

Foreign Firms in SA  
British

# GEC plant in *RDM 2/4/75* KwaZULU

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GEC South Africa has concluded arrangements with the Bantu Investment Corporation, acting on behalf of the KwaZulu Government, to establish a factory at Isithebe in KwaZulu for the manufacture of small electric motors.

These motors are being made at the Benoni plant of GEC Machines (Pty) where the space is required for expansion of manufacturing facilities for larger motors.

It is expected that the factory will come into full production in about 12 months when it will employ 100 Blacks with an initial White supervisory staff of eight.



By JOHN CAVILL

**LONDON.** — Jim Slater is backing gold and South Africa to help build up his personal fortune.

This was revealed to BUSINESS TIMES this week by the 46-year-old chairman of the R150-million Slater, Walker Securities merchant banking and investment group, soon after the signing of his new South African satellite's first take-over.

In a frank interview, Mr Slater told:

- Why he is back in South Africa;
- Why his group pulled out two years ago;

● Of his concept of a flexible, dealing "company of our times" capable of meeting the increasingly volatile investment climate.

The deal signed this week by SA Selected Holdings two months after Slater's British company, Lubok Investments, acquired control brought it Florida North Homes, part of Brick and Potteries, the Edglen associate.

Salect (known as "Sash" in Slater's London headquarters) issued 1.48-million shares valued at R1.85-million in exchange for Florida, which has assets of near cash discountable mortgages of R1.5-million and shares, mainly Abercom and Unisec, of R620 000.

The deal increased Salect's assets by 87 per cent to R2.5-million — mostly liquid.

It also gives Lubok solid institutional partners in Salect via a consortium which will place the shares (around 25 per cent of Salect) not retained by Brick and Potteries. Lubok itself will hold 45 per cent of Salect.

Salect is already looking towards its next deal, believed to be an investment group.

"Salect will be a duplicate of Lubok," said Mr Slater. "It will be a company for our times and their exponential financial climate. In the ever increasing volatility of that climate you can have a bull market in two weeks and see commodity prices rise by 100 per cent in a week.

"This means the company is going to deal. We, as a group, have been criticised in the past for dealing as opposed to investing.

"But when I started up, the Financial Times Index was around 300. It is 300 today. This means that during the last 10 years, a static investment policy would have produced a negative real return.

"If you had bought out of the market in London when the index was 300, you would have lost 50 per cent of your money. That is the real return on a static investment policy. The only way to deal is to deal," he said.

The pace set by Lubok promises plenty of action from Salect. In six months Lubok concluded six deals, quadrupling its net assets to R4.8-million.

Lubok is essentially Slater's personal company. He holds 5.2-million shares, or 31 per cent, after putting in R800 000 of his own in October. Slater, Walker as a group

# SLATER'S BACK FOR HIS POT OF GOLD

*Sun Times (Bus T.) 13/4/75*

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*Cont...*

holds no shares, although some of the unit trusts it manages are holders.

"There are several reasons why it is kept a personal affair," said Mr Slater. "In the first place, it was rather small to have any real impact on a group the size of Slater, Walker.

"Second, I held 2-million Slater, Walker shares, among others, and after the ravages of the bear market I wanted to make some money.

"Third, I believe everyone should hold a part of their money in gold.

"Lubok, with its ability to invest in gold shares via back-to-back loans—without having to go through the dollar premium pool—is a convenient way for an individual to have a stake in gold."

Mr Slater did not say how much he personally lost in the bear market which raged from mid-1972 until January this year. But in a peak of around 300p Slater, Walker shares fell to 27p at the bottom—a paper loss of 91 per cent. Slater's personal stake of 2 million shares now stand at 90p.

It was gold—and the profits when the Slater, Walker group made in gold shares in early 1974—which brought Slater back to South Africa.

Lubok has since looked at direct involvement in gold mining propositions, such as Government Areas and Simmer and Jack, but neither "looked right".



Stuart Pegg of Lubok and Salect (left) and David Ellman of Brick and Potteries . . . Sealing the Lubok deal at Slater's headquarters at St Paul's Churchyard, London.



13/4/95

"I wanted to return to South Africa because it is the mother country as far as gold is concerned and gold is where the action is.

"It is also one of the few strongly capitalist countries in the world with an active stock market.

"I like the country. I have a lot of good friends and it is congenial. There is also the climate, and small, but important, factors such as the narrow time difference with London," he said.

On why he withdrew from South Africa in the first place, Mr Slater said: "I think a lot of people in South Africa thought our withdrawal was the result of the unfavourable publicity we received in Britain over poor working conditions at Natal Tanning Estates.

"In fact, as our accounts for last year will show, we have sold out in Canada, France, Hong Kong, Australia, Singapore and the United States.

"The reason was that we were a financial company, highly geared and sailing into a hurricane -- which we saw coming. We sold out to create cash to reduce our borrowings and hence our vulnerability. Slater, Walker South Africa just happened to be part of that process." Mr Slater is fairly confident he will be welcomed back in South Africa.

"We have a good record there. People who followed our shares from the beginning made a lot of money. When we left we handed over a solid, well-managed entity to local management."

For the time being Salect is wholly invested in cash or liquid assets. Its parent Lubok has R1.6-million in gold, most of it in Krüger-rands, some in South African gilt-edged stocks and controlling investments in investment trust companies, plus some equities and about a third of funds employed in cash.

Mr Slater will have a first-hand look at this empire when he flies to South Africa at the end of this month.

# Secret plan for Leyland SA

By JOHN CAVILL  
LONDON. — The existence of a secret plan for the future of Leyland Motors South Africa was revealed this week as part of the British Government's R3 200-million rescue plan for the revitalisation of British Leyland.

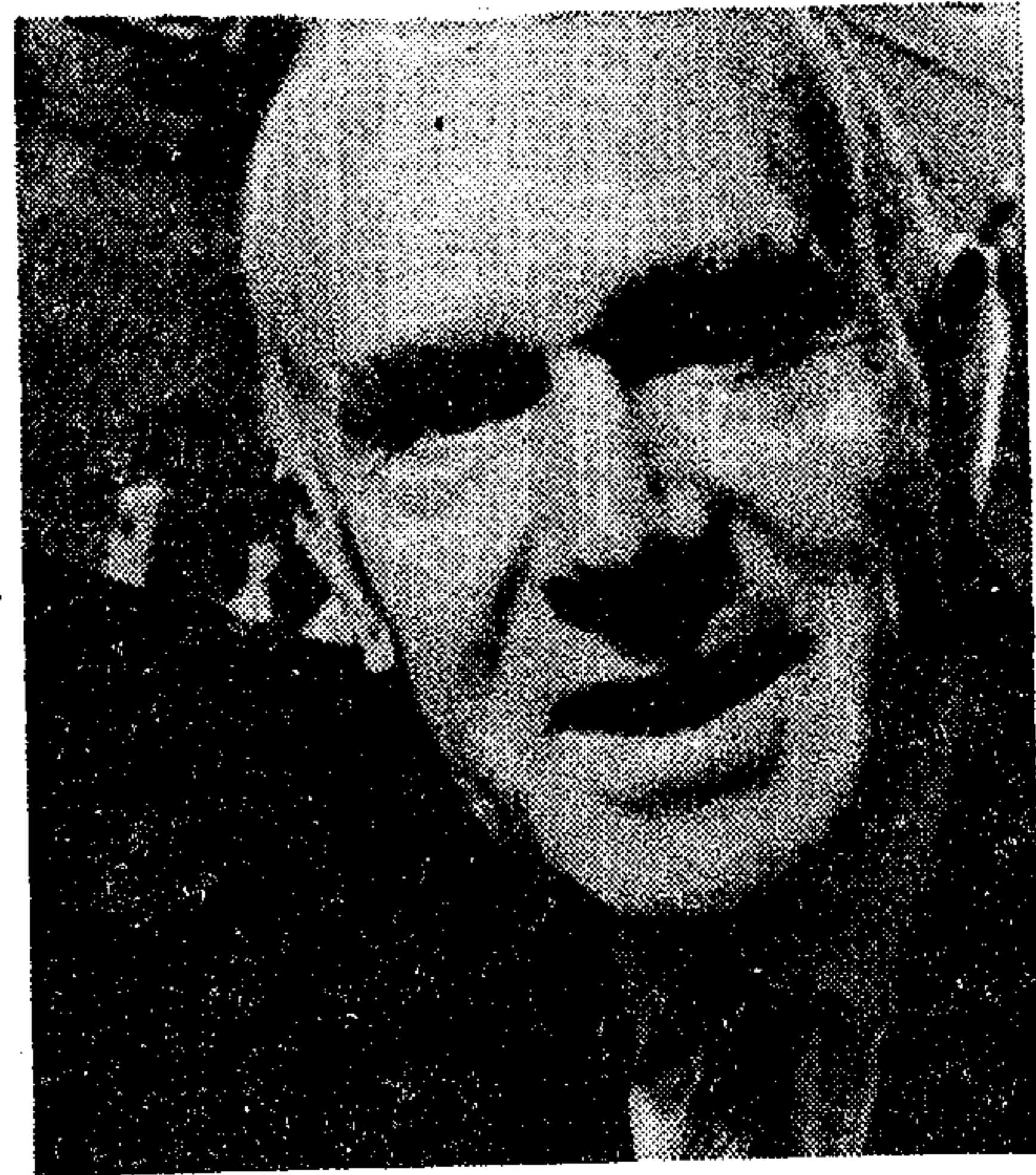
It emerged at the Press conference held by the Minister for Trade and Industry, Tony Wedgwood Benn, when the Labour Government's plan for a R96-million takeover of British Leyland plus a massive injection of capital — R1 440-million in the next three years — was published.

The Government has accepted the recommendations of the Ryder Committee report which embody:

- A) A State take-over combined with the huge amounts of money needed to re-equip British Leyland to make it viable as a mass producer of motor vehicles
- B) A much greater say in the running of British Leyland by the trade unions and
- C) A drastic slimming down of the variety of models made by the R2.5-million a year company.

The Ryder report, accepted in only three weeks by the Government, earmarked R78-million for capital expenditure in the next three years by Leyland's international division which will include Leyland Motors South Africa. This compares with Leyland South Africa's plans, already announced, for investment of R35-million. Over the following four years to 1982, R90-million will be invested in the international division.

Sir Don Ryder, head of the committee and former chairman of Reed International paper group which has large interests in South Africa, was asked by BUSINESS TIMES how his report's recommendations



Sir Don Ryder... his committee's report was quickly accepted.

would affect the operation of Leyland's South African operation.

He replied: "It is recognised that it is very necessary to the implementation of British Leyland's marketing to maintain its overseas facilities. No changes in the running of the South African operation as a result of the recommendations in the report on trade union participation and so on is envisaged."

But after the Press conference, Bob Clark, deputy

chairman of Hill, Samuel, merchant bankers, who was a member of the Ryder Committee, revealed that the unpublished parts of the report contained specific plans for South Africa.

Asked by BUSINESS TIMES whether Sir Don's "no change" answer meant the committee was satisfied with the way Leyland was run in South Africa, Mr Clark said: "I cannot say. We were not satisfied with any aspect of British Leyland's activities."

"Recommendations about the South African operation have been made, partly concerning the relationship between it and the parent company. But I cannot be specific as they are part of the report which has not been published for commercial reasons."

Mr Clark personally visited Leyland Motors South Africa during the committee's investigation of its ailing parent company—which, without State support would be insolvent.

The fact that British Leyland would have gone to the wall if left to its own devices was one of the most shattering aspects of the Ryder report.

Premier Harold Wilson's statement to the House of Commons on the Ryder report made it clear why a Government take-over was inevitable: a million jobs in more than 20 000 firms were at stake.

And given that it will, on Ryder's estimates, be years before British Leyland will be paying dividends, the likelihood of the capital market putting up the astronomical sums needed to modernise the corporation into an internationally competitive motor manufacturer, was remote.

As Minister Benn admitted, the choices facing the Government were:

To let British Leyland go bankrupt, which would, at best, have demoralised a big section of the engineering industry as well as ruining vital export markets;

Leave survival to the company, involving unacceptable cutbacks in production, em-

ployment and exports; or Nationalise it by a parliamentary Bill which, taking around 18 months, was too prolonged a process.

Thus an unprecedented bid, at 16 cents each share against the 9.4 cents at which British Leyland closed before suspension on the London Stock Exchange, was the quickest answer.

A firmation of the Government's speed in accepting the Ryder recommendations was provided immediately by the unemployment figure showing a 137,000 jump to 939 000 while British Leyland's share of a shrinking car market flopped to less than 30 per cent as foreign imports grabbed a record 40 per cent of sales this month.

But while Sir Don Ryder maintains his revolutionary recommendations, with management shake-up and departure of managing director John Barber and elevation to impotence chairman Lord Stokes, have little effect on South African subsidiary is doubtful whether E Landau's management strategy will be left untouched.

The introduction of Government and trade union voices into the running of British Leyland is certain to produce changes, especially in the light of trade union plans revealed in BUSINESS TIMES in February.

While Leyland Motors is too important to ditch South Africa accounts for 2 per cent of British Leyland exports of R776-million it is equally too important to be ignored.



# No teeth in UN threat — Duncan

The Star Bureau

LONDON — Sir Val Duncan, chairman and chief executive of Rio Tinto Zinc, which is developing a uranium project at Rossing, near Swakopmund, said here yesterday that he was not unduly worried by United Nations threats to seize exports from that territory.

"I think United Nations resolutions are somewhat different from what tends to happen in life," he told reporters at a Press briefing.

"Not many years ago the United Nations had a resolution saying the British should get out of Gibraltar. They are still there."

His company believed its duty was to serve any duly constituted government in any part of the world it might be.

## DETERMINATION

"From what I have seen there appears to be a determination on the part of all races in South West Africa to work together for the success of the country."

Sir Val said work on the Rossing project was going ahead well. But it was difficult to say when the mine would start production. "I think we have always said around mid-1976, but it may be a little later than that."

"I know there is a constant dialogue and controversy, if you like, about some of South Africa's problems. All I would like to say is that as far as we are concerned, we are being very progressive in Palabora."

Of South Africa's moves towards detente he said. "We hope this will be successful, and I believe there is a determination on the part of many people in different countries to achieve something of an amelioratory nature in this respect."

The firm's annual report shows that the group sales revenue was R1 856-million during 1974, compared with R1 492-million in 1973.

Profit before tax was R426-million compared with R358-million.

The tonnage of ore milled at Palabora in 1974, at 19.2-million tons, was equal to the previous year's tonnage. Copper production at 90 364 tons, was slightly less than in

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# Savage 'anti <sup>See Times</sup> report' <sup>(bus Times)</sup> on <sup>11/1/75</sup> Unilever <sup>(66)</sup>

By JOHN CAVILL  
LONDON. — A savage attack on Unilever's labour policies in South Africa is made in a 103-page "anti-report" on the R9,3-million a year world food and soap giant. It has been published by Counter Information Services (CIS), a Left-wing group, and is the 11th "anti-report" on British companies.

These include Rio Tinto-Zinc, Consolidated Gold Fields and Courtaulds.

The section on South Africa in the latest report fills three pages and concentrates almost entirely on allegations of exploitation of Blacks by Unilever, whose sales in South Africa were R101-million in 1972.

The report says: "Unilever claims to provide equal pay and job opportunities for all its workers irrespective of race; to run a number of training and educational schemes to enable 'all our employees to make the best of their abilities'; the image it attempts to project is that of a haven of paternalism and equality.

"But for the majority of Unilever's 5 000 or so workers, the reality is racial discrimination and exploitation.

"The total weekly earnings of the 1 200 (non-managerial) White employees are about the same at R92 000, as those of 3 600 Black workers.

"On average the African

● Continued on  
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# Unilever report <sup>See T</sup> <sup>(B.T.)</sup> <sup>11/1/75</sup>

● Continued from <sup>(66)</sup>  
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worker earns about a third of a White worker's wage."

The report deals with Unilever's wage rises for Blacks. It says that while by November 1974 Unilever had increased its minimum wage to R29 a week — which was over the poverty datum line — this still fell short of the guidelines set up by the United States State Department for American companies in South Africa.

The State Department standard "allows for the purchase of a few basic amenities and paying an occasional doctor's bill — a fair wage, on the basis of productivity and the capabilities of the economy, would be higher still."

The report goes on to quote the magazine Commerce as saying in May 1974 that firms like Unilever are helping "enormously" with the economic development of the homelands.

Comments the report:

"The homelands provide a captive market with a significant sales potential for a company which produces the basics of life.

"To exploit this market Unilever pursues a policy of bolstering and developing an elite of African businessmen, a policy which furthers its own ends and at the same time helps it to curry favour with the apartheid Government."

A Unilever spokesman told BUSINESS TIMES in London: "We have read the report carefully. Its facts consist of material which has already been published in many documents elsewhere.

"The only new aspect is the comment and the way the facts have been assembled. We do not feel there is any point in commenting on somebody else's comments.

"There is really no need for us to add anything."

● Counter Information Services expects to sell 18 000 copies of its anti-report at R1.60 a time. Ten thousand copies have been printed in English and 8 000 in Dutch.

Swedish and German editions are being considered.

CSI consists of a group of eight journalists, economists and researchers.

It has, as far as can be ascertained, no formal ties with any other organisation.

It was set up in 1972 and its aim, according to one of the group, Roland Muldoon, is "to counter the myths; to give the other side of what is happening in institutions and companies, affecting the lives of millions of people."



# SA good for British firm

Financial Reporter

LONDON — Simon Engineering, a British public company involved in engineering, earned 8.5 per cent — £12 800 000 — of its 1974 turnover of £151-million in South Africa.

The chairman, Mr L. Brook, says in the annual report that "the 1975 results in South Africa are expected to be much better as current major contracts include safeguards against cost escalation."

A wholly owned subsidiary, Simon-Carves (Africa) is completing two large sulphuric acid plants for Triomf Fertilizer at Richards Bay.

The capital cost of these projects is £12-million.

A spokesman says: "There is a lot of work in South Africa and several major projects have been authorised in the past six months."

Simon-Carves is designing and building a polyester plant at Sasolburg, a plant for AE & CI. Several acid plants in South Africa are nearing completion.

"We expect to be busy

throughout the coming year and we are investing further in South Africa."

This investment will not take the form of purchasing companies. Simon-Carves plans to grow by expanding its existing operation.

There is great potential for Simon in the treatment of sewerage and effluents.

The company has several projects on the go and we expect orders to increase."

Simon Engineering's other South African company, Simon MacForman had a satisfactory year.

Mr Brook says: "Investment in food engineering activities remained at an encouraging level and a promising start was made in representation of Simon-Rosedown's vegetable oil extraction and processing machinery activity."

RDM 15/5/75



# SAMOS IN GOOD SHAPE

ADm  
19/5/75

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## FINANCIAL REPORTER

**LONDON.** — Samuel Osborn, parent of the South African company, increased its unaudited sales for the 25 weeks to March 21 by 17 per cent over those for the same period of 1974. Pre-tax profits jumped 48 per cent.

The chairman, Mr B. E. Cotton, says: "Our South African operation, which has been operating since 1911, is doing well. We adopted a policy of ploughing back profits into the company, and it is now well-placed.

"The South African economy is not nearly as badly affected by recession as other economies."

Samuel Osborn's overseas trading profits amount to more than half the group's £1 501 000 earnings.

At a £882 000 profit for trading at the half-way stage, Samuel Osborn's overseas interests look well-placed with strong order books everywhere but Australia.



STAR 27/5/75  
**Wages well  
above PDL  
at Tube Inv**

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The Star Bureau

LONDON — More than 34 percent of adult male Africans employed by Tube Investments in South Africa are paid as much or more than the Supplemented Living Level, Lord Plowden, the chairman, has disclosed.

This was despite an increase of 20 percent in the work force which tended to reduce the proportion earning more than the SLL, he told a questioner at the company's annual general meeting.

"This is consistent with our policy of reviewing and improving wages, having regard to commercial viability and other relevant circumstances, towards the target levels recommended by the Expenditure Committee of the House of Commons.

#### FURTHER REVIEW

"A further review of wage levels will be undertaken later this month."

Lord Plowden was replying to a question from representatives of Social Audit, the industrial pressure group.

Lord Plowden recalled that at the 1973 annual meeting he had reported that all adult male African employees had been paid more than the Poverty Datum Line, or minimum standard of living.

By last year such employees had been paid no less than the Minimum Humane Standard of Living, a standard which stood some 25 percent above the PDL level.

By KEN EDGHTILL

THE British Government must stop meddling in the affairs of British firms with subsidiaries in South Africa, says Brian Trafford, chairman of one of Britain's top construction equipment groups and deputy managing director of one of Britain's biggest construction companies.

Mr Trafford, 43, is chairman and managing director of the Greenham Group, which has successful offshoots in South Africa in Greenham Plant Hire and Greenham Plant Sales.

He is also deputy managing director of Taylor Woodrow, a construction company which had a turnover of R350-million in fiscal 1974 from its operations in 24 countries.

Mr Trafford's father-in-law is Sir Frank Taylor, founder and managing director of the firm.

A big-game hunter and former amateur jockey — he once rode in the Grand National — Mr Trafford spent some of his school-days in Maritzburg and has retained a strong affection for South Africa.

When British Government representatives tried to probe his firm's operations in South Africa he refused to talk to them.

On a flying visit to South Africa this week he said: "When they came sniffing around seeking details of our operations here and asking what we

# Britain has rough words for 'meddlers'

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pay our Black workers, I told them it was none of their business.

"I said that when they govern Britain as well as the South African Government governs South Africa, I will talk to them.

"If the South African Government wanted to know what we pay our Black workers I would be delighted to tell them, for they have a right to know and we are proud of our pay rates, but the British Government spends too much time worrying about what is going on in South Africa instead of trying to get its own economy right."

Mr Trafford is so impressed by what he has seen on his visit to Johannesburg, Cape Town and Durban and is so convinced of South Africa's bright future that he would like to see more of his firm's subsidiaries take the plunge into the South African market.

He says: "Greenham already has offices, staff and other facilities to put at their disposal, and I have already telexed London in-

quiring other of our subsidiaries to consider setting up here.

"I see a stable and able Government here and an expanding economy, and I think any investment here would prove worthwhile, both for South Africa and the firm involved."

In view of Mr Trafford's faith in the South African economy, why has Taylor Woodrow not become involved in the booming local construction scene?

He says: "We were once invited to tender for one quite large job at Richards Bay. We spent months on the tender, which turned out to be the lowest, but the job went to a local firm."

"If it is decided that work should be done by local firms, that is all right with us, but at the time we were upset that our time had been wasted by having been invited to tender."

"All that is in the past, however, and Taylor Woodrow is considering tendering for South Africa's first nuclear power station, in the Cape.

"We did build the first nuclear power station in the world, at Calder Hall in Britain, and we have built others around the world since then."

Mr Trafford is quite open about the intention of his firms to seek more work abroad. He says: "In view of the economic situation in Britain, this is the only sensible solution."

"At the moment militant minorities are governing Britain by influencing government and management, and until something is done to put these militants in their place, I cannot see Britain getting out of the economic mess it is in."

"I still believe that, given the opportunity to work, the British working man is still the best in the world, but the unions do not seem able to control a small number of men who are dedicated anarchists and who are there to bring down the capitalist system wherever they can."

"As a result of the havoc caused by these people, by way of strikes and other disruptions, Britain has lost business which it may

never recover and its reputation overseas has been sadly damaged.

"The British Government should be tackling these problems. That is one reason why, when a sub-committee of the House of Commons asked us questions about our operations here, I refused to have any dealings with them."

"We are proud of our record here, and my answer was: 'Get off your backsides and govern Britain and leave South Africa to govern itself.'"

Although he is doubtful about Britain's ability to curb the anarchists without either bloodshed or the introduction of new legislation, Mr Trafford believes British industry still has a bright future.

He says: "We will stay in the Common Market after the referendum on Thursday, and as a result our markets are bound to expand."

"We are also now getting quite big trade delegations from the communist countries, including China."



# SA good for British firm

Cape Times 4/6/75 (66)

Cape Times Correspondent  
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# British <sup>66</sup> Foods 'can' thank SA'

C.T. 10/6/75

By PENELOPE GRACIE

LONDON. — Premier Milling's parent, Associated British Foods, has announced a 24 percent increase in group sales which, for the first time, exceeded £1 000m. for the year to March 29.

A large part of the group's improved performance was thanks to Associated British Food's South African company.

Associated British Foods owns 52 percent of

Premier Milling and, as a spokesman for ABF said: "A large portion of the 1,3m. increase in overseas profit pre-tax, can be found in South Africa."

The chairman of this giant food group, Mr Gerry Weston reported that "a significant increase in pre-tax profits in South Africa and elsewhere more than offset the reduction in profits in Australia."

## MARGINS

At the preliminary stage, ABF shows a net profit of £20,4m. for the year (£1m higher than in 1974) on a fall in margins both in the UK and overseas.

In the home market, margins shrank from 3,8 percent to 3,6 percent while overseas margins fell from 6,1 percent to 5,7 percent.

ABF, which has an enormous operation in the UK, also runs the largest food group in Australia as well as Premier Milling in South Africa.



# LEYLAND TO EXPAND AT CAPE PLANT

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KEITH MACFARLANE, Motoring Editor

ARGUS  
11/6/75

THERE will be more jobs available in the motor industry in the Western Cape following Leyland's decision to manufacture their Red Line heavy vehicles, the Boxer and Terrier, in their Elsie's River plant in the first expansion in the industry here since Chrysler pulled out four years ago.

Discussing the move, Basil Landau, managing director of Leyland South Africa, told me this week that the Red Line had now been made here for the past month.

'We have an initial target of 10 a day,' he said. 'We will obviously have to take on more staff but as yet we have not decided how many. We now have a dual line with the heavy vehicles at Mobeni and here, both of which come under the control of Graham Garde. We had surplus capacity at this plant where we are also making Land Rovers and Daihatsu lorries. When we decided to do this we were influenced in our thinking by the saving of freight rates as it is cheaper to ship the CKD components to Cape Town from Britain rather than to Durban and we have found that it is cheapest to get the vehicles to the Reef on rubber — we drive them up.

'This is the first expansion in the Western Cape in the motor industry for the last three years. And it will obviously promise additional job opportunities. We are also of course increasing by 60 percent our floor space in our engine plant at Blackheath which, when it is finished, will be the biggest engine plant in South Africa. This is being done to accommodate the new machine tools coming from Leyland Australia and others we are bringing in from Britain.

Following discussions with British Leyland — and its new management — I think that the shortage of Land Rovers is over. They will become available as we have now been given a much bigger allocation and they should be able to be bought off the floor. The Land Rover of course has fairly high local content at the moment standing at 46 percent. The chassis is completely local and there are body panels as well as

# SA talks STAR 13/6/75 target of pickets

The Star Bureau

LONDON — The Anti-Apartheid Movement plans to picket London's new Hotel Intercontinental, during a one-day seminar on investing in South Africa to be held there on July 3.

The AAM is also approaching the hotel management and unions to which employees belong, to protest against the seminar.

But representatives of the European Industrial and Commercial Review, a bi-monthly magazine, which is organising the seminar at the request of the Trust Accepting Bank of South Africa, are not worried about the protest.

### "ENTITLED"

A spokesman said yesterday he thought the protest "ill-advised," but the protesters were entitled to "walk about with their placards if the police permit them to do so."

He added: "I don't think it will put off the delegates because they are ruled by purely commercial feeling that there is money to be made in dealing with South Africa. It is one of the few stable markets one can invest money in these days and look for a stable return."

Speakers at the session include Mr Gerald Browne, the South African Secretary for Finance; Mr J J Kitshoff, chairman of the Industrial Development Corporation; Dr J Adendorff, of the Bantu Investment Corporation; Chief Kaiser Matanzima, Prime Minister of the Transkei, and Dr C N Phatudi, chief Minister of Lebowa.

The British Government will be represented by a delegate from the Department of Trade and Industry. Several British MPs will also attend.



# LEYLAND S.A. STRONG — AND KICKING

Financial Editor

*Natal Mercury  
17/6/58*

LEYLAND South Africa Ltd. is strong and well. Its future development and growth has been financed and underwritten, in spite of the problems that have beset its British parent, and the South African company's R35 million four-year expansion programme is well under way.

This is the message that Mr. Basil Landau, managing director of Leyland South Africa, spelt out to 50 motoring and financial journalists in Johannesburg yesterday in an address which lasted more than 90 minutes.

Mr. Landau said the South African company was assured of the continued support of British Leyland.

"Our company has the vehicles and products to satisfy the market. Our supply situation has been normalised and our quality is of a high standard."

Mr. Landau told the meeting that his company had decided to call the Press together because of the speculation which had taken place since the United Kingdom's huge financial rescue operation to save British Leyland.

Following the investigation by Sir Donald Ryder and the submission of the Ryder Report, the U.K. Government had undertaken to provide a large capital sum during the next eight years.

#### PROGRAMME

A comprehensive programme had been devised to make British Leyland a viable and competitive vehicle producer.

"According to the Ryder Report the investment programme is expected to cost £2,090 million (R3,386 million) at inflated price terms over the next eight years.

"Working capital required will be about £260 million which amounts to about £750 million at inflated price terms."

Mr. Landau said the most significant part of the new arrangements for British Leyland, after the financial assistance and reconstruction of the group, was the emphasis being given to exports.

"This will have beneficial results for Leyland South Africa."

Meanwhile, work had begun on the extension to the company's existing engine plant at Blackheath.

Leyland had committed

itself to the South African local content programme.

However, the local content programme had to be kept in perspective. Mr. Landau believed that it should not go higher than 66 percent.

Mr. Landau gave the following answers to questions put to him after his address:

● Had any guarantee been received that there would be no British interference with Leyland South Africa?

No, but the parent company will not risk losing one third of its export business.

● Will the Jaguar be phased out during the next few years?

I believe it will continue with slight modifications.

● Has there been any restraint on the company's South African labour from Britain?

No. We have submitted our wage scales and there have been no further questions.

#### END OF DECADE

● What will Leyland's position be at the end of the decade when the expected rationalisation in the motor industry takes place?

There is a need in South Africa for a big motor combine responsible for manufacturing. I cannot speculate what will happen but the rationalisation moves could begin overseas and Leyland is in a good position.

● What effect will the 15 percent increase in steel prices have on the motor industry?

Prices will go up by 12 to 15 percent in the next 12 months.

● Why has there been a shortage of spares and when can the position be expected to improve?

The supply position is now normal, although the company has experienced some difficulties.

● What are the prospects for the South African car market?

South Africa is fortunate in being able to afford oil imports and fuel is available for motoring; also, the local market is not saturated with cars. There will be growth.



# BP staying out of *San Times* oil hunt *(Bus. Times)* 22/6/75

By JON ABBOTT

BRITISH PETROLEUM, the international oil company that has made some of the most substantial oil finds in the North Sea, does not rate the chances of finding oil in South Africa very highly. Wayne Templer, the new chairman of the BP group in Southern Africa, said in Johannesburg yesterday.

He said BP was unlikely to rejoin the search for oil in South Africa because the experts were "not over-encouraging".

But, he added, oil had a funny habit of being found where the experts said it could not be found — and vice versa.

BP, which is to sever its long-standing link with Shell next week, was in a consortium with Shell, Mobil and Total which drilled off the coast in the Port Elizabeth-East London area in 1972.

"We exercised our right to withdraw after one hole had been drilled," said Mr Templer.

He said they did this because they had better prospects in the North Sea off the British coast than in Alaska.

The first of BP's North Sea wells is expected to go into production later this year.

He said BP may be wrong about South Africa's oil prospects, he said, he felt the government was absolutely right to spend money on drilling. What has been spent so far may go to the South African taxpayer, but it is a modest sum by world standards.

The government recently announced that it has agreed to spend R18-million for drilling operations.

Mr Templer said that he



Wayne "Simon" Templer... "State is right to continue the search."

saw no reason why BP in South Africa should not become a public company in a few years' time. But the company would first have to establish its own track record as an independent operator, no longer tied to Shell before this could be considered.

"It will take two or three years for our new organisation to shake down," he said.

He said that, in the main, Shell liked to do things on its own, while BP preferred partnership arrangements with local companies. Because of this, BP was to some extent partly public already in South Africa.



# Blacks

## reject

## union

## offer

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STAR  
Labour Reporter 24/6/75

A British company's plan to introduce "nonracial" trade unionism in its 12 factories throughout South Africa has been wrecked by trade-union conflict.

Mr Flemming Heilmann, managing director of Metal Box, confirmed today that company workers of all races in Durban "overwhelmingly rejected" a proposal to join the SA Boilermakers' Society — one of the largest engineering trade unions.

Leaders of the Black Metal and Allied Workers' Union and the Coloured and Indian SA Tin Workers' Union said they had called on members among Metal Box staff to vote against the proposal.

Mr Alpheus Mthethwa, general secretary of the Black union, pointed out that the SA Boilermakers' Society had made no previous efforts to organise Black workers.

### RENEWED

He was disappointed at that union's attitude, but added: "Now that the workers have made their decision, let us hope that the boilermakers will work with us rather than against us."

Mr D Thambiran, general secretary of the SA Tin Workers, said his union had renewed its representations to Metal Box for trade-union facilities denied for 15 years.

Mr Heilmann said company policy and criteria remained unchanged, although no further referendums or other initiatives were planned by the company or the boilermakers at this stage.

The chairman of Metal Box, Mr B C Smither, stated company policy in the annual report compiled the day before the Durban referendum at the end of last month.

It was "not to place obstacles in the way of the development and effective recognition of responsible, national, non-racial negotiating machinery in which our total labour force can participate or be properly

# R11m homeland investment?

*Daily Dispatch 2/7/78*

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LONDON — A plan to invest R11 million in a South African homeland is about to be finalised by a British firm.

This was said here yesterday by Mr John Killip, the organiser of an investment seminar which will be attended by three homeland leaders, including the Chief Minister of the Transkei, Chief Kaiser Matanzima.

Mr Killip did not name the homeland. He also said a large pottery might soon be established in another homeland and hoped plans for a cement factory in the Transkei might soon be finalised.

There is also a rumour that a British company might finance the building of a harbour.

The seminar will be attended by the biggest-ever group of foreign investors to consider pouring money into South Africa, confident that détente has eased the political climate against investment.

They represent 45 leading European banks and companies from all over the world with tens of millions of rands to spend.

But the seminar could become the hottest political potato of the year.

The Left-wing Tribune group leader, Mr Sydney Bidwell said: "This will certainly be taken up most strongly and heatedly in the House of Commons. It is simply incredible that a seminar of this sort can be mounted in London."

The Anti-Apartheid Movement also condemned the

seminar and accused the British Government of encouraging economic involvement in South Africa's apartheid policy by allowing it.

While opposition is mobilising, having been caught almost completely unaware of the seminar, the organisers are claiming it as a major coup and kick-in-the-face for anti-apartheid groups. They see it as a triumph of business common sense.

They are so confident of their success that they are planning another seminar to be held in West Germany within months. On Friday the party will go to Amsterdam to meet businessmen.

Dr Johannes Adendorff, managing director of the Bantu Investment Corporation, said he would announce today that Mr Killip, a member of the British Industrial Development Board, would be appointed as industrial development adviser of the corporation for Britain, Europe and other parts of the world.

Mr Killip said investors were coming from America, France, Switzerland, Norway, Germany and Belgium. A former finance minister of Indonesia would also attend, and three Irish businessmen would see Dr Adendorff today. — DDC-SAPA-RNS.



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# STAR Insurance giant to set up in Transkei

## Business Reporter

One of the world's largest insurance broking companies is to set up a broking firm in the Transkei and will train Xhosa to run it.

The decision follows a meeting in London between the Chief Minister of the Transkei, Chief Kaiser Matanzima and the chairman of Willis Faber and Dumas Ltd.

Executives of the firm's South African associates, Willis Faber Dumas & Rowland (Pty) also attended.

The new company will provide a completely local insurance broking service for Transkei commercial and industrial undertakings as well as catering for the needs of individuals.

Facilities in London and South Africa will be made available to train Transkei citizen to take over the new firm.

## APPOINTED

The first Black employee, a Mr Kubukeli, has already been appointed. The Transkei company will be managed by Mr Peter Kildson.

The South African associate of the London company, is largely owned by Safmarine and already has interests in the Transkei through an association with the Xhosa Development Corporation.

According to this company Xhosa investors will be invited to invest in the new undertaking.

(66)

# Gilbeys seeks <sup>Sun Times</sup> <sup>(B. Times)</sup> South <sup>13/7/75</sup> African partners

By GORDON KLING

SUN TIMES  
(B. T.) 13/7/75

SOUTH AFRICANS will probably be given the chance to take a majority stake in Gilbey Distillers and Vintners, one of the big three liquor groups in this country, and a wholly owned subsidiary of Britain's Grand Metropolitan Hotels conglomerate through International Distillers and Vintners (IDV).

Stanley Lee, IDV's financial director, arrives in Johannesburg tomorrow for talks with Gilbeys and its retail partners, which industry sources say could result in Gilbeys becoming a South African company.

The retailers include the Rebel chain of outlets in the Transvaal and Pretoria, and the Liquorama group in the Cape.

Speaking from London this week, Mr Lee stressed that IDV had no intention at present of terminating its association with South Africa.

"We are redispersing our interests because of capital market conditions. South African exchange control regulations inhibit the local borrowing of any company, but it is particularly difficult for a wholly foreign-owned concern.

"We're obviously talking in millions of rands, and the number which comes out at the end of the day is something on which I have no clear idea.

"This is one of the things we're not happy about. The precise shape of the re-arrangement is proving to be far more difficult than we ever dreamt it would be.

"There are real differences on what the various parties should get out of the deal.

"We don't, however, foresee losing connection with the retail outlet side."

Mr Lee did say that the deal would be conducted on a cash basis. "On the London end, we're caught with United Kingdom exchange control regulations on the disposal of assets abroad, so we'll have to have some very good reasons for not repatriating the proceeds."

Gilbeys now has more than 60 retail outlets in South Africa, including the Rebel, Liquorama, Happiness and Fine Fare chains.

It also controls the huge Benny Goldberg store in Johannesburg.

This compares with some 200 stores in Dr Anton Rupert's Distillers' Corporation Western Province Cellars retail chain, and 131 outlets owned and operated by SA Breweries' Stellenbosch Wine Trust.

Mr Lee says that while the negotiations this week should help Gilbeys' liquidity, they won't make much difference to Grand Metropolitan.

"Grand Met borrowings are now in the R800-million range."

Maxwell Joseph, a self-made hotel tycoon, is Grand Met's chairman. Mr Joseph is one of the select band of post-war entrepreneurs who made fortunes in last decade's property development jungle.



# R26m polymer plant being built at Bellville

By PAUL DOLD, Financial Editor

Cape Times  
15/7/75

A R26 m plant which will make South Africa self-sufficient in polyester polymer — the vital material from which polyester yarn is produced for textiles and industry — is being built by South African Nylon Spinners at Bellville.

## Firms on project

THE consulting engineers on the project are Kantey Templer Loteryman and De Kroon. Williams Slingsby and partners are the quantity surveyors. Charles McCarthy and Sons are handling the building while the steelwork contract has been awarded to Dorman Long Swan Hunter. Simon Carves is responsible for the piping. Special tanks are being supplied by Cape Town's Consant's and Globe and others.

SANS is owned by ICI (about 30.4 percent), De Beers (30.4 percent), AE&CI (29.6 percent) and the IDC (10 percent).

The massive complex which is to cover almost 5 ha has been code-named Project 90. Sited next to the existing SANS plant at Bellville, Project 90 is to use a top secret process developed by the UK giant ICI which represents a scientific breakthrough in polymer production.

I understand that the plant will be the first in the world to use the new process and is Africa's first polymer unit. It will ensure that South Africa has ample supplies of this key material for her future needs probably up to 1986.

### 50M KG

When fully developed the plant will have a 50m kilograms a year production. The first stage, with a projected output of 25m kilograms, is to cost some R16.6m and should be completed within two years.

In an exclusive interview yesterday Mr Derek Yates, production and engineering director, and Mr Reg Clarke, the project engineer, said that South Africa's demand for polymer is expected to more than double from the present 15m kilograms to 52m kilograms in 1986.

The project could lead to South Africa exporting polymer to other countries in the Southern Hemisphere such as Australia and New Zealand.

This exciting development will help to underpin South Africa's textile industry at a time when trade with the rest of Africa could receive a boost from détente. The demand for clothing and fabrics is expected to soar

as African living standards rise.

Up to now SANS has imported polymer from Britain and elsewhere.

Two basic petro-chemicals used in polymer production — ethylene glycol (a pure version of the commonly known anti-freeze) and an acid — will have to be imported from Britain. It is hoped, however, that with the development of a petro-chemical complex at Richards Bay, SANS will soon have a local source.

### FILAMENT FIBRE

Talks are underway which may lead to SANS supplying Hoechst (which produces a stable fibre as against SANS' filament) with polymer.

Project 90 will include the latest colour television system to monitor the sophisticated plant which is to be computer controlled. The staff will consist of only around 150 workers because of the highly automated design.

The complex will have a high local content with more than R9.2m being spent locally on the first stage — the balance being earmarked for the importation of the sophisticated plant from ICI Britain.



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# Courtaulds does well in S.A.

25/7/75

Mercury Correspondent

LONDON—The South African textile industry seems to be following the pattern of the U.S. more closely than that of any other country, if the experience of Courtaulds is anything to go by.

Courtaulds' operations in South Africa are doing better than those in France, New Zealand and Australia and like the U.S., it seems that the recession in South African textiles is ending with an improvement in price and volume.

At Courtaulds' annual general meeting the chairman, Lord Kearton, announced that "while our textile interests in South Africa have suffered some hardships in the past year, the tide is turning."

The last year was "disastrous" for the textile industry, with world wide fibre demand down to 40 to 50 percent and man made fibres slumped to an "almost unbelievable" 70 percent.

#### DIVIDEND

However, Courtaulds has succeeded in staying in the black and its interim dividend would be covered, said the chairman.

In a surprise announcement, Lord Kearton yesterday revealed that he was resigning as chairman of Courtaulds and will be succeeded by Sir Arthur Knight, one of the group's deputy chairmen.

Rumours suggest that Lord Kearton's resignation could mean that he is to be named the first chairman of British Leyland Ltd.

The chairman will not be named until the new proposals for State control have gone through the court and so no announcement can be expected before August 11.

*Daily Dispatch 28/7/75*  
**Labour row brews  
over SA investment**

LONDON — A row was brewing this weekend in Britain's ruling Labour Party over the decision by the Industry Secretary, Mr E. Varley, to allow the state-run British Steel Corporation (BSC) to invest in a chrome plant in South Africa.

It is Labour Government policy to discourage British investment in South Africa because of the Republic's apartheid policy.

A corporation spokesman said it needed to ensure adequate and alternative supplies of chrome. One way was to use part of funds locked in South Africa by local exchange control regulations to invest in a R32 million plant in Lydenburg, East Transvaal.

The Industry Ministry has rejected charges that there had been a policy change since Mr Varley, a close colleague of Prime Minister Mr Wilson, had replaced Left-wing, Mr Tony Benn as Industry Secretary in a

Cabinet reshuffle last month.

Informed political sources said that this projected South African investment had been considered by Mr Benn who had deferred a decision but had not ruled it out. Left-wing MPs believe Mr Benn would have finally refused permission.

An opposite view was put by a moderate trade union leader, Mr J. Boyd, general secretary of the engineering union, who has said that British steel workers would welcome any move to make the corporation more efficient and productive.

There was speculation yesterday that one or two Left-wing junior ministers who had identified themselves as critics of apartheid in South Africa would consider resigning from the Government but there was no confirmation that such steps were being contemplated. — SAPA-RNS.



# British Steel's stake is R3m

*Rand Daily Mail 29/7/75*

## Industrial Editor

**THE British Steel Corporation has a little over R3-million locked into South Africa which it has available to invest in Johnnies ferrochrome plant at Lydenburg in the Eastern Transvaal.**

On this basis, its equity participation in the venture is likely to amount to about 7,5 per cent. Industry sources expect the plant to cost about R40-million — up R15-million on the estimates when the project was announced in January last year.

A spokesman for the British Steel Corporation SA (Pty), said yesterday that the R3-million-plus amounted to a cash payment it received some years ago from the International Pipe & Steel Investments South Africa (Pty) (IPSA).

IPSA was a holding company formed in 1970 in which the BSC had a 30 per cent stake. Other shareholders in the group were Iscor, Anglo American, Dorbyl, Stewarts & Lloyds, African Gate and Metkor.

The grouping of these interests in heavy engineering was designed to promote co-operation among the parties and to facilitate the more economic use of resources.

## TUNED DOWN

The BSC spokesman said yesterday that the South African-based subsidiary had proposed a scheme to take part in the ferrochrome project some time ago, but it had been turned down by the board of the parent company.

A new proposal was made a month ago which was accepted in principle.

He made it clear, however, that no fixed deal has been negotiated, although agreement had been reached.

A spokesman for Johnnies said yesterday that negotiations with all the likely participants in the venture had still to be concluded.

Apart from Johnnies and BSC, the only other known participant in the operating company, Consolidated Metal Industries (Pty), is

Showa Denko, of Japan, which has agreed to buy 30 000 t of charge chrome a year out of a total output of 120 000 t.

In return, Showa Denko will provide technical assistance in the building and operating the plant, which will use a pre-reduced pellet process to produce the charge chrome.

It is not clear yet whether the Japanese group will also get an equity stake in CMI, and Johnnies spokesmen have declined to comment.

*Rand Daily Mail 28/7/75*  
By PENELOPE GRACIE

**LONDON. — The nationalised British Steel Corporation has received the go-ahead from the Labour Party Government to take in an estimated £22-million ferrochrome project at Lydenburg.**

This was confirmed in London by both the Department of Trade and Industry and the British Steel Corporation.

The approval for the scheme has been granted by the new Secretary of State for Industry, Mr Eric Varley.

Previously British Steel Corporation had asked the former Secretary for Industry, Mr Tony Benn, if it could take part in a South African ferrochrome project as part of the corporation's stainless steel expansion programme.

Mr Benn ordered the British Steel Corporation to seek alternative arrangements which caused little surprise for Mr Benn's political attitude is against British investment in South Africa.

## CAPACITY

However, the British Steel Corporation could not find alternative sources of the alloying element used in steelmaking, and Mr Varley has now given his approval to a revised scheme for it to invest in South Africa.

The project has a planned capacity of 120 000 t a year of charge chrome and will be run by Johnnies.

The London representative of Johnnies has declined to comment on the project.

is estimated that the cost will be £22-million.

A spokesman for the Department of Industry said: "This scheme will not involve any new British investment in South Africa as BSC will be using funds already in South Africa but blocked by the Government. This decision by Mr Varley is in accordance with the Government's view on British-South African relations."

The fact that British Steel Corporation will not be investing further in South Africa must be a relief to some people.

British Steel is losing £5-million a week on its operations.

It has been suggested that it will have around 10 per cent in the Lydenburg scheme and it would appear that the company most likely to be involved will be BSC (International) SA.

The Lydenburg plant is thought to be based on two large electric furnaces, and although I could not get confirmation of the cost and timing of the project, it

*STAR Mac Thain 28/7/75*

Johnnies notes with satisfaction that British Steel Corporation is prepared to invest in the Lydenburg ferrochrome plant, said a spokesman for the company

The negotiation of details of participation are yet to be completed but indications are that BSC will take up about 10 per cent of the equity capital in the venture which is estimated to cost R42m to bring it to production. The balance will be provided by Johnnies and other partners.

The main objective of BSC, other equity holders and certain other parties is to take up the capacity of the plant to ensure their supplies of charge chrome used in production of corrosion-resistant and other special steels.

## CAPACITY

The initial capacity of the Lydenburg plant will be approximately 120 000 tons a year. The technical advisers are Showa Denko of Japan who at the time of their appointment offered to take about 30 000 tons a year for their own use in return for the provision of a substantial proportion of capital requirements.

The policy of companies benefiting base minerals to get consumers to take a stake in their operations has been gaining ground in recent years in order to spread capital investment and, more important, to provide guaranteed outlets for materials produced.



# S.A. chrome investment is hailed

Mercury Correspondent

31/7/75

LONDON—Another 16 Conservative MPs have voiced their jubilant congratulations to the Government on its decision to allow the British Steel Corporation to invest in ferro-chrome production in South Africa.

A new House of Commons motion whose 16 signatories include ex-Foreign Minister Julian Amery, applauds the

Government for having chosen South Africa as its source of ferro-chrome supplies in preference to the Soviet Union.

The Government's action, say the MPs, will assure the production and export abilities of the BSC, as well as safeguarding employment.

Industry Minister Mr. Eric Varley is expected to meet angry Labour Left-wing MPs next week to explain the investment.

Mr. Roy Hughes, the radical Labour MP from the Welsh steel town of Newport, said he would ask the Treasury whether there was any legislation to prevent the investment of British capital in the South African project.

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# Textile firm and newspaper settle <sup>rdm</sup> dispute <sup>1/8/75</sup>

LONDON. — An action against the Guardian newspaper for its article on December 10, 1973, about the relationship between South African Fabrics and the union representing African textile workers, was settled out of court in London yesterday.

In the High Court, Mr Justice Shaw agreed to the record of the action by South African Fabrics and its parent company, Courtaulds, being withdrawn.

Courtaulds sued the Guardian over a statement in an article by reporter Adam Raphael that South African Fabrics had refused to recognise the union which represented African textile workers.

Mr Christopher Bathurst, counsel for the companies, told the judge that the Guardian article had referred to the forthcoming report of the British Trade Union Congress (TUC) delegation which had visited South Africa.

## CONDITIONS

The article said South African Fabrics was one of five British companies named by officials of the Trade Union Congress of South Africa as having refused to recognise the union representing African textile workers formed earlier that year.

Mr Bathurst said the companies were determined to secure proper working conditions for their Black employees.

They had brought the proceedings because it was not true to say that South African Fabrics had refused to recognise the Black Textile Workers' Union.

Such a suggestion was not only damaging in an area of sensitive labour relations, but it did not do justice to the plaintiff companies' record as employers of African labour.

Mr Bathurst said that under South African legislation, unions representing African employees were denied the status of trade unions, and questions of recognition accordingly could not arise in the sense understood in Britain.

Only informal relations between employers and such a union were possible. — Sapa.



# Black wages: UK firm quizzed

6/8/75

The Star Bureau

LONDON — The general secretary of the British Council of Churches has called for "a definite answer" on the question of the number of African workers of companies with which British Steel is associated in South Africa, who have wages below the minimum effective level.

In a letter to the times, the Rev Harry Morton wants to know how many employees are above the MEL "Which may for general purposes be taken to be R120 per month."

He maintains that it is not sufficient to say that workers in the new chrome production plant will receive wages above the poverty datum level.

### NECESSARY

He adds: "If British Steel's investment is to be justified at all, it will be necessary for the corporation to show that wages and conditions are consistent with the last year's Commons Committee guidelines, and that training programmes and the organisation of works committees and trade unions, give the chance of increased opportunity to those African workers on whom this investment of British money will depend."

# UK firm silent on Black wages

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The Star Bureau

7/8/75

LONDON — British Steel Corporation has declined to comment on a challenge from the British Council of Churches to give figures of wages paid to African employees by its South African associated companies.

In a letter to The Times, the Rev Harry Morton, general secretary of the British Council of Churches, asked how many African employees received more and how many less than R120 a month (the minimum effective level figure).

He was commenting on British Steel's planned investment of R2.5-million to give it 10 percent of the new chrome alloy plant at Lydenburg.

"It is surely not sufficient to say

that workers in the new plant will receive wages above the poverty datum line," he wrote.

British Steel, however, keeps a low profile on questions of this sort, preferring to stand on its record and previous statements.

The companies in question are Stewarts & Lloyd and Dornier.

The corporation's attitude is that at these two companies it is pushing as far as it can through its board representation towards improved work opportunities and higher wages for African workers.

But as a minority shareholder it cannot force the pace nor compel its associated companies to make disclosures.



**LONDON.** — A 'substantial' profit on its holding of Kruger rands has helped produce a rise of nearly 300 percent in pre-tax profits for Jim Slater's Lubok Holdings in the first six months of this year.

The interim figures showed the first profits impact of Lubok's investment operations in South Africa, a spokesman for the group said.

Lubok's figures for the six months to June 30 were: Gross revenue R580,000 (£372,000) up 700 percent from R70,000 (£45,000); pre-tax profits R211,000 (£135,000) up 287 percent from R53,000 (£34,000), and profits after tax, boosted by tax losses in certain acquisitions, were R190,000 (£122,000) up 662 percent from R25,000 (£16,000).

#### SOLD GOLDS

A statement from Lubok said it had sold all its gold shares in order to concentrate on expanding Salect, in which it holds 30 percent.

We have reduced very considerably our holding of Kruger rands at a substantial profit, said the company. It declined to disclose how much of the profit increase derived from dealing in Kruger rands.

The spokesman said: You can draw your own conclusions from the word 'substantial'.

It is believed Lubok's Kruger rand holdings totalled more than R16 million (over \$1 million) earlier this year. And when Chancellor Denis Healey froze further imports of Kruger rands, creating a closed market in Britain, they went to a higher premium over their gold content enabling Lubok to take a handsome profit.

#### A SURPRISE

But the sale of the Kruger rands came as a surprise to the stock market here as Mr Slater had previously been highly bullish about the coins as a hedge against economic disaster.

Meanwhile, the company says Salect, which is bidding for 51 percent of Sinclair Holdings, will continue to be active in the takeover market in South Africa.

Another deal involving the group is expected to be announced today in Johannesburg, where Lubok director Stuart Pegg is now living.

# UK firm attacks SA price rules

RDM  
14/8/75

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By PENELOPE GRACIE

**LONDON** — The rigid price control mechanism in South Africa has been criticised by the chairman of the large British ceramic group, H & R Johnson-Richards Tiles, Mr Derek H Johnson.

He compares the manner in which the South African authorities manage the pricing system with the principle of the Price Commission in Britain.

Finding the South African system harsh and unbending his comment is that the group's South African company, Johnson Tiles (Pty) couldn't have operated at the restrictive pricing levels imposed by the South African authorities without price increases.

After the third successful application for a price increase, the company is able to operate on a profitable basis.

In the group, which has a 64 per cent stake in the South African operation, only the British company managed a modest improvement in trading profits — 12,5 per cent.

However, this improvement was overshadowed by a substantial (70 per cent) worsening in the trading results of the South African and Australian factories and the marketing subsidiary in the United States.

Mr Johnson says in his chairman's statement: "South Africa was very seriously affected by rigid price controls and also teething troubles on the commissioning of bought-in plant which resulted in a serious loss of production at a time when demand was greatest."

Significant price increases have since been approved by the South African authorities and with production problems having now been largely overcome, the company is once again earning profits."

## COAL TO OIL

Mr Johnson's remarks about the restrictions placed on pricing in South Africa stem from bitter experience.

He says that in converting the South African plant from coal-burning to oil-burning plant, Johnson Tiles was caught in the midst of the oil price rises. Prices in general rose rapidly, but no product price increase was allowed. When the South African authorities did sanction the increase, it was only for 10 per cent.

After repeated representations, a further 10 per cent was allowed and Johnson Tiles has just been authorised to increase prices by a further 12,5 per cent in the current financial year.

Without the last increase, the company could not have operated in South Africa.

He suggests that something approaching the British Price Commission would be more equitable for South Africa. British manufacturers take the average of the two most prosperous years out of the

last five and use that on the turnover figure to arrive at the company's profit percentage.

In South Africa it is a calculation of 15 per cent on assets.

While he has been disenchanted with the group's South African undertaking in the recent past, Mr Johnson believes that South Africa, like Australia and the United States, is beyond the worst of the downturn and he is optimistic.

He says: "The same cannot be said of the UK."



ARGUS 20/8/75

# 78pc SLUMP FOR SLATER

SMORN of 1974's gold share-dealing profits, Slater, Walker Securities' first-half profits slumped by 78 percent this year.

Preliminary figures issued in London show investment dealing profits came to only £551,000 against more than £9-million, all from gold share dealings in 1974.

Banking profits were 49 percent down, property losses were 162 percent higher while commercial and industrial activities' earnings fell 35 percent.

Only investment management insurance and investment income showed increases, but that still left pre-tax profits down at £3.5-million against £10-million.

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# Black union denial

## Labour Reporter

A labour leader made it clear today that employees of Metal Box in Durban have not rejected trade union rights in favour of a liaison committee.

Mr Arthur Grobbelaar, general secretary of TUC-SA, was commenting on a statement by the Minister of Labour, Mr Viljoen.

Addressing the Prime Minister's Economic Advisory Council last week, Mr Viljoen said it was noticeable how Black workers had accepted the "committee system" as being in their best interest.

### BALLOT

"A certain influential employer, under pressure from his overseas principals, recently conducted a ballot to ascertain whether his workers preferred a liaison committee or a trade union," the Minister said.

"You may be surprised that only 31 workers out of 1060 voted in favour of a union."

Mr Grobbelaar said there was little doubt that Mr Viljoen referred to a referendum conducted at Metal Box in Durban recently.

"Because of conflicting interests, workers rejected membership of a specific union," Mr Grobbelaar said. "What they did not realise was that the result of the ballot would be misinterpreted as a vote against trade unionism."

### NO COMMENT

"If another ballot were to be conducted on the simple issue of trade union rights or the alternative of the committee system, the outcome would be the exact reverse."

Mr Flemming Heilmann, managing director of Metal Box, said he could not comment on conclusions that might have been drawn by Mr Viljoen.

"What the workers



rejected was a proposal for a union totally representative of all workers, regardless of race," he said.

In May, leaders of the Black Metal and Allied Workers' Union and of the Coloured and Indian SA Tin Workers' Union called on their members to vote against a proposal to join the SA Boilermakers' Society.

The Boilermakers' Society had become involved in a plan to establish a nonracial union organisation in Metal Box factories throughout South Africa.

The ballot was held only in Durban. Mr Heilmann said no further referenda or other initiatives were planned.



# UK won't

# stop

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# R35m

Cape Times  
9/10/75

# SA deal

LONDON. — The British Government would not interfere with British Leyland Motor Corporation's planned R35m investment in South Africa, following a wave of protests from trade unionists and anti-apartheid campaigners, a government spokesman said here yesterday.

According to a leading report in the communist Morning Star, union members working in British Leyland's Coventry plants demanded on Tuesday night that "the planned investment be cancelled immediately."

A spokesman for the giant government-owned company said the government's policy had been framed with the full knowledge of this investment. Government aid did not rule out South Africa, he said.

"We run our business on a commercial basis. There are many precedents to this. British Steel have a large involvement in South Africa, and it is no different with us."

### Opposition

A spokesman for the Department of Trade and

Mr Tom Swartz made no stipulation in his will, his family could give a sum of money to charity, Mrs Swartz, wife of the former chairman of the executive of the Coloured Representative Council, did yesterday. Mr Swartz, who died last month after a long illness, left an estate valued

F.M. 24/10/75 (66)

That the local Barclays and Standard subsidiaries are vitally important to their parent company groups, Barclays Bank International (BBI) and the Standard and Chartered Banking Group respectively?

A recent issue of *The Banker* indicates that Barclays is dependent on its SA subsidiary for 35% of its pre-tax profit and 40,3% of its total assets. Moreover, profit, as a percentage of shareholders' funds, for the BBI group is 22,3%, but for the SA operation it is 28,1%.

For Standard, local contribution to profit is 20%; to assets 41%; and return on capital is 23,09% compared to 28,86% for the group.



# It's goodbye to whizz-kid Slater

SUN-TRIB. 26/10/78 (66)

FINANCIAL WIZARD Jim Slater's shock resignation from his banking-investment empire, Slater Walker Securities, marks the end of his bid to rebuild his personal fortune by wheeling and dealing in South Africa.

For it was through his privately held 18 percent stake in Lubok Investments which controlled South African Selected Holdings (Salect), that Mr Slater, 46, had hoped to recoup some of the losses — at one stage nearly R9 million — he took in the London Stock Market slump of 1973 and 1974.

The announcement of his abdication from the throne at Slater Walker — in the wake of police investigations in Singapore and Hong Kong — was accompanied by a brief statement that Mr Slater was also resigning as chairman of Lubok and handing over to his friend, Anglo-French financier Jimmy Goldsmith, 42.

What Mr Goldsmith intends to do with Lubok and its South African satellites, Salect and Sinclair Holdings, is not known.

Mr Slater's stake in Lubok, reduced to three million shares recently by the sale of 2,26 million shares for R1,35 million to cut down his overdraft, will be sold.

Slater Walker Securities — which Mr Goldsmith and a team of top London bankers will now be running — had no interest in Lubok.

Lubok marked Mr Slater's return to the rich pickings to be had in South Africa.

His initial foray resulted from the first really big takeover by Slater Walker Securities in Britain — that of Critall-Hope, the steel window makers, for R68 million in 1968.

Critall-Hope had big assets in South Africa and together with other local subsidiaries of British companies acquired by Slater — such as Natal tanning estates and Berg River Textiles — these formed the base for Slater Walker Securities (South Africa).

With a South African, Michael Javett, 38, who had worked with the London merchant bankers Hill Samuel, as managing director, Slater Walker (South Africa) was rapidly built up.

## Unknown

Slater Walker backed the unknown metallurgists, Murray MacLean and David Lurie, in the revitalisation of Abercom Investments.

The wholesale tobacconists, L. Suzman, and BG Shoes in Port Elizabeth were taken over and a major stake in the ailing property group, Norbank, and a link with the Unisec group was acquired.

In the meantime Slater (Britain) was slowly dealing out of its South African company — placing blocks of shares with local institutions — and run-

ning down its stake from well over 50 percent to less than 30 percent.

Finally by the end of 1973 Slater Walker's stake in its old company, now merged with Unisec, was relatively insignificant.

