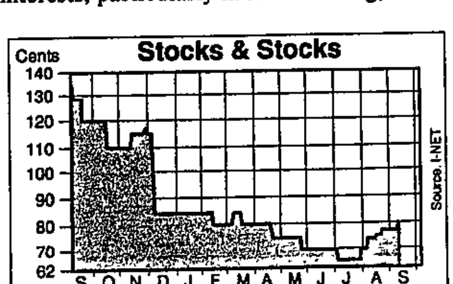
The balance sheet remains sound, though not as strong as in 1992. At year-end there was net debt of R18,2m in place of net cash of R48,4m the previous year, mainly because of a less favourable working capital mix, but with gearing of only 0,09 this can hardly be considered a problem especially as, for the second consecutive year, interest receipts exceeded finance charges.

What is a problem, though, is that the group — like others in the industry — is essentially in survival mode until the socio-economic situation improves to the point where backlogs can be addressed in areas such as low-cost housing, education and infrastructural spending.

The current level of activity has made a mockery of its mission statement "to consistently beat inflation"; 1993 EPS were slightly below those of the annualised 1987 figure (the last accounting period before the listing of SSH) and, while there has been some dividend growth, it was at the expense of cover. Nevertheless, the 3,4 times cover now is comfortably above the group's minimum target of 3.

Though Edwards makes no forecast in his annual statement, with a record order book of R1,4bn, EPS could at least be maintained and there could be scope for an improvement provided no other contracts "go wrong."

Deputy executive chairman Bart Dorrestein believes the share, on an 8,8% dividend yield, is fundamentally undervalued given the group's diversification into areas such as property development and leisure activities, as well as its ability to respond when core interests, particularly in mass housing, show



Fm 17/9/93

signs of recovery. He is probably right, but whether the short-term outlook is sufficiently encouraging to persuade the market to revise its rating is another matter. (32)

Brian Thompson

Building material costs lag inflation

32 CT20/9/93

Property Perspectives by MAGGIE ROWLEY

NOW is the time to build with building material costs lagging inflation for the fourth consecutive year and set to soar once the economy picks up.

According to Wesley Kilian, a retired professor of building at UCT and chairman of the Stellenbosch-based building economists Medium Term Forecasting Associates, building material costs — which rose by between 18% and 21% a year in the late 1980s — have been on a downward trend in real terms since 1990.

Even list prices, which are the published prices of suppliers, have failed to keep pace with inflation since 1990 rising by 15% that year, 9,5% in 1991, a mere 2,8% last year and are forecast to rise by an average of 5% this year.

And the actual prices paid by buyers is actually lower than the list prices in many instances due to the high discounts offered by many suppliers, particularly during recession. In many instances these average more than 20%.

"Because discounts vary significantly, statistics can only be compiled on official list prices but due to discounts offered throughout the industry the actual costs of building materials is usually substantially lower than the published rate."

By curtailing their price increases in the past three years, Kilian says building suppliers have had to absorb a major portion of their own input costs — such as labour, transport and materials — which has placed downward pressure on profit margins.

According to Guenter Koch, chairman of the Western Cape Masonry Manufacturers' Associaton, profitability and return on investment has been further squeezed by larger discounts combined with drastically falling sales.

Volumes, he says, have fallen by as much as 40% since 1989 and many masonry manufacturers are operating at 50% to 55% of productive capacity and some have had to mothball plants.

While price leaders in the brick industry have been acting responsibly by taking depreciation of plant into account, other smaller masonry manufacturers have been pricing their masonry on a cash flow basis just to survive the recession.

"Murderous competititon is destabilising the brick industry and could lead to the demise of some masonry manufacturers which does not augur well for the future as overall production levels cannot easily be raised when demand rises.

"The brick and masonry making industry will then struggle to keep up, to the ultimate detriment of the homebuilding public."

Koch said it was essential that all participants acted responsibly to avoid the collapse of smaller privately-owned building suppliers.

Kilian said there were signs of an improvement on the economic front.

Although interest rates are still high they have been dropping for almost two years and the complete removal of sanctions would raise business confidence and boost investment and trade provided violence was contained and the election timetable for next year remained on track.

Once the upturn comes Kilian believes the oversupply of commercial space will be taken up quicker than many were forecasting.

"We have seen this happen in the past, particularly in the 1970s when it took one year, maybe up to two years, for the oversupply to be absorbed.

"Demand for homes will also rise at a much faster rate than GDP. With a 3% growth in GDP we could see demand for houses rising by 10% to 15% and while lagging the residential market by six to nine months, demand for commercial buildings will also rise."

As demand outstrips supply due to the inability of the industry to respond immediately, discounts will fall away and prices will rise.

He forecasts that building material costs could rise by 8% early next year and by 11% towards the end of 1994 increasing further to 12% or 13% in the first half of 1995 and as much as 15% by the end of that year — peaking at around 16% in 1996/97.

"So it would make sense for anyone considering building to do so now and it would also be wise for suppliers to start increasing stocks now as it is cheaper to manufacture during a downturn than during a boom due to the fact that productivity rises in the former."

Bifsa's plan aims to boost turnover R6bn

(32) CT 21/9/93

By MAGGIE ROWLEY
Property Editor

THE Building Industries Federation of South Africa (Bifsa) is to shortly unveil its five year strategic plan aimed at preparing the industry for the new South Africa and boosting turnover by R6bn a year to R21bn by 1995.

Executive director Ian Robinson said the plan, which has taken nine months to formulate with the assistance of consultant Dr Llewellyn Lewis, would tackle the thorny and controversial issues facing the building industry head-on and could become a role model for industries throughout the country.

He said Bifsa decided a year ago that as the country and industry were undergoing rapid changes, Bifsa too had to change or become irrevelant and unrepresentative.

"We believe that it is in the interests of South Africa and the industry as a whole that Bifsa continues to fulfill its role as leaders of the industry. We recognise that this is best done by supporting as fully as possible the interests of the associations and all Bifsa members, but at the same time we must become more representative of the industry in its entirety and work with all sectors within it."

Consequently major issues addressed in the strategic plan are affirmative action, the role of the informal sector, training and deregulation.

In addition it would encompass a 12 point strategy to change public perception of its role and to make it "fully legitimate" to those who were not yet stakeholders in the formal sector. This strategy would include reviewing the entry criteria and possibly introducing a tiered membership system.

The informal sector, he said, had become a "threat and irritation" to certain contractors but had developed into a powerful force and an integral part of the building community.

"Its existence can no longer be denied and Bifsa believes it can bring about a situation in which all employers in the industry, both in the formal and informal sectors, can qualify for a relevant Bifsa membership category and will benefit from doing so by becoming more efficient and sophisticated."

Bifsa, he said, believed that it could help the informal sector raise funding locally and overseas for its training needs and anticipates joining with other bodies within the industry to lobby the government on fundamental issues.

While believing there was a need for deregulation and a relaxation of bylaws of Bifsa and its associations, the organisation was strongly opposed to the abolition of regulations.

"Presently, non-compliance with the many regulations is widespread and creates inequality when tendering for work. The solution is to have fewer regulations but better enforcment of those that are legislated."

Future areas of growth for the industry lay in the provision of housing and facilities for tourism.

Bifsa's executive committee approved a strategic policy document and comprehensive action plan last month and the final document, which will be reviewed annually, is expected to be released next month ahead of the annual convention.

GRINAKER FM 1/10/93

After the pain — profits

Corrective action to align Grinaker Construction's activities more closely with market conditions seems to be paying off handsomely. Despite significant losses on a road contract in Malawi, this division recovered from a R15,9m attributable loss in 1992 to a profit of R7,9m, accounting for R23,8m of the group's R30,9m turnaround. (32)

In part, recovery reflects heavy write-offs when the downsizing and restructuring programme was started in 1992. These were not fully quantified then but included almost R21m written off bad debts and the carrying value of serviced residential property in unrest areas. In addition, there were heavy retrenchment costs. (32)

FM 1/10/93

Activities: *Holding company of Grinaker Construction and Grintek.*
Control: *AVI (51%).*
Chairman: *J C Robbertze; MD: A N Saulez.*
Capital structure: *34,9m ords. Market capitalisation: R195m.*
Share market: *Price: 560c. Yields: 3,2% on dividend; 15,2% on earnings; p:e ratio, 6,5; cover, 4,7. 12-month high, 600c; low, 310c. Trading volume last quarter, 377 000 shares.*

Year to June 30	'90	'91	'92	'93
ST debt (Rm)	23,3	43,5	63,7	36,9
LT debt (Rm)	20,8	15,2	10,7	16,7
Debt:equity ratio	(0,03)	(0,03)	0,11	(0,08)
Shareholders' interest	0,37	0,36	0,32	0,38
Int & leasing cover	—	—	—	31,7
Return on cap (%)	15,6	12,7	5,0	8,4
Turnover (Rm)	1 943	2 047	2 161	2 278
Pre-int profit (Rm)	127,5	105,7	44,1	81,3
Pre-int margin (%)	6,5	5,0	1,9	3,3
Earnings (c)	143,9	108,7	(3,3)	85,1
Dividends (c)	38	34	5	18
Tangible NAV (c)	510	511	446	644

ATTRIBUTABLE EARNINGS

Year to June 30	1992 Rm	1993 Rm
Construction	(15,9)	7,9
Silica Mining	(5,9)	(4,4)
Electronics	20,6	26,2
Group Total	1,2	29,7

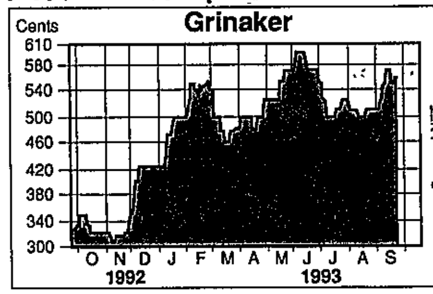
With these out of the way, the scene was obviously set for improved performance. This was achieved despite an industry which remained extremely depressed, with contract margins under severe pressure. It's encouraging that Grinaker believes it has created a structure able to continue trading profitably even under present conditions. (32)

Robbertze ... *corrective action pays*

It also follows there should be scope for further improvement this year if losses like those in Malawi can be avoided. Small wonder part of the division's revamp includes improving risk analysis and management.

The impression is that a more stable and resilient structure has been created. And while net profits (before minorities) of R8,6m can hardly be considered adequate in relation to the construction division's R345m total assets, it seems Grinaker hasn't received commensurate recognition from the market for the turnaround.

FM 1/10/93



While the share price over the past year has risen from 330c to 560c — which looks good — R184m (94%) of total market capitalisation of R195m is attributable to the holding in subsidiary Grintek. This means the market judges the rest of the group (construction and silica mining) as collectively worth only R11m; that produces an unflattering p:e of only 3 for those activities.

Part of the problem is the silica mining operation, which lost a further R4,4m. This activity isn't considered worthy of comment in the annual report, but obviously isn't viable at available volumes and market prices.

Something else inhibiting the market rating is the financial structure of non-electronics interests. While the latest balance sheet shows group net cash balances of R28m (a switch from net borrowings of R31,4m in 1992), this favourable position applies exclusively to Grintek (*Companies* September 24), which in 1993 increased net cash by R61m to almost R70m. By deduction, the rest of the group has net borrowings of R42m and a debt:equity ratio of 57%; hardly satisfactory while profits remain marginal.

Whether this adequately explains the low rating is another matter. With higher earnings likely from both major divisions, the logical conclusion is that the share has more upside than downside potential, though the market will probably remain hesitant till an improvement in the economy filters through to the construction sector — and that could take some time.

Brian Thompson

R2bn in projects on the boil at Intersite

(32)

CT 5/10/93

Property Editor

INTERSITE, the property development arm of the SA Rail Commuter Corporation has developments worth R2bn on the boil.

According to Insite, the journal of the company, Intersite was formed 11 months ago to maximise development potential of the land holdings of the SARCC. To date, 28 projects have been completed with work totalling a further R85m in progress.

MD Dirk Ackerman said they had taken on the role of "custodian of the state's and therefore the people's property' and had committed themselves to the meaningful development of these properties at the same time maximising returns based on sound business principles.

"The skill is to use the truly commercial component of a project to subsidise other aspects other aspects such as the upgrading of station facilities and aesthetic enhancements."

He said the contribution they made to the income stream of the SARCC impacted on the amount of state subsidisation required by the rail services.

Building downturn 'is likely to deepen'

B/Day

LINDA ENSOR

CAPE TOWN — The building industry recession, which had reached alarming proportions in the first seven months of this year, would probably deepen further in the short-term, the Bureau for Economic Research (BER) at Stellenbosch University said yesterday. 5/10/93

A BER survey said the sector was unlikely to register significant growth before 1994. (32)

BER director Ockie Stuart said continued violence before next year's election would not favour the provision of low-cost housing in the townships, while pressure on consumers would result in poor conditions in the residential building sector.

Overall, Stuart concluded, the outlook for investment in residential and non-residential buildings looked "rather bleak". Building plans passed in the seven months to end-July showed a year-on-year decline of 10,8% while building starts of house and non-residential buildings had dropped by 0,5% and 32,6% respectively.

"Research conducted by us points to minimal growth of about 1% in real terms in fixed investment in residential building during 1994. Fixed investment in non-residential buildings is expected to show a further decline in real terms."

"It would appear as if builders are trapped in the general wait-and-see attitude which currently prevails in SA."

Surveys had highlighted the sluggish conditions in the property market — office rentals were drifting downwards and office vacancies were increasing. Industrial rentals were continuing to fall in real terms, while house prices were increasing slowly, he said.

Stuart noted that the number of houses under construction during the first seven months of this year was about 0,5% down in real terms on the same period last year. The comparable figure for non-residential buildings was a "whopping" 32,6% decline.

As at August building costs (net of VAT) were increasing at a rate of 3,7% on a year-on-year basis, while the January to August increase was 3,8%.

Build demand by creating supply

CT 5/10/93 (32)

By MAGGIE ROWLEY
Property Editor

NOW is the time for the private sector to prove that it is a sector for all seasons and not a "fair weather friend", says the Bureau for Economic Research in its latest quarterly analysis of the Building and Construction Industry.

According to BER, conditions in the building sector remain a cause for concern.

These conditions stem in part for sluggish macroeconomic trends which have their origin in countries with whom SA trades.

In addition the adverse sociopolitical environment was effectively keeping builders, who were also adopting a wait and see attitude, out of the townships which was bad for the building of low cost houses.

In view of this it was difficult to see how the building sector could improve before a political settlement had been reached. The level of violence would also have to subside before builders would be willing to stick their necks out.

"It would appear as if now could be the time — as it has been for a few years — to reverse the old recipe of demand creating supply.

"It seems as if supply will have to create demand which will then induce additional supply to push the economy into the upward phase of the business cycle."

BER says while the main players were justified in demanding appropriate political and economic action, on the part of the government or the government in waiting, they were also required to perform adequately even in the absence of such action.

"The counter arguement will no doubt be that this role is unfair and unjust. Perhaps it is, but the struggle for survival and growth is not necessarily part of a fair contest," says BER.

BER points out that the business cycle of the building industry lags behind that of the overall SA business cycle which in turn lags behind the world cycle.

Recent economic statistics show that the world economy is in an unhealthy state which implied that export earnings for SA would only gather momentum during the course of next year.

There was also little hope of a sustainable upswing being ignited by domestic factors and it appeared as if the SA economy was likely to post another negative growth rate for this year particularly in the non-agricultural sectors.

As such it was unlikely that the building industry would register significant growth before well into 1994.

These factors all boded negatively for increased building activity in the near term.

In money terms, but measured at 1985 prices, buildings completed during the first half of this year were well down on those of the comparable period last year with the sharpest decrease being in non-residential buildings.

According to official statistics, the number of houses in the process of being erected during the first seven months of this year was about 0,5% down in real terms against the same period in 1992 with comparable figures for non residential buildings down a whopping 32,6%.

This sad state of affairs was expected to be repeated in the second half of the year.

Surveys conducted by BER confirmed that the architectural profession was finding the going extremely tough with no improvement likely to come to the fore before well into 1994 implying that conditions in the non-residential sector in particular were likely to remain sluggish for many months to come.

The findings of these surveys were backed up by similar surveys of builders and subcontractors which confirmed business conditions were extremely poor during the third quarter and expected to deteriorate further during the fourth quarter, although at a slower pace.

'Go-ahead' for labour intensive pilot projects

THE first two pilot projects, worth a total of R28m, have been accorded provisional accreditation by the Accreditation Board for Labour Intensive Construction. (32) CT 6/10/93

The approval of the projects, both for civil services for squatter communities, is subject to ratification by the Western Cape Economic Development Forum. Numerous other projects from throughout the country will come before the Accreditation Board on a two-weekly basis from now.

A spokesman for the Board, Mike Judd, said accreditation of a project was a prerequisite for any relaxation of labour legislation by the Department of Manpower and would be needed in support of any funding for labour intensive projects aimed at job creation.

The projects which received provisional accreditation yesterday were the R20m design and construction of municipal services for the community of Bloekombos near Kraaifontein and the R8m civil services upgrade for the Driftsands squatter community.

Stiff competition for M&R

ROBYN CHALMERS

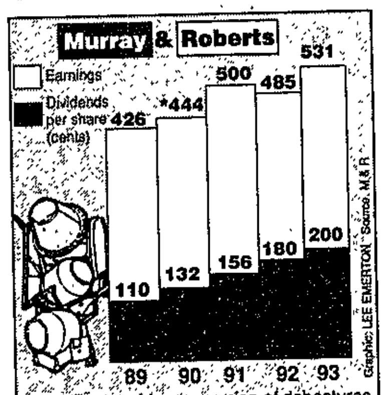
MURRAY & Roberts is heading for lower earnings in 1994 as the construction and civil engineering group faces growing international competition, says CE Dave Brink in his yearly review. B/Day

Brink said M & R was aiming to increase pre-tax operating earnings and would not enjoy the one-off tax break it benefited from in 1993. This would adversely affect earnings.

M & R was becoming more export-orientated and had secured major long-term export orders. Increased opportunities in this area were expected with the lifting of sanctions and with SA's main trading partners coming out of recession. 7/10/93

M & R was exporting goods and services to more than a dozen African countries, providing helicopter services in Brazil, and undertaking marine construction in Thailand, undersea pipe-laying in Hong Kong and industrial screen and diamond bit manufacture in Australia. (32)

Although M & R was seeing opportunities open up around the world, Brink said it was also being challenged by global competitive market forces which resulted in pressures to improve productivity and quality.



*Restated for conversion of debentures

Attributable earnings for the year ended June increased by more than 25% to R333m (R265m), boosted by the reduction in the tax rate which almost halved M & R's tax bill to R91,2m (R184,9m). Earnings a share rose 9% to 531c (485c).

Exports boost M&R

Business Staff 32

MURRAY & Roberts has delivered creditable results in the face of 13 successive quarters of substantial and ongoing decline in real fixed investment.

Thus chairman Marinus Daling sums up the group's 9 percent earnings gain (to 531c a share) in the year to June 1993.

In his annual report to shareholders, Mr Daling says M & R's acquisitions and right-sizing processes of the past few years place it in a position to face the uncertain future with confidence.

"Nevertheless, we will have to continue on the premise that the economy is unlikely to help us prosper for a further 12 months, but we must respond to market opportunities whenever and wherever they occur."

Chief executive Dave Brink highlights the group's 7,8 percent operating margin (below 1991-92's 8,6 percent and way short of the 12,5 percent long term objective), which he views as "excellent" in the light of prevailing economic conditions.

He regards the export market as providing promising opportunities "as South Africa emerges from isolation".

M & R is currently exporting goods and services to more than a dozen countries in Africa and more than a score of countries worldwide.

"The group is becoming more export orientated and has secured major long term export orders."

Mr Brink stresses that M & R has a strong focus towards activities which enhance the productive capacity of the economy, infrastructural development and provision of industrial, commercial and residential shelter.

"The time will come soon when these important aspects of South Africa's economy again resume prominence. Whether this will happen to a significant extent in the year ahead is an open question."

M & R is budgeting to increase pre-tax operating earnings but will not enjoy the one-off tax break of 1993.

"This will probably mean a reduction of attributable earnings and consequently of earnings per share."

Given the recessionary climate of the past five years, M & R boasts an outstanding track record.

The 4,4 percent yield and 8,6 price-earnings multiple fall short of recognising this achievement and belie the potential for dramatic improvement when more favourable circumstances return.

■ Fraser Alexander's performance for the past three years has not met its own expectations or those of the market, says chairman Peter Flack.

In his annual report for the year to June, Mr Flack suggests that by the standards of these troubled times, it has not, however, been that shabby.

Group businesses were not as immune from recession as he had once fancied, but the core operations remained essentially sound.

Of the loss-makers, coal had returned to profitability, the international coal trading and underground contracting businesses had been sold. ARG 7/10/93

Concor builds up earnings by 25%

ROBYN CHALMERS

MAJOR projects such as Columbus and Alusaf had boosted workloads for the 1994 financial year but margins had not improved, said Concor chairman Brian Murphy in the group's 1993 annual report.

The year had not seen any real improvements in construction, and further retrenchments had taken place throughout the industry.

Nevertheless, Concor increased attributable earnings by a quarter to R12,8m (R10,2m) for the period under review, with earnings a share rising from 89,8c to 112,3c. The total dividend was maintained at 30c.

The disappointment of the year was the failure of Time Holdings, in which Concor had a 30% stake and against which it made a provision of R7,9m as an extraordinary item.

Murphy noted that all the group's divisions had posted satisfactory results, with the construction sector looking to increase its activities beyond SA's borders.

The technicrete division had a year of consolidation and re-assessment, said Murphy.

The roads and earthworks division improved on its budgeted contribution. The engineering division had been substantially reduced.

BDay 8/10/93 (32) (2)

Developers must cut costs but not quality on new homes

(32) ARG 9/10/93

Business Editor

DEVELOPERS are having to show greater innovative skills to meet the demands of homebuyers on ever-shrinking budgets, says Tony Bosman, regional director of NBS Devco in the Cape.

Those who faced the challenge of the sharp learning curve created by poor economic conditions would be the ones to attract buyers, he predicted.

"People looking for new homes do not want to compromise on quality, while at the same time, they admit they cannot currently afford the traditional purchase prices that go with the basic elements of prime position, large accommodation and luxury finishes.

"So it has fallen to the developer to juggle these elements, refine designs, intensify quality and cost control, and in the end, squeeze margins, to achieve a product that is affordable and satisfying to a buyer," he says.

Mr Bosman said these aims had been achieved in the company's development at Vierlanden Place in Durbanville.

The starting price house had been redesigned to start at R184 000.

Finishes had not been sacrificed and included full-height tiling in bathroom and kitchen areas, good carpeting and cupboarding. Walling, paving and lawns were standard. The houses had three bedrooms, one-and-a-half bathrooms and a single garage.

One of the things uppermost in the minds of buyers was the investment performance of NBS Devco's developments, he added.

At Plattekloof Glen, the company's flagship development was all but sold out, and houses had nearly trebled in value over five years.

"It is our aim to provide that kind of investment performance for the buyers of all our homes," said Mr Bosman.

Vierlanden Place, with its views towards the Swartland, has also been part of NBS Devco's conservation programme. Large numbers of trees are being planted on the site where close attention has been paid to the streetscapes.

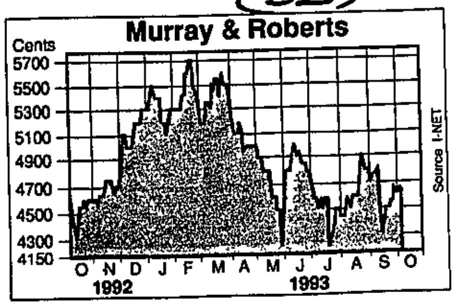
MURRAY & ROBERTS

Absorbing the acquisitions

FM 15/10/93

After 1992's R1,4bn acquisition spree, the year to end-June 1993 was a relatively quiet period for Murray & Roberts, the emphasis switching from acquisition to tidying up the enlarged group into a more logical structure.