But Slater Walker was left with large blocked rand cash balances in South Africa as a result and it was the need to repatriate these which got Jim Slater back into the Johannesburg market. He dealt in gold shares — buying in Johannesburg and selling in London and New York.

Stuart Pegg, 32, South African trained (with National Growth Fund and Liberty Life), was put in charge of the dealing.

But the operation coincided with the world panic which followed the Arab quadrupling of oil prices and rampant inflation.

Suddenly, a mere fund-stitching operation began to produce enormous dealing profits. And Slater became a gold-bug, buying mining shares and Kruger rands to "invest in economic chaos" as he called it.

By early 1974 Slater Walker had taken a profit of over R10 million on its gold dealings — a figure which saved the group's 1974 profits from a disastrous collapse.

At the cost of R883 000 he bought 5,26 million shares in Lubok in October 1974 and with Stuart Pegg, rewarded for his gold dealing efforts with a directorship, began look-

ing for opportunities in South Africa.

The aim was to hunt out and buy at a discount assets which could easily and quickly be turned into cash.

Salect, with assets of R500 000, was the first. It then bought Florida North Homes, with R1,85 million in mortgages (discounted for cash) and followed this deal by buying 50 percent of Scots African Finance, a quoted company with assets of R4,3 million.

Lubok also did what Mr Slater considered his "best deal" — buying five-year South African public loans through the blocked rand at a discount of 20 percent to be redeemed at the official rate.

## Trebled

Lubok did well. Salect, bought at 66 cents, rocketed to a peak of 260 cents. Sinclair Holdings, Salect's next deal, fared as well, jumping to a peak of 170 cents (against a 1974 low of 22 cents).

And Mr Slater did well. The value of his stake in Lubok more than trebled to R3,2 million enabling him to sell off 43 percent of his original holding at well above cost and he left with three million shares worth about R1,8 million for nothing.

Mr Slater is now out of his big empire Slater Walker Securities — once worth R145 million and now only R45 million — and out of his personal, burgeoning South African-based pyramid.

And now there's a query over his South African connection



Jim Slater . . . abdicated

JOHN CAVILL reports from LONDON



# Rand drop

# finishes

# Slater

Cape Times

27/10/75

By PENELOPE GRACIE

LONDON. — Mr James Slater of the City's major investment group, Slater Walker Securities, has resigned the chairmanship of the board. The recent devaluation of the rand contributed to his departure.

When the rand was devalued, Mr Slater's personal wealth took a sharp knock and this together with the adverse publicity surrounding Slater Walker Securities' involvement in the Haw Par-Spydar Securities deals in Singapore, decided Mr Slater it was time to quit.

His fortune has clearly taken a hammering in the poor stock market conditions prevailing in the past two years and it is doubtful whether his personal funds now exceed £2-million — at one time his fortune was estimated to be between £10 and £12-million.

## KEY POSITION

In removing himself from the key position of Slater Walker Securities, Jim Slater has undoubtedly eased the pressure on the company and has possibly avoided a run on the company's deposits. The problem is that Slater Walker has been subjected to investigation by the Singapore authorities of their dealings with Haw Par Brothers and as chief executive, Mr Slater is held responsible.

The devaluation of the South African rand was a severe blow for Slater Walker's Associate company based in South Africa, Lubok. The company suffered because its loan scheme was backing the rand against the dollar.

## LUBOK SHARES

Although Mr Slater realized a large part of his personal holding in Lubok in September, he still holds a considerable block of Lubok shares. The devaluation of the rand must also have eaten into the value of the personal holding he has in other South African companies.

The shares which Mr Slater and his family hold in Slater Walker Securities and Lubok have been placed in the hands of the new chairman of both companies, Mr Jimmy Goldsmith, and are to be sold at some future date.

There is one other factor which could have precipitated Mr Slater's sudden decision to quit. In the last few weeks there has been growing speculation that journalist Charles Raw's book on Slater Walker, believed to be highly critical, is to be published soon.



# UK firm under fire over SA investment

D.D. 19/11/75

LONDON — Consolidated Gold Fields (CGF) which produces 20 per cent of South Africa's gold output through a subsidiary, was criticised yesterday for its alleged commitment to an economy based on white supremacy and racial discrimination.

The attack came from the Christian Concern for Southern Africa (CCSA) an independent body which advises church institutions with equity investments in companies operating in Southern Africa.

In a special report, prepared to support church shareholders who attended the CGF group's annual meeting yesterday, it said the vast majority of the company's black workers were employed under the migrant labour system.

which "plays a fundamental part in perpetuating the policy of separate development while allowing the continued exploitation of African labour by the white economy."

"This system contributes to the destruction of African life and its value while reinforcing the African's state of economic dependence and powerlessness," the report added.

The CGF group, through its associate Gold Fields of South Africa (GFSA), employs over 70 per cent of all black labour used by British mining companies in South Africa.

The report said that average earnings by black workers in the group's mines were one tenth of those paid to white miners — SAPA-RNS

1. 66  
~~2. 200~~  
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- 1. 66.
- 2. 138
- 3. 334
- 4. 449

# Dispute: appeal to UK

Own Correspondent

**DURBAN** — The British Trades Union Council (TUC) is to be asked to intervene in the two-year struggle for recognition by an African union in the Leyland Motor Corporation — a wholly-owned subsidiary of the recently-nationalised British giant.

This move follows a refusal by the British Labour Government to force the company, which it now controls, to recognise and negotiate with an African union with a claimed 95 percent representation in the Durban plant.

The Union is the Metal and Allied Workers' Union. A British Government spokesman told The Star's London Bureau that the Government did not interfere in the day-to-day running of any of the nationalised industries or corporations.

According to a memorandum recently prepared by union secretary, Mr Alpheus Mthetwa, the union has been 95 percent representative in the Durban plant since June 1973.

Following unsuccessful representations to the management for recognition of their union representatives, the workers went on strike in February 1974 and were all fired.

All but the leaders were subsequently rehired. The management's attempts to replace the leaders with new labour were met with repeated work stoppages and they eventually abandoned the plan.

Mr Mthetwa claims the company fired a man recruiting for the union in the Johannesburg plant and made it clear to the workers that it was done to deter them from joining the union.

Following the nationalisation of the parent company, the then South African chairman, Mr Basil

Landau, said the company's policies here were "accepted in good faith" and there was no cause for pressure to amend them.

He maintained there had been a tremendous improvement in wages.

Mr Mthetwa says that wages are of secondary significance to the workers.



# Investment withdrawal would

## Mercury 26/11/51 hurt Blacks

66

LONDON — A withdrawal of British investment in South Africa would be disastrous for the Blacks there, the chairman of the United Kingdom South Africa Trade Association (Uksata), Mr. W. E. Luke, said here yesterday.

Mr. Luke was speaking at the association's tenth annual council luncheon, at which the South African Ambassador, Dr. Carel de Wet, was the guest of honour. The chief guest was Lord Shackleton, a former Government Minister, who is deputy chairman of the Rio Tinto Zinc Corporation.

Referring to the mounting Left-wing pressure in Britain, calling for a withdrawal of her investment in the Republic, Mr. Luke said that the continued improvement in the living standards of Black South Africans depended on outside investment.

However, one of the

greatest dangers to the economic advancement of Africans was inflation, Mr. Luke pointed out.

With the exception of Britain and Italy, South Africa's inflation rate was higher than in any other European country.

If the South African Government failed to stop this soaring rate, he added, the implications for the lower-paid workers were "forbidding."

On the question of wages paid to Africans by British companies, there had been "considerable co-operation" between the association and the British Government.

Following discussions with the Government earlier this year, he was

confident that a formula would be found which would satisfy the "social conscience" of both parties.

In the first nine months of this year, Britain had recorded a surplus trade balance with only two countries — South Africa and Australia. — (Sapa.)

# Church of England sheds last of its SA investments

66

28/11/75 The Star Bureau

LONDON — The Church of England has sold the balance of its stake in South African gold mining. Altogether more than 70 000 shares have been unloaded on to the stock market after an intense struggle within the Church lasting nearly three years.

This means that Anglican financiers have now washed their hands of Consolidated Goldfields, the London-based mining group which is the largest British employer of African labour in South Africa.

Lord Churchill, investment manager of the Central Board of Finance — the financial executive group of the Church of England — said the decision to sell had been partly an investment one. Yield and prospects had not been good enough.

At the same time, the unloading also reflected a change in attitude on the part of board members. Some had become increasingly unhappy about holdings in South Africa.

"Our decision to sell was a combination of both factors," Lord Churchill added. Basically, the Central Board now had the same policy as the Church commissioners, who avoid investing with companies dealing wholly or mainly in South Africa.



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# US firms threatened

29/11/75

The Star Bureau  
NEW YORK — Four international corporations — including the massive ITT empire — have become the target of a successful boycott campaign run by militant anti-apartheid Blacks and church group leaders.

The City Council of Gary, Indiana — which has a predominantly Black population — this week voted to boycott all products of IBM, ITT, Control Data and Motorola because of their operations in South Africa.

This is the first time that an American city has officially decided to boycott companies for political reasons.

The situation is potentially serious for the big four and may in the long run even pressure them into withdrawing from South Africa.

An increasing number of American cities are becoming Black as wealthier Whites move to the suburbs.

The companies face losses if the campaign succeeds in Black-run cities such as Washington DC, Newark, New York, Atlanta and Detroit.

The council for the district of Columbia (which runs Washington) will be asked to approve a boycott resolution in January.

### CALCULATED

Mr Carl Noffke, head of South Africa's Department of Information operation in the United States, has labelled it a "calculated campaign" to make use of Blacks in the United States to take action against South Africa.

The boycott resolution in Gary — which is located near Chicago and plays host to the country's largest steel complex — was first discussed this week at a public meeting attended by 500 people, including Mr Dennis Brutus of SANROC and Mr Don de Keifer, an American lawyer who represented the interests of the SA Department of Information.

# US city boycotts Big Four over apartheid

SUN TRIBUNE 30/11/75

By JOHN MACLENNAN

NEW YORK: Four international corporations — including the massive ITT empire — have become the target of a successful boycott run by militant anti-apartheid Black and church group leaders.

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## Moving out

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The boycott resolution in Gary — near Chicago and which has the country's largest steel complex — was first discussed this week at a public meeting attended by 500 people, including Mr Dennis Brutus of Sanroc, and Mr Don Keifer, an American lawyer who represented the interests of the South African Department of Information.

According to Mr Noffke, the meeting was hysterical. It started with a showing of Last Grave at Dimbaza, a strongly anti-apartheid film which was recently seen on television here. It has been criticised for being biased and containing inaccuracies.

At one point, according to Mr Noffke, Mr L. T. Allison, a Black councillor who proposed the resolution, said anybody doing business with South Africa was guilty of genocide.

This week the Gary City Council passed the resolution 6-2 with no abstentions. The six "aye" votes were by Blacks and the two "noes" by Whites.

The resolution names the four corporations and urges people to "cease

doing business with certain companies that assist in perpetuating apartheid."

The adoption of the resolution means the companies will immediately lose any contracts they may have with the city.

One of the first to be hit is likely to be Motorola, which supplies the city's fire and police departments with communication equipment.

## Denial

Mr Noffke named the General Assembly Mission Council of the United Presbyterian Church as being one of the main groups behind the campaign.

But a spokesman denied this and referred me to the Interface Centre on Corporate Responsibility, a body related to America's National Council of Churches.

Director Tim Smith denied his organisation had any direct involvement but disclosed that it had been active in drawing up a proxy resolution which will be voted on at ITT's next annual meeting.

The resolution will call on ITT and its subsidiaries to refrain from renewing any contracts or agreements to lease or sell any electronic equipment to the South African Police or Defence Force, or to service it.

According to Mr Smith, Chief Gatsha Buthelezi was specifically asked on his recent visit to the United States whether he approved of this resolution, and he told an unreported meeting that he did because the Defence Force and police were the very agencies "oppressing" his people.

Mr Opel, president of IBM, said: "IBM has an excellent record of fair employment practices, not only in South Africa but around the world.

"It is unfair and counterproductive to try to punish a company with this kind of record. There is little probability that the present resolution will accomplish any constructive change in South Africa."

Motorola said: "Isolating any single company or country by denying investment or other business opportunity deprives citizens of their right to employment, opportunity to improve their living standard, and means for them to attain their full potential as human beings."

A spokesman for Control Data, which markets and services computers, said the company believes the resolution was superficial and ill advised.

ITT had no comment.



# Black worker in UK spotlight

RDM (Nov. 75, Dec 7) (66)  
**JOE ROGALY**, a former Johannesburg journalist now with the Financial Times, examines some questions of conscience facing British firms with interests in South Africa.



LONDON. — British companies with subsidiaries in South Africa should in all conscience alleviate the working conditions of their Black employees, pay them more, and invest what they can in their well-being. This moral obligation persists: it has not vanished merely because it is some time since the issue was last aired in the newspapers.

It is important to set out why the general campaign, which applies to the whole of British industry, should be supported by the entire business community — and promoted by everyone with shares in the relevant companies.

The first reason is that Britain still has a special relationship with South Africa. The country is, after all, an Anglo-Boer invention. The smaller half of its ruling White population is still English-speaking; the many kith-and-kin links were not severed when the Republic was eased out of the Commonwealth. Nearly every large British company has some South African interest; in terms of trade and investment Britain is probably still the Republic's most important economic partner.

All this makes British responsibility direct. People who counter suggestions for improving the conditions of life for South African Blacks with remarks like "What about the Soviet Union?" or "It's worse in India" are simply evading reality. It is possible to make a positive contribution in South Africa in most other places it is not.

The question is, what contribution? This is a matter of much dispute. There are those who say that the only correct approach to apartheid is to support people who seek to conquer it by military force. The responses to this are surely that:

- as a matter of analytical fact, the military campaign will emerge if and when those who are willing to do the fighting are ready;
- the South African forces are immensely powerful; and
- other forms of pressure are likely to be more productive, at least in the short run.

In any case, it would not make much sense to advocate British involvement in anything of the kind.

Others advocate a boycott of all things South African. The exclusion of the Republic's teams from many international sport-

ly been effective, for the barriers to the participation of Black South Africans in many sports have started to come down. On the other hand, the refusal of, say, liberal-minded academics to serve in South African universities might simply waste an opportunity to spread a little light.

The same complexity applies to business dealings. There may be a case for withdrawing existing civilian investments, although this would be a once-and-for-all gesture, leaving the physical assets in the hands of White South Africans. It is when this case is not accepted — as it is not by much of the British investment community — that we come down to civilised ground rules for the behaviour of companies with responsibilities out there.

Accepting these ground-rules does not mean that all other forms of opposition to apartheid are to cease; there are many ways of meeting this British responsibility, of which better business behaviour is just one.

Just what constitutes better business behaviour is by now fairly well documented. The Fifth Report of the Commons Expenditure Committee, session 1973-74, entitled *Wages and Conditions of African Workers employed by British Firms in South Africa*, suggests a clear code of practice. One form of Government interference in the private sector justifiable on most counts was the subsequent Government campaign to persuade all companies with sizeable investments in South Africa to adhere to this code and to show in their annual reports the extent to which they are doing so. The Department of Trade should redouble its efforts.

The usefulness of this

Black mineworkers deep underground . . . many ways of helping them.

kind of code — whether you favour a revolutionary approach to South Africa or a conservative one — is that it puts a little more porridge into a great many bellies. It has already achieved this, and pressure should be maintained so that it continues to do so.

But there is another, more overtly political, aspect to the Expenditure Committee's recommendations. While acknowledging that "the migrant labour system, which has been subject to criticism not only for its economic but also its social consequences, is in many cases legally imposed on companies and their African employees," it points out that there is much that companies can do "to see that their employees have a legal right to reside with their families within commuting distance of their work".

This is the essence of the matter. It is fundamental

to both the theory and the practice of apartheid that Black workers shall, so far as possible, be temporary visitors to White South Africa. That this is an economic nonsense is shown by the many permanent Black inhabitants of the special satellite townships outside the main cities. Even so, this principle is the one that sustains the idea of Black "homelands"—tribal areas — separate from the rest of the country.

Just about everyone has condemned the migratory labour system practised in South Africa. Even the Dutch Reformed Church, the Afrikaners' own, has spoken out against the "evils resulting from broken families, an unstable community, and a frustrated striving towards better opportunities for employment . . ."

Any British or British-influenced business that invests, or alters its exist-

ing investments, in such a way as to cut down the amount of migratory labour may be doing as good as a positive and direct increase in wages

For example, Sir Val Duncan, the chairman of Rio Tinto Zinc, repeated in May his often-heard view that "there is no question of us using contract labour or compound labour. We just don't and won't do it."

Now Rio Tinto's operations at Palabora happen to be conveniently near a section of a "homeland," while its lowgrade ore requires a semi-skilled labour force of a kind that is most usefully recruited from stable, established families — so morality mingles well with expediency in this instance.

Again, ICI, whose South African associate is committed to phasing out its own migrant workers, is anxious to point out that

this must be a slow process.

Yet both companies, and others like them, are at least facing in the required direction: the task in such cases is to keep up the pressure in the interest of more of the same. This applies particularly to the employment of Africans whose homes are in the Republic; what they used to call out there "foreign natives" (Black labourers from Mozambique, or Malawi) are migrants whose remittances home are useful and whose situation would be best eased by higher pay, more frequent home leave or, simply, housing that provides for their families to accompany them on their secondment to the mines.

In the short run, as Malawi has discovered, the earnings of such workers would be very much missed; in the long run the right answer is to develop employment opportunities for them at home.



# New guide on SA for UK firms

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*Star*  
*9/12/75*

## The Star Bureau

LONDON — The Government is expected this week to announce new guidelines for British companies operating in South Africa.

According to the Financial Times these changes could mean a considerable weakening in the monitoring system set up at the end of last year to examine conditions of work and pay of Blacks employed by British companies in South Africa.

## NO CONFIRMATION

Although there has not yet been any official confirmation, the Government is expected to suggest that only British companies with holdings of 50 percent or more in a South African concern should be urged to make regular progress reports on what they are doing about the conditions of Black workers.

Many mining companies could be affected by this

move, notably Consolidated Gold Fields.

Largely through its subsidiary, Gold Fields, South Africa, Consolidated employs about 30 percent of all Black workers on the payroll of British companies in South Africa. But the subsidiary is only 49.5 percent held by Consolidated.

The Government White Paper of December 1974 recommended that any British company with a stake of more than 10 percent in a South African concern should try to submit regular progress reports on the conditions of its Black workers.

The proposed alteration may come about, it is understood, because of a change in South African law, in which companies which are more than 50 percent foreign-owned would usually be allowed to report to foreign governments or courts about their affairs.



# BLACK LABOUR GFSA under attack

Gold Fields of SA is once again under fire. Only a few weeks ago its labour practices were attacked at the annual meeting in London of its British parent, Consolidated Goldfields. Now it is again under scrutiny with the recent publication in London of a report by a British pressure-group, Christian Concern for Southern Africa.

The author of the report, Rodney Stares, charges that GFSA "has attempted to slow the pace of change" in labour policy in the mining industry in SA. In so doing "it has implicitly reaffirmed its commitment to an economy based on White supremacy and racial discrimination".

The report alleges that "despite massive pay increases" in recent years, African wages on Gold Fields — as indeed on other — mines are "extremely low compared with any reasonable standard". Thus most Africans on Gold Fields mines earn below the poverty



Why can't he too get some of the windfall?

datum line. Despite an increase of 139% in 1973-75, the average African earnings are still as low as R77/month.

The report singles out Gold Fields from the other mining houses.

It is "in a better position to increase massively African wages". In comparison with its competitors, Gold Fields evidently has a larger proportion of

long-life, low-cost mines where operating margins are sufficient to cover severe labour cost increases without unduly affecting ability to maintain or even increase dividends.

The report also points out that with windfall profits, in the wake of the quadrupling of the gold-price, Gold Fields has had a period of unprecedented growth. Yet the main beneficiaries have been government, White unions and shareholders. Black miners have benefited only marginally. "The company has failed to take up a unique opportunity to ameliorate substantially the immediate situation of its African labour force".

In the three years up to June 1975, says the report, profits rose more than 370%, taxes 340% and distributions to shareholders 450%.

The report also attacks Gold Fields for the manner in which it allocates capital spending on amenities between races.

"During 1973, 74% of all capital expenditures on accommodation and amenities went to help White workers who make up only 24% of the workforce. While expenditure per White employee averaged R285 per head, that for Africans was R9.3." it said.

Last year saw an improvement, says the report, but *per capita* spending on Whites was still 8,5 times as much as on Africans.

The report also accuses Gold Fields of publicly defending the migratory labour system "in marked contrast to the public statements of other major mining-houses".

In a "lavishly illustrated" brochure sent out to shareholders last year Gold Fields defended the migratory system despite its defects.

"At no point does the company mention the costs and burden of the system on anyone but themselves, least of all the appalling and well-documented social effects on the migrant and his family."

The report goes on to charge that Gold Fields, "far from either pushing for change or trying to alleviate the costs of the system for migrants, represents one of the most conservative elements in the mining industry".

● Asked to comment on the above, Gold Fields referred the *FM* to recent remarks in London by Consolidated Goldfields chairman Donald McCall to the effect that the "hardship" arising from migratory labour was "overstressed." McCall also claimed that he had questioned African miners, of whom "quite a lot prefer the position as it is." He added that a large percentage of migrants were single, but that the group welcomed a larger resident labour force."

McCall also said that the profits of his company "bear very little relationship to the rates of pay decided by the Chamber of Mines in SA."

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② 66

## BLACK MIGRANTS Goldfields' view

In our issue of December 12, we commented on a report on Gold Fields of SA by a UK pressure group, Christian Concern for Southern Africa. Publication of the report was a continuation of an attack begun at the London AGM of Gold Fields' parent, Consolidated Goldfields.

In our comment, we gave little space to the rebuttals of Consolidated Goldfields chairman, Donald McCall. Among other things, he pointed out that GFSA, has "for some time taken the lead . . . in pressing for greater opportunities" for Africans in negotiations with White trade unions.

"We have also spearheaded the setting up of more advanced training facilities to prepare the Africans for such greater responsibilities, and I am prepared to say that in front of anybody at any time."

On migratory labour, McCall stated that he had never said he liked the system, but that "some aspects of this hardship tend to be overstressed." He claimed that "on average the African spends not more than six or seven years out of his whole life on the mines" and that "a large percentage" of migrants are single men.

He also said that two years ago, some 80% of mine labourers came from outside the Republic, and today this figure is 65% — and it is obviously not possible for these men to bring their families with them.

He continued: "It is a fact that many Africans elect to live in single quarters during their working life in the mining industry. I personally have asked Africans on the mines . . . I have put these questions to men in their tribal areas and on the mines.

"Quite a lot of them prefer the position as it is."

McCall said that Africans on the mines worked for short periods of six to twelve months at a time. He claimed that the Bantustan governments did not wish "to encourage too many of these people to uproot their families for short periods."

He added, however, that the aim is for a "much greater percentage of the workforce to be housed on a family basis in the future."

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F.M. 26/12/75

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## UK-SA RELATIONS New guidelines

The Labour government's new "guidelines" for British companies operating in SA were released last week with little fanfare and even less reaction.

This was due partly to government's tactics (guidelines came in the form of a written answer to a Parliamentary question), and partly to the fact that Labour MPs are preoccupied with a gamut of domestic problems.

The main change is that only British

gorge company information to foreign governments, courts, or individuals, this has been the ministerial interpretation of the Act.

Earlier guidelines, which were ushered in on a wave of indignation resulting from *The Guardian's* disclosures about the conditions of Black workers in SA, said companies with more than a 10% interest in a SA concern should make progress reports in line with a code of practice, which spelled out what British companies should aim for in terms of wages and working conditions.



**Peter Shore . . . fewer progress reports**

companies with more than a 50% stake in a South African subsidiary will be asked to provide regular progress reports on what they are doing to improve the conditions of Black workers. This change, according to British Trade Secretary Peter Shore, follows SA's Second General Law Amendment Act of 1974.

The understanding in Britain is that, although the Act does not specifically state that only SA companies which are more than 50% foreign owned may dis-

# Bishops join STAR move to halt 7/1/76 loans to SA

## The Star Bureau

LONDON — Three Church of England bishops are among churchmen who are to call on the Midland Bank to stop making loans to South Africa.

The churchmen will table a motion to this effect at the bank's annual meeting on April 7.

The bishops, the Rt Rev K J Woolcombe, Oxford; the Rt Rev Trevor Huddleston, Stepney; and the Rt Rev David Sheppard, Liverpool, together with prominent Roman Catholics and Free churchmen, say the loans are "morally unacceptable."

For a shareholders' resolution to be tabled it must be sponsored by 100 shareholders holding at least 18 000 shares.

The group says preliminary discussions with a number of big shareholders have convinced them that these requirements can be met and they are now inviting others "to share our concern."

The proposed resolution will ask the Midland Bank to "make no further loans to the South African Government or its departments, agencies or state corporations, and not to renew or extend any such existing loans."

Two major shareholders in the bank are already supporting the resolution. They are the Central Finance Board of the Methodist Church and the Methodist Missionary Society.

A spokesman for the Church Commissioners said the matter was being considered carefully. A representative of the commissioners may attend the meeting.

The inter-denominational organisa-

tion, End Loans to Southern Africa, which is co-ordinating the move, is to circularise 1 000 bank shareholders, chosen at random, to seek further support.

A spokesman for the churchmen's group said a number of prominent trade unionists and academics had already promised to help sponsor the resolution.

(1) Capital

(2) 66

(3) 27



<sup>P.D.M.</sup>  
<sup>2/11/76</sup>  
**Blacks**  
**put UK on**  
**the spot**

By IAN HOBBS

LONDON.—Black workers at the British Leyland motor plant at Mobeni, near Durban, have sparked off a major row between the British Government, Leyland's executive and British trade unions.

The workers have sent out an appeal for help, saying that in their efforts to establish a recognised trade union they are being sacked, harassed and victimised by the Security Police.

The workers, members of the Metal and Allied Workers' Union, formed after the Natal strikes of 1972-73, also claim that the plant, now wholly owned by the British Government, is working in glove with apartheid to maintain the "oppressive situation".

A three-page report by the Anti-Apartheid Movement says the appeal was sent to the British Labour Movement.

I learn that the Trades Union Congress, although planning independent action, placed the appeal in the hands of the Labour Party executive and demanded a response from the Government.

A Labour Party spokesman confirmed that the entire situation of Black workers at Mobeni was being examined by a special sub-committee of the executive.

**"RACIST"**

The Leyland operation is a major part of an extensive study of British investment in South Africa.

A report would be published in a month, but the government was being asked to conduct an immediate investigation into the situation at Leyland.

The Black workers say the plant is totally ignoring the government's own guidelines for British companies in South Africa.

The House of Commons Select Committee which investigated the companies in 1974 said the lawful development of collective bargaining with African employees should be encouraged. The companies should help rather than hinder African unions.

The Metal and Allied Workers' Union, which claims 100 per cent support of the Mobeni Black labour force, says the opposite is happening. The workers' liaison committee, sponsored by the South African Government and described by the union as a non-representative

1. 312 - Good
2. (66)
3. 138
4. 148
5. 172

F.M. 6/2/76

top talk

# Multinational money maker

"I'm out to create wealth," jokes big, avuncular Leslie Smith (57), chairman of BOC International (British Oxygen), the group which holds a 60% stake in African Oxygen.

Smith hails from London — "I'm as near to a Cockney as dammit" — trained as an accountant and joined BOC in 1956. Thirteen years later he was appointed group MD. Today, exuding confidence and good humour, he claims his accounting skills have long been forgotten.

Underneath the bonhomie he's a hard-nosed financial strategist who has led the UK-based multinational (based on industrial gases and operating in 37 countries) into climbing profits since becoming chief executive in 1972.

Group profits for 1975 rose 38% to a high of R82m before tax on a turnover of R854m. And this at a time when UK-based industry profits are generally lagging.

Though Afrox's profit performance — R10m, 21% up on 1974 on a turnover of R121m — did not fully match group performance, Smith declares himself not unhappy.

"An exchange loss on devaluation cost us R1 067 000. Redundant stock was also cleared out and some



Leslie Smith . . . internationalising British Oxygen

products were phased out. But with the mine and silicon smelters near Pietersburg fully operational this year the profit outlook is more encouraging for 1976."

Smith is in Johannesburg to chair the first board meeting of BOC International outside the UK. Purpose of the exercise is to enable the board

members representing the group's interests in South-East Asia, the Pacific, America, India, Europe and Australia, to get a thorough understanding of local current economic, political, social and general business matters.

This is all part of Smith's brainchild of "truly internationalising" the group. Meetings for the future are planned in Australia and the US. Smith sees BOC International as no longer merely a British company with overseas interests but as a London-based international which includes a large investment in the UK.

Smith wants to see each local operation achieve total integration with the economic, social and political interests of the host countries. "And," says Smith, "an operating company's first responsibility is to its host country and second to the group."

What he wants ultimately for the group is a truly international financing operation. "Raising capital in Johannesburg or Sydney or New York for the international rather than the localised operation. This capital can be spread in terms of risk and gain. Present national financial strictures make this no more than a pipe dream at present."

(1) (66)  
(2) 788.



# Roelofse challenge under attack

Cape Times 11/2/76

128  
266  
3748

**A SPEECH** challenging British chain store king Sir Isaac Wolfson to say whether his South African companies charged Blacks more for their furniture than Whites, was yesterday attacked by the chairman of Lewis Stores Ltd.

Mr A M Harris, chairman and joint managing director of Lewis Stores, said yesterday in reply to a speech by Mr Eugene Roelofse, former director of the South African Coordinating Consumer Council: "... We feel it a mark of hubris that any speaker should imagine that compassion is his own monopoly."

On Friday, Mr Roelofse challenged Sir Isaac to "state categorically whether his South African subsidiary, Great Universal Stores Africa (Pty) Ltd, charges higher mark-ups on goods sold to Blacks and Coloureds via Dan Hands (Pty) Ltd than the mark-ups it charges to Whites who buy goods through Lewis Stores."

#### REGISTRAR

And in a letter to the Registrar of the University of Cape Town, Mr Harris said yesterday: "During 30 years of trading we have served all communities at the same prices and terms as is the normal custom in the retail trade in South Africa. In fact, our non-European business is a highly valued and substantial part of our activities.

"During those years the business grew from small beginnings to a large-scale operation giving employment to many persons of all communities, both working for the company and supplying it. For some 17 years no ordinary dividend was paid to our parent company, who were happy for us to retail profits in this country for the purpose of creative activity.

"In 1972 we purchased the salesman/collector

business of Dan Hands, supplying customers who in many cases did not find it possible to shop personally. We serve these customers in their homes, provide transport where required and collect payments a costly but necessary activity in order to carry on the business.

#### AGREEMENT

"Because of these factors the realized gross profit is lower in this business than in Lewis Stores. A valid agreement on price control by all our groups has been lodged with the Price Controller and the Furniture Trades Association.

"No part of the dividends paid by our parent Company emanated from Dan Hands from 1969 to date. As is self-evident the business was not acquired until 1972 and it has not earned a distributable profit since.

"The policies that we inherited from the original Dan Hands business have been steadily improved and will continue on these lines. Our objective is to create another prosperous organization. Pricing policies are based on market conditions and as you know the market in South Africa is highly competitive.

"In conclusion, we feel it a mark of hubris that any speaker should imagine that compassion is his own monopoly. Our parent company has subsidiaries trading in many countries and all started from small beginnings. These companies have always carried out policies based on fair trading and competitive values, for any other policy would be quite uncommercial and short-term"

RDM 22/2/76

66

## UK Press criticism 'is illfound'

Staff Reporter  
BRITISH Press criticism of  
BP Southern Africa's dona-  
tion of the R150 000 BP  
Chair of Energy Economics  
at the Rand Afrikaanse  
Universiteit was "uninfor-  
med" a BP spokesman said  
yesterday.

"The Black-White issue  
had no bearing on the de-  
cision," the spokesman  
said.

He pointed out that last  
year the company donated  
R111 000 to Black educa-  
tion in the form of a pri-  
mary school in Soweto, a  
teacher training centre at  
Umtata, a technical train-  
ing school in Gazankulu  
and various grants and  
bursaries.

"Compared with this,  
only R17 000 was spent on  
White education last year.  
The RAU project will be  
spread over five years so  
it will cost only R50 000 a  
year. And we plan to spend  
another R111 000 on Black  
education this year," he  
said.



# R15 MILLION INVESTMENT

**THE LARGEST** motor vehicle production plant in South Africa, Motor Assemblies, has pride of place in Prospecton occupying more than 44 hectares of the industrial suburb, which has a production capacity of 370 units per day, was one of the first industries to move south of Louis Botha Airport to Prospecton.

The company also rates as one of the largest employers in the area with more than 3 500 staff of all races on its computerised payroll. Staff is the most important asset of Motor Assemblies, according to managing director, Mr. Geoff Graves, and it is for this reason that a number of staff benefit schemes have been introduced.

Amongst these are a subsidised cafeteria for office staff and feeding schemes for factory workers, full training in all aspects of the company's business, a grading system which ensures greater opportunities for factory staff and a subsidised bussing programme.

In addition Mr. Graves added that the company had specifically selected a group of Black staff for the development of their skills and talents. He said that on joining the company, assembly-line staff were given aptitude tests and those that required it were put through a literacy training course. In addition, all new employees were given a two-day induction course before actually starting work.

The factory has two engine lines — one of which is believed to be unique as it can handle three different engines at the same time whilst the other line handles the manufacture of one make of engine.

The factory produces various makes of

popular motor car, light and heavy trucks.

At present the local content of all cars coming off the company's assembly line, is 64 percent and this will reach the 66 percent target set by the Government for the end of this year.

Each vehicle takes about three days to build and before the engine is even started, it travels more than 2,5km through the plant.

The company's parts holding totals more than 40 000 line items.

Discussing future

trends in motoring, Mr. Graves said he expects a very strong future for the medium-sized car in the two-litre range, although it was difficult to forecast the trends accurately because of fuel-saving considerations and popular opinion.

"We do foresee big changes in the era of engines regarding fuel economy but as a whole future trends of the motor industry are very uncertain," Mr. Ralph Broadley, general manufacturing manager of Motor Assemblies plant, said.

In present circumstances, he said, to start manufacturing a completely new model would require a tooling investment of more than R15-million — as much as the initial cost of setting

up the entire Motor Assemblies plant.

Motor Assemblies was originally registered in September, 1941, when it purchased land in Jacobs. At the end of the War, it started manufacturing Plymouth, Dodge, De Soto and Chrysler vehicles, and since then has manufactured almost every make of car on South Africa's roads.

On December 31, 1964, the company was sold to Dr. Albert Wessels and in 1969 a full-time project team was formed to start initial planning for the Prospecton plant which was becoming vitally necessary because of the company's growth.

Building commenced in May, 1970, and the first vehicle from the new plant rolled off the assembly line at the end of May, 1971.

Capital  
266

# Church in bid to axe bank's S.A. loans

24/2/76.

NM

Mercury Correspondent

**LONDON** — Two major Church of England financial bodies yesterday announced that they are prepared to support an attempt to get the Midland Bank to end direct loans to the South African Government.

They are the Church Commissioners, the wealthy Anglican body with a massive portfolio, and the Central Board of Finance, the Church's financial executive.

Another inter-church organisation, End Loans to Southern Africa (Eltsa) has been campaigning for the bank to stop such loans.

A formal motion is to be proposed at the bank's annual meeting on April 7. A number of Church bodies, including the Methodists, have promised their support, but the Church of England

policy has been regarded as crucial.

Yesterday the Commissioners said they had felt uneasy for about two years over direct lending by the bank to the South African Government. They are substantial shareholders in the Midland.

The Commissioners' statement said: "This stems from the racist policies associated with the system of apartheid which is clearly regarded with abhorrence by church people generally. This abhorrence is equally felt by the Commissioners with regard to racist and oppres-

sive policies in all countries whose regimes operate or encourage them."

The Commissioners said their general policy was not to invest directly in companies operating wholly or mainly in Southern Africa, but the Midland Bank was not such a company because its involvement in South Africa was proportionately minimal.

However, the Commissioners have felt that a substantial body of those on whose behalf they invest their funds would prefer that the money should not be involved in Southern Africa.



# Busmen claim victimisation

RDM 24/2/76

(1) 138  
(2) 314  
(3) 66

## Labour Correspondent

THE 800-member Transport and Allied Workers' Union, representing Black bus drivers, has alleged that three bus companies run by a British group have launched a campaign of victimisation against the union which has resulted in the sacking of five union men since November.

The union has 554 bus-driver members working for Greyhound Bus Lines on the West Rand, African Bus Service, Pretoria, and Vaal Transport Corporation in the Vaal Triangle. Attempts at gaining recognition by the companies have failed.

It claims that a White bus depot manager at Randfontein had threatened he would fight the union with dismissals over

their request for a stop-order facility for a death benefits fund. Nine names of union members were attached to the letter of request, and five have since been fired for what the union claims are "flimsy excuses".

The union yesterday released details of the dismissals:

● Mr Jacob Naane, a union shop steward, said he was fired for allegedly backing his bus on to a diesel pipe at 5 am in the morning — after reporting that the pipe was bent and he could not fill his bus.

● Mr Samuel Joga, also a shop steward of the union, claims he was summarily fired for bringing in a damaged bus after the brakes had failed and found to be dangerous after being tested by traffic police.

● Mr Phineas Tshabala, was demoted to a "tea-boy" after a driving accident. He was fired after the union asked for an interview to discuss the reasons for the demotion.

● Mr James Makhaza, fired for reported dishonesty, in that tickets were allegedly not issued on receipt of money. He was allegedly not given a proper hearing.

● Mr Koos July, also for alleged dishonesty. A member of the company's works committee who tried to defend Mr July, after he claimed there was a lack of clarity in the case, was in turn threatened with dismissal.

Yesterday Mr John de Wet, United Transport Holdings personnel executive, said he would investigate all the dismissals.

The union claims the dismissals have been the actions of one man, a depot chief, but that every attempt to bring the matter to the company's attention has been ignored.

The union's latest letter to the parent company's managing director, Mr A. W. Kent, of United Transport Holdings, has been ignored since December 10.

In the letter to Mr Kent the union asked for a meeting with him to discuss the company's policy towards African trade unions, as well as internal facilities, including stop orders on wages for funeral benefits, and the right to negotiate with the bus companies in association with the works committees.

Anti-SA  
statement  
ARGUS 5/12/76  
angers  
bishop

The Argus Bureau

LONDON. — The Bishop of Chester, the Right Reverend Hubert Victor Whitsey, a church commissioner, has publicly dissociated himself from a Press statement issued by the commissioners advising the Midlands Bank not to invest in South Africa.

In a letter to The Times, he says the Organisation of Industrial and International Finance and Investment is of such an intricate nature that the singling out of one particular institution 'appears peculiarly odious and unChristian to me.'

He adds: 'Any body with the slightest knowledge of these matters will know that between international investment, money and Euro-currency markets, multinational corporations and subsidiary companies it is literally impossible to acquit even our own everyday actions from "investment" in any particular country of the so-called free world.'

He said: 'Would those church commissioners and others who pledge support for a resolution before the bank's annual meeting calling for a cessation of all loans to the South African Government please consider their own personal relationships to South Africa? Do they still eat fruit and vegetables from South Africa? Do they cast away the gold and diamonds of their personal adornment? Do they inquire of the wool content of their suits?'

Capital  
(2) 66



# CLARKE CHAPMAN

Engineering company 86% indirectly controlled by Clarke Chapman, of UK. It's operating subsidiaries are JTA (industrial water tube and shell type boilers); WS Thomas & Taylor (earthmoving and road building equipment); and Cummins Diesel (diesel engines).

Chairman: L G Abrahamse

F.M. 12/3/76

Deputy chairman and managing director: P H Stirzaker

Issued capital: 28 000 5,5% R2 cum prefs, 1,1m 8,75% R1 convertible redeemable cum prefs, 4,7m ordinaries of 50c. Equity market capitalisation: R5,2m.

Year to December 31 1975. Borrowings: long and medium-term, R1,3m; short-term (net), R596 000. Total net borrowings as a percentage of equity funds: 26,0%. Ratio of current assets to current liabilities: 1,7. Cash flow: R1,3m. Capital commitments: R156 000. Earned for ordinaries: R1,7m. Return on capital employed: 29,2%. Pre-tax return on ordinary holders' funds, less pref payments (FM performance index): 28,5%.

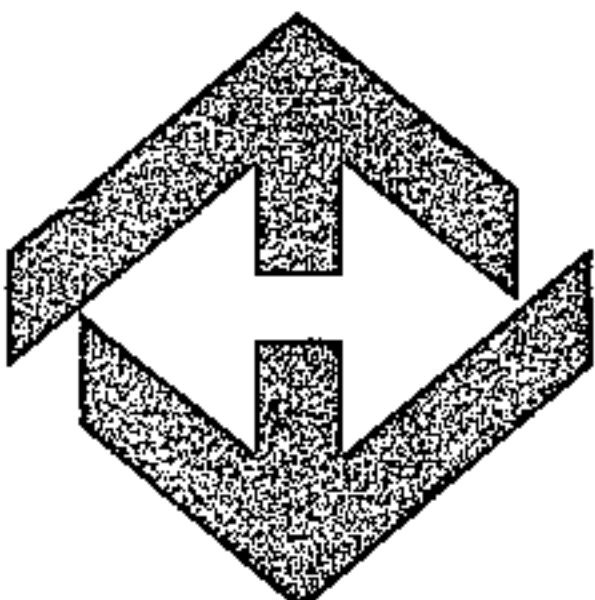
Price: 110c (1975-76: high, 110c; low, 65c; trading volume last quarter, 13 000 shares). Earned per share: 37,1c. Paid: 11c. Yields: 33,7% on earnings; 10% on dividend. Times covered: 3,4. Price earnings ratio: 3.

In the past two years, the depressing sluggishness of earlier

times has been sloughed off. The company has proved it is now in a new ball-game, with both customers and shareholders.

The growth in profit contributions from each of the three divisions bettered improvements in turnover, a sure sign that they are all working appreciably more effectively. Yet despite the growth in net profit, to R1,7m (R1,1m) the decision was taken to hold back nearly all of the 13,7c of additional earnings within company coffers.

The seemingly niggardly rise in dividends, up from 10c to 11c, will hardly enchant the minority while it must act as a deterrent to the share's performance. But considering that the company imports a sizeable proportion of the capital plant it sells, and there is no way of knowing just how adversely its markets will be affected by the current slowdown in infra-structural development, playing cautious is the only role to take.



Year	FM Perf Index	Turn-over Rm	Trading Profit R000	Earned cents per share	Paid	Net Assets
1971	12,3	n/a	444	12,7	2,5	130
1972	15,3	n/a	617	12,2	2,5	140
1973	18,2	12,8	962	14,6	5,0	154
1974	21,7	24,9	2 562	23,4	10,0	133*
1975	28,5	33,1	3 784	37,1	11,0	159

\* On increase in capital following acquisition of John Thompson Africa in January 1974. n/a Not available.

Conserving cash seems to be the new watchword down at the Bellville, Cape, headquarters. For example, total net funds (expressed as a percentage of equity funds) fell from 32,5% to 26% last year. And greater use was made of off-balance sheet assets, leasing charges (presumably on plant and equipment) rose from R228 000 to R318 000.

As capital commitments have fallen substantially (R350 000 down to R160 000), chances are that leasing will be used as much as possible, at least in the short-run. But cash flows will be at least as important this year as they were last, so shareholders should not expect too much jam on the bread, even should turnovers and dividends rise as much as the directors obviously hope they will.

Unfortunately, although understandably, chairman Len Abrahamse does not disclose what he thinks the outcome will be. Thus, the shares are not likely to move much for the time being. The minority will have to wait until the interim before making their own projections.

Beryl Gibson

# LEYLAND TO INVEST R19-M IN SA

ARGUS 20/3/76  
19/3/76

LONDON. — British Leyland is to invest an estimated R19-million in South Africa to produce a local version of the new Rover SD-1 saloon, the Guardian reports here today.

1. 66  
2. Manufacturing - motor

About 30 percent of the money will be spent with Japanese machine-tool manufacturers, it is understood. The machine-tool contract has been won against competition from Leyland Cars, another part of the British group.

The decision to invest heavily in South Africa was taken by British Leyland International, the operating company responsible for all overseas involvement.

The SD-1, due to be launched in Britain this year, is expected to replace the Triumph family saloon in the lucrative South African market, says the Guardian.

## SUBSIDIARY

The major part of the SD-1 investment will be in machine tools, which in Britain are largely supplied by their own machine-tool facility within Leyland Cars, the main operating subsidiary.

More than R90-million has been spent on developing the new car and its production facilities at Durban.

Following reorganisation of Leyland corporate structure, however, orders for different subsidiaries, such as that in the UK, have to be tendered.

## THE TENDER

Leyland International has invited Leyland as well as an unnamed Japanese company to supply the car for South Africa.

The tender was accepted by the British Leyland International said. It would have been to have agreed the price for the occasion.



CAPE TIMES  
8/4/76

66

# MOTION TO STOP LOANS TO SA FAILS

**LONDON. —** A motion calling on Midland Bank to stop lending money to South Africa was defeated here yesterday.

The motion had been tabled by the Methodist Church at the bank's annual general meeting.

A Methodist spokesman, Mr Robin Gurney, said the church was very happy about the results — with 2 945 759 votes cast in favour of the motion, and 47 404 015 against.

Mr Gurney said it was a warning that "a strong body of opinion" was asking the bank "to think again" about its loans to the South African Government.

The Methodists had expected only about half the number of votes in support of the resolution. — Sapa

11 Capital  
2 66  
3 63

CAP TINES 14/4/76

# Bank finds sales harder

Own Correspondent

**LONDON.** — The chairman of Barclays Bank, Mr A F Tuke, said here yesterday that South Africa's economic attractiveness abroad had declined in the past three years.

At the bank's annual meeting, largely taken up by exchanges on Barclays' links with South Africa, Mr Tuke said it was "a matter of economic fact" that loans to South Africa and other parts of Southern Africa "were very much more difficult to sell now than they were three years ago."

Mr Tuke rejected a call from the Young Liberal leader, Mr Peter Hain, for Barclays to stop propping up "the evil apartheid system."

Mr Hain is not a shareholder of the bank. A statement by him was read by a member of the Anti-apartheid Haslemere Group.

## INTERRUPTIONS

The statement was frequently loudly interrupted.

Mr Tuke said there was a genuine "difference of view" on foreign investments in South Africa.

Mr Tuke had some criticism for the pass law system in South Africa. He described the laws as "very, very regrettable," and said he was prepared to raise the issue when he next met the Finance Minister, Senator Owen Horwood.

Questioned on Barclays policy to the independence of the Transkei, Mr Tuke said the bank had branches in the area "and we propose to stay there."



1/13  
66

# Barclays 'here to stay'

STAR 1/13/72

## The Star Bureau

LONDON — A recent statement by Chief Gatsha Buthelezi, the kwaZulu leader, opposing foreign investment in South Africa's central economy, was cited by several speakers at the annual meeting of Barclays Bank in London yesterday.

The speakers used the statement in an attempt to persuade the bank to cease its operations in South Africa.

But the chairman, Mr Anthony Tuke, while not commenting on the chief's statement, made it clear that the bank was there to stay, although he admitted that South West Africa was "a difficult problem."

Seventeen speakers, including one who said he was putting a question on behalf of Mr Peter Hain, took up more than an hour of the meeting as they questioned Mr Tuke closely on operations in Southern Africa.

### NO POINT

On South West Africa, Mr Tuke said there was no point in the bank withdrawing from the territory, or in taking into account United Nations resolutions on it, unless and until the British

Government decided it should do so.

"As long as we are subject to the laws of the British Government we must abide by its regulations," he said.

As far as the bank was concerned, if it had got to choose between obeying the instructions of the British Government or Swapo, it would obey its own Government.

Mr Tuke said he was not aware that Barclays National Bank had made available R30-million for a copper project outside Cape Town. But he was not aware of every single loan the bank made all over the world.

On investing in South Africa generally, Mr Tuke said: "We consider that foreign investors are doing more good to the people by staying rather than by selling their business to local interests."

There was a genuine difference of opinion over this, but he believed the bank had overwhelming support in staying.

CAPL TIMES 23/4/76

# New move against SA

Own Correspondent

LONDON.—Large institutional shareholders in British banks, including insurance companies and pension funds, are set to become the next targets of an anti-apartheid campaign to curb British banking links with South Africa.

Members of the anti-apartheid "End loans to Southern Africa" campaign (Eltsa) believe that the large institutions voted against them at the recent annual meeting of the Midland Bank, on a resolution calling on Mid-

land to stop granting loans to the South African Government.

The resolution—believed to be the first of its kind in Britain—was defeated by 47 million votes to three million.

## ENCOURAGED

Anti-apartheid campaigners were, however, encouraged by the result. The secretary of the board, the Reverend Derek Farrow, has described the vote as a moral victory. And Rev David Haslam, the secretary of Eltsa, has told the London Methodist

Recorder that the fact that the resolution won 6.2 per cent of the vote was "a remarkable achievement".

"We might have had nearly as many shareholders voting for the resolution as against it, but large institutions such as insurance companies will undoubtedly have been pressed by the bank to vote against our resolution," he said.

"Our future policy may be to concentrate on such large and conservative shareholders of midland and persuade them next year to abstain."



220  
2 (66)

# Rio Tinto to retain its SWA interests

The Argus Bureau

**LONDON.**—Rio Tinto-Zinc intends to retain its interest in the Rossing uranium development whatever the political outcome in South West Africa.

Sir Mark Turner, chairman of the giant R2 000-million a year British mining group, said this at a Press briefing on RTZ's annual report published today.

RTZ, in partnership with the Industrial Development Corporation and other South African interests, has a 45.2 per cent stake in Rossing (although this carries only 25.7 per cent of the voting rights) where much of the mine's output of uranium oxide (U308) has been committed for delivery to the United Kingdom Atomic Energy Authority.

Asked whether RTZ was concerned about political changes in South West Africa, Sir Mark said: 'Our decision to invest in the

Rossing project preceeded the trouble in Angola. And once you have put your hand to the plough you generally go on with it.

'In any case underdeveloped countries need people like us to help develop their natural resources.'

South West Africa, whatever political changes might take place there, fell into this category.

## SECOND HALF

He could not give any further information about Rossing other than that contained in the report — which says mining of ore and waste at the rate of 120 000 tons a day will start in the second half of this year — because of restrictions laid down by the South African Atomic Energy Act.

RTZ's report shows that in contrast to sharp falls in copper revenues and

earnings (from Palabora, Bougainville and Lornex) which accounted for R160-million of its R200-million drop in profits last year, uranium was a strong growth area.

## IRON ORE

Uranium sales were 45 per cent up at R74-million with pre-tax profits 55 per cent better at R36-million.

The only other division to show significant growth was iron ore with sales up 42 per cent at R286-million and pre-tax profits 71 per cent higher at R46-million.

With Palabora hit by the world copper price recession Southern Africa's contribution to group sales dropped 23 per cent to R100-million while pre-tax profits were slashed by 62 per cent to R28-million.

While Sir Mark said he felt the recent rise in the

world copper price was justified by the statistically supply-demand position, he was confident that consumption would have improved by 1977 when Palabora's 30 000 tons a year expansion programme was completed.

## RIGHTS ISSUE

During the same year Rossing should also begin contributing to sales and profits.

RTZ's balance sheet shows that following the rights issue and a sharp rise in long-term borrowings, the group is well placed to expand with a net cash position of R330-million.

Capital commitments at the end of the year totalled R592-million (against capital expenditure last year of R251-million).

# Blacks 'paid badly' by UK firms in SA

The Star Bureau

LONDON — Three years after The Guardian first published Adam Raphael's exposure on the below-subsistence wages paid to Black workers in South Africa by British firms, a new report has come out asserting that thousands of workers in South Africa still earn salaries well below the poverty datum line.

The new survey — of 141 major British companies with South African subsidiaries — was con-

ducted by the Guardian with the help of Christian Concern for South Africa.

It maintains that the British Government's guidelines on African employment are being flouted.

Each of the 141 companies was asked in a recorded delivery letter sent to the chairman to provide information on their South African subsidiaries' wages and employment conditions as requested by the Government in its White paper of December 1974.

The majority of the companies, employing two thirds of the 250 000 Africans in British em-

ployment, replied they were unable, unwilling or were not prepared at this stage to give details despite the Government's specific request, the Guardian reports today.

## DIFFICULTIES

Some quoted difficulties posed by South African legislation, others said they were not prepared to give the information to anyone but their own shareholders.

Most of the companies, the Guardian report continues, appeared to be still unaware, despite the strictures of the parliamentary select committee which reported two years ago, of how their African workers were being paid and treated.

Ten major companies, however, stated frankly that they were not prepared to provide the information asked for by the Government as a matter of principle.

Fourteen companies chose not to reply to the request for information despite a further letter and a final telephone call.

An analysis of information provided by 26 companies showed that more than 2 000 African workers employed in the main by three companies were still being paid below subsistence levels in 1975.

The average Black minimum wage in the 26 companies, employing nearly 46 000 Black workers, was R110 a month for a 45-hour week.



# Invest in homelands says Brit — and fight apartheid



WAYSIDE chat in the Transkei.

ability to manage the economy not only will cause a serious disruption of the West's economic system, but it will lead to political instability in an area that has considerable political and strategic importance to the West.

A commitment now greatly improve Britain's standing in the rest of Africa, where there has been criticism for a long time of her policy towards the White Government.

### NEED AID

Mr Blausten argues that the homelands need aid the same way as other under-developed territories need aid.

'It should be said that the time is right for a firm initiative by the West on aid to the homelands. The European Economic Community should play a very positive role in such an initiative. It would be a great help

and technical aid, while British companies should invest in them. Britain must try to avoid a situation in which, as so often happens, a Black-led government, disillusioned by Western indifference before the attainment of African political power, turns to the Eastern bloc for advice and aid.'

### STABILITY

At the same time, Mr Blausten points out, the future stability of South Africa is vital to the interests of Britain and the free world.

'If the Africans attain political power in South Africa without having the

### The Argus Bureau

Africa, as in the old colonial days, and when the Africans have eventually gained power the British presence, including the commercial presence, has immediately become suspect, usually with harmful consequences for some time afterwards.

'For once Britain has an opportunity to avoid this situation, and this time it should take it.'

The British Government should help the homelands with financial

LONDON. — Foreign economic involvement in the development of the South African homelands would not be collaboration with apartheid but an essential in the fight against it, says Mr Richard Blausten, a British expert on Southern African affairs.

In an article in African Affairs, journal of the Royal African Society, arguing the case for foreign investment in the homelands, he adds: 'It would strengthen the hand of the forces of reaction immensely if the pace of homeland development were to be left entirely to Government-run agencies.'

Foreign investment and aid would break that dependence.

Mr Blausten, a member of the Conservative Bow Group's foreign affairs standing committee, says foreign involvement has particular relevance to Britain because over the years her policy towards South Africa has usually been, in deed if not always in words, well disposed towards the White Government.

### COMMITMENT

British investment in

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②  
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(1) 41  
(2) 66

# New trade school for Leborwa

Leborwa is to get a second trade school financed by private enterprise. Palabora Mining Company yesterday announced that it was giving R750 000 to establish a new trade school at Namakgale, near Phalaborwa.

This school, which is expected to be ready in January 1978, follows the donation to the homeland of a trade school which is at present being built near Groblersdal by Barlow Rand.

The Palabora Mining Company said the concept of a trade school for Leborwa was first mooted at a meeting in London between Dr Cedric Phatudi, the homeland's Chief Minister, and the late Sir Val Duncan, then chairman and chief executive of the Rio Tinto Zinc Corporation.

## STUDENT HOSTEL

The new school will serve the Black township of Phalaborwa from which the company gets most of its labour.

The initial school complex will comprise four workshops, an administration block, lecture rooms and a library. There will also be a hostel for about 200 students and a dining hall which could be used by the residents of Namakgale as a community hall.

This is the seventh major educational institution to be built in the homelands by private enterprise.



F.M. 30/4/76  
**BRITISH FIRMS' WAGES**  
**Thousands below PDL**

The British government's Code of Practice for British firms in SA has turned out to be a toothless bulldog.

It was introduced two years ago following a House of Commons committee inquiry into how British firms treated their African employees. The inquiry was set up after *The Guardian* exposed the fact that most British firms in SA were paying starvation wages.

One of the Code's main objectives was that no British firm should pay Africans below the Poverty Datum Line, and that timetables should be devised to bring up wages to the Effective Minimum Level (EML, equivalent to the PDL plus 50%). The exercise of public scrutiny over the firms' wages was seen as a key means of attaining this objective.

But a report published in London this week by Christian Concern for Southern Africa (CCSA) reveals that the great majority of firms are still not playing the game. Only a fifth of the 132 firms surveyed earlier this year provided information to CCSA. Those who failed to respond or were unwilling or unable to disclose information included Courtaulds, Reed International, Smith & Nephew, Manbre & Garton, Barclays, Delta Metal, Cape Industries, Lonrho, Pilkingtons, Shell/BP, Consolidated Gold Fields, and British Steel.

The report says that most firms either "know too little" about what their SA associates are doing or "know too much" and want to hide it from public scrutiny.

It adds that as many as 28 000 Africans employed by British subsidiaries could be earning below the PDL. Half of the Afri-

# Black pay policy 'ruined'

The Star Bureau

LONDON — The British Government's policy on minimum wages for Black workers in South Africa employed by British companies is in ruins, says an article in the Sunday Times, London.

It claims that the policy, under which companies were invited to publish regular information about their progress in improving wages and conditions, has been destroyed by a combination of resistance in South Africa and varying degrees of indifference in Britain by both Government and companies.

It says these facts emerged from surveys conducted by the paper and other independent bodies:

- Some British companies are still paying Black workers below subsistence levels.

17/5/76 ● Most companies are paying below the minimum wage rate laid down by the British Government.

STAR  
● Although the Government asked 500 firms to file information about the level of Black wages and conditions, fewer than 200 of them have done so.

● The Department of Trade and Industry has not yet decided what, if any, action to take if indeed it ever receives the information.

● Even when it has the information, the department cannot usefully interpret it because officials do not have figures for the poverty datum line, which varies from area to area.

One company, commenting on the policy, as laid down in the 1974 White Paper, said: "Just because a White Paper says something it doesn't mean we have to go along with it. It isn't law."



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# Labour urges banks to pull out of SA

RDM  
21/5/76

**Own Correspondent**  
LONDON. — The Labour Party has called on Mr Callaghan's Government to order the total withdrawal of British banks from South Africa, a reliable Labour source said yesterday.  
The party also wants the government to begin giving aid to South Africa's two banned guerilla movements, the African National Congress and the Pan-Africanist Congress.  
It has also demanded a plugging of loopholes in

the embargo on arms sales.  
This markedly tougher stance has emerged from recommendations by a special Labour Party study group on Southern Africa which were accepted by the party's top policy-making body, the National Executive Committee (NEC), in London this week.  
Although the recommendations stop short of calling for a total economic disengagement from South Africa, Labour supporters

expect tough Government resistance to the NEC document.  
The party stresses that the aid it wants the government to give to the ANC and PAC should be purely humanitarian.  
The party — as opposed to the Government — already gives aid to some African guerilla movements, including Swapo, and is in the process of voting grants for the ANC and PAC.  
In its new policy docu-

ment the NEC also recommends that the government's export credits guarantee department should stop providing trade cover for deals with South Africa. It says all future British investment in South Africa should be banned and nationalised industries — like British Leyland and British Steel — should consider means of getting out of the Republic.  
The party appears to have resigned itself to the continued presence of private British interests in South Africa, but it urges that British companies operating there should be forced to create conditions for the establishment of full trade union rights for Black workers.  
It also wants the government to plug loopholes in the arms embargo which, labour sources claim, have enabled British manufacturers to export a variety of equipment which could be used by South Africa for military purposes.

66

**UK FIRMS' WAGES** <sup>F.M</sup> 28/5/76  
**Something to hide?**

There were a lot of red faces around when the starvation wages paid by British firms in SA were exposed. Now, three years later, despite the improvements which many firms have made, there are still thousands of workers in British subsidiaries being paid below subsistence levels, as the recent report by Christian Concern for Southern Africa (CCSA) revealed.

A recent survey by the London *Sunday Times* reveals a remarkable degree of complacency amongst some of the firms. For example, a spokesman for Eveready is quoted as demanding to know "why SA is singled out" and saying — with scant relevance — "Cast your eyes on British companies in Hong Kong." Another spokesman for the same company said: "I've no idea how many Blacks we have and no idea how much they earn."

Other gems which the *Sunday Times*



# Bids pour to gold auction

2/6/76

STAR

Michael Chester,  
Financial Editor

Bids from around the world poured into Washington today to beat the deadline on a huge gold auction crucial to the South African economy.

News of the high demand at the auction generated optimism on bullion and stock markets.

As gold prices inched higher to add to gains made yesterday, so gold shares were bid higher across a broad front on the Johannesburg Stock Exchange.

However, actual trade in gold shares stayed low — there were few sellers as shareholders held fast to await the auction results.

The success or failure of the auction may influence national income from gold by hundreds of millions of rands a year.

The auction is the first in a series being held by the International Monetary Fund to sell as much as 25-million ounces of gold over the next four years to create a fund to aid the poorer nations.

## CENTRAL BANK

On sale today goes 780,000 ounces. The deadline for bidders is this evening and the results will be announced tomorrow morning.

First indications raised optimism in South Africa, the world's largest gold producer, which relies heavily on sales on overseas bullion markets to hold the whole economy on even keel.

The Star Bureau in Washington reported that by early today there were already enough bids in to absorb 2½ times the gold on auction.