Even on the acquisition front, activity was (32)



FM 15/10/93

Activities: *Construction, engineering and related industries.*
Control: *Sankorp 39,7%.*
Chairman: *M H Daling; MD: D C Brink.*
Capital structure: *62,8m ords. Market capitalisation: R2 905m.*
Share market: *Price: 4 625c. Yields: 4,3% on dividend; 11,5% on earnings; p:e ratio, 8,7; cover, 2,7. 12-month high, 5 700c; low, 4 200c. Trading volume last quarter, 413 000 shares.*

Year to June 30	'90	'91	'92	'93
ST debt (Rm)	46	80	207	252
LT debt (Rm)	102	123	453	671
Debt:equity ratio	nil	0,06	0,21	0,37
Shareholders' interest	0,41	0,40	0,40	0,38
Int & leasing cover	9,6	11,7	12,6	6,3
Return on cap (%)	20,4	17,0	12,5	11,5
Turnover (Rm)	4 014	4 604	5 842	6 779
Pre-int profit (Rm)	301	323	501	530
Pre-int margin (%)	7,5	7,0	8,6	7,8
Earnings (c)	444	500	485	531
Dividends (c)	132	156	180	200
Tangible NAV (c)	1 555	2 002	2 331	2 463

confined to increasing holdings in existing interests. Most important deal was the R154,5m purchase of Malbak's 38% stake in Standard Engineering — an inevitable sequel to the earlier transaction (as part of the asset shuffle between M&R and Malbak) whereby control of Standard was split between the two groups; in each case contrary to their normal modus operandi.

In much the same vein, the balance of the R221m spent on acquisitions last year went in mopping up minority interests in Blue Circle, Genrec, R1 Holdings, Kwikspace Holdings, Trichamp and Criterion Equipment. All are now wholly owned.

In some instances, these purchases facilitated asset swaps within the group, as part of the general tidying up. Thus, Blue Circle was split up, its cement interests remaining in M&R's Materials division, while its engineering activities were transferred to the corresponding division in M&R. Similar moves included transferring Allied Industries (reinforcing steel, prestressing, prefabricated accommodation and caravans) from Construction to Supplies & Services. Darling & Hodgson, previously part of Supplies & Services, has shifted across to Materials.

It is impossible to say what effect these and other changes had on earnings performance last year. But it may be significant that

M&R's Brink ... *programme to improve global competitiveness*

second-half results (even discounting the effects of the tax-rate change) were materially better than those of the first six months, which would be consistent with the premise that value is being created out of the substantial increase in the group's asset base over the past two years. (32)

After the first half's 13% decline in weighted-average EPS, management's expectations were that the deterioration would extend to the second half. In the event, however, and without any help from the economy, earnings for the January-June period rebounded by 6,5%, limiting the full-year decline to 2%. After taking into account the change in the corporate tax rate, earnings for the year were maintained in real terms, allowing the dividend to be increased from 180c to 200c.

These results appear to vindicate the decision to use the opportunities created by the recession to expand the business aggressively, even though this has involved gearing the balance sheet at a time when, by conventional wisdom, cash is king. From a net cash position in 1990, M&R now has net borrowings of R643m, giving debt:equity of 0,37 and there are prospects of this ratio rising further as the group proceeds with a three-year capex programme of almost R2bn.

According to CE Dave Brink, the object of this programme is to improve productivity and global competitiveness in key activities. Coupled with the fact that the group already has considerable underutilised capacity in its core businesses, there is a clear implication that the expenditure is considered necessary if M&R is to gain full value out of its newly acquired interests and to position itself for renewed organic growth.

Interestingly, management does not expect the capex programme to impact negatively on profit. Pre-tax profit for 1994 is forecast to be higher, notwithstanding the probability of higher interest charges, but benefits here are expected to be offset by a larger effective tax charge. Attributable profit and, hence, EPS, are likely to be lower though this will not necessarily preclude a further small increase in distribution.

Market response to the latest results has, at best, been lukewarm. The combination of a lower share price (down from R48 a year ago to 4 625c) and the higher dividend means that, on a yield-relative basis, M&R is 12% cheaper than when the *FM* reviewed the 1992 annual report.

Given the group's dependence on the fixed investment cycle, the reaction is understandable. But against this, one wonders if sufficient weight is being attached to earnings potential of the enlarged group once things start moving again. *Brian Thompson*

Basil Read results 'on schedule' after warning

(32)(1/9/10/93

Own Correspondent

JOHANNESBURG. — Construction group Basil Read's results for the year to end-June 1993 were on schedule to be published by the end of October after protracted negotiations to restructure the group had delayed the audit, MD Chris Jarvis said yesterday.

Jarvis was responding to a warning by the JSE to shareholders that the group had failed to meet the listing requirements by not submitting its preliminary results within the stipulated three month period.

The listing could be automatically terminated if the results were not submitted by the end of October, the JSE said. However, Jarvis said the group had cautioned shareholders that the results would be delayed by the negotiations.

Bifsa welcomes informal building sector into fold

Property Editor

THE Building Industries Federation of South Africa (Bifsa) has issued a five year strategic plan embracing the informal sector for the first time and is aimed at "consolidating its position as the leading body in the building industry".

The plan, unveiled yesterday at the opening of the association's 99th annual congress being held in Swaziland, again stresses that building can be South Africa's "engine for growth" and that a genuine all out effort to get a major housing programme off the ground would result in large social and economic benefits for the country as a whole.

One of the key points to emerge from the plan is that Bifsa, which represents all 11 Master Builders or Building Industries Associations through the country, has had a change heart over the role the informal sector can play within the industry.

32 CT 19/10/93

After years in which it sometimes denigrated this sector, arguing that it contributed nothing to the formal training efforts in the industry and could "seldom be held accountable", Bifsa now acknowledges the sector as a real and necessary part of the industry.

"The federation does not regard the informals as mere refugees from the formal sector of the economy but rather as one of the essential driving forces behind a sustainable growth scenario," said executive director Ian Robinson.

Quoting from Clem Sunter's "dual logic" economies, the plan states that what is needed is big business with high technology and the financial resources to undertake major projects in a country and compete with other giants of the world.

"But underpinning big business, you need a thriving small business and informal sector because that is where most jobs are going to be created and that is the birth place of the future stars of business.

"Bifsa is now committed to a policy of integration, joint decision making and information sharing with the informal sector in accordance with the trends in the new South Africa."

Plan for building industry unveiled

B/Day 19/10/93

ROBYN CHALMERS

MBABANE — The Building Industries' Federation of SA (Bifsa) has unveiled its long-awaited five-year strategic plan aimed at boosting investment in the construction industry to R21bn a year by 1997.

A statement released yesterday at the 1993 Bifsa congress said key issues of the plan would focus on developing Bifsa's image by removing the "whites only" perception of the federation and increasing the representativeness of the industry.

Bifsa saw the informal sector as an important provider of work which had to be assisted, and wanted education and training promoted.

In conjunction with industry representatives, Bifsa had developed a number of scenarios for the construction sector by the year 2000. The most optimistic envisaged an increase in construction industry employment from 1,2-million to 2-million.

In addition, home ownership would be doubled and annual non-residential investment increased from R8,4bn to R11,6bn. These goals would be attainable, Bifsa said.

The sorry state of the building industry could be seen in investment levels which had diminished from a peak in 1984 of R21bn to R16bn in 1992, while the overall building sector had shrunk about 8,4% in real terms last year.

Bifsa executive director Ian Robinson said the strategic plan would enable the federation to play an active and essential role in facilitating the transition to a new SA and make the industry the "engine for growth".

To achieve this, SA had to increase its percentage of GDP devoted to residential development to 5% and establish a single ministry for construction with a national housing policy.

(322)

"The building industry has a crucial role to play in SA. With a planned programme of investment in building, the industry has the potential to provide a change of gears to the economy and fuel sustained economic growth," he said.

Robinson said he believed the new strategic plan would position Bifsa firmly on a path that would ensure its role in a changing SA.

The recently formed Council for Construction in SA was an important component of Bifsa's strategic plan and of the federation's ability to achieve its objectives.

The council represented numerous divergent groupings in the industry, including the African Builders' Association, the National African Federation for the Building Industry, the SA Federation of Civil Engineering Contractors and the professions.

The council's main aims included capacity building, enhancing access to capital, unifying the industry at national and regional level and developing human resources.

Robinson said the strategic plan was merely a first step in enabling the industry to become the means for growth by boosting employment and investment.

"The plan is going to need regular reviews because we are in changing times and the only thing we can predict about the future is that we are going to change," he said.

Basil Read results 'to come out this month'

EDWARD WEST

CONSTRUCTION group Basil Read's results for the year to end-June 1993 were on schedule to be published by the end of October after protracted negotiations to restructure the group had delayed the audit, MD Chris Jarvis said yesterday.

Jarvis was responding to a warning by the JSE to shareholders that the group had failed to meet the listing requirements by not submitting its preliminary results within the stipulated three month period.

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The group sold its investment and development property sectors to a consortium of investors for R53,4m. 19/10/93

French-based Bouygues also increased its stake in the group to 51% (25,9%). Basil Read remains active in building, civil engineering and mining. Its shares were untraded at 60c yesterday after rising from their 12-month low of 40c in March. (32)

Gloom on building

BDay

ROBYN CHALMERS

THE building industry continued on its downward course during the first seven months of this year as the number of building plans passed fell 6,5%, according to CSS statistics. 19/10/93

The total value of building plans fell to R6,239bn compared with R6,671bn between January and July last year. The largest decrease was in the non-residential sector, where the value of plans passed dipped 28% to R1 189,6m (R1 650m). However, small increases were reported for dwelling houses and additions and alterations. (32)

Building trust is the key to solving SA's housing crisis

B/Day 20/10/93

MATTHEW NELL 32

... s.mp.est of terms, the housing crisis in SA is the failure to supply enough decent, affordable homes. Only about one-sixth of the annually required new houses are being supplied as formal, legally approved structures. The rest of the demand is being accommodated in squatter settlements, backyard sublet shacks and continued overcrowding in houses in the townships and inner city areas.

The crisis is also one of enormous political complexity. Housing is highly visible and symbolic, reflecting socioeconomic well-being or despair. Traditionally, state housing assistance has been a focus of political patronage. Quality of housing has generally been reflected in racial terms. The liberation movements have also highlighted poor houses as a consequence of oppression, and decent housing as one of the fruits of liberation. Not surprisingly, expectations and the level of politicisation around housing are enormous.

The politicisation is mirrored by bureaucratisation. Housing was classed an "own affair" and racially based housing administrations are well entrenched. SA has 14 departments of housing and 26 state and parastatal channels for directing state assistance for housing — each administration with its own agenda.

The consequence of this bureaucracy and diffuse political accountability is a sponge-like structure which absorbs state housing budgets but is incapable of demonstrating what it does with these funds. In 1992/93, notwithstanding the desperate need, the National Housing Department failed to spend almost 50% of its annual budget vote.

On the ground where resources are being directed, conflict and violence are often created rather than reduced. State housing resources are captured by local political actors and warlords and used to strengthen their positions. This crisis is not one which will be solved by the technocrats or the politicians alone. It is crucial that the crisis of political expectations and of technical capacity be addressed. This requires those representing the homeless and inadequately housed (mass-based organisations) and those representing suppliers of housing and finance (business, banks and so on) to talk to each other, and to those who regulate the housing sector (government), to find a way forward which is both achievable and acceptable.

It is insufficient merely to produce a national housing policy and plan or even specific initiatives. What SA needs is agreement between the key players on implementable and sustainable plans that can be supported through broad-based consensus.

Opportunities exist to develop such consensus during the transition period. There is a window of opportunity for housing to be pursued as an issue of national reconciliation and reconstruction rather than of party political contestation and patronage. It is within this context that the work of the National Housing Forum has been focused. The forum grew out of a meeting in August 1991. It was understood that a forum structure would create the opportunity to inject legitimate policy options and workable proposals. Members include political, labour and civic organisations, business and housing non-governmental organisations and national development agencies.

The founding agreement, signed at the launch in August 1992, commits members to applying themselves jointly to the negotiation of short-term strategies, medium- and long-term plans and policy frameworks, on a basis that allows maximum participation by the public through their representives.

The forum has engaged in negotiations among its members and with government. Negotiations with government have focused on hostels and interim arrangements for housing. The hostels agreement has led to the creation of a national hostels co-ordinating committee (on which the forum and government are represented), which oversees the government-sponsored R326m hostels redevelopment programme. Negotiations on agreements to implement interim arrangements for housing have made good progress. These arrangements represent a first step in rationalising the public administration in the housing sector.

The forum has also been engaged in developing a national policy and strategy. The first phase, aimed at identifying the nature of the housing problems and determining the overall choices which must be assessed, is now complete.

Currently, the forum is engaged in the second, policy development phase. This has three dimensions:

- ☐ Overall policy and strategy. This defines overall values, goals and vision for the housing sector, and the broad strategy to achieve these;
- ☐ Functional policy and strategy. This develops practical approaches in the areas of land, finance, subsidies, institutional structures and the performance of the housing sector, within the context of macroeconomic and socioeconomic development perspectives; and
- ☐ Housing programmes. These establish a set of overall programmes which enable communities, local authorities, developers and so on to respond effectively to critical housing problems and needs.

While many questions remain unanswered, the forum has made real progress on short- and long-term objectives. As importantly, both the constituency-based members and suppliers of housing and housing services in the forum are developing common capacity and understandings of realities around the housing crisis and its potential resolution. Clearly, co-operation is vital.

The announcement by Housing Minister Louis Shill of the extension of government subsidies to yet another category of state-owned rental housing available for sale to occupants is extremely disappointing.

First, this subsidy, which extends a R7 500 discount on houses built between 1983 and 1993, is also extended to write off accrued rental and service charge arrears. The application of housing benefits to write off running cost deficits is not sound public funding policy. This measure fails to deal with existing difficulties in resolving who is entitled to the properties being disposed of, and what happens to the rights of other family members and tenants in the process. It also fails to resolve basic issues around effective provision and payment of municipal services.

Second, the introduction of yet another subsidy mechanism is a further extension of the confused web of inequitable and mostly inexplicable state subisies for housing. Government has further complicated these problems of intervening in the housing market on an ad hoc basis, without taking into account the consequences to the value of houses already sold.

Third, not only was the measure developed and announced without consultation, but lack of consultation was justified by the need to provide new housing (which it does not) and the inhibiting slowness of consultation processes.

This needlessly polarises the process between government and outside interests, and wrongly assumes that action and consultation are alternatives. There is sufficient evidence that in housing, action is successful only if it has the support of those for whom it is intended.

It would be tragic if the emerging consensus were to be jeopardised by unilateral initiatives. The country cannot afford to have trust and co-operation sacrificed to short-term, ad hoc imperatives. Even if we believe we already know the solutions, these alone are insufficient. What is important is to secure broad agreement on these "solutions" so that they represent legitimate, implementable plans of action.

☐ **Nell chairs the National Housing Forum's co-ordinating committee.**

SPOT DESK

PROPERTY

Housing 'key to growth in the building industry'

B/Day 20/10/93

Reports by
ROBYN CHALMERS

MBABANE — In the short term, the establishment of a new housing initiative is the key to meaningful growth in the building industry, says Building Industries Federation of SA (Bifsa) executive director Ian Robinson.

Although this is how Robinson concludes his overview in Bifsa's 1993 annual report, it is a sentiment that echoed throughout the federation's congress this week.

A number of challenges face the industry in getting this initiative off the ground. Foremost among these are the negotiations between the National Housing Forum and National Housing Department, which are close to breaking down.

The seriousness of this development is evident in the fact that President F W de Klerk and the Kempton Park negotiators are willing to step in and mediate.

The second challenge which Robinson points out is that many workers have left the industry as it remains slumped in the most severe recession since the Second World War.

"The worrying signs are already there that we may be facing a skills and other resource shortage in two or three years' time and therefore, the momentum of training in the industry must be accelerated," he notes.

● ROBINSON

The third challenge is uniting the formal and informal sectors through the formation of alliances in order to access the work and attain the necessary community participation.

Ken Dlamini, marketing manager of Murray & Roberts' housing subsidiary Cordev, told the congress cooperation between the two sectors would succeed only if there was an atmosphere of trust, honesty and credibility, with tokenism, paternalism and corruption certain to destroy the initiative.

Dries Hauptfleisch, head of the Building Management Department at Pretoria University, said affordable housing would provide unsurpassed piggy-back opportunities in all spheres of the construction sector.

"The provision of housing requires virtually no overseas manpower and materials. It has huge social advantages including reduced violence, better health and education environments, and reduced taxes."

LTA group MD Colin Wood warned that there would have to be a partnership between the builders, trade unions and government in order to manage the housing initiative properly.

He noted that the construction of 300 000 houses a year could increase employment by a further 150 000. This presented a huge challenge in terms of skills and management.

● See Page 8

Engineers still feeling pinch

EDWARD WEST

CIVIL engineering activity improved marginally this year over last year, but the decline of the past few years continued, SA Federation of Civil Engineering Contractors (Safcec) outgoing president Peter Clogg said yesterday. 22/10/93

Most construction companies were more optimistic because of improved trading prospects emerging now. The decisions to go ahead with the Columbus and Alusaf projects would absorb some capacity and as a result there would be an improvement in activity mainly in the reinforced concrete field, he said.

Companies had restructured to the smaller workload on offer and employment fell slightly to 55 000. The industry order book at R4,1bn for 1992/93 was 7% better than in 1991/92, but there was a real decline of 7%. Further work volume declines would eliminate much industry capacity to handle future requirements, he said.

Road construction remained at a low ebb, but the toll road programme was expected to produce additional work. It was possible a breakthrough in housing and urbanisation projects would occur after the election.

Clogg, who completed a two year term of office, was succeeded by Grinaker Construction MD Bean Bornheimer.

Major contractors urged to help emergent builders

Star 22/10/93

PROPERTY EDITOR

Major building contractors are looking tc a mass housing programme for much of their future turnover, believing that conventional construction activity is unlikely to offer much opportunity for at least the next two years.

Colin Wood, head of Boart International, said the government would have to look to both large and small contractors to cope with the volume of housing construction it appeared to be contemplating.

However, the huge lack of skills, resources and management among small operators would make it difficult for them to cope.

Serious consideration, he said, had to be given to a project management system in which the skills of major contractors were used to programme and organise smaller contractors or labour teams.

(32)

Ken Dlamini, marketing manager of Condev, who was speaking on behalf of the emergent builder sector, said all contractors would benefit "to a degree not yet fully realised" from such alliances and co-operation.

Strikes, absenteeism and disruptions would likely be reduced, while productivity increases and deregulated lower piece-work rates would make for higher profits.

Local contractors, on the other hand, would gain managerial, budgeting and tertiary skills, and benefit from the majors' financial clout in being able to give sureties and guarantees, as well as obtaining credit from suppliers.

Informal interest for Group Five

S Times (Buss) 24/10/93 (32)

By TERRY BETTY

GROUP Five and an association of informal-sector builders have formed a venture to build schools, houses and clinics in the Eastern Cape.

Group Five Building East Cape and Port Elizabeth Builders & Allied Federation (Pebaf) will each have a 50% stake in Equibuild.

Group Five Building East Cape managing director Dave Roe says the non-profit venture will be launched on Wednesday in Struandale, Port Elizabeth. The nominal share capital is R100. Each party will have three directors on the board.

Mr Roe says: "Group Five's major contribution will be managerial skills, training, planning and financial resources.

"It will hire equipment at a modest rate to Equibuild."

Pebaf, which comprises 61 informal builders, will supply on-site supervision and labour.

Mr Roe says Equibuild hopes for contracts worth about R18-million in the first year, although it will be able to handle more if required.

Pebaf and Group Five have worked together on contracts worth R30-million. They have R20-million of work in progress, mostly on schools at Uitenhage, Motherwell and Knysna.

Mr Roe says these contracts will not be transferred to the new company, which will start from scratch.

Mr Roe says not all Group Five work will be channelled through Equibuild. Group Five will handle contracts requiring higher standards.

"But as the informal builders gain experience in bigger contracts, the joint venture will be able to start bidding for larger tenders."

Rhodes Zicwele, a development consultant who played a major role in forming the venture, says: "The Pebaf builders see Equibuild as affirmative action at work, giving them chances they never had in the past.

"It will provide more work for members, improving their skills and giving them experience through on-the-job training."

Gloomy outlook for SA building industry

CT 27/10/93 (32)

By MAGGIE ROWLEY
Property Editor

THERE was little good news in the offing for the building industry which would require "nerves of steel" to hold out, according to the latest edition of Rode's Report on the SA property market.

The outlook for the non-residential sector was particularly gloomy with the latest figures of non-residential starts being extremely volatile even when deseasonalised.

"When this series is smoothed, however the trend is ever so slightly up from the lows reached at the start of 1993. We regard this uptick as a false start and forecast that the situation will deteriorate further," says the quarterly report.

According to the report, the most positive thing that could be said about the building industry was that residential construction was now in the deep of the building cycle trough, "the otherside of which lies the upswing".

"What is required now is the guts (and the understanding of one's bank manager) to hold out," he says.

Residential starts, as measured by the number of houses started, showed an upward trend in the seasonalised and smoothed series.

"However, the unsmoothed series shows a severe falling off in April 1993 no doubt owing to the Hani assassination," says the report.

Townhouse starts were continuing to climb due to demand for GASH (Good Address, Small House) units.

"Presumably those who can't afford the GA bit still have to go for the small home, making townhouse developments desirable from all directions."

Regarding building costs, the report points out that the Bureau for Economic Research's Building Cost Index still showed an unrealistic growth rate of only about 4% at the beginning of 1993.

"This low growth rate is significant because the VAT effect was out of the figures by that date. Growth in input costs, as measured by Haylett, is still hovering around 7%, also with no VAT effect present any more."

According to the report, the difference between the growth in tender prices and input costs suggested that contractors' profit margins were still being squeezed.

Home building costs, both in the middle and low income sectors, have tumbled to around 5% over the previous year indicating that both these sectors are still in the doldrums.

The BER BCI was forecast to increase from unrealistically low growth rate of 3% last year to 5% this year followed by a steep rise in the building cost index in 1994 fuelled by the expected surge in building activity.

The Haylett forecast by Medium Term Forecasting Associates in Stellenbosch was also forecasting even higher increases of 8% this year and 10% next year.

Rode points out that while the increased building activity anticipated in an upswing would normally fuel increases in building costs through expanding profit margins, this effect would be somewhat dampened by the lower consumer inflation.

The prognosis for residential building activity was reasonably positive showing a turnaround from the negative real growth of 4,2% experienced last year to a modest 1% growth this year and 6,2% growth in 1994.

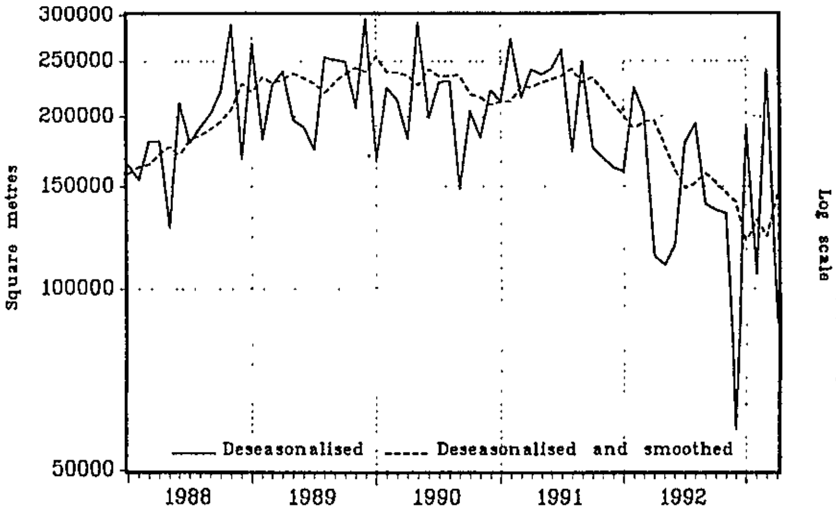
The recovery for investment in non-residential buildings is expected to be further away with negative real growth of 9,9% forecast for this year and a negative 6,9% for 1994.

"The reason for this delay in the non-residential turnaround is the over building which occurred between 1990 and 1992," says the report.

Rode concludes that their forecasts for building activity spell bad news for those whose fortunes were inextricably linked with the non-residential building industry.

"Professions which spring immediately to mind are architects and quantity surveyors."