Expected to be among the biggest bidders were the big Swiss banks, bullion dealers from the main capitals, and the Bank for International Settlements in Switzerland, central bank for the national banks of most of the big industrial countries.

In London, the price moved back near 128 dollars an ounce. In the United States the price rose around 3 dollars.

None of the proceeds of the auctions go to South Africa but the crucial factor is the heavy influence the results will have on the level of gold prices on the open market.

A rise of only 5 dollars an ounce on the bullion markets, if held, is worth an extra R100-million a year to South Africa. A fall of 5 dollars means an equal loss in income.

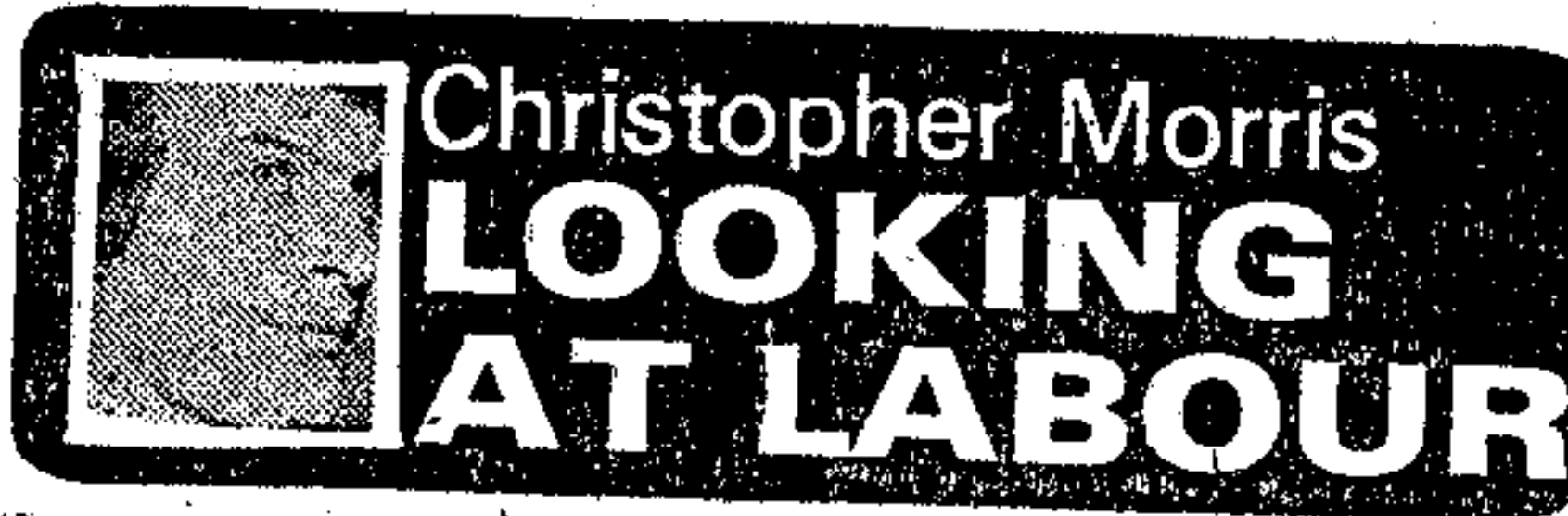
● Swiss bankers lead IMF gold bids — Page 26.

SUN TRIBUNE (FIN) 13/6/76 (66)

# Black wages and the British

THE SAGA of wages paid by British-controlled companies to African employees rolls on. This week, the British Parliamentary Under-Secretary for Trade told Parliament that the Government would name firms which refused to supply information on wages, which they are required to do under the guidelines laid down by the Government last December.

This follows a report by Christian Concern for South Africa a couple of months ago to the effect



Christopher Morris  
**LOOKING  
AT LABOUR**

that most British firms in South Africa were flouting the guidelines and paying wages well below the Poverty Datum Line.

Left-wing pressure has been exerted on the British Government for some time to compel such firms to disclose all.

The Government,

although perhaps sympathetic, appears to be hesitant to take such a step. There is some doubt whether it can pass legislation governing the behaviour of companies in other countries.

But now it has said it will name the firms publicly. This may prove a

an inducement for British firms with their head offices in London to reveal wages paid to South African employees — failure to do so would not be too good for the image, after all.



① 61  
② 196  
③ 253

# Dunlop profit and sales up

*Cape Times 3/8/76*

Own Correspondent

DURBAN. — Dunlop South Africa improved its sales during the six months ended June 1976 compared with the same months in 1975 and profit, after tax, was up.

Sales rose from R39 469 000 to R41 226 000 and the profit attributable to shareholders from R1 578 000 to R2 027 000.

This improvement was due to a reduction of the losses on flooring, the elimination of losses at Dunlopillo and economies in overhead costs.

On the other hand, the constraints of the campaign against inflation and the declining sales volume in line with the economic downturn, have limited trading profits to less than the 15 percent on capital, which is regarded as reasonable by the anti-inflation manifesto.

The directors still believe the group will earn enough in the second half of the year to yield profits for the full year at about the same levels as in 1975.

An interim of 6c has been declared.

# The Guardian accused — of *ARGUS* investment in SA

The Argus Bureau 20/8/76.

LONDON. — The Guardian newspaper, while 'exposing' poor wages for Blacks employed by British companies in South Africa, has been accused of switching its pension fund investment to South African mining shares.



Mr Joshua Nkomo



Mr Tiny Rowland

The accusation was made by Richard West, a writer on African and other affairs.

He also alleged that Lonrho, the R1 550-million a year Pan-African trading group, had 'taken on as a director' Joshua Nkomo.

Mr West says in an article in this week's issue of the Spectator: 'Lonrho has taken on as a director Joshua Nkomo, one of the Black Rhodesian leaders who, so the company hopes, will soon be in power.'

But Mr Paul Spicer, Lonrho's chief spokesman, commented: 'Absolute rubbish.'

### COMMENTARY

The allegations come in a discursive commentary by Mr West on the South African situation entitled 'South Africa's curse.'

Mr West says:

● 'We the British, and not the Afrikaners, are largely responsible for the mess in Southern Africa' — through the activities of capitalist entrepreneurs such as Cecil Rhodes and others.

● 'Townships like Soweto — with their poverty, crime, bad housing, pass laws and other forms of oppression — have grown up not at the wish of the Afrikaners, but because they serve British and other foreign capital, in particular the mining houses.'

● 'Our own economy and all classes in Britain gain enormously from the continued power of capitalism in South Africa and from the racial system on which it is based.'

● 'Through exports to and investment in South Africa... British workers enjoy employment and privilege at the expense of the proletariat in Southern Africa.'

Mr West then claimed that at 'the same time' as the Guardian newspaper was exposing poor wages for Blacks employed by British companies in South Africa, its pension fund 'switched its investment from wobbly London securities to South African mining shares.'



(1) 61  
(2) 139

# British Leyland rejects SA union

**LONDON.** — British Leyland said here yesterday they would not recognize a Black trade union in its South African subsidiary because by doing so they would jeopardize the company's contract in the Republic.

This was made clear in a statement to leading British trade unions who had asked Leyland to explain their position on Black South African unions.

The Secretary of State for Industry, Mr Eric Varley, had also asked the company what progress was being made on negotiating rights for the unions.

A Leyland spokesman told Sapa: "If we were in fact to recognize unilaterally an African union we believe it would place the contract of Leyland South Africa in jeopardy because we would be acting contrary to government policy."

He added: "We would become isolated in South Africa as the one company

that was recognizing an African trade union. All we can do at the moment is express our sympathy with the concept of African negotiating rights."

The union concerned is the Metal and Allied Workers Union.

Among Leyland's 4 500 employees in the Republic, 800 are Black, about 2 000 are Coloured and the rest are White.

"For the time being Leyland must rely for African representation on a system of democratically elected liaison committees, which experience, we hope earnestly, will contribute to the evolution of an effective African union movement as soon as possible," the

spokesman said.

In a letter to the Transport and General Workers' Union and the Amalgamated Union of Engineering Workers, Leyland said: "We are basically well disposed towards the concept of negotiating rights of African unions but the current scene in South Africa makes it simply inappropriate for us to do anything on a unilateral basis." — Sapa

## Two die from burns

**FICKSBURG.** — Two firefighters died here on Monday as a result of burns received during a veld fire in the district.



(1) 61  
(2) 193  
(3) 152

## 27 factory demos <sup>PP</sup> held 24/9/76

SPRINGS — A total of 27 placard-bearing demonstrators at a factory here who urged workers not to go to work were arrested yesterday.

About 100 men picketed outside Armour Plate Safety Glass after having been fired two weeks ago for staging an illegal strike.

They had gone on strike after the management introduced a four-day week and dismissed three workers. The Workers' committee tried to get the men reinstated and gave the management and the Department of Labour 30 days notice of their intention to strike.

Brig J. Wiese of the East Rand police headquarters said last night the 27 men were detained for questioning. — DDC.

land from the British TUC, which is angry at Leyland's consistent refusal to recognise the unregistered Metal and Allied Workers' Union (MAWU).

Meanwhile, MAWU is disturbed by Leyland's decision to move its Durban plant, where MAWU has majority membership, to Cape Town, where it will employ Coloured labour. Leyland says it has taken this decision in order to expand its operation in SA. The union claims that in this way Leyland will evade the issue of union recognition in Natal.

The TUC's pressures on Leyland follow MAWU appeals to TUC general secretary Len Murray to take up Leyland's refusal to recognise MAWU with the firm's British head office.

In April, representatives of the TUC international committee met Leyland and asked that it meet MAWU representatives to discuss recognising the union, and then to consider recognising the union in the Durban plant at least. Leyland then said it had no objection to its African workers joining unions, but that it was not advisable to recognise African unions "in advance of a general move in that direction by SA industry".

The TUC rejected this, and decided to bring the issue to the attention of the UK government, Leyland's controlling shareholder, and to affiliated TUC unions representing Leyland workers. Both Leyland and the unions operating in its plant — the Transport Workers' and Engineering Workers' Unions — expected an emergency motion at the recent TUC conference, calling for sanctions against Leyland's SA business in the UK.

The motion was never raised — TUC leaders apparently soft-pedalled and proposed a motion of support for African workers, without any mention of specific firms.

Leyland nevertheless rushed a letter to the Transport and Engineering Unions at the conference, offering to send yet another deputation to SA to re-examine the issue.

In the letter, Leyland says it believes African unions should be recognised and promises to "exploit rapidly any change in the SA situation which will enable our subsidiary to ... grant recognition to African unions." But it says it has an obligation to its shareholders — particularly the UK government — and workers to stay in SA. It could not recognise the union "without setting our business and employment at risk".

Leyland will therefore, it says, rely on its liaison committee system "from which base Leyland SA has been able suc-

**AFRICAN UNIONS** F. M.  
**Leyland's visit** 22/10/76

British Leyland is sending a high level deputation to SA within the next few weeks to review its policy on recognition of African unions, writes the FM's man in London. This follows pressure on Ley-



successfully to establish multi-racial co-ordinating committees to represent employees at each major Leyland location in SA". It says it is not a large employer in SA, employing less than 800 African workers, and so is not a major force in SA industry.

MAWU is unimpressed. "Leyland is obviously using its State contracts, and its fear that they will be cancelled, as an excuse," says general secretary Alpheus Mthethwa. "It ignores, however, the fact that other firms with State contracts have recognised African unions.

"The present climate of unrest in SA makes it all the more important for employers to make use of African worker organisations as channels of communication, and it is a great pity that Leyland uses petty excuses like these. It is also a pity that Leyland chooses to run away from its responsibilities in Durban, thus rendering hundreds of workers unemployed."

The union says it "trusts" the delegation will meet with us "to discuss our position." But it is unlikely the deputation will produce policy changes at Leyland. Leyland men in the UK say "to be too hasty" would set back the cause of African worker representation. The issue may soon escalate in the UK, particularly as the big UK unions have substantial Asian and West Indian membership.

54/61.

# UK universities cut SA ties

CT 2/11/76

Own Correspondent

LONDON. — The campaign among British universities to disinvest their funds from British companies with South African subsidiaries gathered momentum yesterday when Loughborough University decided to sell its entire R39 000 share portfolio.

The decision was taken at a meeting of the university's council while about 30 students picketed the doors. Students hailed the result as a victory for their protracted "disinvestment campaign".

Martin Gregory, 21, student union president, said that the council's reasons were "both moral and pragmatic".

Meanwhile Aberdeen University Court and Manchester University Council are both meeting next Tuesday with similar motions on their agenda. Manchester University alone is believed to hold shares worth about R11 million.

Oxford, Cambridge and London universities are co-ordinating their action to persuade similar sales to be made by their authorities.

Nationally, universities hold an estimated R141 million worth of shares in 500 companies with South African interests.

Loughborough's sales involved British Oxygen, Cadbury's Schweppes, Reckitt and Colman, Legal and General Assurance, Great Universal Stores, General Electric, Vickers, Rank Organization, Courtaulds, and British Electric Traction.

Bath University withdrew its investments, worth R98 000, from 12 companies with South African subsidiaries last month. Lancaster University started the sales ball rolling last year.

103/61/62

# 4 000 inquiries on Transkei

CT. 15/11/76

Own Correspondent

UMTATA. — Transkei has had 4 000 inquiries in response to advertisements placed in American and European newspapers encouraging investment in Transkei — the first time such advertisements have elicited any response.

The managing director of the Transkei Development Corporation, Mr Franko Maritz, said yesterday previous advertising campaigns for investment in Transkei, such as one in Newsweek magazine, had drawn little or no response.

But the latest campaign with advertisements placed in the Washington Post and newspapers in West Germany, France and Britain had elicited a "fantastic" response, said Mr Maritz.

The advertisements stressed Transkei was not looking for aid but offered incentives for investment in Transkei.

They were placed by the Transkeian Government and the replying address was given as the TDC in Umtata.

"While we have had 4 000 replies to our adverts not all of them are inquiring about investment or are interested in investment.

"We have been unable to process all the replies immediately," Mr Maritz said.

Some of the replies have been from people curious about Transkei — even stamp collectors wanting Transkei stamps.

"If one tenth of the replies are from interested investors it will be great. If one twentieth of the respondents invest they will outnumber the investors we have at present," Mr Maritz added.

What was most pleasing he said, was that for the first time an advertising campaign of this nature had had such a good response.



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## Investors look for evidence

KDM  
10/12/76

THE CHAIRMAN of Barclays National Bank, Mr J. M. Barry, says in his annual statement that overseas investors and South Africans are looking for evidence that South Africa is dealing with its problems realistically and effectively.

He says that the inflation rate fell only slightly in the year under review in spite of attempts to reduce demand in the private sector.

"The responsibility for implementing the reduction of

monetary demand fell mainly upon the commercial banks and the restrictions affected their profitability adversely.

"Although there was an increase in the aggregate amount of credit extended to the private sector, such increase in more recent months was at a rate significantly below the rate of inflation.

"The excessive demand for capital by the public and private sectors has meant that domestic interest rates have remained high." —

RDM 15/12/76

# Bank buys R10-million defence bond

## STAFF REPORTER

BARCLAYS National Bank yesterday invested R10-million in National Defence Bonds. This is the largest single subscription so far.

The bank's managing director, Mr Bob Aldworth, yesterday presented the R10-million cheque to the head of the Air Force and acting head of the Defence Force, Lt-Gen R. H. D. Rogers.

Under the Bank Act, 50 per cent of any bank's long term liabilities has to be invested in Government stocks. Some of the bank's original investments lapse

today and the bank decided to replace them with defence bonds.

"The bank regards the subscription as part of its social responsibility not only to the country at a particular stage in its history, but also to our staff members who have been called upon to do service on our borders.

"The bank is a regular subscriber to various Government and quasi-Government stock issues," Mr Aldworth said. "These issues are made from time to time to fund the future development of the country. We see the issue of National Defence Bonds in much the same light — as representing part of our essential needs."

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# Callaghan quizzed on Barclays' bonds

ADON  
16/12/76

Own Correspondent

LONDON. — The British Prime Minister, Mr James Callaghan, was questioned in the House of Commons yesterday about the purchase by Barclays Bank of R10-million of South African Defence Bonds.

Mr Jeremy Thorpe, the former Liberal Party leader asked the Prime Minister: "Will you reflect on the desirability of British - owned firms buying defence bonds in another country whose objects may be at variance with those of this government?" Mr Callaghan said:

"I think Barclays Bank need to show a suitable degree of sensitivity about this matter."

Meanwhile, Mr Peter Hain has threatened militant action against Barclays parent firm in Britain reports Sapa.

He said the bank's next annual general meeting in London could be reduced to chaos unless the investment was withdrawn.

"We are stepping up the Boycott Barclays Campaign and calling on every Barclays account holder with a conscience to close his account immediately."



# Row over Barclays' investment in SADF

LONDON — A massive political row is brewing in London over the Barclays Bank R10 m "investment in apartheid" announced in South Africa yesterday.

The Labour Government has accused the bank of side-stepping the British arms embargo against South Africa and of trying to outflank Labour's policy toward apartheid.

The Anti-Apartheid Movement has called for

renewed disinvestment in South Africa as a result.

Barclays Bank International said the decision had been taken in South Africa without reference to the London head office.

"As the largest shareholder in Barclays National Bank of South Africa we accept our responsibilities, but for such a small amount the local bank would not be required to refer to us."

The British Anti-Apartheid Movement has sent a letter to the British prime minister Mr Callaghan, urging him to insist that the bank

withdraw the loan.

"For a bank to put R10 m into the South African Defence Force is a complete violation of the spirit of the Government arms embargo and shows how multi-national companies can flout the policies of both the Government and the United Nations," said Mr Bob Hughes, Labour MP and chairman of the Movement.

The movement called on all those who had previously questioned the wisdom of the "boycott Barclays" campaign to now withdraw their accounts from the bank. — DDC-SAPA.

# UK row

## over

# Barclays

## bonds

\* 16/12/76  
The Star Bureau

LONDON — Anti-apartheid organisations here have reacted with anger to the news that Barclays National Bank in South Africa, which is 63 percent owned by Barclays in Britain, has made the biggest single contribution to South African Defence Bonds.

The Anti-Apartheid movement has accused the parent company of "blatant complicity with apartheid."

Mr Robert Hughes, Labour MP for Aberdeen North and chairman of AAM, has written to the Prime Minister, Mr James Callaghan, urging him to insist that Barclays should withdraw the money immediately.

The End Loans to Southern Africa group has called on Barclays shareholders and account holders to demand cancellation of the subscription to the bonds.

The group claimed that Barclays here had previously to yesterday's an-



Mr Robert Hughes . . . urging Mr Callaghan to force Barclays to withdraw R10-million immediately.

announcement given private assurances to certain shareholders that no loans of this kind would be made.

The Haslemere Group, an organisation of left wing lawyers who have campaigned against the involvement of British banks in the Republic, said Barclays had "firmly

aligned itself with the forces of repression" and reiterated its call for Barclays to withdraw from South Africa.

The Soweto demonstrations showed the extent to which the South African Armed Forces are used to oppress the black population in their own country. South Africa's military power is also used to continue the illegal occupation of Namibia," the group's statement said.

### SMALL SUM

Last night Barclays in London said that the decision to buy the bonds was made in South Africa. A spokesman added that Barclays National would not be expected to consult London about so small a sum as is involved.

He said: "We abhor apartheid but the bank feels, and its policy has always been, that it could do more good in South Africa than by turning its back and walking away.

"The bank has tried to be as liberal as it can be within the law. We do not have any apartheid in any of our branches."

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# Barclays sit tight over bond deal

\* 17/12/76  
Barclays Bank is maintaining tight-lipped silence over the row which erupted in Britain over the South African branch's R10-million purchase of Defence Bonds.

The managing director of Barclays National Bank in South Africa, Mr Robert Aldworth, today said: "No comment."

Following the angry response in Britain to Barclays investment, the Standard and Chartered banking group has asked the Standard Bank of South Africa for details of any similar purchase.

### HAIN THREAT

Mr Roy Terry, a spokesman for Standard South Africa, said: "The request has not yet been received. We will reply when it arrives."

However, it is understood that the bank has

not bought Defence Bonds and has no immediate plans to buy any. In common with other banks, however, it acts as an agent for the sale of the bonds.

Anti-apartheid campaigner Mr Peter Hain has threatened to disrupt Barclays annual general meeting in Britain next year and has called on all the bank's customers to close their accounts.

"Barclays representatives promoting business on university campuses will face disruptive protests," he said. "Action

groups may stage sit-ins at local branches."

The London Bureau of The Star reports that Swapo has sent a letter to the British Foreign Secretary, Mr Anthony Crosland, complaining about the British Government's "inability" to do anything about Barclays investment.

The letter, issued by Swapo's publicity secretary in London, Mr Peter Katjavivi, says that the bank's action confirms fears about the Government's ability to enforce United Nations policy of no military aid to South Africa.



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# Barclays faces boycott

LONDON — A threat of militant action against Barclays Bank over the R10 million investment of its South African subsidiary in defence bonds came yesterday from the anti-apartheid campaigner Peter Hain.

Mr. Hain, president of the Young Liberals, said the bank's next annual meeting here could be reduced to chaos unless the investment is withdrawn.

In a statement, Mr. Hain said: "We are stepping up the Boycott Barclays campaign and calling on every Barclays account holder with a conscience to close his account immediately."

"Barclays' representatives promoting business on university campuses will face disruptive protests and Barclays' AGM next summer could be reduced to chaos unless the South African decision is reversed."

Mr. Hain added: "We shall be encouraging anti-apartheid activists to open fresh accounts with Barclays and then close them down shortly afterwards, so causing the bank maximum administrative inconvenience and costing it thousands of pounds."

Action groups may also stage sit-ins in local branches of the bank.

Anti-apartheid, church and Left-wing political groups reacted

angrily yesterday to the report of a Barclays report of a Barclays contribution to the "fighting fund."

Anti-Apartheid Movement chairman Bob Hughes, a Labour MP, wrote to Prime Minister James Callaghan urging him to insist that Barclays International, which owns a controlling 63 percent of the South African subsidiary, withdrew the R10 million immediately. — (Sapa.)

DD 18/12/76.

## New row over equipment for SA

LONDON — The Parliamentary row over the export of tropospheric scatter communications equipment to South Africa is blowing up again because a document leaked this week has shown the original order was just the tip of the iceberg.

The total contract under negotiation will exceed R28m and will provide a sophisticated army and post office telecommunications system with 20 terminals with 10 links, linking South Africa and South West Africa.

The document, an application from Marconi Communications Systems' general manager, Mr R. J. Williams, has revealed that even if the British Government denies a licence for the export of the equipment it could be built under licence in South Africa.

In a letter accompanying the application, Mr Williams said the South African Government had transferred all fixed communications equipment in South West Africa to the authority of the Post Office instead of the South African Armaments Board, and as a result the equipment covered by the application (the first eight troposcatter terminals) would all be in South Africa.

He said South Africa would not go ahead with the next contract unless it had an assurance that there would be no trouble over the licence.

Several Labour MPs have said they will pursue the troposcatter row because Mr Williams' letter leaves no doubt that it is primarily to be a military network with some civilian usage. — DDC.

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# Rubbish, says bank about probe report

LONDON — The Standard and Chartered bank group dismissed as "all rubbish" a report here that the bank was investigating whether its South African subsidiary had invested in the country's "fighting fund."

A Standard Bank spokesman told Sapa: "There is no inquiry and no pressure from London, nor do I anticipate there will be."

But he added: "All that we have done is ask Standard Bank of South Africa purely as a matter of information what the position is."

The report in yesterday's Guardian newspaper

follows the announcement last Wednesday by Barclays Bank's South African subsidiary, Barclays National, that the bank had bought £10-million in defence bonds.

The Barclays decision brought a storm of protest from anti-apartheid organizations here.

The Prime Minister, Mr. James Callaghan, said last

Wednesday that the bank's decision was "a matter of internal policy" and that the bank was not under any external pressure.

Mr. Callaghan said that the bank's decision was "a matter of internal policy" and that the bank was not under any external pressure.

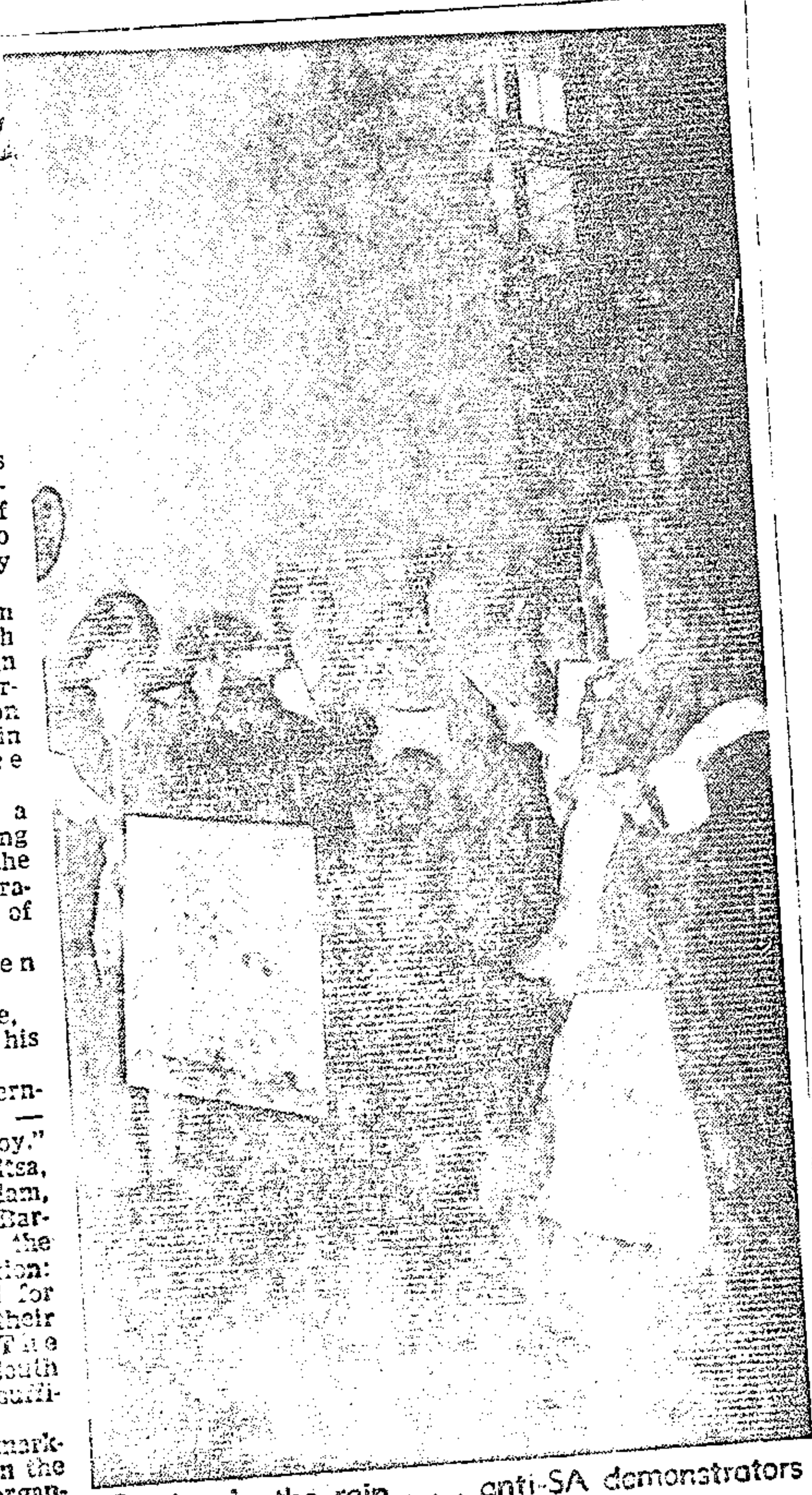


~~Vorster~~ RDM  
2/11/72

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# carol for Barclays

Own Correspondent  
LONDON. — Santa Claus delivered an outside Christmas card and a sack of plastic "war weapons" to Barclays Bank in the City of London yesterday.  
The greetings were from the End Loans to South Africa (Eltsa) campaign in protest against Barclay's "invidious" decision to invest R9.6-million in South African defence bonds.  
Outside in the rain a group of 20, including Bishop Colin Winter, the bishop-in-exile of Damara-land, sang parodies of carols.  
"Good Christian Men Rejoice," came out as: "Vorster doth rejoice, For Barclays' heard his voice.  
And given his Government an expensive toy — Guns that do destroy." The secretary of Eltsa, the Rev David Maslam, carried the card into Barclays. He left it in the bag with the inscription: "Barclays spills blood for Xmas, giving Whites their guns and tanks. The daughter of Black South Africans should be sufficient thanks."  
The demonstration marked the opening shot in the campaign in which organisations throughout the world will be encouraged to boycott Barclays.



Singing in the rain . . . anti-SA demonstrators outside Barclays yesterday.

stronger: 'grossly mislead-  
and against the same allegation, could hardly have been  
protested. The protest of the Cape Times, on the same day  
therefore anti-South African. This was not true, it  
speakers opposed the principle of a national flag and were  
controversy progressed, to persuade Afrikaners that English-  
attempt was being made, and would be intensified as the  
supporters had begun propaganda to confuse the issue: an

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KDM 12/12/72  
**Barclays under fire**

Own Correspondent

LONDON. — A London borough council has been told by its finance sub-committee to withdraw its account from Barclays Bank in protest over the bank's investment in South African defence bonds.

The loss to Barclays in annual bank charges could amount to about R22 000 — the council's total budget is R100-million most of which would have been deposited in the bank.

The Labour-dominated

Brent Council will decide early next year whether to accept the committee's recommendation.

A spokesman for Barclays Bank said the bank would regret losing any business, particularly because of a misunderstanding.

"People seem to think that we have made a donation to the South African Defence Fund. This is not true. We were only involved on a business level."



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# New UK row on R29m SA network

*Cape Times 27/12/76*

Own Correspondent

LONDON. — The parliamentary row over the export to South Africa of tropospheric scatter communications equipment is blowing up again because a document leaked this week has shown that the original order was just the tip of the iceberg.

The total contract under negotiation will exceed £20-million (about R29m) and will

provide a sophisticated army and post office telecommunications system with 20 terminals with 10 links, linking South Africa and South West Africa.

The document, and application from Marconi communications system general manager, Mr R J Williams, has disclosed that even if the British Government denies a licence for the export of the equipment it could be

built under licence in South Africa.

The letter also shows, however, that the South African Government was deeply shocked when the British Labour Party left wing forced a tightening up on export licences as a result of publicity given to the "troposcatter" deal.

Already there has been a heated debate in the House of Lords when Lord Goronwy-Roberts, Minister of State for the Foreign and Commonwealth Office, could not give an assurance that the equipment would not have a military use.

In a letter accompanying the application Mr Williams said that the South African Government has transferred all fixed communications equipment in Namibia to the authority of the Post Office instead of the South African Armaments Board, and as a result the equipment covered by the application (the first eight troposcatter terminals) would all be in South Africa.

### An assurance

He said four years have been spent studying the project, more than three of them on site in Southern Africa. "The contract's current value is £10-million (about R19m.), and will be enhanced by future price escalation, representing 1 000 man-years of skilled work in the Marconi factory and a comparable load on sub-contractors' work."

The phase now under negotiation "is of slightly higher value", Mr Williams wrote. But he said the South African Government would not go ahead with the next contract unless it had an assurance that there would be no trouble over the licence.

Mr Williams said that South African policy was to divide communications systems between the Army and Post Office with either organization allowing the other channel facilities.

Meanwhile, a spokesman for the Defence Force in Pretoria has categorically denied that any plans are contemplated to erect any tropospheric scatter communication equipment in South West Africa.



AD 28/1/77 (2)

## More leave Leyland

LONDON — Two more senior British Leyland executives have announced their resignations, bringing the total of top level departures to four since South African-born Mr Michael Edwardes took over as chairman and started a management shake-up.

The growing list of departures is evidence of the opposition that has built up in some executive ranks to the Edwardes plan for breaking Leyland into three separate companies.

However, Premier James Callaghan had warm words of approval for the way Mr Edwardes is carrying out his tough job. Mr Callaghan said he was grateful that Mr Edwardes had agreed to take on the job. "I am sure there are many quieter ways of earning a living," he said.

The Prime Minister issued a blunt warning to the Leyland work-force. "Do not look to the Government for more solutions. We have done our part and now it is up to you." — DDC

# Leyland undecided on SA

STAR 2/2/78 (61)

LONDON — British Leyland's South African operation is still "under review" after yesterday's plan to revamp the ailing motor giant.

Mr Michael Edwardes (47), the South African-born chairman of Leyland,

concentrated on the British end of the group when he delivered a blunt message for the firm's survival to 700 union officials representing 130 000 workers.

And despite his plan to cut at least 12 500 jobs, Mr Edwardes was given

the overwhelming support of the shop stewards — only five voted against him — at a mass meeting in the Midlands.

A Leyland spokesman later confirmed that Mr Edwardes had made no mention of specific plans for South Africa or other individual overseas sub-

sidaries — from Australia to Kenya and Nigeria to India.

A separate company, British Leyland International, will handle the overseas operations. These are still under review — "a process which will take a long time," said Leyland.

# Leyland chief gets support of union men

2/2/78

The **Argus** Financial Correspondent

**LONDON.** — British Leyland's South African-born chairman, Mr Michael Edwardes, has delivered a blunt message for the firm's survival to 700 union officials representing 130 000 workers.

In spite of his plan to cut at least 12 500 jobs, Mr Edwardes was given the overwhelming support of the shop stewards — only five voted against him — at a mass meeting in the Midlands.

A Leyland spokesman later confirmed that Mr Edwardes had made no mention of specific plans for South Africa or other overseas subsidiaries.

The spokesman said earlier reports that Leyland South Africa might be partly closed were a distortion of the fact that all overseas activities were being carefully studied.

## NO PUNCHES

Mr Edwardes pulled no punches at his meeting with the shop stewards.

In a speech greeted with 30 seconds of applause, he said: 'We are in a mess. Those 250 000 cars we lost last year through stoppages, coupled with the very bad quality of many of the cars we did produce, have put the whole car business at risk.'

Leyland was over-manned and even on the most optimistic estimates of its future share of the British market a reduction of at least 12 500 workers was necessary, he said.

## SMALL CAR

At the same time, he disclosed expansion plans, 'costing hundreds of millions of pounds,' to produce a new small car — 'a mighty Mini,' a new medium-sized car and an urgent stepping up of production of Land Rovers and Range Rovers.

As was widely leaked Mr Edwardes, with the backing of the Government, plans to break Leyland's operations up into smaller units.



# CAR STRIKE PLANT TO BE CLOSED

Mercury Correspondent

LONDON — Mr. Michael Edwardes, the tough South African boss of British Leyland, has finally lost patience with 3 000 strikers in Liverpool who have cost the company more than R168 million in lost production. 16/2/78 (6)

He is closing down the entire Speke, Liverpool, plant which produces Triumph TR7 sports cars but has been strike-bound for 16 weeks.

A scream of outrage arose from unions and Labour MPs yesterday, but Mr. Edwardes has the backing of Premier James Callaghan and the Cabinet.

Mr. Edwardes was in the United States yesterday placating Leyland distributors who have threatened to cut all business with the company because of its shocking record of unreliability. He was unavailable to comment on the coming redundancies in Liverpool which have stunned the entire Leyland workforce to the core.

## Disaster

Left-wing Liverpool MP Mr. Edward Loyden was already calling on the Leyland unions to "resist the closure, which will be a disaster." In a bitter attack on Mr. Edwardes he accused the new Leyland boss of reneging on an alleged statement that there would be no closures.

Mr. Robert Moss, secretary-general of the Transport and General Workers' Union, warned that the unions intended opening battle with Mr. Edwardes.

But Leyland executive sources say that Mr. Edwardes had no option and his action would in the long term save jobs and help revive the image of the disgraced car giant — if he gets workers' backing.

## Warning

Above all he intends showing that management must not be dictated to by the unions. With the government backing him the notorious Leyland workers might at last be forced to think twice before downing tools.

Mr. Edwardes is also

26/4/78

(61)

# Leyland UK plans

The Star Bureau

LONDON — Leyland Cars is spending the first £25m (R39m) of a £250m programme to double output of Land Rover/Range Rover models even before the project has been approved by the British Leyland Board.

Mr Michael Edwardes, the chairman, has authorised the investment to

prevent any delay to a venture seen as central to any Leyland recovery.

The money will be committed to ensuring a rapid build-up of production.

The company is conscious of the need to move quickly to retain its 15 percent share of an increasingly competitive international market. Mr Edwardes has made it clear that he will not seek

approval from his board until the work force has given him a prior commitment.

Mr Edwardes will have to decide whether to make the go-ahead conditional on membership by the Solihull plant of the worker-participation machinery. The Transport and General Workers' Union at the Rover assembly plant has adamantly refused to join.

# New boost for ailing car giant

By NEIL BEHRMANN

LONDON. — The British Government is likely to pump another 850-million pounds (R1,4-billion) into British Leyland to help South African-born chairman Michael Edwardes, pull the huge motor company out of its morass.

At a meeting with foreign journalists, Mr Edwardes said that it was now up to Parliament to authorise the deal. "If Parliament approves, it will then be up to us," he said. Earlier this week, the Secretary of State for Industry, Eric Varley, announced that the government supported the recommendation that it should put up 450-million pounds (R734-million) of new equity into Leyland. It also accepted that another 400-million pounds of public funds would be needed over the next three years.

In 1975, when Leyland was in dire straits, the government made an offer for the existing shares of the motor company. The cost of the acquisition was 46-million pounds and, in addition, the government subscribed for 200-million pounds from a rights issue of Leyland. All these shares were vested in the government-affiliated organisation the National Enterprise Board and gave the board a 95 per cent shareholding in the company.

In the ensuing years, the government and the board lent Leyland another 150-million pounds. But Mr Edwardes stressed that it was far from a subsidy as interest on the loans was as high as 15 per cent in some cases.

Mr Edwardes said that the new injection aimed at improving Leyland's balance sheet, which currently had the unsatisfactory debt:equity ratio of 75:25. The 450-million pounds equity would produce a ratio of 49:51.

## Interest burden

The preliminary results of Leyland for the year ended December 1977 also spell out the burden of interest charges. Compared with the 15 months ended December 1976, profits before interest and taxation fell from 118-million pounds (R192-million) to 56,7-million pounds (R92-million).

But after interest charges of 53,6-million pounds (R87-million), pre-tax profits dwindled to a mere 3-million pounds (R4,9-million). After tax and extraordinary items, the loss was 52-million pounds (R85-million), compared with a profit of 44-million pounds (R72-million) in the 15 months ended December 1976.

Of course, interest charges were not the only reason for Leyland's dismal performance last year. A National Enterprise Board report said that after the middle of the year, production was disrupted, partly by disputes beyond the company's control, but partly because of disturbances and strikes in the company itself.

The long history of interrupted supplies led to a growing crisis of confidence among dealers upon whom British sales largely depend. The disruption also damaged exports, which were already facing tougher competition, adverse exchange rates movements and relatively higher rates of inflation at home.

Market share fell dramatically and was well down on budget. For instance, Leyland budgeted for a 33 per cent share of the British market for cars. The actual achievement was 24 per cent.

The beginning of this year saw another serious decline, although recently there has been an improvement.

Mr Edwardes, however, is confident that the situation will improve.

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# TORY 'NO' TO £2 000m LEYLAND RESCUE PLAN

The Star Bureau

7/4/78 (61)

LONDON — The Conservatives have given the thumbs down to the Government's £2 000m deal to salvage British Leyland. The government plan is for the taxpayers to put up £1 000m towards the rescue plan.

But the Tories say that British Leyland should raise more of the money itself, by hiving off profitable sections to private enterprise. This could mean, for instance, selling off Rover to a private buyer.

In a compromise vote in the House of Commons on Monday, the Tories will oppose extra cash for the National Enterprise Board, but abstain on voting against £150m for Leyland. The NEB, through which Leyland gets Government assistance, has announced a £31m loss. But without Leyland's recent £43m debut, the NEB would have made a profit.

## UK Leyland puts aside <sup>(61)</sup> R27m for possible SA losses

The British Leyland annual report, issued in London yesterday includes a statement to the effect that £17,1m (R27m) has been provided as an extraordinary item for the estimated losses which could arise if direct involvement in car manufacture is discontinued in South Africa.

Mr Peter Murrough, the managing director of Leyland SA, confirmed that this provision had been made in view of the past profit performance of its car operations, but that this did not in any way imply that British Leyland car products and parts availability would be discontinued on the South African market.

In creating this provision, British Leyland had taken the worst view possible in view of the state of the motor industry he said.

### RATIONALISING

He pointed out that considerable rationalisation was likely to take place in the motor industry this year, and that his company was at an advanced stage of negotiating with a number of manufacturers with regard to rationalising manufacture in South Africa.

Any changes arising from this rationalisation would take time to implement because of the complexity of the industry, but would plan to be completed by the time phase five became operative on January 1, 1980. — Sapa.

Overseas ind

## R26-m set aside for Leyland

By Keith Macfarlane, The Argus Motoring Editor  
**CONFIRMATION** that Leyland had been discussing rationalising its car manufacture in South Africa came today with the announcement that British Leyland had allocated R26 847 000 to provide for estimated losses the company would suffer if their direct involvement in car manufacture in South Africa was discontinued.

Mr Peter Murrugh, managing director of Ley-

land South Africa, said today the provision had been made in view of the past profit performance of the company's car operations, but this did not imply that British Leyland cars and parts would no longer be available on the South African market.

He said considerable rationalisation was likely to take place in the motor industry this year and that Leyland was in an advanced stage of negotiating with a number of manufacturers about ra-

tionalising manufacture in South Africa.

Any changes arising from this rationalisation would take time to implement because of the complexity of the industry, but would be planned to be completed by the time Phase Five of the local content programme became operative on January 1 1980.

He added that the financial provision made by British Leyland affect-

ed only the car manufacture; and that the Truck and Bus, the Special Products, Land-Rover and tractor divisions would not be affected.

It is known that talks have been going on between Sigma and Leyland, and in many ways Sigma has more to offer Leyland than any of the other major manufacturers; and would in turn find Leyland's factories and manufacturing facilities most useful.



# SAMUEL OSBORN (SOUTH AFRICA) Coal's for growth

Head office in Denver's Main Reef Road is unpretentious, a not unfitting image, perhaps, for a company whose 64.8% parent comes from Britain's steel city, Sheffield.

But displayed along one wall of reception are the framed citations showing that Samuel Osborn (SA) has long been one of this country's top companies. That it has, is not surprising.

Profits and earnings haven't stopped growing in the years since 1967, and in the five years ended September 1975, the pre-tax profit figure has risen by an annually compounded 29.7%, with earnings growth exceeding that figure at 32%. Dividends over the five years have gone from 12.8c to the 1975 total of 32.5c.

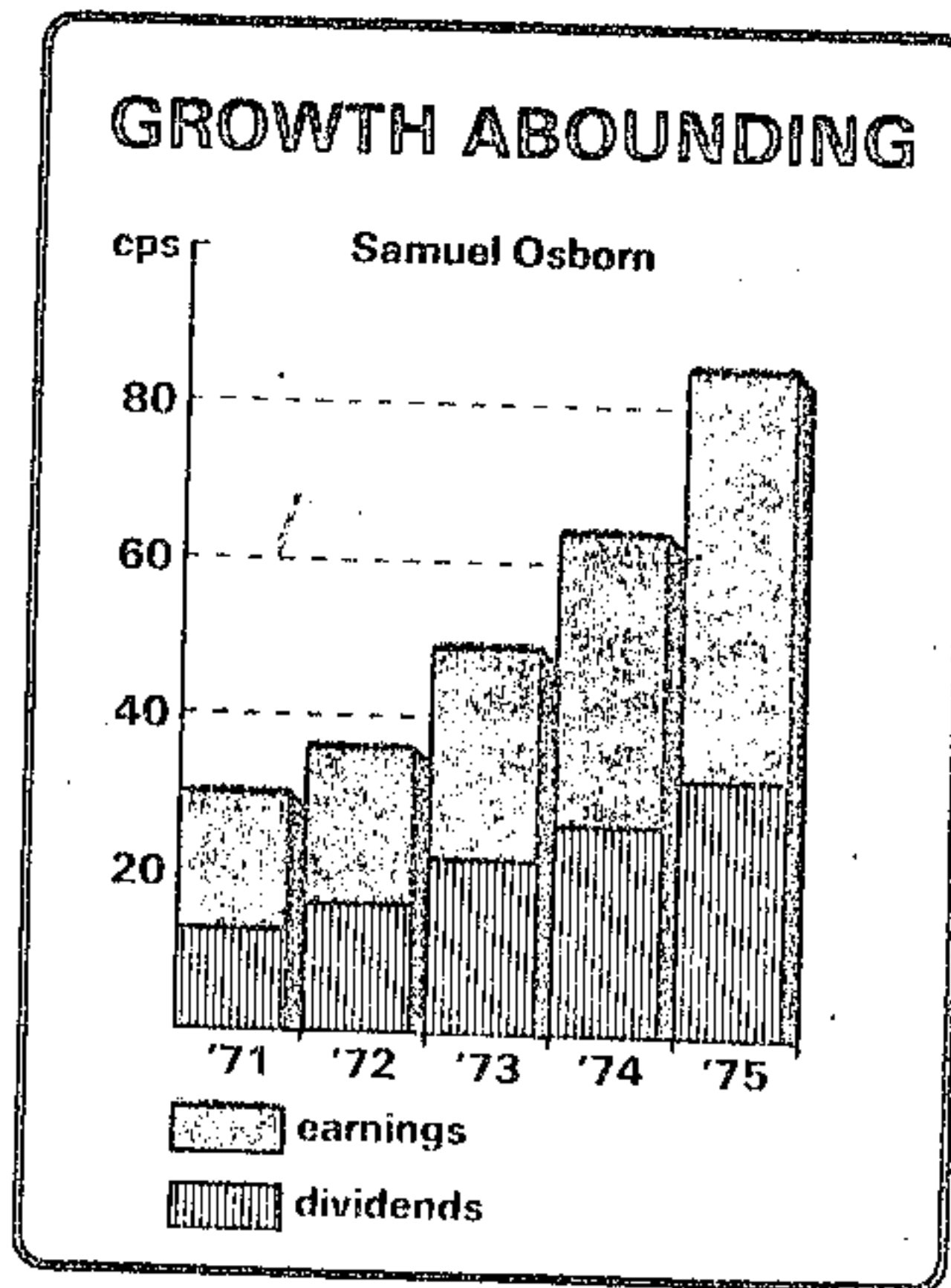
It's a record which most engineering companies in SA can only envy, and it finds its reflection in the JSE price of the shares, currently 450c and only marginally below the year's 490c high.

True, the shares are exceedingly tightly held and are comparatively rarely dealt in, but the current (historic) dividend yield of 7.2% is among the three or four lowest in the JSE engineering sector, and about 27.5% below the sectoral average.

In the latest half year for which figures are available, to March 31, earnings went still further ahead to 41c (33c) or by 24%, though, as might have been expected, margins were under pressure, with turnover up by just under 50% at R13m.

The company's history is one basically of association with the SA mining industry. It manufactures and supplies crushing, screening and milling equipment for the quarrying, mining, coal and cement industries. And though the parent is British, a great deal of know-how is American via, for example, the association with the McNally Pittsburg Manufacturing Corporation, of Pittsburg, Kansas, whose strength lies in the engineering of coal preparation plant.

As coal begins to figure even more prominently in our economy — new mines to feed Eskom and Sasol II, for example — the company obviously aims



to be on hand to offer the equipment required, such as crushers, breakers and washers, and feeders. The fact that the US association figures so largely is linked basically to the fact that conditions in SA mines are much more akin to those of the US than of Europe.

However, Samos has other strings to its bow, most notably machine-cutting tools, where it makes and sells, via the Maritzburg-based Somta Tools, high-speed cutting tools, including twist drills, reamers, and milling cutters. This operation began back in 1955, and was a first in SA. Customers here are primarily in engineering, and while the industry is strategic in a sense, the company has to import all its tool steel since none of the required quality is locally manufactured.

Overall, and fortunately, the import content of Samos' products is not all that high, though the commitment for import deposits is nevertheless, companywise, significant, though MD Henry Snow points out that stocks are being cut back wherever possible.

The company has built up a sizeable

export market — though it won't quantify it — shipping to a wide range of countries which include the more machine tool sophisticated economies like the US, Australia, Canada, and W Germany.

The overall SA economic recession has, of course, hit the local market for the company's tools and the industry is one which, in any case, tends to be cyclical the world over. So offset is being sought in exports, with some success partly thanks to overseas economic revivals.

The company's engineering base has also brought it into contact with the building industry, the aluminium department distributing, and modestly manufacturing, aluminium extrusions, shop-fitting systems and shopfitters' hardware, fittings, other bits and pieces. This grew out of a similar venture in producing such products from stainless steel, though the price of that material made substitution by aluminium inevitable. Some stainless steel, in the form of drawn sections, is still handled, however.

It would not be too surprising if this sector of the business suffered somewhat in 1975-76, if only because of the building industry downturn, but, as has become more evident in recent months, there has been a decided trend towards the refurbishing of existing outlets rather than the establishment of new shops, to offer some compensation for Samos.

The company has a 75% stake in Osborn Nu-Way Heating Plants, making and distributing a wide range of industrial oil, gas, and coal combustion equipment which would appear to have prospered, despite the rising cost of fuel oil. Gas burners were inevitably inhibited by the minimal increase in SA gas supplies, and though it has taken rather longer than expected to get the coal-burning side off the ground, the emphasis on coal in the country ought obviously to benefit the organisation.

Because of its comparatively wide range of products, it's virtually impossible to compare the company, save on the broadest of grounds, with any other JSE-listed concern. There is a degree of competition on the mining equipment side with F.L. Bateman and with the Fraser & Chalmers division of Mitchell Cotts, but on the other hand both these companies will, and do, buy on tender from Samos. Competition, in fact, comes much more from local unlisted and overseas companies, and there's little doubt that it's hot enough.

## ALL SYSTEMS GO

Year to: end-September	Return on capital employed	Pre-tax profit R'000	Earnings		Net Assets
			Eamed	Paid	
1971.....	29.0	1 428	30	12.8	205
1972.....	26.2	1 652	36	16.0	225
1973.....	31.3	2 241	49	22.0	262
1974.....	34.8	2 587	64	26.5	303
1975.....	37.4	3 451	85	32.5	361



FIN MAIL 12/11/76

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## ARMOURPLATE STRIKE Unanswered questions

The Armourplate strike — the longest by Africans in South African labour history — ended last week. But its repercussions continue.

In a statement issued this week, the (African) Glass and Allied Workers Union charges the firm with allowing “a comparatively small issue to blow up into one of major proportions”.

The union charges Armourplate with constantly ignoring the wishes of its work force by not consulting its works committee on the retrenchments which sparked off the dispute, and of consistently refusing negotiation — both before and during the strike. It also says the firm attempted to intimidate worker representatives. On the morning of the strike, the union says, “works committee chairman Ephraim Mabena went to the office of Armourplate’s factory manager to attempt to resolve the issue. There he was confronted with both the manager and “three strangers”, all of whom kept revolvers on the table in front of them throughout the meeting.

The union says numerous attempts by both it and the works committee to negotiate with management in order to get the strikers back to work were ignored. The union also asked Institute of Industrial Relations director Sam van Coller to mediate. Despite van Coller’s standing with management (he is an Anglo American labour man), the firm ignored this attempt, too.

Armourplate chairman John Breakspear dismisses the union’s allegations as “untrue and unworthy of further comment.” He tells the *FM*, however, that “in my view this was not an industrial dispute but a political manoeuvre. The retrenchment of the three men was fully discussed by the company with the works committee. The Department of Labour also had discussions with the committee but were unable to reach a settlement.

“At no time during the dispute did the company intimidate the workers’ representatives, nor has there been any intimidation of the workers who returned.”

The strike ended last Monday, after van Coller’s attempt to secure a settlement failed. The workers decided not to seek re-employment with Armourplate because they fear union members will be victimised — as evidently happened to a few men who earlier did return to the factory. They also fear that the more skilled workers will be used to train new recruits and then be dismissed.

The union claims the strike had a serious effect on production. Armourplate was forced to rely on an African labour force of 30-40 for the first four weeks of the strike and 50-60 thereafter. It also says it has had unconfirmed



Breakspear — jobs on a selective basis

reports from workers that mistakes by untrained workers on the production line during the strike caused Armourplate to incur a penalty on a contract with a firm of railway carriage workers, and that glass delivered to the factory by the nearby Pilkington’s plant piled up because no-one was able to work it.

The statement points out that Breakspear was quoted in one paper as offering strikers their jobs back “on a selective basis” and in another as saying that the company had cut its work force down from 200 to 113 because of the recession.

The union also comments on the conviction of picketeers under the Riotous Assemblies Act. “The right to strike is a mockery without the right to conduct a lawful picket”, says the union.

Strikers were also interrogated by the Security Police. One was asked who had caused them to strike and replied “Mr Fitzhenry” (the factory manager).

61

## A tile man who won't be floored

FIN. MAIL 3/12/76

**Soft-spoken** Bill Courtney personifies the bulldog determination and fighting spirit for which the English were once renowned. Conservative in political thinking — “You’ve got to be a Tory in business” — he’s number three in the UK-based Marley Floor Tile Company with a worldwide spread of 38 wholly-owned subsidiaries. Turnover in 1975 totalled £151m; profits £11.2m. Courtney recently took over from one of the joint deputy chairmen on Marley’s main board. He’s also director of several companies in the Marley group, including Marley SA.

This had a bumper year to June 30 1976. Turnover was hiked by 30% to R22m. Profits soared by 75% to R2m plus. The product line includes flexible floor tiling, roof tiles, heavy wall coverings and plastic extrusions such as gutters and down pipes.

Courtney purrs contentedly that he’s well satisfied with the SA operation. Success, he says, is picking

the right management. “And we’ve got a terrific team of go-getters here.”

His bulldog spirit evinces itself in the way he handles the current economic downturn both in the UK and SA. It’s proving a challenge. “We’re a hard selling company in tight market conditions. It’s a Marley philosophy. We’ll feel the pressures of a slowing economy, but we’ve a pretty broad spread of products. With a carefully directed sales effort we’ll come through smiling.”

The fact that the building industry shows no current revival doesn’t bug him. “We’ll push harder at the home-owner. Step up our selling pressures to retail outlets, building merchants and flooring contractors.” Marley’s SA policies are jointly conceived between the UK parent and the local team. Courtney, a marketing expert, lends a keen hand.

Marley UK is still investing substantially in new plant developments at Nigel. And will go on

doing so, says Courtney. Dividends reaped locally are ploughed back into the operation. New marketing developments in the last year have included a concerted export drive to Africa and the off-shore islands. With political tensions abounding, Courtney won’t disclose progress.

SA’s political problems don’t intimidate him unduly. But he foresees the urgent need to develop more technical skills, both Black and White. “The promotion potential of Blacks creates better markets for everybody, including Marley.”

Courtney’s tight schedule — he’s visiting 14 distribution points in SA’s main centres in three weeks — would leave most people gasping.

What does he think of Britain’s current economic plight? “Once the UK remembers how to reward people for endeavour and to encourage thrift, and I hope this will be very soon, I think we’ll see Britain making headway in a surprising manner.”



# Leyland

## voer uit

Uitvoer-bestellings ter waarde van R1,5 miljoen is deur Leyland SA verkry. Binne vier maande sal die maatskappy 60 Jaguar Executive-motors na een van British Leyland se agente in die Verre-Ooste uitvoer.

Nog 'n bestelling wat ongeveer R500 000 werd is, maak voorsiening vir die lewering deur Leyland SA van sowat 20 000 bakwerke en enjinonderdele aan British Leyland oor 'n tydperk van drie maande.

*Sake-  
Rapport  
24/7/77*

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61

## AFRICAN UNIONS

### Leyland stirs the pot

Motor multi-national Leyland has landed itself in a multi faceted labour dispute at its Elandsfontein plant near Johannesburg.

The unregistered Metal and Allied Workers' Union (MAWU) has been battling for years to get Leyland SA to grant it organizing facilities among African workers at Elandsfontein. Now it claims that while Leyland has continually resisted it, the company is encouraging other unions to organise Africans there.

Requests by MAWU's Transvaal branch that the company inform workers that no action would be taken against them if they joined the union were also rebuffed. Leyland said it did not grant organising facilities to, or bargain with, any union, registered or unregistered.

Now, however, according to MAWU, Leyland has approached Ronnie Webb, secretary of the registered Motor Industry Combined Workers' Union (whose members are mainly coloured workers), and asked him to organise Africans at Elandsfontein. Leyland personnel men are reportedly handing out membership forms for the Motor Industry Workers' Union, Webb's newly formed African union, and

encouraging them to join. (Webb was recently elected president of Tucsia).

"They are granting them the very facilities they said they didn't grant to any union. We want to know why Leyland has one standard for us and another for other unions," asks MAWU.

MAWU also charges that Leyland approached another unregistered (African) union, the United Auto and Rubber Workers, asking it to organise at Elandsfontein. The union refused, however, when it discovered that MAWU already had members at Elandsfontein.

MAWU is also angry because, it claims, Webb said that he had no objection to its presence at Elandsfontein. At one stage, says MAWU, Leyland said it was opposed to MAWU's non racial constitution because this would allow MAWU to recruit Webb's coloured members.

#### Employer opposition

"We then approached Webb who said he had no objection because his coloured members were protected by a closed shop clause. He also said that he had previously tried to form an African union but had failed because of employer opposition."

Webb confirms that he was approached by Leyland but denies he approved MAWU's presence at the

plant: "I told them there was nothing I could do to stop them, but that we were planning to form an African union."

He adds that "this is no new idea. We drew up a memorandum to employers in 1975 stating our intention to form an African union. The union was officially launched earlier this month and may be expanded to include unorganised coloured workers. Once the union has grown, we will have an advisory role only and it will be run by its own officials."

Webb says organising at Leyland is being undertaken by an official of his union with the assistance of liaison committee members. He rejects the charge that his union is encroaching on MAWU territory: "They must understand that the motor repair industry is our territory. It is MAWU, not us, who is poaching."

Despite his earlier insistence that it did not bargain with anybody, Leyland has confirmed to the *FM* that it is in contact with Webb's union, and is not against its organizing an African union.

Leyland adds: "MAWU have not, as far as we know, organised workers in the retail motor repair industry but have always concentrated their efforts in the motor assembly industry. For obvious reasons we would prefer a union which is already involved in the motor repair industry and has an understanding of the industry."

# A great leap backwards

All the talk these days about big changes in SA's labour relations must sound rather hollow to the blacks working at Smith & Nephew's Pinetown plant.

They have just been told that S & N will not renew its agreement with their union, the unregistered National Union of Textile Workers (NUTW) — an agreement which has rightly been hailed as an example of how SA managements should deal with African unions. When it signed the agreement three years ago, this British company showed how foreign investors could, if they wished, be positive forces in SA.

It is not only African workers who are affected by S & N's change of heart. The plant's Indian workers have recently resigned from their union, the registered Textile Workers Industrial Union, (TWIU) to join NUTW, which now has membership of all races at S & N.

In place of union recognition, Smith and Nephew are offering to negotiate a binding agreement with a works or

company's own explanation seems somewhat confused.

S & N men will not talk to the press. MD Kenneth Lunn says that only the group's London head office can do so. A London spokesman, however, will not say anything other than that the firm "has merely refused to renew an agreement which has lapsed. This does not close the door to future agreements."

However, the firm has tried to explain its actions to its own workers in conflicting ways. According to TWIU general secretary Norman Daniels the decision is linked to a dispute between his union and NUTW (FM March 18 and May 20). "Lunn told us that until we settle our differences, he's not in a position to talk about an agreement."

But this explanation conflicts with what Lunn told NUTW men at a meeting this week.

Says NUTW secretary Obed Zuma: "He told us that they can't communicate directly with their workers if a third party

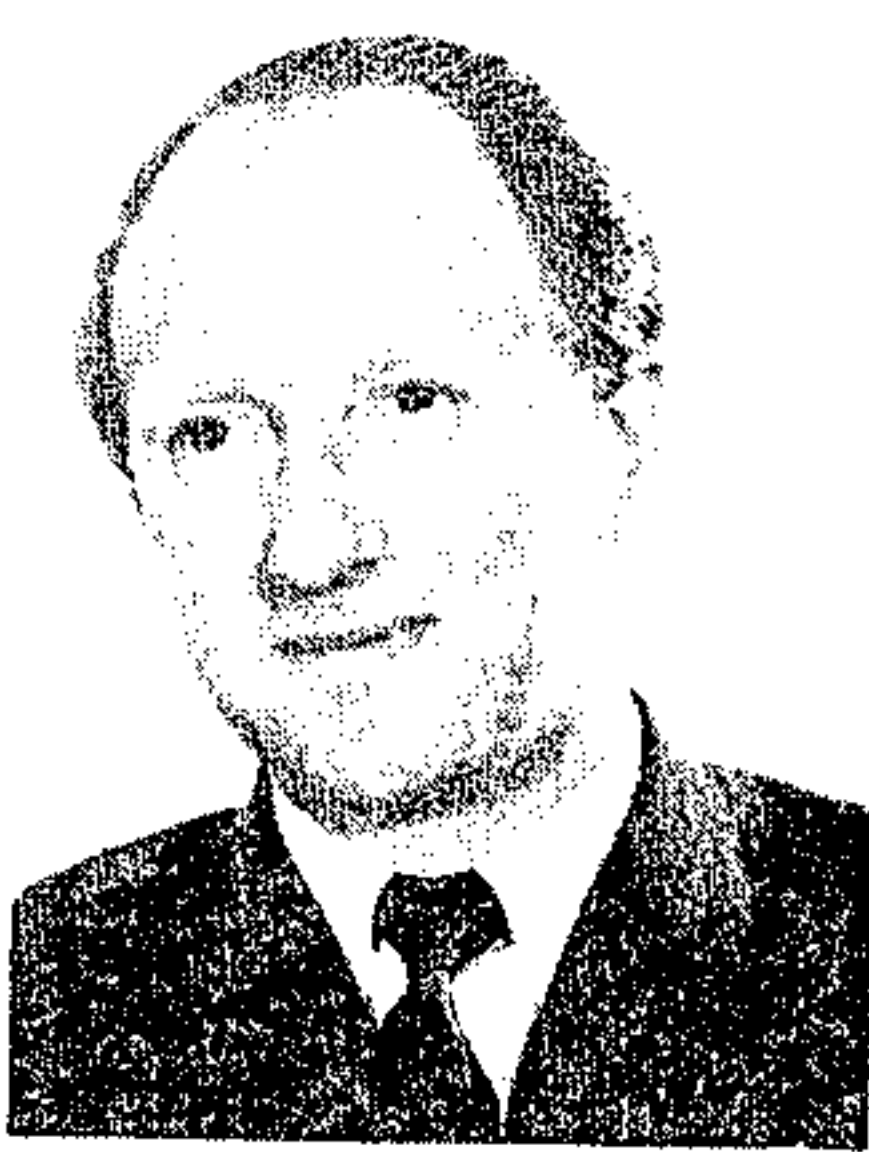
sides in an inter-union dispute" as one textile man puts it, "is eminently sensible". No doubt. Particularly if your own union has no members in the plant and your rival has the vast majority of them.

In any event, the union dispute appears to be something of a red herring. After all, S&N were talking about dropping the agreement before the dispute began.

Whatever the reasons, the fact remains that one of the few hopeful lights in SA labour relations has just been put out.



Lunn and factory workers . . . amicable relations in jeopardy



liaison committee, and to improve benefits such as housing.

NUTW bitterly rejects this. It says S & N wants separate liaison committees for each race, which the workers also bitterly reject.

The union adds that the committee system doesn't afford workers the protection of union membership, and that housing is hardly a substitute for giving workers a real say in wages and conditions. "The company's actions are incomprehensible to workers and can only be seen in the worst possible light by them. Regrettably S & N seem determined to take a step backwards," says the union.

The firm's workers agree, it seems. They met of their own accord on Wednesday to protest against the decision.

Why has S & N taken this step? The

is involved and that the law doesn't allow them to recognise unregistered unions. I asked them when they realised this and they said they had known it all along and they have only recognised us because there was a registered union here."

There may, however, be something else behind S&N's decision. A document issued by unregistered unions in Durban this week hints at government pressure on the firm to drop the agreement.

According to the document, S&N first raised the idea of introducing the works committee after last November's trade union bannings. Management reportedly said then that "this would reduce pressure being applied by the State, which was a major market for them, particularly for surgical dressings, plasters, etc". The document also refers to pressure by the State "at the highest level".

Daniels says the firm's "refusal to take

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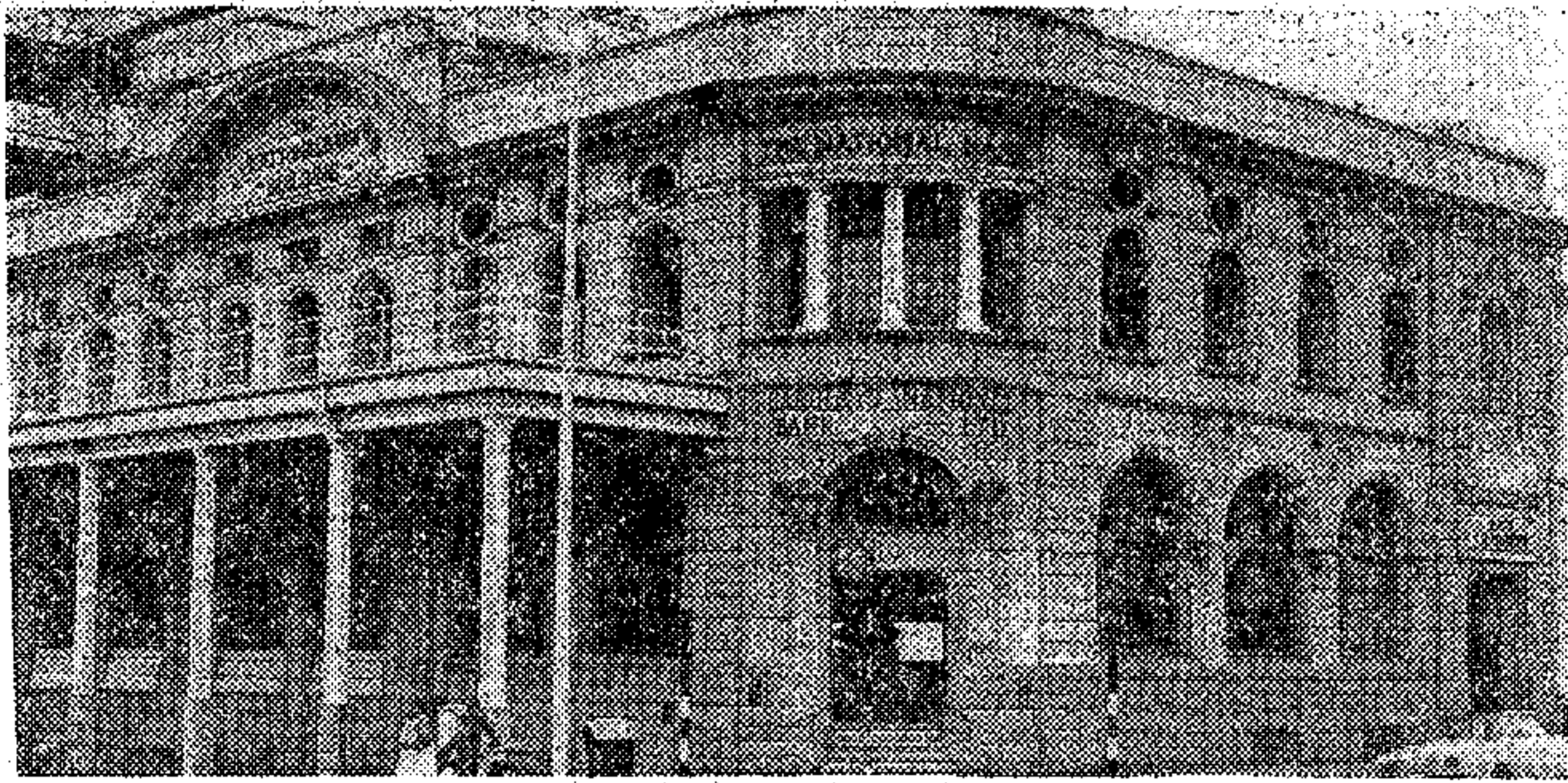
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Its findings and methods"

s, XIX, 1966.

conomic History, pp. 1-2.





# War bonds: Barclays rapped

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13/1/57

**LONDON — In an apparently unprecedented step, the British Foreign Office yesterday summoned a senior executive of Barclays Bank to demand an explanation for the purchase of defence bonds worth R9,7 million by its South African subsidiary.**

In a complete backdown from its earlier stand the bank gave the British Government an undertaking that it would do everything in its power to stop further amounts of Barclays money going to support the South African defence effort.

Previously Barclays said it did not bear responsibility for the subsidiary.

Mr F. Dolling, senior general manager of Barclays and former managing director of Barclays in South Africa, admitted the South African subsidiary had displayed a high degree of "insensitivity" over the loan.

Mr Dolling was called to Whitehall by the Minister of State, Mr Rowlands.

The move, described as "very unusual and probably unprecedented in history" by a Foreign Office spokesman, came after heavy condemnation of the loan by the Labour

Party central committee, its international committee, the Anti-Apartheid Movement, and pressure groups calling for banks to end loans to South Africa.

Mr Dolling spent 45 minutes with Mr Rowlands.

A Foreign Office spokesman said: "It is a highly unusual situation. There are not many countries round the world where we express our distaste of their policies as much as we do over South Africa. There are few places where a British company has lent so much money for a foreign country's war effort."

He confirmed that a meeting between the Foreign Secretary, Mr Crosland, and the Labour Party International Committee, to discuss the Barclays issue, would still go ahead.

"I trust that this new move will be in line with the demands that the in-

ternational committee will make on the Foreign Secretary," he said.

It is understood the committee will demand a reversal of the loan as well as guarantees that further loans won't be allowed.

Mr Rowlands made it clear to Mr Dolling that the British Government viewed the situation very sternly. In a statement after the meeting the Foreign Office threw the ball squarely into Barclays's court.

The statement read: "Barclays expressed their deep concern for the insensitive nature of the recent investment in defence bonds and the nature of the publicity given to investment by Barclays South African subsidiary. This was especially so as Barclays were very conscious of the strength of public feeling in Britain against apartheid.

"The bank's executive

said the day to day management of the bank in South Africa was in its own hands. Nevertheless Barclays head office in London would do whatever possible to see that investment of this sort would not happen again."

Barclays International own 64 per cent of the shares in Barclays National Bank of South Africa.

Anti apartheid crusader Peter Hain said: "This is the time to escalate our efforts and hit hard. The momentum against Barclays has obviously been stepped up inside the Labour Party and we will now go all out in our long running campaign against investment in South Africa."

Barclays were tight lipped and declined any comment. "We are leaving this up to the Foreign Office entirely," a press spokesman for the bank said. — DDC.



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# SA bonds: Bank asked to explain

Cape Times 13/1/77

**Own Correspondent**  
LONDON. — The Foreign Office yesterday summoned a senior executive of Barclays International Bank formally to demand an explanation for the purchase of Defence Force bonds worth £6½m by its South African subsidiary.

The bank gave the British Government an undertaking

that it would do everything in its power to stop further amounts of Barclays money going to support the South African Defence Force.

Previously Barclays said that it did not bear responsibility for the subsidiary.

Mr Frank Dolling, senior general manager of Barclays

International and former managing director of Barclays in South Africa, agreed that the South African subsidiary had displayed a high degree of "insensitivity" over the loan.

Mr Dolling was called to Whitehall by the Minister of State, Mr Edward Rowlands. The move, described by a Foreign Office spokesman as "very unusual and probably unprecedented in history",

came after heavy condemnation of the loan by the Labour Party central committee, its international committee, the Anti-Apartheid Movement and pressure groups calling for banks to end loans to South Africa.

It was stated later that the Labour Party would press the Foreign Secretary, Mr Crosland, to force Barclays to scrap the investment.

● In Johannesburg last night the managing director of Barclays National Bank, Mr R Aldworth, said he would not comment. He added that he was the only person who could comment on the matter.

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## Visuals

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- (c) What facilities are there for obtaining or making others you may need?

## Budget

Has a budget already been prepared? If so, how much money has been allowed for:

## Politics

# Govt won't hit back at foreign banks

Staff Reporter

THE Government plans no action against foreign-owned banks following an undertaking given to the British Government by Barclays Bank in London that its subsidiary would no longer invest in SA defence bonds.

The Minister of Finance, Senator Owen Horwood, said in Cape Town yesterday that the summoning of the general manager of Barclays International by Britain over the R10-million investment in defence bonds, would not help the long-standing financial relations between Britain and South Africa.

Senator Horwood said Barclays Bank was registered in South Africa with a South African board of directors and the funds it invested came from South African deposits.

He said he welcomed the action of the bank in buying the defence bonds, which represented a sound and productive investment.

The Minister said he had been asked whether there would now be increased pressure on foreign-owned banks to localise their shareholding.

He said that in terms of the Financial Institutions Amendment Act, passed last year, every bank in South Africa which was a subsidiary of a foreign bank had to reduce the shareholding of the foreign bank to fifty per cent within an acceptable period.

"This reduction will therefore take place in the normal course and no special steps to accelerate it are contemplated at present," Senator Horwood said.

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# UK firms wary of interfering in SA

The Star Bureau

LONDON — British companies with South African subsidiaries have been reluctant to become involved in the issue of the 13 banned trade unionists.

Sir Robert Birley of Christian Concern for South Africa, said this yesterday when he expressed his disappointment at the response to his call for these companies to use their influence to get the banning orders lifted.

However, Sir Robert said, he and Christian Concern for South Africa would continue the campaign on behalf of the banned people.

In one of the replies to

Sir Robert, disclosed to the London Sunday Times, Mr J G Gilbertson, chairman of Metal Box Overseas, said that any Confederation of British Industries — TUC delegation "must inevitably provoke an immediate and hostile response from the South African Government."

ICI, through a director, Mr Alfred Spinks, said that "approaches from individual companies might stiffen the very attitudes we would wish to soften . . . only Government to Government dialogue should be encouraged."

Mr Jim Parson, director of personnel at Guest Keen and Nettlefolds, promised to discuss the banings when next in South Africa.

The chairman of Barclays Bank, Mr Anthony Fuke, called the news of the banning "worrying" and added: "We will do our best to influence those in authority there."

# UK firms won't talk on SA

LONDON. — Britain's Trade Minister, Mr Edmund Dell, yesterday named the six British companies that have so far refused to publish information about their progress towards implementing the government's code of practice on African workers' wages and conditions in South Africa. The six companies are Barton and Sons, C. and J. Clark, Crown House, Exchem Holdings, Thomas French and Sons and Hickson and Welch (Holdings).

In December, 1974, the British Government asked British firms in South Africa to publish information annually showing progress towards implementing the code of practice recommended earlier that year by a House of Commons sub-committee.

Mr Dell said 160 companies with more than 20 Black workers had published information or said they would do so.

## Slotopmerkinge

1. A. VERHAGE, „Daftige en gemeensame vorme in die sinsverband van ou Kaapse taal”, *Tydskrif vir geesteswetenskappe*, jg. 5, nr. 3, 1965, pp. 307-323.
1. A. VERHAGE, „Die herkoms van die verbinding as wat na 'n komparatief en sy verbreiding in Afrikaans”, *Tydskrif vir geesteswetenskappe*, jg. 7, nr. 1, 1967, pp. 328-342.
1. DU P. SCHOLTZ, *Taalhist. opstelle*, pp. 162-168.
1. L. PAUWELS, „De volgorde van verbogen verbale vorme in het Nederlands”, in *Diets studies*, pp. 105-110.

van die wording van die Afrikaanse taal — inde kenmerke van die woordeskat, klank- sinsbou gewys word. Talle van die fynere Afrikaanse taalstruktuur kon uit die aard van om nie; maar uit die verskynsels wat wel lyk dat Afrikaans nie eensklaps ontstaan het rens 200 jaar was nodig om die Afrikaanse wikkkel. In dié ontwikkelingsproses het baie ings op die gebied van die woordeskat, die se struktuur, en die sinsbou bygedra. Wanneer bestudeer, sien ons dat nie die een of ander n spesifieke faktor vir die wording van Afrika- is nie, maar dat die Afrikaanse taal die produk interne faktore. Besonder belangrik was die n 17de-eeuse Nederlands; soos uit die oorsig merke” van Afrikaans voortsettings van die of tendensie in 'n dialek wat in Nederland self teëgewerk is of verdwyn het. Daarnaast het die emdelinge aan die Kaap 'n rol gespeel. Ook hier dering een groep sprekers isoleer en vir die kan ons sê dat die Franse of Duitse immigrante die Afrikaanse sinsbou direk beïnvloed het nie, of in hoever hulle die vereenvoudiging van die vormstelsel veroorsaak het nie.

## 1. Teorieë oor die ontstaan van Afrikaans

Vroeër is daar wel aan die een of ander beslissende taalinvloed gedink. Dit was die geval voordat 'n taamlik groot hoeveelheid direkte geges-

wens van die Kaapse taal in die Argief in Kaapstad gevind is. Kort na die stigting van die GRA het die belangstelling in die herkoms en ontstaan van Afrikaans by taalgeleerdes begin posvat en aanleiding gegee tot die ponering van verskillende teorieë oor die ontstaan van Afrikaans. Th. Hahn se *Hottentots-teorie* van 1882 was die eerste posging tot 'n verklaring van die karakter van Afrikaans. Hoewel hy vasstel dat Afrikaans „phonetically teutonic” is, d.w.s. sy Germaanse struktuur behou het, is dit volgens hom „psychologically an essential Hottentot idiom”. Maar hierdie vae stelling kan hy nie bewys nie. Kort ná hom kry ons die belangstelling van Nederlandse geleerdes soos M. de Vries en J. de Winkler, wat die *Frans-teorie* voorstaan. Volgens dié teorie sou Afrikaans onder die invloed van die Franse Huguenote ontstaan het, maar D. C. Hesseling het die teorie in 1897 al weerlê. In 1885 wys Hugo Schuchardt, die beroemde Duitse geleerde en kenner van Kreoolse tale, op twee belangrike faktore wat by die wording van Afrikaans 'n rol kon gespeel het; hy dink aan die een kant aan Duitse invloed; aan die ander kant was hy die eerste wat in 1891, op grond van sy kennis van Indo-Portugees en Maleis-Portugees, op moontlike kreooliseringsfaktore in Afrikaans die aandag gevestig het. D. C. Hesseling het dié gedagtes in 1897 en 1899 verder gevoer, veral in sy beroemde werk *Het Afrikanisch* (1899) waarin hy sy *Maleis-Portugees-teorie* uiteengesit het. In teenstelling met die vorige teorieë was Hesseling s'n die eerste wat werklik wetenskaplik verantwoord was. Volgens Hesse-ling moes daar binne die eerste dertig jaar van die volksplanting 'n skielike botsing van tale aan die Kaap plaasgevind het, nl. 'n botsing tussen die 17de-eeuse Nederlands van die vryburgers, soldate en amptenare en die taal van die Oosterse slawe wat Maleis en 'n vorm van gebroke Portugees gepraat het, of 'n vermenging van albei („Maleis-Portugees”). In 1658 en daarna het 'n groot aantal slawe wat gebroke Portugees gepraat het, Kaap toe gekom; dit sou volgens Hesseling 'n skielike kommunikasieprobleem veroorsaak het wat tot 'n vinnige verandering van Nederlands gelei het. Die resultaat was 'n sterk vereenvoudigde taal met 'n reduksie in sy grammatika. Wanneer 'n kultureel taal in 'n bepaalde kontaksituasie deur 'n botsing met 'n sosiaal laerstaande taal binne 'n kort tydperk 'n drastiese reduksie, struktuurverandering en vereenvoudiging ondergaan, praat 'n mens van kreoolisering. Hesseling moet egter self erken dat die tipiese kenmerke van kreoolisering in Afrikaans ontbreek, daarom kom hy tot die konklusie dat Afrikaans beskou moet word as Nederlands wat halfpad bly staan het om 'n Kreoolse taal te word.

Ongelukkig het Hesseling destyds nie oor die nodige direkte taalgegewens beskik nie; hy kon sy teorie feitlik net op sosio-historiese gegewens baseer wat bowendien nie volledig en korrek was nie. Daarom was ook sy teorie ontoereikend en eensydig; dit het 'n hipotese gebly wat hy nie kon bewys nie.

# Business warning over UK trade

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2/13/77

Own Correspondent

PORT ELIZABETH — Businessmen were warned here today that the final decision on trade between South Africa and Britain may be taken out of British hands and that the new American administration is likely to be much more critical of the Republic.

The warning came from a leading British industrialist, Mr Billy Luke, president of the United Kingdom — South African Trade Association (UKSATA).

Speaking at a joint luncheon of the Port Elizabeth Chamber of Commerce and the Midland Chamber of Industries, he said: "Some social changes have taken place in South Africa over the past two or three years, but you still have a long way to go if you think it worthwhile to obtain the goodwill of your allies in the Western world.

"I would be failing in my duty as a long-standing friend of South Africa if I did not offer a word of warning.

"It is quite possible that the final decision on trade between our two countries may be taken out of British hands.

Mr Luke continued: "It seems likely that the new American administration is going to take a much more critical attitude towards the Republic, and there may be new efforts through the United Nations and other international bodies to find ways of enforcing some kind of economic sanctions.

## URGENT

"There is an urgent need for South Africa to reassess its more unpopular policies so that the Republic's friends in the West — and I place Britain firmly at the head — can move forward.

Mr Luke said he could not believe, in view of the dangers that faced South Africa from communist-controlled countries to the north and from international malcontents that South Africa could isolate itself from contemporary practice and opinion or disregard the sensitivities of its allies.

Labour relations was one area in which South African industrialists could improve their position with Western Europe and the US.



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# British clamp on SA trade deals

The Star Bureau

LONDON — The Department of Trade in Britain appears to have clamped down on supplying information about contracts to the Anti-Apartheid Movement, according to Mr Abdul Minty, its honorary secretary.

He disclosed this development, which he supposed was due to "exposures" during the past year, when he addressed a meeting at the House of Commons last night on the need for a mandatory UN

arms embargo against South Africa.

Mr Minty flies to New York tomorrow to address the UN Security Council on alleged loopholes in the present voluntary arms embargoes.

Mr Jeremy Thorpe, the AAM's vice president, said the movement recognised that the British Government was genuine in its wish to prevent the flow of arms to South Africa, and has moved very far in that direction. But there were still loopholes.

# EEC in moves to reduce imports of steel from SA

## The Star Bureau

BRUSSELS — The Common Market Commission has made it clear that it wants South Africa to cut back on steel exports to Europe.

The Commission is proposing wide-ranging measures to counter the crisis which Europe's steel industry faces.

Among its plans are the closure of non-viable steel-making installations and modernisation at other plants. As much as R700m could be allocated for this in 1977 alone.

As part of what it calls "restructuring" the industry, it wants a tough import surveillance system to be approved by EEC leaders at the Rome summit at the end of the week.

The Commission proposes import licencing to ensure that producers such as South Africa do not dump steel in Europe at prices below the "indicative" prices it plans to impose on domestic producers.

The EEC Commissioner responsible for industry, Count Etienne Davignon, denies that protectionist measures are involved.

He says that monitoring imports by means of licences is not contrary to free market rules.

At the same time, South Africa has been named in an official statement here as one of the countries from which the EEC is seeking assurances of "self-restraint."

Others are South Korea, Spain and certain Eastern countries. There is already an understanding between the EEC and Japan.

● Michael Chester adds:

The curb on SA steel exports to the Common Market comes as no surprise and indeed was forecast by Star Business on February 14.

Even so, it is bound to cause steel producers, led by Iscor, to readjust 1977 targets of vast gains in exports to offset the decline in domestic demand and to generate more foreign exchange earnings.

But to counter-balance the gloom, SA producers still believe that deeper inroads can be made into alternative markets such as the United States and Japan if the major economies move into faster tempo.

## BURIAL

Also, the EEC move to use import licences may mark the burial — much to the relief of local producers — of its investigation into allegations of actual dumping by SA steel exporters.

A special anti-dumping duty of R55,48 a ton on steel reinforcing bars shipped into Britain from South Africa, introduced temporarily by the UK Government while it investigated charges, is due to expire in the next few days.

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# Bank's Soweto loan attacked

LONDON — An announcement that Barclays National Bank of South Africa is to participate in a R70 million scheme to install electricity in Soweto homes has been dismissed as "totally cynical" by anti-apartheid pressure groups.

They say the move is a cunning and carefully coordinated public relations ploy to take the sting out of their protests at Barclays purchase of South African defence bonds.

The latest move was announced on the eve of the bank's annual shareholders' meeting in London at which anti-apartheid groups intend putting the board on the spot over the war bonds purchase.

The Rev David Haslam, a senior member of the End Loans Group, said the bank had clearly coordinated the announcement of the Soweto scheme to fit Barclays needs.

"Electricity or no electricity, we believe Barclays should withdraw all its South African operations," he said.

The anti-apartheid activist, Mr Peter Hain, said yesterday Barclays had lied over its investment in South African defence bonds.

Mr Hain, who will be raising the issue of the defence bonds at the bank's annual meeting here today, was reported to have said:

"The recent contradictory news reports point the lie to the claim made by Barclays that its 64 per cent stake in its South African subsidiary provides an opportunity to exercise a liberalising influence in South Africa.

"Now we see that, on a crucial decision — whether to give financial support to the South African armed forces — the London office appears to have little control. The bank is clearly far more interested in simply drawing profits from South Africa." — DDC-SAPA.



# London investors write off S.A.

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Financial Editor

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**SOUTH AFRICA** is a "write off" as far as London investors are concerned, according to Mr. Bamford Stewart, spokesman for the Johannesburg Stock Exchange in Durban.

Thus, while the Rand spent on fact worth only R4,55 Rand's worth of Part of this imp efficiency of bo of the rest mus nical improveme service industry. hand weeding in many crops.

Mr. Stewart, who has just returned to Natal after a visit to the United Kingdom, said in Durban yesterday that he spent several days in the City of London where he had talks with the brokers and top businessmen.

"British investors are afraid that they will lose everything if there is a change to majority rule in South Africa.

"A little while ago they were prepared to give us five years but now we are a write off as an investment. The only exception is De Beers because of its wonderful record, the increase in the price of diamonds and the higher dividend to come.

"With the discount you can get in London, De Beers is an investment.

Beers are considered to be worth buying."

Mr. Stewart added that gold shares were also bought but only when there was an opportunity to make a quick profit over a period of weeks.

"There is one jobber in mining shares in London and the centre for gold shares has moved from the City to New York."

Mr. Stewart met two brokers in London who had just returned from a visit to South Africa.

"They felt that the time was ripe to buy the better South African industrial shares but, on their return, no one would listen to them.

They were unable to get anyone to buy and they have now changed their views and will sell in this market if there is an upturn in prices."

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It should, on the other hand, be remembered that some of the new techniques which have been introduced are more labour demanding than the old methods. The use of artificial insemination is one which comes readily to mind.

The more important initial effect of mechanisation was to expand the total output of the farming sector. The volume of agricultural production has almost trebled since the war. The effect of machinery in bringing new areas of land under cultivation and irrigation can be gauged from the fact that the volume of livestock production has only doubled, while that of field crops more than trebled and that of horticultural products quadrupled.

Since the 1920's, when tractors were beginning to appear on the Platteland, the area of the Republic under cultivation increased by 117 per cent to 11½ million hectares,

# ICI chairman's firm stand over SA

5-TAR 15/4/77

**The Star Bureau**  
LONDON — Imperial Chemical Industries chairman, Sir Rowland Wright has strongly defended the company's massive investment in South Africa which he said had brought nothing but benefit to the black community.

He was answering criticism at ICI's annual meeting in London yesterday when his statements on the company's "positive influence," in South Africa drew bursts of applause from the several hundred stockholders at the meeting.

Sir Rowland arrived well prepared to face the anti-apartheid critics, following the release of a report last month by the ecumenical research group, Christian Concern in Southern Africa. (CCSA).

## Black wages

The report accused ICI's South African subsidiaries of failing to live up to their social responsibilities.

Sir Rowland told the stockholders that had the CCSA officers who prepared the report visited ICI staff in South Africa many "misconceptions" would have been dispelled.

"This report does less than justice to our presence in South Africa," he said. As a result of the activities, 2 500 jobs had been created in Britain and 15 000 in South Africa. Of these, 9 000 were held by blacks.

The minimum wage paid to blacks employed by ICI or its subsidiaries was R145 a month, and the average wage on the lowest grade was R175 a month.

## State ban

"The average wage of all black ICI workers is R218 a month — all well above the Johannesburg Chamber of Commerce's minimum living level of R123,59 a month," he added.

"White and black workers do get equal pay for equal work," he said, except in a few minor instances which were being phased out. In addition, more than 300 Afri-

cans were doing skilled jobs with salaries of more than R400 a month.

In reply to allegations that ICI had refused to supply adequate information on wages and conditions of blacks at African Explosives and Chemical Industries Ltd, in which ICI has a 39 percent interest, Sir Rowland said the South African Government had specifically for-

bidden the publication of this information.

This he "regretted" and found "disappointing," but he said AECI was releasing more information in South Africa which would be made available to stockholders on request.

A remark from the floor that ICI was implicitly supporting the South African Government by

its investment met with the sharp retort from Sir Rowland that there was "no way" ICI would go into the "government overthrowing business."

This comment was also met with a round of applause.

He told stockholders a detailed reply would be sent to CCSA, and would be made available to stockholders.

61



to hell if it takes any serious attempt to force them to sell Barclays R10-million in Defence Bonds.

They would certainly do so; although they could doubtless phrase the instruction more politely.

... cannot be a matter of choice.

They have no choice and many of them would undoubtedly resign if Barclays International tried to order them to sell the bonds.

Their resignations could be disastrous for Barclays National Bank. Between them they represent a high-

... means they have effective boardroom and executive control of Barclays National Bank — and that bank is South Africa's largest, holding thousands of millions of rands in deposits and assets.

If necessary the Government could move swiftly to consolidate local control

Others who could probably be counted on to resist include Harrismith-born Gordon Dunningham, director of Barlow Rand and war-time member of the SA Corps of Signals; Antony Fergusson, stockbroker and war-time lieutenant in the Middle East; and Julian Thompson, executive director of Anglo American and son of a South African judge; Nicholas Oppenheimer, executive director of Anglo American and a man who has done his service in the army; Phillip Sceales, founding trustee of the SA Foundation and Jan Pieter van Heyningen, born in the Free State and educated at Helpmekaar in Johannesburg and Afrikaanse high school Pretoria.

so by cosmetic means which might raise growls of indignation in South Africa but which are unlikely to lead to any split between the South African and the international boards.

It would be a united-front of governments in whose territory Barclays operate. They could adopt the attitude — "Either you play ball with South Africa or with us — not with both."

This would have Barclays International weighing threats against about 70 percent of its profits in other countries with threats against 30 percent here.

The bank would be in an impossible position and might try and take some sort of action.

Nigeria is already trying to organise a consortium of governments on these lines, but it is impossible to say whether it will have any success.

Other factors play a part — including the Third World's need for

the 36.2 percent of shareholders who are mainly resident in South Africa.

There is little doubt a poll would show that this substantial body of shareholders was opposed to selling the Defence Bonds or to any other political interference from overseas in the bank's affairs.

Barclays National could even demand that the international organisation polls all shareholders — which means, in effect, the shareholders of the ultimate parent — Barclays Bank Ltd in Britain.

With 36.2 percent of shareholders on record here as being opposed to foreign interference only another 13.81 percent would have to agree with them for Barclays International to have a shareholder instruction not to interfere.

**Accused**

The international operation has accused Barclays National of insensitivity on the bonds issue: has expressed regret that the bonds were ever purchased and has hinted that it would prefer them to be sold.

No doubt coded telexes have been flying between Johannesburg and London and there has been a good deal of exasperation on both sides.

Beyond cosmetic statements, however, little more is likely to happen unless pressure on Barclays Interna-

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**Defiance**

Fortunately, the directors are unlikely to be put to the test of defiance. The skies will fall before Barclays International tries to issue an order calculated to destroy the image and administration of Barclays National Bank.

Barclays National represents too big a segment of the parent bank's international profits and assets for it to be lightly pushed about.

Barclays is secretive about exactly how much of international profits are contributed by associate banks in different parts of the world.

Analysts estimate, however, that Barclays National may contribute as much as 30 percent of international profits of the group — that is excluding United Kingdom profits.

It also contributes substantial profits to the International



This man who looks like Mr Harold Wilson is in the hot seat. He is Mr Anthony Pule, chairman of Barclays Bank International, replying to Mr Peter Ham during the bank's general meeting in London.

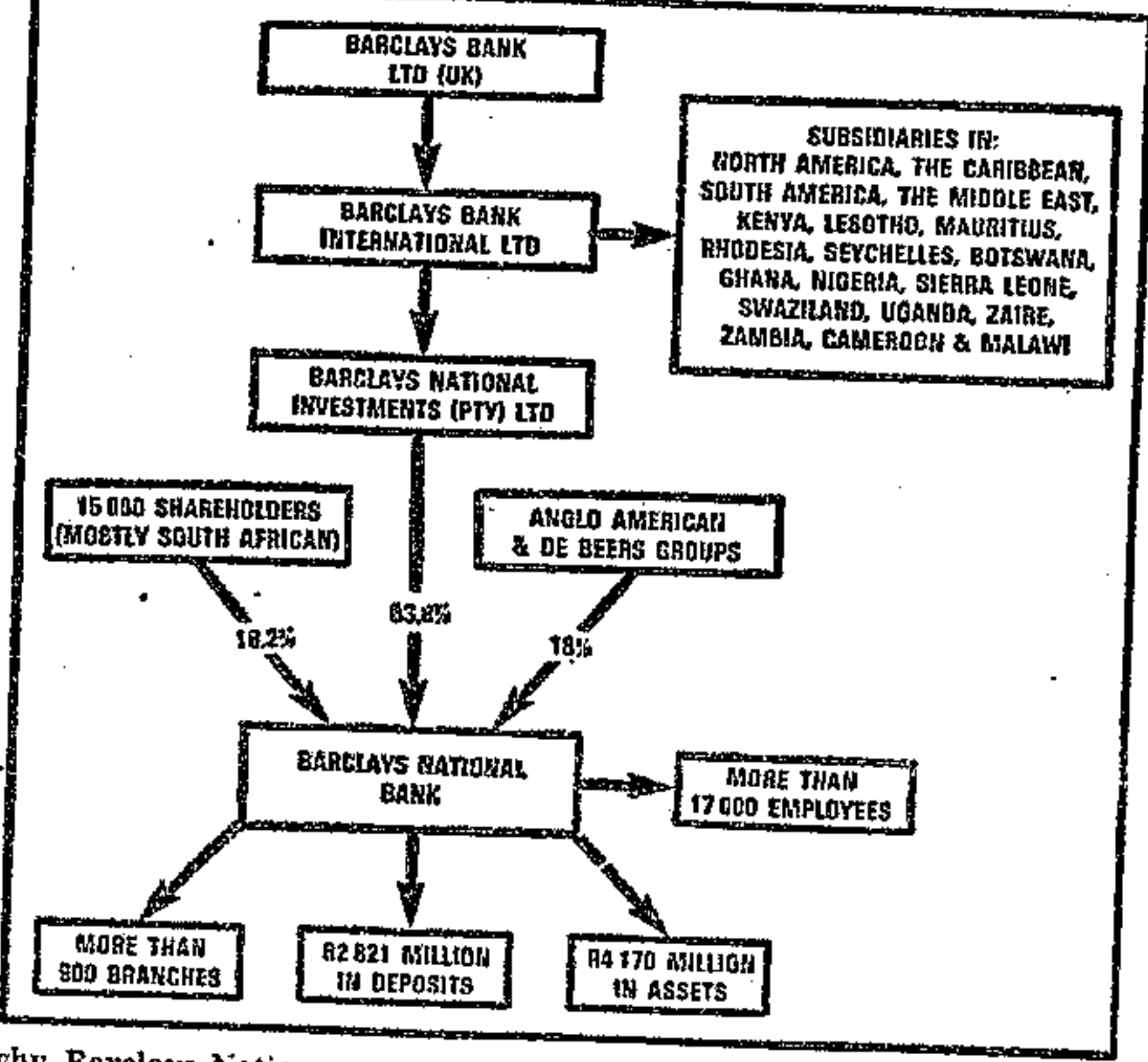
**Network of a banking giant**

The diagram (top right) shows the international organisation of the Barclays group.

Although controls of Barclays National Bank is still vested in Barclays Bank International (and ultimately in Britain's Barclays Bank) South African shareholders are already a substantial minority.

It is planned that local shareholders will have total control by 1986. For the present, however, the international company still has to worry about reactions in other countries in which it operates.

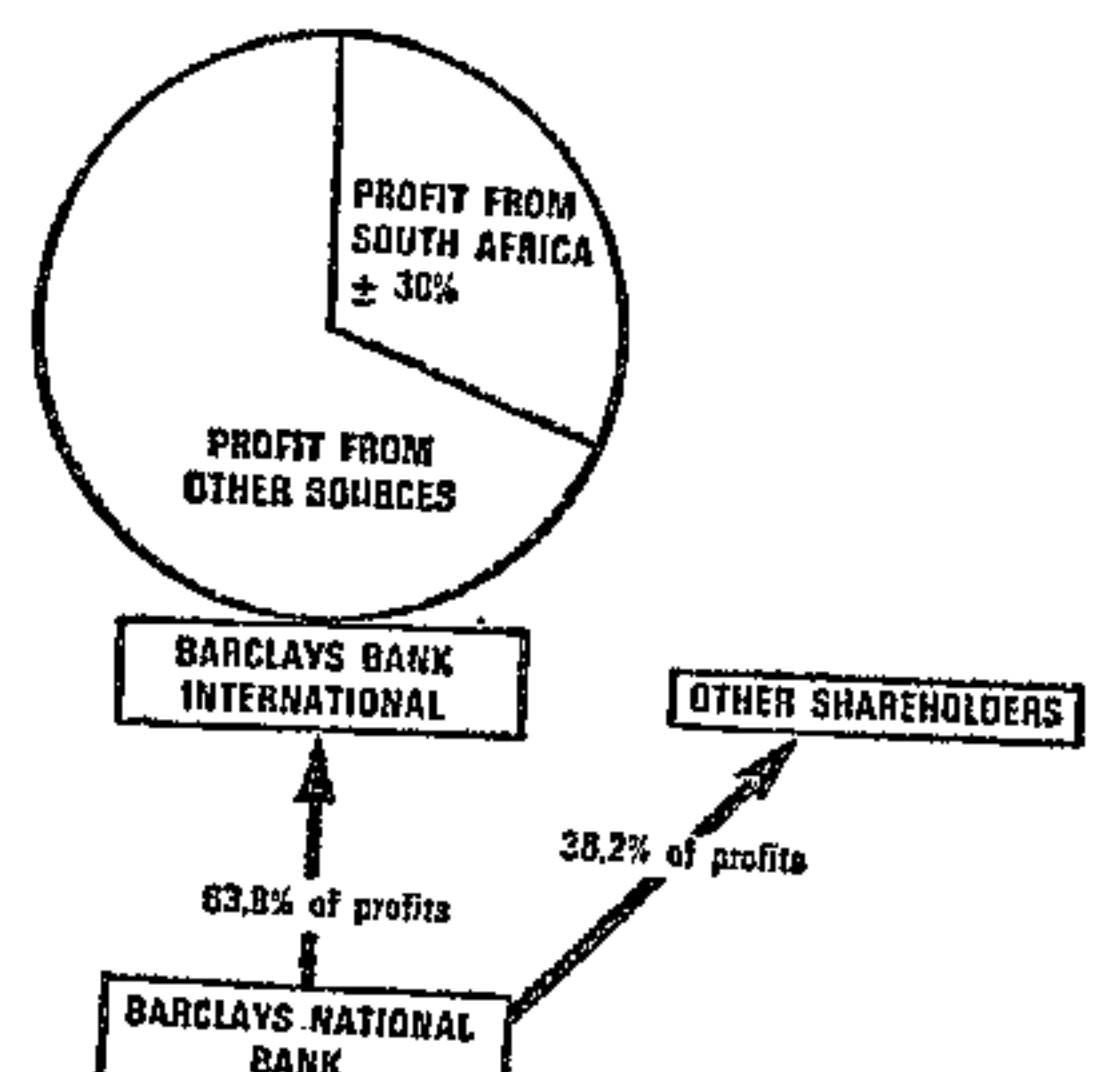
The diagram on the right shows



why Barclays National Bank is important to its international parent.

It contributes about 30 percent of the total international profits — probably considerably more than any other Barclays banking operation outside the United Kingdom.

(It should be noted that not all bank profits are paid out in dividends. Substantial amounts are retained to finance expansion.)





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Kevin Stocks of The Star's Insight Team reports

# Browbeating by big brother is scorned

15/4/77

● Barclays National Bank in South Africa is 63.8 percent owned by Barclays International in London. This, by any standards, is a controlling interest.

Control, however, does not mean it can tell the South African bank what to do — as Barclays International will find out if it tries to order the local bank to sell its defence bonds.

The South African directors of Barclays National Bank have the financial muscle to tell their parent bank in London to go to hell if it makes any serious attempt to force them to sell Barclays R10-million in Defence Bonds.

They would certainly do so, although they would doubtless phrase the instruction more politely.

A segment of South African mining, financial and industrial power.

How much they represent in business for the bank, heaven alone knows.

The South Africans are in a majority on the board and the chairman is a South African, as is the managing director.

## Support

This means they have effective control of Barclays National Bank — and that bank is South Africa's largest, holding thousands of millions of rands in deposits and assets.

If necessary the Government could move swiftly to control the local control

against any meddling from overseas.

It is unlikely chairman James Michael Barry, World War 2 pilot, director of Union Corporation and chairman of director of a wide range of other South African companies, would

hence any foreign order to sell South African Defence Bonds bought with money deposited with the bank by South African investors.

In his resistance he would no doubt have the support of directors like Bertram Bernstein, former South African army captain, director and former chairman of Anglovaal and of Joe Bloom, chairman of Premier Milling and former SAAF lieutenant.

Others who could probably be counted on to resist include Harris Smith-born Gordon Dunningham, director of Barlow Rand and wartime member of the SA Corps of Signals; Anthony Ferguson, stockbroker and wartime lieutenant in the Middle East; and Phillip Thompson, executive director of Anglo American and son of a South African judge; Nicholas Oppenheimer, executive director of Anglo American and a man who has done his service in the army; Philip Seales, founding trustee of the SA Foundation and Jan Pieter van Heyningen, born in the Free State and educated at Helmskark in Johannesburg and Afrikaanse high school Pretoria.

## Defiance

Fortunately, the directors are unlikely to be put to the test of

group by way of letters of credit, currency transfers and other business connected with export financing.

Barclays International therefore, has to find a way of appeasing British Labour Party and anti-apartheid outrage at the defence bond purchase and of soothing indignation in Third World countries where it operates.

So far, it has done so by cosmetic means which might raise eyebrows of indignation in South Africa but which are unlikely to lead to any split between the South African and the international boards.

## Accused

The international operation has accused Barclays National of insensitivity on the bonds issue; has expressed regret that the bonds were ever purchased and has hinted that it would prefer them to be sold.

No doubt coded telexes have been flying between Johannesburg and London and there has been a good deal of exasperation on both sides. Beyond cosmetic statements, however, little more is likely to happen unless pressure on Barclays Interna-

tional is intensified.

This could happen in two ways. One could be through a demand from Britain's Labour Government that the defence bonds be sold. Such a move is unlikely, as economically troubled Britain cannot afford to place one of its major foreign investments at risk.

The other possibility is more serious — though still remote.

## Threats

It would be a united-front of governments in whose territory Barclays operate. They could adopt the attitude — "Either you play ball with South Africa or with us — not with both."

This would have Barclays International wailing about a gainst about 70 percent of its profits in other countries with threats against 30 percent here.

The bank would be in an impossible position and might try and take some sort of action.

Nigeria is already trying to organise a consortium of governments on these lines, but it is impossible to say whether it will have any success. Other factors play a part — including the Third World's need for

loans and development capital in which Barclays has a strong say.

In addition, Barclays International equity in associated foreign banks has been diminishing. In Nigeria it is now only 40 percent.

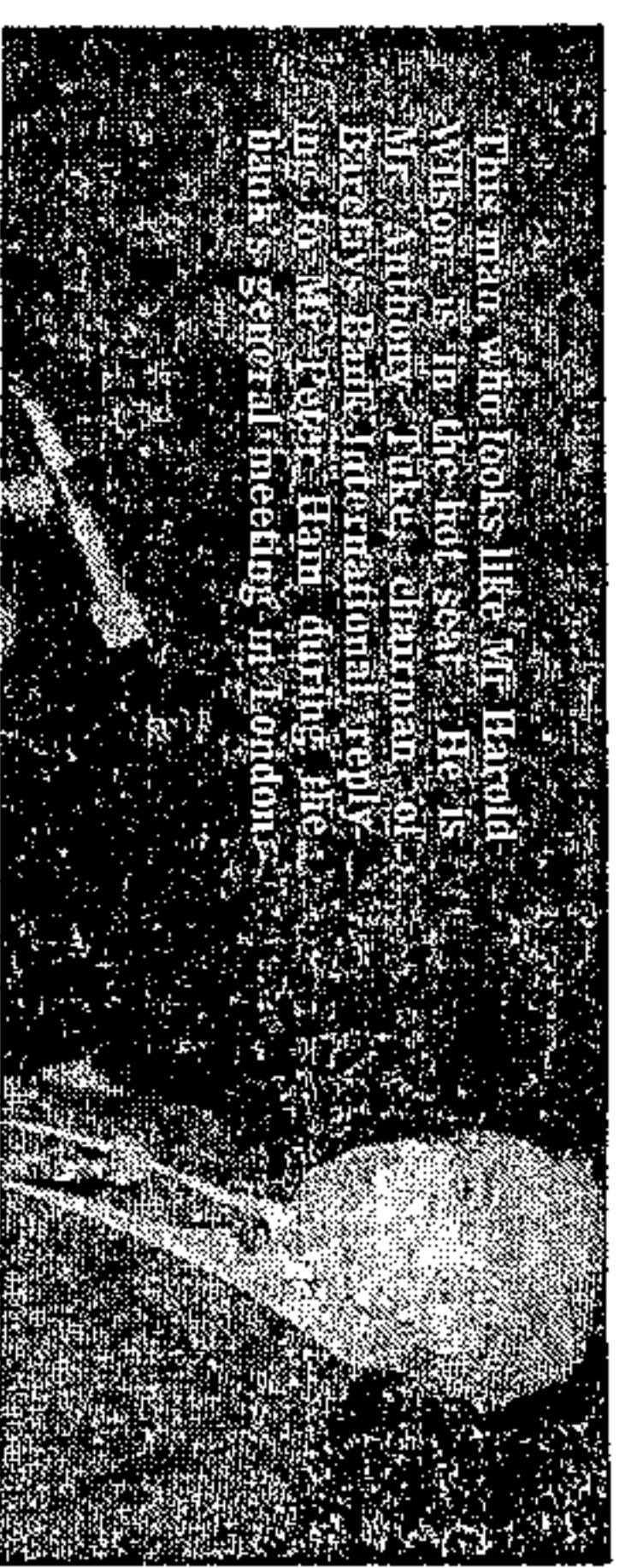
Barclays National Bank here also has some cards to play in the event of pressure intensifying.

It could, for instance, take a poll of the 36.2 percent of shareholders who are mainly resident in South Africa.

There is little doubt a poll would show that this substantial body of shareholders was opposed to selling the Defence Bonds or to any other political interference from overseas in the bank's affairs.

Barclays National could even demand that the international organisation polls all shareholders — which means, in effect, the shareholders of the ultimate parent — Barclays Bank Ltd in Britain.

With 36.2 percent of shareholders on record here as being opposed to foreign interference only another 13.81 percent would have to agree with them for Barclays International to have a shareholder instruction not to interfere.



This man who looks like Mr Harold Wilson is in the hot seat. He is Mr Anthony Pake, chairman of Barclays Bank International, replying to Mr Peter Ham during the bank's general meeting in London.

# Bank storm over SA <sup>20/4/77</sup> loans likely

The Star Bureau

LONDON — Investment southern Africa is in the spotlight in London and New York this week.

A stormy debate is expected at the annual general meeting of Midland Bank shareholders today over the bank's involvement in loans to South Africa.

Backed by more than 200,000 shareholders, ranging from local authorities to churches and pension funds, the Greater London Council — with 100,000 shares — will pro-

pose a resolution that Midland ends all loans to South Africa.

The church commissioners of the Church of England, with 750,000 shares, will vote for the resolution unless the bank agrees to change its policy.

And in New York yesterday a resolution brought by 10 religious bodies, calling for an end

to loans to the South African Government, was overwhelmingly rejected at a meeting of the stockholders of Citicorp.

The Star's New York Bureau reports that the resolution called for Citicorp to stop loans to South Africa until the Government agreed to end apartheid.

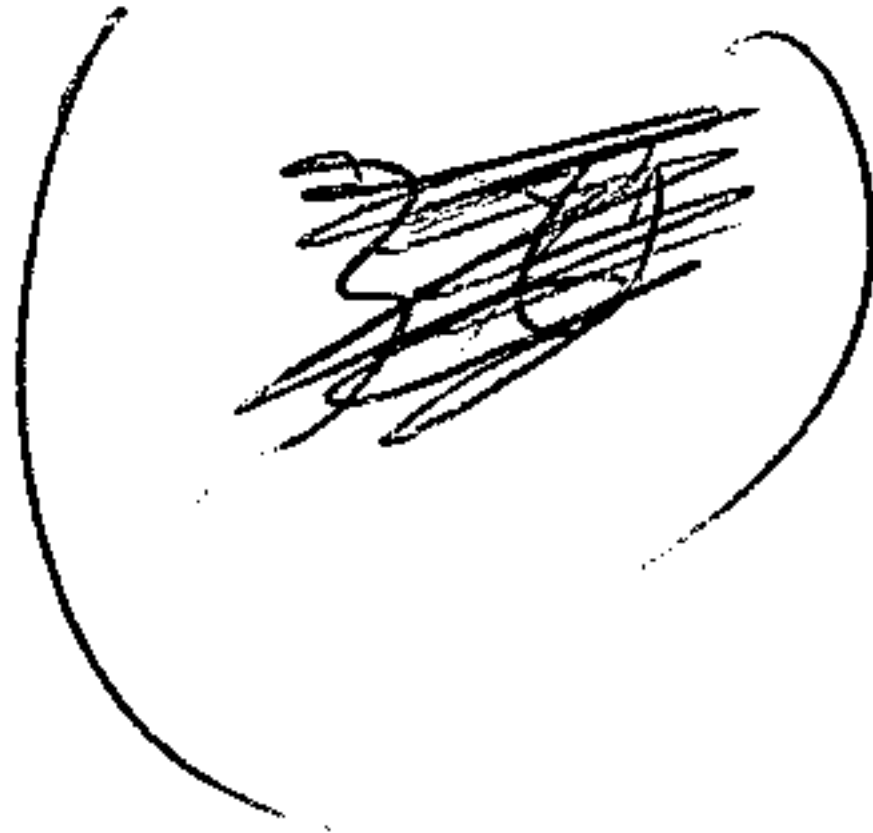
The British Government expects to announce soon

the name of the chairman of an inquiry committee which will investigate allegations that Shell and BP (in which the Government itself has a large holding) were guilty of conniving at, or permitting, a breach of sanctions over the supply of oil to Rhodesia.

The chairman will probably be a judge.

Dr David Owen, the Foreign Secretary, told a Labour questioner in the Commons this week that he hoped to announce the name of the chairman soon.

STAR 20/4/77



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# Anti-apartheid bank bid fails

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2/14/77  
8/21

STAR 2/14/77

The Star Bureau

LONDON — The Anti-Apartheid Movement's second bid to force Midland Bank, one of Britain's "big four," to stop loans to South Africa was again swamped at the annual meeting of shareholders yesterday.

"If we agreed to this we would face at the next meeting a similar move on Russia or Cambodia or any other country," he said.

Answering criticism that South Africa was a bad commercial risk as well as being ruled by a morally repugnant regime, Lord

Armstrong said: "Whatever we think of the morality of apartheid, I don't think that anybody can deny they (the South African Government) are among the most prudent, careful governments in the world."

Citing Finance Minister

Senator Owen Horwood's latest Budget figures, Lord Armstrong said South Africa had realised that its heavy borrowing — which totalled 6.5 times its reserves — was too high and was now a net redeemer of its foreign debt.

A resolution calling on the bank to cease lending money to the South African Government or its agencies and not to renew existing loans, was defeated heavily.

Speaking for the bank's 24 directors, Lord Armstrong, chairman of Midland Bank and former head of the British civil service, said: "As individuals, we hate apartheid. From the point of view of individual conscience, this is true."

But, he pointed out, the anti-South African shareholders, led by the Greater London Council, were seeking to write into the articles of association of the bank a prohibition on moral grounds on lending to South Africa.

In principle this could "hamstring" the bank's international business, he said.



III. The remaining requests and will be reviewed

African Languages

Anthropology

Archaeology

English

Hebrew

Iberian and Latin-American Studies

Romance Studies

School of Economics  
(Division of Economics)  
(Division of Econ. History)

Speech and Drama

# Queen asked to reveal SA shares

LONDON — Anti-apartheid groups here asked the Queen yesterday to declare her holdings in companies operating in Southern Africa.

If she had such holdings, they said, she should take up with the companies concerned their support for apartheid implicit in their operation in South Africa and make donations to the Southern African liberation movements' and fugee organisations equivalent to the proportion of dividends received. The call was made in writing yesterday by the South African Loans to Southern Africa organisation, the Anti-Apartheid Movement and the Haselmere Group.

It follows newspaper reports here last week that the Queen is the likely owner, under the pseudonym Bank of England Nominees, of large blocks of shares in companies operating in Southern Africa.

The nominees, who represent heads of state and foreign government, hold R10 million in Barclays Bank, R8 million in Rio Tinto and R21 million in BP.

In a joint statement yesterday the Anti-Apartheid Movement and the Haselmere Group said the South African subsidiaries of Shell and BP were supplying up to half of Rhodesia's oil needs in defiance of mandatory international sanctions.

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Physical Anthropology

Lectureship to Lectureship

as (Dr. Sandler has  
for a Junior Lectureship)

French (Intensive course)

Lectureship  
Senior Lectureship  
Chair in Economic History  
part-time clerical assistant

Senior Lectureship in Drama  
Lectureship in Teacher Training

AMREP/GG

15.3.77

# CARTER ACCUSED BY CLUB OF TEN

The Argus Bureau

LONDON. — On his first official visit to Britain President Jimmy Carter is today accused of failing to warn the West of the danger to its oil supplies round the Cape.

The Club of Ten, a pro-South African organisation of officially anonymous millionaires, in a full-page advertisement in The Times summarises part of the President's April 18 energy conservation speech.

President Carter warned that within 10 years America might not be able to import enough oil 'from any country at any acceptable price.'

But, Club of Ten says, the President 'failed to tell his people, and the world, of the perilous situation they and their Western allies face right now on the oil lifelines of the Atlantic and Indian oceans.'

## SUPERTANKER

The advertisement says 60 percent of the free world's oil reserves are in the Persian Gulf.

'Every 15 minutes a supertanker leaves the area and crosses either the Indian Ocean to Japan or travels the Cape of Good Hope sea route to America or Europe.'

By 1980 up to 60 percent of American oil imports will have to travel round South Africa.

'Already an estimated seven million barrels of oil a day, about 90 percent of the European Nato nations' total oil consumption, pass within a few miles of Cape Town.'

## SUBMARINES

In spite of all this the Cape sea route remains the most unguarded strategic region in the world.

'The Soviet Navy, which now includes the most

in his White House TV interview on Monday May 2. When he said that America would act "only if our nation's security is being threatened"?'

People who agree with the advertisement are urged to send copies of it to their elected representatives in Washington or Westminster.

the world has ever seen, already could control most of the shipping movements in this entire area from bases in its client states of Angola and Mozambique plus many others set up on the seaboards of pro-communist states (on) both sides of Africa.

## TWO QUESTIONS

'Moscow's great strategic plan is aimed at nothing less than control of all Southern Africa right to the Cape. Even now the Soviets and their proxy soldiers, the Cubans, are engaged in takeover bids for Namibia, Rhodesia, and South Africa itself under the guise of "majority rule".'

In large type the advertisement poses two questions for President Jimmy Carter:

(1) 'Is the United States going to allow her oil lifeline, and that of Western Europe, to remain in peril until Russia decides the moment is right to strike?'

(2) 'Is this not clearly a situation which qualifies for intervention, as envisaged by President Carter

# British firms briefed on SA change

ARGUS 10/5/77

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The Argus Bureau

LONDON. — In a new effort to counter pressure by anti-apartheid groups on British companies operating in South Africa, the Deputy Secretary of Information, Mr Les de Villiers, has given a confidential briefing at the South African Embassy here to 75 leading firms.

The aim of the briefing, which was the first of its kind, was to:

- Update British businessmen on developments in South Africa.
- 'Put the record straight' on changes in apartheid and racial discrimination, both socially and at work, to enable British companies facing attacks from anti-South African lobbyists to counter criticism.
- Give the South African Government's view on efforts to advance non-Whites, such as the six-point guidelines drawn up by American companies.

#### OFF RECORD

Mr de Villiers's keynote speech was made available for quotation but the question-and-answer session was kept off the record.

An Information Department spokesman described the briefing as a 'pilot' project which, depending on the feedback from companies, could be repeated from time to time, although no plans for similar sessions were yet planned for Britain or other countries with strong business connections with South Africa, such as the United States or Germany.

Mr de Villiers highlighted some of the significant changes in South Africa — the ending of petty apartheid in 'most places,' segregation in sport, the closing of the wages gap between Blacks and Whites, the rising role of non-Whites in the economy and other developments.

#### 'GUIDELINES'

Emphasising the good that companies can do for themselves in terms of productivity and labour stability, and for their non-White workers by equitable and progressive practices, Mr de Villiers said the Government welcomed the American

President Jimmy Carter's stand on human rights in all countries was also welcome because it ended a long period during which double standards had been applied and South Africa singled out unfairly.

'As a matter of fact I think we will come out smelling of roses after they (the Americans) have looked at discrimination in all other areas of the world,' Mr de Villiers told the businessmen.



(61)

## Churches quit bank over bonds

NAIROBI — An organisation of black African churches has withdrawn its account from Barclays Bank International to protest against a decision by Barclays Bank of South Africa to buy South African Government defence bonds.

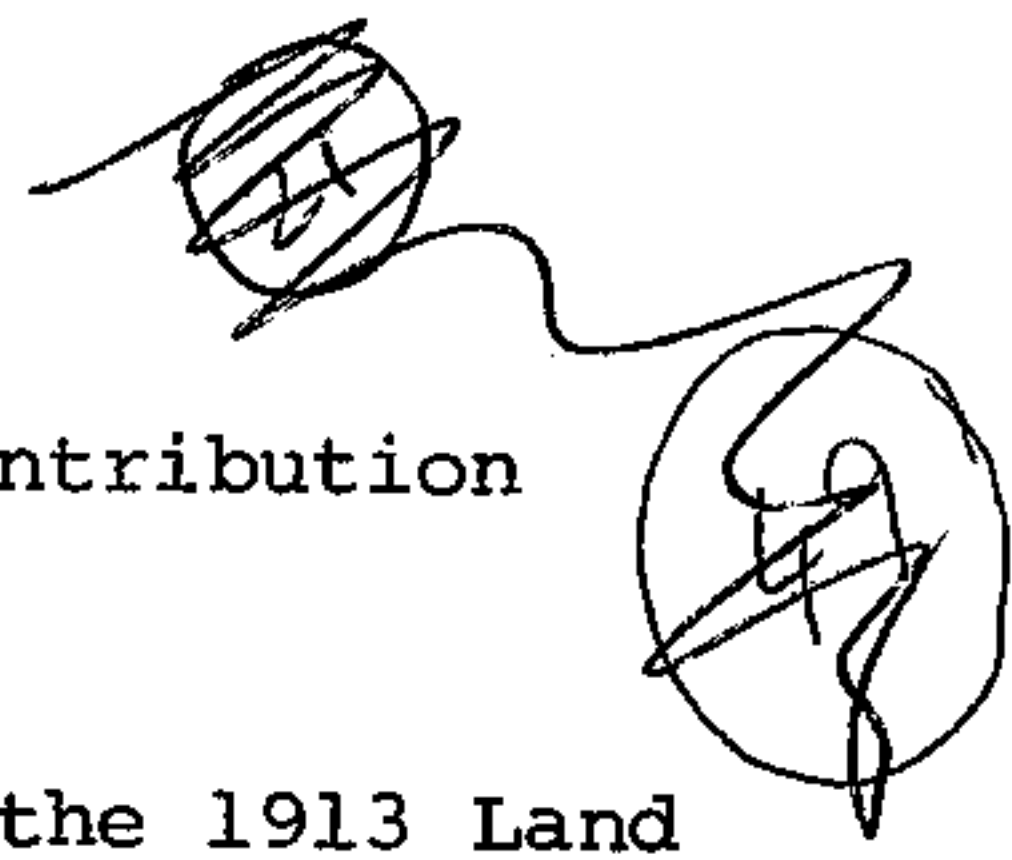
The Nairobi-based All

Africa Conference of Churches (AACC) said it was transferring its account to the National Bank of Kenya.

The AACC's secretary-general, Canon Burgess Carr, said Barclays Bank International "has too high a stake in independent Africa to be allied

with the threat to peace that the racist regime in Pretoria poses for Africa and the world."

He said the AACC was "deeply appalled at the insensitivity shown by Barclays International towards the struggle for human dignity, justice and peace in South Africa." — SAPA-AP.



cheap Black labour. This paper seeks to make a contribution towards such a re-interpretation.

The key question that emerges from a study of the 1913 Land Act is in whose interests was it designed to serve? Francis Wilson has

"fuse those realistic Whites, who wanted economic political

was the need for them to a agriculture within White

From a favour of those who favoured and semi-fe

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*Cape Times 24/5/77 (61)*

# UK investors more wary of S Africa

By ELIZABETH ROUSE

**JOHANNESBURG.** — British investors' sentiment will continue to be against strong commitments to South Africa because of a gloomy economic scenario and the possibility of increasing political instability.

This is the conclusion of a survey by a British broking firm, Simon & Coates, on investors' prospects, related in particular to British engineering groups with South African interests.

Two major factors against South Africa as an investment growth area are:

- The downward movement of most sectors of the economy is still gathering force and the prospects for an upturn before mid-1978 seems unlikely.

- Any recovery will be from low levels and increasing difficulty in attracting foreign capital because of continued political problems may well lead to a period of constraint after the growth and expansion of the 1960s and early 1970s.

## UK experience

The firm's analyst says that in many ways the background to the current recession has close parallels with recent British experience.

The artificial stimulation which insulated South Africa from the initial stages of the overall world economic downturn in 1973 and 1974 merely served to exacerbate an underlying structural imbalance in the economy.