NON-RESIDENTIAL STARTS
Private sector



Source of data: CSS

Injection for ailing Basil Read

EDWARD WEST

FRANCE-based Bouygues was prepared to recapitalise the beleaguered construction group Basil Read after the local company's losses more than doubled in the year to end-June, it was announced today. 8/5/09

Basil Read's results showed the loss a share for the year plummeting to 139,8c from last year's loss of 63,5c a share. Substantial losses incurred in the housing and property development divisions took the blame for the poor results. 27/10/93

Directors said trading losses incurred by the two divisions for the year had amounted to R11,46m and an extraordinary loss of R10,66m had been realised on the disposal of the operations.

The balance of the extraordinary loss referred to a write-off of goodwill on acquisitions of previous years.

French international construction group Bouygues currently held 25,9% of Basil Read. Bouygues intended to increase its shareholding to a majority stake and was prepared to recapitalise Basil Read in the short term with a considerable cash injection, directors said. (32)

The disposal of Basil Read's property portfolio to a consortium of investors — which still required formal shareholders' approval — would reduce borrowings by R53,4m. If the transaction were applied to the balance sheet at the current year-end, gearing would fall to 68% from the reported 588%.

Turnover for the year was affected by the ailing housing and property divisions and fell 17% to R381,6m from R460,15m. The R4,91m operating income of the previous year tumbled to a R17,25m operating loss.

Interest paid was lower at R11,73m from R15,05m, but directors said the level of borrowings remained unacceptably high and the associated interest bill had a material affect on results. The net loss for the year was R32,66m from the R9,51m loss reported last year.

Building council to bridge industry gap

BDay 27/10/93

Reports by ROBYN CHALMERS

THE Council for Construction in SA (Cocosa) is poised to become a powerful body which could bridge the gap between builders in the formal and informal sectors, says newly appointed chairman Linda Nyembe.

Nyembe was elected chairman earlier this month. Building Industries Federation of SA (Bifsa) executive director Ian Robinson and National Black Contractors and Allied Traders' (Natcat) Mike Mohohlo were elected joint vice-chairmen.

Nyembe said mutual distrust had clouded the relationship between the informal sector, or the black construction industry, and the formal sector.

"The perceptions and misconceptions which created the gulf between them needs to be bridged through proactive and transparent communication," he said.

There was an urgent need to speed up the housing delivery system. This was impossible without co-operation. The informal sector could not move ahead without the capacity of the formal sector and big builders were unable to go into townships without informal sector builders.

Cocosa was expected to develop into a powerful lobbying force, able to advise and influence government decisions.

Construction industry bodies represented on the council include the African Builders' Association, Bifsa, the National African Federation for the Building Industry (Nafbi), the SA Federation of Civil Engineering Contractors and bodies representing the professions.

Robinson said the council's main functions, apart from lobbying government, included liaising with associate bodies such as the SA Property Owners' Association, co-ordinating training programmes, capacity building and promoting access to capital.

Nyembe said the informal sector had initially been suspicious about the formation of the council, fearing that big builders would hijack the process and use it for their own means.

(32)

However, their fears were largely allayed by his appointment as chairman. He is president of Nafbi and is seen as a member of the informal sector.

"There is the danger of black builders believing I have sold out to the formal sector, but I am politically unaligned, present myself as a businessman and operate from the bottom up rather than the top down," he said.

Cocosa would be represented on the newly formed Regional Council for Southern African Construction. This would help in its dealings with other countries which were part of the regional council.

These included Angola, Botwana, Lesotho, Malawi, Mozambique, Namibia, Swaziland, Zambia and Zimbabwe. The regional council was being chaired by Swaziland in its inaugural year. Zambia was due to take over in May 1994.

CONCOR FM 29/10/93

Bad time(ing)

Activities: *Civil engineering, building, roads and toll management.*
Control: *Eurafrica GMBH 34,8%.*
Chairman: *B W Murphy.*
Capital structure: *11,4m ords. Market capitalisation: R40m.*
Share market: *Price: 350c. Yields: 8,6% on dividend; 32,1% on earnings; p:e ratio, 3,1; cover, 3,7. 12-month high, 375c; low, 300c. Trading volume last quarter, 34 000 shares.*

Year to June 30	'90	'91	'92	'93
ST debt (Rm)	4,4	2,6	2,0	2,0
LT debt (Rm)	4,6	2,9	2,9	2,2
Shareholders' interest	0,23	0,24	0,24	0,27
Return on cap (%) ..	4,3	9,2	5,3	6,7
Turnover (Rm)	539	550	506	488
Pre-int profit (Rm) ...	14,5	11,8	11,3	13,1
Pre-int margin (%) ..	2,7	2,2	2,2	2,7
Earnings (c)	92,9	112,1	89,8	112,3
Dividends (c)	20	30	30	30
Tangible NAV (c)	314	391	448	454

For Concor, operating in the civil engineering and construction businesses, financial 1993 was challenging to say the least; it bought an indirect 50% stake in Time Holdings just six months before the latter was placed in liquidation. Still, EPS advanced by a quarter in the year to end-June. (32)

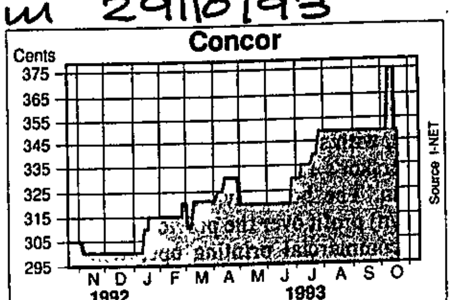
Despite a 2% decline in turnover, operating profit increased by 16%. As forecast, pretax income was in line with that of the previous year. A temporary tax cushion — the effective rate fell from 44,3% to 28,7% — helped to boost attributable earnings.

Interim results were not as promising; though turnover rose 3%, attributable profit was down a tenth to R5,5m. Roughly 8% of the workforce was laid off, and certain smaller divisions were combined, but chairman Brian Murphy was confident the Time acquisition, made in that period, would "assist in smoothing out the cyclic nature of Concor's business."

A different line was taken — and rightly so — at year-end when the annual statements focused on the failure of Time Holdings. A R7,9m provision, recorded as an extraordinary item, absorbed R8,7m of the R12,8m attributable profit. The balance of the investment was included in debtors. To protect its interest, Concor acquired all the shares in Time Projects, Botswana, for R2m and the 66% stake in Time Life — the satisfactory sale of which could restore health to the balance sheet.

Murphy says there have been signs of an increase in available work, owing to the start-up of several large projects such as Columbus and Alusaf, but margins have not yet improved significantly; however, the pre-

FM 29/10/93



(32)

interest margin widened to 2,7% (1992: 2,2%). He adds that Concor has obtained an acceptable share of this activity and expects an adequate workload for this year.

Against forecasts, the construction division improved its profits. Murphy says this division will continue to seek work beyond the borders but points out these efforts are hampered by restrictions imposed by the Reserve Bank.

Concor remains ungeared — a position it has enjoyed for several years now. Because of reduced cash resources — a result of the Time Holdings deal — and lower rates, interest received fell by a third to R6m.

The share price is gradually recovering; in four months it has gained 55c, to stand at 375c. Plainly, the Time Holdings deal was badly timed but Concor's fundamentals remain sound.

Kate Rushton

BRICKS FM 29/10/93

Saving for a rainy day

Nowhere is the severity of the building recession more evident than in the brick industry, where consumption is down 50% on seven years ago and stockpiles are above 400m.

The situation would probably be much worse were it not for the aggressive marketing and ruthless price cutting of producers, which is prompting some developers to take advantage of low brick prices and proceed with schemes which would otherwise be more marginal.

Building materials have, according to Bifsa executive director Ian Robinson, risen by an average of 8% in the past year, compared with a 2% rise in building costs. But Corobrik says brick producers have cut prices on certain lines in an endeavour to maintain turnover in the face of a 10% decline in building activity over the same period. (32)

This is confirmed by Clay Brick Association executive director Nic Louw, who notes that though official prices have remained static, competitive discounting means achievable prices are down by between 5% and 10%. "Taking inflation into account, the percentage drop in real terms runs well into double figures," he says.

The pressure on contractor and materials suppliers' margins has only been marginally alleviated by small growth pockets in the building industry, such as commercial and residential development at Richards Bay, which has come in the wake of the R7bn Alusaf aluminium plant and the continued, though slowing, decentralisation process affecting most SA cities.

A further boost for the country's major brick producer Corobrik came a year ago through a major export order for face bricks to the Far East. Though Corobrik, which claims a 45% share of the local brick market, says it has tried to capitalise on that initial export success made more profitable by the declining rand/US dollar exchange rate, foreign orders have dried up. The company has also explored, with discouraging short-term results, new markets in Africa.

According to Corobrik's executive chairman Errol Rutherford, the only real salvation for the building industry will come from economic revival in tandem with the implementation of an effective mass housing programme.

Both, however, seem some way off, though Rutherford remains optimistic. In the short term, the industry's revival will be dictated by several critical issues, not least of which are: the holding of free and fair elections in April; acceptance of the election results by the main political parties; breaking out of the "forum" syndrome where dialogue in SA has

FM 29/10/93

become an end in itself and is seldom followed by action; and breaking the logjam which is preventing initiatives from addressing the country's huge housing shortage.

Bifsa's Robinson says the R15bn-a-year turnover building industry has been severely affected by a decline in public sector spending on building — now down to less than 4% of GDP compared with about 10% in the early Eighties. (32)

"Against that background the private sector has held up reasonably well. However, we have come to a crunch where SA is now overbuilt with offices and saturated with shopping centres, so there is not a great deal of private sector scope for new work except in low cost housing, which should begin picking up after the April election."

The Clay Brick Association's Louw agrees that most of the elements are in place for an industry revival based on home building. "R7bn a year needs to spent be on housing, the finance is available from local and international sources but there are still problems with channelling the money to the people who most need it. Those problems are being addressed."

He says the price the brick industry has paid for the recession can be measured by the fact that there were between 350 and 400 brick producers in SA in 1980. Now there are only 105. There are, however, encouraging signs that some who closed shop are considering re-opening. That's not because of current trading conditions, but rather because they're optimistic about the future. ■

Achiever Saficon lifts earnings 143%

B/Day 1/11/93

EDWARD WEST

MOTOR retail and building product group Saficon's earnings rose 143% in the six months to end-September, albeit off a low base, on the back of cost controls, less tax and lower outside shareholders' interests. (32)

Today's published results showed earnings at R5,1m (R2,1m), translating into earnings a share of 14c (6c).

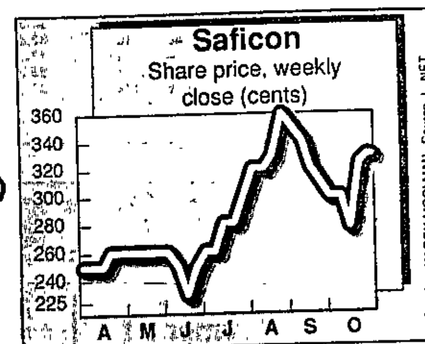
CE Kurt Hipper said car sales had improved marginally in the three months to September, but building industry conditions had deteriorated further, with tough competition pressurising margins.

Saficon's turnover climbed 7% to R1,5bn (R1,4bn) in the six months. Costs rose only 9% and gross margins improved slightly, contributing to a 15% increase in operating profit to R26,2 (R22,7m).

Costs included a R4m non-recurring charge for consulting fees, and ongoing change undertaken by building materials subsidiary Boumat. Gearing fell to 0,36:1 (0,55:1) from lower interest-bearing debt.

Interest paid increased marginally to R15,6m (R15,3m) and, together with a lower tax rate, contributed to a 65% rise in taxed profit to R6,3m (R3,8m).

Earnings were also boosted by reduced outside shareholders' interests to R1,3m (R1,8m), arising from the increase in the group's stake in Boumat to 65% from 51%. A R1,8m extraordinary item related to the additional Boumat shares.



Boumat's turnover, 96% of budget, climbed 10% to R668m (R609,2m). Operating profit fell to R10,6m (R12,8m). Lower interest at R4,8m (R6,5m) and tax at R2,3m (R3m) took earnings a share to 11,1c (10,5c).

Hipper said changes to improve Boumat's efficiency were proceeding well.

He forecast an improvement in Saficon and Boumat earnings barring election unrest. Dividends were passed on that basis until year-end.

The results of Sakers' Finance and Investment Corp reflected those of Saficon, its sole asset. Sakers' attributable earnings rose 145% to R2,5m (R1m), translating into earnings a share of 23c (10c).

'Group Five well focused'

THE restructured Group Five Holdings, which includes Everite Group, was now well focused with a wide enough base from which to grow significantly, executive chairman Theunis Kotzee said.

He told investment analysts its labour force of 12 000 was about half that of five years ago and the group had total assets of about R1bn. B/DAY

Although there was uncertainty ahead of the elections, group results for the 1993/94 financial year should reflect a turning point, he said. 1/11/93

Construction activities head Trevor Jackson said the division had business worth R850m in hand, a satisfactory position in current circumstances. (32)

The group would continue to combat a shrinking local construction market through cross-border work and costs control, he said. More than 12% of its R1bn a year turnover last year came from outside SA.

Engineering division chief Mike Lomas said he expected increased turnover of R120m in the current financial year. Plans for the year included a focus on cash management, decentralisation to Natal and a broadening of its activity base. — Reuter.

LTA increases turnover despite tough conditions

B/Day 2/11/93

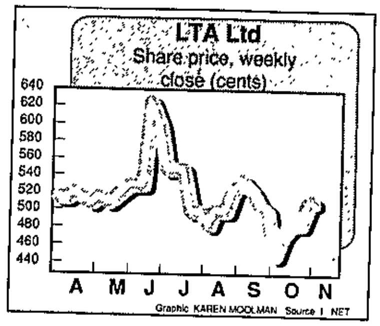
EDWARD WEST

CONSTRUCTION group LTA maintained earnings in the six months to end-September 1993 at 68c a share in the face of tough business conditions. (32)

Turnover for the 70% owned Anglo American Industrial Corporation (Amic) subsidiary climbed 5,7% to R916m from R867m at the same time last year and operating profit improved 6,9% to R27,69m from R25,9m, indicating a slight improvement in margins.

Directors reported the results to be in line with expectations given the continuing difficulties faced by the construction industry. The group's year-end had changed and results for the nine months to end-December 1993 would show some improvement over the previous year, they said.

Interest received for the period fell by more than half to R2,27m from R4,86m and the tax charge dropped to R8,97m from R10,7m. Taxed profit



Graphic KAREN MOOLMAN Source I-NET

rose 4,6% to R20,99m from R20,06m.

Outside shareholders' interests were higher at R2,33m from R1,81m and cut into profits slightly leaving attributable earnings marginally up at R18,66m from R18,25. A R1,37m extraordinary item related to goodwill written off on acquisitions.

Directors said group liquidity remained at satisfactory levels and the order book showed some improvement. The value of uncompleted work in hand increased by more than a fifth to R1,84bn from R1,52bn.

Total short- and long-term borrowings more than doubled to R59,47m from R27,55m. Funds on deposit and at bank fell to R94,83m from R115,39m.

LTA's year-end was changed to December from March to coincide with Amic's year-end. In February Amic took up Anglo American Corporation's (AAC) 48,8% stake in LTA as part of a tidying up process of AAC's investments — a move which increased Amic's stake in the construction group to 70% from 23%.

The share was bid at its ruling price of 510c yesterday after coming off a June peak of 625c.

A JSE analyst said LTA's share price had potential to appreciate if one compared it with how other construction companies were rated and the fact that it appeared to be riding out severe industry conditions.

He believed LTA would at least be able to maintain last year's 35c dividend for the nine-month period to end-December 1993.

Construction sector still sluggish

B/Day 3/11/93

LINDA ENSOR

CAPE TOWN — Conditions in the building industry were cause for concern and the sector was unlikely to register significant growth before well into 1994, the Stellenbosch-based Bureau for Economic Research forecast in a report on economic prospects released yesterday. (32)

Apart from sluggish macroeconomic trends, the bureau attributed most of the sector's problems to the adverse sociopolitical environment, with the continuation of violence in the run-up to the election expected to exacerbate the situation.

"Builders are effectively being kept out of the townships, which is bad for the building of low-cost houses. It also appears that builders themselves are trapped in the general wait-and-see attitude prevailing in SA.

"In view of this it is difficult to see how the building sector could recover before a political settlement has been reached and a new government elected. Obviously, the level of violence must also subside before builders are more willing to stick their necks out."

The bureau expected conditions in the residential sector to remain poor due to pressure on real disposable incomes, and the negative macroeconomic climate to dampen investment in the non-residential sector.

The report said recent surveys of the property market confirmed the sector's sluggishness.

"A survey among builders of non-residential buildings confirmed that business conditions were extremely poor during the third quarter and are expected to deteriorate further during the fourth quarter, albeit at a slower pace. Builders of residences reported in similar fashion, as did building subcontractors," the report said.

While there were pockets of activity, there were no sustained growth trends noticeable. Office rentals were drifting downwards and office vacancies increasing. Industrial rentals were also continuing to fall in real terms and house prices were increasing more slowly.

The bureau believed the second half of 1993 would probably see the downward trend in the monetary value of buildings completed (measured at 1985 prices), as plans passed in the first half had declined in real terms. The value of plans completed between January and July showed a sharp year-on-year decline, the largest in non-residential buildings. Flats and townhouses was the only positive growth area.

In the first seven months of the year, the number of houses and non-residential buildings being built showed a year-on-year decline of 0,5% and 32,6% respectively.

The bureau added that no improvement in the tough conditions experienced by architects could be expected before well into 1994 either.

Call for refocusing of building control norms

B/Day 3/11/93

ROBYN CHALMERS

THE focus of building control and the attitude of building control officers will have to undergo a dramatic change in order to create a sustainable and acceptable urban environment in the future.

This was the message from last week's building control officers' seminar in Johannesburg.

Johannesburg City Council strategic projects deputy director Tiaan Ehlers outlined three areas that building control officers would have to focus on. These were:

- A change in attitude towards the very poor; (32)
- Emphasis away from controlling and regulating to assisting and advising the general public, and
- A change in building control standards to encompass "the First World/Third World integration clash".

Ehlers said the switch was needed in reaction to the dramatic changes which urban areas in SA were experiencing, especially with the current focus on integrating traditionally dispersed cities.

The urbanisation process for whites, Asians and coloureds was more or less completed, said Ehlers, with urbanisation rates of 92%, 95% and 82% respectively. However, major changes were occurring in the geographic distribution and growth of the black population sector.

"It appears that the level of urbanisation for blacks stood at 53% in 1985. This is expected to increase to 69% by the year 2010. This means an increase from 13-million to 33,2-million people," said Ehlers.

The Urban Foundation expected that the major shift would be from the rural areas to the metropolitan areas, with the principal source of economic growth in these regions coming from population increases.

"There is an expected increase in the black population from 21,1-million in 1980 to 48,5-million in 2010 — a 230% rise above the 1980 population," said Ehlers.

The present urban system was focused on the needs of a minority enjoying various degrees of personal mobility. The pattern of urban development was at odds with the needs of the majority.

Surveys undertaken by the National Housing Forum, the Urban Foundation, civic organisations, the Development Bank of SA and the World Bank indicated the need for spatial restructuring as a basis for addressing critical issues, such as housing and service delivery, greater urban efficiency and equity in access to opportunity.

"It is believed that an urban system that is complex in its structuring and compact in its spatial extent offers a model that yields maximum opportunity and choice.

"It is therefore fundamental that a model for the future must be able to assist in redressing spatial and structural inequities," he said.

The lack of such a vision was one of the most sorely felt inadequacies during such a critical time of reconstruction and left SA devoid of both the context and consensus needed to address present day problems.

The Central Witwatersrand Metropolitan Chamber had developed eight policy approaches aimed at addressing the restructuring, which included making use of vacant land, and upgrading those parts of the urban system under stress.

Reinforcing the spatial structure of the urban economy to stimulate growth, developing the transport system, delivering better essential services, striking an environmental balance and providing balanced and integrated community planning were all part of the plan.

PPC prospers despite hard times in building

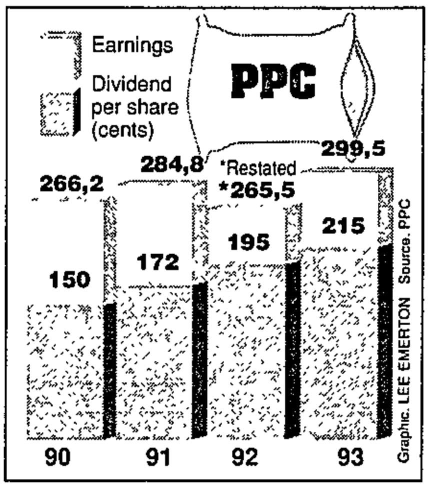
B/Day 5/11/93

EDWARD WEST

A LIGHTER tax burden, cost controls and asset management helped Pretoria Portland Cement (PPC) overcome tough conditions in the construction industry and earnings climbed 13% in the year to end-September 1993.

PPC's cement sales reflected the difficult building and construction sector and fell 5% to 2,8-million tons. Cement plants operated at 56% of capacity and lime sales were virtually unchanged at 973 000 tons.

Turnover rose 9,2% to R884,6m (R809,9m) and operating income was 7,8% higher at R198,9m (R184,5m), helped by two cement price increases totalling 9,2% and one lime price increase of 6,5%.



Earnings a share increased to 299,6c (265,5c). A final dividend of 165c was declared lifting the dividend for the year by a tenth to 215c (195c).

Interest paid of R6,1m was offset by R20,5m investment income and pre-tax profit was 8% up at R213,3m (R197,9m). The tax rate was lower at 44,7% (48,1%). The R90,9m (R88,9m) tax bill included R10,4m secondary tax on companies.

The benefit of the tax rate on deferred tax was reported as a R38,5m extraordinary item and transferred to reserves. Because of the distortion from the partial method of accounting for deferred taxation, the group changed to the comprehensive method and 1992 earnings were restated downwards by R4,3m.

Strong cash flows enabled cash holdings to increase to R157m (R112m). Long-term finance of R35m was raised to fund plant expansions at Slurry and Hercules which increased total debt slightly. However, gearing was 10%.

Cash generated, enhanced by the sale of the 50% stake in Parem Enterprises and low capital expenditure during the year, amounted to R67m. Major capital expenditure to be completed in 1994 included a R20m silo and palletising system at Hercules and a R17,6m palletising and road dispatch system at Slurry.

Everite 'at turning point'

B/Day

EDWARD WEST

EVERITE should report a turning point in its results for the year to end-June 1994, chairman Theunis Kotzee said in his 1993 report. 8/11/93

The Group Five subsidiary is involved in scaffolding, steel reinforcing, granite quarrying and concrete supply, plastic pipes and fittings, ceramics, property and water and sewerage management. (32)

Earnings fell to 7,5c a share in the year to end-June 1993 from 19,1c the previous year after margins were eroded in difficult trading conditions.

Kotzee said all business units within the group were well positioned and competently managed. It was difficult to forecast how the economy would evolve and an improvement in earnings was based on the assumption there would be no macro-developments beyond group control.

Management was forced to adapt to diminished markets in the past year and unprofitable operations were rationalised. Reorganisation was complete, the only exception being the property portfolio.

The economy appeared to have bottomed out. No further rationalisation should be necessary and the group was in a period of consolidation, said Kotzee.

In the year to end-June 1994 liquidity would be improved by the proceeds of an endowment policy valued at R46,4m. Property holdings would be reduced from the equivalent of 50% of shareholders' funds to not more than 25%.

This would be achieved through the establishment of a variable rate loan stock company which would absorb at least half the group's R130m property porfolio when market conditions allowed, he said.

Affordable housing sector sales represented only 6% of turnover compared with 24% in normal times. The substantial funds made available for affordable housing were not being translated into bricks and mortar.

LTA buys stake in Wade Refuse

BDay 9/11/93

EDWARD WEST

CONSTRUCTION group LTA had acquired a 50% stake in waste collection and disposal company Wade Refuse for R15m, LTA said yesterday.

The acquisition, which took effect from July 1, would lift LTA's earnings for the period to December by 4,5c a share.