The public sector's share of gross domestic expenditure rose from 43 percent in 1971 and 54 percent in the second quarter of 1976 and the State's share of total consumption expenditure rose from 13 percent to 21 percent.

State spending increased by 33 percent in the 1975-1976 fiscal year against an overall world downtrend, — severely increasing the external payments imbalance.

At the same time the inflation rate stayed at 12 percent.

## Squeeze

The money squeeze started to take effect in the third quarter of 1976 and the annual rate of increase in the money and near-money supply dropped sharply to slightly less than two percent from 18 percent in the second quarter of the year.

As in the case of Britain, corrective measures were long overdue. As a result of the corrective period is likely to be correspondingly stringent and protracted.

Although the current account will improve, particularly if the gold price holds up, a smaller net inflow of capital can be expected in 1977 than in the preceding two years.

Because of political uncertainties over Southern Africa, investors are taking a more cautious approach to long-term investments in South Africa.

In such circumstances, austerity in general and the generation of a higher level of

domestic saving will be called for, says the analyst.

The State is unlikely to opt for an early reflationary policy because of worries over inflation and lack of foreign capital.

It may continue to pin its hopes on an export-led recovery on the back of a world economic upturn.

Although South Africa has vast natural resources, its actual growth rate is in the long-term highly dependent on the price of gold, and the longer-term future of the gold market remains uncertain.

The British engineering companies which have prospered in South Africa in its industrial growth years are Associated Engineering (58 percent holding in South Africa's Asseng), Bridon (40 percent of Haggie Rand), Clarke Chapman (86,5 percent), Metal Box 60,4 (70 percent), and Metal Closures

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/Implicit .....

March 27/4/77

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Business  
**Mercury**

## Mine to deny S.A. uranium

**LONDON —** The Rio Tinto Zinc (RTZ) Corporation said here yesterday that no uranium from the Rossing mine in South West Africa would be supplied to South Africa.

"It would not be our intention to supply South Africa with uranium. There is no contract whatsoever between Rossing (Uranium Ltd.) and the S.A. Government for the supply of uranium," an RTZ spokesman said.

He was confirming a reported statement to this effect by RTZ chairman, Sir Mark Turner.

Sir Mark had been told by shareholders at the corporation's annual meeting that the South African Uranium Enrichment Act of 1974 allowed the South African Government to obtain any amount of uranium for any use it required.

But the chairman had replied that he did not think that situation would arise, in view of the proposed independence of South West Africa.

For the moment the Republic had enough uranium of its own. "If South Africa decided to use present laws to require uranium from Rossing, that would be a long time in the future. Sir Mark thought Namibia would be independent before that," he said.

A new campaign was launched here on Tuesday to increase pressure on the British Government to end its contract with RTZ for supplies of uranium from the Rossing mine. It has been named the campaign against the Namibian Uranium Contract. — (Sapa.)

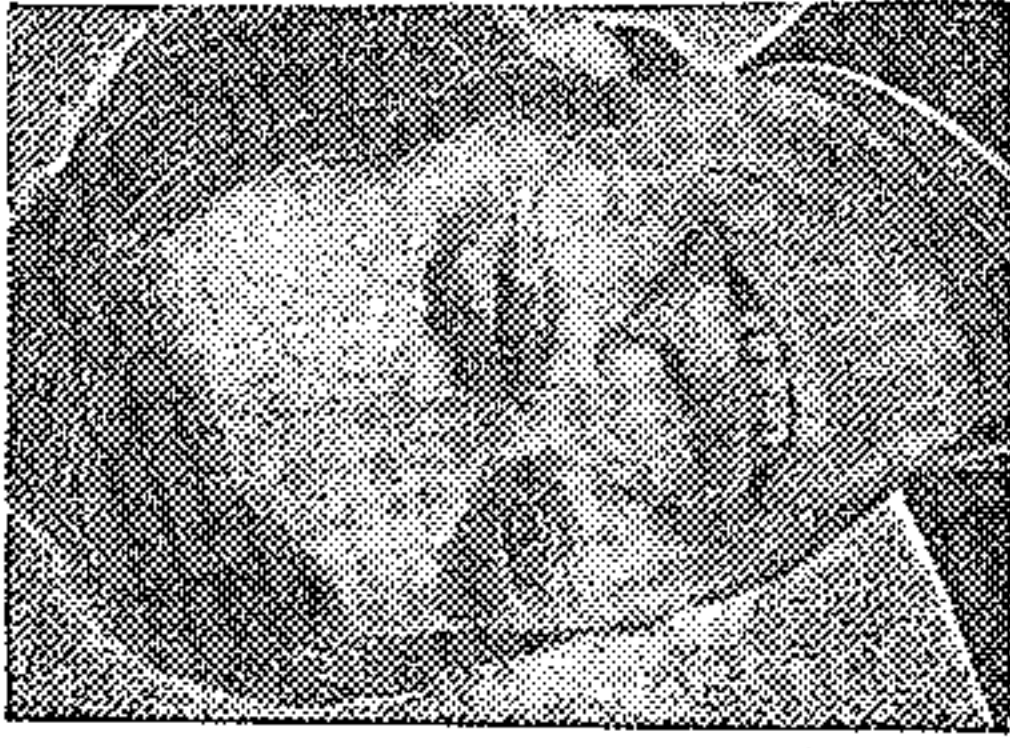


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Sunday Tribune 29/5/77

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# Words that make South Africa twitch



**John Cavill**  
**in**  
**London**

## 'Business, exploitation, apartheid' ... and how Sir Mark handled them

RIO TINTO-ZINC's annual meeting this week was an object lesson in pragmatic enlightenment for those South Africans who develop a paranoiac twitch whenever the words "business, immorality, apartheid and exploitation" are strung together in public.

Like the chairman of any major British company with interests in South Africa, Sir Mark Turner, head of the multi-national mining giant, came to the annual meeting well prepared.

For by now he knows, almost by name, those shareholders (with one share each), who will be dotted like currants in a cake around the hall of the Royal Commonwealth Society waiting to spring to their feet with long speechified questions about RTZ's involvement in SWA/Namibia and South Africa.

He also knows the questions they

will ask — the same as last year — and, by and large, the answers he will give.

Not that it did any good, but this year RTZ tried harder than usual to anticipate and perhaps ward off the customary two hours of repetitive and often tedious allegations about the morality or legality of its operations at Rossing and Palabora.

Almost 25 percent of Sir Mark's speech was devoted to details of working and living conditions for blacks at the two mines — although they contributed considerably less than that proportion to RTZ's record profits of R122 million last year.

In addition, shareholders were provided with 13 pages of analysis of wages paid and accommodation and facilities provided.

That much, at least, it may be claimed by the various lobbies from

the Haslemere Group to the Anti-Apartheid Movement, is one result of their agitation at annual meetings.

And, to save time, Sir Mark repeated RTZ's opposition to race discrimination and its belief in providing opportunities — even if it had to abide by laws it did not approve of or policies it did not support.

Yes, Sir Mark said, he was prepared to apologise for the slowness of black labour advancement and the appalling standards of accommodation in the contractors' camps at Rossing — which were being put right.

No, he was not prepared to apologise for RTZ's part in opening up and bringing to fruition South West Africa's natural resources.

Neither the technical problem at Rossing, which have forced RTZ to pump an extra R30 million — as well as facing the cost of lost uranium oxide production — without as yet any contribution from its co-shareholders, General Mining and the Indus-

trial Development Corporation, nor the changing political face of South West Africa would deter the group.

Even with the higher costs, RTZ remained confident Rossing will be a money-spinner.

And as to politics, Sir Mark made it clear RTZ is ready and willing to talk to any new government of whatever philosophy, confident that the company's positive contribution to the country's future will be recognised and acknowledged in practical terms, i.e. remittable profits.

In all, Sir Mark's performance was a notable revelation of the capacity of capitalism to accept the inevitability of change with a degree of optimism which is not commonly displayed.

If anything, he seemed to be saying that the sooner changes take place and a sound, sure basis for operating established, the better it will be for everyone.

# Big UK brokers to open branch office in city *slow*

John Cavill

LONDON — Joseph Sebag and Company, one of London's biggest stock-broking firms, is to open a branch office in Johannesburg.

The office to be headed by Mr. Martin Hardonk, formerly of Johannesburg brokers P. J. van Rensburg, will have a staff of six and will operate from the Avril Malan building in Commissioner Street.

It will start operating in the next six weeks as soon as telex and telephone links are installed to make Sebag's third London brokers to open a full office in Johannesburg. Cazenoves and Rowe and Pitman are the others.

The director of Sebag's International department, Mr. Nick Paravicini, said: "The immediate reason for opening up in Johannesburg is that our costs of communication have soared by 70 percent in the last year."

## ARBITRAGE

"We do substantial arbitrage business in South African stocks — being among the three biggest arbitrageurs in London — and it is cheaper to have one line open to our own office than to have half a dozen or so to our correspondent Johannesburg brokers."

"It will also provide us with a very useful listening post in South Africa. I find it hard to accept that the South African market will stay in the doldrums forever. Harry Oppenheimer said recently he believes in South Africa, and so do we."

"The office will also enable

*30/1/77* provide a better service and do more business more efficiently with Johannesburg brokers.

"There is no question of us by-passing the Johannesburg Stock Exchange — we value our contacts too highly to try anything like that. If anything it will increase our business with local brokers because they will only have to make a local call, and vice versa, to deal with us," he said.

Sebag also have offices in Los Angeles, Hong Kong, Amsterdam and Geneva.

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Average cash wages of farm labourers have increased more rapidly than the consumer price index over both the entire period from 1949/50 to 1972/73

Source: Agricultural Censuses; Abstract of Agricultural Statistics, 1976

Notes: + 1949/50 average wages of regular labour and domestic servants C.P.I. = consumer price index 1958/59 - 60/61 = 100

Year	White	Eastern Average	C.P.I.
1972/73	2 370	233	155,6
1964/65	1 127	124	110,1
1956/57	871	102	92,9
1949/50 <sup>+</sup>		47	69,4

**WILKINSON-LION  
A likely match?**

FIN. MAIL  
3/6/77  
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The British parents of Lion Match and Wilkinson Sword are respectively wedded and it would come as no surprise if, one of these days, the cohabitation of their SA offspring were to be put on a more formal basis.

Wilkinson Match (UK) indirectly owns 60% of Lion (SA) and Wilkinson Sword (SA) is a wholly-owned subsidiary of its British parent. The relationship between the SA siblings is extremely close. For example, the National Razorblade Company, a subsidiary of Wilkinson Sword, has set up a major plant in Lion's

the increase in the same period

From the table it will be noted that payments in kind increased by 66%

Table: 5  
Average cash wages increased by 52% between 1964/65 and payments in kind by 52% was lower than that Average cash wages the table below:

Source: Agricultural Censuses

Notes: + 1949/50 and 1956/57 includes payments in kind to domestic servants

Year	Total	Whites	Coloureds & Asians	Blacks
1972/73	3,71	0,10	0,18	3,43
1964/65	2,23	0,11	0,10	2,02
1956/57 <sup>+</sup>	2,83	0,13	0,17	2,53
1949/50 <sup>+</sup>	1,86	0,09	1,77	

Table: 4 Total annual payments in kind to regular farm labour in the Eastern Cape, selected years 1950-1973 (Rm).

The following table shows total payments in kind in the Eastern Cape. regular farm and domestic employees were included in one figure.



Sunday Times  
5/6/77

# Lonrho's 'trigger'

## claim opens old wounds

Sunday Times Reporter

**A LONG-SIMMERING** controversy over South Africa's relationship with the giant Lonrho company has been revived by the accusation that the South African Government threatened the company's chief executive, Mr Tiny Rowland.

Questions have been asked in Parliament about Mr Rowland's assertion that Mr Brand Fourie, the Secretary of Foreign Affairs, had threatened to "pull the trigger" on him unless Lonrho abandoned its action against oil companies which, it alleges, have been supplying Rhodesia with oil.

The South African Government has denied making the threat.

### Withdrawn

But Mr Rowland's accusation has inevitably recalled the fact that in 1973 charges of fraud against certain companies and directors of the Lonrho groups were withdrawn in puzzling circumstances.

Another puzzle is why Mr Rowland and the Government should suddenly find themselves at daggers drawn.

In the past he has been tipped as the man who arranged the famous meetings between Mr Vorster and President Kaunda of Zambia.



**BRAND FOURIE**  
"Pull the trigger"

In fact the Financial Gazette said that Mr Rowland himself dropped hints about his role.

The reason stated by a company Press announcement on September 13, 1974, for the withdrawal of the charges was that investigations revealed no grounds for prosecution.

But in the Johannesburg Stock Exchange, where Lonrho's activities are under closer scrutiny than in other circles, questions about why the charges



**TINY ROWLAND**  
Dropped hints

were dropped lingered on.

One major question that has never received an answer satisfactory to some investors who have studied Lonrho and its diverse activities, is why charges of attempted fraud against four Lonrho directors, including the finance director, Fred Butcher, were dropped suddenly back in the "detente" days of 1973.

A report in the Star in July 1976 quoted a police

spokesman as saying:

"This was a purely criminal matter. Charges were dropped in January 1973 on the orders of the Attorney-General. This was not for lack of evidence—other factors were at play."

What were the fraud charges all about? They followed Lonrho's 1968 bid for two companies listed on the Johannesburg Stock Exchange — Coronation Syndicate and Tweefontein Collieries.

One allegation was that the directors had omitted to disclose information of a major discovery of copper by Coronation.

The bid was withdrawn after Central Merchant Bank came to the conclusion that a material fact had not been disclosed.

The arrest on charges of attempted fraud of Lonrho and Corsyn directors was based on these events.

There was a strange sequel. The DTI report says

Lord Duncan Sandys, a leading British politician, then wrote to Dr Hilgard Muller to defend the arrested directors.

His 1971 letter said:

"The recent arrests in South Africa of several of their (Lonrho's) senior executives, of which you will have read, is extremely puzzling and disturbing.

"Although the case against two of them has been subsequently withdrawn, others remain on bail awaiting trial on charges of fraud, the nature of which has, up till now, not been specified."

Lord Duncan Sandys said that Mr Rowland and other executives would visit South Africa to clear up the matter if they could be assured that they themselves would not be arrested.

It was after this that the fraud charges were dropped and the reports of Mr Rowland's role as an intermediary were published.

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# Onsekerheid oor

## Mit. Cott's

**MITCHELL Cott's, die Suid-Afrikaanse filiaal van die Londense moedermaatskappy, staan 'n groot kans om vanweë die politieke druk al hoe minder van buitelandse hulp gebruik te kan maak.**

*Die resultaat van die verwydering van sy moedermaatskappye op die*

*prestasie van die groep is moeilik bepaalbaar, maar kan oor die kort tot medium termyn lei tot verskeie strukturele en beleidsveranderinge.*

Aspekte wat die afgelepe aantal maande kommer gewek het met betrekking tot die Britse moedermaatskappy, was dat daar in die Britse pers met trots verwys is na die feit dat die Suid-Afrikaanse filiaal se bydrae tot die groepwinst die afgelepe ses maande van 80 persent tot 60 persent gedaal het.

Met die moontlike verandering in die beheermaatskappy se beleid slegs as agtergrond, wil dit ook voorkom of veranderende ekonomiese omstandighede en ander meer spesifieke faktore moontlik daartoe kan lei dat Mitchell Cott's se wins vanjaar nie die pragtgroei van die afgelepe 5 jaar sal kan herhaal nie.

Mitchell Cott's se winste is hoofsaaklik van vier bronne afkomstig, wat in die 1976 boekjaar verantwoordelik was vir die volgende bydraes tot winste:

Konstruksie en kontrakteurwerk	44,6%
Vervaardiging van ingenieursprodukte	17,5%
Spesiale distribusie van ingenieursprodukte	20,9%
Vervoer, verskeping en berging	14,8%
Ander	9,9%
	100,0%

Soos uit bostaande tabel afgelei kan word, dra die konstruksie-sektor van die maatskappy met sy filiaal Frasers en Chalmers die belangrikste deel van die groep se wins by. Die konstruksiewerk sluit onder meer siviële ingenieurs en bouwerk in sowel as meganiese en elektriese installerings en die oprigting en beplanning van staalkonstruksies.

Die groep se vervaardigingsbedrywigheid sluit onder meer in, die vervaardiging van stoomketels,

koolstof en grafietsprodukte, myntoerusting, spoorwaens, wiele en asse en so meer.

Die verspreidingsbedrywigheid sluit 'n groot verskeidenheid nywerheidsprodukte in, met spesiale klem op mynboutoerusting.

Hoewel die gesamentlike wins van al drie bogenoemde afdelings in die eerste ses maande van die lopende jaar verbeter het, voorsien die direksie dat die tweede helfte van die jaar nie so goed sal wees as in die ooreenstemmende periode in 1976 nie.

Daar word gevolglik voorsien dat die afdelings 'n daling in wins vir die jaar in sy geheel sal ondervind. Die binnelandse ekonomiese toestande begin nou 'n uitwerking op die bedrywigheid uitoëien en daar kan slegs uitgesien word na groei sodra binnelandse investering 'n oplewing begin toon.

Ná die daling in die groep se vervoer, verskeping- en bergingsaf-

deling se wins in 1976, het die afdeling 'n mooi herstel in wins in die eerste helfte van die lopende jaar getoon. Geen verklaring vir die verbetering is aangedui nie.

Daar word egter voorsien dat die afdeling se wins vir die jaar basies onveranderd sal wees en dat vanweë die verlaagde plaaslike invoer en verminderde verkeersom die Kaap weens die opening van die Suezkanaal, sy groei moontlikhede oor die medium termyn beperk is.

Daar word voorsien dat die groep se wins per aandeel vir die 1977 boekjaar sal daal tot ongeveer 55c, teenoor 66c die vorige jaar. Een van die redes vir die daling is die toename van 8 persent vir die uitgereikte aandeel van die groep. 'n Onveranderde dividend van 20c per aandeel word voorsien.

Teen die huidige pryse van 160c per aandeel lewer 'n belegging in die maatskappy dus 'n dividendopbrengs van 12,5 persent.



# Metal Box het tyd nodig

**METAL BOX** Suid-Afrika het die afgelope finansiële jaar die bul by die horings gepak en verskeie finansiële asook rekeningkundige wysigings aangebring om 'n gesonde basis te bou waarop toekomstige groei tydens die volgende oplewing in die Suid-Afrikaanse ekonomie gegrond kan word.

Die wysigings het daartoe gelei dat die groep se bedryfsinkomste die 1977-boekjaar met 31,5 persent tot R10,9 miljoen gedaal het en dat 'n addisionele dividendbetaling van R1 miljoen gemaak moet word sonder dat bestaande aandeelhouders se dividendbetaling verhoog is.

Die twee belangrikste wysigings wat die jaar plaasgevind het, was die 1 vir 3-regte-uitgifte in Desember 1976 asook die wysiging in die metode van waardering van voorrade.

Metal Box, wat deur die Britse moedermaatskappy beheer word met 'n aandeelhouding van 62,5 persent, is plaaslik hoofsaaklik besig met die vervaardiging van verpakkingshouers, sluitings, en metaal-, plastiek- en bordonderdele. Die groep onderneem ook die vervaardiging van masjinerie en toerusting wat in die verpakkings- en verwante bedrywe gebruik word.

Metal Box is die laaste paar jaar betrokke in 'n aansienlike uitbreidingsprogram met die doel om die vermoë te vergroot en voordeel te trek uit die jongste tegnologiese veranderings. Hierdie program sal na voltooiing ongeveer R35 miljoen kos en die groep verseker dat dit goed toegerus is vir die vereistes van die volgende paar jaar.

Die finale fase van die program is nou bereik met die voltooiing van die twee hoofbestanddele van die program, naamlik die uitbreiding van R6 miljoen a a n d i e visblikvervaardiging- en pakhuisvermoë by Walvisbaai asook die belegging van meer as R10 miljoen in nuwe kanproduksiegeriewe by Rosslyn.

Bogenoemde uitbreidingsprogram is aanvanklik hoofsaaklik deur medium- en korttermynlenings gefinansier. In Desember 1976 is 'n groot deel van die korttermynlenings vervang deur aandeelhouders-

ersfondse na 'n regte-uitgifte wat meer as R11,5 miljoen gelewer het.

Na so groot regte-uitgifte is dit dus vanselfsprekend dat dit tyd sal neem voordat die groep weer sy opbrengs op aandeelhoudersfondse wat in 1976 verkry is, en dus sy wins per aandeel, sal kan ewenaar.

Om die rede is dit interessant om te sien dat die direksie van Metal Box besluit het om sy rekeningkundige metode te verander om sodoende onder meer die aanpassingstydperk tot een jaar te verminder. In die bepaling van die koste van produkverkoop, het die bestuur besluit om die benadering in die verkope en gebruik van voorrade te wysig van die verkope en gebruik van voorrade te wysig van eerste in eerste

gelei dat die Ontvanger van Inkomste R3 miljoen minder in belasting ontvang het en dit het gevolglik gelei tot 'n verbetering in die groep se kontantvloei. Die Ontvanger sal tog met verloop van tyd sy inkomste herwin na mate die ou voorrade gebruik word.

Die feit dat dié benadering gevolg is, sal daartoe lei dat die groep se voorraadsyfer op die balansstaat aansienlik onder gewaardeer word. Daar word gevolglik voorsien dat die groep se voorraadbelegging sal daal van R45 miljoen in 1976 tot ongeveer R38 miljoen in 1977 ondanks 'n toename van 9,4 persent in die omset.

Die oorskakeling tot dié metode en die beklemtoning van die onderwaardering van voorrade in een spesifieke jaar sal daartoe lei dat die voordeel van die sogenaamde „geheime reserve" geleidelik gedurende die volgende aantal jare te voorskyn sal kom in 'n verbetering in winste.

Dit is dus 'n ideale metode om te help om winsgewendheid vinniger te verbeter, terwyl die nuwe aandeelhoudersfondse wat bekom is deur die regte-uitgifte nog nie in dieselfde mate benut is as wat die geval was met bestaande aandeelhoudersfondse nie.

Uit bestaande ontleding is dit dus duidelik dat die groep tans 'n ingeboude reserve het om by te dra tot verbeterde winsgewendheid in die nabye toekoms.

Wat die handelaarsbedrywighede betref, word daar geen reële groei in omset vir die groep vir die 1978-boekjaar voorsien nie aangesien die verpakkingsnywerheid se wel en weë baie nou saamhang met algemene ekonomiese omstandighede.

Met in agneming van dié feit word daar voorsien dat die groep vanjaar 'n verdienste per aandeel op die volle verhoogde uitgereikte kapitaal van 30,0c sal hê, teenoor verlede jaar se 23c.

**KITSONTLEDING, waarin VIE DE KLERK kyk na die maatskappye agter die aandele.**

uit (EIEU) tot laaste in eerste uit (LIEU). Die gebruikmaking van die LIEU-benadering het daartoe gelei dat die groep se bedryfswins sowat R6,3 miljoen laer is as wat die geval sou gewees het indien voortgegaan is met die EIEU-waardering.

Volgens die groep se finansiële direkteur, mnr. Peter Campbell, is besluit om die gewysigde voorraadwaarderingmetode te gebruik weens die buitengewone skerp styging in die pryse van grondstowwe en ander voorrade. Die afgelope 2 jaar het die materiaal gebruik se pryse gemiddeld met 21 persent toegeneem. Die gevolge van dié gewysigde benadering is drieërlei naamlik:

Die feit dat die groep se voorbelaste wins R6,3 miljoen laer was, het daartoe



# SOUTHERN AFRICA LABOUR AND DEVELOPMENT RESEARCH UNIT



RESEARCH DIVISION,  
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FIN MAIL 1/7/77

## TATE AND LYLE TO STAY

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The *FM* spoke to John Tate, chairman of Illovo, while he was in SA last week. The UK's Tate and Lyle has the majority shareholding in Illovo.

***FM*: Have you faced increased pressure over your investments in SA since last year's riots?**

Dea Tate: A fairly regular visitor like myself does see changes taking place. The (overseas) Press doesn't always give a true picture although they may describe events themselves accurately enough. SA's public relations is abysmal; not nearly enough is said about changes which have been made.

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fir **What would you say if Illovo came to you for money for the refinery which has been mentioned?**

We I think we'd say no. The situation is obviously fluid and the period of return on an investment would be important. The idea was that the refinery would be financed from Illovo's own sources, and the project has been shelved for

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the moment. Production is adequate and it is a bad time to put in surplus capacity. But the main thing is that under present returns allowed by the government it is not on to make any new investment.

**Have you thought of disinvesting?**

We want to stay. Illovo and African Products are good companies.

**Would you agree that world economic conditions are improving and this is likely to lead to higher consumption which will help get rid of surpluses?**

Only in the very long run. In the developed countries people don't go out and buy more sugar when there's more money about. On the other hand developing countries are definitely price-sensitive.

**Is the world surplus likely to disappear?**

If I could tell you that I wouldn't be working for a living. There are too many intangibles.

Yours sincerely,

*Francis Wilson*

FRANCIS WILSON

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Friday Times  
(Business Times)  
10/7/77

# Republic's market is sluggish say UK analysts

By CLIFFORD GERMAN

LONDON. — Spotting the South African involvement has become the basis of a new statistical exercise by London research analysts with nothing better to do with their spare time.

A circular prepared by London stockbrokers Simon and Coates, identifies eight British engineering companies who derive 10 per cent or more of their total sales or of their trading profits from interests in South Africa.

The eight are Associated Engineering, who obtain 13 per cent of sales and 15 per cent of profits from motor components businesses in South Africa; Bridon, obtaining 8 per cent of sales and 11.5 per cent of profits from interests in steel wire and cordage; Clarke Chapman with 16 per cent of sales and 10 per cent of profits, mostly from industrial engineering; Delta Metal which is said to derive 21.5 per cent of sales and 39 per cent of profits from South Africa; McKechnie whose ferrous and non-ferrous metal interests in the Republic contribute 45 per cent of sales and 48 per cent of profits; Metal Box which makes 24 per cent of profits out of South Africa; Metal Closures where the contribution to profits is 40 per cent, and Fenner which depends on South Africa for 11 per cent of sales and 17 per cent of profits.

Simon and Coates is careful to assess the significance of their findings in strictly financial terms. They draw attention to the sluggishness of the South African market, the prospects of a third year of economic stagnation and the difficulties the whole economy faces in finally coming to terms with the consequences of the worldwide recession.

"In this situation the engineering sector is particularly vulnerable and it appears that the stock market has not yet fully discounted the dampening effects of a worsening South African recession. We feel

Even though both are regarded as bearish factors by UK analysts and investors, there is a danger of the companies and their shares being downrated.

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that this is especially the case with regard to Delta, Fenner, and McKechnie," say the analysts.

One or two British commentators have already seized on the circular as a source of information on the companies' involvement in South Africa, which is identified as a sign of political weakness and inviting criticism from shareholders and employees with politically hostile views on South Africa.

There is an obvious danger that the political exposure will become more important than the business exposure.

12/7/77 RDM (61)

# Unions due, says report

By CLIVE EMDON  
Labour Correspondent

IF business is to initiate change in the workplace it must create open-ended options — including trade unions for blacks — says a top British church group which has published wide-ranging proposals for British companies in South Africa.

Business has to provide the resources to make change acceptable and sustainable, says Christian Concern for South Africa (CCSA).

The group, which has the backing of most of the major churches in Britain,

has published its proposals in a paper titled "Black trade unions in South Africa — what British firms can and should be doing."

CCSA says that if business is to accept the challenge of directly initiating change at the workplace it must begin to take action to dismantle its existing discriminatory and coercive machinery. At the same time it must create an environment in which more open-ended options become viable for blacks and acceptable to whites.

CCSA stresses that business is not being asked to promote or do the job of

black trade unions. But it should introduce a series of proposals which would create a situation of de facto recognition of unions, which would help them to develop confidence and credibility with the workforce.

Business should:

- Give written undertakings not to victimise any workers who are members of a trade union, or who are active in trade union affairs.

- Be prepared to meet the union secretary and his executive committee and grant the secretary or

organisers access to the premises at agreed times to contact workers.

- Take up problems brought to the company's attention and report back to the union.

- Facilitate trade union activity and workers' education by allowing workers paid leave to attend trade union meetings or recognised educational courses or seminars.

- Facilitate meetings between members of the registered trade union (whites, coloured and Indians) and the black trade union and assist in working towards joint negotiations of wages and working conditions.

Companies could also introduce steps which limit State or industry interference in workplace industrial relations, including access of the police, security force personnel, Bantu Labour officers or Department of Labour officials to factory premises.

Existing machinery of representation and communication at workplace level should be critically examined and overhauled.

Proposals include refraining from "foreclosing options" by introducing liaison committees, and consulting with the union on the desirability of setting up works committees.



CAPE TIMES 14/7/77

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## Catholic archdiocese sells shares in SA gold firm

**Own Correspondent**  
LONDON. — The Roman Catholic Archdiocese of Westminster announced yesterday that it will sell all but one of its 11 211 shares in Consolidated Gold Fields because it feels the company's policies help to maintain racial injustice in South Africa.

The decision follows nearly two years of talks between the diocese's trustees and the directors of the company. The one remaining share will give the church the right to retain a voice and a vote at company meetings.

The announcement by the archdiocese further strengthens the pressure being applied on the company to review its policies in the Republic. It also puts the Roman Catholic Church in line with other major denominations, led by the Church of England, which has already sold its shares in South African gold mining companies.

A spokesman for the Methodist Church, the Rev Derek Farrow, general

secretary of the church's division of finance, said the course taken by the Roman Catholic trustees was "the only way open to them after their efforts to persuade Consolidated Gold Fields to develop more humane policies had failed. "It was a courageous decision and we applaud it."

For the Roman Catholics the three main issues at stake were the migrant labour system, the lack of genuine trade unions for African workers and the disparity between wages for black and white workers.

"The trustees are aware", a statement read, "that selling their shares in Consolidated Gold Fields does not directly help the black South Africans suffering under the injustices of the migrant labour system.

"Nevertheless, having made great efforts as shareholders to influence company policy, they now consider that they have no alternative but to withdraw in order to disassociate the diocese from any direct support for

apartheid or racial injustice."

The trustees said the South African operations of the gold mining group involved direct and close dependence on the migrant labour system within the context of apartheid.

Meanwhile the vicar general of the Archdiocese of Cape Town, Monsignor J P Galvin, said yesterday that every diocese was financially independent. The Westminster action would not have been based on any influence from Cape Town.

A spokesman for Gold Fields, which is Consolidated Gold's South African arm, yesterday told the Cape Times in an interview from Johannesburg that compliance with the church demands would lead to massive unemployment and a capital loss to shareholders.

The church's action was a moral stand but would not have financial implications for the company. No money would be withdrawn as the shares would simply be transferred to other buyers.

# New European guidelines mean more pressure on South Africa

# BLACK UNIONS MAY BE TARGET

Sum. Trib. 17/7/77

By DICK USHER

**SOUTH AFRICAN** subsidiaries of foreign companies can expect increasing pressure for recognition of black trade unions following this week's meeting of the EEC's nine foreign ministers in Brussels.

They decided to take urgent steps to draw up a code of conduct for all European firms operating in South Africa using black labour.

Main pressure point is expected to be on trade union rights for blacks — included in previous guidelines but not adhered to by any companies here.

Earlier similar codes of conduct were drawn up by the British and US Governments in 1973.

The Sullivan Manifesto — a private initiative on the part of 35 US companies — did not include trade union rights.

Diplomatic and business sources indicated this week that perhaps the great majority of foreign companies doing business here already comply with guidelines on employment and advancement opportunities, non-segregation in eating and other facilities, equal pay for equal work, training facilities and improvement of the quality of employees' lives outside the workplace.

A Ford company spokesman

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said: "Most of the big multinational companies recognised years ago that these forms of sound industrial relations were desirable and began implementing them long before the guidelines were drawn up."

But observers say in recent years, as black wages have improved, the focus overseas has shifted from economic considerations to the question of organising right for black workers.

This is certain to be included in the EEC guidelines which are expected to receive high priority.

No foreign company recognises a black trade union for negotiating purposes, although Ford has given the United Auto Workers stop order rights for a funeral benefit fund they operate.

But, it is certain once the guidelines have been drawn up parent companies will come under increasing pressure to get South African firms to grant recognition to black unions.

The West German trade union movement for instance which is being increasingly mobilised against South Africa's apartheid practices, would make black trade union recognition a focal point of any further pressures.

The West German Government is also in a strong pressuring position and has also made it a foreign policy principle not to guarantee investments in South Africa.

## Company backs out of unique agreement and bans parley rights of union

Tribune Reporter

**SMITH AND NEPHEW**, the only South African company to have given negotiating rights to a black union, withdrew their agreement this weekend.

The move caused immediate disappointment in the unregistered National Union of Textile Workers which has been attempting to negotiate a new agreement with the company for several months.

It may also provoke international action against the company which is a subsidiary of a British company.

A statement issued to our London Bureau by the British Trade Union Council said: "Our opposition to investment in South Africa will continue unless the British companies operating there take positive steps to improve the lot of black workers."

One of the steps the TUC has urged on British companies is the recognition of black unions.

The statement said no plans had yet been made for militant action against firms which did not adhere to this policy.

Smith and Nephew announced the move in a letter to the NUTW which said:

"Trade union officials will have no legal standing on the Smith and Nephew site after July 18 and no official meetings will be permitted. Nevertheless, union officials and shop stewards will always be welcome to discuss matters of mutual interest with company management by arrangement."

## Continues

The letter adds: "A new and improved agreement will be negotiated with representative employees of the company. Working conditions in the present agreement will continue until the new agreement is signed. Although the present agreement will continue and be honoured by the company, no signatories outside of Smith and Nephew employees will be recognised by the company. The company has no jurisdiction over its employees' activities off company premises. If employees choose to become members of a trade union — or any other organisation which they feel will promote their interests — they may obviously exercise free choice." NUTW officials were critical of the company's decision.

## Implications

"There are two very disturbing implications to this," a spokesman said. "The first is that management appear to be contemplating their agreement with committees in terms of the Amendment to the Bantu Labour Relations Act. Clearly they will attempt to persuade people overseas that these are an advance and on a par with an agreement with a union. Nothing could be further from the truth. The second factor is that Smith and Nephew management feels that the agreement can be replaced by more extensive assistance in the field of transport and housing. This is most unlikely to be acceptable to workers if it means a loss of rights and powers of negotiation."



FIN. MAIL 22/7/77  
61

# A great leap backwards

All the talk these days about big changes in SA's labour relations must sound rather hollow to the blacks working at Smith & Nephew's Pinetown plant.

They have just been told that S & N will not renew its agreement with their union, the unregistered National Union of Textile Workers (NUTW) — an agreement which has rightly been hailed as an example of how SA managements should deal with African unions. When it signed the agreement three years ago, this British company showed how foreign investors could, if they wished, be positive forces in SA.

It is not only African workers who are affected by S & N's change of heart. The plant's Indian workers have recently resigned from their union, the registered Textile Workers Industrial Union, (TWIU) to join NUTW, which now has membership of all races at S & N.

In place of union recognition, Smith and Nephew are offering to negotiate a binding agreement with a works or

company's own explanation seems somewhat confused.

S & N men will not talk to the press. MD Kenneth Lunn says that only the group's London head office can do so. A London spokesman, however, will not say anything other than that the firm "has merely refused to renew an agreement which has lapsed. This does not close the the door to future agreements."

However, the firm has tried to explain its actions to its own workers in conflicting ways. According to TWIU general secretary Norman Daniels the decision is linked to a dispute between his union and NUTW (*FM* March 18 and May 20). "Lunn told us that until we settle our differences, he's not in a position to talk about an agreement."

But this explanation conflicts with what Lunn told NUTW men at a meeting this week.

Says NUTW secretary Obed Zuma: "He told us that they can't communicate directly with their workers if a third party

sides in an inter-union dispute" as one textile man puts it, "is eminently sensible". No doubt. Particularly if your own union has no members in the plant and your rival has the vast majority of them.

In any event, the union dispute appears to be something of a red herring. After all, S&N were talking about dropping the agreement before the dispute began.

Whatever the reasons, the fact remains that one of the few hopeful lights in SA labour relations has just been put out.



Lunn and factory workers . . . amicable relations in jeopardy

liaison committee, and to improve benefits such as housing.

NUTW bitterly rejects this. It says S & N wants separate liaison committees for each race, which the workers also bitterly reject.

The union adds that the committee system doesn't afford workers the protection of union membership, and that housing is hardly a substitute for giving workers a real say in wages and conditions. "The company's actions are incomprehensible to workers and can only be seen in the worst possible light by them. Regrettably S & N seem determined to take a step backwards," says the union.

The firm's workers agree, it seems. They met of their own accord on Wednesday to protest against the decision.

Why has S & N taken this step? The

is involved and that the law doesn't allow them to recognise unregistered unions. I asked them when they realised this and they said they had known it all along and they have only recognised us because there was a registered union here."

There may, however, be something else behind S&N's decision. A document issued by unregistered unions in Durban this week hints at government pressure on the firm to drop the agreement.

According to the document, S&N first raised the idea of introducing the works committee after last November's trade union bannings. Management reportedly said then that "this would reduce pressure being applied by the State, which was a major market for them, particularly for surgical dressings, plasters, etc". The document also refers to pressure by the State "at the highest level".

Daniels says the firm's "refusal to take



# B.P. AT HORE DIBBER IN KOTIE

DIE internasionale oliemaatskappy BP het R34 miljoen in die ontwikkeling van 'n nuwe steenkoolmy naby Ermelo in Transvaal belê en het pas sy opsie uitgeoefen om vir R4 miljoen 'n belang van 50 persent in Kanhym se steenkoolre-serwe naby Middelburg te verkry.

Daar word gepraat van 'n steenkoolmy n van R80 miljoen hier, waarvan BP tot sowat R60 miljoen sal voorskiet vir 'n belang van 75 persent in die myn.

Dit sal BP se betrokkeheid in die Suid-Afrikaanse steenkoolbedryf tot byna R100 miljoen opstoot oor die volgende paar jaar. En dit is geen geringe deel van BP se wêreldwye bedrywig-hede op hierdie vir 'n nuwe gebied nie.

Net meer as drie jaar gelede — Maart 1974 — het BP besluit om in die hitte van die destydse ener-giekrisis — om 'n steenkool-maatskappy, BP Coal, te stig.

Maar BP was toe reeds sedert die vroeë jare se-wentig besig om hierdie gebied te ondersoek. Daar is toe in Australië begin en ook na Suid-Afrika en Ka-nada gekyk.

Dit was dan ook hoofsaak-lik in hierdie drie gebiede waar BP daadwerklik begin opree het en volgens die hoof van BP Coal, mnr. Douglas MacCallan is reeds meer as R225 miljoen bes-tem vir mynontwikkelinge in hierdie gebiede. Bo en derhalwe dit is BP ook besig om elke jaar meer as R3 miljoen aan eksplorasi-te bestee.

Australië is op die oom-blik die gebied waar BP sover kapitaal betref, die sterkste verbind is. Hy het in September verlede jaar sowat R173 miljoen betaal vir 'n belang van 50 persent in op een na Australië se grootste uitvoerder van steenkool, Universe Tanks-hip se groot Clutha-steenkool belange in Nieu-Suid-Wallis.

Hierdie groep produseer op die oomblik sowat 5,8 miljoen ton steenkool per

jaar. Die plan is om oor die volgende dekade meer as R50 miljoen in die groep te steek vir modernisering en ontwikkeling.

Meer onlangs het BP ook vir 'n bedrag van sowat R26 miljoen 'n groot vastrap-plek in die Kanadese steen-koolbedryf verkry. Hy het 'n belang van 87,5 persent in die S u K u n k a a-steenkooliensensie in die noordooste van Brits-Columbië verkry.

Die belang is by Brameda Resources oorgeneem, wat terselfdertyd saam met Teck Corporation ingestem het om aan BP 20 van hul 25 lisensies oor te dra.

Daar word gepraat van sowat R350 miljoen wat BP Coal in die ontwikkeling van Sukunka kan belê wat 'n potensiaal van 3 miljoen ton per jaar het.

Maar in Suid-Afrika wil dit voorkom of BP hier toegang tot groot tonnema-te steenkool verkry het teen 'n heelwat kleiner beleg-ging wanneer dit met dié in Australië en Kanada verge-lyk word.

Die myn wat saam met Total en General Mining (Trans-Natal) naby Ermelo opgerig word, sal aansaan-de jaar begin produseer en teen 1979 sal hy reeds 3 miljoen ton per jaar kan

utvoer.

En dan is daar nog Kan-hym se steenkool. Nog bit-ter min is bekend oor die planne van BP hier en daar word nog net daaroor ge-spekuleer. Maar daar word gesê dat BP nie-amptelik 'n spoorwota van 4,2 miljoen per jaar belowe is wanneer die lyn na Richardsbaai teen 1981 verdubbel word.

Volgens mnr. MacCallan probeer BP Coal nog by die miltpunt bly om teen 1985 sowat 20 miljoen ton per jaar te kan produseer. Hier-die doelwit word egter al hoe moeiliker om te bereik. Daar kan dus aangeneem

word dat Kanhym se steen-kool hier 'n groot rol sal speel.

BP kyk ook nou na heel-wat moontlikhede in Suid-Amerika, maar een van sy grootste probleme is om die steenkool by die see te kry. Op die oomblik word nog net sowat 8 tot 9 persent van die wêreld se steenkoolpro-dukste op die internasiona-le mark vervoer.

In die algemeen is die wêreld se skeepsbedryf en hawens nie daarop ingestel om 'n sterk styging in hier-die verkeer te hanteer nie. Daar word dan ook gevrees dat Sydney se hawe nie die groot uitvoertonnemate sal

kan hanteer nie.

En hier moet Suid-Afrika met sy spesiale steenkool-spoorlyn na Richardsbaai met 'n hawe wat die moder-nste geriewe het om steen-kool te hanteer, voorrang in BP se planne geniet. Die vermoë van hierdie spoor-lyn kan verdubbel word om meer as 20 miljoen per jaar te hanteer.

Richardsbaai is ook nie baie ver van die steenkool-velde af nie, wat nogal 'n groot verskil maak wanneer daaraan gedink word dat die steenkool wat in Sukun-ka, Kanada, geproduseer word, sowat 1 100 km ver na die Prins Rupert-eindpunt vervoer moet word.

● Steenkool bly egter vir BP 'n relatief klein beleg-ging. Hy het verlede jaar maar net R1 500 miljoen bestee aan nuwe projekte en n e k s p l o r a s i e-bedrywighede.

In the home economy — her wants and duties, her inctive being, are now subordinate features of its women who have no occupation (the appellation house-ignify the upkeep of a concrete packing-case which ou) domestic work is a better prospect than the daily, weekly, monthly return for the men's labour.

is work some of the time, mainly in the picking season for citrus may on a large farm where the s fruits are grown be as long as 7 months, as the pon at different times of the year. For vines weeks. During these periods picking is not sual labour that a farmer needs varies considerably. varies, between 40c and R1,50. Most of this he rm, among the women and children. Some small farms families obtain their casual labour from other the picking season has not commenced or is finished. town women and school children from the town pick fruit.

*N. Mercury*  
25/7/77  
**Talks on  
code of  
conduct**

(61)

BRUSSELS — European Common Market foreign ministers will discuss their proposed code of conduct for EEC firms operating in South Africa when they meet here today for the last time before the summer break.

The ministers are not expected to finalise the code this week but want to be able to report progress to an anti-apartheid conference organised by the United Nations in Lagos next month.

The code, first proposed earlier this month, would cover such areas as current wage differentials between White and Black workers and the absence of trade union rights for Blacks.

The nine members want to show Third World critics that they are ready to take concrete action against South Africa's apartheid system.—(Sapa-Reuter.)



# Firm lashed for rejecting black union

By CLIVE EMDON  
Labour Correspondent

THE decision by the British company Smith and Nephew to no longer recognise the black trade union operating in its South African factory came under fire at the weekend.

The Council for Industrial Workers of the Witwatersrand (CIWW) described the decision as retrogressive "at a time when bold and progressive moves in labour are vitally necessary."

The CIWW said in a statement that workers did not want to be treated as children to whom orders could be given. "They wish to enter into meaningful negotiations over grievances and to reach solutions satisfactory to both sides."

The CIWW said it was for these reasons that Smith and Nephew should heed the workers' call for the recognition of their union and avoid the friction that management is bringing to their factory by refusing to accede to the workers' requests.

Last week, the three-year agreement between Smith and Nephew and the National Union of Textile Workers — the first agreement negotiated by any

company with a black trade union — came to an end.

The Pinetown-based company told its workers it was not prepared to recognise the union and wanted to deal with them through a liaison committee.

The CIWW, which represents 1 500 to 2 000 worker members of the Metal and Allied Workers' Union and the Industrial Aid Society, said the liaison committee system which Smith and Nephew was "foisting on workers," had been shown to be inadequate and unrepresentative of workers.

In all factories where the system has operated worker members of the committees were aware of their dependent position in the firm and in practice were unable to realistically oppose the demands of management. "As a result, the liaison committees are one-way channels of communication with no real powers of negotiation," it said.

The CIWW said workers in the liaison committees were "dependent on the whim of a paternalistic management" to be able to discuss any grievances meaningfully.



# Richards Bay sale nets R1m

D. D. 30/7/77

By Clifford German: London

(bl)

EARTH-MOVING equipment and heavy trucks worth about R1-million were bought by the British Seymour Plant Group and shipped to England for refurbishment and re-sale when the harbour contract at Richards Bay was completed.

"We just happened to be at the right place at the right time," chairman Bill Seymour said in London this week.

Normally, the cost of shipping from South Africa to Britain would have been prohibitive, but there was no further use for the equipment on site, the harbour was convenient for loading, and the complete purchase made better financial sense than attempting to renovate and sell the equipment piecemeal in South Africa itself.

The deal was arranged through local agents who knew a Seymour team was in South Africa looking for business.

The machinery is a mixed bag including Mercedes trucks, earth-moving equipment from the United States, Belgium and Germany, and a handful of British-made tractors.

It has been shipped back to Britain through Shoreham. Renovation will take between six and 12 months, making it too late for the equipment to be re-sold for the 1977 season of construction work.

However, it will be put back on the market throughout Europe in time for 1978. Seymour hopes to make a useful profit, but regards the deal as a one-off operation.

The company's team in South Africa was hoping to find bargains resulting from the recession in the construction industry. "However, I have the distinct impression that the South African economy is picking up," says Bill Seymour.

# KEEPING AN EYE ON SOUTH AFRICA

Sun. Trib.  
14/8/77

By Alan Peat (61)

THE CURRENT visit of the Manchester Chamber of Commerce and Industry trade mission to South Africa was prompted by concern over the effects of economic and political events in the Republic, says its leader Dennis Arrandale.

He said: "We saw moves like the imposition of the temporary 15 percent import surcharge, the severe recession and political troubles like Soweto as being a possible threat to our market here.

"I think that the pattern of trade does change. And someone has to keep a watchful eye on these patterns of change and adjust accordingly."

This is his third visit to South Africa. He knows the local scene. Has he seen a significant deterioration in trade prospects?

"Well, I think the import surcharge has made a cutback on imports. And there are also certain areas where increasing tariff protection for the South African industries has had the same effect, but this doesn't mean we can't trade with South Africa.

"You must remember that trade exchange between Britain and South Africa last year was R1 875 million," and that's not a small amount in trading terms.

However, says Arrandale, there is an alternative if imports are seriously restricted.

He said: "Our members are not only selling products, they are selling expertise. And, where the product sales are inhibited we can always look at the possibilities of joint ventures.

"Anyway, most of our mission are producers of highly specialised products which are simply not made here."

In light of the political uncertainty in South Africa does he think that any of his members would be reticent to consider South Africa as a potential market?

"No, I don't think so. Members, of course, look at both the short and long term. We are aware of certain changes and certain problems both internal and external. We are also aware that there is quite a lot of anxiety in South Africa itself about the problems."

Sake-rapport  
14/8/77

# BTR AL GROTER IN DIESEL 61



MNR. LEN DEAN...volle vertroue in Suid-Afrika

Deur DAVID MEADES

**ONDANKS** die knaende resessie en sensitiewe politieke klimaat in Suider-Afrika het BTR van Brittanje, moedermaatskappy van die Suid-Afrikaanse BTR-groep, volle vertroue in die toekoms van die land. Dit is die rede waarom voortgegaan word met die uitbreidings by BTR hier.

*So het mnr. Len Dean, besturende direkteur van BTR Suid-Afrika, in 'n onderhoud aan Sake-RAPPORT gesê net voor-*

*dat sen. Owen Horwood, Minister van Finansies, Vrydag BTR se nuwe kompleks vir sy Detroit Diesel Allison-afdeling amptelik geopen het.*

soorte swaar voertuie. Die afdeling spesialiseer ook sterk in die herbou en versiening van dieselenjins. Dit was die afgelope jaar vir sowat 40 persent van sy omset verantwoordelik. As daaraan gedink word dat hierdie groot dieselenjins vragmotors, van tot 150 ton aandryf en sowat R150 000 stuk kos, is dit duidelik dat die herbou en versiening baie belangrik is.

van sowat R10 miljoen verwag, wat na verwagting tot R18 miljoen in 1980 sal styg.

Dié afdeling het nou takke oor die hele land en is nou in 'n posisie om net die beste diens aan sy klante te bied. Die groep het ook verreweg die grootste aandeel van die mark vir die groot dieselenjins. Sowat 70 persent van alle dieselenjins en -toebehore wat verlede jaar uit Amerika na Suid-Afrika uitgevoer is, is deur BTR gehanteer.

### Herbou

Die groep is nou ook besig om hom reg te maak vir die verskaffing van outomatiese ratkaste vir alle

Hierdie kompleks het R1 miljoen gekos en is deel van 'n uitbreidingsprogram van R4 miljoen van BTR in Suid-Afrika. BTR het verlede jaar notering op die Johannesburgse Effektebeurs gekry. BTR van Brittanje het 'n belang van 61 persent in die Suid-Afrikaanse groep en Goudvelde van Suid-Afrika hou 'n belang van 17 persent.

Die Detroit Allison Diesel-afdeling was voorheen deel van die groep se Victor Kent-afdeling, maar het nou 'n geheel en al aparte afdeling geword. Hierdie afdeling het die alleenagentskap vir General Motors se groot dieselenjins en -toebehore en is voortaan regstreeks aan Detroit verantwoordelik. Voorheen was General Motors in Port Elizabeth 'n tussenganger.

Die BTR is in Suid-Afrika baie sterk gediversifiseer en is dalk meer bekend vir sy bedrywighede deur Sarmcol, wat die land se grootste in rubberprodukte is.

Die omset het verlede jaar van R63,9 miljoen tot R64,5 miljoen gestyg en mnr. Dean verwag dat hierdie vlak vanjaar gehandhaaf sal word.

Maar met die ekonomiese insinking verwag hy nie dat dit winsgewend op die kort termyn gehandhaaf sal kan word nie. Dit is ook bevestig deur die maatskappy se tussentydse winssyfers wat Vrydag bekend gemaak is.

### Toekoms

Met die groot toename in mynbedrywighede in Suid-Afrika die laaste dekade of wat, het hierdie afdeling van BTR geweldig sterk gegroei en mnr. Dean is ondanks die huidige resessie in die land baie optimisties oor dié afdeling se toekoms.

Die wins na belasting het met sowat 10 persent tot R1 710 000 vir die ses maande tot 3 Junie gedaal. Voor belasting het dit egter heelwat slegter gegaan. Hier het die wins van R3 332 000 tot R2 231 000 gedaal.

Hierdie afdeling se omset het in 1960 nog 'n skrale R20 000 beloop en het tot R2,5 miljoen in 1970 gestyg.



# BRITISH KEEP FINGERS CROSSED OVER FRAGILE INCOMES POLICY

61

THE BRITISH Government is keeping its fingers crossed that no unions will blow apart the only effective plank of its incomes policy: the rule that nobody must have more than one major pay rise a year.

One group of trades unions are trying to deter settlements which should have been made in Phase Two, until after the policy expires at the end of this month in the hope of getting more than the allowed R6 rise.

They include 40 000 Merchant Navy officers and 105 000 ICI workers, who should have settled on June 1; and 3 500 national newspaper journalists, 20 000 Chrysler manual

Sun. Trib  
PROP- 14/8/77

By John Fryer in London

workers, and 146 000 clearing bank staff, whose rises should have been paid from July 1.

Another cluster of dissidents, who will have to wait until next year for another increase if they obey the TUC rule, include 29 000 Aslef train drivers, whose next increase is due in April 1978, and 127 000 Post Office Engineers who have only just accepted a Phase Two deal.

Of course, the most worrying threat of all is from the 260 000 miners, whose conference has decided to "seek to achieve" R200-a-week for faceworkers from November 1, instead of waiting until next March.

After this, we go into the negotiating round proper.

**AUGUST:** 50 000 BBC manual workers and 26 000 British Steel Corporation technical, supervisory and clerical staff are due to have their annual rise.

**SEPTEMBER:** 118 000 police, who are already making angry noises, and are bound to cause the Government considerable discomfort, as are 30 000 dockers. Whitehall will also be watching 8 000 British Leyland truck and bus division workers, and 34 000 Vauxhall employees.

**OCTOBER:** The big test is the settlement for 57 000 Ford workers. This deal is

regarded as the pace-setter for the private sector, and ministers are not pleased that the unions are demanding rises of 15 percent on basic rates, which could be worth 25 percent on earnings. Other deals this month cover 33 000 manual workers in national newspapers, 20 000 BBC employees, 50 000 university staff, and 15 000 Scottish lorry drivers.

**NOVEMBER:** Just as Ford sets the pace in private industry, the settlement covering one million local authority manual workers is the benchmark for the public sector.

**DECEMBER:** 238 000 ancillary workers in the National Health Service negotiate in this month. Their deal is traditionally related to the one million council workers.

**JANUARY:** In the public sector are 220 000 Post Office workers and 118 000 British Steel manual grades.

**FEBRUARY:** 30 000 electricity supply technicals, and 25 000 Leyland workers at Cowley.

**MARCH:** 105 000 manual workers in electricity supply, plus the miners, unless they have already broken the pay policy.

**APRIL:** 568 000 teachers, 420 000 nurses, 500 000 civil servants, 180 000 British Railmen, and 30 000 on London Transport.

**MAY:** Around this time, 1.5 million engineering workers settle, mostly at local level. Other large groups are 48 000 chemical workers, 140 000 in retail distribution, and 120 000 in textiles.

**JUNE:** The dominant group are 600 000 building workers.

**JULY:** If they can wait that long, 320 000 local authority staff are due for their first rise after Phase Two ends, as are 50 000 in gas supply, and 170 000 industrial civil servants.

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A full minute of the proceedings will be circulated to all due course.

5 August 1977

(Prof.)  
Dean, F

# Minet het groot planne

Deur DAVID MEADES

**DIE Minet-versekeringsmakelaarsgroep gaan sy bedrywighede in Suid-Afrika aansienlik uitbrei. Dit sal onder meer 'n toetrede tot finansiële bestuur, die reël van handelsfinansiering en die werwing van uitvoerende personeel behels.**

Hierdie planne volg op 'n soortgelyke plan wat deur die groep se internasionale beheermaatskappy, Minet-James International, beoog word.

Dié planne is die naweek in Johannesburg aan die internasionale groep se tien streekdirekteure bekend gemaak. Dit was ook die eerste keer dat die groep se topmanne bymekaar gekom het sedert Minet Holdings van Londen in 1973 met Fred S. James van Amerika saamgesmelt het.

Die nuwe besturende direkteur van Minet-James International, mnr. Raymond Pettitt, het die same-sprekinge gelei.

Mnr. Pettitt het aan Sake-RAPPORT gesê dat daar besluit is om die internasionale groep se bestuurstruktuur oor die hele wêreld te desentraliseer. Daar sal nou ses streeksentrums op ses vastelande wees.

Die groep is reeds in meer as 100 lande bedrywig en het regstreekse belange in 35 lande. Die plan is nou om in nog meer lande regstreekse belange te verkry.

Hy beskou die groep se Suid-Afrikaanse filiaal as een van die suksesvolste in die groep. Die internasionale groep verwag om vanjaar 'n wêreldwye premieinkomste van sowat 1 500 miljoen dollar te hanteer, waarop 'n kommissieinkomste van sowat 150

miljoen dollar getoon sal kan word.

Die groep verskaf werk aan meer as 4 000 mense. Die Britse filiaal is op twee na die grootste in daardie land, terwyl Fred S. James in Amerika op drie na die grootste is.

Die Suid-Afrikaanse filiaal het belange in verskeie kleiner makelaarsgroepe, waarvan Sentrale Makelaars een is. Hier het hy 'n belang van 33 persent, terwyl Bonuskor en Perskor die ander aandeelhouders is.

Volgens mnr. C. W. Keey, besturende direkteur van Minet in Suid-Afrika, be-

hoort sy groep hier om en by die derde plek ná Price Forbes en Volkskas/Federale Makelaars te lê.

Die groep groei egter baie sterk en sy wins het die afgelope vyf jaar gemiddeld met 40 persent per jaar toegeneem. Ondanks die slapte in die land se ekonomie word 'n styging van 25 persent vir vanjaar verwag.

Mnr. Keey verwag egter dat ons voortaan op die Suid-Afrikaanse versekeringsstoneel nog heelwat meer samesmeltings gaan sien. Daar is nie genoeg geld vir almal in die land nie, en groeppvorming sal al hoe groter word.



Natal Mercury.

8/9/77

The Natal Mercury

# EEC ministers to view draft S.A. may follow U.K. Code model

Mercury Correspondent

**LONDON —** Indications from Brussels are that the EEC Code of Conduct for European companies operating in South Africa will be similar to the British code which is currently in force.

Senior officials of the EEC Foreign Ministries hoped that the Code would provide guidelines for employers to improve the wages and working conditions of their Black staff members.

It will have no statutory force because the companies are subject to South African law.

The draft code of conduct is similar to the one introduced in Britain some years back and it was significant to note that no decisions were taken to apply direct economic pressure on South Africa.

The draft code will be submitted to EEC Foreign Ministers on September 18 and 19 and is expected to be approved. European companies operating in South

Africa will then receive copies of the code.

According to sources the Code will cover minimum wages, fringe benefits, job opportunities, with special reference to the promotion of Black staff.

Employers are expected to avoid segregation and discrimination and Black employees should be allowed to join unions. The EEC is also expected to ask companies to send progress reports on their observance of the Code. Working groups discussed possibilities of reducing export credits to South Africa, limiting investment in the area and raising EEC tariffs.

### Imprecise steps

But they found that at this stage such steps would be impractical and there was little scope to place further economic pressures on South Africa to change apartheid.

The nine member nations of the EEC want the Code to be ready for the coming United Nations session. It would then help them to counteract appeals for economic sanctions against South Africa.

The importance of the Code is that it will back business efforts which are already taking place to improve the lot of Black workers in South Africa.

British Foreign Secretary David Owen, originally introduced the plan in July. Common Market Governments have stated that the Code would prove that they are committed to end apartheid.

The EEC accounted for 47.6 percent of total South African exports last year,

compared with 45.8 percent in 1975. The United Kingdom bought 22.2 percent, West Germany 10.5 percent, France 3.3 percent and other EEC countries 11.6 percent.

Europe as a whole bought 55.4 percent of South African products.

While trade is important, investment is even more significant. According to the June quarterly bulletin of the South African Reserve Bank, the EEC accounted for 60 percent of South Africa's foreign liabilities (direct and indirect investment) in 1975.

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STAR 21/9/77.

# Sweeping code of conduct demanded from SA companies

## EEC increases 61

Michael Chester,  
Financial Editor

# pressure for reform

Foreign Ministers of all nine nations of the European Common Market have approved a sweeping code of conduct aimed at sparking action inside hundreds of companies in South Africa to abolish the colour bar.

percent the level required to satisfy the basic needs of black employees and their families.

also allow time off to carry out union duties without loss of pay.

### ADVANCEMENT

Companies should follow the principle of equal pay for equal work — with all jobs open to any worker who possesses suitable qualifications, irrespective of race. Employers should draw up a range of training schemes to advance black employees and should reduce their dependence on immigrant white labour.

What remains to be seen is how or if the EEC

can actually enforce the code. But the insistence that parent companies back at base must provide annual progress reports to their national government suggests a lot of moral suasion will be applied at top level.

And now, I understand, the next ambition of the EEC will be to persuade all 24 nations of the powerful OECD — spreading from Canada to Japan and embracing all the leading industrial countries — to adopt a similar code to intensify the pressures for reform.

### MIGRANTS

The code brands the system of migrant labour in South Africa as "an instrument of the policy of apartheid" and warns of grave social and family problems.

Employers should make it their concern to alleviate the effects of the existing system and ensure freedom of movement for black workers and their families.

### BENEFITS

Companies should concern themselves with the living conditions of employees and families and set aside company funds for use in providing:

- Leisure and health service facilities.
- Assistance for employees with problems with the authorities over movement from one place to another and the choice of residence.
- Pensions.
- Education.
- Medical services and social welfare.

### SEGREGATION

Employers should do everything possible to abolish any practice of se-

The seal of approval was given in Brussels yesterday in a move which spells out the mounting pressure on South African business from overseas to dismantle all forms of apartheid and provide black workers with a new deal.

A number of giant multinational companies based in the United States have already pledged support to what has become known as the Sullivan Code to be followed by their subsidiaries in South Africa.

The new EEC Code pushes even harder for labour reforms and is intended to be applied in the South African subsidiaries of all companies based inside the Common Market.

Between them they cover a vast area of the SA business world. Britain alone has 145 companies operating inside SA, in turn running a combined total of 450 subsidiaries and topped by industrial leaders like Leyland Motors, British Petroleum and Unilever.

West Germany has links with over 300 more companies in SA — actual subsidiaries or via a strong shares interest in investments which have now soared above R1 500m.

The code, initiated by Dr David Owen, the British Foreign Secretary in July, will insist that all EEC companies with offshoots in SA must provide

gregation — particularly at work places, in can- teens, in sports activities and in education and training.

They should also ensure equal working conditions for all staff.

### UNIONS

Employers should try to ensure that black employees are free to form or join a trade union.

Steps should be taken to allow trade union officials to explain to employees the aims of unions and the advantages of membership. They should

with an annual report on progress towards achievement of goals. It lists six specific aspects:

### WAGES

Companies should formulate specific policies aimed at improving the terms of employment for black workers.

Pay based on the absolute minimum necessary for a family to survive cannot be considered as sufficient; the minimum wage should initially exceed by at least 50

afje

BLACK UNIONS

FIN MAIL  
23/9/77

## Durban deadlock (61)

Give your workers trade union rights, and then refuse to ~~continue~~ with the arrangement - - and you land yourself in trouble. That seems to be the experience of Smith & Nephew (S&N), the British firm whose Durban subsidiary took a pioneering step forward a few years ago when it signed an agreement with an African union.

Attempts by S&N to sell the idea of a plant-level "works council" to its workers in place of the union have been a dismal failure. Indeed worker representatives are confident that S&N will soon have to drop the proposal owing to the lack of shop floor support for it.

Apparently even management men privately reckon that it has support among no more than 10% of the workers.

S&N is trying to persuade workers that the council will be an improvement on the company's earlier recognition agreement with the unregistered National Union of Textile Workers (NUTW), which it has refused to renew (*FM* July 29).

Recently, S&N changed its tack. Instead of appealing to the full NUTW shop stewards committee in the factory, management set up an "advisory group" to discuss draft works council constitution. Only four shop stewards were invited - and six managerial and supervisory men.

But that hasn't broken the deadlock. Although the group has met twice now, the *FM* understands that both meetings were wrecked on the shoals of worker rejection of the council. One management man apparently complained: "The shop stewards won't even discuss the council until we agree they are union representatives, rather than individual employees."

The shop stewards committee is unhappy about what it sees as an attempt "to by-pass worker representatives" and will probably seek a meeting with S&N MD Kenneth Linn to protest against the formation of the advisory group and express worker rejection of the works council.

Meanwhile, NUTW general secretary Obed Zuma tells the *FM* that union membership has grown at S&N since the confrontation began: "Worker spirit is high and even workers who were neutral before say they won't accept anything less than union recognition."

The union has prepared detailed objections to the company's draft constitution for the council, which it argues, will be "dominated" by management and is "designed for consultation rather than bargaining or dispute settlement".

The union also fears that the council's mooted "proportional" composition will mean a set number of seats on it for each race group in the factory and that its "multi-racial" nature is designed to give white collar staff control over the shop-floor members.

(61)

Yet another multi-national company has been accused by an African trade union of victimising African worker representatives.

This time the company is Unilever. The union, the Sweet, Food and Allied Workers' Union, claims that a Unilever worker, who was both a member of the Unilever works committee and a union shop steward, has been dismissed.

The dismissed man says he was involved in taking up a complaint on behalf of a number of workers when he was dismissed.

According to the union's general secretary, Skakes Sikhakhane, the incident follows an approach by the union to management, asking for access to company premises to attempt to enroll members. This was refused.

A Unilever spokesman confirms that the man was dismissed, but says that the dismissal was due to "unsatisfactory timekeeping and attendance over the past year — and then only after he received several formal warnings".

He adds that liaison committee members are "expected and encouraged to devote a reasonable amount of time during working hours to committee matters" and that it is "inconceivable" that the man was fired for carrying out committee work.



# British employers have doubts on EEC code

RDM  
30/9/77  
(61)

By NEIL BEHRMANN

LONDON. — The Confederation of British Industry has significant reservations about the European Economic Community code of conduct for European firms operating in South Africa.

These doubts follow criticism by the Federation of German Industry which believes that the code is superfluous and harmful.

A spokesman of the EEC said a working party was studying the code proposals in detail.

But the CBI, representing the views of the leaders of British industry, was far from agreement with the government.

The deputy director of the CBI, Mr John Whitehorn, says that it has not backed the EEC code in total and that the CBI still had important reservations about the document.

The working party is studying the complexities of South African law relating to black trade unions and integration and whether it is feasible to interfere in operations of British subsidiaries in South Africa.

For example, the code says

that black trade unions are not illegal and companies are free to recognise, negotiate and conclude agreements with them. Should the black employees of a company decide on a trade union, the company should accept the decision.

But the CBI is worried that in spite of the legality of the unions, the South Africans could place pressure on employers and employees through banning orders and other restrictions.

The Federation of German Industry is more forceful in its condemnation of the code. A spokesman rejected the imposition of foreign policy on foreign trade and doubted whether the code would achieve the political objectives.

The Federation fears that German companies could lose out to foreign competitors. It is against apartheid but says the German Government cannot ask subsidiary companies to disregard the laws of a country in which they operate.

The Bonn Government has increased State credit guarantees to back up German exporters.

The 1978 Budget proposals recommend an increase in government export insurance backing from 110-billion marks (R41-billion) to 130-billion marks (R49-billion).

The percentage of State funds allocated as insurance backing for West German exports increased from 5% of total exports in 1972 to 13.3% last year.

The backing is higher because the State fears that export contracts could be lost without State support.

There are also risks in selling to developing countries, political and economic.

The Left-wingers of the ruling Social Democrat Party have demanded that the German Government withhold credit guarantees on export business to South Africa. So far the government has rejected these demands.

The International Confederation of Free Trade Unions is also dissatisfied with the EEC code for opposite reasons. It wants sanctions, penalties and restrictions on new investment in South Africa.

# APE brei uit in SA

(51)

NUWE geriewe ter waarde van R100 000 is by die Wadevillefabriek van Amalgamated Power Engineering aangebring. Die maatskappy is 'n vervaardiger en voorsiener van pompmasjinerie. Die uitbreidings sluit in die verdubbeling van die paswinkelruimte en addisionele kantoorruimte. APE (Suid-Afrika) is 'n filiaalmaatskappy van die Britse groep met dieselfde naam. Sy huidige wêreldwye omset beloop £50 miljoen.

SAKE-REPOERT 30/10/77

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# Discreet poll on British views

The Argus Bureau

3/11/71

LONDON. — The South African Government has been conducting a discreet opinion poll among top British businessmen to discover their views on the South African Government.

The Government is using an unusual emissary, a South African in-

ternational trade consultant, Jacques Lorraine, who works part-time for the South African Foreign Trade Association.

Mr Lorraine, who first came to Britain 18 months ago, started a business consultancy firm in March called Jacques Lorraine and Partners.

The only partner is his wife, Ann, and the registered office is in Mount Street, Mayfair, the address of his solicitors. The capital of the company is R150.

He places great emphasis on discretion and confidentiality. He said he had approached 50 to 60 top businessmen and politicians in Britain over the past four months and had sounded out about 20 of the major companies with large holdings in South Africa.

So far, his reports back to the Foreign Trade Association can have given little encouragement to the South African Govern-

ment. Many of the people he polled said the Biko affair and the recent bombings were handled clumsily.

Mr Lorraine also said businessmen admit some pressure is being brought to bear by some black African nations for British companies to curb their trade with South Africa.

'Some of the people I have spoken to have been devastatingly frank,' he said. 'They say that they know it's amoral to allow

such pressure to have any effect that they ought to make a stand and not give in. But, after all they say, we're in business.'

Broadly, Mr Lorraine said, the view of British businessmen is that they want Britain and South Africa to be good friends but unless South Africa 'cools it, there could be serious problems.'

## WORKS ALONE

His system is to write to businessmen saying he represents the interests of

important South African-based companies who are concerned 'about international opinion about South Africa's future.' He asks for a private interview.

Two British businessmen, who did not want their names disclosed, said they had been left with the strong impression that Mr Lorraine represented the South African Government.

But Mr Lorraine insists he works solely on behalf of the South African Foreign Trade Association and is not employed by the Government.

The Foreign Trade Association, which represents about 600 companies, said it 'liaises closely with the South African Government.'

It also receives a heavy Government subsidy — R185,000 for the current financial year.



Nov. 7, 1977. Cape Town

# Apartheid: UK firms accused (61)

LONDON. — Mr Jack Jones, leader of Britain's biggest trade union, yesterday accused British companies of being willing participants in South Africa's apartheid policies.

Writing in a foreword to a new book on black trade unions in South Africa, published by the inter-denominational organization Christian Concern for Southern Africa, Mr Jones, who heads the two million-strong Transport Workers' Union, wrote: "Time is running out. Industrialists and trade unionists should make a stand against the repression of the black people of South Africa."

"If there is a failure to respond, the future of South Africa could be very bleak indeed."

Too many British companies were "willing participants in apartheid policies," he wrote.

The book "Black trade unions in South Africa: The responsibilities of British companies", by Rodney Stares, called on British firms operating in South Africa to negotiate with and encourage black unions.

It said the response of managements in South Africa to the demands of their black workers had been "at best inadequate".

"The choice for the business community grows ever more stark. It is no longer a question of trading marginal increments in risk and uncertainty against reductions in economic performances but increasingly an all-or-nothing situation.

"Either companies make the necessary concessions now and learn to live and operate in a new climate or they follow a path which must inevitably lead to the destruction of the private sector in South Africa." — Sapa-Reuter

# British firms in D.D. 7/11/77 (61) Republic warned

LONDON — Business concerns in South Africa are warned in a report that if they do not make concessions to their black workers, such as recognising black trade unions, they will "follow a path which must inevitably lead to the destruction of the private sector."

The report, *Black Trade Unions in South Africa: the Responsibilities of British Companies*, is published by Christian Concern for South Africa.

The 82-page report, which gives a comprehensive picture of the black trade union movement in South Africa, says business must "learn to live and operate in a new climate" in South Africa.

The report warned: "If the private sector does not choose to exercise its

power to initiate, and instead retreats into a passive acceptance of the State as the arbiter of the pace and type of change, then it is abrogating any influence over the shaping of the future and risks being crushed between the increasingly interventionist and repressive machinery of the corporate state and the revolt of the disposed black majority."

Mr Jack Jones, leader of Britain's biggest trade union, writing in the foreword to the report, said: "Time is running out. Industrialists and trade unionists should make a stand against the repression of the black people of South Africa.

"If there is a failure to respond, the future of South Africa could be bleak indeed."

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# Union blast at Leyland

*Metal Mercury 8/11/77*

(b1)

Mercury Correspondent

**LONDON — A spokesman of British Leyland has strongly denied that Leyland in South Africa called in the Security Police in 1974 "to block the organisation of workers."**

The allegation, first made by the Metal and Allied Workers Union (Mawu) based in Johannesburg and Durban is reprinted in a report published at the weekend by Christian Concern for Southern Africa entitled Black Trade Unions In South Africa: The Responsibilities Of British Companies.

The Leyland spokesman described the report as "selective, prejudicial and in many cases inaccurate."

The CCSA report publishes an account of the dispute at Leyland in South Africa over an attempt by

African workers to form a trade union.

Last year Leyland stated the company "could not reasonably recognise an African trade union for bargaining purposes . . . without setting our business and employment at risk."

The Leyland spokesman explained yesterday, however, that in spite of this statement Leyland was broadly in favour of the programme of action recommended in the CCSA report.

The CCSA report also publishes detailed comment on the policies of Metal Box South Africa Ltd., Pilkington Bros., S.A., and Unilever Ltd.

Referring to Unilever's policy the report claims: "There remains a wide gap between the stated intentions of the British parent company and the perceptions of the situation of Black trade unionists who have been involved with the South African company.

"Until the Black unions involved can report a positive response from the South African company the effectiveness of the policy laid down by the parent must be open to doubt."

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# Leyland denies union report

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From STANLEY UYS  
London Editor

LONDON. — A spokesman for British Leyland has denied that Leyland in South Africa called in the security police in 1974 "to block the organization of workers".

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"Till the black unions involved can report a positive response from the South African company, the effectiveness of the policy laid down by the parent must be open to doubt."

The report concedes, however, that "Unilever is widely regarded as one of the best large British employers of African labour by prevailing standards".

Referring to Metal Box, the CCSA report says that "in the field of wages, the (CCSA) committee found the company to be among the better payers".

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like the extent that the English-speaking countries have; moreover, the Anglophone loss is a Francophone gain, for it involves a unilateral supply restriction and keeps up world prices for the benefit of others. Nigeria et al. stood aside, while France and the Six held the door open.

Food "Why, she may command me: I serve her; she is my lady", Malvolio.

It might be felt that the conclusions regarding the food sector are not of very general applicability, especially as rice is not widely grown in Western Africa and is not commonly a major staple. But there is a certain common trait about food production in Africa that may apply whatever particular crop we are referring to. We have seen that rice production tends to become more intensive, the greater is the pressure of population on resources, mainly by converting to permanent, irrigated swamp cultivation from the

x (61) 2-16/11/77

## We will stay in SA, says Barclays Bank chairman

LONDON. — The chairman of Britain's largest bank, Barclays, said yesterday it planned to stay in South Africa to exert what pressure it could to hasten political change.

Sir Anthony Tuke told American Chamber of Commerce members that events of the past six months had "made a dent in its policy on South Africa."

"An arms embargo or other sanctions will not have the slightest effect in achieving basic changes we are looking for. Foreign investors should not turn tail and leave the country," Sir Anthony said. — Sapa-Reuter

# UNION SAYS COMMITTEE REJECTED

Mercury Reporter 18/11/77

THE attempts by the Pinetown firm of Smith and Nephew to introduce a factory works committee instead of a union agreement, had been rejected by most Black workers, a union spokesman said yesterday.

The spokesman for the Black National Union of Textile Workers said the managing director of the firm in South Africa had left for Britain this week to discuss the union dispute with the parent company.

Earlier this year Smith and Nephew ended a three-year agreement with the union, expelled it from the factory and said it intended setting up a non-union works committee, the spokesman said.

Until then the company, which makes Elastoplast and related products, had been almost the only South African company to have recognized a Black union.

The spokesman said that last week the company had held elections for a works committee, after protracted negotiations.

The voting had indicated the workers' disapproval of the works committee, the spokesman said. Of 533 African workers, only 176 had voted and of 214 Indians, 146.

He said Mr. Kenneth Lunn, Smith and Nephew's South African managing director, left for Britain on Tuesday to discuss with the parent firm, the union dispute, among other matters.

This was confirmed in London but denied by the company here.

RECEIVED  
18/11/77  
61



# MF sales up 6,6pc but profit halved

*Sidy Denis*

*Brisman Denis*

27/11/77

By TONY  
KOENDERMAN

DESPITE a small increase in sales to R63-million during the year ended October 31, Massey-Ferguson's net income was nearly halved, at R1,1-million.

While conceding top place in the tractor market to Ford during the second half of the year, sales of tractors rose by 7 per cent, implements 6 per cent, parts 10 per cent and construction machinery 31 per cent. Exports were also up —by 46 per cent.

The decline in profits, however, was attributed in the annual report to the drop in sales of the Slattery subsidiary company, an increase in the cost of goods sold as a percentage of net sales, and a rise in marketing, administrative and general expenses.

Massey-Ferguson has had a lean time since it achieved record sales and profits in 1975. Last year saw a 9 per cent drop in sales and a 54 per cent fall in net income. And the increase in sales of 6,6 per cent this year was not enough to match the decline in the value of money.

However, the second half of 1977 showed a marked improvement on the first, with sales up from R29-million to R34-million, and a R48 000 loss being converted into a R1,2-million profit.

Average monthly inventories during the year were R5,8-million down on 1976 (R32-million at the end of 1977), but stock turn improved from 1,2 times to 1,8 times.

Average assets of R53-million employed in 1977 were down R5,3-million from the previous year, and working capital at year-end was R19,7-million compared with R22,5-million in 1976.

The directors noted that climatic conditions during the year were generally favourable for the farm machinery market, which provides 89 per cent of sales. The maize crop was 30 per cent up and the wheat yield was at record levels, though fruit farmers suffered from above-normal hail and mildew in regions with excessive rainfall, principally the Western Cape.

But a strike lasting 11 weeks at the Banner Lane tractor factory in Britain, which supplies Massey-Ferguson in South Africa with the bulk of its smaller tractor needs, disrupted supplies for the entire year.

The impact of the 15 per cent duty surcharge imposed in July is also blamed for a loss of penetration into the tractor market.

(1) 61

*[Handwritten signature]*

# Film on SA sugar estate false — claim

The Argus Bureau

LONDON. — The Tate and Lyle Sugar Company has accused an independent television company of paying blacks on the company's estates in Natal to make false statements about wages and living conditions on its sugar plantations.

At a Press conference last night the company produced affidavits which, it said, proved that people had given pre-arranged answers to a British film crew.

The film crew was in South Africa for Associated Television (ATV), making a four-part series about life in South Africa. The first film — The Search for Sandra Laing, produced by Anthony Thomas, was shown on Wednesday night.

The programme which Tate and Lyle is objecting to is due to be screened on December 14. It looks at conditions and pay in three companies operating in South Africa — Tate and Lyle, British Leyland and GEC.

The sugar company last night accused ATV of instructing a 15-year-old boy to say he herded cattle at the plantation when he was in fact a schoolboy.

#### FALSE EVIDENCE

Another affidavit, from a cane cutter at Tate and Lyle's Doornkop estates claims the crew asked to film him and he was told to say he was a weeder on the plantation, earning R22.50 a month.

ATV has denied allegations that the filming was distorted. However, ATV agreed last month in correspondence with Tate and Lyle to make certain cuts.

But Tate and Lyle point to other discrepancies and want all the sequences removed.

It is understood GEC and British Leyland have protested to ATV about the film, as has the South African Embassy.



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- (i) lower return
- (ii) lower business
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- (v) double taxation
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F.M. 2/12/77  
AFRICAN UNIONS

61

### Troublesome nephew

British trade unions say they are about to mount a campaign over the refusal of Pinetown firm Smith & Nephew to renew its agreement with the (African) National Union of Textile Workers (NUTW).

The case is being taken up in the UK by three unions who have members working for S&N companies there: the powerful General and Municipal Workers' Union, which represents the largest number of the British parent company's employees; the influential white-collar Association of Scientific, Technical and Managerial Staff; and the National Union of Tailors and Garment Workers.

The three organisations have formed a committee to coordinate their action. Last Friday Technical Staff wrote to Kenneth Kemp, chairman of the London

parent, asking for clarification of the firm's policy towards African labour. Kemp's reply is awaited with interest.

The letter followed an approach to S&N some weeks ago by Tailors & Garment Workers, which urged Kemp to instruct the Pinetown subsidiary to honour its agreement with the NUTW. "If the agreement is not honoured, the British government's code of conduct for companies in SA is in danger of losing credibility," the letter told Kemp. Evidently Kemp did not respond.

The International Confederation of Free Trade Unions and the International Textile Workers' Federation have also protested to S&N about the treatment of the black union at its Pinetown plant. S&N also has subsidiaries in Austria, Belgium, Denmark, Ireland and other European countries.

These representations follow a petition signed by over 600 workers at the Pinetown plant on 18 October, and addressed to "our brothers and sisters in other S&N factories". It asks for urgent support in the struggle for union rights, and also refers to the EEC code of conduct for foreign firms in SA, stressing that the British parent company should not be allowed to escape its responsibilities in this respect.

Approached by the FM in London this week, Kemp dismissed the petition with the words, "Oh that was some time ago." In answer to questions about the labour situation in Pinetown, he said, "I was not aware we had any labour problems."

Kemp also refused to clarify his board's attitude to the controversy over the African union or the boycott by S&N workers of the works council which Pinetown management has attempted to get elected as a substitute for the union. But he did not deny that the MD of the SA subsidiary, Kenneth Lunn, had come to London for consultations on the trouble in Pinetown.

heated reaction from the African union.

Entitled "Briefing Notes for Management and Supervisory Staff," the document says that S&N's agreement with the union "suffered from two major disabilities."

The first was that it was "sectional" in the sense that only "D and F grade employees" were covered by it and in that it did not cover "the full spectrum of employee matters which need in depth investigation and solutions."

Secondly, the company claims that "in certain instances the trade union appears to have blocked certain company proposals for the improvement of employee interests without reference to employees," and that union membership has been dropping continually since 1974.

By opting for a works council, S&N claims it is allowing "all groups and views" to be heard in negotiations.

The union has replied angrily to these contentions. It says the agreement covered 700 of S&N's 1 100 workers — "a clear majority" — and that "the union has always been prepared to have the agreement cover all grades," but that management resisted this: "At one stage management tried to remove D grade supervisors from the wage negotiations despite union protests."

The union also challenges S&N to substantiate the accusation that it blocked certain proposals without consulting workers. As far as the allegation

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of declining union membership is concerned, the union retorts: "Management could not produce any evidence of declining membership."

© S&N would no doubt be surprised to read certain comments in a report recently issued by Christian Concern for Southern Africa.

Entitled *Black trade unions: the responsibilities of British companies*, the report, completed before S&N decided not to renew its agreement with the union, lauds it as "an example of co-operation between black workers and management."



Lunn . . . to London and back

Kemp passed the buck to Lunn, saying Lunn (who returns to SA at the end of the week) was the man to answer questions. Lunn, however, has also refused to discuss the issue, and S&N Pinetown has passed the buck back to London.

Meanwhile, an internal S&N (Pinetown) document which has come into the FAF's possession has evoked



# Sugar firm protest, but TV to go on

*Cape Times*  
14/12/77  
61

Own Correspondent

LONDON. — In spite of strenuous efforts by sugar giant Tate and Lyle to have the next programme in the controversial television series "The South African Experience" suspended, the programme goes on tonight as planned.

A spokesman for the Independent Broadcasting Authority (IBA) said last night that they saw no reason to suspend the film.

Talks between IBA, the producers of the programme and Tate and Lyle have been going on during the past 10 days.

But the IBA decision not to accede to the sugar firm's request to have the film suspended puts an end to the debate.

## Serious allegations

The film, which makes serious allegations about the pay and conditions of Tate and Lyle's black workers in South Africa, will be seen by hundreds of thousands of viewers.

In an effort to counteract the effect of the film and to state their own case, Tate and Lyle are placing full-page advertisements in top Fleet Street newspapers today.

Mr Antony Thomas, narrator, producer and director of the television series said that if these advertisements were libellous, he would not hesitate to sue.

He said: "If there is any reflection on the authenticity of the programme I will take immediate legal action."

## Manipulated

The IBA has also noted the complaints by the South African embassy here against two earlier films in the series and will reply to these.

Apart from this they will take no further action. A spokesman at South Africa House said yesterday that there were errors in the commentary, in interviews, that there were visual errors and that photographs had been manipulated in the film on Soweto.

In spite of the fact that IBA does not consider any action necessary following these complaints South Africa House intends to lodge further complaints regarding this third film in the series.

A heated debate has been raging here during the past

# Sugar firm protest, but TV to go on

Cape Times  
14/12/77

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Own Correspondent

LONDON. — In spite of strenuous efforts by sugar giant Tate and Lyle to have the next programme in the controversial television series "The South African Experience" suspended, the programme goes on tonight as planned.

A spokesman for the Independent Broadcasting Authority (IBA) said last night that they saw no reason to suspend the film.

Talks between IBA, the producers of the programme and Tate and Lyle have been going on during the past 10 days.

But the IBA decision not to accede to the sugar firm's request to have the film suspended puts an end to the debate.

## Serious allegations

The film, which makes serious allegations about the pay and conditions of Tate and Lyle's black workers in South Africa, will be seen by hundreds of thousands of viewers.

In an effort to counteract the effect of the film and to state their own case, Tate and Lyle are placing full-page advertisements in top Fleet Street newspapers today.

Mr Antony Thomas, narrator, producer and director of the television series said that if these advertisements were libellous, he would not hesitate to sue.

He said: "If there is any reflection on the authenticity of the programme I will take immediate legal action."

## Manipulated

The IBA has also noted the complaints by the South African embassy here against two earlier films in the series and will reply to these.

Apart from this they will take no further action. A spokesman at South Africa House said yesterday that there were errors in the commentary, in interviews, that there were visual errors and that photographs had been manipulated in the film on Soweto.

In spite of the fact that IBA does not consider any action necessary following these complaints South Africa House intends to lodge further complaints regarding this third film in the series.

A heated debate has been raging here during the past two weeks regarding the films and the reaction from Tate and Lyle, the South African Embassy and Conservative MPs.

# bonds

CAPE TIMES

15/12/77

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By GORDON KLING

**BARCLAYS NATIONAL BANK, the country's largest, is to sell its controversial R10m investment in South African defence bonds at the earliest opportunity — today.**

Announcing the move in Johannesburg yesterday, the bank's managing director, Mr Bob Aldworth, told Sapa the bonds would be exchanged for higher yielding government stock.

The Leader of the Opposition, Mr Colin Eglin, said in Cape Town that the action highlighted the vulnerability of the country's finances and was part of the price that had to be paid for adhering to apartheid.

The parliamentary leader of the New Republic Party, Mr Vause Raw, told the Cape Times in an interview from Durban: "This is a deplorable surrender to the type of blackmail which the international community is likely to apply in increasing measure. Regrettable as it may be to have defence investment withdrawn, it is likely to have the opposite reaction from South Africans."

He did not believe the move reflected the views of the bank's interests within the country.

Top Defence Force officials, including Major-General Neil Webster, Director-General of Resources for the SADF, would not comment.

The Minister of Finance, Senator Owen Horwood, was not available for comment.

Mr Aldworth said the decision had been conveyed to the government.

## Political

"We are sure our customers and the public will appreciate the difficult international business and political climate in which we operate at the present time. We also believe it is essential to maintain to the best of our ability the strong links we have with friends both here and overseas, and the decision has been materially influenced by the continuing need to maintain our bank's leading role in the sphere of international business which, in our view, would be to the benefit of South Africa."

Reliable banking sources said pressure had been brought against Barclays National from all over the world and it faced a loss of overseas facilities and friends.

It was pointed out that in terms of the Bank Act all South African banks are required to invest a certain percentage of funds in assets prescribed by the government. Effectively these all go to the government kitty. All banks operating here are registered under the act.

## UK parent

Barclays is 64 percent held by its British parent, but the chairman of Barclays International, Mr Anthony Tuke, had made it clear that it has no direct authority over the local transactions of the subsidiary. And in terms of South African legislation, no foreign-controlled banks will be permitted to have foreign

ownership of more than 50 percent in years to come.

In spite of this, the Cape Times London Bureau reports that the British Labour Party and anti-apartheid groups were jubilant over news of the sale.

A spokesman for Barclays International would say only that the directors in London had been informed that arrangements had been made to sell the bonds. However, a spokesman for the Labour Party's Central Executive said "very recent" talks had led the party to expect that the bonds would be sold today.

The sale was seen as a triumph for the small, loosely formed pressure group, End

Continued on page 2

## Defence bonds sold

Continued from page 1

Loans to South Africa (Eltsa), which appealed for this earlier this week. In a statement last night Eltsa said it was delighted, but added: "We consider this to be only the first step. Eltsa now intends to press for the total withdrawal of Barclays from South Africa."

Echoing Eltsa's sentiments Mr Mike Terry, secretary of the Anti-apartheid Movement, said: "We are delighted that our pressures have required Barclays Bank to sell the defence bonds. This is a small but important victory. The fact remains that the bank continues to profit by apartheid and to bolster apartheid. We will continue our 'Boycott Barclays' campaign until the bank withdraws lock, stock and barrel from South Africa."

The row over the bonds burst a year ago and a senior general manager of Barclays, Mr Frank Dolling, was summoned to the Foreign Office in what was believed to be an unprecedented move to explain the purchase.

## Meaningless

He told the Minister of State, Mr Edward Rowlands, that he was well aware of the extreme insensitivity of the purchase but that there was nothing Barclays International Bank could do to influence day-to-day management decisions in South Africa.

Mr Dolling also said that his bank would do "whatever possible to ensure that this does not happen again".

Later in an interview with a Cape Times correspondent he admitted that this was an utterly meaningless statement which he had made to the minister knowing it to be meaningless.

Because of the defence bonds purchase, Barclays has become very much the focus of attention of anti-apartheid pressures against all British banks with subsidiaries and investments in Southern Africa.



STAR  
15/12/77

# Battle preceded (61) Barclays' bond sale

Kevin Stocks  
of The Star's Insight  
Team

A bitter internal battle that pitted top management of Barclays National Bank against certain local and international directors preceded the bank's decision to sell its R10-million worth of Defence Bonds.

According to reliable banking sources, the issue was only decided this week when Mr Frank Dolling, senior general manager of Barclays International, flew from London to lay down the law to Barclays National managing director, Mr Bob Aldworth, and his management team.

Mr Aldworth and his supporters on the board and in top management had, say The Star's sources, violently resisted pressure to sell the bonds.

## UNJUSTIFIED

The pressure from Barclays International, itself under pressure from the British Government and from anti-apartheid groups, and from some local directors had been growing for months.

Shortly before the decision to sell it became intense.

According to The Star sources the main local director in favour of selling the bonds was the chairman of Barclays National Bank, Mr James Barry.

This put him into direct conflict with his managing director, Mr Bob Aldworth, who argued that the money spent on the bonds was South African money deposited with the bank by South African investors and that how it was invested was not the concern of the parent bank.

# BRITISH COURT BANS

## TV film on sugar

### company in SA

61

Cape Times  
15/12/77

LONDON. — A controversial television documentary showing interviews in South Africa with former black workers of the British sugar company, Tate and Lyle, was cancelled at the eleventh hour

last night.

After a 3½ hour private hearing yesterday, a High Court judge granted the sugar producers an injunction banning Associated Television (ATV) from making any references to Tate and Lyle.

A spokesman for ATV said immediately that the programme would not be shown last night but that this company would appeal against the decision in the next six days.

"If the appeal is successful the programme will be shown at a later date — probably December 21," he added.

The film, entitled "Working for Britain", is the third in a series entitled "The South African Experience"

Tate and Lyle chairman, Mr John Lyle, saw a preview of the film on Monday and described it as a "distortion and misrepresentation".

The company placed advertisements in every daily newspaper which said that parts of the documentary contained "grossly distorted statements which combine to give a totally unrepresentative picture of the company in South Africa".

The advertisements also said: "Already ATV have withdrawn three of these sequences after they were proved by us to be faked. With the evidence we possess, Tate and Lyle calls into question the professional ethics and responsibility of ATV in screening the programme."

The advertisements featured a cartoon of an angry Mr Cube — the company's symbol, an animated piece of sugar — smashing a television set with the words "so the camera can't lie?"

The hour-long programme causing the row was filmed at a sugar estate at Doornkop, near Durban on July 26, when the estate was partly-owned by Tate and Lyle. The company sold its holding on September 8.

After viewing the film, Tate and Lyle produced sworn affidavits from workers saying they had been paid to give false information

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JAN 1978  
STAR 20/12/77

# Work conditions in SA slammed

The Star Bureau

LONDON — A Dominican priest, Father Pétér Saunders, who lives in Lesotho, claims that Basotho are working in "sub-human conditions" in South Africa, and that Britons should do something about it.

In a BBC radio interview, he recalled that British investment in South Africa represented 30 percent of all British overseas investment.

"Because shareholders in Britain are considerably enriched by the fact that these men in South Africa are working in sub-human conditions, it is quite plain that there is a responsibility over here both to know about it and to try to do something about it," he said.

Britons could do something about it by "bringing the right kind of pressures to bear on the big multinational corporations and so forth."

## POOR FOOD

Father Saunders said young Basotho were processed through "an extremely inhuman system" of initiation into mine labour.

They lived isolated lives, the food was very poor, and they were often compelled to spend their money on buying food from company shops in their compounds.

The hostels in which they lived were often extremely overcrowded. "In all kinds of ways, the life is extremely inhuman," he said.

Forty percent of Lesotho's entire male population, which represented about 100 percent of those between 20 and 40, worked in the South African mines, or other jobs in South Africa, he said.

"Very little has been done either to study their situation, or to see in what ways it can be made more human, and these are the kind of things I'm discussing with people over here."



STAR 26/12/77

(2)61

Top banker  
warns SA

Star  
**BUSINESS**

# Change, or risk lasting damage to the economy

Barclays Bank chairman, Mr James Barry, has warned that "unless socio-political change on an evolutionary basis is actively promoted by the authorities, the consequences of these adverse factors could permanently damage the economy of our country."

Mr Barry — the man in the middle of last week's controversy over the bank's decision to sell its R10-m Defence Bonds outlined these "adverse factors" in his chairman's statement for the year ended September 30.

He said that although 1978 should, from an economic point of view, prove to be a slightly better year than 1977 "this prediction must be subject to developments outside South Africa where there is likely to be a continuance of the strong and adverse reaction to the Government's political philosophies and restrictive actions.

"The lack of overseas confidence in the future of our country is hampering the flow of investment funds to the Republic, and this will lower our growth rate at a time when economic growth is already being adversely affected by inflation which is continuing at a high level."

Mr Barry said that with its mineral wealth and other natural resources, South Africa was, subject to its social and political problems and its ability to attract fresh capital from overseas, well placed to benefit from any improvement in world trading conditions.

"The attraction of fresh

capital from overseas to alleviate the Republic's capital account is dependent upon overseas investors being satisfied that evolutionary change as distinct from revolutionary change will take place at a reasonable pace," he said.

Changes were taking place and the bank, together with the business community, was playing its part, particularly in seeking to remove discriminatory practices and to improve the living conditions of urban blacks.

"The effect of such changes has been diminished on the one hand because they are contrasted with developments in South West Africa, where some of the discriminatory legislation has been set aside, and on the other hand because of widespread condemnation of security measures recently taken in the Republic."

The group's attributable earnings in the 1977 year were R33,7, an increase of

R5m after charging to profits a provision for doubtful debts R11m greater than in 1976. Distribution was increased by 4c to 23c.

Mr Barry said it was only by careful management of the bank's funds and its investments and by placing more emphasis on somewhat longer average terms for its loans and advances that it had been able to maintain an acceptable interest turn.

Welcoming the appointment of the commission of inquiry into the monetary system and monetary policy, he said the banking sector had felt for some time that the mechanism of bank credit and interest rate control should be reviewed.

"Variable liquid asset reserve requirements which are an important part of the credit controls at present being applied do not seem to operate effectively enough as a method of credit control."

— Sapa.

## Barclays assets growth slower

Harold Fridjhon

Total assets of Barclays Bank during the year to September 30, 1977, grew at a slower rate than in previous years — from R4 640m to R5 169m, compared with a growth of R750m during the 1976 financial year.

The reason for this apparently sluggish performance is that as the lending ceilings inhibited the bank's capacity to lend money, there was little purpose in taking and paying for deposits which could not be profitably used.

The consolidated balance sheet reveals that Barclays has the capacity to take more deposits — R300m of them — when restrictions on lending are eased. The bank's free capital is R227m which means that it may accept deposits totalling R3 789m compared with the R3 485m as at a balance sheet.

Investments in listed stock rose from R469m to R677m with the average rate of interest rising from 6,07 percent to 6,5

percent, suggesting that advantage was taken during the year of the high interest rates available, a continuance of the previous year's policy.

It is interesting to note that income from investments amounted to R56m compared with a total pre-tax profit of R50,2m. In the case of Standard Bank, the only other bank to make full disclosures in its balance sheet, income from investments amounted to R40m with a pre-tax profit of R38,9m.

Disclosures this year in the Barclays accounts are more detailed than ever. This should enable investment analysts to examine the accounts more closely and with less guesswork than in the case of some of the other banks.

The mystery and the shibboleths are being taken out of banking which, after all, is a business like all other businesses.



# Dolling's word, SA's bonds

V V V  
23/12/77  
F.M. 23/12/78 (61)

*Is your personal style authoritarian or persuasive?*

*Well, I like to think our general management works as a team and that decisions of any consequence are made at the least by a convincing majority. But there are occasions when I have to exercise my veto and I feel that this is what I am paid for.*

Frank Dolling, then chief executive of Barclays National, in an *FM Special Survey* interview in January 1976.

He hasn't changed. When London cracks the whip, Johannesburg jumps. Far from the gentlemanly consensus which one normally associates with decision-making at the Barclays' helm, there was an unprecedented confrontation between Barclays International (BI) and Barclays National (BN) in Johannesburg last week.

Dolling, now the senior GM of BI in London, came out for four days and, from all accounts, read the Riot Act to his SA successor Bob Aldworth: sell your R10m Defence Bond investment.

BN, which is 64% controlled by BI, had no alternative other than to obey. On a year to the day since BN first bought the bonds, the earliest date on which the bonds could be sold, Aldworth took his instruction with all the enthusiasm of a head prefect after a scolding from the



Barclays' boss . . . not now Dolling

headmaster. In the ordinary course of events, BN makes its own decisions. But should the local board feel an issue is so important that prior referral to London is required, it will normally refer with its own recommendation. For practical purposes, in virtually all cases, London okays the recommendation.

The Defence Bond issue was not referred. Perhaps, if only as a matter of courtesy (or commonsense), it should have been. Perhaps London, equally unsuspecting of an overseas reaction and believing that BN simply was switching from one prescribed government stock to another, would have agreed. As matters turned out, however, the first London heard of it was through the press.

What followed was a clamour from anti-apartheid pressure groups — and BI was called to account by the UK Treasury. There was a demo at the opening of a Barclays branch in Aberdeen. More were feared, particularly in the US where Barclays is striving to make inroads. So from on high at BI came the decision that overseas pressure, coupled with the potential for loss of overseas business, was so great BI had to be seen to be reacting by forcing BN to sell.

It was a severe slap in the face for BN's top management. Almost to a man (chairman James Barry is understood to be an exception), the view is that BI, possibly peeved at not having been consulted beforehand, has over-reacted by exaggerating the strength of overseas pres-

sure. Other foreign banks doing business with BN, for instance, have given no inkling of their displeasure.

Moreover, there is a strong view in BN that it has every right to use SA depositors' funds for buying and selling SA government stock, including Defence Bonds, without interference from London. And if part of those funds are used in the defence of SA, it serves also as a morale booster for local staff and clear evidence of BN's commitment to the country in which it reaps the profits which BI in London enjoys (reportedly over 30% of BI's total).

The full ramifications of London's arm twisting have yet to be felt. Demonstrated conclusively is the chink in the armour of local management, which is now clearly seen to be constricted in doing business in terms of its own assessment of local conditions. Almost certainly, this will lead to an accelerated reduction in BN's foreign shareholding.

The object will be for SA interests to control BN. Presently, only 36% is SA-owned. Following the Franzsen Commission report in the early Seventies, the public took roughly 18% and two years ago, after BN bought Wesbank from Anglo, Anglo became by far the largest individual SA shareholder in BN with a further 18%.

Rumour has it that BI anyway considers SA a write-off over the longer term and wants out — if only it could both sell its BN holding at a reasonable price and obtain exchange control approval for repatriation of the proceeds. There should be no problem from the authorities over repatriation of at least 14% in BN, to facilitate SA control.

But one is talking big numbers, for BN's current market capitalisation is a little under R200m. Either there can be another public share issue further to dilute the BI holding, or a local buyer will have to be found.

The range of potential locals with this kind of lolly necessarily is limited. Sanlam, though it was mooted as a possible partner before the Wesbank takeover, is up to its eyeballs with Bankorp and Trust Bank. Mutual is heavily committed to Nedbank, but is a substantial shareholder in Anglo also. Anglo itself is an outstanding prospect through its muscle, existing interest and independence from other banking groups.

But in the days lying ahead, who knows which alternatives will present themselves? BN will never be quite the same again, and the restructuring of SA's banking fraternity is bound to gain fresh impetus.

## LUYT AND NEDBANK

To sleuths and burrowers dutifully sniffing for the first whiffs of financial decay, the weekly *Informa* credit report is a must. Their eyeballs must have popped from their heads this week, as this writer's nearly did, when nothing in the latest issue that Nedbank had secured a R107m notarial bond against Louis Luyt in his personal capacity.

Where would Luyt himself have acquired assets of this magnitude in the first place? And why should Nedbank suddenly move to secure them?

Relax everybody, Even *Informa* can make mistakes.

The bond in fact was taken out against Triomf (Pty), operating company of the Triomf group, which already owes Nedbank something like R81m in overdrafts and guarantees alone. Moreover, the bond simply agglomerated a series of existing bonds, formalised over a year ago, in terms of Nedbank's desire to secure just about everything there is to secure in Triomf.



# OSBORN

F.M. 23/12/77

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## Samuel Osborn (South Africa) Limited

### Report of the Directors 1977

#### REVIEW OF PERFORMANCE

In view of the continuing depressed state of the economy the results, although not showing the returns of previous years, can be considered satisfactory. The mining sector held up well, but adverse trading conditions were encountered in other areas. That the net profit after taxation in this difficult year of R1 602 346 is 13.76% of shareholders' funds augurs well for future years when we can expect the economy to have improved.

The Engineering Division has again had a successful year. Its contribution to Group profits exceeded budget. This was achieved notwithstanding the fall-off of trade from the quarry industry, and it has been helped by the introduction of new lines, notably

Osborn-Telsmith rubber tyred scrubbers;

Osborn-Telsmith "E" style cone crushers;

Vibrating equipment, manufactured under licence from Vibranetics Inc. U.S.A., which has been well received by the market. We are grateful for the help our principals have given in helping to establish this business.

The recession in the building industry has reduced the profits from aluminium considerably. However, recently there has been more activity in the market and with the improved efficiency resulting from changes in our method of operation we anticipate by the coming year the profit levels which this Division has enjoyed in former years will be achieved.

Difficulties in the sale of electrical equipment have prevented the General Sales Division producing as good results as last year. The steps already taken should ensure that the coming year does not suffer from the same problem.

In the home market competition for tool sales has increased considerably but nevertheless SOMTA's results are reasonable. Through our parent company and their associates we are expecting to improve our export sales in a marked fashion and at present have a good order book.

Osborn Nu-Way have had a difficult year, mainly because of unexpected problems with the coal-firing equipment which is being marketed to supplement oil and gas burners. We think, however, that our main difficulties are now behind us and the stage is set for a better profit in the coming year.

Samuel Osborn (Rhodesia) again had a good and successful year although not quite as profitable as the previous one.

Gardner Engines again contributed well to the profits and had a good year. During the year Gardner Engines in Manchester were bought out by the Hawker Siddeley Group Ltd. We understand, however, that this will not affect the operation of this company in South Africa.

We thank all our employees for their continued co-operation and hard work, especially during a year which

has seen the reorganisation of some of our operations to improve efficiency and increase prosperity in future years

The Group's business falls under two main classes, namely, manufacturing and contracting on the one hand and trading on the other. The percentage profit from each class is:

	1977	1976
Contracting, manufacturing and allied activities	77%	76%
Merchandising activities and sundry income	23%	24%

#### STATUTORY INFORMATION

##### Nature of Business

The nature of the business of the company and its subsidiaries is set out on Page 14. You are asked to note the changes from the corresponding page in the last financial statement.

##### MAJOR CHANGES IN FIXED ASSETS

We are continuing the development of the Elandsfontein site, and the new Vertical Boring machine has at last arrived and will be commissioned early in January, 1978. It is our plan to move our machine shop in its entirety to Elandsfontein during the coming year, and we have extended the number of workshop bays at Elandsfontein from 5 to 14.

##### DIVIDENDS

An interim dividend of 7 cents (1976 — 7 cents) was paid in June, 1977. Although the profits are about 17% below last year's level, because of a reasonably favourable cash position and future prospects, the Board is able to declare a final dividend of 25.5 cents.

##### DIRECTORS AND SECRETARY

The names of the directors and the name and address of the Secretary appear on Page 1 of this report.

##### SUBSIDIARY COMPANIES

The names of the subsidiary companies together with particulars of their issued share capital and amounts owing by them are shown on Page 13. The company's share of the profits and losses of its subsidiaries is:

	1977	1976
Aggregate profits after taxation	825 700	899 329
Aggregate losses after taxation	—	—

##### HOLDING COMPANY

The holding company of Samuel Osborn (South Africa) Limited is Samuel Osborn Overseas Limited and the ultimate holding company is Samuel Osborn & Co. Limited, both of which are registered in the United Kingdom.

##### DIRECTORS' SHAREHOLDING

At 30 September 1977 the directors of the company beneficially held a total of 6 300 shares in the company (1976 — 6 300 shares). No non-beneficial shares were held by any director.

##### AUDITORS

At the Annual General Meeting you will be asked to authorise us to fix the remuneration of the auditors for the year under review.

##### EVENTS SINCE FINANCIAL YEAR END

No events of importance have been noted since the financial year end.

##### PROSPECTS

Although the general business tempo is now better than it was during the earlier part of the year, it is difficult to see why there should be any real improvement in the economy of the country in the near future. We enter the year with a good order book and we have improved our methods of operation in areas where our results were poor. This, coupled with our aim to get a bigger share of the mining market, leads us to believe that the coming year will yield better results.



From JOHN SCOTT

ONDON. — The hour-long British television confrontation on Wednesday night between those who liked the controversial film series "The South African experience" and those who didn't ended with businessman Mr Louis Luyt audibly wondering whether his 10 000 km trip to take part in the discussion had been worth it.

He had just arrived from Johannesburg, seen the final film in the series on British industry in South Africa and sat on the platform stonily while exchanges between the opposing protagonists gathered heat.

With him in the platform were the film's producer, Mr Antony Thomas, and the Director of Information at the SA Embassy, Mr Chris van der Walt.

Facing them in a solid block were more than 30 panelists, many of them hostile South African exiles. There was Ben Murock, for instance, and Drake Moko, black trade unionists, and Chris Matobane, BPC spokesman.

Mr Luyt looked nonplussed, as he couldn't quite believe what he was seeing with his own eyes. He didn't have much chance to say anything, and lacked the ability to cut in on other speakers as more practised members of the panel were doing.

Finally the chairman turned to him. "I offered to debate working conditions at the beginning," said Mr Luyt in an aggrieved manner. "You have just flown in from

# Louis Luyt battles to get a word in after anti-SA TV show

Cape Times 23/12/77

*[Handwritten signature]*

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Three of the people who took part in the TV discussion, from the left, Mr Chris van der Walt, Mr Louis Luyt and Mr Antony Thomas, the producer.

Johannesburg," said the chairman. "That's correct." "What was your reaction? Do you think they were as biased as they claimed?" Mr Luyt: "The films? Yes, absolutely. I believe that there was no attempt to get industrialists' point of view."

He added, "I offered to do that at the beginning of this programme. I was not afforded the opportunity."

Mr Van der Walt emerged as an articulate defender of South Africa but with a reasonable attitude towards criticism. He conceded there was still much discrimination, but accused Mr

Thomas of seeking the most extreme examples, such as the Sandra Laing case and the worst working conditions, and presenting these as the norm.

Mr Thomas himself, the centre of legal action by Tate and Lyle, the sugar estates, because of his allegations against them in the third film, claimed he had pulled his punches and that he could have made "a far, far more agonizing film."

A quiet and intense former South African, he looked strained but in spite of his self-professed "emotionalism" kept his cool during the fiercest attacks on him.

One such opponent was Mr Nicholas Winteron, a young blond-haired Conservative MP.

Another was a business consultant, Mr Anthony Cadnam.

Included in the panel was an elderly colonel-type with a clipped military moustache. When questioned he said he had seen nothing in the film to make him change his mind about South Africa, and that he would return there.

The Tate and Lyle section of the film tended to be scrappy, probably as a result of the cuts Mr Thomas made after initial

objections by the company.

Whatever the accusations and counter-accusations on questions of pay, the film leaves little doubt in viewers' minds that some came cutters, at least, live under vile conditions.

The method of presentation, however, gives the impression that Mr Thomas, after the company's refusals to allow him to film all he wanted, became involved in a personal crusade against it, with consequent lack of objectivity.

On the other half, on British Leyland, was more effective television though Leyland, one

learned, did far more in his way of on-site training than many other firms.

The film contrasted the pay and consequent life-styles of a white immigrant mechanic from Britain earning R3,20 an hour and a black "repair shop assistant" earning R1.

Mr Thomas said as far as the team could see, the two men did the same work, but there was no reference to their respective qualifications.

The camera kept cutting dramatically from scenes of the mechanic's family biting into juicy chops at a Sunday braai round the swimming pool of their comfortable Johannesburg home to the repair shop assistant's family eating meale pap in an ill-furnished township house.

## Liaison meeting

Less simplistic was an authentic weekly liaison meeting between representatives of black staff and white Afrikaner management. A clamp-jawed senior company man was seen rejecting a plea for black workers to have photostat copies of their pension cards, because it would cost too much.

A black man argued that without the cards, they couldn't feel secure when visiting the homelands, but he was overruled.

Later he told the camera team that a black trade union could have argued the case far more effectively but the individuals like himself, because of their lack of knowledge and inarticulateness in English, were hamstringing.



FIN. MAIL

30/12/77

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## BLACK UNIONS

### A somersault?

Is Pinetown firm Smith and Nephew contemplating a climbdown on its climb-down? Earlier this year the firm backtracked on its relationship with the unregistered National Union of Textile Workers, refusing to renew the agreement it had signed with the union.

There are now indications that S&N, a British subsidiary whose products include various types of medical plasters, may be having second thoughts about its earlier climbdown.

Recently, Smith and Nephew UK chairman Kenneth Kemp, SA MD Kenneth Lunn and the British TUC met in London to discuss the issue. As a result of this meeting, S&N issued a statement — approved by the TUC — which appears to reinstate its lapsed agreement with both NUTW and the registered Textile Workers Industrial Union (TWIU).

In the statement, S&N "reaffirms its willingness to continue with the work conditions and adjustment and arbitration procedure" contained in its 1974 agreement with the two unions.

It goes on: "It is the company's intention to continue negotiations, in respect of the agreement, with the union secretaries representing their respective unions until the publication of the Wiehahn Commission findings and the introduction of legislation accordingly."

At that stage, "the company desires and expects that multiracial unions will be recognised, thus allowing the signing of a multiracial trade union agreement."

Meanwhile, S&N says it has invited the secretaries of the two unions to serve *ex officio* on its newly-formed works council, which, it says, "will cover matters outside the trade union agreement" such as transport, housing, legal aid, leisure, health and welfare matters.

The statement appears to imply that S&N has done a complete somersault and has now reinstated the 1974 agreement — presumably due to overseas pressure. But things are not as simple as that. Firstly, it seems as if S&N is not prepared to commit its re-awakened enthusiasm for union recognition to paper. It is content with "re-affirming" something which it has spent the last few months resisting.

This worries NUTW men, who say that "if the agreement isn't in writing, management can decide unilaterally which aspects of it it wishes to honour."

The union says its suspicions have been confirmed by events since the issuing of the statement: "Two days after we received the statement management was negotiating on wages with the works council which it introduced to supplant the union. So how can we accept that they're not going to negotiate with the



NUTW secretary Obed Zuma . . . still suspicious

council on issues covered by the agreement?" says NUTW secretary Obed Zuma.

The union met S&N management last week and Zuma raised the matter at that meeting. He was told only white-collar pay would be negotiated with the council.

As one NUTW man puts it: "Management seem to want the best of both worlds — to appear to be recognising us while bargaining with the council and giving themselves a convenient 'out' if they want to suspend the agreement at a later date."





MR John Kilroe, above, has been appointed manufacturing and supplies director of Shell South Africa (Pty) from January 21.

# ENGINEERING GROUP TO PULL OUT OF SA

The Argus Bureau

ARGUS  
13/1/78  
61

**LONDON.** — Drake and Scull, a British engineering and contracting group which is active in the Middle East, has decided to pull out of South Africa because of 'political and economic factors.'

Pressure on the company from Middle East countries is believed to be the main reason for the decision.

The company is to sell its 75 percent interest in its South African subsidiary to the two principal South African directors for a total of R1,85-million.

The figure represents book value and compares with pre-taxed profits of R1,1-million attributable to the parent company in the year ended September.

#### GROUP PROFITS

Drake and Scull's total group profits amounted to more than R3,2-million last year.

Mr Michael Abbott, Drake's chairman, admitted that the sale price represented an exceptionally low divestment price earnings ratio, but said he had wanted to eliminate the group's financial exposure to South Africa as quickly as possible.

The group fears that already stringent exchange control measures are to be tightened within the next few months.

The British Government has a 13 percent stake in the group through its holding of preference shares. But Mr Abbott said there had been no pressure from the British Government to sell the group's South African operation.

In Johannesburg today Mr R A Harrison, deputy chairman of Drake and Scull, Africa (Pty), said

the London report was substantially correct. He and Mr B E White, the managing director, were the two buyers.

He had started up the company in South Africa 20 years ago.

It has become a most successful operation with pre-taxed profits in the year to September of R1 413 565.

Mr Harrison and Mr White already hold 25 percent of the company's shares.





MR EDWARDES

# Leyland boss wants <sup>DD 17/1/78</sup> 30 000 jobs cut <sup>(61)</sup>

LONDON — British Leyland's South African-born boss, Mr Michael Edwardes, is facing his first major showdown with trade unions since taking over the company.

He wants 30 000 jobs cut, mostly through natural wastage, but the unions are unlikely to accept even a compromise 12 000 and the Government is likely to tell Mr Edwardes to cool it.

The massive labour cut is part of Mr Edwardes' scheme to make Leyland a viable, profit-making concern. He sees it as a crucial factor along with a decentralisation of the company headquarters and cut-backs on certain models.

Mr Edwardes will put the scheme to shop stewards soon and will relay their reaction personally to the Prime Minister, Mr Callaghan, but already leading shop stewards have complained that the idea will not hold water with the men.

They are likely to be

even more obdurate when they hear that Mr Edwardes also plans a three-option scheme to close the strike trouble Speke plant near Liverpool where 5 600 jobs are on the line.

In the past Mr Edwardes has said he would resign if he is not allowed to manage the company his way. His appointment carried a virtual *carte blanche* from the Government, but now Mr Callaghan will be taking into consideration the Labour votes in car manufacturing areas and will be reticent to allow Mr Edwardes a full 30 000 jobs cut.

However, to a large extent Mr Edwardes does hold the whip-hand. He is frequently described as the "last chance" chairman of the company and whatever polling advantage Mr Callaghan might obtain from pandering to the unions, he has to consider that the car giant is one of Britain's biggest exporting companies, and

that unless Mr Edwardes can pull it round into profit he faces a far more calamitous loss of jobs if the company folds.

In any case Mr Callaghan's choice is alleviated by the fact that an election is unlikely at least for several months, and possibly far longer.

Mr Edwardes' reasoning for the cut-backs is that the company should be whittled down to the same manning position it achieved in 1974 when the fuel crisis sent it reeling.

Now the stark facts are that it is heavily overmanned and is producing even fewer cars than in 1974. Last year it managed only 700 000 cars.

The union counter to Mr Edwardes is that if the men are kept on they will turn out a million units this year. Leyland, ever aware of the devastating strikes and wild-cat industrial action, say that the figure is a pipe dream, neither practical nor realistic. — DDC.

<sup>DD</sup>  
**Leyland**  
**plan** (b1)  
**opposed**

LONDON — Mr Michael Edwardes, the South African-born boss of British Leyland, who is planning to split the ailing giant car firm into separate companies, is meeting strong opposition in the company.

There are also reported to be doubts among the management consultants advising Leyland.

The plan, due to be completed this week, is being prepared by half a dozen senior executives under the personnel chief, Mr P. Lowry.

Three companies will be created: Austin-Morris; Jaguar-Rover-Triumph; and components. Some functions, such as centralised wage negotiation, advanced engineering, franchise relationships and quality control, will be retained centrally.

The opposition comes from a number of senior executives, particularly in marketing, who believe the car division needs more, not less, integration.



the item that is certain to keep cropping up in political debate in 1978 — to the accompaniment of fierce anger and loose thinking — is the question whether British firms should invest in South Africa.

In the genuine hope of trying to clarify the issues, let me advance a few (I hope) unassailable propositions about investment and apartheid.

But, first, I might as well explain my own not very passionate views on South Africa, since a suspension of credentials always crops up sooner or later in this issue.

I am sufficiently "radical" to be repelled or upset not merely by apartheid but by all forms of colonialism, including the relatively mild British Empire with its master-race, subject-races basis.

And, in the case of apartheid, there is surely something especially wicked about laws which forbid inter-racial marriage or cohabitation.

On the other hand, it is surely perverse to the point of hysteria to try to portray South Africa as the world's worst, or even one of its worst, regimes.

### Propositions

Having thus identified myself as a neo-Fascist-Communist / wet liberal or whatever, let me move to my unassailable propositions. They

are: That the economic and thus political power in South Africa is to a considerable extent due to his monopoly of capital.

That one of the best ways of breaking down apartheid is by having

Top Fleet Street writer **ANDREW ALEXANDER** has a provocative answer to the problem of apartheid — flood South Africa with capital, thus diminishing the white monopoly and opening up improved prospects for blacks, Indians and coloured people to benefit from it.

# 'Why we should pump more money into SA'

more employers who do not believe in it.

3. That while forcing a firm to close its South African operation may bring a glow to some people in this country, the sense of uplift will not be shared by the black African — or his family — who thus finds himself out of work.

So far as capital is concerned, South Africa faces a shortage. This enhances rather than diminishes the importance and power of those better-off whites who possess it.

Their views on a whole range of political, economic, social and cultural matters are heeded by government.

In a country like Britain where capital is not short, where ownership is widely diffused and where the institutions like insurance companies and pension funds control so much capital, these considerations may be hard to understand.

The nearest parallel is Britain in the early 19th century. It was the fact

that the old ruling class was losing its power as the proprietors of capital that made parliamentary reform and the enfranchisement of the middle classes inevitable.

From all this it follows that increasing the flow of capital would both diminish the white monopoly and, especially if done through banks and institutions, open up improved prospects for blacks, Asians and coloureds to borrow or benefit from that capital.

### Dedicated

The prospect of the average non-white becoming as prosperous as the average white is too remote to be contemplated.

But the non-whites outnumber the whites five to one. So the prospect of the blacks as a whole wielding economic power which challenges the whites is not so remote.

There already exist non-whites who are millionaires, of course. So if

those wishing to break down apartheid wish to know what to do about capital, the answer is simple if surprising: flood South Africa with it.

Proposition two should be self-evident. The activists anxious to break down apartheid should encourage British firms to go to South Africa rather than leave employment in the control of those dedicated to the maintenance of a particular social system.

Indeed, what may not be fully appreciated is that an employer has only to be indifferent to apartheid to be a threat to the South African system.

The greatest, if not the most spectacular, enemy of apartheid is the free market, capitalism, unfettered private enterprise — call it what you will — especially in an expanding economy with rising demands for skills which the whites can no longer satisfy. Capitalism will always tend to employ the cheapest labour and lay

Capitalism, he believes, will always tend to employ the cheapest labour, regardless of race, and lay off the dearest. More external investment in South Africa will thus promote capitalism at the expense of apartheid.

off the dearest.

A recent TV programme showed a white man and a black man doing identical jobs, with the latter earning one-third of the former's wages.

My colleague Shaun Usher seemed greatly upset by it, I thought unnecessarily. It would seem to prove that apartheid is unstable. The man whose future looks uncertain is (if reported correctly) the overpaid white — not the under-paid black.

After all, if someone were to come to the Daily Mail ready to do my job up to (or, if you like, down to) my standard but for one third of my salary, then I should come out in a sweat and view my future as bleak, his as promising.

Of course, in South Africa they have many devices such as job reservation and minimum wage regulations to try to prevent blacks from ousting whites. But market forces keep finding ways round them.

Why employ a white bricklayer, to take the case of one job classification which broke down if a black bricklayer would do the same job for less?

Furthermore, a determined employer — or merely a greedy one — can often find his way round minimum wage regulations and thus employ blacks rather than whites.

There is little, in any case, to stop a British firm, for example, promoting Africans in its South African subsidiaries to positions of responsibility and importance.

### Self-evident

The third proposition should also be self-evident. There are some pension and social security schemes in South Africa considerable by African standards, but poor by ours.

Thus, the man who loses his job because some British firm pulls out may have to go back to the land where living standards are lowest.

This remains true even where the firm that closes is only paying "subsistence" wages. Subsistence wages may not be much, but at least they are better than sub-subsistence which may well be the alternative.

There is only one argument of any importance I can see which contradicts the sense of the above propositions.

It is — and it must be taken seriously — that virtually all South African whites including keen supporters of apartheid actually WANT more external investment in South Africa.

But how can it be that they want it if it threatens their favoured system. The answer is, I think, rather complex.

### No conception

First, that argument about capital shortage and power is unlikely to occur to the average Afrikaner in the street — moreover, some Afrikaners want the investment simply because it will promote general prosperity.

They little realise that national prosperity is apartheid's enemy, just as the 19th-century British ruling class had almost no conception of the extent to which rising prosperity in Britain was bound to usher in democracy.

It is also pretty certain that many South African whites think that foreign investment must be good for them merely because their overseas enemies are so keen to stop it.

Finally, there is the point that many South African whites are complacently convinced that it does not matter how much the economy advances, black Africans will never show the competence or skills to usurp the commercial and industrial role of the whites.

Ironically, it is those who are trying to stop investment in South Africa who are preventing the blacks from showing the error of this view.



# Hard sell

Start Times (Bus Times)

boosts 5/2/78

## President

### fortunes

By TONY  
KOENDERMAN

TRUST Houses Forte, the giant British hotel group, is trying to restore the sagging fortunes of its South African showpiece, Johannesburg's five-star President.

One of THF's top managers, Aldo Grosso, who was sent out last year to take charge of the group's three South African properties, has revitalised the moribund approach to marketing which previously characterised the local operation.

The other two hotels are in Durban — the Edward (five stars) and the Park View (two stars).

Mr Grosso set up a marketing department and sent representatives to Europe, the United States and South



MR GROSSO  
His approach pays off

America to sell the hotel and its facilities to travel agents and business men.

Results are already apparent.