This area of operation would become of strategic importance to the group, said LTA financial director Jimmy Oosthuizen.

The acquisition price was based on net asset value and an amount for goodwill calculated in part on Wade's expected performance over the next three years. The R15m would be settled by an initial payment of R10,5m and the balance at the end of three years, all of which would be funded from LTA's cash resources.

The initial purchase price of R10,5m included R8,3m for goodwill which would be written off by LTA as an extraordinary item.

Banks and councils 'off beam on timber houses'

BIDay 10/11/93

Reports by ROBYN CHALMERS

THERE was much ignorance on the part of financial institutions and local authorities on the use of alternative methods to bricks, such as timber, in the building of homes at a much lower cost.

This view was expressed by Knysna Town Council building control and law enforcement officer Kobus van Heerden at a recent seminar.

Van Heerden said the cost to people building their own homes with alternative materials could be between 60% and 70% of a normal brick house. But banks, he said, were reluctant to grant mortgage finance on these houses. They often cited risks such as fire, beetle and worm infestation and various other natural elements which were potentially hazardous to a structure.

On the other hand, local authorities often refused to grant permission for the construction of such a house, largely because of insufficient knowledge and because they preferred plans using brick construction.

"Timber or alternative products can be used in the erection of a house at a lower cost by the owner builder. He is in control of his own labour and can negotiate better prices in respect of materials and work done by subcontractors," said Van Heerden.

He noted that three factors were vital to the success of community involvement in urbanisation projects using alternative methods.

Willingness to communicate without hidden agendas and the employment of common languages and concepts were important.

In addition, skills and information should be shared. There should be a mutual understanding of the importance of each party's value systems and the extent to which each party could influence the project.

The CSIR had become increasingly involved in the evaluation of alternative materials and products for use in construction. The organisation placed particular emphasis on the need for adaption of norms, standards and regulations to meet the changing circumstances. (B2)

CSIR building technology division housing programme manager Carl Schlotfeldt said rapid urbanisation and apartheid policies had led to an ever increasing cost of providing basic services such as water and sanitation.

"This in turn has brought about a general acceptance that many of the existing standards are no longer appropriate, cannot be afforded and hence are not sustainable," he said.

The CSIR was involved in the development of affordable, appropriate and relevant standards on a continuing basis through interaction with civic organisations, the National Housing Forum, local authorities and the building industry.

Far from home, with a log in the water tank

South 12/11- 16/11/93

By Quentin Wilson

ANDRE du Plessis, a bricklayer from Somerset West, spends his weeks stranded in the middle of the Hottentots Holland mountain range near Worcester.

Cut off from his wife and son during the week, he is expected to live in a prefab hut off the national road for the next two and a half years.

He has no telephone and no transport. The nearest town of Rawsonville is an eight-kilometre walk away.

Du Plessis is one of 16 workers who are helping to build a double carriageway leading to Du Toit's Kloof. They are far from happy with their working conditions determined by the construction company, Savage and Lovemore.

In contrast, their white bosses work in relative luxury next door to a local hotel and are provided with company cars to get them to and from work each day.

While most of the total workforce of 130 live and commute from Worcester, an "Emergency Crew" of 16 builders are living on site during the week. (32)

Home consists of four prefabricated cabins. Each measures about four metres by three and a half metres, and accommodates four people.

"The dust is unbearable here," complains Du Plessis, "Every night we have to pour water on the floor to try and make it a bit better."

Du Plessis and his colleagues say they are paid R400 every two weeks.

"The worst thing about this place is that we are completely cut off from everything. They take us back to our homes for weekends, but during the week, it is almost impossible to buy food or anything because none of us have any transport and the nearest town is such a long way away," Du Plessis said.

On their mini-township off the N1, there are two toilets, a primitive showering facility and a water tank.

"We are supposed to drink from the water tank, but our foreman sometimes washes his hands in it, cleans his fruit and for some reason he has put a log in the tank. It can't be healthy," Du Plessis said.

He finds it ironic that the company insists on environmental precautions, such as prohibiting workers from stubbing their cigarettes in the dust outside, while not taking similar care with the water tank.

"I don't think I can last much longer here. I have been here three weeks but it seems like a lifetime. I would do anything to find another job," Du Plessis said.

Management at Savage and Lovemore refused to comment on working conditions when approached by SOUTH.

Meanwhile, Mr John Neels, chairperson of the South African National Civic Organisation (Sanco) in the Western Cape, has pledged to take up the cudgels on the workers' behalf.

"The real problem lies with the government," argues Neels. "They give away tenders for projects like these without insisting that workers get treated properly.

"We as Sanco will do everything we can to ensure that clauses relating to conditions of employment are attached to tender documents before they are given out.

"In the meantime though, these companies must be persuaded to change their ways. It is completely unacceptable," Neels said.

FM 12/11/93

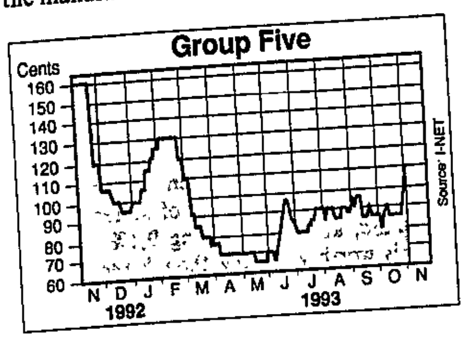
Finance director Howard Turner says the move complies with current accounting practice but one wonders what will happen next year, when the new Gaap scheduled to be introduced in the next month precludes manipulation of the earnings calculation?

Subsidiary Everite remains a drain on Group Five's financial resources — the effect comes through clearly on the balance sheet where borrowings continue to expand, this year to a gross R145,5m (thankfully offset by large cash balances of R77,8m). Despite this sour area, debt:equity at 18,6 hasn't been affected and that's evidence of an intrinsic underlying strength.

Ingenuity unrewarded

If some of the setbacks are removed — like the impasse over the Fancourt golf project associated with Masterbond and the R49m loss on the Houston bridge contract — the underlying potential of Group Five is revealed. The trouble is that potential is one thing, realising it is another. And investors will want to see some positive progress before they commit themselves.

The Texas bridge contract is a fascinating example of ingenuity unrewarded by the final outcome. Group Five became involved with an American engineering company in the manufacture and erection of a 2 km-long



dual carriageway bridge for the Texas Highway Authority.

(32)

Listening to Group Five executives tell the tale it becomes clear many of the underlying specifications either weren't understood or weren't spelled out. The result is a disaster from which the company will be long in recovering. Apparently, the terms of the contract are subject to legal dispute in the American courts and part of the losses could be recouped — but shareholders shouldn't hold their breath.

Fancourt is a similar tale of disaster though Group Five executives can hardly be blamed for the financial contortions in Masterbond.

Nevertheless, the company is owed R16m; it holds builders' liens to protect it but it is believed these may be disputed by the liquidators. It is another mess which will be long in resolution.

Group Five is a large, independent, construction & building operation which employs more than 12 000 people. It has been slimmed and trimmed and is now well placed to take advantage of any movement in the economy.

David Gleason

FM 12/11/93

EVERITE

More hopeful signs

Activities: *Construction, engineering, manufacturing and property holding.*
Control: *Group Five and Fedsure.*
Executive chairman: *T J Kotzee.*
Capital structure: *88,9m ords. Market capitalisation: R133,4m.*
Share market: *Price: 150c. Yields: 5% on earnings; p:e ratio, 20. 12-month high, 230c; low, 125c. Trading volume last quarter, 77 750 shares.*

Year to June 30	'90	'91	'92	'93
ST debt (Rm)	23,6	16,6	98,6	106,5
LT debt (Rm)	2,2	2,6	3,5	21,6
Debt:equity ratio	0,05	0,07	0,29	0,33
Shareholders' interest	0,74	0,78	0,57	0,59
Int & leasing cover	9,9	4,1	4,4	n/a
Return on cap (%)	9	4	6	n/a
Turnover (Rm)	351,9	334,2	392,8	408,6
Pre-int profit (Rm)	40,9	17,8	32,8	(15,8)
Pre-int margin (%)	11,6	5,3	8,4	n/a
Earnings (c)	30,4	21,5	19,1	7,5
Dividends (c)	13,0	6,5	6,5	nil
Tangible NAV (c)	356	419	335	344

(32)

Everite, positioned as the industrial wing of Group Five, has struggled to keep its head above water during this recession. Up to now this has been a losing battle as bottom-line figures confirm — EPS have fallen for four consecutive years from 34,1c in 1989 to 7,5c this year.

Even that disguises the extent of Everite's woes: it was rescued this year by the Treasury — the reduction in the tax rate and assessed losses enabled it to write back R9,6m from deferred tax provisions accrued in earlier years. That turned a pre-tax loss of R1,3m into a net attributable profit, after bringing an extraordinary item of R892 000 to account, of R5,8m. Not surprisingly, the dividend was passed.

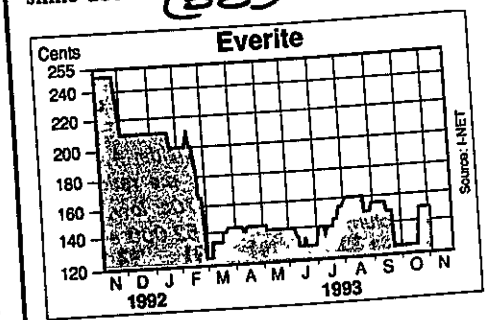
The balance sheet shows the extent of the strain: over the past four years net borrowings have increased from R14,8m in 1990 to R105,5m at June 30 this year. This explains the doubling of the finance cost, which rose this year to R14,5m. Executive chairman Theunis Kotzee admits bluntly that "the trend over the past five years doesn't look good. Everite is a volume sensitive business; when volumes decline the impact is immediately felt on margins."

He says Everite's manufacturing division was particularly affected by the failure to turn "the substantial sums available for affordable housing" into bricks and mortar. That's business shorthand for commenting on the strife, dislocation and mayhem in the townships where nothing, it appears, is sacrosanct — least of all building homes for the country's needy.

A new development will be the move to property: reducing Everite's exposure to property. Kotzee says about half of shareholders' funds are held in property and he wants to halve that, probably by establishing a variable rate loan stock company to absorb about R65m worth of the company's property portfolio. But he will have to wait for conditions to improve markedly before there's any hope of achieving this successfully.

It isn't all gloom and doom: Everite has clearly been subjected to a good deal of management examination and consequent reorganisation. Efforts have been made to reduce reliance on cyclical activities by introducing new businesses such as water and sewerage services. Cash flow will be relieved in June when an endowment policy falls due and brings with it benefits of around R47m. That will give the bankers something to smile about.

(32)



Pressed to give some indication of performance this year, Kotzee says the first four months "have been relatively good." He's convinced the corner has been turned and lays stress on his hopes for the outcome of the next year's general election.

These are aspirations echoed by most businessmen and, in truth, they are probably expecting ordinary politicians to deliver too much. Despite that, Everite is clearly in a good position to benefit from any growth in economic activity.

David Gleason

GROUP FIVE FM 12/11/93

Slimmed and trimmed

Activities: *Composite construction/engineering group.*
Control: *Management through S M Goldstein & Group Five Holdings.*
Executive chairman: *T J Kotzee.*
Capital structure: *41,8m ords. Market capitalisation: R50,2m.*
Share market: *Price: 120c. Yields: 32,5% on earnings; p:e ratio, 3,1. 12-month high, 265c; low, 65c. Trading volume last quarter, 3m shares.*

Year to June 30	'90	'91	'92	'93
ST debt (Rm)	3,0	0,7	115,4	123,9
LT debt (Rm)	—	—	3,5	21,6
Debt:equity ratio	(0,82)	(0,93)	0,20	0,19
Shareholders' interest	0,14	0,17	0,36	0,37
Int & leasing cover	n/a	n/a	6,6	2,1
Return on cap (%)	7,0	7,2	2,8	3,7
Turnover (Rbn)	1,3	1,3	1,4	1,5
Pre-int profit (Rm)	34,0	39,1	28,3	36,5
Pre-int margin (%)	2,6	3,0	1,8	2,5
Earnings (c)	68,0	77,4	39,6	39
Dividends (c)	22,0	25,6	13,2	nil
Tangible NAV (c)	165	221	244	197

(32)

This is new executive chairman Theunis Kotzee's first year in the hot seat and he couldn't have picked a worse one. 1993 was characterised, he says, by "the worst conditions the building & construction industry has seen for several decades." Well, on the basis that it's better to take it all on the chin at once, Kotzee's got off to a fine start.

Turnover, which includes Everite (reviewed in this issue), rose 8% to R1,49bn. However, operating income plunged R15,7m or 32% — clear enough indication of the pressures to which margins were subjected. An abnormal loss of R3m on the now famous Texas bridge contract and a hugely increased finance charge of R17,8m (most of it from Everite) reduced pre-tax income to R18,7m (1992: R24m).

Deferred tax was written back, courtesy of Finance Minister Derek Keys' lower corporate tax rate — most of it from Everite and net attributable profit was R16,3m, almost precisely the same as for 1992. This doesn't take account of extraordinary items of R14,8m brought to account below the line.

cont →

Austrian Section Government

in Government

Ovcon earnings in 29,5% slide

(32) CT 12/11/93

By MAGGIE ROWLEY
Property Editor

CONTINUED pressure on margins in the "most difficult ever" economic climate, saw Cape-based construction group Ovcon's earnings drop 29,5% for the six months to end September.

Turnover was down marginally at R75,3m against R76,7m during the corresponding period the previous year.

Operating income of R2,2m was down 11,9% but a drop in the interest bill to R240 000 (R310 000) as a result of interest bearing debt being reduced further to R1,8m from R2,6m, resulted in pretax income declining 10,5% to just over R2m.

However a 40% hike in taxation to R877 000 saw earnings per share down 29,5% at 13,1c (18,6c) for the six month period.

The interim dividend of 4c a share has been maintained.

The group maintained sound liquidity during the year and the balance sheet remains strong.

MD Jan Kaminski described the results as satisfactory particularly as they had been achieved in a time which has seen many other contractors go to the wall.

Turning to prospects, Kaminski said in the current economic and political climate, the group's ability to improve earnings by its year end would be dependent on the finalisation of current negotiations and successful tendering in the near future.

The group was still working under capacity and was well placed to take advantage of the eventual upturn in the economy.

However the Ovcon directors at this stage believed that the only realistic attitude was one of "extreme caution".

"In the short-term the ability to produce profits is likely to be still more difficult than it has been recently. However, we believe that any comany which can operate above break-even point in the next half year to a year will be extremely well placed thereafter."

Kaminski said that like other contractors Ovcon believed that the time for a cash injection into the civil engineering and building industry was now long overdue.

Ovcon, he said, backed the call from the Building Industries Federation for a quick start to a nationwide housing effort.

"This could become an engine for growth for the economy and could do a great deal to counter the current unemployment situation in the country.

"On-site training could provide men with building skills that could be useful to both the formal and informal sector for a long time to come."

Property slump knocks Syfrets

Business Staff (32) ARGT 12/11/93

THE entire property portfolio of Nedcor's Cape Town subsidiary Syfrets was reassessed in the year to end September — resulting in additional provisions of R25 million being made against Syfrets' properties .

This cut Syfrets' net income by R5 million from R22 million to R17 million in the period under review.

UAL also reassessed its property portfolio, making for provisions of R20 million against UAL's properties. But the effect on UAL was muted and income rose from R47 million to R55 million.

Nedcor chief executive Chris Liebenberg noted that UAL would have shown an "astronomical" increase in earnings but for the property provision".

Niche operation Cape of Good Hope Bank, performed strongly in the year under review, increasing net income 21 percent in spite of tight trading conditions in the Western Cape.

MD advocates extreme care in months ahead

B/Day 12/11/92

EDWARD WEST

EARNINGS for the Cape Town-based civil engineering, contracting and building group Ovcon dropped 29,6% to 13,1c (18,6c) a share in the six months to end-September as a result of lower turnover and falling margins.

Turnover fell slightly to R75,31m (R76,7m), but margins came under pressure, leading to a 12% decrease in operating profit to R2,3m (R2,61m).

Interest paid was lower at R240 000 (R310 000) and pre-tax income down a tenth to R2,06m (R2,3m).

Tax climbed to R877 000 (R625 000) and taxed income was 29,5% lower at R1,18m (R1,67m). The interim dividend was maintained at 4c a share.

Directors said the group performed satisfactorily in the six months and maintained liquidity. Cash balances increased 16,7% to R15,91m (R13,63m), but were relatively static compared with the R15,34m at year-end in March. Interest-bearing debt fell to R1,8m (R2,6m).

Ovcon Construction MD Jan Kaminski said the results showed Ovcon had been able to ride out the recession while many other contractors had turned in poor performances or closed down.

The group's ability to improve earnings for the full year depended on finalising negotiations and successful tendering. The only realistic attitude was extreme caution in the months ahead.

"While we are confident about long-term prospects, in the short term the ability to produce profits is likely to be more difficult than it has been recently." However, the group was working at less than capacity and was well placed to take advantage of the eventual economic upturn.

Major contracts being handled by the group were the Newlands cricket stand, the revamp of the Garlicks building and a major addition to the SA Breweries Ohlssons complex. (32)

The group's Boland branch recently completed the Helderberg Village clubhouse and health care centre. At Gordon's Bay, the Harbour Island Marine work and flat blocks had been handed over. In Natal, the Bluff shopping centre was completed on schedule in August.

The company had started a trading and construction company in Abu Dhabi in the United Arab Emirates. Its first contract, valued at R6m, was proceeding satisfactorily. Ovcon recently bought the equipment of Associated Board & Door, which was being reorganised.

Kaminski said a cash injection into the civil engineering and building industry was overdue.

Much-needed facilities had been delayed so long that many communities were suffering. Many more qualified construction staff would have to be laid off if their employers did not find work soon.

A nationwide housing effort could become an engine for growth for the economy and could go a long way towards countering unemployment. On-site training could provide skills useful in the formal and informal sectors for a long time to come, Kaminski said.

Star 18/11/93

Tongaat overcomes setbacks

BY DEREK TOMMEY

A sharp reduction in interest and tax payments helped Tongaat-Hulett offset a serious loss of income from its drought-hit sugar crop and report an 8,2 percent rise in attributable earnings in the six months to September.

Earnings rose from 87,4c to 94,6c and the interim dividend has been raised from 23c to 25c.

Chairman Chris Saunders and MD Cedric Savage say sugar production is likely to be only half that of a normal year.

Turnover rose 1,4 percent to R1,97 billion, reflecting difficult conditions. Operating profit dropped 18,7 percent to R115 million.

Net interest paid dropped from R38,9 million a year ago to R22,9 million, thanks to better cash generation and lower rates.

Tax payments were lower, partly because of the 10,2 percent cut in pre-tax profit, and partly because of agricultural tax allowances for the R100 million Heatonville irrigation scheme.

The building materials division (Corobrik) and the aluminium divisions (Huletts Aluminium) continued to feel the effects of the recession.

But the textiles division (formerly Whiteheads) and the starch and glucose divisions performed well.

The joint marketing, licensing and technology agreement with US food producer, CPC International, by Tongaat Consumer Foods will result in a sharper focus on branded foods.

CPC International has an option to acquire 50 percent of Tongaat Consumer Foods.

The directors say that despite estimated capital expenditure of R212 million for the year, net borrowings, amounting to R491 million at the end of September, should drop to R120 million by next March.

Provided trading activities are not affected by unrest ahead of the election, attributable earnings should improve.

BASIL READ

FM 19/11/93

Refinancing needed

(32)

Even accepting that love is blind, it is not easy to see why French group Bouygues, said to be one of the largest construction organisa-

Cont → p112

FM 19/11/93 (32)

Activities: *Building, construction and civil engineering.*

Control: *Bouygues Group (France) 25,9%.*

Chairman: *L Dison.*

Capital structure: *14,3m ords. Market capitalisation: R11m.*

Share market: *Price: 75c. 12-month high, 75c; low, 40c. Trading volume last quarter, 266 615 shares.*

Year to June 30	**'90**	**'91**	**'92**	**'93**
ST debt (Rm)	13,7	52,1	79,9	61,0
LT debt (Rm)	18,9	6,4	6,7	1,1
Debt:equity ratio	0,15	1,00	2,04	5,70
Shareholders' interest	0,26	0,23	0,17	0,06
Int & leasing cover .	2,3	0,24	nil	nil
Return on cap (%) ..	10,3	6,5	2,1	(10,4)
Turnover (Rm)	414	508	460	382
Pre-int profit (Rm) ...	19,3	14,3	4,9	(17,2)
Pre-int margin (%) ..	4,7	2,5	0,1	(4,5)
Earnings (c)	96,1	42,0	(63,5)	(139,8)
Dividends (c)	30	10	—	—
Tangible NAV (c)	345	356	288	72

tions in Europe, has agreed to hop into bed with the ailing Basil Read.

Two things are certain: Read has far more to gain from the association than does Bouygues; and Bouygues would not have agreed to take part in the financial reconstruction of Read — which will result in it taking control — unless satisfied Read can be turned around and restored to profitability.

It is probably not overstating the precariousness of Read's position to say that consideration of the group as a going concern depends almost entirely on the advent of Bouygues. Over the past year alone, Read has lost 75% of its capital base and, once the financial statements are adjusted to give full effect to the sale of investment properties (these were sold in September in a deal backdated to June 30), it is also apparent that more than half the total assets at the 1992 financial year-end have been sold or written off.

The adjusted balance sheet in some respects reflects a considerable improvement on 1992. Net borrowings have been reduced from R84,5m to R7m but then, after the loss of capital, debt:equity is still 0,67 — completely untenable for a group returning a negative 10,4% gross on total assets. Still, it is notably better than the 2,04 ratio of 1992, not to mention the 5,7 of 1993 before set-off of proceeds from sale of properties.

The real crunch is in the income statement. While the assets sold incurred a R11,5m pre-tax loss last year, now eliminated by the sale, this was less than 40% of Read's 1993 pre-tax deficit of R29m.

The group has used virtually its entire deferred tax provisions (the writeback of which was mainly responsible in 1993 for reducing the pre-tax loss of R29m to an attributable loss of R20m before extraordinary items). Without recapitalisation and a big improvement in the performance of remaining divisions, Read could have been expected to hit the wall some time during the second half of this financial year, by which time losses would have swamped reserves.

The main problem area, after having discontinued the housing and property development divisions, is the building division, which lost R16,4m. The directors' report says major problems were encountered on a number of contracts, leading to disputes and legal action against certain clients (notably Time Property Developments, subsequently liquidated), and necessitating provisions to cover what management believes could be the division's exposure on these contracts.

None of this is quantified, making it impossible to separate normal losses from the abnormal circumstances in which the group finds itself. But a point that will not be lost on shareholders is management within the division has been replaced.

Future prospects will become clearer once refinancing plans are announced. Based on what has been said so far, this is likely to involve a capital injection by Buoygues which will have the effect of increasing its shareholding from 25,9% now to at least 51% of Read's expanded capital base, followed by a rights issue which Bouygues would presumably underwrite.

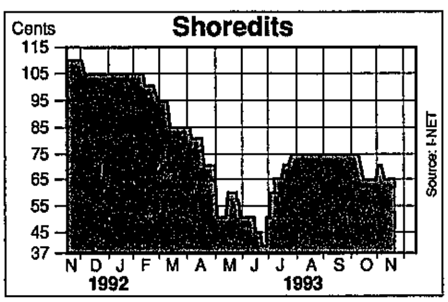
The share has risen to a 12-month high of 75c, which is 3c more than its severely truncated net worth (down 80% from 356c to 72c in two years), suggesting the market, like Bouygues, is optimistic.

Brian Thompson

SHOREDITS Fm 19/11/93

Healthier order books

The first thing to strike me about this construction company is that its reporting policies leave much to be desired. (32)



Activities: *Diversified building and construction group.*
Control: *Directors 73%.*
Chairman: *A K R Shoredits.*
Capital structure: *10,8m ords. Market capitalisation: R7m.*
Share market: *Price: 65c. Yields: 8,2% on dividend. 12-month high, 110c; low, 40c. Trading volume last quarter, 45 000 shares.*

Year to (various)	‡'89	†'90	'91	†'93
ST debt (Rm)	19,1	14,0	25,0	24,4
LT debt (Rm)	8,9	7,6	12,1	7,1
Debt:equity ratio	2,7	1,6	2,6	1,5
Shareholders' interest	0,12	0,15	0,14	0,22
Int & leasing cover	2,1	1,9	1,7	1,0
Return on cap (%)	9,9	*9,7	11,5	*8,3
Turnover (Rm)	190	329	232	*203
Pre-int profit (Rm)	8,8	*8,4	12,1	8,1
Pre-int margin (%)	4,3	3,8	5,2	6,0
Earnings (c)	44,0	*17,3	28,4	**(18)
Dividends (c)	8	*8	8	*5,3
Tangible NAV (c)	97	123	133	80

† 18 months. ‡ Year to end June. * Annualised. **Annualised and incl exceptional item.

It has just completed an 18-month year, this time to June. Only when I plough through the files do I discover an earlier change in 1990 resulted in yet another 18-month reporting period. The result is an unacceptable jumble of reporting periods with no attempt made to present these on a realistic, comparative basis.

These alterations receive no mention in the annual report. Asked about them, chairman Andy Shoredits says: "We made a big mistake with our first change to a December year-end. It produced a hiatus with cash flow

Fm 19/11/93

in December because of difficult cut-off procedures when measuring work-in-progress, so we considered it prudent to change back to a June year-end."

Shoredits has not had a good year, annualised or attenuated over 18 months. Turnover of R305m doesn't look good when annualised to R203m, a fall of 12,5% from 1991's R232m. Operating profit over the full period was a miserable R521 000 compared with 1991's R5m. (32)

It was saved by a R2,5m tax clawback, most of it arising from a reduction in deferred tax provisions because of the recent rate change. The position is made more complex by the tax saving arising from an R8,8m write-off over Golden Walk shopping centre in Germiston.

Shoredits says this fiasco resulted in the company making its first loss. At least it has been reflected prudently above the line so that shareholders know where they stand. The annual loss is R2,9m, which has been funded by dipping into retained income — now reduced to R4,3m carried forward.

The balance sheet continues to reflect the weakness you would expect in a company involved in a sector that has taken severe punishment over the past four years. It's worth reflecting — with all the wisdom of hindsight, of course — that Shoredits' listing in 1987 was probably the worst time to bring a construction company to the boards, little more than a year before SA's slide into its longest and hardest recession in decades.

Gearing has improved but remains too high for comfort. Current liabilities still exceed current assets, though there is an improvement.

But the future is looking much brighter. Shoredits says there was a remarkable improvement in the last two months in the number of tender requests. The civil engineering department now has a full order book for the next 12 months. "We're starting to see the same signs now in construction," says Shoredits. "Our order books are looking a lot healthier and margins are improving."

Shoredits's Shoredits ... *margins are improving*

Fm 19/11/93

The company has been involved in many prestigious PWV projects, including a number of well-known shopping malls and extensive road construction work in Pretoria. (32)

It is well placed to benefit from the turn in the economic cycle. With the stock languishing at 65c, not far off its 12-month low of 40c, this could be a good opportunity for investors looking for maximum gearing.

David Gleason

DORBYL

FM 26/11/93

Engineering a better asset mix

(32)

Is Murray & Roberts (M&R) buying control of Dorbyl? Certainly this is one conclusion that could be drawn from the publication of cautionary notices by both groups this week. Latest interims accentuate the poor performance of Dorbyl during the recession; but results from M&R have been good — it's proved adept at making fruitful acquisitions and has a powerful balance sheet.

Though Dorbyl has a large turnover and asset base, the cost of acquiring control need not be particularly high. Market capitalisation of holding company Metkor (which owns an effective 36,5% of Dorbyl, through intermediate holding company Ipsa), is about R185m; 51% of that is only R94m. Dorbyl is Metkor's major asset; others are Metkor Industries and Wispeco.

This would assume the existing controlling shareholders would be willing sellers. If Sanlam held control now, an outright sale to M&R (a Sanlam subsidiary) would seem more plausible. Sanlam has presided over numerous large deals to achieve better management and focus.

In this case, though, the controlling shareholder is Rembrandt Group, with about 50% of Metkor and a direct 10% of Dorbyl. Remgro has tended to avoid selling troublesome companies — a policy stemming partly from former chairman Anton Rupert's "partnership" philosophy. The preference usually is to work on improving returns from within. The recent debacle at Rainbow, where management has changed, is an example.

Remgro did slightly reduce its effective interest in Absa, when the latter acquired Bankorp and Sanlam became Absa's largest effective shareholder. Even so, if control of Dorbyl passes to M&R, which would perhaps issue shares in exchange, it would presumably signal that chairman Johann Rupert — who has been in the chair for about a year — is embarking on a more active approach towards improving returns from Remgro's investments.

A more likely outcome may be that Dorbyl is to sell some major assets as part of its continuing rationalisation. Management has stated it wants to lessen dependence on activities which are linked to fixed investment. M&R, on the other hand, has focused increasingly on the fixed investment sector.

STILL SHRINKING

Year to September 30	1992	1993
Turnover (Rbn)	2,98	2,59
Operating income (Rm)	141	97
Attributable (Rm)	92,3	54,6
Earnings (c)	287,6	169,3
Dividends (c)	108	60

Dorbyl's Mostert ... *changing of emphasis*

On that basis M&R could acquire assets which have been particularly problematic for Dorbyl, but which could fit logically into its own activities — notably, Dorbyl Heavy Engineering (DHE) and Dorbyl Structural Engineering (DSE). These operations, as well as Dorbyl Marine, constitute its contracting division, which in the year to September posted an operating loss of R25,8m — after a year-ago profit of R13,3m. This division's sales of R447m — down from R934m in 1992 — contributed 17% of Dorbyl's turnover.

Since fixed investment (GDFI) started falling in late 1988, it has declined more than 10% a year in real terms. Capital spending on power generation has dropped by an annual 17% over the past five years; contraction of capex in the mining industry is estimated at 30% in 1993 and 1994. Dorbyl has already done much to scale down and reduce its dependence on fixed investment. It has aggressively pursued export opportunities — now representing 13% (R330m) of sales.

Benefits continue to be clouded by costs of closures, rationalisation and retrenchment. Of the R59,6m (R10,8m) extraordinary charge, R44m related to the closure of DHE Vanderbijlpark. DSE Germiston was also closed. Group retrenchments amounted to R27m, half being treated as extraordinary items.

Full-year turnover slipped 13% to R2,59bn, mainly because of a 50% reduction in the contracting division's sales. Competition abroad and locally saw operating income drop 31% to R97,3m; margins were squeezed to 3,8% (4,7%). Capex of R175m, of which R98m was invested in seamless tube maker Tosa, helped lift debt by R42m to R230m, and gearing from 27% to 34%.

The trading arm improved its sales — up 12% to R1,20bn (46,5% of total sales) — and operating profit, up 42% to R59,9m. CE Dawid Mostert attributes this to the end of Stewarts & Lloyds' losses and a better performance by Baldwins.

The manufacturing division, which includes Tosa, saw sales slip 3% to R939,6m, which was down 11% on 1990. Profit declined particularly in the automotive and transport products activities.

Mostert says Dorbyl has secured major contracts on projects such as Alusaf, Columbus, Namakwa Sands and TSB. These are worth around R300m and should help improve the contracting division's order book. Brighter agricultural conditions will boost other divisions; the bottom line should benefit in the second half of financial 1994.

Despite this more positive outlook, the share, at 1 250c, trades at half its NAV. There could be some rerating if Dorbyl is relieved of its heavy engineering interests, but it will take more than that to turn the counter into an attractive investment.

Marylou Greig

FOREIGN INVESTMENT

Back in flavour

SA may be the latest in international investment flavours. JSE figures show net foreign purchases of SA equities since last November to be R2,8bn — and that compares with last year's rolling 52-week average which shows net disinvestment of R1,1bn.

Stockbrokers are back in smiling territory. It's rumoured some have even blown the cobwebs off their mothballed Porsches now they can afford to fuel up. Share transactions over the four weeks beginning October 25 and ending November 19 totalled 329,7m shares valued at R4,6bn (an average per share value of R14).

The current rule of thumb is that the exchange needs average daily trade of around R120m to ensure all brokers make a satisfactory living. Over the past four weeks (20 trading days), the JSE has averaged R232m a day — enough to raise jealous eyebrows again. "What they don't realise," says one senior broker, "is that for very long periods over the past three years, we've had to operate at levels so low that many firms have returned losses. These so-called good times simply give us an opportunity to get back to where we were."

Interestingly, the JSE's figures show the

Builders see mass housing as key to future profits

(32) ARG 27/11/93

Business Staff

MAJOR building contractors are looking to a mass housing programme for much of their future turnover, believing conventional construction business is unlikely to offer much opportunity for at least the next two years.

Colin Wood, head of Boart International, said the government would have to look to large and small contractors to cope with the volume of housing construction it appeared to be contemplating.

But the huge lack of skills, resources and management among small operators would make it difficult for them to cope.

There was also a labour content difference: 2 400 contracts worth R1 million each would involve 38 000 skilled people in delivering 200 000 houses a year, while larger contractors, working on 184 contracts worth R13 million each, would employ 21 000 skilled people, he said.

But whatever the decision, serious consideration had to be given to a project management system in which the skills of major contractors were used to programme and organise smaller contractors or labour teams.

Ken Dlamini, marketing manager of Condev, said all contractors would benefit "to a degree not yet fully realised" from such alliances and co-operation.

The major contractors, he said, would find they created new work opportunities, and ensured acceptance, legitimacy and security in areas where they might otherwise have difficulty.

Strikes, absenteeism and disruptions would likely be reduced, while productivity increases and deregulated lower piece-work rates would make for higher profits.

Local contractors, on the other hand, would gain managerial, budgeting and tertiary skills.

Murray & Roberts chases controlling stake in Dorbyl

B/Day 29/11/93

ROBYN CHALMERS

MURRAY & Roberts Holdings could acquire a controlling stake in Dorbyl by the end of January following last week's cautionary announcement that M & R was holding talks with Metkor and Dorbyl. (32)

M & R MD Andre van der Colff said at the weekend that Dorbyl and M & R had several complementary businesses which were operating below capacity. "We are looking at the possibility of rationalising the operations and becoming more competitive in order to meet the challenges of global competition."

The possible takeover of Dorbyl is in line with M & R's stated intention to become more export orientated and compete more efficiently on the world market as SA emerges from isolation. Analysts said the incorporation of Dorbyl would remove the group's biggest competitor and allow it to become a major global player.

Van der Colff said M & R was also holding talks with Metkor, which holds 36,5% of Dorbyl. He said the investment holding company had several subsidiaries which operated in similar industries to M & R.

Metkor subsidiaries include the highly rated Apsap Gas, which produces and markets industrial gases under the name Air Products, and Wispeco Holdings, which manufactures steel and aluminium windows and door frames.

Dorbyl has been hard hit over the past two years, largely as a result of poor economic conditions and the virtual collapse of gross domestic fixed investment spending.

During the 1992 financial year, earnings a share slipped by a fifth to 287,6c on turnover which grew marginally to R2,9bn (R2,8bn). Results for the 1993 year saw a further decline in group profits, with earnings falling to 169,3c (287,6c) and turnover dipping 13% to R2,59bn.

Dorbyl CE Dawid Mostert labelled as "ridiculous" rumours that the talks with M & R were in effect a rescue operation for the engineering group.

There was much speculation among construction analysts that Dorbyl would be taken over by M & R Engineering, which would lead to the division more than doubling in size. However, Van der Colff said there was little possibility of this.

A more likely scenario could be that Dorbyl would sell off at least two of its more troublesome divisions to M & R, namely Dorbyl Heavy Engineering and Dorbyl Structural Engineering. The two assets would fit snugly into M & R's Engineering division, said analysts.

Developers forced to consult in 'new SA'

Property Perspectives

by MAGGIE ROWLEY

THE face of development is undergoing a rapid transformation, be it on a residential or commercial basis.

Gone are the days when developers could just move in willy nilly and develop what they thought the market wanted or what would give them the greatest margin.

The market, be it the commercial or residential community, is increasingly demanding to be consulted before developers even go to the drawing board.

Those who do not comply with these new market demands are learning the hard way and sitting with unsaleable products and/or meeting with angry reaction from communities.

Most development opportunities in future will lie in areas previously under catered for as the country moves towards rectifying the imbalances of the past and bring people closer to job opportunities and job opportunities closer to the people.

In these areas, developers who do not negotiate with communities and consult fully with all interested parties will face problems of an immense scale.

A number of pilot projects where developers have gone the route of full consultation with the local community are underway.

One which has drawn widespread interest is the Nyanga station development where the community has been fully involved from the word go. This development is really a meeting of two worlds and is being spearheaded by community-based entrepreneurs including Sam Montsi with established companies, putting up the finance and acting as consultants.

The result is widespread support from the local community including the informal traders who are also being accommodated in this retail development.

Dave De Freitas of Stocks & Stocks, which is planning to move into the Cape in a big way over the next two years, said that to go any other route than through consultation be it with future tenants, landlords, buyers or the broader communities spelled a recipe for disaster.

(32) CT 29/11/93

Stocks, he said, was totally committed to help building the new South Africa, and as such was looking at forming co-operatives with the "lowest denominator" within communities for future development.

Other developers are going a similar route. Sanlam for example has just announced its third joint retail development in underdeveloped areas of the Transvaal.

There can be little doubt that those developers who are not going this route will be forced to do so in future or will pay heavily.

● For the latest trends and news on residential property see the Cape Times' new Homefinder published every Friday.

BUSINESS

Rabie takes cue from community

ARG 4/12/93

■ After being burnt in the black housing market, Rabie is taking a new approach.

BRUCE CAMERON
Business Staff

RABIE Investment Holdings, which has spent the year resetting its foundations, is looking again at black housing — but this time from a different angle.

Having seen his development ambitions undermined by black housing in previous years, chairman John Rabie intends to enter the field far more gently this time, waiting for his cues from the black community and the government.

He also sees Rabie filling the role of a facilitator, rather than taking on the risk of building homes in the townships.

In an interview after the AGM, Mr Rabie said the timing for re-entry would be determined by the availability of finance for black housing. This in turn would depend on Housing Minister Louis Shill and the National Housing Forum.

Once decisions had been taken on the issue of finance, the firm could start to develop and structure products.

Mr Rabie told the meeting that the company had improved its position by reducing its debt load and achieving success in marketing its products, in spite of a "very tough year".

However, it had been limited to dealing mainly in the upper-middle to upper income groups, with the middle income group sector of the market coming to a complete standstill.

Prices had been cut to make products more affordable.

Mr Rabie said the company was starting to see a turn around in the economy and hoped to enter projects catering to the lower end of the market next year.

Cartels' days are numbered

(32)

eT 6/12/93

Property Perspectives

by MAGGIE ROWLEY

CARTELS, monopolies and other exemptions from the Competition Board's prohibitions of 1986 granted to the building supplies industry are being reviewed, a spokesman for the board's Directorate for Investigations has confirmed.

The Competitions Board has reviewed the situation on a regular basis and has given approval to certain exemptions on a "temporary permanent basis", said the spokesman. The current review has been going on for a year, he said.

Cartels and monopolies are part and parcel of the SA building materials industry.

Wouter Meyer, chief director of the board's Directorate for Investigations says the industry also has a number of monopolies, such as in the brick industry which are being reviewed.

Regarding cartels, there had been a number of applications for exemption but only the cement industry had been granted an exemption on a "temporary permanent basis open to review", he said.

The directorate was also reviewing exemptions granted to five or six building-related industries and the Building Industries Federation of South Africa regarding standard conditions of contracts, he said.

John Gomersall, MD of Pretoria Portland Cement, the only "legal" cartel in the building material supply industry, argues that the existing cement cartel is in the interest of consumers.

His reasoning is such. Between 30% and 40% of the cost of cement to the end user is the transportation component and, under the cartel marketing arrangement, cement must be dispached from the most logical facility. As such there is no cross transportation in the industry.

The cartel system, he said, allowed suppliers to make a modest return on their investments through thick and thin which stabilised the industry and allowed the country to make the most efficient use of its production capacity.

If the industry, subject to the volatile fluctations of the building industry and the intense competition arising there from, many of the plants would be closed and the country would have to rely on expensive imports.

Contrary to misconceptions, the industry was not protected by import tariffs, he said.

He also denied there was no competition under the cartel system.

"On the contrary, when cement prices are set, this means the only way we can make improved earnings for our sharedholders is to drive down the cost of production.

"As such the cartel serves to make us as productive as possible."

"The low risk to investors means lower returns. If this situation was changed, it would increase the risk to investors and therefore they would look for higher returns.

"It was in the country's interest for the industry to have lower returns and be more stable as in this way the most efficient use could be made of the coutnry's production capabilities."

Bricks mean jobs for Alex

Star 8/12/93

■ BY ANNA COX

A brickmaking project which will create jobs and empower many unemployed residents of Alexandra, near Sandton, was launched yesterday.

Phuthaditjhaba Brickworks will operate as a community-based commercial venture.

It will be managed and operated by the people of Alexandra with the assistance of the business sector. (32)(~~149~~)

Five brickmaking machines were donated by the O'Connor Foundation, a private welfare organisation.

Five teams, each consisting of six people, will produce 25 000 high-quality bricks and blocks a day which will be sold to the community and the building industry.

The Portland Cement Institute, the training base for all cement producers in the country, will provide the expertise and technical training.

O'Connor Foundation co-ordinator Richard Mollentze said at the launch: "This project is vitally important because, if it works in Alexandra, it could be instituted in other townships.

"The scheme is a shining example of what can be done when people stop talking about upliftment and get on with it at grassroots level."

Mollentze said the project would directly or indirectly create job opportunities for at least 1 000 people.

Big banks support M&R workers' village

B/Day 9/12/93

ROBYN CHALMERS

GRACELAND, a multimillion-rand low cost workers' village initiated by Murray & Roberts (M & R), was officially launched yesterday with the backing of all the major banks in SA.

The affordable housing project in Germiston's Wadeville caters for employees working within walking or cycling distance of Graceland. The concept was conceived by M & R Engineering CEO Ian Colepeper about 15 months ago.

Colepeper said the lack of availability of end-user finance for low cost housing projects had been a concern, but all the major banks had agreed to support the scheme.

The project was developed by M & R Construction subsidiary Bernhardt, Dunstan & Associates (BDA). A BDA spokesman said workers would apply directly to banks for mortgages, and would become the owners of their homes.

He said commitments for 500 houses and R7m towards community facilities had been received. A total of 43 houses and apartments, ranging in price between R30 000 and R71 000, had been completed. (32)

Companies in the Wadeville area committed to relocating workers to Graceland include Consol, Hall Longmore, M & R Engineering, National Brands, Otis Elevator and Metallurg. Companies committed to the project will finance community facilities such as a school, training/maintenance depot, clinic and administration centre, community hall and sporting facilities.

The Department of Education and Training will contribute to the capital cost of the school.

Donations have been received from the British embassy, M & R Foundation, Deloitte Touche and Germiston Rotary.

Project director Jimmy Hughes said BDA had scheduled 30 houses to be built a month, with a final target of 870 homes in the initial phase. The first residents would move into the village in January, he said.

Some hopeful for building in 1994

■ Quantity surveyors are more optimistic about the prospects in 1994 than most in the building industry.

TOM HOOD
Business Editor

(32)
ARG 11/12/93

QUANTITY surveyors in the Cape are more optimistic about the year ahead than they have been for ages, says Martin Treadaway, chairman of the Western Cape chapter of the Association of South African Quantity Surveyors.

A report by construction industry economists MFA (Medium-term Forecasting Associates) showed quantity surveyors have been more optimistic than contractors and architects since mid-1992.

Forecasts by quantity surveyors were about 10 percent higher than those of the other two categories, he said.

"This is significant because, as the clients' 'accountants', quantity surveyors are usually the first to hear about new projects as they are brought in at an early stage to help gauge their viability."

Also significant, said Mr Treadaway, was that the MFA showed that from about the middle of 1992, competition in tendering had eased slightly.

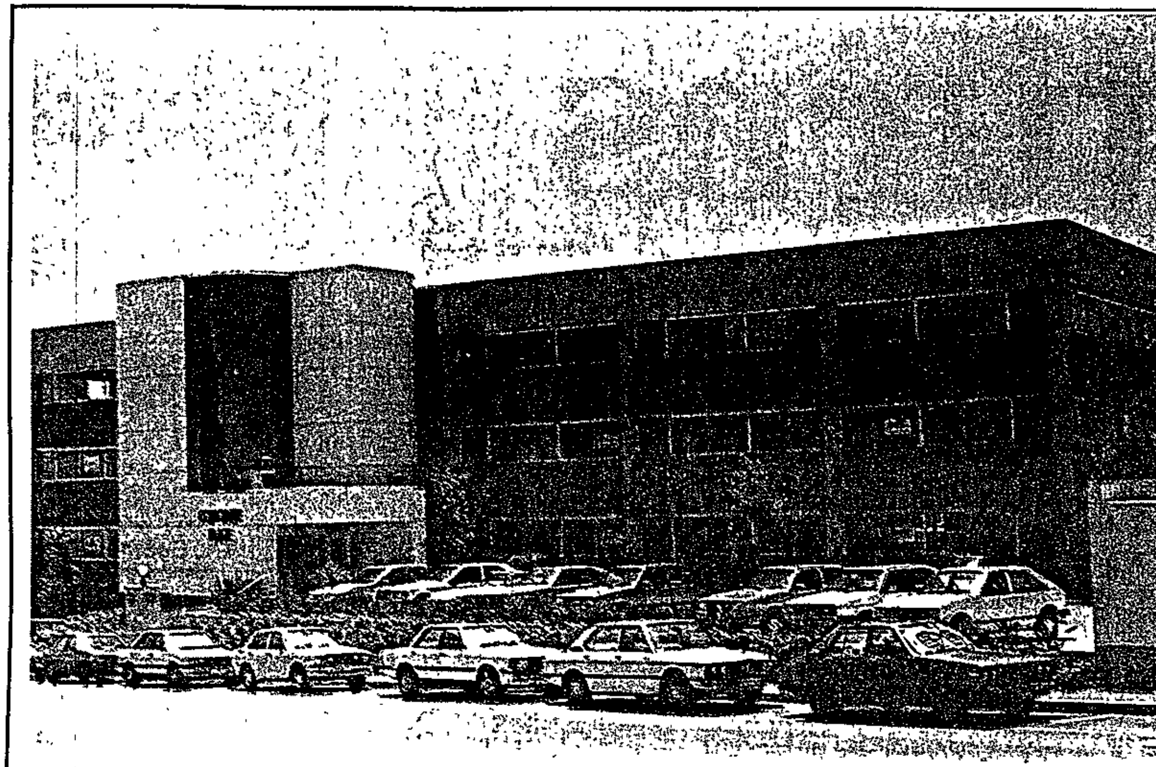
"It is still a client's market, but the graph indicates a 40 percent drop in competitiveness."

This supported predictions in July 1993 that from mid-1994, "normal" contracting conditions would begin to return to South Africa and building prices were likely to rise steadily from then on.

Mr Treadaway said builders' prices had been held to a mere 3,8 percent this year, a figure 10 percent below the cost price index and almost entirely due to material price increases.

But for 1994 a 7,9 percent increase in prices was predicted. These were forecast to start slowly with an average monthly price increase of about 5,5 percent — but by the end of 1994 they would be over 11 percent.

"It is possible that these figures are too bullish — but we believe they are spot on," he said.



TWO companies have shown confidence in the future by taking five-year leases of offices in the Corporate Place complex in Mispel Street, Bellville. The leases, with a rental capital value of over R1,4 million, were negotiated by David Newham Property group with General Accident Insurance and MIB (Cape) insurance brokers.

R12-million sales at Sunday auctions

TWENTY-TWO properties fetched more than R12 million at Sunday auctions held by Seeff Auctioneering since August.

Nineteen houses and three flats from Constantia to Bantry Bay, Claremont and Muizenberg have been sold through the new method, says auctioneer Henry Goosen.

The system differs from conventional auction methods, with the auctioneer's commission included in the bid price and the company paying all advertising costs.