"As a result of my marketing manager's trip to Argentina, we had 312 Argentinians in the President in January," said Mr Grosso.

The 240-room President was the first of the new generation of luxury hotels to be built in Johannesburg, but as the others emerged "we did not take counter-measures to promote the hotel", said Mr Grosso.

As a result, it has suffered more than some of its competitors from the downturn in hotel trade, which has been particularly severe for the top grade hotels. For most of last year, five-star hotels had lower occupancy rates than two-, three-, or four-star hotels.

However, towards the end of last year the luxury hotels showed an improvement. In November five-star hotels had the highest

26/1/78 Sat  
**Neutral  
view on  
UK firms  
in SA**

John Cavill

LONDON — The British Government appears to have adopted a neutral attitude on investment in South Africa by United Kingdom companies.

This has emerged from a written answer from the Treasury to a question by Labour MP for Aberdeen North, Mr Robert Hughes, who is also an anti-apartheid movement official.

Mr Hughes had asked the Chancellor of the Exchequer what measures were being taken to enforce the Government policy announcement of November 10 to discourage British firms from increasing their investment in South Africa.

In answer Mr Robert Sheldon, the Finance Secretary said: "It was for British companies to assess for themselves the risk of investing in South Africa."

"Up to date figures for United Kingdom investment are not available but the latest South African balance of payments figures indicate a drop in total overseas investment in South Africa."

## More pressures?

(61)

The establishment of a parliamentary committee to oversee implementation of the EEC code of labour conduct by Bri-

tish companies in SA is among the recommendations in a report published in London this week. The report is the work of a British pressure group, Christian Concern for Southern Africa (CCSA).

Noting the unimpressive results of the previous British "code of practice," the CCSA report says:

- Full disclosure is crucial to the success of the code.

- Enlightened self-interest cannot by itself provide a sufficient stimulus to the adoption of progressive policies in SA, without the threat of sanctions.

In view of the "overriding need to make the disclosure requirements mandatory," CCSA recommends that a parliamentary committee be appointed to monitor the code. The committee would have the power to call witnesses from the companies being assessed, the trade unions and other bodies. Its deliberations would be public, and its requests for information would have the force of a subpoena.

CCSA has been discussing its views on the EEC code with senior government officials for several weeks, and the Secretary of State for Trade, Edmund Dell, is said to be in sympathy with many of CCSA's arguments. However, Department of Trade spokesmen point out that the establishment of a parliamentary committee is a matter for Parliament to decide.

In an article headed "Why South Africa is a bad risk," in the *Financial Times* this week, assistant editor Joe Rogaly argues that the outlook for SA over the next few years "must surely be for an increase in civil disturbances . . . and a continuation of the policy of repression."

The Republic, he added, could no longer guarantee a return high enough to justify the increasing political risk. A sudden collapse in SA could be a serious blow to Britain, whose economic interests there remained immense. "It follows that a prudent British government would even now be thinking about how to encourage the orderly disengagement of our economy from theirs."

In the medium term "we need a special study by officials of the advantages and disadvantages of a policy of deliberate switching of British investment out of the Republic." Although this was not a simple task, said Rogaly, "the more one considers the fact, the more it becomes apparent that it is in our own best self-interest that such a process be started as soon as possible."



Sunday Times 12/13/78  
61

# Anti-SA Action Week could be a flop

By David Beresford

LONDON

THE MIGHT of the British trade union movement will be brought to bear on South Africa next week. Present indications are that it will add up to a mighty flop.

The week has been declared "A Week of Trade Union Action Against Apartheid" by the International Confederation of Free Trade Unions (ICFTU) to signal the beginning of the UN's "International Anti-apartheid Year".

The British Trades Union Congress, the ICFTU's largest affiliate, has committed itself to the Week of Action with the enthusiastic backing of the British Anti-Apartheid Movement.

## Outgunned by lawyers

Last year a similar trade union Week of Action nearly led to a telecommunications black-out between Britain and South Africa until the postal workers' union was out-gunned by lawyers from a rightwing pressure group, the National Association for Freedom.

This year the Week of Action looks likely to prove even less memorable for anti-apartheid activists, with no prospect of any dramatic action at all against British-South African links.

All the TUC has managed to come up with so far is a series of hollow-sounding appeals to workers to investigate their employers' links with the Republic and to press the Labour Government for economic sanctions.

## Service in Abbey

The action planned is unlikely to worry South Africa. Highlights are pickets outside branches of Barclays Bank, pickets of BP and Shell (for "their busting of sanctions against the Vorster and Smith regimes"), a rally in Trafalgar Square and a service in Westminster Abbey.

Whether the UN's anti-apartheid year itself will bring any more problems for South Africa than this month's efforts by the TUC and AAM is open to question.

It appears that the international anti-apartheid community is going to concentrate on tightening up the arms embargo against the Republic and increasing pressure for economic sanctions.

Whether they "succeed" is likely to depend on diplomatic factors over which anti-apartheid campaigners have so far shown little or no control.

# Owen appeals for renewed peace talks

**Anti-SA  
move at  
Leyland**

LONDON. — An urgent appeal to all parties in the Rhodesian dispute to join peace talks, without prejudicing their previous positions, was made by Britain's Foreign Secretary, Dr David Owen, here last night.

He was speaking at an Anglo-American cultural function shortly after a two-hour meeting with Mr Joshua Nkomo and Mr Robert Mugabe, the co-leaders of the Patriotic Front.

The Foreign Secretary could draw little comfort from the statements made by the guerilla leaders as they left Whitehall.

They made it clear they envisaged a two-stage peace push.

The first part should involve what Mr Nkomo called "all of us generals" in military talks, the second part would cover constitutional issues.

The internal leaders could involve themselves at this latter stage provided they renounced the agreement signed in Salisbury on March 3.

Mr Nkomo said when he was talking about generals, he meant himself, Mr Mugabe, the British Resident Commissioner Designate, Field Marshall Lord Carver, and Lieutenant-General Prem

Chand, the special representative of the United Nations Secretary-General.

Talks among these four would be a resumption of the adjourned Malta meeting last January 31 and February 1, he said.

Mr Mugabe later ruled out involvement by Cuban soldiers in the fighting in



Dr Owen

Rhodesia, although he said the guerillas would take arms and aid from any countries which could give it.

"We exclude anybody from playing a physical role insofar as our armed struggle is concerned," he said on BBC television.

"We fight our own war."

Mr Mugabe said Dr Owen now appeared to want to use the Salisbury deal as a new basis for discussions, "completely abandoning the basis we see in the Anglo-American proposals."

But it was not acceptable, he said, that the black leaders who had made a deal with Mr Smith in Salisbury should be brought into talks.

Dr Owen said at the function: "Britain and the United States, in calling for further discussion, are facing reality that a negotiated settlement cannot be imposed," he said. "It has first to be agreed."

The Carter Administration is not rejecting the internal settlement arrived at by Mr Smith and three black moderate leaders.

A spokesman said the Administration believed it would have been helpful if Bishop Muzorewa "as one of the principal leaders in Rhodesia", had had a chance to present his views to the Security Council at the United

Nations.

● In Salisbury the Zimbabwe United Peoples Organization, which yesterday received an invitation to participate in an enlarged constitutional conference on Rhodesia, said yesterday external leaders had a right to return for "free and fair elections".

Zupo president, Chief Jeremiah Chirau, who left Salisbury last night for London where he hopes to discuss the settlement issue with Dr Owen, said in a statement that a decision on a renewed conference would have to be taken jointly by all signatories of the Salisbury agreement.

● The first vice-president of the United African National Council, Mr James Chikerema, yesterday opposed a new conference on the Rhodesian Issue.

He told a press conference in Salisbury that any suggestion to re-open negotiation was an attempt to delay peace and prolong the suffering of the people.

LONDON. — Anti-apartheid action by workers will stop the shipment to South Africa this week of Land Rovers and Leyland parts and kits.

A spokesman for the State-owned motor group told Sapa: "There is likely to be some delay in supplies (to the Republic) but to what extent we cannot tell. They do have a buffer stock in South Africa."

The Leyland workers, mostly from the Transport and General Workers Union and the Amalgamated Union of Engineering Workers, are observing the international trade union week of action against apartheid which started yesterday.

Shop stewards approached Leyland management and forced them to declare that "in order to allow continued production" work at these plants "has been scheduled this week to avoid shipment to South Africa."

Direct action like that taken by the Leyland workers has not been urged by the TUC.

Instead the TUC has centred its campaign this week on industrial relations. One million leaflets have been circulated to unions and trades councils. These call on British firms employing black South Africans to recognize them and grant them negotiating power.

Shop stewards dealing with British management were urged to get detailed information about their employees' treatment of black South African workers.

Trade union pressure would be applied to British companies in the Republic to observe the EEC code of conduct, a TUC spokesman said.

● Civil and Public Services Association members at the British Library are "blacking" South African books and research material. Anyone asking for a South African book will not be helped. New books from the Republic will not be processed. — Sapa

# Kaunda warns of war

LUSAKA. — President Kaunda yesterday warned that he would be forced to seek increased Eastern help if the West recognized the internal settlement signed in Salisbury.

He charged that the Rhodesian Prime Minister, Mr Smith, was seeking just such a polarization of the conflict, and warned that a major "conflagration" would result.

"Once Western countries

go to the assistance of Ian Smith, we will have no choice but to go to Eastern countries to come and support us. That will mean the conflagration will have started."

Dr Kaunda said he had not retaliated for last week's Rhodesian air and ground assault against Zambia because to do so would unleash the war of which he warned.

"Zambia has the capacity

and the ability to strike back at the enemy deeper than he is able to, but I realize that will mean Zambia and its people will be playing Smith's own trump card."

However, Dr Kaunda warned, he was not sure how much longer he could resist "the pressure" to retaliate.

Dr Kaunda claimed that Zambian forces downed four Rhodesian jets, three Chinook helicopters, and one Beaver

spotter in last week's battle at Kavulamanja, in the Feira (Luangwa) district of Zambia.

He revised earlier Zambian estimates of casualties, saying ten Zambian soldiers and 12 civilians were killed.

Many of the civilians were killed when Rhodesian jets strafed a civilian lorry. Only three of the soldiers died at the front, the others were killed in the bombing and strafing deeper inside the border.

In your living conditions? (housing, recreational fa



①61

# TUC delegation puts views to SA's London ambassador

*Cape Times 15/3/78*

Of LONDON. — A delegation from the general council of the British Trade Union Council (TUC) yesterday called on the South African ambassador, Mr Matthys Botha, to express their views on trade union and industrial issues in South Africa.

The delegation, which included Mr Len Murray, general secretary of the TUC and Mr David Basnett, chairman of the TUC general council, spoke to Mr Botha about the council's concern over the lack of trade union rights for black workers in South Africa.

They also presented a memorandum to Mr Botha in which, among other things, the general council called on the South African Government to abandon the use of administrative sanctions against trade unionist and to lift the banning orders and detentions which are now in force.

Referring to the International Trade Union week of Action on South Africa the memorandum said:

"The main thrust of British participation

in the international week of action is directed towards persuading British employers to support the recognition of and negotiation with trade unions representing black workers in South Africa."

British trade unionists were asked to make a start this week on concerted efforts to get their employers to commit themselves to a more enlightened industrial relations policy in South Africa.

The memorandum states: "The TUC hopes that the setting up of the commission of inquiry into South African labour legislation represents the beginning of a change in the climate of opinion in South Africa."

The memorandum concludes: "The banning orders and detentions imposed in recent years, and particularly in November 1976, on black trade unionists and those assisting them in training and research, have done nothing to improve South Africa's reputation abroad."

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and unemployment and  
Horner and Africa and  
in order to draw up

## General discussion re SALDRU: minimum list of targets.

It was agreed SALDRU must decide "Where are we going?" It is essential to have an aim in view and not to just produce papers at random. This will be discussed at the next meeting in 1976.

.....  
CHAIRMAN

.....  
DATE



# Owen urged to press for unions in SA

Cape Times 17/3/78 (1)61

Owen Correspondent

LONDON. — A deputation from the powerful British Trade Union Council (TUC) yesterday urged Foreign Secretary, Dr David Owen, to use his influence to pressurize British firms with subsidiaries in South Africa to press for trade union rights for their black workers.

The three-man delegation, which spent nearly an hour with Dr Owen, said afterwards that Dr Owen had given them "a sympathetic hearing" and had agreed that this type of "positive action" would be a major trade union contribution to the fight against apartheid.

The international committee members of the TUC who met the Foreign Secretary were Mr Jack Jones, general secretary of Transport and General Workers' Union, and chairman of the TUC International Committee; Mr Len Murray, general secretary of the TUC, and Mr Ray Buckton, general secretary of the Associated Society of Locomotive Engineers and Firemen.

They are all men who wield enormous trade union bargaining power in Britain.

## Code of conduct

The trade union leaders expressed concern about the position of black trade unions in South Africa. They discussed with Dr Owen the EEC code of conduct for companies operating in South Africa.

Attention was drawn to the emphasis this places on the need for companies in South Africa to develop sound industrial relations practices and collective bargaining with trade unions representing black employees.

Dr Owen said monitoring would be done to see that these stipulations were carried out.

After the meeting Mr Buckton said he was hopeful the emphasis on trade union development for blacks in South Africa would help in alleviating apartheid for black workers.

"Britain has such a tremendous amount of investment in South Africa that, by pressuring parent companies here, we should be able to play an ever-increasing role against discrimination."

# UK faces painful choice over SA trade, says Owen

CARLISLE. — The British Foreign Secretary, Dr David Owen, said last night that in investment and in trade Britain faced a painful dilemma in its relationship with South Africa.

"We must reduce our over-dependence on that country economically," he said in a speech prepared for delivery to the Cumbria County Labour Party here.

Dr Owen added: "We stand more to lose than most if things go wrong. Prudent businessmen and prudent investors no less than the British Government, should be taking a hard look at their South African connections."

At the moment Britain was in the position of depending on South Africa far more than was healthy if his country was to pursue consistent and viable foreign and economic policies.

"But since we already have economic links with South Africa, we should use them positively to bring about change. British companies have a major role in ensuring good industrial relations in South Africa," he said.

## Patience

Dr Owen said that the fact that this year had been designated Anti-Apartheid Year was proof that the world's patience with South Africa was running out.

South Africa's internal policies drew almost universal condemnation from the world community, he said.

"While the pressure on South Africa mounts, the pressure on those countries which have economic links with South Africa to use those links to bring about change grows correspondingly.

"This country, with its enormous economic stake in South Africa, is, in one sense, well placed to use those links judiciously and constructively to bring pressure on South Africa to moderate her policies.

"But, conversely, the very closeness of our economic relationship with South Africa makes us dangerously vulnerable. Our huge economic involvement in a republic whose future is uncertain and where the risk of social disruption is high is not only bad politics, it has now become economically risky too."

## Code

Dr Owen referred to the European Common Market's Code of Conduct with its emphasis on the development of collective bargaining in which black workers in South Africa would participate through independent trade unions of their choice.

The British Foreign Secretary said this code of conduct was an important step towards ensuring that British companies operating in South Africa understood the potentially positive role they could play in that society.

Britain was trying hard to persuade other Western countries such as the United States and Japan to adopt the code, he added. — Sapa-Reuter

# Marley

State Department

## mik na

19/3/78

## beurs

MARLEY Suid-Afrika, 'n volfiliaal van die Britse Marley-groep, oorweeg dit om Suid-Afrikaners 'n belang in die maatskappy te gee. Die plan is om mettertyd aansoek om notering op die Johannesburgse Effektebeurs te doen en Suid-Afrikaners dan die geleentheid te gee om in sy winste te deel.

Mnr. P. W. Sceales, voorsitter van Marley, het dit vandeesweek laat deurskeur op 'n reise-noenmaal in Johannesburg om die groep se 25ste jaar in Suid-Afrika te vier.

kan to

1. Ga Hy het bygevoeg dat Marley ondanks die slapte in die boubedryf verlede jaar daarin kon slaag om 'n rekordwins te toon. Dit is nog ietwat te vroeg om 'n raming oor vanjaar te waag, maar mnr. Sceales is vol vertroue dat die groep weer daarin sal kan slaag om sy huidige winsvlak dalk te handhaaf as hy dit nie kan verbeter nie.

Vier van die Britse groep se direkteure was ook teenwoordig en mnr. Sceales het gesê dat Marley ondanks druk op buitelandse maatskappye in Suid-Afrika is en hier sal bly.

Die Suid-Afrikaanse filiaal het 25 jaar gelede met 'n totale belegging van R500 000 in Suid-Afrika begin. Sy kapitaal staan nou op R16,5 miljoen, sy omset oorskry R25 miljoen per jaar en hy verskaf werk aan 1 200 Suid-Afrikaners.

By dieselfde geleentheid het Marley Suid-Afrika se besturende direkteur, mnr. Denis Hunt, gesê dat Marley verlede jaar byna R1 miljoen bestee het aan uitbreidings. En ondanks die slapte in die boubedryf sal daar vanjaar voortgegaan om die groep se produkte reeks uit te brei.

Daar word nou ook sterk op die uitvoermark gekonsentreer en bestelling word reeds van tot so ver as Australië ontvang. Markte word nou ook in Saoedi-Arabië, Iran en Israel ontwikkel.

vs aan plaaswerkers (2)

Wanneer om die probleme op te los?

Wanneer met ander werkers op die plaas of op

Wanneer saamaan om met ander werkers saam te verander?

Wanneer werkeidens alleenlik

Wanneer rug na die plaas te kom of nie?



10/20/78  
bl

# Disinvest claim denied

LONDON — A startling weekend statement that the British Cabinet had decided in principle to "disinvest" from South Africa was discredited last night by Premier James Callaghan's office.

The statement was made by Mr Alex Lyon, MP, a sacked Home Office Minister who is recognised as one of Labour's most militant anti-apartheid activists in the House of Commons.

Mr Lyon told an anti-racist rally in Trafalgar Square: "They (the British Cabinet) are now considering what form disinvestment (from South Africa) should take."

A spokesman for Mr Callaghan said: "The British Cabinet has said and done nothing in the line of Mr Lyon's claim. Relationships with South Africa are constantly under review, but I repeat that the Cabinet has done nothing. We would also point out that Mr Lyon is not a Cabinet Minister."

Mr Lyon, who is a barrister, is well known as a controversial and somewhat emotional figure on the subject of South Africa.

The Prime Minister's office left no doubt last night that his claim was wildly inaccurate. — DDC.

ARGUS 23/3/78 (61)

# Bank cuts loans to SA

The Argus Bureau

LONDON. — Britain's third biggest bank, the Midland, today announced it was confining any loans to South Africa to 'the finance of identifiable trade with the United Kingdom.'

In a sharp break with previous policy, Lord Armstrong, chairman of the Midland, also told shareholders that the bank had not made loans to the South African Government or its departments 'for some two years.'

This is the first time that a British bank has responded to pressure from groups such as End Loans to South Africa (ELTSA) or anti-apartheid shareholders including the commissioners of the Church of England and other churches and Labour-dominated local authorities.

ELTSA welcomed the Midland statement but pointed out that it did not exclude loans to the South African Government if trade with Britain was involved.

'ELTSA believes all loans to South Africa should be halted at once. Representatives of ELTSA will be attending the bank's annual meeting on April 19 to urge a total cessation of all South African involvement, direct or otherwise,' the organisation said.

Meanwhile the Nigerian Government's order for the withdrawal of all public sector funds from Barclays Bank is seen as the most significant move yet against firms involved in South Africa.

If the Nigerian Government extends this action, the list of companies at risk will include the cream of British industry ranging from the State-controlled British Petroleum and British Leyland to other international giants such as Unilever, Imperial Chemical Industries and Turner and Newall.

Nigeria is now Britain's ninth biggest customer, taking exports worth R1 760-million last year, 38 percent up on 1976.

Cape Times 23/3/78

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# SA links put banks under fire

LONDON. — The Nigerian Government has ordered withdrawal of public funds from Barclays Bank of Nigeria Limited and a reduction of its foreign staff, in protest at what it called the bank's policy of collaboration with South Africa.

Lagos Radio said all public sector agencies had been told to withdraw their accounts from the bank, and one-third of its expatriate staff had been told to leave Nigeria within a month.

It said this was a reaction to a statement last week by Mr Anthony Tuke, chairman of Barclays Bank Limited, the British parent company.

In the statement he told shareholders that the bank's policy was to "stay in South Africa and use all the influence we have to try to bring about a happier and fairer society".

He said Barclays did not believe the under-privileged majority would be helped by the withdrawal of foreign investment.

Lagos Radio said the Nigerian Government noted that Barclays policy had turned out to be that of collaboration with the apartheid system in South Africa, a policy completely at variance with Nigeria's declared stand.

A Barclays official in London said that Barclays of Nigeria had about 80 branches and about 30 expatriate employees there.

The Nigerian Government owned 60 percent of the Nigerian bank.

Last night Britain's High Commissioner in Lagos, Sir Sam Falle, confirmed the Nigerian order.

● In San Francisco the Bank of America, the world's largest privately owned bank,

yesterday rejected demands by opponents of apartheid to end its involvement in South Africa.

The bank said it condemned the policy of racial segregation, but reasoned that ending its involvement in South Africa would not be in the best interests of the black majority.

● From Ottawa it is reported that groups representing labour unions, churches and students have announced support for a campaign to withdraw accounts from four Canadian banks making loans to South Africa.

Group spokesman Mr Donald Montgomery, secretary-treasurer of the Canadian Labour Congress (CLC), said at a press conference that it would not be possible to estimate how many millions of dollars would be withdrawn from the four banks named — the Royal Bank of Canada, the Toronto-Dominion Bank, Bank of Nova Scotia and the Imperial Bank of Commerce.

In Halifax a group of about 50 people demonstrated outside offices of the banks.

● And on Tuesday in New York two American banks took opposite stands on loans to South Africa.

Chemical Bank of New York, the sixth largest American bank, defended short-term trade financing and loans to business in South Africa. It said an economic boycott of South Africa could have "an extremely harsh effect" on all South Africans.

Chemical said, however, that it opposed apartheid and barred any loan transactions with the government of South Africa.

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In Minneapolis, the North-Western National Bank, which ranks 57th among US banks, said it would make no further loans to South African companies which supported apartheid or which would strengthen the government in Pretoria. Sapa Reuter AP



Cape Times 24/3/78 (51)

# Midland Bank to end loans to SA

Own Correspondent

LONDON: — The Midland Bank of Britain, one of the most powerful in Europe, yesterday confirmed that it had decided to end loans to the South African Government.

The announcement by the bank's chairman, Lord William Armstrong, followed wide press publicity yesterday that the Nigerian Government had ordered its public agencies to withdraw their funds from Barclays Bank because of the bank's "collaboration" with South Africa.

The decision by the Midland Bank was celebrated by anti-apartheid activists as "one of the most revolutionary moves in British banking history".

A Methodist minister, the Rev David Haslam, whose largely church-backed End Loans to South Africa (Eltsa) movement helped influence the Midland decision, said: "The banks, like European governments and the Americans, are beginning to understand that it is becoming less economic to try to make money out of apartheid. The decision by the Midland Bank was more than we expected — but it is just the first step here in a growing recognition that there is no economic future in South Africa's racialism."

In his annual statement and accounts yesterday Lord Armstrong said pressure from anti-apartheid groups had created a "misunderstanding" that the bank was involved with the South African Government or its agencies, and proposed to continue to be.

## None for 2 years

He said: "The extent of this misunderstanding, which has been reflected in public statements, has led me to the conclusion that I should state publicly that for some two years the bank has not made loans of this nature. Moreover, such new arrangements as we make for borrowers within South Africa are now confined to the finance of identifiable trade within the United Kingdom.

"This policy does not, however, envisage our ceasing to grant conventional banking support to those among our commercial customers who have South African interests."

Mr Haslam said the implication of Lord Armstrong's statement was that for the foreseeable future the Midland Bank would continue to boycott loans to the South African Government, its agencies or state corporations. He has had private meetings with Lord Armstrong, former head of the civil service, and said: "The change of attitude, with such a major bank making public its refusal to lend money to

# Nigeria's bank action warns British firms

Cape Times 24/3/78

61

LONDON. — The shock decision by Nigeria to withdraw government funds from Barclays Bank of Nigeria is seen here as a strong indication that Nigeria is flexing its muscles against "investment in apartheid".

It is viewed with considerable alarm by the many other international corporations based in the United Kingdom which have subsidiaries both in Nigeria and in South Africa.

The government and the private sector are having to

face up to the possibility of an "either/or" policy from Nigeria, whose attitude has been voiced for some time now.

This action against Barclays focuses on Foreign Secretary Dr David Owen's warning last week that people

with economic connections with South Africa would have to take "a long hard look" at their activities.

A Foreign Office spokesman yesterday pointed out that Nigeria is Britain's second-biggest trading partner outside Europe and the United States.

Last year, for the first time, British exports to Nigeria topped the R1 600 million mark.

By comparison, British trade with South Africa was R900 million for the same period. In addition, exports to Nigeria are on the increase while those to South Africa are getting less.

However, the Foreign Office spokesman said that it should be clearly understood that whereas Nigeria had taken "a punitive measure" against Barclays, it was not in fact terminating Barclay's interests in Nigeria.

Barclays Bank operates some 800 to 900 branches and sub-branches in South Africa. In Nigeria its operations includes nearly 90 branches and sub-branches.

Since September 1976, as a result of demands for local control, Barclays of Nigeria has had only 40 percent of the bank's capital with the government owning 52 percent and the public the remaining eight percent.

● Midland Bank Ltd to end loans to SA — page 4

# Cut SA investments says New York Times

LD- (61)  
3/4/78

NEW YORK — Americans should slowly withdraw investments in South Africa to protest against apartheid, the New York Times said yesterday.

Examining widespread opposition to South Africa's policies and the "profits extracted from such a system," The Times said, "We support it."

While South Africa was not the only racist nor the only oppressive nation on earth, "no other contemporary government — and certainly none that stands for the culture of the West — has dared to define itself as the embodiment

of white supremacy," The Times said.

"To Americans, now, such doctrine is simply unacceptable. Gradually, so that there is time for the message to sink in, Americans should be heading for the exit."

A problem arose for trustees of non-profit institutions and corporate executives, however, in trying to meet the demands of protestors that the corporations should cease their operations in South Africa or risk losing the investments of the institutions.

Trustees of a university were required to invest their endowments in the most productive and prudent ways, it said.

"They find it extremely difficult to manage that money nowadays without acquiring some stock in some of the 350 firms with operations in South Africa or in the other 6 000 who trade there.

"The imperfect answer for these trustees is that they have to draw the line by their own evolving standards of social responsibility, with due regard for deeply-held convictions in their communities," The Times suggested. — SAPA-RNS.



FM 31/3/78

## NIGERIA AND BARCLAYS Low credit-rating (61)

For Barclays International, it never rains but it pours. First, its SA arm had to turn a humiliating somersault over its purchase of SA Defence Bonds. And then last week Nigeria's official radio announced that the government in Lagos had ordered "all public sector agencies" in Nigeria to withdraw their accounts from Barclays Bank Nigeria with immediate effect.

The broadcast said that the Nigerian government had noted that the policy of the Barclays group had turned out to be one of collaboration with apartheid and thus completely at variance with the declared stand of Nigeria. More immedi-



Obasanjo . . . strong man against apartheid

ately, the order was a reaction to the statement earlier this month by Barclays chairman Anthony Tuke that, despite criticisms by anti-apartheid groups, the bank's policy over SA was unchanged.

After SA, Nigeria is the bank's second most important area of operation in Africa. At the end of September 1977 Barclays Nigeria had total deposits of about £900m and its pre-tax profits for the year were about £29m. Until September 1976 Barclays International held 51% of the shares in the Nigerian subsidiary, but the Nigerian government then increased its stake to 51.67%, with 8.33% of the shares in private Nigerian hands. Barclays therefore retained only 40% of the Nigerian holdings.

After the Nigerian government's action, the bank's shares fell by 11 pence on the London stock market. And some Nigerian newspapers called for total nationalisation of the bank's interests in Nigeria, while others demanded an inquiry into the actions of other foreign

banks in the country.

The Nigerian government's decision to withdraw public funds from Barclays in Nigeria signals the hardening of its policy — first announced by the head of state, General Obasanjo, last August — of sanctions against companies continuing to maintain strong economic links with SA.

The Lagos government has introduced a clause in all contracts, stipulating that companies operating in Nigeria must undertake to systematically reduce any involvement they might have in SA. Foreign Affairs Commissioner Joseph Garba says that his government has already blacklisted five firms which have not complied with this policy.

Earlier this month Alastair Macdonald, resident Lagos representative of the West Africa Committee — an association of British businessmen — told the Confederation of British Industry in London that companies with interests in SA who wished to break into the Nigerian market might face severe difficulties because of the Nigerian policy against apartheid. Companies coming to Nigeria for the first time should be prepared "to make a choice between conditions imposed by the Nigerian government to enter the Nigerian market or to miss it out altogether."

The Nigerian action against Barclays seems already to have had wider repercussions. After it became known last week that Midland Bank had stopped making loans to the SA government, the University of Warwick decided to switch its £12m account from Barclays to Midland because of Barclays' active links with SA.

SA will be on the agenda during President Carter's visit to Lagos this week. Nigeria has long pressed at the UN for trade sanctions against SA. Last November, when the US, Britain and France vetoed African proposals for such measures in the Security Council, the Nigerian reaction was remarkably bitter.

Nigeria is now close to rivalling Saudi Arabia as America's most important oil supplier. In 1977, Nigeria exported \$6.1bn worth of oil to the US, against Saudi Arabia's \$6.4bn. The US now has a deficit of some \$5m in its trade with Nigeria. American business, anxious to reduce this gap, would probably not mind replacing SA-linked British companies in the Nigerian market.

# Barclays plays it cool

The sound and fury generated at last week's London agm of Barclays Bank over the group's SA connection signified nothing. Chairman Anthony Tuke's placatory remarks indicated change of neither policy nor direction.

For what Tuke *actually* said — as opposed to any interpretations that he yielded to anti-apartheid pressure — amounted in fact to no more than an endorsement of Barclays' policy as required by SA's own Banks Act.

Pressured to make a statement, Tuke said that Barclays would reduce its stake in Barclays National "to 50% in terms of SA government law." Asked whether he saw the limit being reduced to below 50%, he replied this would be "purely a commercial judgment, not political."

Tuke was referring to a 1976 Banks Act amendment that foreign banks operating in SA (directed at Barclays and Standard) had to lodge, by April last year, a plan with the Registrar for reducing their foreign holding to a 50% ceiling before the end of July 1986. Barclays National has given such an assurance.

Barclays International presently owns 64% of Barclays National and at current market prices, this 14% differential is worth some R27m.

One way of reducing the holding, which Barclays National MD Bob Aldworth has considered, is a straight sale of the 14%. But R27m is an awful lot of lolly for any local buyer. And Barclays International, states Aldworth, in any case "has no view to selling its shares and getting its money out, other than to comply with the Banks Act."

## Timing

Not surprising, for the real operation contributes 30% of its parent's profits.

The more likely alternative is a rights issue. Barclays International would simply not take up its rights, and there would be no loss of foreign exchange.

Moreover, Aldworth reckons that a rights issue "could fit in beautifully with my plans." He would go to the market for an amount in line with the bank's capital requirements for the next few years.

But Aldworth doesn't think any additional capital will be required at least until 1980, when the economy should start picking up, and Barclays will require a larger capital base for increasing its loans. Then the timing of a rights issue will be ideal.

A third possibility is that Barclays International's equity could be further

diluted by Barclays National merging with another SA bank.

Nedbank perhaps? Far-fetched as the suggestion now may sound, Sanlam, on the one hand, is rationalising its interests into a major banking force. On the other, Old Mutual is heavily committed to Nedbank and is a substantial shareholder in Anglo, which in turn (with 18%) is by far the largest single SA shareholder in Barclays National.

"It's an interesting thought," Aldworth concedes. "But we have discussed nothing with any SA bank. Our whole effort has been directed to sorting out Wesbank."



Japanese medical expenditure is now running at about R200 per head of population and still rising, reports GEOFFREY MURRAY.

# Japan heads for a fatal dose

TOKYO — The Japanese may become the first people in the world to die as victims of their own abuse of medicine.

This is the grim prediction of Dr Kosei Takahashi, a crusading lecturer at Tokyo University, who is horrified by the profligate use of drugs by his countrymen.

Between 1955 and 1975 the national income increased 17.5 times, but medical expenditure rose 27 times and accounted for more than five percent of the national income by 1975 — about R200 per capita.

Such a rapid increase can be partly accounted for by an ageing population and the progress of medical science. But the most important factor is said to be the introduction of health insurance schemes.

## Poisoning

One of the easiest ways for doctors to increase their incomes has been to prescribe more and more drugs, which they can buy extremely cheaply from pharmaceutical companies.

Annual medical expenses are now estimated at well over R3-million-million, and the Health Ministry believes this figure will double in the next five years.

And that leads Dr Takahashi to issue his warning that the nation is poisoning itself with drugs.

"All the evils of medical services here can be traced to the fact that

free enterprise," he says. "This is wrong because of the dangerously privileged position in which a doctor stands in the community.

"If you went to a department store to buy something, you would only do so if the price was right. But in the case of doctors, the patient is entirely at his mercy.

Health insurance has contributed by placing even the most expensive medical treatment within reach of the poor.

To make matters worse, Dr Takahashi claims Japanese are obsessed with the idea that "the more drugs the better."

Doctors too have been guilty of worshipping medicine, he says, without adequate consideration for side-effects.

For this reason Japanese doctors continued to prescribe stomach medicine known as quinoform for many years after their Western colleagues had warned of the dangers of over-usage producing serious paralysis (a number of victims of just such a disease recently won a court case for damages against the Government and several pharmaceutical companies).

Dr Takahashi believes that when Japan imported Western medical science it failed to understand the poisonous nature of the drugs.

Partly responsible was the previous Japanese contact with the traditional Chinese medicine, which is not as potent as Western medicine.

In his view, science has been seen by the Japanese as something purely good. Thus, it was possible for drugs, food additives and industrial pollutants to enter in large volumes and cause horrendous damage.

"One way to prevent the abuse of drugs might be to reward doctors with higher fees for their technical services and lessen their dependence on drugs as a source of income.

"But I'm pessimistic," Dr Takahashi says.

He maintains that the present situation in Japan is like a cancer. And like cancer, it will not cease to grow until the death of its host body, Japan.



# UK concern over trade with SA

Cape Times  
23/5/78  
06/12/78

By NEIL BEHRMANN

LONDON. — British companies are concerned about recent government department inquiries concerning trade with South Africa. The Department of Trade and Department of Industry were investigating possible effects on the companies and economy in the event of an interruption of trade with South Africa.

According to officials, however, discussions with the companies did not necessarily mean that the government was considering a policy review on trade relations with South Africa.

A department of industry official said: "Part of our role is to keep in touch with companies in various areas and to discuss on an informal and confidential basis the economic problems which concern them."

The Department of Industry had discussed South Africa's economic prospects which are concerning them at this time.

## Discussions

A confederation for British industry official confirmed that discussions had taken place. Mr John McQuiggan, executive director of Uksata (UK-SA Trade Association), said that officials had discussions with a selection of companies who carry out business with South Africa.

"This was an exercise taken by the government on a confidential basis to sound out companies on the effect of a trade embargo on them." He said the overall view was that it was nothing sinister and that the departments had not been in touch with Uksata.

He said that the investigations would enable the departments to be better informed on the effects

which sanctions would have on companies. Some companies are suspicious of the motives, but if the investigations were serious it would probably have been carried out on a much wider scale, he said.

## Reject sanctions

Mr McQuiggan noted that the officials were looking at both imports and exports which indicated that they were concerned about future flows of raw materials.

Mr McQuiggan believes that the government would be wise to reject sanctions because of the national interest and the effect on trade and unemployment at a time when there is a need to improve on both.

The official British trade policy towards South Africa, however, remains unchanged. This policy states: "In matters of civil trade and where internal obligations do not conflict it is not the policy of Her Majesty's Government that commercial trading relations with other countries should be based on consideration of internal and external policies."

"As far as normal trade and investment are concerned, firms remain free to carry out existing or future contracts with South Africa. The usual range of export services including ECG (Export Credit Guarantees) cover will remain available for markets of equal commercial standing."

This policy was reaffirmed in December last year. Recently Trade Secretary Mr Edmund Dell assured that South Africa would continue to benefit from normal UK Export credits.

Some companies said that they had had discussions with trade officials a few months back, but were worried about the reappearance of these officials in the past few weeks.

Johnson Matthey, agents for Rustenburg Platinum and therefore involved with a strategic metal — also had discussions with Department of Industry officials.

Last week Lord Robens, chairman of Johnson Matthey and former labour minister and chairman of the Coal Board, warned against the consequences of sanctions, indicating the concern of these companies.

25/5/78 (61)

RDM 2

# Firms must reveal SA job practices

RDM 25/5/78

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By RIAAN DE VILLIERS  
Labour Correspondent

**BRITAIN is to ask all UK companies operating in South Africa to reveal their employment practices in the Republic to the Department of Trade before June 30, informed sources said yesterday.**

And it is understood that the information from the companies will be made public by the British Government.

Britain is expected to announce these steps today when it tables a White Paper in Parliament which will commit it formally to the EEC code of employment practices for firms operating in South Africa.

The White Paper will urge the firms to do everything they can to implement the code, agreed on by the nine members of the Common Market last year.

Sources say the White Paper will contain no provisions to force companies to observe the code.

It appears the government will rely on public pressure — but with full disclosure of companies' employment practices this may be very effective, especially in the light of the role played by UK pressure groups in the past.

Britain will be the first of the EEC countries to commit itself formally to the code.

The others have been cooperating closely and are expected to follow suit soon. They may take similar steps to monitor the code.

The White Paper, together with a questionnaire and covering letter, will be supplied to chairmen of all companies operating in South Africa, sources say.

Firms will be asked to complete a new questionnaire each year.

Among the provisions of the code are:

### Suitable

- Equal pay for equal work, and all jobs open to suitably qualified people, irrespective of race.
- The right of all workers to be represented

trade unions.

● Minimum wages to be 50% above the minimum living level (formerly called the Poverty Datum Line).

● Efforts to abolish segregation in the workplace.

● Alleviation of the effects of the migrant labour system.

● Training programmes for black workers.

● Funds for providing for workers' leisure and improved fringe benefits.

It has been estimated that the code will affect 145 British companies operating in the Republic with a shareholding of 50% or more, owning a combined total of 450 subsidiaries.

The fact that there will be no penalties for the non-observance of the code has led trade union organisations in the UK to point out that it is not binding and therefore lacks teeth.

### Sanctions

Radical sectors, including some trade unionists, would like to see commercial sanctions levied by the government against British companies which failed to comply with a code of conduct, the "Mail" London correspondent reports.

They advocate that firms which break the code should be denied government contracts where this is applicable and be subject to limitation of tax relief.

Britain has had its own code of conduct governing companies in South Africa since 1974.

The government felt, however, that it would be more effective and the position of Britain would be less undermined, if a joint move was made by other countries as well.

For this reason the member states of the Common Market drew up the 1977 code of conduct, which the White Paper will commend today.

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(61)

# U.K. details work code for firms

LONDON — Migrant labour is an instrument of the policy of apartheid which prevents the individual from seeking and obtaining a job of his choice.

It also causes grave social and family problems.

This was said in a White Paper tabled in Parliament here yesterday.

It commends a code of conduct for British companies with interests in South Africa.

It points out that "employers have the social responsibility to contribute towards ensuring freedom of movement for African

workers and their families."

It adds: "In the meantime, employers should try to alleviate as much as possible the effects of the existing system."

The White Paper urges U.K. companies to promote and adopt the European Economic Community code of conduct and gives explanatory guidance on labour relations within a company, migrant labour, pay, wage structure and African advancement, fringe benefits and desegregation at places of work.

Mr. Edmund Dell, Secretary of State for Trade,

has written to 350 British companies with South African interests commending the code to them and asking their help and co-operation in putting it into practice.

Radical organisations and trade unionists criticise the code of conduct because it is not mandatory and does not impose penalties for non-observance.

The White Paper says that U.K. companies with 50 per cent or more of the equity of a South African company should each year report on progress made in applying each article of the code.

Firms with minority holdings are asked to try to have the code applied and provide the British Government with information.

The White Paper states specifically that companies are not asked to act contrary to South African law.

The code says companies should ensure that all employees are allowed to choose the type of organisation to represent them.

They are asked also to see that African employees are free to form, or join, a trade union and to offer trade union officials representative

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EEC CODE 61<sup>m</sup> 26/5/78

## End of the beginning

The EEC code of conduct for firms operating in SA is far from dead. Indeed, it's only due to be born this week.

UK government sources in London tell the *FM* that a white paper urging UK firms in SA to implement the code was due to be published as the *FM* went to press.

The white paper was drawn up in consultation with other members of the Nine and also contains detailed guidelines on exactly how the code should be implemented. It's regarded as the first step in the code's implementation and should be followed soon by similar moves from other members of the Nine.

The sources point out that last year's Brussels meeting at which the code was drawn up was not intended to launch the code. Implementation of the code was only supposed to begin once EEC member countries had formulated additional guidelines.

The white paper thus launches the code and will be sent to all UK companies in SA with a covering letter by UK Secretary of State for Trade Edmund Dell.

It comes at a time when overseas codes of conduct are under increasing attack from government and employer quarters in SA.

Many Nationalist speakers in the parliamentary labour vote claimed that SA did not need a code of conduct emanating from outside its borders. Some employer bodies have urged their members to apply the local Urban Foundation/Saccola code in preference to the Western codes. Signs are, however, that a good many UK companies regard the code as a bulwark against sanctions and will ask their SA subsidiaries to implement it.

In a preamble to the code, the UK government sets an initial date for the submission of reports on progress made — September 30, when progress by June 30 should be detailed.

The real meat of the white paper is, however, contained in its explanatory notes on the code. The key elements here are the guidelines relating to trade union recognition, migrant labour and pay.

On trade unions, the white paper says the code "does not ask companies to promote, set up or do the job of trade unions." What it does ask is that workers

be told that it is company policy that it will bargain with "organisations that are freely chosen and representative of employees." It suggests that employers hold ballots among their African workers to determine the form of organisation they want.

The white paper also details ways in which employers can assist free bargaining. These include undertakings not to victimise trade union officials, permitting union meetings on company premises during lunch breaks, allowing officials reasonable time off for union work, and full recognition.

The white paper also sets out ways in which employers are asked to "alleviate" the affects of migrant labour. These include making advice on pass law infringements a part of personnel management services, giving migrant workers paid leave and financial assistance to visit their families in the homelands and devising procedures for "family remittances and saving schemes."

UK employers are urged to work to improve hostel conditions for migrants and to use the government "calling card" system which enables migrants to return automatically to their employer without going through the normal recruitment process all over again.

On pay, the white paper recommends that no worker be paid below the University of Port Elizabeth's Household Effective Level or Unisa's Supplementary Living Level. Both of these are about 50% above the Poverty Datum Line.

(61)

26/5/78

speech by Dr David Owen in which the Foreign Secretary said that Britain's close relationship with SA "makes us dangerously vulnerable. Our huge economic involvement in a republic whose future is uncertain and where the risk of social disruption is high is not only bad politics, it has now become economically risky too . . . We must reduce our overdependence on that country economically. We stand to lose more than most if things go wrong. Prudent businessmen and prudent investors, no less than the British government, should be taking a hard look at SA connections."

Some companies are concerned over the nature of the official enquiry which, they fear, might herald a policy review of Britain's economic links with the Republic. But the study seems more like an attempt by government departments to formulate contingency plans.

**UK TRADERS 61 FM26/5/78**  
**That edgy feeling**

The UK government has been enquiring into the effects which a possible interruption in trade with SA would have on various sectors of the UK economy.

Major chemical and engineering companies, including ICI and GKN, have confirmed that they have been approached by the Department of Industry, and that informal discussions have taken place on this subject. Shipping companies have held talks with the Department of Trade on similar lines.

A Department of Industry spokesman told the *FM* in London that "it would be surprising if we were not in touch with the companies," but that the discussions were confidential. The Foreign Office connected the inquiry with the recent

Financial Mail May 26 1978



# Code of Conduct for SA has no teeth-trade unions

26/5/78 R.D.M.  
(61)

By MARGARET SMITH

LONDON. — A White Paper recommending a code of conduct to British firms with interests in South Africa was tabled in the British Parliament yesterday.

But trade unionists and radical organisations have criticised the code because it is not mandatory, does not impose penalties for non-observance and generally does not take a strong enough line.

Migrant labour is an instrument of apartheid which prevents the individual from seeking and getting a job of his choice, the White Paper said.

"Employers have the social responsibility to contribute towards ensuring freedom of movement for African workers and their families," it said.

In the meantime, employers should try to alleviate the effects of the existing system as much as possible.

The White Paper urges British companies to promote and adopt the EEC code of conduct and gives explanatory guidance on, among others, labour relations within a company, migrant labour, pay, black advancement, and desegregation at work.

Mr Edmund Dell, Secretary of State for Trade,

has written to 350 British companies with South African interests commending the code to them and asking their help and co-operation in putting it into practice.

The White Paper says British companies with 50% or more of the equity of a South African company should publish each year a detailed report on progress made in applying each article of the code.

Firms with minority holdings are asked to use their influence to have the code put into effect and provide the British Government with as much information as possible.

The new code replaces an earlier code of practice published by the government in 1974 and places greater emphasis on industrial relations and collective bargaining.

But the White Paper states specifically that companies are not asked to act contrary to South African law.

Companies should ensure that all employees irrespective of race are allowed to choose freely the type of organisation to represent them.

They are also asked to see that black employees are free to form or join a trade union and to offer

trade union officials representative status on works or liaison committees "without prejudice to the development or status of trade unions".

The White Paper points out that employers could become involved in relationships with non-registered trade unions. It stresses that South African law does not prevent this.

Examples of action firms can take when dealing with black migrant workers are set out and include advice, guidance and seeing that such workers are comfortably housed and well-fed.

The code also asks companies to pay a minimum wage at least 50% above the level necessary to satisfy the basic needs of the employee and his family.

The code urges:

- The principle of equal pay for equal work.
- That all jobs should be open to any suitably qualified worker irrespective of race.

● The development of training schemes for black employees.

● Reduced dependence on immigrant white labour.

Companies could set aside funds for improving social welfare.

According to the code,

employers should do everything possible to abolish the practice of segregation at work.

Employers with a pragmatic approach can move towards common facilities for all races and the progressive elimination of segregation.

Some have already done this with no complaints or repercussions, even though some provisions exist in South African law, including by-laws, the code says.

A tactful and gradual approach may be best, for example, replacing "signs of a racial nature" by international ones or providing separate canteens by type of staff — such as "salaried" and "hourly" paid — and not by race, the code suggests.

Part of Mr Dell's letter states:

"Her Majesty's Government takes the view that it is in the national interest, and in the interests of British companies themselves, that their South African affiliates should follow enlightened policies for the welfare and advancement of the African workers.

"Since the UK has such extensive economic links with South Africa, we have the opportunity to use these links positively to bring about change."



# Car plant closed

RDM (61)  
291578

LONDON. — British-Leyland has closed one of its car plants as part of a streamlining operation aimed at making the firm profitable.

The closure of the prestige TR7 sports-car factory at Speke in north-west England has made 3 000 workers redundant.

The company, plagued by poor productivity, industrial strife and financial losses, is transferring production of the TR7 to its Canley plant in the Midlands. The Speke site will be sold. — Sapa-Reuter.





Tucsa welcomes (61)

British move

# New code: firms must

LABOUR MIRROR (1/2) May June 1978

(61) report

A new labour code for British companies with investments in South Africa, which contains a significant new element, has been laid before the British Parliament.

The new code, which is fully detailed on Page 2, is the code drawn up by the European Economic Community, or Common Market countries, with "teeth" added: British companies will be expected to report publicly on their progress in implementing the code. TUCSA long ago pointed out that if any of the proliferation of codes of conduct were ever to be meaningful catalysts for change, some means to monitor their application would have to be written in.

TUCSA therefore welcomes the British move, for it puts the powers of monitoring and sanction firmly where they should be - with public opinion, both here and overseas. What TUCSA would not be prepared to accept - ever - would be any move by any foreign government to attempt to police a code of conduct with governmental sanction - such as mandatory disinvestment for those who do not toe the line. Positive overseas pressure is acceptable and, indeed, has played some role in building up the tremendous momentum for change for the better in South Africa.

Changes are taking place in labour relationships in South Africa - possibly not fast enough for all of us, but positive changes nevertheless. In this climate overt interference by a foreign government into what is essentially a domestic South African problem would, if anything, achieve negative backlash results. It would also constitute undue State interference into free enterprise, and this, again, is not acceptable.

TUCSA welcomes the new code itself, even though its obvious shortcoming is that its principles are restricted to Black workers only, whereas it should cover all workers, irrespective of race or colour. It is something of an embodiment of TUCSA'S own principles and ideals, and we commend employers - not only British employers - to implement it on a non-racial basis.

There is no reason why they should not - indeed there is no real reason why any of the codes should not have been implemented long ago. As a trade union movement TUCSA is heartened to see a significant move towards the implementation of employment practices and labour relationships which are the ideals for which it has been fighting ever since it was founded.

TUCSA does not, however, believe in selective morality. While being the first to point out, and campaign against, the things that are wrong in South Africa - practices which are contrary to the spirit of trade unionism, and the ideals of human rights and dignity - we also say that South Africa is not alone in its transgressions. Many of the boon companions of the industrialised West, many of South Africa's most vociferous detractors, are themselves guilty of suppressing human rights and trade unionism - often to a far greater extent than South Africa. Whereas there are positive moves towards change for the better in this country, including the uplifting of the majority of the workers and the construction of a free enterprise system which will ultimately give a fair stake to all our people, the lights of human freedom and trade union freedom are flickering and going out one by one in many other parts of the world. Trade unionists in South Africa do not have an unfortunate tendency for untimely death, and our trade unions are also not State-run institutions.

If, therefore, there are to be labour codes of conduct, TUCSA believes they should be of universal application. If South Africa is to be criticised, then so should a great many other countries.

Such countries may not have the status of a cause celebre that South Africa has achieved - but we would hazard that the workers themselves in those countries where human rights and trade union rights are a farce, would be very happy to have world opinion on their side for a change.

In the final analysis, codes of conduct have to be written into each country's own industrial legislation measures, since this is the only yardstick by which it can be determined whether or not a country affords a square deal for its workers.

Consumers  
guide to  
General  
Sales Tax

Pages 4, 5

What the  
British  
Code of  
Conduct  
says

Page 2

Labour  
Minister  
looks to  
the future

Page 6

New  
agreement  
removes  
jobs  
barrier

Page 8



HL! for...

# Worldwide attack on Barclays Bank

(61)

Capel Times 1/6/78

LONDON. — Barclays Bank offices in 20 countries will be the target of anti-apartheid protesters today.

Fake deposit slips with the slogan: "Do you know where you money is going?" will be handed in at the banks. The campaign will be most evident in Europe, North America, the Caribbean, Africa, Japan and New Zealand.

The fake deposit slips say: "Your account — big or small — is good business for Barclays. Any bank uses the money deposited with it to make more money. But Barclays makes money in some rather nasty ways. Barclays controls the largest bank in South Africa, Barclays National. It is also involved in loans to South African Government corporations, and through Barclays National it invests in South African Government bonds. Barclays is up to its neck in apartheid... Barclays's commitment to South Africa is a commitment to the apartheid system. Withdraw your account today from Barclays — no other bank is so deeply involved in supporting apartheid."

1/6/78

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(61)

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Property Brokers & Valuers

R40-million to working capital, while R30-million of loan and preference capital

historic yield still just under 8 per cent and twice covered in line with group dividend policy there is

during the first five months of 1978. Among the fund's biggest holdings are Wel-

Postal Code

61

SUNDAY TIMES, Business Times, June 25, 1978.

# ICL goes all out to boost its African stake

LONDON. — British computer company ICL is going all out to boost its already considerable business with South Africa, acting world marketing director, Les Cole said in London this week.

With the objective of raising foreign sales to 75 per cent of its total, ICL was going to trade aggressively wherever it could, said Mr Cole.

"Our business with South Africa is very healthy and we want to keep it that way," he added.

The South African company (turnover R47-million

last year), already provides 40 per cent of ICL revenue outside of Britain and Europe. ICL trades in more than 80 countries and last year, for the first time, foreign sales exceeded turnover in Britain.

South Africa's 68 per cent growth rate was considerably higher than the 45 per cent achieved by the whole company. Mr Cole said there had been no pressure on ICL either in Britain or in any other market where it was active, to reduce its commitment to South Africa.

But if there was any pressure, he said, "we will tell them that we believe our business is to sell computers to the world, and we will endeavour to do so." (ICL is 24.4 per cent owned by the British Government's National Enterprise Board, 24.4 per cent by Plessey and 51 per cent by the public). As one of the few stars in



LES COLE, ICL MARKETING DIRECTOR

the National Enterprise Board stable, ICL has good reason to expect no interference on how to run its own affairs. In a land notorious for low productivity, ICL's turnover per employee has risen from R4 450 in 1968 to R21 450 last year. But it is still only half of what American companies

achieve. ICL is committed to manufacturing its products in Britain, which means it is not interested in setting up factories elsewhere.

"There is no way we will do anything which will mean reducing our labour force in the UK," said Mr Cole. Because of technological developments which resulted in a steady increase in computing power per rand spent, ICL had to expand its production by 10 to

12 per cent a year merely to maintain its labour force at existing levels.

However, computer manufacture was becoming more feasible at smaller volumes. South Africa, he felt, could produce its own computers, but the price would not be competitive and it would be difficult to achieve equal cost performance with the imported product.

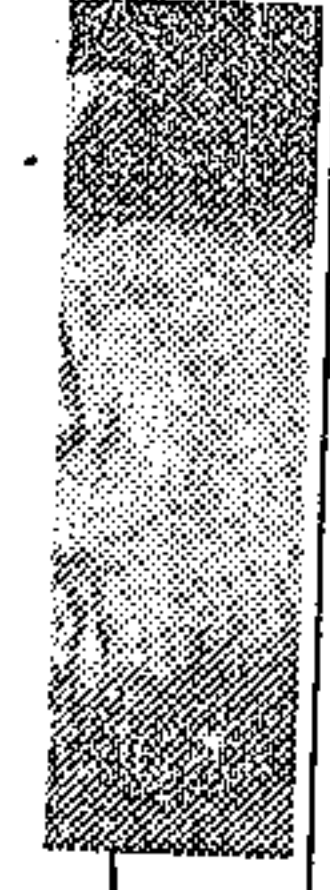
In India, where ICL has a small computer factory, the

cost structure is 35 per cent higher than in Britain despite the cheap labour.

ICL's only other non-British factory is the former Singer business machines factory in Ulica in the US which was taken over in 1976. The production of System 10 small computers has been transferred from Ulica to Britain, leaving Ulica responsible for terminals and small processors.

Results for the first half of the current year, showed a 23 per cent increase in turnover to R380-million with international business again increasing its share of the total last year. ICL turnover was R690-million.

# DOWN ON SA'S



# GOING STRONG



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SUNDAY TIMES, Business Times, June 25, 1978.

# ICL goes all out to boost its African stake

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## TOWN GOES SA'S



## Gold-share sales take off in US



SUNDAY TIMES 25/6/78

(2) 61

Y

# Shock sale of TV-row farm

By SUZANNE VOS

THE high cost of improving conditions for workers on a Natal sugar estate — highlighted last year in a controversial British television documentary — has forced the company which owns the property to sell up.

## No cash to give workers boost

Mr F. R. Jones, executive chairman of C. G. Smith Sugar Ltd, told the Sunday Times this week that "substantial capital expenditure" would have been required to improve employee housing and other facilities at Doornkop to meet standards set by his group. He could not say exactly how much, but it would have cost hundreds of thousands of rands.

company, Tate and Lyle, when the television documentary, "Working for Britain", was filmed. After seeing a preview of the programme the chairman of Tate and Lyle described it as "a piece of malevolent distortion and misrepresentation".

However, this week Mr J. P. Willsher, former managing director of Illovo Sugar Estates Ltd, in which Tate and Lyle had a controlling interest before it was sold to C. G. Smith Sugar Ltd, agreed that conditions at Doornkop badly needed improving. Mr Willsher still represents Tate and Lyle in South Africa.

He told me that Illovo had "got out" for the same reasons as those given by Mr Jones.

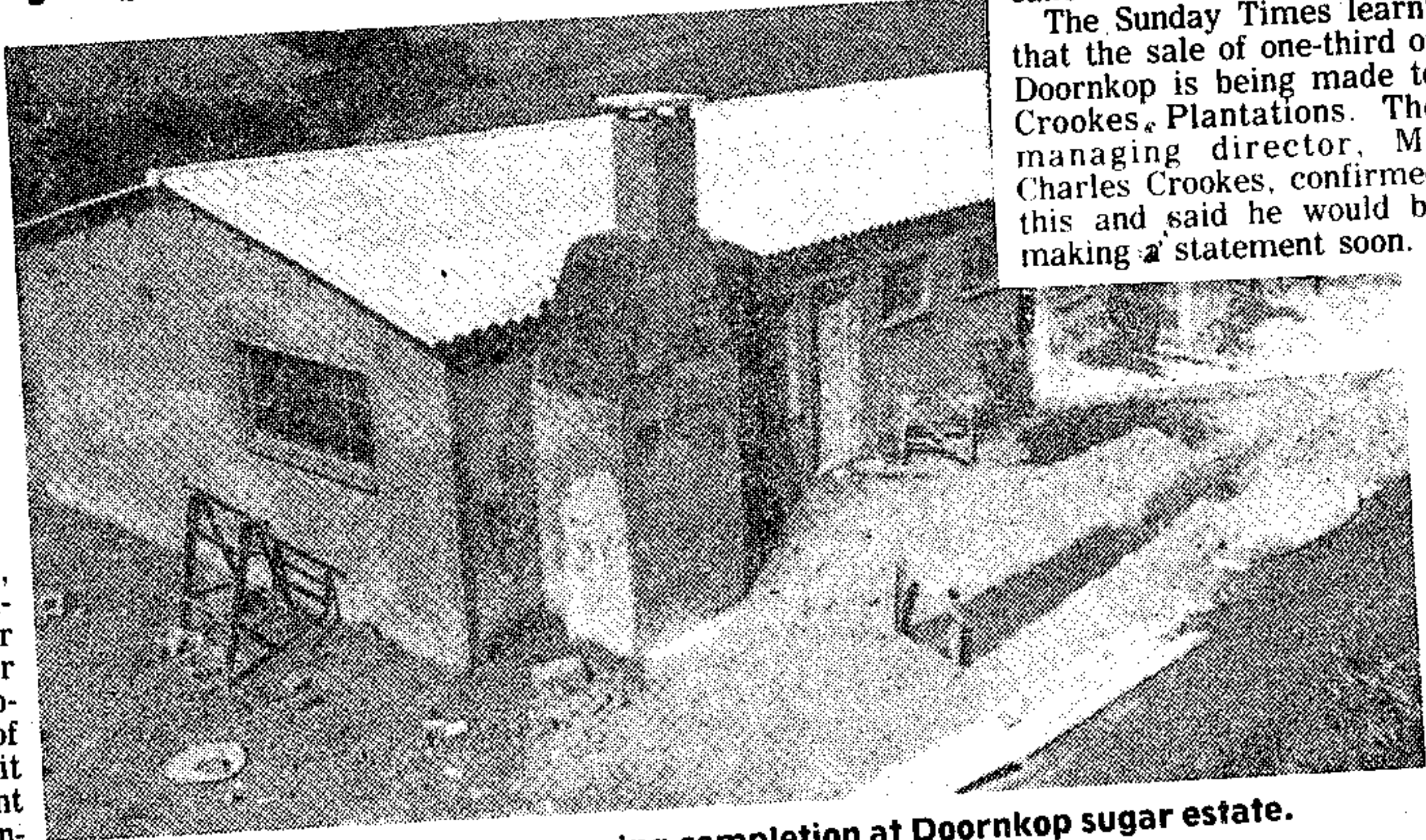
"We were in the process of upgrading conditions, but Doornkop is an old estate and needed a lot of work and a lot of money," he said.

### Allegations

At the time of the controversy in December last year Mr Jones said that when C. G. Smith Sugar Ltd had purchased Doornkop (in September) he hadn't "the foggiest idea that any TV men had been to the estate".

He could not say whether any of the allegations contained in the documentary had any substance, but "whatever existed at Doornkop at the time of making this film was not of our making".

Mr Jones said that if conditions and standards were below those set by his company...



One of the new houses nearing completion at Doornkop sugar estate.

remedy them.

This week he told me: "We're getting out — we're breaking up the whole place."

Doornkop, before its recent sub-division, occupied an area of 5 144 ha and had 3 303 ha under cane. Last year 182 893 tons of cane was harvested.

The Sunday Times learnt that the sale of one-third of Doornkop is being made to Crookes Plantations. The managing director, Mr Charles Crookes, confirmed this and said he would be making a statement soon.

# Sugar goes sour — jobs, farms threatened

WARNINGS have been given that thousands of black labourers on sugar estates in Natal could be out of work in the next few months and that many farmers will be forced to sell out.

This is as a result of the massive world surplus of sugar coupled with the fact that South Africa's export quota has been cut, at present, to 680 000 tons. In 1977 more than 1.3-million tons was exported.

This has meant a cutback of 23 per cent on production, and on some estates tons of cane will be left standing at the end of this season.

The vice-chairman of the Indian Cane Growers' Association, Mr R. A. Moodley, told the Sunday Times: "I estimate that about 5 000 jobs will be affected by August and workers, from cutters up to mill workers, can ex-

### Sunday Times Reporter

optimistic that things would improve.