Mr Goosen said it was possible to accommodate conditional bids, such as a bid in which the purchaser had first to sell his own property before he could pay for the auctioned property "provided

Tide turns for builders

ARGT 11/12/93

(32)

■ After a lean 1993, the value of work put out to tender next year is expected to double.

TOM HOOD
Business Editor

THE barometer is rising for the depressed Cape building industry, with the value of work put out to tender estimated to double this year.

But the good news also brings a warning that contractors from the Far East and the Pacific Rim — and even from China — could try to muscle in once better conditions arrive.

"All the indicators point to the fact that the tide has turned," says Barry van Breda, president of the Cape Peninsula Master Builders and Allied Trades Association (MBA).

"There are clear signs that by the second half of 1994 we will be returning to a more normal economy."

At the start of 1993, almost every major contractor and subcontractor in the Western Cape had battened down for the toughest year ever.

"As expected, 1993 was extremely difficult but things could have been a great deal worse. Most of the major contractors scraped home, albeit on very low profit margins."

Mr Van Breda said the MBA tender list showed that for the first 10 months of 1993 there was a 23 percent increase in tenders in the Peninsula area, the total value rising to R397,5 million from R224,8 million a year ago. Indications were that the figure could rise to R450 million by the end of the year.

"We can possibly expect 65 percent of contracts by the end of 1994 to be negotiated and 35 percent put out to tender."

The MBA tender lists show that in 1991 and 1992 refurbishment work predominated, but there has been a swing back to new development which, Mr Van Breda believes, is another encouraging sign.

Wise investors, said Mr van Breda, would try to start their contracts within the next four or five months while competition for work was still extremely keen.

Figures from consultants Kantey & Templer showed that the industry's costs for the last three years increased more than 40 percent in real terms, but prices rose by under 20 percent.

"This indicates that, year-on-year, builders and subcontractors have been finding ways of cutting their costs by 6 to 7 percent -- a truly creditable achievement. At the same time, many predict builders' prices will rise by about 20 percent by the end of 1994. The message is therefore quite clear — now is the time to start building."

MBA director, Mike Loy said that with the opening up of South Africa to world trade there was a danger that contractors from the Far East and the Pacific Rim — and possibly from China — would muscle in once better conditions arrived.

"The history of the building and civil engineering industry in South Africa suggests strongly that incursions of this kind should be allowed only on a joint venture basis with local contractors."

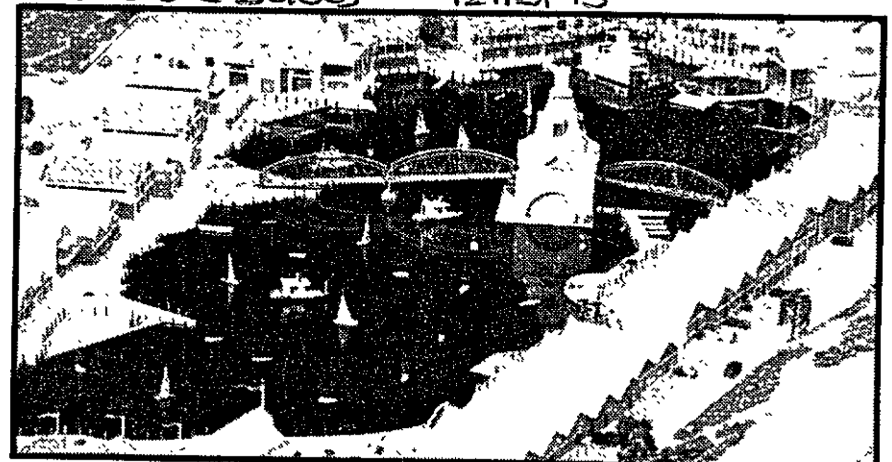
Mr Loy said the way to get the best out of foreign contractors was to ensure they were in partnership with local contractors — with the local firms having at least a 50 percent share in the venture.

The MBA was doing all it could to encourage foreign contractor interest in the Western Cape — but it had always to be made clear that the primary contribution of newcomers should be massive capital investment, the importation of qualified manpower, with a cut-off level below site manager status, and the introduction of new technology, which if possible should be franchised to local operators.

DIAGONAL STREET

A touch of wizardry at Ozz

S1 Times (Buss) 12/12/93



WITH FLAIR: Gary Zulberg and the waterfront development he's building on the Jukskei   Picture: CHRISTINE NESBITT

OZZ shares, now 1 050c, were around 330c last time I visited the company in January 1992. I am glad to see I recommended the shares be bought then and even more pleased that they are still a buy now.

The chairman of Ozz is Gary Zulberg, whose entrepreneurial flair has seen the group grow from the sceptics' favourite to a company big enough to make acquisitions of R35-million and embark on a R65-million waterfront venture in the same year.

The core of the group remains engineering and property development and there is also a brickworks and a gas business.

Earnings for the six months to September are buoyant enough for Ozz to have declared its first interim dividend in several years, of 9c a share. This plus-factor is further endorsed by the comment on prospects: "Material growth in earnings is forecast for the following six months."

Unlike much of SA's engineering facilities, Ozz is able to claim that its operations are running almost at full capacity. During 1993, Ozz bought the loss-making wear-parts businesses of listed Unihold for R35-million, including the Dimbaza foundry.

The products include mill liners, jaw crusher parts, mantles and so on. "Without the acquisition, we would have been able to grow the exports of our existing businesses from nought to R14-million," says Mr Zulberg, "but the new operations will lift that figure to above R70-million."

Since the purchase became effective on June 1, integration and restructuring have been completed such that all the divisions are running profitably.

A positive six-month outlook might be reason enough to buy the shares but the new waterfront development in Randburg promises to be every bit as successful as the Bruma Lake development of which Ozz was the mastermind and still owns 50%.

What is remarkable about the Randburg development — on the Jukskei River in Republic Road, is that although Ozz has not even formally announced the project it has already received letters of intent amounting to more than 100% of the letting space of 28 000m² — four times that at Bruma.

Mr Zulberg says there will be ten cinemas in an entertainment complex, a family supermarket and every branded restaurant.

The cost of the project will not exceed the estimate of R65-million because the tenders have already been received. So far, R6-million has been spent on the land itself and project costs. There will be 3 000 parking bays, hopefully to overcome one of the original shortcomings of Bruma.

Ozz had an option on the land for several months, but would not exercise it until the land had been rezoned for commerical use. It cost about R4-million.

By making a few assumptions about retail rentals, the earnings potential of the Randburg Waterfront can be estimated.

Prime retail rental is about R50/m² — especially where the demand has already manifested itself. Multiply 28 000m² by R50, for 12 months of the year and this project has the potential to deliver nearly R17-million a year before tax. In its last full financial year, Ozz's pre-tax earnings were R16-million. (32)

Ozz will raise R40-million in a rights issue and the other R25-million will be generated internally or borrowed. Terms of the offer have not yet been made known but it is likely that one share will be issued for every four held, to bring the total number of shares in issue to about 21-million.

In the past 12 months Ozz has earned 80c a share. Earnings for the current financial year should top 90c, and in the year to 1995 there will be five months of rental income from the Randburg Waterfront to be added to the organic growth of the other core businesses in a recovering economy.

Mr Zulberg says Ozz will be able to maintain a conservative level of gearing throughout the development phase.

On November 22, FirstCorp exercised its right to convert its 17,5% holding in Ozz subsidiary Ozz Industrial Investments Ltd into 13,3% of Ozz itself.

Ozz has achieved average earnings growth of more than 20% a year through well-managed businesses and well-planned deals. Its mix of engineering and leisure-centred property looks good for 1994 and beyond.

Construction's share of GDP still on the decline

BIDay 13/12/93

ROBYN CHALMERS

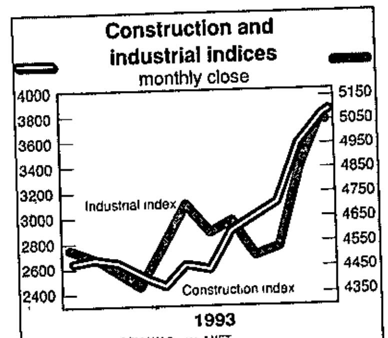
THE construction industry's share of GDP continued to decline this year, although there were signs of the downward spiral being arrested in the third quarter.

More optimistic forecasts for 1994 have helped lift building and construction sector stocks in recent weeks in line with the surge in the industrial index.

Central Statistical Service figures show the construction industry's real output at seasonally adjusted annualised rates has fallen steadily since the third quarter of 1991.

Last year, the overall output fell 0,2% when compared with 1991. Economists said the total output for this year was not encouraging, having fallen 7,9%, 5,5% and 2,8% during the first, second and third quarters respectively.

Prospects for next year are rosier, say analysts, with the JSE's building, construction and allied index having undergone a rerating in August. The index has risen more than 20% since



(32)

then, driven largely by good results from cement companies PPC and Anglo Alpha. In addition, major capital projects such as the Alusaf Hillside smelter and the Columbus stainless steel scheme would come on stream in 1994.

This is welcome news for construction companies which have been hard hit by falling gross domestic fixed investment (GDFI) levels and the subsequent lack of building activity.

Reserve Bank figures show that, at constant 1985 prices, GDFI has fallen steadily since 1982 when it totalled 27,9% of GDP to 15,9% in 1993. In real terms, this translated into 1993 GDFI standing at only about 60% of the investment achieved in 1982.

At the end of 1992, residential buildings were operating at 74% of 1985 levels, non-residential buildings at 77% and construction works at 66%. The result has been huge job losses as companies cut back on staff to remain profitable. CSS figures showed employment in the industry fell from about 420 000 in 1988 to 350 000 at the end of last year.

Analysts see light at the end of the tunnel. One of the biggest boosts was last week's announcement that agreement had been reached on representatives for the long-awaited National Housing Board.

The board will be formally constituted in Pretoria today and will guide the Housing Minister on funding requirements and housing policy.

The board's formation means housing initiatives will finally get off the ground. This could be worth up to R7bn a year for construction companies if the new government presses ahead with its aim of eliminating SA's huge housing backlog.

COMPANIES

Murray & Roberts still a buyer

ROBYN CHALMERS

MURRAY & Roberts Holdings was still in the market as a buyer following the failure of the construction group's bid to acquire a controlling interest in Dorbyl, said group financial director Lionel Bird.

Bird said the reason for the cessation of talks between Metkor, Dorbyl and M&R, originally announced on November 22, was that no agreement could be reached on the terms of the deal. B/DA4

"Dorbyl's shareholders were willing to sell and M&R were, and still are, interested in buying, but there was a deadlock over the terms. One of the issues was price," said Bird. 20/12/93

The deadlock put an end to market speculation that M & R would take over Dorbyl. The engineering company had been hard hit over the past two years as a result of poor economic conditions and the virtual collapse of gross domestic fixed investment spending. (32)

Dorbyl's earnings a share have slipped significantly over the past two years. They fell 20% to 287,6c during the 1992 financial year and fell further to 169,3c in 1993.

Bird said M & R had a long-term strategy to increase its holdings within the gross domestic fixed investment sector, but the group had not identified any specific companies in which it would invest.

M & R CE Dave Brink said in the 1993 annual report that the group had a strong focus towards activities which enhanced the productive capacity of the economy. These included infrastructral development and the provision of industrial, commercial and residential shelter.

The group was also becoming more export-orientated. Brink said SA's main trading partners were coming out of recession and the remaining sanctions were being lifted, which meant export opportunities would grow.

"As SA emerges from isolation, M & R's businesses, in line with all businesses in the country, are seeing opportunities open up around the world," he said.

A tie-up between Dorbyl and M & R would have removed M & R's biggest competitor and furthered its aim to become a major global player.

Murray & Roberts on acquisition trail

(32)

Own Correspondent

JOHANNESBURG. — Murray & Roberts Holdings was still in the market as a buyer following the failure of the construction group's bid to acquire a controlling interest in Dorbyl, said group financial director Lionel Bird.

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CT 20/12/93

Deadlock

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Competitor

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IBM buys 24% stake in ISG

Star 23/12/93

BY JOHN SPIRA

American computer giant IBM is returning to South Africa.

The move is viewed as giving SA a significant psychological boost and one which will make it easier for other multinational companies to return.

Following months of speculation, it has been revealed that IBM is to acquire a 24 percent equity interest in Information Services Group (ISG) for a cash consideration of R110,5 million, equivalent to 310c per ISG share.

And: "Further options have been agreed which, if exercised, will enable IBM to acquire a controlling interest in ISG in due course."

ISG is the holding company of ISM, which came into being, effectively in the form of a management buyout, when IBM disinvested nearly seven years ago.

Since then, ISM has been distributing and servicing IBM equipment locally.

Hans-Olaf Henkel, chairman and chief executive of IBM World Trade Europe/Middle-East/Africa Corp, says: "IBM is delighted to be able to build upon the already excellent relationship which exists with ISG in South Africa.

"We are confident that this is a very good investment for IBM. The implication of this action is that ISG's position as sole supplier of all IBM products and services to South Africa and Namibia will be enhanced."

Brian Mehl, ISG chief executive, adds: "This strengthened relationship with IBM will enhance the ISG image in the market place.

"ISG will now have more ready access to the international IBM base of skills and will also benefit from being closer to IBM's technological developments and strategic thinking.

"It will also make available a large pool of resources which can be utilised for significant and leading-edge customer projects."

Observers believe IBM, "which sets a lot of store on doing the right thing", could be returning to SA to assuage its guilt over having pulled out.

They say the move will have only a minor impact on the local computer industry because IBM's products and services have always been available here.

When, in early November, Mehl speculated on IBM's possible return to South Africa, he said the implications for the domestic market would depend on whether IBM came in as a small equity holder or a major equity holder.

In the event, it would appear that the stress lies more on the major than the minor side, in which event the ripples could well extend farther than local observers believe possible.

ISG shares have firmed by close on 20 percent since rumours of IBM's return were first aired.

CONSTRUCTION – LABOUR
1993

Cape Ti

Call to honour key construction format

CT 1/9/93

By MAGGIE ROWLEY (33)
Property Editor

IF THE recently negotiated Framework Agreement for public works projects using labour intensive construction systems was abused, the "watershed" agreement between the industry and labour would "bomb out" within months.

This was the warning delivered by speakers at a symposium in Cape Town yesterday to brief the local industry about the agreement, which was signed by the civil engineering industry, Sanco and Cosatu in June.

The aim of the agreement is to maximise the use of labour, create employment and to encourage a wider base of construction projects.

They pointed out that the Framework Agreement was not a contractual document but a set of guidelines by which labour intensive projects should be designed and documented.

By working through the guidelines carefully from initiation through the project cycle, the project will be developed to incorporate the principles behind the Framework Agreement, said Mike Judd of Ninham Shand Inc and the SA Road Federation, a signatory to the agreement.

By just trying to implement certain of the guidelines to their advantage engineering firms would jeopardise the entire agreement, he said.

The crux of the labour intensive concept is that it should not create local employment at the expense of jobs elsewhere and that any payment system should not create instability.

He said it was significant that not only was a task-based payment system agreed to but that the agreement also provides for negotiation in respect of payment for the task.

• Graham Power of the Southern African Federation of Civil Engineering Contractors said labour intensive construction will be one of the most important catalysts available to regenerate employment, wealth, and confidence.

Associations and forum join forces to boost black builders

ARG 2/10/93

(33)

Business Staff

THE term affirmative action has taken on a new meaning with the announcement that the Concrete Masonry Association (CMA) and the SA Cement Producers Association (SACPA) have joined forces with the Soweto Developers and Builders Forum (SDBF) to upgrade skills and create opportunities for black builders.

"The two initial areas of concentration are the development of a comprehensive training programme and the establishment of administration offices and a showroom in Soweto," says Saint Madlala, chairman of the Soweto Developers and Builders Forum.

"The six-week intensive training course on concrete masonry and paving construction, which is being held at the Portland Cement Institute in Midrand, has drawn Soweto builders, municipal inspectors and designers and is being attended by 60 participants.

"The course was developed by Jimmy Catsavis of Watson Concrete and John Sibert of Grinaker Precast and is focused on the immediate needs of Soweto builders.

"The second joint venture is the establishment of a showroom and sales outlet in Soweto which will be set up jointly by the CMA and participating members and managed by the SDBF.

"A number of jobs are being and will be created by these joint ventures.

"We are going to make it our business to train construction or building managers, skilled trades people, sales people, draughtsmen, drivers and even estate agents."

SACPA marketing manager Graham Mitchell says the challenge facing the country and the construction industry in particular is enormous.

"The more people we are able to train and encourage to enter the industry the easier we will be able to meet the future challenges," he says.

Architects struggling to stay afloat in recession

Bday 19/5/93 (33)

PETER GALLI

ARCHITECTURAL practices are struggling to stay afloat because of the decline in activity in the building industry, say leading firms.

They say about 40% of registered architects have left the profession since the start of the recession, while many of those retained have not had salary increases for two years.

Institute of SA Architects director André van Graan said there had been a decline of about 20% to about 2 000 in the number of registered architects in the past year.

"But there has been a corresponding increase in the number of practices, to 1 550 from 1 400 previously. This indicates that some of those retrenched are opening their own practices," he said.

Osmond Lange MD John Dovey said many firms were battling to project activity three months ahead from the usual forward order-book of 12 to 24 months.

"Our practice has been in existence for 64 years, and the present economic and political situation has resulted in industry conditions being the worst ever," he said.

"The uncertainty in the country is responsible for the reluctance of institutions to commit themselves to major projects.

"Even during the Second World War there was certainty that it would end and matters would return to normal. There is no such certainty in SA at this point," he said.

If the downward spiral in work continued, many practices would have to retrench more people, close offices and consider shortening the working week for those staff retained, he said.

The industry was being put under further pressure by major institutions, which were placing much of the risk associated with new developments on the architectural practices.

Risk

"We are expected to produce drawings and plans for a proposed development upfront and, if the project is approved and we are appointed, we are then paid.

"However, if the project is shelved or takes years to get off the ground, we have to wait, or write off those costs," he said.

Willie Meyer of Smith & Meyer Pienaar agreed, saying this situation placed practices under extreme cash flow problems as work was being done but fees were not flowing in on a regular basis.

Van Graan said the increase in the amount of "at risk" work was industry wide as there was often no other work available. However, on the positive side this had resulted in the profession creating its own work.

"Architects are now putting projects together, jointly initiating projects and selling these. However, they should be insisting on a profit share — over and above the actual fee — to compensate for the increased risk they are taking."

Stauch Vorster deputy chairman Derek Garvie said not only were architectural firms taking greater risk, but clients were also demanding that fees be negotiated downwards.

Stauch Vorster had retrenched at least 40% of its workforce and had closed three satellite offices as part of its rationalisation programme. It had also disposed of its European connections.

"I have also tried to change the perception that the group is a bureaucratic organisation that deals only with large contracts. We offer a personal service that caters for the small, individual project as well as the huge corporate one," he said.

Meyer said the only consolation for the local industry was that its situation was less severe than those in Britain and the US.

"Like many other practices, we have closed our offshore offices as a result of the lack of work worldwide, and are operating only from our Johannesburg office," he said.

NOTICE 429 OF 1993

DEPARTMENT OF PUBLIC WORKS

ARCHITECTS' ACT, 1970
(ACT No. 35 OF 1970)

NOTICE IN TERMS OF SECTION 3 (7)

It is hereby notified in terms of section 3 (7) of the Architects' Act, 1970 (Act No. 35 of 1970), that the Minister of Public Works in terms of section 3 (1) and (6) of the said Act, appointed the persons mentioned in the Schedule hereto as members and alternate members of the South African Council for Architects for a period of three years with effect from 1 May 1993.

KENNISGEWING 429 VAN 1993

DEPARTEMENT VAN OPENBARE WERKE

WET OP ARGITEKTE, 1970
(WET No. 35 VAN 1970)

KENNISGEWING INGEVOLGE ARTIKEL 3 (7)

Hierby word ingevolge artikel 3 (7) van die Wet op Argitekte, 1970 (Wet No. 35 van 1970), bekendgemaak dat die Minister van Openbare Werke kragtens artikel 3 (1) en (6) van genoemde Wet, die persone in die Bylae hiervan genoem aangestel het as lede en plaasvervangende lede van die Suid-Afrikaanse Raad vir Argitekte vir 'n tydperk van drie jaar met ingang van 1 Mei 1993.

SCHEDULE • BYLAE

Member Lid	Section in terms of which appointed Artikel waarkragtens aangestel	Alternate member Plaasvervangende lid	Section in terms of which appointed Artikel waarkragtens aangestel
P. B. BOLD	3 (1) (a)	P. G. VAN WYK ROOS	3 (6)
L. R. M. FEE	3 (1) (a)	A. J. LOUW	3 (6)
E. N. FINSEN	3 (1) (a)	S. G. SEGAL	3 (6)
H. L. FISH	3 (1) (a)	P. C. BAKKER	3 (6)
D. M. GLENNIE	3 (1) (a)	W. J. CARTER	3 (6)
B. C. JOHNSON	3 (1) (a)	P. A. GIBSON	3 (6)
J. M. J. KOORTS	3 (1) (a)	D. W. B. YUILL	3 (6)
W. O. MEYER	3 (1) (a)	F. PIENAAR	3 (6)
R. F. D. PHILIP	3 (1) (a)	G. MCLACHLAN	3 (6)
H. M. J. PRINS	3 (1) (a)	H. E. BLACHER	3 (6)
R. B. PRISGROVE	3 (1) (a)	Mrs/Mev. M. KAMSTRA	3 (6)
A. G. ROBERTSON	3 (1) (a)	Mrs/Mev. G. F. GROENEWALD	3 (6)
J. T. KEMP	3 (1) (b)	B. J. BRITZ	3 (6)
J. D. THERON	3 (1) (b)	I. PRINSLOO	3 (6)
A. N. CAVE	3 (1) (bA)	P. JORDAAN	3 (6)
S. G. OOSTHUIZEN	3 (1) (bA)	D. Z. SCHOÜLTZ	3 (6)
R. R. STRAUB	3 (1) (c)	—	—
F. P. QUASS	3 (1) (d)	—	—
D. N. FRASER	3 (1) (d)	—	—

(21 May 1993)/(21 May 1993)

NOTICE 430 OF 1993

DEPARTMENT OF PUBLIC WORKS

ARCHITECTS' ACT, 1970
(ACT No. 35 OF 1970)

NOTICE IN TERMS OF SECTION 13 (3)

It is hereby notified in terms of section 13 (3) of the Architects' Act, 1970 (Act No. 35 of 1970), that the Minister of Public Works in terms of section 13 (1) and (2) of the said Act, appointed the persons mentioned in the Schedule hereto as members and alternate members of the Education Advisory Committee for Architects for a period of three years with effect from 1 May 1993.

KENNISGEWING 430 VAN 1993

DEPARTEMENT VAN OPENBARE WERKE

WET OP ARGITEKTE, 1970
(WET No. 35 VAN 1970)

KENNISGEWING INGEVOLGE ARTIKEL 13 (3)

Hierby word ingevolge artikel 13 (3) van die Wet op Argitekte, 1970 (Wet No. 35 van 1970), bekendgemaak dat die Minister van Openbare Werke kragtens artikel 13 (1) en (2) van genoemde Wet, die persone in die Bylae hiervan genoem aangestel het as lede en plaasvervangende lede van die Adviserende Onderwyskomitee vir Argitekte vir 'n tydperk van drie jaar met ingang van 1 Mei 1993.

SCHEDULE • BYLAE

Member Lid	Section in terms of which appointed Artikel waarkragtens aangestel	Alternate member Plaasvervangende lid	Section in terms of which appointed Artikel waarkragtens aangestel
J. D. THERON	13 (1) (a)	G. MCLACHLAN	13 (6)
I. PRINSLOO	13 (1) (a)	J. COOKE	13 (6)
B. J. BRITZ	13 (1) (a)	C. P. KOTZE	13 (6)
G. T. MILLS	13 (1) (a)	R. KIRBY	13 (6)
D. HOLM	13 (1) (a)	J. T. KEMP	13 (6)
E. J. HAARHOFF	13 (1) (a)	E. TOLLMAN	13 (6)
P. S. DE JONGH	13 (1) (b)	H. C. DU TOIT	13 (6)
P. J. LE ROUX	13 (1) (b)	B. MARAIS	13 (6)
H. E. BLACHER	13 (1) (c)	H. VEALE	13 (6)
G. J. B. GALLAGHER	13 (1) (c)	P. G. VAN WYK ROOS	13 (6)
F. H. PIENAAR	13 (1) (c)	P. HATTING	13 (6)
G. H. PIKE	13 (1) (c)	A. G. ROBERTSON	13 (6)

(21 May 1993)/(21 Mei 1993)

NOTICE 432 OF 1993

DEPARTMENT OF TRANSPORT

AIR SERVICE LICENSING ACT, 1990
(ACT No. 115 OF 1990)

Pursuant to the provisions of section 15 (1) (b) of Act No. 115 of 1990 and regulation 8 of the Domestic Air Services Regulations, 1991, it is herby notified for general information that the application details of which appear in the Schedule hereto, will be considered by the Air Service Licensing Council.

Representations in accordance with section 15 (3) of Act No. 115 of 1990 in support of, or in opposition to, an application, should reach the Air Service Licensing Council, Private Bag X193, Pretoria, 0001, within 21 days of the date of publication hereof.

SCHEDULE 1

APPLICATION FOR THE GRANT OF LICENCE

(A) Full name and trade name of applicant. (B) Full business or residential address of applicant. (C) Class of licence applied for. (D) Type of air service to which application applies. (E) Category of aircraft to which application applies.

(A) Regional Air (Pty) Ltd, Regional Air (Pty) Ltd. (B) P.O. Box 1245, Bedfordview, 2008. (C) Class I. (D) Type S1 and S2. (E) Category A1.

(21 May 1993)

KENNISGEWING 432 VAN 1993

DEPARTEMENT VAN VERVOER

WET OP DIE LISENSIËRING VAN LUGDIENSTE, 1990 (WET No. 115 VAN 1990)

Hierby word ingevolge die bepalings van artikel 15 (1) (b) van Wet No. 115 van 1990 en regulasie 8 van die Regulasies vir Binnelandse Lugdienste, 1991, vir algemene inligting bekendgemaak dat die Lugdienslisensiëringsraad die aansoek waarvan besonderhede in die Bylae hieronder verskyn, sal oorweeg.

Vertoë ingevolge artikel 15 (3) van Wet 115 van 1990 ter ondersteuning of bestryding van 'n aansoek moet die Lugdienslisensiëringsraad, Privaatsak X193, Pretoria, 0001, binne 21 dae na die datum van publikasie hiervan bereik.

BYLAE 1

AANSOEK OM DIE TOESTAAN VAN LISENSIE

(A) Volle naam en handelsnaam van aansoeker. (B) Volle besigheids- of woonadres van aansoeker. (C) Klas lisensie waarom aansoek gedoen word. (D) Tipe lugdiens waarop aansoek betrekking het. (E) Kategorie lugvaartuig waarop aansoek betrekking het.

(A) Regional Air (Edms.) Bpk., Regional Air (Edms.) Bpk. (B) Posbus 1245, Bedfordview, 2008. (C) Klas I. (D) Tipe S1 en S2. (E) Kategorie A1.

(21 Mei 1993)

NOTICE 433 OF 1993

CUSTOMS AND EXCISE TARIFF APPLICATIONS: LIST 19/93

The following applications concerning the Customs and Excise Tariff have been received by the Board on Tariffs and Trade. Any objections to or comments on these representations must be submitted to the Chairman, Board on Tariffs and Trade, Private Bag X753, Pretoria, 0001, within six weeks of the date of this notice. Attention is drawn to the fact that the rates of

KENNISGEWING 433 VAN 1993

DOEANE- EN AKSYNSTARIEFAANSOEKE: LYS 19/93

Onderstaande aansoeke betreffende die Doeane-en Aksynstarief is deur die Raad op Tariewe en Handel ontvang. Enige beswaar teen of kommentaar op hierdie vertoë moet binne ses weke na die datum van hierdie kennisgewing aan die Voorsitter, Raad op Tariewe en Handel, Privaat Sak X753, Pretoria, 0001, gerig word. Die aandag word daarop gevestig dat die skale

NOTICE 464 OF 1993

CUSTOMS AND EXCISE TARIFF APPLICATIONS: LIST 20/93

The following application concerning the Customs and Excise Tariff has been received by the Board on Tariffs and Trade. Any objections to or comments on this representation must be submitted to the Chairman, Board on Tariffs and Trade, Private Bag X753, Pretoria, 0001, within six weeks of the date of this notice. Attention is drawn to the fact that the rate of duty mentioned in the application is that requested by the applicant and that the Board may, depending on its findings, recommend a lower or higher rate of duty.

Rebate of the duty (in Schedule 3) on:

Knitted or crocheted fabrics interlined with neoprene rubber (closed cell), classifiable under tariff heading 59.06, for the manufacture of limb and body supports.

[BTT Ref: T5/2/11/9/1 (930029)

(H. Claassens)]

Applicant:

National Converter Industries (Pty) Ltd, P.O. Box 97, East London, 5200.

List 19/93 was published under General Notice 433 of 21 May 1993.

(28 May 1993)

BOARD NOTICES

BOARD NOTICE 54 OF 1993

ENGINEERING COUNCIL OF SOUTH AFRICA

AMENDMENT OF TARIFF OF FEES: ENGINEERING PROFESSION OF SOUTH AFRICA ACT, 1990 (ACT No. 114 OF 1990) 33

In terms of section 6 (4) of the Engineering Profession of South Africa Act, 1990 (Act No. 114 of 1990), the Engineering Council of South Africa hereby makes known that it has in terms of section 6 (1) (k) of the said Act, made the provisions in the Schedule hereto, and that the Minister of Public Works has approved such provisions.

The provisions contained in the Schedule, which specifically exclude Value-Added Tax from the amount on which fees are calculated but do provide for the addition of Value-Added Tax to the fee so calculated, shall come into effect on the date of publication hereof and shall further apply to all new projects as of that date.

Notice 1170 of 13 December 1991 and Board Notice 100 of 15 May 1992 are hereby withdrawn.

(28 May 1993)

KENNISGEWING 464 VAN 1993

DOEANE EN AKSYNSTARIEFAANSOEKE LYS 20/93

Onderstaande aansoek betreffende die Doeane- en Aksynstarief is deur die Raad op Tariewe en Handel ontvang. Enige beswaar teen of kommentaar op hierdie vertoë moet binne ses weke na die datum van hierdie kennisgewing aan die Voorsitter, Raad op Tariewe en Handel, Privaat Sak X753, Pretoria, 0001, gerig word. Die aandag word daarop gevestig dat die skale van reg wat in die aansoek genoem word, dié is wat deur die applikant aangevra is en dat die Raad, afhangende van sy bevindinge hoër of laer skale van reg mag aanbeveel.

Korting van die reg (in Bylae 3) op:

Brei- of hekelstowwe, met tussenvoerings van neopreenrubber (geslote sel), indeelbaar by tariefpos 59.06, vir die vervaardiging van ledemaat- en lyfstutte.

[RTH-verw: T5/2/11/9/1 (930029)

(H. Claassens)]

Applikant:

National Converter Industries (Pty) Ltd, Posbus 97, Oos-Londen, 5200.

Lys 19/93 is by Algemene Kennisgewing 433 van 21 Mei 1993 gepubliseer.

(28 Mei 1993)

RAADSKENNISGEWINGS

RAADSKENNISGEWING 54 VAN 1993

SUID-AFRIKAANSE RAAD VIR INGENIEURSWESE

WYSIGING VAN GELDETARIEF: DIE WET OP DIE INGENIEURSWESEPROFESSIE VAN SUID-AFRIKA, 1990 (WET No. 114 VAN 1990)

Kragtens artikel 6 (4) van die Wet op die Ingenieursweseprofessie van Suid-Afrika, 1990 (Wet No. 114 van 1990), maak die Suid-Afrikaanse Raad vir Ingenieurswese hiermee bekend dat hy kragtens artikel 6 (1) (k) van genoemde Wet die voorsiening in die Bylae hiervan gemaak het, en dat die Minister van Openbare Werke sodanige voorsiening goedgekeur het.

Die bepalings vervat in die Bylae wat Belasting op Toegevoegde Waarde spesifiek uitsluit van die bedrag waarop die gelde bereken word maar wel voorsiening maak vir die byvoeging van Belasting op Toegevoegde Waarde op die gelde aldus bepaal, tree in werking op datum van publikasie hiervan en is verder van toepassing op alle nuwe projekte vanaf daardie datum.

Kennisgewing 1170 van 13 Desember 1991 en Raadskennisgewing 100 van 15 Mei 1992 word hierby ingetrek.

(28 Mei 1993)

SCHEDULE

33

1. In this Schedule "the Regulations" means the regulations promulgated under Government Notice No. R. 1113 of 11 June 1982, as amended by Government Notices Nos. R. 1638 of 30 July 1982, R. 1497 of 8 July 1983, R. 2396 of 2 November 1984, R. 1737 of 22 August 1986, R. 2590 of 23 December 1988, R. 480 of 15 June 1990, R. 2057 of 31 August 1990 and R. 2543 of 2 November 1990.

2. The Index to the Regulations is hereby amended—

(a) by the insertion, after "2.3.5", of the following heading:

"2.3.6 Levying of VAT";

(b) by the insertion, after "3.3.5", of the following heading:

"3.3.6 Levying of VAT"; and

(c) by the insertion, after "4.3.5", of the following heading:

"4.3.6 Levying of VAT".

3. Regulation 2 of the Regulations is hereby amended—

(a) by the substitution for regulations 2.3.1.1 of the following regulation:

"2.3.1.1 CIVIL AND STRUCTURAL ENGINEERING SERVICES.

The fee for the civil and structural engineering services shall be calculated as follows:";

(b) by the substitution for the table contained in regulation 2.3.1.1.1 of the following table:

"2.3.1.1.1 BASIC FEES

Where the cost of the works (VAT excluded)—		the fee shall be the sum of the primary fee stated in column 3 and the secondary fee calculated in terms of column 4	
exceeds— (Column 1)	but does not exceed— (Column 2)	Primary fee (Column 3)	Secondary fee: Calculated on the value in columns 1 and 2 at the following percentages (Column 4)
R	R	R	%
0	335 000	1 000	10,50
335 000	613 000	4 350	9,50
613 000	922 000	7 415	9,00
922 000	1 380 000	12 025	8,50
1 380 000	2 303 000	18 925	8,00
2 303 000	3 838 000	30 440	7,50
3 838 000	6 140 000	49 630	7,00
6 140 000	9 211 000	80 330	6,50
9 211 000	16 886 000	149 413	5,75
16 886 000	27 632 000	233 843	5,25
27 632 000	39 913 000	372 003	4,75
39 913 000	67 544 000	471 785	4,50
67 544 000		640 645	4,25";

(c) by the substitution for the table contained in regulation 2.3.1.1.2 of the following table:

"Where the cost of the reinforced concrete portion of the works including the cost of the relevant proportion of the preliminary and general items (and excluding VAT)—		the additional fee shall be the sum of the primary fee stated in column 3 and the secondary fee calculated in terms of column 4	
exceeds— (Column 1)	but does not exceed— (Column 2)	Primary fee (Column 3)	Secondary fee: Calculated on the value in columns 1 and 2 at the following percentages (Column 4)
R	R	R	%
0	3 380 000	0	3,40
3 380 000	5 063 000	8 450	3,15
5 063 000	6 753 000	21 108	2,90
6 753 000	11 358 000	37 990	2,65
11 358 000	16 886 000	100 459	2,10
16 886 000		184 889	1,60";

(d) by the substitution for the table contained in regulation 2.3.1.2.1.2 of the following table:

"Where the length of track—		the fee shall be the sum of the primary fee stated in column 3 and the secondary fee calculated in terms of column 4	
exceeds— (Column 1)	but does not exceed— (Column 2)	Primary fee (Column 3)	Rate of secondary fee calculated on the total length of the track (Column 4)
m	m	R	R/m
0	500	450	8,87
500	1 000	2 215	5,34
1 000	2 000	3 055	4,50
2 000	3 000	4 095	3,98
3 000	5 000	5 385	3,55
5 000	10 000	7 735	3,08
10 000	20 000	11 835	2,67
20 000	50 000	20 435	2,24
50 000		44 435	1,76";

(e) by the substitution for regulation 2.3.1.3 of the following regulation:

"2.3.1.3 MECHANICAL AND ELECTRICAL ENGINEERING SERVICES.

The fees for mechanical engineering services shall be calculated as follows:

Where the cost of the works (VAT excluded)—		the fee shall be the sum of the primary fee stated in column 3 and the secondary fee calculated in terms of column 4	
exceeds— (Column 1)	but does not exceed— (Column 2)	Primary fee (Column 3)	Secondary fee: Calculated on the value in columns 1 and 2 at the following percentages (Column 4)
R	R	R	%
0	346 000	1 100	10,50
346 000	565 000	4 560	9,50
565 000	864 000	7 385	9,00
864 000	1 436 000	11 705	8,50
1 436 000	2 294 000	18 885	8,00
2 294 000	4 017 000	30 355	7,50
4 017 000	5 746 000	50 440	7,00
5 746 000	8 632 000	79 170	6,50
8 632 000	20 090 000	143 910	5,75
20 090 000		244 360	5,25

The fee for electrical engineering services shall be calculated as follows:

Where the cost of the works (VAT excluded)—		the fee shall be the sum of the primary fee stated in column 3 and the secondary fee calculated in terms of column 4	
exceeds— (Column 1)	but does not exceed— (Column 2)	Primary fee (Column 3)	Secondary fee: Calculated on the value in columns 1 and 2 at the following percentages (Column 4)
R	R	R	%
0	314 000	1 000	10,50
314 000	510 000	4 140	9,50
510 000	775 000	6 690	9,00
775 000	1 291 000	10 565	8,50
1 291 000	2 073 000	17 020	8,00
2 073 000	3 622 000	27 385	7,50
3 622 000	5 178 000	45 495	7,00
5 178 000	7 780 000	71 385	6,50
7 780 000	18 106 000	129 735	5,75
18 106 000		220 265	5,25"; and

(f) by the insertion after regulation 2.3.5 of the following regulation:

"2.3.6 Levying of VAT

VAT must be added to the fee or remuneration calculated in terms of regulation 2.".

33

4. Regulation 3 of the Regulations is hereby amended—

(a) by the substitution for regulation 3.3.1.1 of the following regulation:

"3.3.1.1 STRUCTURAL AND CIVIL ENGINEERING SERVICES PERTAINING TO BUILDING PROJECTS.

In respect of works making normal demands on the time of the professional engineer, the fee shall be:

Where the cost of the works (VAT excluded)—		the fee shall be the sum of the primary fee stated in column 3 and the secondary fee calculated in terms of column 4	
exceeds— (Column 1)	but does not exceed— (Column 2)	Primary fee (Column 3)	Secondary fee: Calculated on the value in columns 1 and 2 at the following percentages (Column 4)
R	R	R	%
0	335 000	1 000	10,50
335 000	677 000	4 350	9,50
677 000	1 690 000	11 120	8,50
1 690 000	3 380 000	19 570	8,00
3 380 000	6 753 000	36 470	7,50
6 753 000	16 886 000	70 235	7,00
16 886 000		154 665	6,50"; and

(b) by the insertion after regulation 3.3.5 of the following regulation:

"3.3.6 Levying of VAT

VAT must be added to the fee or remuneration calculated in terms of regulation 3.".

5. Regulation 4 of the Regulations is hereby amended—

(a) by the substitution for the tables in regulation 4.3.1.1 of the following regulation:

"4.3.1.1 MECHANICAL AND ELECTRICAL ENGINEERING SERVICES

The fee for mechanical and electrical engineering work shall be calculated as follows:";

(b) by the substitution for regulation 4.3.1.1.1 of the following regulation:

"BASIC FEE—MECHANICAL

Where the cost of the works (VAT excluded)—		the fee shall be the sum of the primary fee stated in column 3 and the secondary fee calculated in terms of column 4	
exceeds— (Column 1)	but does not exceed— (Column 2)	Primary fee (Column 3)	Secondary fee: Calculated on the value in columns 1 and 2 at the following percentages (Column 4)
R	R	R	%
0	173 000	850	10,50
173 000	346 000	2 580	9,50
346 000	864 000	6 040	8,50
864 000	1 729 000	10 360	8,00
1 729 000	4 017 000	19 005	7,50
4 017 000	8 632 000	39 090	7,00
8 632 000		82 250	6,50

BASIC FEE—ELECTRICAL

Where the cost of the works (VAT excluded)—		the fee shall be the sum of the primary fee stated in column 3 and the secondary fee calculated in terms of column 4	
exceeds— (Column 1)	but does not exceed— (Column 2)	Primary fee (Column 3)	Secondary fee: Calculated on the value in columns 1 and 2 at the following percentages (Column 4)
R	R	R	%
0	154 000	800	10,50
154 000	314 000	2 340	9,50
314 000	775 000	5 480	8,50
775 000	1 556 000	9 355	8,00
1 556 000	3 622 000	17 135	7,50
3 622 000	7 780 000	35 245	7,00
7 780 000		74 145	6,50";

(c) by the substitution for the tables contained in regulation 4.3.3.3.1 of the following tables:

32 33 189 355

"MECHANICAL—

Where the cost of the works in the schedules of quantities (VAT excluded)—		the fee shall be the sum of the primary fee stated in column 3 and the secondary fee calculated in terms of column 4	
exceeds— (Column 1)	but does not exceed— (Column 2)	Primary fee (Column 3)	Secondary fee: Calculated on the value in columns 1 and 2 at the following percentages (Column 4)
R	R	R	%
0	346 000	0	3,15
346 000	1 729 000	865	2,90
1 729 000	4 582 000	5 188	2,65
4 582 000	9 164 000	12 060	2,50
9 164 000	13 812 000	25 806	2,35
13 812 000	20 681 000	39 619	2,25
20 681 000	—	70 640	2,10

"ELECTRICAL—

Where the cost of the works in the schedules of quantities (VAT excluded)—		the fee shall be the sum of the primary fee stated in column 3 and the secondary fee calculated in terms of column 4	
exceeds— (Column 1)	but does not exceed— (Column 2)	Primary fee (Column 3)	Secondary fee: Calculated on the value in columns 1 and 2 at the following percentages (Column 4)
R	R	R	%
0	314 000	0	3,15
314 000	1 556 000	785	2,90
1 556 000	4 133 000	4 675	2,65
4 133 000	8 259 000	10 874	2,50
8 259 000	12 448 000	23 263	2,35
12 448 000	18 641 000	35 711	2,25
18 641 000		63 672	2,10"; and

(d) by the insertion after regulation 4.3.5 of the following regulation:

"4.3.6 Levying of VAT

VAT must be added to the fee or remuneration calculated in terms of regulation 4.".

BYLAE

1. In hierdie Bylae beteken "die Regulasies" die regulasies afgekondig by Goewermentskennisgewing No. R. 1113 van 11 Junie 1982, soos gewysig by Goewermentskennisgewings Nos. R. 1638 van 30 Julie 1982,R. 1497 van 8 Julie 1983, R. 2396 van 2 November 1984, R. 1737 van 22 Augustus 1986, R. 2590 van 23 Desember 1988, R. 480 van 15 Junie 1990, R. 2057 van 31 Augustus 1990 en R. 2543 van 2 November 1990.
2. Die Inhoudsopgawe van die Regulasies word hierby gewysig—
   (a) deur die volgende opskrif ná "2.3.5" in te voeg:
   "2.3.6 Heffing van BTW";
   (b) deur die volgende opskrif ná "3.3.5" in te voeg:
   "3.3.6 Heffing van BTW"; en
   (c) deur die volgende opskrif ná "4.3.5" in te voeg:
   "4.3.6 Heffing van BTW".

No. 1095 **25 June 1993**

NOTICE UNDER SECTION 29 (1) OF THE FUND-RAISING ACT, 1978 (ACT No. 107 OF 1978)

By virtue of the powers vested in me by section 29 (1) of the Fund-raising Act, 1978 (Act No. 107 of 1978), I, Glen Morris Edward Carelse, Deputy Minister of Welfare, hereby prohibit the collection of contributions by or for or on behalf of the Fynbos Foundation of Southern Africa/Mr F. Paymans, Identity Number 5404055057003.

G. M. E. CARELSE,

Deputy Minister of Welfare.

DEPARTMENT OF PUBLIC WORKS

No. 1064 (33) **25 June 1993**

ARCHITECTS' ACT, 1970 (ACT No. 35 OF 1970)

NOTICE UNDER SECTION 7 (3) (b): AMENDMENT OF TARIFF OF PROFESSIONAL FEES

I, George Shepstone Bartlett, Minister of Public Works, hereby make known that after consideration of relevant recommendations made by the South African Council for Architects, I have under section 7 (3) (b) of the Architects' Act, 1970 (Act No. 35 of 1970), amended Government Notice No. R. 227 of 19 February 1993 as follows:

1. By the substitution for paragraph 2.5 of the English text of the following:

"2.5 Any fees or remuneration calculated or specified in terms of this notice are exclusive of Value-Added Tax.".

2. By the substitution for paragraph 7 of the following:

"7. *Apportionment of fees between stages and basis of payment for work as described in paragraph 3:*

7.1

Work stage	Proportion of fee	Cumulative total
1	5%	5%
2	15%	20%
3	15%	35%
4	40%	75%
5	25%	100%

Stage fees may be re-allocated by agreement with the client.

7.2 Subject to paragraph 8, the remuneration of the architect for the standard services performed by him in terms of paragraph 3 shall, unless otherwise agreed with the client, become due to the architect on submission of a fee invoice on the completion of each stage, apportioned as recommended in paragraph 7.1.".

No. 1095 **25 Junie 1993**

KENNISGEWING KRAGTENS ARTIKEL 29 (1) VAN DIE WET OP FONDSINSAMELING, 1978 (WET No. 107 VAN 1978)

Kragtens die bevoegdheid my verleen by artikel 29 (1) van die Wet op Fondinsameling, 1978 (Wet No. 107 van 1978), verbied ek, Glen Morris Edward Carelse, Adjunkminister van Welsyn, hierby die insameling van bydraes deur of vir of namens die Fynbos Stigting van Suider-Afrika/mnr. F. Paymans, Identiteitsnommer 5404055057003.

G. M. E. CARELSE,

Adjunkminister vir Welsyn.

DEPARTEMENT VAN OPENBARE WERKE

No. 1064 **25 Junie 1993**

WET OP ARGITEKTE, 1970 (WET No. 35 VAN 1970)

KENNISGEWING KRAGTENS ARTIKEL 7 (3) (b): WYSIGING VAN PROFESSIONELE GELDETARIEF

Ek, George Shepstone Bartlett, Minister van Openbare Werke, maak hierby bekend dat ek na oorweging van ter sake dienende aanbevelings deur die Suid-Afrikaanse Raad vir Argitekte gedoen, Goewermentskennisgewing No. R. 227 van 19 Februarie 1993 as volg gewysig het:

1. Paragraaf 2.5 in die Engelse teks word deur die volgende paragraaf vervang:

"2.5 Any fees or remuneration calculated or specified in terms of this notice are exclusive of Value-Added Tax.".

2. Paragraaf 7 word deur die volgende paragraaf vervang:

"7. *Toewysing van gelde tussen stadiums en basis van betaling vir werk soos in paragraaf 3 omskryf:*

7.1

Werk stadium	Deel van gelde	Kumulatiewe totaal
1	5%	5%
2	15%	20%
3	15%	35%
4	40%	75%
5	25%	100%

Die gelde vir die verskillende stadiums kan by ooreenkoms met die kliënt hertoegewys word.

7.2 Behoudens paragraaf 8, is die argitek se vergoeding vir die standaard dienste wat hy ooreenkomstig paragraaf 3 uitvoer, tensy andersins met die kliënt ooreengekom, betaalbaar aan die argitek na voorlegging van 'n geldefaktuur by voltooiing van elke stadium, toegewys soos in paragraaf 7.1 aanbeveel.".

Agreement set to boost building industry

Property Perspectives

by MAGGIE ROWLEY

EMPLOYMENT levels in the construction and civil engineering industry have fallen off drastically in the past four years of recession.

However, it is hoped a landmark agreement reached last week between labour and industry bodies will pave the way to boosting current employment levels in the industry by as much as 10 times.

Signatories to the Framework Agreement for Public Works Projects using labour intensive construction systems are Cosatu, the South African National Civic Organisation and the National Committee for Labour Intensive Construction (NCLIC), a joint committee comprising representatives of the South African engineering industry.

The NCLIC comprises the SA Federation of Civil Engineering Contractors, the SA Federation of Civil Engineering Contractors, the SA Institution of Civil Engineers, the SAA Association of Consulting Engineers, the SA Road Federation and the Institution of Municipal Engineers.

The agreement was concluded after a year of negotiations and opens the door for a national policy specifying planning and negotiation procedures, job requirements, payment systems, training schemes and so forth.

NCLIC chairman Graham Power said the agreement would hopefully spur government to provide incentives for the use of labour intensive methods.

Endorsement and support was now to be sort from the National Economic Forum.

The stated objectives of the Framework Agreement are:

- To maximise the use of labour intensive methods within public works programmes with due regard to economics;
- To contribute to employment generation;
- To promote the growth, stability and viability of the construction industry and of the labour pool by promoting the development of skills; and
- To meet the social infrastructural needs of the people of South Africa and to ensure their equitable distribution and accessibility.

CT 28/6/93 (82) (33)

A high priority in the agreement is given to the consultation with those communities for which public works programmes are undertaken and this is seen as mandatory in the initiation, planning and implementation of any project.

A vital constituent of the Framework Agreement is that a task-based payment system be integral to labour intensive construction projects, the definition of the task and its rate of payment being negotiated between the funding body, trade unions and local community.

Lisa Seftel of Cosatu said while the task-based labour system was integral to the Framework Agreement, Cosatu would not be happy to see this used as a precedent for piecework payment

Power said an Accreditation Board was to be established comprising representatives of NCLIC, organised labour, nationally representative community organisations and the Department of Manpower.

This board will ensure that proposed projects comply with the specifications defining labour intensive projects and will also arbitrate on any complaints, such as breach of the conditions of work, which may arise from the project.

Jobs loss slowing down

33 ARG 1/7/93

TOM HOOD
Business Editor

RETRENCHMENTS in the building industry are beginning to slow down, with only 10 percent of companies planning to cut jobs next quarter compared with 18 percent in the June quarter and 28 percent in the March quarter, according to the Stellenbosch Bureau of Economic Research.

The building recession showed slight signs of bottoming out, but no growth could be expected before 1994, reported the bureau today in its latest construction survey.

The value of new contracts showed no change between the second and third quarters, but companies expected an increase in value in the third quarter.

A lack of confidence among architects suggested the building industry was likely to continue experiencing depression.

There was also a lack of confidence among quantity surveyors, contractors and sub-contractors.

Competition in tendering remained "fierce" and this was keeping building costs low.

However, there were indications that builders were unable to absorb cost increases and a slow increase in building costs in the coming months was likely.

Costs rose only 3,1 percent last year after an 11,4 percent jump in 1991, according to the BER index.

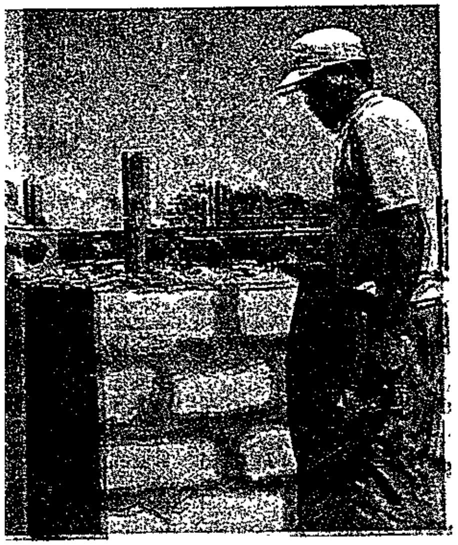
The rise eased to 3 percent in the March quarter, but prices were now rising at an annual rate of 4,1 percent.

Local hands make light work of R5,5m project

CT 8/7/93

33

By MAGGIE ROWLEY
Property Editor



SKILLS FOR THE FUTURE ... Community participants lay blocks against a guide frame at the Millers' Camp township project adjacent to Crossroads.

MILLERS' CAMP, the first labour intensive township development project of its kind in the Western Cape, is nearing completion.

The R5,5m project within one of the oldest squatter communities in the region, is being developed on a site adjacent to Crossroads and when completed will provide 550 serviced erven with toilets.

The majority of work on the project has been completed by the community itself using labour intensive construction methods. In all 90 jobs have been created and many of the workers have gained skills which can be marketed in other ventures when the project is completed, said resident engineer Sean Molloy of consulting engineers Hill Kaplan Scott (HKS).

He said the development, jointly funded by the Western Cape Regional Services Council and the National Housing Commission, started about two years ago with community meetings and negotiations between HKS, Ikapa Municipality, Western Cape United Squatters Association and the Millers' Camp community leaders, including ANC representatives.

"The community decided who should be trained as supervisors and so forth," he said.

Molloy said that at these meetings the details and procedures of the project were discussed in detail, down to the size of each of the erven and the number of creche sites required.

Members from the local community were trained in basic construction and building skills and have been carrying out the work, minimising the use of machines.

The contract was awarded to construction company Haw & Inglis. In-house officers handled the training last September.

A group of future entrepreneurs were identified from the labour pool and received addtional training in business skills and these team leaders then headed up each work team.

Construction activities done by hand have included trench digging, pipelaying, road sidewalk construction, the making of kerbstones and concrete blocks and the building of toilets.

Molloy said phase one, comprising 225 of the serviced sites, was now complete and work on phase two was on schedule.

The success of the project would no doubt see further projects initiated along these lines in future.

The only drawback, he said, was that labour intensive construction was more expensive than if it were highly mechanised.

"The learning curve is pretty steep at the beginning but skills learned here can be transported elsewhere."

Hell on the

C/Press 18/7/9

By ELIAS MALULEKE

BLACKS employed by two road surface tarring contractors are living in appalling conditions next to the N4 Witbank highway in Donkerhoek, Pretoria.

The workers, who are employed by Black Top Surfaces of Witbank and JDF Surfaces of Kempton Park, complained that whites employed by the same contractors were provided with adequate accommodation elsewhere.

Black Top director Johan Pelser said his employees had two options when joining his employment and they elected to be housed in the tents.

JDF manager Johan Fritz Jr said the shelter was temporary as the workers did not stay in one place forever. He said they knew under what conditions they would work and live when they were hired.

The workers claimed that the contractors were not willing to place them in the townships for fear of absenteeism when there were stayaway calls.

Most of the workers are migrants from the rural areas, earning about R600 a month. (33)

They are also transported daily to their place of work and back in an open tipper truck used to carry tar, tools and other equipment.

City Press found the 36 workers living in freezing, squalid conditions in army-style tents this week. The tents, which are full of holes, are placed in dense bush next to the highway.

Up to three people employed by Black Top share small tents which have hardly enough room for two. JDF houses up to eight employees in bigger tents.

The tents are fitted with small beds which the workers said they were made to pay for and there were no lockers. Instead they use cardboard boxes to store their belongings.

Although workers said the "tent village" had been there for over two years, the patch of ground where the tents have been erected has not been plastered. The area is surrounding by thorn bushes, trees and grass grows in the tents.

The workers complained of freezing conditions during the winter, but said it was worse when it rained.

They said that although they were working with tar, they were not supplied with water and had no washing facilities, save for three toilets.

Pelser said the workers had the option of being housed in a hostel in Mamelodi, but decided to stay in the tents to earn an extra R9 a week offered to Black Top employees who stayed in tents.

SUNDAY TIMES, Business Times, July 18, 1993

Less work for fewer architects

S Times (Buss) 18/7/93

ADRIAN HERSCH

THE number of registered architects in SA — which usually increases every year — has fallen in the past three years.

André van Graan, of the Institute of SA Architects, says most are being lost to emigration. Some are moving into other fields.

Graduates entering the field battle to find jobs, but there may be a shortage of architects in a few years.

The Central Statistical Service (CSS) says that in the first four months of this year the value of plans passed fell when compared with the same time in 1992.

The value of plans for houses fell by 4,5% to R1,122-billion and for flats and townhouses by 20,9% to R404,4-million.

The value of plans for non-residential buildings fell by 25% to R626,7-million. Addition and alteration plan values increased by 2% to R1,119-billion.

Mr van Graan says graduates ~~have had to~~ accept low pay in order to find employment.

"There are even instances where graduates took jobs for next to nothing in order to get experience."

Builders warned on bribes

MAGGIE ROWLEY
Property Editor

PEOPLE in the building industry involved in projects where there was public participation were warned last night of the "disastrous consequences" of accepting kickbacks.

The warning came from Mr Basil Davidson of the Urban Development Commission of the Western Cape Economic Development Forum in an address to a forum hosted by the Society of Architects, Planners, Engineers and Surveyors (APES) in Cape Town. He said that some consultants were resorting to "disturbing practices of bestowing lavish presents and kickbacks to influence projects of public participation. 33 CT 23/7/93

"Not only will this backfire on these businesses but it will have disastrous consequences for communities and the future," he warned.

"Times are tough and business ethics are at an all-time low, but consultants are urged to maintain their professional integrity," he said.

Abuses worry labour committee

JOHN DLUDLU

THE National Committee for Labour Intensive Construction is concerned about reported abuses of aspects of the Framework Agreement by engineering firms.

Committee chairman Graham Power said yesterday: "Some parties have approached community leaders with construction projects without getting the approval of the accreditation board as required by the Framework Agreement.

"Certain civil engineering firms are involved in lowering wages without the approval of the accreditation board of the Framework Agreement."

The agreement was signed between Cosatu, SA National Civics Association (Sanco) and the committee, which represents about five associations in the civil engineering industry, in June to encourage the use of labour intensive methods in the construction industry. BiDay

Application of the agreement required recognition by the accreditation board set up in terms of the agreement. 7/9/93

Through accreditation, construction projects would acquire recognition by statutory bodies such as the Manpower Department, which would act in favour of affected communities, project sponsors and the labour force.

No projects had been accredited anywhere in the country since the formation of the accreditation board. (33)

Power called on all parties to use proper channels by going through the board before commencing with construction.

Union will push for continuing alliance

ERICA JANKOWITZ

THE Cosatu-affiliated Construction and Allied Workers' Union (Cawu) resolved at its weekend conference to push for the continuation of the federation's alliance with the ANC, in line with the NUM's position.

But the union would be guided by Cosatu on the future of the alliance, Cawu organiser Desmond Mahashi said.

The union intended to mobilise members to support the ANC in the elections, Mahashi said. Cawu proposed southern Transvaal regional secretary Dan Mohapi for the election list. It also resolved not to accept a political solution which allowed a minority party to exercise veto rights, he said.

B Day 7/9/93

The Cosatu-initiated reconstruction and development programme was also adopted by the congress.

Cawu would convene a national collective bargaining conference soon to launch campaigns in support of the continuation of centralised bargaining platforms and counter the proposed collapse of industrial councils.

Unions should be more involved in industrial restructuring and Cawu resolved to play a more active role in this arena, he said.

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On the issue of public works programmes, Mahashi said Cawu decided to become part of the process to ensure workers' rights were not eroded. Subcontracting was another area of concern and the union resolved to formulate a policy and present it to employers.

Mahashi said Cawu had also looked at building organisation, mainly through forging closer ties with other unions in the sector, such as the Nactu affiliated Building, Construction and Allied Workers' Union.

Fred Gona was elected president, with former president David Ngcobo his vice-president and former treasurer Chris Gabla second vice-president. George Baloyi was voted in as treasurer and Mathews Olifant and Dumisani Ntuli were re-elected as general secretary and assistant general secretary.

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Poll help offers 'pouring in'

PATRICK BULGER

BiDay 7/9/93

THE ANC had received offers of electoral assistance from political parties around the world, ANC spokesman Carl Niehaus said yesterday.

While the constitutions of most countries prevented governments spending taxpayers' money on foreign political efforts, the opposition parties of those countries were not similarly bound. They had been offering the ANC assistance ranging from money to sending volunteers to conduct door-to-door canvassing.

"We've had so many requests to help us from political parties around the world," Niehaus said.

ANC president Nelson Mandela, on a recent visit to Taiwan, met that country's opposition leader, who had offered volunteers to do canvassing and propaganda work.

A diplomatic source confirmed that while the Taiwanese government could not provide electoral assistance to the ANC, there was nothing to prevent the opposition from doing so.

Niehaus said the ANC was examining the offer, along with several others.

More offers had come in from all over Europe, Scandinavia, Canada, the US and Australia. The ANC was assessing them and would decide which it would accept, he said.

Numsa fails to resolve fate of council

ERICA JANKOWITZ

ATTEMPTS by the National Union of Metalworkers of SA (Numsa) to prevent the collapse of the Motor Industries Federation industrial council met with limited success yesterday, according to union negotiations co-ordinator Les Ketteldas.

Ketteldas added that the crucial issue of wage increases had not been discussed at yesterday's meeting between Numsa and the SA Motor Industries Employers' Association. Employers had insisted the future of the council be resolved before the wage issue could be raised.

The council administers workers' social security funds that total about R1bn. B/Day 17/9/93

Association general secretary Vic Fourie said yesterday a technical committee had been established to discuss the administrative details of securing the social security funds. The committee would consist of representatives of both parties and was scheduled to meet on October 1.

However, Ketteldas said the parties had failed to reach agreement and the association had refused to negotiate any issues until the matter of the funds had been resolved.

This was unacceptable to Numsa, which would report back to shop stewards this weekend to devise a plan of action. Numsa would be raising its problems in the motor industry in a number of forums, including the National Economic Forum.

Since January 1992 the almost 200 000 workers covered by the council agreement have not received pay increases as negotiations have continually deadlocked. The latest obstacle to reaching a settlement was an apparent attempt by a lobby within the employers' association to destroy the council, Ketteldas said.

A last-minute concession by employers to extend the administrative function of the main agreement for six months to the end of February meant the parties had a limited time to settle their differences, he added. But as workers had not received increases for 20 months, it was critical that negotiations were not further delayed.

Ampros strike over contractors

KATHY STRACHAN

NEARLY 1 800 workers at Anglo American Property Services (Ampros) in Johannesburg and Pretoria went on strike yesterday against management's new policy of contracting out services.

NUM media officer Jerry Majatladi said the strike seemed set to spread to Durban today as talks ended in deadlock last night. B/Day

He said Ampros had contracted private cleaning, security and maintenance services two weeks ago and workers feared this practice meant a loss of jobs. 17/9/93

Majatladi said agreement had been reached on the four other demands by the union: working groups would investigate union complaints of discriminatory practices, maladministration of pension funds, lack of proper job evaluation and an unfair housing subsidy scheme.

Ampros could not be reached for comment last night but Sapa reports that Ampros operations director Alex Gullan said earlier the company had not retrenched, and was not planning to retrench, any workers.

He said Darragh House was the only Ampros-administered building in the Johannesburg central business district where outside contractors had been employed, a step taken after the owners had requested that costs be reduced. (33)

None of the Ampros staff working at Darragh House had been retrenched, but had instead been employed in other positions.

Gullan said yesterday's stoppage had taken the company by surprise because workers had not previously expressed grievances.

Poland wants to boost its SA trade

PRETORIA — Poland would like to invigorate its relations with SA, especially in trade and economics, Polish Foreign Minister Prof Krysztof Skubiszewski said yesterday.

Skubiszewski, who is visiting SA, has met President FW de Klerk, ANC president Nelson Mandela and Foreign Minister Pik Botha.

He said Poland would like to increase its trade with SA.

His country could import food and technology from SA, a highly industrialised country which produced much of the machinery and equipment Poland needed but could not produce.

Poland had a negative trade balance and its industries needed to be re-equipped. There were "broad possibilities" in this area, Skubiszewski said. — Sapa.

ANC man warns builders on quality, affirmative action

ARG 25/9/93

THE shoddy quality of much of the housing built commercially has earned private enterprise a poor name in black residential areas, says Horst Kleinschmidt, chairman of the central Pretoria branch of the African National Congress and deputy-director of the Kagiso Trust.

"Thousands of sub-standard houses have been built, accompanied by equally unacceptable business practices," he claimed, adding that buyers would have to be protected by a future government against such practices.

Companies showing a lack of commitment to change, and inferior quality and exploitation rife in the housing sector, would be unacceptable in any future ANC housing policy.

Discussing the housing policy, he said it would promote job creation and training, with preference going to black builders and artisans where possible.

Construction companies that could demonstrate their commitment to affirmative action would be given preference, said Mr Kleinschmidt.

"Many companies have acted positively in anticipation of new policies. Others have stood still and done nothing as yet. The ANC would definitely not want to provide new business and profits for those who made money out of creating apartheid."

He said the ANC's housing policy did not mean an extension of the present government's "site and service" policy. The challenge was to devise ways to provide housing that ensured racial, economic and social integration.

The ANC would pay urgent attention to the release of all unused, under-used or available state land and to the development of retail finance in a way that brought affordability within reach of far greater numbers of people.

"The ANC will engage all relevant financial institutions to find ways to gear the financing of affordable housing.

"We must get away from the current trend where financial institutions build factories and prestige buildings even at the risk of them standing empty for prolonged periods."

He conceded that in spite of the vast resources the ANC intended to mobilise for housing, demand would continue to be greater than supply.

"This may have a negative effect on quality, standards and skills levels. We are committed not to compromise on such issues even if this requires the formulation of new legislation."

Massive job losses in construction

B/Day.

ROBYN CHALMERS

EMPLOYMENT in the construction sector has plummeted by almost 100 000 jobs since the recession began in 1988, and industry sources fear the worst is not over.

Figures supplied by the Central Statistical Services show that job numbers in construction sector have fallen from about 420 000 in 1988 to about 350 000 at the end of 1992, and unofficial figures put the falloff this year at around 27 000.

Notably, employment in the civil engineering industry is continuing to drop, having fallen from 1990 levels of 78 000 to around 55 000 in the first quarter of this year. More job cuts are expected.

Stellenbosch University's Bureau for Economic Research director Ockie Stuart said at the weekend jobs had been lost through heavy retrenchment programmes by companies operating in the industry, with professionals losing their jobs along with blue collar workers.

He listed two major reasons for the declining figures — stagnant activity in the non-residential building arena and limited demand in the residential segment.

In addition, other than the Columbus and Alusaf projects, there was little construction activity and few developments in the low cost housing market.

Building Industry Federation of SA (Bifsa) executive director Ian Robinson said building activity levels had been dropping since 1991, with a further deterioration evident since the start of 1993.

Bifsa figures, taken from the SA Reserve Bank, show that total public construction as a percentage of GDP has dropped from about 4,2% in 1988 to about 3,5% in 1992 against a high of almost 10% in 1976.

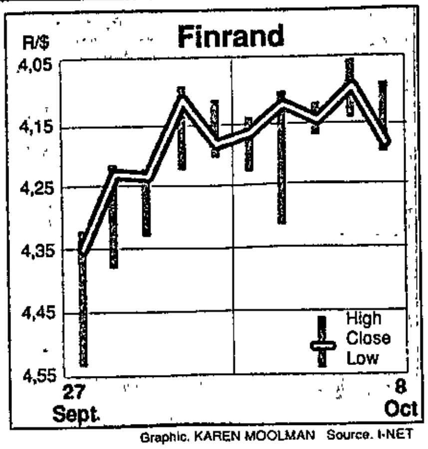
Economists feared that activity in the non-residential segment would not pick up again until 1995, although building levels in the residential arena could increase by the middle of next year.

(33)

They expected the economy to grow slowly over the next 18 months, but warned there was a lot of spare capacity in the market to be picked up before development started in earnest.

The ANC has said it regarded low cost housing as a priority, and wanted to wipe out the backlog within 10 years.

However, Stuart pointed out that a new government would be elected in April at the earliest, with the first Budget possibly published by July. "However, this Budget will consist of substantial input from the current government, which means that should the ANC get into power, it will not be able to move forward with its initiatives much before 1995," he said.



Graphic. KAREN MOOLMAN Source. I-NET

Finrand eases off year's record high

KELVIN BROWN

B/Day 11/10/93

THE financial rand ended the week slightly down from the year's record high on Thursday as a lack of foreign interest and profit-taking weakened the investment unit on Friday.

The finrand eased to as low as R4,2100 to the dollar but closed slightly up at R4,2050 after ending at R4,0950 on Thursday.

Dealers said a correction was expected after the finrand's good performance on Thursday. The movement appeared to be mostly locally driven as foreigners stayed away from the market on Friday. Players reported little reaction to the news of the SADF's attack on Thursday evening on what it said was a Transkei Apla base.

Dealers remained hopeful that the finrand would continue strengthening this week. They predicted that foreigners would return to buy local gilts after capital market rates moved back up to the 13% level by the end of last week.

Eskom's 168 closed virtually static at 12,900% on Friday from an overnight 12,910% while the government's R150 ended unchanged at 12,910%.

The lifting of remaining UN sanctions on Friday could also have a positive impact on the local investment unit this week.

The commercial rand closed marginally stronger at R3,4513 to the dollar following poor US unemployment figures after ending at R3,4585 on Thursday.

US September unemployment data showed job losses in the non-durable manufacturing sector — an unusual occurrence. The overall US unemployment rate remained unchanged at 6,7% last month.

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Economists feared that activity in the non-residential segment would not pick up again until 1995, although building levels in the residential arena could increase by the middle of next year. (33)

They expected the economy to grow slowly over the next 18 months, but warned there was a lot of spare capacity in the market to be picked up before development started in earnest.

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However, Stuart pointed out that a new government would be elected in April at the earliest, with the first Budget possibly published by July. "However, this Budget will consist of substantial input from the current government, which means that should the ANC get into power, it will not be able to move forward with its initiatives much before 1995," he said.

De Beers retrenches research staff

B/Day

ANDY DUFFY

DE BEERS has retrenched nearly a quarter of its diamond research staff in Johannesburg because of falling demand for its industrial diamonds. 11/10/93

The company's industrial diamond division said at the weekend that more than 100 of its 432 laboratory staff in south Johannesburg would be retrenched in wide-ranging cost cuts.

The cuts, which will be made across the board, come less than a month after De Beers axed 106 staff at its diamond manufacturing plant in Shannon, Ireland.

A spokesman said the losses followed the collapse in demand from industrialised nations for industrial diamonds. He said the value of the market had fallen from $600m in 1991 to $480m-$500m this year.

The situation had been compounded by growth of new competition from the Far East and Europe. Though De Beers had managed to maintain its 40-45% share of the market, prices and margins had come under severe pressure.

The industrial division had also trimmed staff at its head office and in the UK, leaving its total workforce at about 2 300.

The spokesman said the division had started an attrition exercise late last year, but it had proved too slow. He said that it would try to make cuts through early retirement or voluntary retrenchment. No further retrenchments were expected.

A spokesman for the rest of the group, which last year cut 4 000 posts in southern Africa said there had been no further cuts.

Construction sector layoffs 'not over yet'

33 CT 11/10/93

JOHANNESBURG. — Employment in the construction sector has plummeted by almost 100 000 jobs since the recession began in 1988, and industry sources fear the worst is not over.

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He listed limited demand in both non-residential and residential sectors as the reason.

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Engineers still feeling pinch

EDWARD WEST

CIVIL engineering activity improved marginally this year over last year, but the decline of the past few years continued, SA Federation of Civil Engineering Contractors (Safcec) outgoing president Peter Clogg said yesterday. 22/10/93

Most construction companies were more optimistic because of improved trading prospects emerging now. The decisions to go ahead with the Columbus and Alusaf projects would absorb some capacity and as a result there would be an improvement in activity mainly in the reinforced concrete field, he said.

Companies had restructured to the smaller workload on offer and employment fell slightly to 55 000. The industry order book at R4,1bn for 1992/93 was 7% better than in 1991/92, but there was a real decline of 7%. Further work volume declines would eliminate much industry capacity to handle future requirements, he said.

Road construction remained at a low ebb, but the toll road programme was expected to produce additional work. It was possible a breakthrough in housing and urbanisation projects would occur after the election. (33)

Clogg, who completed a two year term of office, was succeeded by Grinaker Construction MD Bean Bornheimer.