Mr John Chance, chairman of the Cane Growers' Association, warned in his annual address recently that the sugar crisis would force many farmers to sell out. "They just won't be able to survive," he said.

On prevailing working conditions a white executive of a major company, who refused to be named for obvious reasons, this week said that some living quarters were "

gation showed that many boys between 13 and 15, working on the estates, did not attend school and were employed permanently. Some said they earned as little as 50 cents a day while others said they were paid R6,60 for a six-day week. Wages vary enormously from estate to estate. Wages paid were laid down by Silo — the Sugar Industry Labour Organisation.

When I contacted Silo this week I was told that the following minimum rates were recommended:



## Thorn kry SABS-merk

THORN Suid-Afrika, 'n filiaal van Thorn Electrical Industries van Brittanje, is die eerste plaaslike verligtingsmaatskappy om die reg te verkry om die SABS-merk op sy plaaslik vervaardigde fluoorlampe en hul metaalrame te plaas.

Die maatskappy se produkte word onder die handelsnaam Atlas bemark. Thorn Suid-Afrika is van die land se voorste deskundiges op nywerheidsverligting en is ook 'n grootskaalse vervaardiger van gewone gloeilampe.

RAPPORT 25/6/78



CAPL Times 26/1/78

# Club of 10 man denies

161

## Info link

### Employers' Permanent

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workers.

LONDON. — Mr Donald  
Boddie, editorial consultant  
here for the secret, pro-South  
African Club of Ten, insisted  
yesterday that he had never  
any connection with the  
Republic's Department of  
Information.

Mr Boddie was interviewed  
after allegations of a direct  
link between the club and the  
department were published in  
London and in South Africa.

Mr Boddie, a former editor  
of the London Evening News,  
refused to comment directly  
on allegations by Mr Gerald  
Sparrow, a former London  
representative of the club.

He said he had never met  
Mr Sparrow. They had had  
only one telephone conver-  
sation.

Since he had been  
appointed in 1975 by one of  
the club members, whom he  
would not name, he had been  
editing their advertisements  
for publication in British and  
European newspapers.

The instructions, contents  
and money for this operation  
came from South Africa, he  
said, but was not prepared to  
give details.

He said that as far as he  
knew he was still working for  
the club. The organization  
was not connected with the  
Department of Information.

Mr Boddie said he knew Mr  
Vlok Delpport, named by Mr  
Sparrow as the department's  
contact here with the club.  
(Mr Delpport has denied any  
involvement — see page 3.)

The only contact he had  
had in London with Mr  
Delpport, a former director of  
information at the South  
African Embassy, was usual  
working contact while editing  
the Evening News.

Mr Boddie said he had  
never met or contacted the  
Secretary for Information, Dr  
Eschel Rhoodie.

Mr Sparrow said he had left  
the club after three visits to  
the Republic, two with his  
Thai wife.

His wife had been upset by  
having to take honorary white  
status and by the attitude of  
some whites towards her.

● Club "was Rhoodie's  
baby" — page 5

● My association with  
SA power hierarchy —  
page 9.

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Gail Pemberton

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# Sparrow's paymaster claim refuted

Own Correspondent  
JOHANNESBURG. — Mr  
Vlok Delpont, press liaison  
officer for the Department of  
Information, whom Mr  
Gerald Sparrow, chairman of  
the London-based Club of  
Ten, has named the club's  
"paymaster", yesterday  
denied the allegation and  
called on Mr Sparrow to  
prove it.

At the time of Mr Delpont's  
alleged "paymaster" role in  
the Club of Ten's pro-South  
African publicity campaign,  
he was information officer at  
the South African Embassy in  
London.

Mr Sparrow said Mr  
Delpont paid money for the  
campaign into an account at  
Coutt's Bank, London.

Yesterday Mr Delpont said:  
"I am not prepared to  
comment on the allegations of  
a man who goes peddling  
stories to the press, especially  
when he is jumping on the  
bandwagon of the press's anti-  
South African campaign. I am  
not prepared to get involved  
with a man like that.

"He may make as many  
allegations as he likes. All I  
say is, prove it. Let him bring  
his bank statements to prove  
he has received money from  
me, as well as his returns to  
the receiver of revenue to  
show he earned money from  
the Department of  
Information. "Then I'll be  
happy to abide by what he can  
prove," Mr Delpont said.

● Judge Sparrow's story  
— page 9

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Case Times 26/6/78  
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# Club 'was Rhoodie's baby'

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Own Correspondent

**BRIGHTON.** — The international propaganda campaign run under the name of the Club of Ten had been under way for a year before millionaire Transvaal farmer Mr Lampis Nichas became known to Mr Gerald Sparrow.

Last night Mr Sparrow said: "The Club of Ten was Dr Eschel Rhoodie's illegitimate baby throughout my involvement. The club had carried a dozen full-page advertisements in Britain, the United States, Europe and Australasia before I even heard of Mr Nichas, let alone met him or spoke to him."

He said denials by former London director of information Mr Vlok Delpoit and Mr Nichas that the club was financed through and controlled by the department were "an absurdity".

Said Mr Sparrow: "Lampis Nichas is a person completely incapable of creating a well organized international advertising campaign. To suggest that I was recruited by him is a mistake."

He said he met Dr Connie Mulder, Dr Eschel Rhoodie and Mr Les de Villiers when the Club of Ten was born between February and April, 1972. "I don't blame Mr Nichas for saying that he recruited, but please don't tell me this nonsense. It took Dr Rhoodie to create the Club of Ten, not a farmer."

The ex-judge said he was not in the least worried by Mr Delpoit's attack on him. "He has been denying in a plausible way for more than three years. "If Mr Nichas was the

promoter of the Club of Ten, how was it that in three years when I managed the club's advertising I never received any communication from him (Nichas) about the matter whereas throughout my time every meeting, arrangement and action came solely through Dr Mulder, Dr Rhoodie or Mr Les de Villiers?"

Mr Sparrow produced Department of Information headed newspaper scheduling a meeting he had with Dr Rhoodie, then assistant editor of *The Point* magazine, but shortly to join Dr Connie Mulder, at the Trust Bank Centre on Friday, February 18, 1972. It is marked for inquiries to be made to Mr D Werth and apparently signed by a Miss Stygen.

"We discussed two feature articles I was to produce for *The Point* — as a professional writer. My meeting with Dr Mulder then followed at Ad Astra House and I was then sent through to meet Dr Rhoodie and Mr De Villiers. The name Club of Ten was developed by Dr Rhoodie in preference to my suggestion of Friends of South Africa. There were other meetings."

At the Verwoerd Building, Cape Town, on April 11, 1972, he claimed he discussed the Club of Ten plan with Dr Mulder. "Nobody mentioned the name of Mr Nichas or anyone else as sponsors of the club."

He said that on his return to London he opened an account at Coutts Bank's central branch. He insisted that Mr Delpoit phoned or met him personally to discuss financing of the club and that it



Mr Sparrow and his Thai wife

was Mr Delpoit who arranged the flow of "cash — always cash" into the account, which he changed from his name into the Club of Ten.

Mr Delpoit never gave him anything in writing to link the embassy with the operation on which, he repeated, he was given carte blanche to spend.

"As Mr Delpoit well knows, we met many times and the only thing we had in common was the Club of Ten."

Mr Sparrow said the first he ever heard of Mr Nichas was in 1973 when Dr Rhoodie arranged his schedule and he stayed with Mr Nichas at Kainross (outside Johannesburg) for a week. "Even then Mr Nichas did not seem to know anything much about the Club of Ten. His next meeting with Mr Nichas was in London in August, 1974, when Mr Nichas

declared himself as the only identifiable Club of Ten sponsor and handed over a cheque to Mr Sparrow for about R46 000.

Mr Sparrow said that even this "public relations" occasion was arranged through the Department of Information. His last meeting with Mr Nichas was March 7-9, 1975.

He produced a typed but unheaded schedule for the meeting, which he said was arranged through the Information Department. Although his Club of Ten days were coming to an end the meeting was pleasant. He had not seen Mr Nichas since. "I had a course of business stretching over three years with Dr Mulder, Dr Rhoodie, Mr De Villiers and Mr Delpoit. Have they any evidence whatsoever that Mr Nichas took any active part in the genesis of the Club of Ten?"

Mr Sparrow stood by his claim that Dr Rhoodie told him this and

he accepted it as impossible otherwise. He insisted that his use of the title judge was proper. He was appointed to the Siamese (now Thai) Ministry of Justice as a full sitting judge under the previous British-Thai agreement.

He said he was appointed to the "extra-territorial court to deal with cases involving 3 500 local British subjects and between 1930-1940 passed the death sentence in eight murder trials.

"I was not a colonial judge subject to the rules and regulations of the Colonial Office. I was a judge employed by the Thai Government on the recommendation of the British Government. As such he was as much entitled to use his title as a retired judge in Britain as a retired French colonel would be in his country.

Asked why he had not retained more documents about the Club of Ten, particularly bank statements, he said his wife cleared his massive accumulation of paperwork after about three years' retention. He said he did not mind the present controversy because there could be no doubting the legitimacy of his story. "I don't know why there is still any pretence."

He said he still believed South Africa had every right to go ahead with the campaign of advertising to tell its side of the story, but that the trouble had arisen because it was called the Club of Ten not his suggestion of Friends of South Africa.

● See page 9.



9  
CAPE TIMES 27/6/78

(1) 61  
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27/6/78

The Cape Times, Tuesday,

# Storm breaks in UK over Judge Sparrow

From IAN HOBBS

LONDON. — The first angry reactions to Judge Gerald Sparrow's revelations that he ran the Club of Ten on behalf of the South African Government erupted in Britain at the weekend.

● Miss Joan Lester, Labour Party Minister responsible for African affairs when the Club of Ten affair first arose four years ago, said she would ask for a new government inquiry into the club.

● Mr Richard Body, a rightwing Tory MP, angrily accused Mr Sparrow of deceiving him that the club was a strictly private operation. As a result a parliamentary body of which he is a member had accepted financial assistance from it.

Now Mr Body wants to report Judge Sparrow to the Lord Chancellor's office — and he is supporting Miss Lestor's call for a new government investigation.

Miss Lestor also revealed that Mr Sparrow had admitted to her privately two years ago that he had fronted for the SA Government in running the club.

She said she had never believed his initial denials when the Foreign Office first investigated the club in 1974.

At the time Mr Sparrow had tried to convince the British Government that there was no SA Government involvement by presenting her with a list of "millionaires" whom he said were the club's financiers.

But later, after the club had dropped him as chairman, he had sought another meeting with her at the House of Commons and made his private admission.

Miss Lestor said that over tea Mr Sparrow was extremely contrite, claiming he had only accepted the Club of Ten job because he had been led to believe that a freer society was developing in South Africa.

"He said he had been conned because he really thought they would do things for the blacks and would be working for a benevolent dictatorship at least.

"He then told me he had all along been working for the South African Government and wanted to make restitution.

"He went so far as to ask me how he could join the Anti-Apartheid Movement."

Miss Lestor said she had not been favourably impressed by this and had not seen Mr Sparrow since.

Mr Body's reaction is even more significant from South Africa's point of view. It indicates that this act of deception is estranging South Africa's last haven of political friendship in Britain — the right wing of the Conservative Party.

Mr Body is a member of a respected all-party parliamentary body, the Open Seas Forum, which promotes the breaking down of international trade barriers.

One of the Club of Ten's earliest advertisements, concerning conditions of Ceylonese tea plantations, attracted the forum's attention.

It led forum members to think the club was like-minded, so Mr Body got in touch with Mr Sparrow — who offered to contribute £1 500 (R2 400) to a book they were producing.

Mr Body said at the weekend: "If we had known then what we know now we would have had nothing to do with the club or its money.

"If what Mr Sparrow says is true we have been lied to. It could be damaging to the forum's reputation and the situation is serious. I must take strong action."

Mr Body said he had asked Mr Sparrow at the time what the Club of Ten was.

"What Mr Sparrow told me then is the exact opposite of what he says now.

"He gave no indication that the club had anything whatsoever to do with the SA Government. On the contrary, he assured me it was a strictly private operation."

He said Mr Sparrow had told him he had had a chance meeting with a millionaire on a South African race course.

The millionaire shared his view that there was a danger of communism spreading in the Third World if the West failed to extend its trading and other links.

Mr Sparrow had told him that as a result of this meeting and conversation, the Club of Ten had been formed to promote such links.

Thoroughly impressed, Mr Body had reported back to the Open Seas Forum — which had decided to accept Mr Sparrow's offer of financial help.

Mr Body said he knew of no precedent of a foreign government using a deliberate plan of deceit through the front of a law man to promote its propaganda.

"I am deeply disgusted," he added.

# 'An offer they cannot refuse'

# — and the Club of Ten is born

By GERALD SPARROW

WHEN Eschel Rhooodie had fallen in love with an idea it was a consuming passion.

Speaking with intensity he now told me what he had in mind and why he sought my help in the project of his brain.

It was exactly that. I do not think that the more stolid types of information contributed anything to the venture. It was a Rhooodie inspiration and it excited me.

He said the department's problem was how to hit back at the critics of South Africa and to bring the facts to the notice of the world public.

Letters to the press were useless. The press did not print them. Features written by sympathetic journalists were likewise ignored. The only answer was to buy space for political advertisements world-wide. ("We will make them an offer they cannot refuse!")

Would I vet the advertisements I liked — very important — and perhaps equally important, place them with the leading papers in America, Britain, Europe and Australasia?

He did not say that the department would not finance it but that they did not have to.

At this point I got no further on the question of where the money came from. Later the source became clear.

Then came the decision that turned out to be the timebomb of the whole affair. What was the operation to be called?

I suggested "Friends of South Africa". Dr Rhooodie rejected it. He came up with "Club of Ten". It was a typically bizarre suggestion. It would obviously create intense speculation. The press would be worried until they found out who were the Club of Ten? It would promote interest and publicity.

But this was what Dr Rhooodie was after. So Club of Ten it was. Why did he do it? Not only as a promotion stunt, I felt. There were two other reasons.

First came the contempt which the department had for the English-language press in the Republic. They felt that at a time when South Africa was under such heavy attack the press should play a part in their denigration and not play into the hands of "the nation's enemies". They were quite oblivious to the

in a white South Africa that would last a thousand years. He was the ideal information man, dedicated, adventurous, imaginative. He got what he wanted and he made the world press offers which he thought they would not refuse.

The only doubt he may have had was that some of the most prestigious papers might have declined the advertisements if they had come directly from the department. So he would put a label on the parcel that would not tell anyone anything.

I have been asked whether by agreeing to carry out the label and placing job I was not deceiving the press. In a long experience I have observed that all governments in all countries find it necessary to deceive the press from time to time, and in any case the department which was providing the money was entitled to choose its own name.

The press deceive the public on occasion and, in general terms, a state of war exists in many countries between the government and opposition press.

I hold the view that, on the whole, press criticism does much good, but then I have been brought up in a country where

**JUDGE SPARROW'S SECRET SA CONNECTION — Part II**



Judge Gerald Sparrow

of the Club of Ten — if by this we mean that he was a supporter and would help if asked.

In fact, as we shall see, he came to London with a Mr Stanners Bloxam and attended with me a strange ritual in Whitehall. But here, in his own house, he was the genial, considerate host. I often sat in his study before leaving by car for whatever my programme dictated.

Lampas was a great telephone man. He would speak to each of his 18 farm managers in turn and, although he denied himself no pleasures, in business he did not miss a trick. He also had conversations with a man he addressed as "General".

In his special form of English which seemed to fit and even enhance his personality, he would address the "general" with considerable deference and much cordiality. The two men were clearly very close to one another.

Lampas seemed to be seeking the general's help in matters relating to his transport and business problems. He seemed well satisfied with the assurance he received. A versatile man, the general.

Introduced himself as a member of the Bureau for State Security. We had a chat and it did not then occur to me, as I was a government guest, that our helpful gardener was keeping an eye on me. But on reflection I knew that I was shadowed by the BSS day and night throughout our last visit.

### Dinner

The incident that made the department uneasy was a dinner given by the Mayor of Kinross and attended by 150 local farmers at which I made a speech saying that I did not think that "détente" (recently launched by Mr Vorster) would be enough.

Détente meant toleration, what was needed was entente and, if possible, an entente cordiale. Not so much with nations outside the Republic as with the peoples of South Africa at home.

The speech was a success but it was not my business. It was not for me to lay down guidelines for South African policy, external or internal. It infuriated Dr Rhooodie and even disturbed Connie Mulder.

From that moment the BSS watched us relentlessly. To make matters worse, Vorster, with the

of them, in their tight-fitting suits belted at the back, carrying a large bunch of flowers — for my wife. A form of cover-up that at least gave them something to do with their hands and eased their alibi for being there at all.

We had no doubt at all that from then on our every movement was noted, our every word recorded.

But we returned from our final visit when all the cats jumped out of their respective bags and we built up little by little a total picture of what was going in the strange, sometimes sinister, world we had entered.

We drew up a list of the mysteries that interested us most and which we thought should be cleared up. The areas of obscurity we had in mind were:

- 1 Who, really, were the Club of Ten?
- 2 Who provided the money for this expensive advertising campaign that was causing concern not only in Westminster but world-wide?
- 3 Who financed the "Club" magazine distributed in the House of Lords and House of Commons?
- 4 As the South African



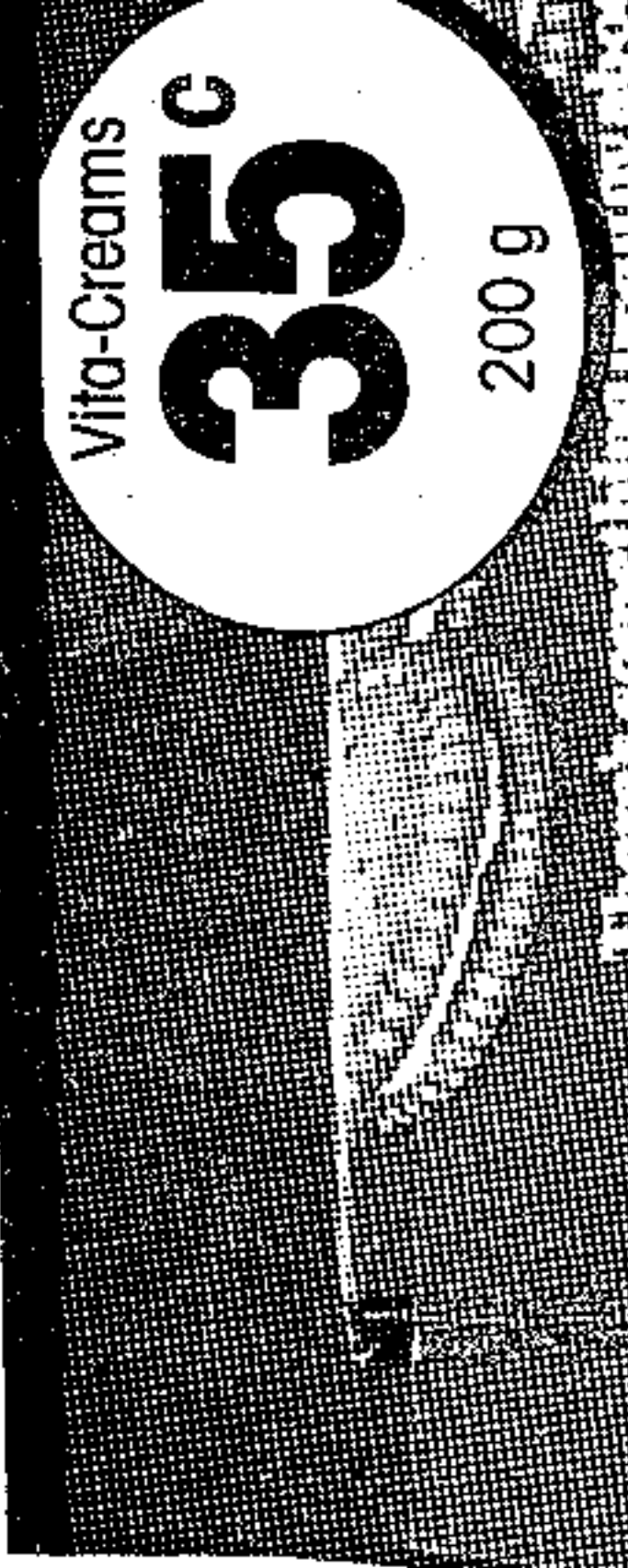
scandals. The press was determined to reveal, such as the prison suicides.

### Fantasy

There was another reason why Eschel Rhoadie chose this title. Even at this early meeting I came to the conclusion that this was a man who lived in his own world of fantasy.

He fancied himself as the great spider who spun the snares that would trap the enemies of his country. Secrecy was his own nature to him, he was his own mysterious hero, enigmatic, unpredictable, ensconced in his golden tower manipulating men and affairs.

Connie Mulder was fascinated by him, he was so unlike everyone else. He was a zealot. He believed



# NEWS

# REPORT

South African sense of what world and press has had less to complain about.

Towards the end of this key meeting I pointed out to Dr Rhoadie that the advertising campaigns envisaged over a three-year period would be expensive. For instance, a full one-page advertisement in the New York Times alone would cost £4 000.

This evoked the comment: "Do not worry, you will receive the money to pay the bills before they are presented."

This was the genesis of the Club of Ten that disturbed the "radicals" in Europe and America and infuriated the communists.

It also distressed a lot of citizens who wanted to see an end to apartheid and a reformation of South Africa along the lines of a general qualified franchise.

The explosions that greeted the launching of the campaign put my life in danger. I had three death threats, the last - written in blood - was made over the telephone to my printer at the same time that the bloody letter was put through my letter box.

The police took the matter very seriously and offered me a private line.

The previous two threats, though explicit, sentencing me to death, were, we thought, the work of fanatical cranks. But one can never be sure . . .

I had a heart attack which I really did not have time to pay much attention to and perhaps because of this, I recovered.

Dr Rhoadie, who was not under the same pressure, was delighted when he found that all the newspapers (with one exception, the London-based Church Times) accepted the advertisements with alacrity and competed with one another to

friendly relationship with a black family. It was not forbidden by law but it ran counter to the unwritten, inflexible rules of white society.

Even before God there was no equality. In church there was virtual segregation for a people purporting to be as religious as the traditional Afrikaner. I found this inexplicable.

Even when the public was invited to enjoy a sport such as horse racing each community was driven into its own little pen. Mixing was unthinkable.

My wife, Chalvey, was protected from all this except on the rare occasions when I was not with her as, for instance, when she went shopping with white ladies.

Suddenly she found herself a non-person. They would look straight through her. They hardly knew what they were doing. She regarded this as uncivilized behaviour, which of course it was. But a century of brainwashing had made it a habit.

Even the inflexion of the voice changed to a peremptory ring. My own country cannot be excused from blame for too long, when we held absolute power, we accepted segregation and privilege as normal. This system will not be changed easily. These and even die for it.

Mr Lampas Nicholas comes into this story. He is a South African of Greek descent and had come to the Republic as a young man with little money. Today he is a multi-millionaire farmer. It was arranged that we should stay for a time with Mr Nicholas and his kind and hospitable wife.

Mr Nicholas was certainly one of the inner circle - one of "the boys". He was a close friend of the authorities and he was, what might be called a founder member

Mulder's political power base. The department was obviously in a quandary, here was I, their guest, suddenly in their eyes a suspect. So discreet surveillance was the order of the day.

Whenever we flew to a new destination there they were, two answer tomorrow.

core of their philosophy, did they ever intend to have any kind of racially integrated society, or was the drama developing, slowly but inexorably, towards a final tragedy?

All these questions I will answer tomorrow.

### Board Hostels

The Board hostels conform to the same plan as the Board hostels of the Zones in Langa. The conditions are described in Chapter 2, and will not be repeated.

The Board's figures are 1 150; Board's figure is 1 280). The sur-

without any correction, but the Board's figures are

of the temporary dormitories. The number of beds he

more beds are indicated as being there than were prov-

theless the total number of men indicated by the sur-

Board officially recognises as being in the temporary

figure is 1 150; Board's figure is 1 280). The sur-

without any correction, but the Board's figures are

### NYANGA

### CHAPTER 4

Nyanga technically has three different kinds of accom-

singly. In fact the Board hostels and the employers' te-

identical, and they both differ from the employers' te-

For a comparison with the conditions found in Nyanga

red to the Cape Town City Council Building Regulation

A discrepancy arises in this section as to the actual

men officially living in Nyanga. One of the compli-

that circumstances demanded that a Board Wardsman con-

of the temporary dormitories. The number of beds he

more beds are indicated as being there than were prov-

## Call on Sparrow to back up 'paymaster' claims

### Call on Sparrow to back up 'paymaster' claims

FORMER Director of Information at South Africa House in London, Mr Vlok Delport, yesterday called on Judge Gerald Sparrow to back up his allegations that Mr Delport was the Club of Ten's paymaster.

Mr Delport, now head of press liaison at the Department of Information, was commenting on the first part of Judge Sparrow's story of his secret connection with the department which appeared in the Cape Times yesterday.

"Sparrow has admitted he sold his story. When you sell a story you do all sorts of things to make it a better one. Let Sparrow produce one shred of evidence, one bank statement, one tax declaration. Can he?"

Mr Delport said Judge Sparrow's allegations that he (Mr Delport) deposited thousands of pounds in Coutts's Bank, London, for the Club of Ten was laughable. "I wouldn't walk around London with £10 in my pocket, I might get mugged. Can you see me trotting around with thousands of

government should allow a man who might be important in the future to live in such a modest bungalow. But then I have always taken the view that the government needed black friends more than they needed white friends, having no colour prejudice myself.

We spent a lot of time in Soweto speaking to the people we met. We began to form our own ideas as to the realities of South African society.

Apartheid, apart from its horrific consequences for black South Africans, had all kinds of

It amazed me that the government should allow a man who might be important in the future to live in such a modest bungalow. But then I have always taken the view that the government needed black friends more than they needed white friends, having no colour prejudice myself.

Mr Lampas Nicholas comes into this story. He is a South African of Greek descent and had come to the Republic as a young man with little money. Today he is a multi-millionaire farmer. It was arranged that we should stay for a time with Mr Nicholas and his kind and hospitable wife.

There is one lavatory and one shower to approximately of the dormitories are made of asbestos, they are all brick. There are no wall plugs in any of the dormitory exception of No. 16-23, are all single-storeyed. No. dormitories in one double storey-complex.

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# My association with the South African power hierarchy

By GERALD SPARROW

FROM the middle of 1972 until the autumn of 1975 I was responsible for vetting South African political advertising for defamation and libel.

I also placed the advertisements with leading newspapers such as the Daily Telegraph, the Guardian and the Observer in London; the New York Times and the Washington Post in the United States; the Montreal Star in Canada, as well as in some European papers including West Germany and Holland, and in the leading newspapers of Australia and New Zealand.

I paid for the advertisements with funds provided by the Department of Information, either directly or through intermediaries.

When my three years came to an end, because I had formed views on apartheid not acceptable to the department, I paid Mr Don Boddie, a Fleet Street journalist, who took over the work, the sum of £10 000 that remained in the advertising account.

It was a job for a "foreign" government by a British subject which in time of peace resembled similar jobs carried on by Englishmen all over the world.

This is the bald outline of my association with the South African power hierarchy, but it led to such extraordinary events and involved such bizarre personalities that I welcome this opportunity of setting the record straight.

## Cashing in

Let me first explain how I came on to the South African scene.

After I retired from the law at the age of 50, I found idleness unbearable and decided to become a professional writer, cashing in on a life that had been exciting and unusual.

I wrote two books a year for 20 years and they were published by top publishers in London and New York. The research took me with my wife to 23 countries. I wrote on crime and tourism.

It was tourism that brought me to South Africa. I offered to write a tourist book for the Department of Tourism which would give an attractive but accurate description of the immense tourist potential of South Africa.

The department agreed to sponsor the book. That is, they bought a number of copies.

So far, so normal. Now we pass through the looking glass to meet Dr Connie Mulder, Dr Eschel Rhoodie and Mr Les de Villiers.

Dr Mulder first. I had to wait 20 minutes because two stocky men had been ushered in before me. They had come to report on some disturbing success in the Transvaal by a candidate unacceptable, I understood, to the minister.

It was the first hint I received that in the eyes of the South African Government the world is divided into supporters and enemies. This attitude, I thought, had its roots in the intense world criticism of South Africa which led to the government taking steps they would not have taken if they had not suffered from a persecution complex.

It also led to the unbelievable division of government in South Africa into the conventional white democratic government, which ran the day-to-day affairs of the administration, and a secret, tightly-knit hierarchy of inner power devoted solely to the protection of white power, by



Judge Sparrow's  
secret SA  
connection — Part 1

whatever means the "lords of life" considered most effective.

Out of this arose BSS activities in South Africa and abroad, and the intensification of the apartheid system which the world found abhorrent.

## Ex-rugby player

"The minister will receive you now."

I was greeted by a man who looked to me like a former rugby football player. He was square, too, like his two visitors whom I had passed in the corridor, but he looked strong and assured.

He spoke quietly but decisively. Here was a man of some stature and, as I was to discover the next day, a man who presented the most dramatic contrast to his Secretary of Information, Eschel Rhoodie.

I think I knew at this moment that this man held, under the Prime Minister (whom perhaps one day he might replace), great power of a kind unknown in the European democracies.

This assessment was confirmed in the months ahead when I came to know exactly how this inner power structure worked.

Dr Mulder received me with a smile. Perhaps not a very warm smile but then, after all, I was an Englishman whom he had not met before.

I had no idea that he had plans for me other than my proposed tourist book which I duly wrote and had published. But he had.

"You will be able to see everything. Enjoy yourself," he said.

Curiously, I had heard, two years previously, a Middle Eastern monarch use identical words in welcoming me to his kingdom. I made the appropriate quiet noises of appreciation that Englishmen make on these occasions. Then Dr Mulder came to life.

"You must come back next year. Bring your wife with you."

"She is a Thai."

Dr Mulder consulted a book which seemed to me to be a race-

"No problem at all. She will be a courtesy white."

When I told my wife this — the Thais are very independent and outspoken — she said: "I don't want to be a courtesy white. I'm a Thai and British subject."

I calmed her down and she came on my last two visits and this had consequences. It turned me against apartheid.

The only problem about meeting men of power is how to leave. Sometimes they are reluctant to make the first move. So one has to make a moving gesture. I did, but it was overruled.

Dr Mulder smilingly said: "I would like you to meet my Secretary of Information, Eschel Rhoodie. He would like to talk to you. Would tomorrow at 11 be convenient?"

"Yes, quite."

## More spectacular

And so it was arranged. I had met the Light and now I was to meet the Shadow of the Light, and the Shadow was a great deal more spectacular than the Light himself.

I am a punctual person. I was taught that punctuality was "the politeness of princes".

And what greater recommendation could one have to make a habit of arriving on time — no excuses — than this to an English monarchist . . . actually I arrived, as is my habit, two minutes before the appointed time. Meticulous. I was not kept waiting.

I had not met Eschel Rhoodie before, but I had had business with him. He had been deputy editor of To The Point, a publication that echoed the government view of world affairs.

It was well written. Rhoodie characteristically gave the impression that he was "to the point".

I do not think this was misleading. He had bought two features from me; one entitled "Comfortably Glorious", was about the Queen's life today. Dr Rhoodie referred to her as the

"British" Queen. This sounded odd to me, but of course technically it was correct.

The other feature was entitled "Thailand, Crux of South East Asia".

I had found him quick and businesslike. But here now he was in the flesh, Dr Mulder, having waved his golden wand and transported him from comparative obscurity to Secretary of Information, and the "ideas man" of that volatile and vigorous department.

His appearance as he rose to meet me was totally unexpected. Connie Mulder fitted my idea of an Afrikaner magnate, Nordic, massive, bluff, astute. Here was a man who in appearance could not have been more different.

The press has used many adjectives to describe this extraordinary man — sleek, swarthy, swinging. I think he had something of all of these. He was certainly much darker than most South Africans. In Rome or Beirut he could have mixed with the crowd and been mistaken for a native.

But these were superficial matters. What I saw was a man of lightning perception with great animation — his eyes darting here and there, missed nothing.

But he did not impress me as a man of judgment. Ideas? Yes, they would come tumbling out of that quicksilver brain to be relentlessly pursued until they were as abruptly dropped.

And I had the strongest possible impression that to Eschel Rhoodie the sky was the limit. Having made one enormous leap — and so effortlessly — he was now, I thought, contemplating,

not immediately but in the not too distant future, another great leap.

Whatever happened, I felt sure Eschel Rhoodie did not intend to tumble from the trapeze of politics.

Later at a lunch party in Paris in conversation, he told me that a man he admired was the Godfather, a character in a current film. I asked him why. He replied: "He got what he wanted and he had a wonderful rule."

"What was that?"

"If his opponents could not be removed he made them an offer which they could not refuse."

At first I thought this was a joke; but Eschel Rhoodie clearly admired ruthlessness and believed that money was a weapon of unlimited power.

From the first moment I met him I did not doubt that South Africa would, for better or for worse, hear much more of Dr Rhoodie.

But now he had a plan to unfold to me. We were joined by Les de Villiers, a tall, handsome man of Huguenot descent whom I liked because, by some magic, he had retained a sense of humour which was noticeably lacking in the shadow of the Light.

The doors were closed. The telephone calls were diverted and Eschel Rhoodie leant forward and started to divulge, with an enthusiasm which was infectious, the plan he had conceived — he was a great conceiver — for trouncing the enemies of South Africa by a world-wide press advertising campaign which would rout the reds and quell those who dared to suggest that the government of South Africa was a tyranny in a democratic shell.

MR GERALD SPARROW, the son of a barrister, was called to the Bar at the Inner Temple after he had been president of the Union and the Law Society at Cambridge.

In 1930 he was appointed a judge of the international court in Bangkok, the youngest judge in recorded appointment.

At the end of 1941 he was imprisoned by the Japanese and was not released until September 1945.

After his retirement from the Siamese Ministry of Justice he set up in private practice. Within a year he had a very large and varied practice which was unique in that he did the job of both solicitor and barrister.

Mr Sparrow retired in 1954 at the age of 50 and became a professional writer. He has published about 30 books on a wide range of subjects, mostly autobiography, travel biography, criminology and tourism. He is particularly interested in the Middle East and Egypt.



# Labour race bar

# is going fast

# SULLY

JOHANNESBURG. — A big swing towards black advancement and the elimination of

people expressed the belief that employment discrimination could be removed within the next five years.

The survey, conducted by Mr. Bernard Chalmers of the "Spanner Association" in Johannesburg performed consultancy, shows that:

More than seven out of 10 companies employ all employees on a promotion basis regardless of race.

### Same level

More than half the 166 companies surveyed reported that they had white and workers on other races working at the same level.

Most companies have race other than white, many offices, toilets and canteens without any racial objections from white staff.

Also two-thirds reported an integrated pay structure for all races and said they would equal pay for equal work, rarely reporting a system of job classification.

### Minimum wage

The average reported minimum wage was £12s a month including fringe benefits, which is provided irrespective of race, the main exceptions being medical aid, housing allowance and life assurance.

Most companies would their staff belonging to a labour union. They did not appear to be against the idea of organised labour since more than 80 percent said they had established a union or works committees.

### Executives

More than 80 percent of senior executives in the 166 participating firms said they were prepared to have somebody other than white as a superior.

An important finding is that the objections expected from whites to mixing or dealing with workers of other races do not occur when this actually happens.

The survey was conducted on a confidential basis. More than half the firms were South African-owned, 28 percent had strong links with Britain and 15 percent with the United States. — The Argus Correspondent.

Warning by Oppenheimer — Page 1.

ADMINISTRATIVE SITE  
SITE FOR PROPOSED POLICE STATION

AIRPORT

1 19  
2 61  
3 52  
4 73  
Mrs 29/6/78



(61)  
~~280~~

# Owen knor uit sý hoek uit

Van Gliele de Kock

RAPPORT 2/7/78

LONDEN

DR. DAVID OWEN, Britse minister van buitelandse sake, se beroep op Britse nyweraars om versigtig te dink voordat hulle verdere beleggings in Suid-Afrika maak, het sy kritici die geleentheid gegee om weer te wys op die dubbele standarde wat die Britse Arbeidersparty toepas.

Hulle wys daarop dat hy vroeër vanjaar tydens sy besoek aan Moskou feitlik voor pres. Brezjnef gekruip het om ekonomiese en politieke steun te verkry. Die Rus het egter net geduldig

na sy jong besoeker geluister maar geen beloftes gemaak nie.

Ook wat handelsbetrekkinge betref, kon dr. Owen geen goeie nuus aan sy mense huis toe bring nie. Die Russe neem nog maar feitlik alles wat hulle kan kry en gee omtrent niks terug nie. Die in-uitvoergaping is steeds so groot soos dit was.

Hieraan sluk Brittanje se sakelui swaar, net soos wat hulle nie kan verstaan hoe hy aan die een kant na die Kremlin se pype kan dans terwyl „Hy Suid-Afrika verdoem nie. „Wie is dan nou eintlik die vyand?? word in kringe gevra waar dit saak maak.

Dr. Owen en sy departement het dit vandeeweek duidelik gemaak dat die toenemende wêreld mening teen Suid-Afrika se

apartheidsbeleid handels-sanksies uiteindelik onvoorkombaar sal maak. Maar terselfdertyd het hy in die verlede al laat lyk dat hy as 'n kussing sal optree om die volle geweld van sulke pogings te probeer afweer.

Intussen word hier beweerd dat die Britse departement van buitelandse sake besig is om die betrokkenheid van twintig voorste Britse maatskappye in Suid-Afrika onder die vergrootglas te plaas. Die Britte wil 'n volledige ontleding hê van hoe die maatskappye Suid-Afrika sal kan raak ingeval sanksies toegepas word.

Nyweraars hier sien dr. Owen se skuif as 'n voorspel tot 'n verdere verskuiwing in regeringsbeleid teenoor Suid-Afrika.



Jan 17 1978 (61)

# SA alternative sought



Mr Callaghan . . . South Africa an area of disturbance.

LONDON — On Government advice, major British firms are secretly scouring the world for new sources of minerals in case trade with South Africa collapses.

Senior officials, disclosing this today, said such a disruption could come if an international trade embargo were to be imposed on the Republic or if a major internal upheaval occurs.

Word of the State-sponsored investigation into new mineral sources emerged after the Prime Minister Mr Callaghan said in an interview last month: "South Africa is an area of disturbance, and important minerals come from there. Any

## Western leaders look to the economic future

prudent country ought to be looking around for alternative sources."

The British have begun doing so because of their heavy reliance on South African raw materials. So too are several other West European nations. This was made clear by senior diplomats of the European Common Market gathered in Bremen, West Germany, last week. They spoke about their fears of being cut off from their sub-Saharan sources of key mineral supplies. Thus something of a race is on to seek out, then to arrange, alternative

sources of supply.

In the wake of Mr Callaghan's broad hint inquiries with various Government authorities and private industrialists underlined the heavy British, West European and even American dependence on access to southern Africa's rich mineral resources.

South Africa is Britain's top supplier of manganese, platinum, chromium, antimony, vanadium, industrial diamonds, uranium compounds and asbestos. Gold is another major import. Last year nearly R850-million worth

of non-metallic mineral products reached Britain from South Africa.

Government men and key industrialists revealed:

● Chemicals, engineering and shipping firms have been asked to assess the effects of any major interruption of their trade with South Africa.

● A spokesman for the Department of Trade said a general inquiry was under way into possible alternative sources of minerals.

● The Foreign Secretary Dr David Owen has publicly called attention

to the perils of Britain's heavy economic dependence on South Africa.

However, there is no British wish to cut loose from one of its best markets and supply sources until there is a compelling need to do so.

Nevertheless Britain has set a course of more explicit opposition to South Africa's racial policies and the British now know that Africa as a whole represents a bigger, better, more profitable market.

But Britain cannot afford to toss away its R5 500-million investment in South Africa. Nor can it easily surrender its shipping freights valued at about R102-million yearly. — Sapa-AP.

# Sigma, Leyland merger<sup>(61)</sup>

Argus 19/7/78.

By **KEITH MACFARLANE,**  
The Argus Motoring Editor

**SIGMA** and Leyland have merged their truck, bus, tractor, construction and mining equipment activities to form a new giant in the South African motor industry.

This new undertaking will have assets of more than R100-m and an annual turnover of R180-m from October 1 this year. The merger is subject to final negotiations with the Government.

In addition to the merger Sigma will take over the manufacture and distribution of Leyland's cars within the next year.

#### SHAREHOLDING

The new company will have a 51 percent sharehold by Sigma, 49 percent sharehold by British Leyland. It will be one of the biggest of its kind in South Africa and is expected to take about 25 percent of the truck and bus market.

The chairman of the new company, which will be known as Sigma Leyland, will be Mr Chris Griffith, the present chairman of Sigma and an executive director of the Anglo-American Corporation.

#### LEAVING SA

Mr Peter Murrrough of Leyland, who is leaving South Africa to become director of marketing for Leyland's Jaguar Rover

Triumph division in Britain, will have a seat on the new board. He has been managing director of Leyland South Africa since 1974.

It is the intention of the new company, which will have almost a third of the South African car market, to move the production of all passenger cars to the Sigma plant near Pretoria and simultaneously to transfer production of all trucks, bus and tractor products to the Leyland factories at Elsie's River and Blackheath.



# Giant motor group formed

AM 28/7/78  
61

**JOHANNESBURG** — Anglo American Corporation and British Leyland announced yesterday that the Sigma Motor Corporation and Leyland South Africa had agreed in principle to merge their truck, bus, tractor, construction and mining equipment activities in a new company, Sigma Leyland, from October 1.

At the same time Sigma Motor Corporation will assume responsibility for manufacturing Leyland's passenger cars.

In a further rationalisation move, the Sigma plant near Pretoria will manufacture passenger cars only by the end of 1979, while commercial vehicles, buses and tractors will be made solely at Leyland's existing plants at Blackheath and Elsie's River in the Cape.

A statement announcing the merger said the move was subject to certain final negotiations with the South African Government.

The new Sigma Leyland company, in which Sigma will have a 51 percent shareholding and British Leyland 49 percent, will be one of the biggest of its kind in South Africa and is expected to secure 25 percent of the total truck and bus market. It will have assets in excess of R100 million and an annual turnover of R180 million.

Mr. Chris Griffith will chair Sigma Leyland and Mr. Peter Murrrough, Leyland South Africa's former managing director, who is soon to take up a senior position with Leyland in Britain, will be a member of the board.

Anglo American and British Leyland will announce their nominees to the board in due course.

Commenting on the merger, Mr. Griffith and Mr. Murrrough pointed out that this new association between Britain's largest vehicle manufacturer and South Africa's leader in the motor industry was in accordance with the express wish of the Government to rationalise the motor industry. — (Mercury Correspondent-Sapa.)

# Britte tender nie vir SAP se voetboeie

(61)

rapport 23/7/78

Van Ons Londense Kantoor

DIE handjievul Britse maatskappye wat nog in staat is om voetboeie te vervaardig, het vandeeweek feitlik almal te kenne gegee dat hulle nie sal tender vir die tweehonderd nuwe voetboeie wat deur die Suid-Afrikaanse Polisie benodig word nie.

'n Firma in Manchester sê weens die huidige politieke klimaat en die weerstand wat daar teen Suid-Afrika is, sal „dit sake-selfmoord wees om die Suid-Afrikaanse kontrak te probeer verkry”.

Ander maatskappye sê hulle handhaaf die Amerikaanse verbod op die uitvoer van „martel-artikels” na die Republiek.

Ondanks die feit dat die Suid-Afrikaanse Polisie glo gevra het dat die tenders „vertroulik en delikaat” behandel moet word, was dit hier groot nuus in die meeste dagblaie en op TV.

Die Suid-Afrikaanse Polisie benodig die voetboeie — en twee sleutels vir elke boei — om gewelddadige gevangenes in toom te hou, maar volgens die Britse nuusmedia is dit 'n „martelmetode” wat al jare lank nie meer deur beskaafde lande gebruik word nie.

Hulle wys daarop dat dit tydens die geregtelike onder-

soek na Steve Biko se dood aan die lig gekom het dat hy voor sy dood lang rukke met beenysters vasgeboei was.

In Amerika sê mnr. Donald Fraser, 'n Demokraat van Minnesota: „Dit is onbegryplik dat martel-instrumente uit die donker eeue nog hier vervaardig en uitgevoer kan word.”

Hoewel die verbod op uitvoer van voetboeie vir Kommunistiese lande en Suid-Afrika geld, is daar minstens ses maatskappye in Amerika wat dit nog vervaardig. Dit kan in die meeste wapenwinkel gekoop word.



61  
199

FM 28/7/78

# Challenge to the EEC

The EEC code of practice for European firms in South Africa is about to be put to the test — along with Inkatha's recent declaration that it will make foreign companies adhere to this and other labour codes.

A British subsidiary in Pinetown has been accused of refusing recognition to an African trade union which claims

for them.

Richards replies that Nala is "not representative," and that not one worker indicated any objection to the combined committee at a recent meeting in the factory. "The vast majority of our total labour force definitely support the combined committee. We have no proof that the union exists. They haven't even given us a constitution, which in any case would have to go through the combined committee."

Richards further alleges that "some people tell us that they are forced to sign pieces of paper or get beaten up." But no charges of assault or threatened assault have been laid.

### Majority support

Nala denies that she or anyone else has threatened any of the workers. She claims that about two thirds of Glacier's Africans back the union. In support of her claim, she showed the *FM* a list of 117 names of workers who endorsed the union at a referendum it organised at the beginning of May. Nala adds that support among the 190 odd Africans at Glacier is actually higher, since the list of 117 does not include people on nightshift.

Richards insists that the existing African, Indian, and white liaison committees at Glacier agreed last year to form the combined committee. Nala disputes this, and also says that union shop stewards were elected to six of the seven posts on the African committee in February this year. She adds that all six, on the instructions of their constituents, have refused to join the combined committee, and stated instead that they back the union.

Minutes kept by management of a special meeting of the African liaison committee — of which Richards himself is chairman — lend weight to Nala's claim. Indeed, the minutes reflect that the meeting (on May 29) was "held to explain the decision (of the company) regarding the request of the committee that MAWU be recognised." Minutes of a meeting of the combined committee on July 13 reveal that six of the seven African liaison committee members did not attend, thus suggesting that Nala is correct in claiming that they are boycotting the combined committee.

Richards says he "does not know" whether the African liaison committee is "still truly representative or not."

He contends that recognition of the black union could "split the race groups" in his factory, where "we're hoping we're getting a long way towards being non-

racial." Nala counters that it is "absurd" to talk of non racialism when the factory's canteens are segregated, and that her union is in any case open to workers of all races.

As a British subsidiary, Glacier is expected by the British government to abide by the EEC code, one of whose key requirements is that companies should ensure that all their employees can choose what type of representation they want. Stressing that African trade unions, while not officially recognised by the state, are nevertheless not illegal, the code explicitly says that if black workers want to be represented by a trade union, their employers should not stand in their way.

John Collyear, MD of Glacier's parent, Associated Engineering of the UK, tells the *FM* that the EEC code is "in some respects a burden on companies like ourselves because it forces us to take decisions which are the affair of local management."

He adds that in the case of Glacier "we could act if we wished," but that he prefers to leave the matter to the SA board of directors. However, "that is not to say that we are not interested."



Mawu's Nala . . . icy relations

majority support among the company's African workers. The company is Glacier Bearings, part of the Associated Engineering group of SA, which is itself nearly two-thirds owned by Associated Engineering of the UK. The union is the Natal branch of the Metal and Allied Workers' Union (MAWU).

Pinetown, of course, adjoins KwaZulu, where Chief Gatsha Buthelezi has his Inkatha power base. Glacier has a complement of 420, nearly half of them Africans.

MAWU general secretary Junecrose Nala tells the *FM* that she first approached Glacier MD Bill Richards for recognition in March this year. His reaction, she charges, has been to reject the union and instead press on with plans for a "combined liaison committee," which is "clearly designed to pre-empt recognition of the union."

However, Nala says, most of the Africans in the factory have repeatedly made it clear that they reject the combined committee and want the union to speak

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# GUARD-LIFE NOU HEEL S-<sup>2/2</sup>AFRIKAANS

RAPPORT 30/7/78

Deur ALPHONS DU TOIT (61)

**MET** vandeeweek se uitkoop van die Britse beherende aandeelhouders in die Guardian Liberty Life-groep deur 'n plaaslike konsortium, word 'n jong reus in die land se versekeringswese nou ten volle Suid-Afrikaans. En dit kan die hare in daardie bedryf laat waai.

Dié aankoop ten bedrae van R27 miljoen (plus verwagte dividende van sowat R3 miljoen) — wat terloops nie eensklaps uit die land sal verdwyn nie, maar in kanale in Suid-Afrika belê sal word — was die volvoering van drukke bespiegeling in Beurs- en ander kringe.

Die konsortium bestaan uit mnr. Donald Gordon, die stigter en voorsitter van Guardian Assurance Holdings (South Africa), en van Liberty Life Association of Africa, mnr. Michael Rapp, 'n uitvoerende direkteur van die Guardian Liberty Life-groep, en die Standard Bank-groep. Dié konsortium sal 'n maatskappy stig waarin mnr. Gordon 50% van die aandele, mnr. Rapp 25% en die Standard Bank 25% sal besit.

Guard-Life se nuwe bedeling beteken dat mnr. Donnie Gordon nou met kontant en verpligtinge vir sowat R13 miljoen betrokke is.

## Ander naam

Die ooreenkoms is aangegaan tussen die konsortium en Guardian Royal Exchange Assurance, die Britse maatskappy wat die Guardian Liberty Life-groep beheer het.

Mnr. Gordon het aan Sake-Rapport gesê dat 21 500 000 gewone aandele is van GRE gekoop teen R1,25 per aandeel (dividende uitgesluit). Die aankoop van hierdie aandele in Guardian Assurance Holdings (South Africa) beteken dat die nuwe Suid-Afrikaanse maatskappy 'n beherende aandeel van 52% in GAH sal hê. GAH, op sy beurt, beheer 81% van Liberty Life en 100% van Guardian Assurance Company South Africa. Guardian Royal Exchange behou 'n minderheidsbelang van ongeveer 10,7% in Guardian Assurance Holdings.

Die naam Guardian Assurance Holdings sal verander word om die Suid-Afrikaanse beheer te weer-

spieël maar sonder enige verwysing na Guardian.

Die aankoop deur Suid-Afrikaanse belange van die grootste deel van GRE se aandeelhouding volg op die onlangse transaksies waarin aandele in Liberty Life, wat deur The Manufacturers Life Insurance Company of Canada, en Sun Life Assurance Company of Canada, aangekoop is.

Die stappe is ooreenkomstig met die aanbevelings bevat in die derde verslag van die Franzsen-Kommissie, wat die wenslikheid beklemtoon het dat langtermyn-versekeraars wat in Suid-Afrika bedrywig is, wel deur Suid-Afrikaanse belange beheer moet word.

„Hierdie aankoop,” het mnr. Gordon gesê, „beteken die begin van 'n nuwe era in Suid-Afrika sover dit die versekeringswese betref.

„Hierdie nuwe ontwikkeling is van die grootste belang en stel 'n uiters opwindende tydperk in die vooruitsig. Die Guardian Liberty Life-groep is nou suiwer Suid-Afrikaans, en is ook die derde grootste versekeringsgroep in die land.”

Die notering van die aandele van Guardian en Liberty Life, wat op 17 Julie opgeskort is, word môre op die Johannesburgse Effektebeurs hervat.



Some factors related to the study and "exposed" the structure to  
 NATIONAL INCOME ANALYSIS AND EMPLOYMENT THEORY subjects, particularly young  
 women to seek sanctuary in total of Singapore reported by  
 Prof. Halstead to leave his Kingdom, and by stopping  
 Macroeconomics attempts to theorise about the aggregate (total) behaviour performed,  
 patterns of an economy and addresses itself to such problems as the general  
 level of prices, employment, and total income. It has been said:

etc. Macroeconomics  
 of relative prices are  
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 are true for the whole  
 whole (fallacy of composition)  
 evolution of economic  
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 The Keynesian paradigm is  
 fundamental conclusion  
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A. CIRCULAR FLOW OF INCOME  
 Students should appreciate the essence  
 that output gives rise to income as  
 (Study the various circular flow in  
 to the more complex form which the  
 and the money market) in the concept  
 (S), taxes (T) and imports (M) and  
 exports (X) and the saving  
 attitude of the firm

NATIONAL ACCOUNTING  
 The circular flow of income is a basic concept  
 of an economy on a period of time can be measured either by the substitution method  
 method (value added) or the income method, (3) expenditure method. No simple thing in itself though,  
 national accounting principles and conventions must be thoroughly understood.  
 Income, domestic employment, and at market prices, GDP at factor prices of  
 National Income, Personal Income and Personal Disposable Income (PI) which is that  
 clearly defined and related to each other, including the term "GDP"  
 Note the arbitrary nature of these measurements, the problems involved in  
 national accounting, the purposes of national accounting, and the usefulness

and limitation of using GNP as an index of economic welfare or progress -  
 alternative indexes (N. E. King or Hofstadts - Tobin. (See Statistical Survey  
 accompanying Budget 75 for South African National Accounts) by National Accounting  
 pioneered by Simon Kuznets (1936) is an important tool in macroeconomic  
 analysis. To have teachers in a workshop, when his refusal would  
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ASSASSAL SCHOOL AND EMPLOYMENT  
 ASSASSAL SCHOOL AND EMPLOYMENT

# More UK firms cut holdings in SA

RDM  
31/7/78

By HOWARD PREECE  
Financial Editor

THERE ARE growing signs of British companies selling some or all of their investments in South Africa. Reed International is on the verge of a deal to sell to Barlows its 63% stake in Reed Nampak.

That stake has a market value of nearly R80-million. Mr Donald Gordon announced on Friday that a consortium headed by him had bought control of the Guardian-Liberty Life group for R30-million from Guardian Royal Exchange Assurance of Britain.

Other British companies which have this year sold or reduced their interests in South Africa include Leyland, General Electric and Racal.

The obvious assumption is that political fears are at work, although commercial reasons can be and have been advanced in each case.

It must also be said that many other British groups have emphasised their determination to continue their South African operations, and even in some cases to expand them.

The fact is, too, that the amount of British "disinvestment" in South Africa is small in relation to total British investment in this country - estimated by some sources to be as much as R8 000-million.

A statement issued on Friday said: "Negotiations between Barlows and Reed for the acquisition of Reed's total interest in Reedpak have reached an advance stage."

Reed International owns 63% of Reedpak. That means a holding of about 15-million of the near 24-million ordinary shares.

On Friday's price of 520c that puts a market value on the Reed holding of about R78-million.

In May this year the chair-

man of Reed International, Mr Bas Kardol, said: "We are not shopping around to get out of South Africa. We are happy to run such a highly profitable organisation."

"The profits are acceptable by world standards."

It will be interesting to see what has supposedly changed.

Mr Donald Gordon laid great emphasis on the commercial sense of the deal with Guardian Royal Exchange of Britain.

A statement stressed that Guardian Royal had no "immediate" intention of withdrawing "all" of the R27-million proceeds.

But what about gradually withdrawing a good chunk?

In April this year General Electric of Britain sold a 50% stake in its South African operation to Barlows for R27 500 000.

In June Grinaker took over the South African subsidiary of the British Racal Electronics group in a R12-million deal.

In July it was finally confirmed that Anglo American's Sigma motor group was taking over 51% of British Leyland's South African operation.

It is true that in every case sensible commercial reasons for the deals can be argued.

But in March this year Dr David Owen, the British Foreign Secretary, said: "Prudent businessmen and prudent investors, no less than the British Government, should be taking a hard look at their South African connections. We stand to lose more than most, if things go wrong."

And the... cause wages to fall and at the lower wage rate, more workers would be employed... unemployment would tend to be a short lived temporary phenomenon... which would be eliminated through such automatic mechanisms.  
 Note and communicate their opinion  
 The Keynesian Model  
 The prolonged worldwide depression of the 30s and its associated personal and  
 leadership and suffering was the background to the emergence of the "NEW ECONOMICS"  
 pioneered by Keynes. His leadership was to achieve and maintain a full  
 employment non-inflationary output? was the question asked. Modern employment  
 theory developed sharply with the classical position. They challenged the

Virelli and Homer



# ICL mum on computer sale to SA Police

By IAN HOBBS

LONDON. — A British computer company refuses to discuss reports that it is supplying a R1 500 000 computer to the South African Police.

A spokesman for the part State-owned multinational company International Computers Limited (ICL) said that even if it made the company look "silly" they refused to conform or deny that they were supplying a computer which might be used in enforcing the pass laws.

"We do not discuss business we do with South Africa or any other country with anyone," said the spokesman.

He also refused to answer claims that ICL was sensitive about discussing their trade links with South Africa for fear of losing trade with independent Africa.

Conservative British sources have applauded ICL for getting the contract in the face of stiff opposition from other West-

ern countries.

They scoff at the United States Government for, it is claimed, excessive sanctions on the supply of any military or para-military equipment to South Africa.

It is believed that the huge US company of Sperry Univac wanted the contract, but that President Jimmy Carter's administration would have blocked a successful bid and the business therefore came Britain's way.

251 8/8/78 R.D.M. (6)

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2. ACCIDENT RATES BY INDUSTRY



# UK firm stakes claim in Soweto

By MARTIN CREAMER

REVERSING the trend away from new overseas investment in South Africa, the big British-based electrical accessory firm, MK Electric, with an eye on the electrification of Soweto and other black townships, this week became a 24 per cent partner in a R2-million plugs and sockets factory to be opened in February.

It has formed a new South African company, MK Electric Pty, with the local plastic mouldings concern, Mann and Thompson Pty, which will supply electrical accessory mouldings to the joint venture to be built alongside it in Alrode, Alberton.

Expectations are that the new company's turnover will reach R2.5-million in the first year, giving MK a bigger stake in the R11-million electrical accessories market in South Africa.

Lou Safro of USC Electric Pty, for years the sole distributor of MK products in South Africa, has been appointed chairman of the new company into which the UK concern will initially plough about R800 000. This will be increased to about R1.6-million in the next three to four years, giving the UK firm an eventual 49 per cent stake.

Mann and Thompson's George Thomson has been appointed managing director of the company, whose board will include the UK firm's managing director, Michael Dowsett, and Tony Mann of Mann and Thompson.

UK marketing director Peter Joyce, who has been instrumental in MK's expansion in Malaysia, Singapore and Kuwait, said MK was angling for a bigger slice of the South African market than its present 5 per cent share and was confident of growth in view of the plans to electrify black townships and the expected economic upswing.

He has an eye, too, on future export prospects, using South Africa as a base.

MK products have been used in major prestige projects in South Africa, including the SABC building and the Johannesburg Civic Centre.

ordinary clothes, except the necktie which is generally alarming, being mostly red, white and blue. There are a few poor fellows who lack even more than collars and ties - one or two who are barely covered. But they are all happy-looking. There is no cold shoulder for the ragged Kafir, but a nod, a handshake or perhaps a joke. All crowd together and pass newspapers and tobacco bags to each other.... The intellectual standard of the meeting is equal to that of any British labour meeting. You are amazed to see a native with a copy of "Nineteenth Century" in his hand, criticising an article by a London bigwig on the South African labour question. [A reference to an article by Sir H.H. Johnston, "The Native Labour Question in South Africa", published in The Nineteenth Century and After, Vol. 52, November 1902, an article advocating the use of migrant labour from Central Africa to meet the needs of the rapidly expanding South African economy.] You are equally amazed to hear a native discussing the financial condition of the British colonies, and what is more, to see that audience - as is apparent from their remarks - understand very well what he is talking about.

too much of a hurry to take their children out of school, a visitor from Calcutta pointed out, so long as their boys could 'pretend to read and write' What did this lead to? - 'the empty-head coloured youth who occupied the whole of the pavement in crowded Plain Street on Saturday night and declined to budge even for women and children while he discussed football and so on.' (25) These were some of the conditions that led to the emergence of what Tobin described as 'enormous numbers of coloured street arabs.' 'Not only did these lads run wild about the streets all day, assaulting and robbing inoffensive ladies and other hawkers, but they might be seen any night in gangs of 20 or 30 (a voice, 'Sometimes there's a hundred of them together') up till 12 o'clock or even later' 'Things were coming to a really terrible condition in Cape Town in respect of the coloured street arabs.... In no place in South Africa had he beheld,' Tobin declared, 'such lawlessness among coloured children as in Cape Town.' He urged parents to do something and spoke of the need for government action. (26) One wonders how seriously Tobin's remarks were taken in government circles.

The "Styke" declared a regular speaker, Isaac Dreyer, 'was purely to educate the coloured to educate the coloured were was much talk - in speakers - not only unstinted praise for location. The whole dience in January 1906 in harmony one with the three points on If speaker on the same

The African Political Organization was founded in September 1902. In its first years of existence its activities were largely concentrated on the plight of coloured people in the Transvaal and Orange River Colony. Thus at a mass meeting held in Cape Town in February 1906 Dr. Abduraman, the A.P.O.'s most prominent spokesman, implored the British Government 'to stop the barbarities and indignities being perpetrated' against coloured people in the British-occupied former Boer republics 'in the name of law and

lower political issues made the in the scene. The A.P.O. was made a point, as Tobin hastened from membership. (28) But Stone the A.P.O. had done much of the coloured people. n, one of the veterans of the force from the plinth of the ck Road crossed the bottom of ed by 'labour orators' on to get/...

had liberty for the first time in their lives and frequently let it degenerate into licence. (24) But coloured parents were also to blame. They were in

Sunday mornings, and provided an ideal meeting ground for men of similar views

too much/...

to get/...



# SA Club of Ten men reveal names

**Own Correspondent**  
JOHANNESBURG. — Part of the veil surrounding the secret pro-South African Club of Ten was lifted this week when its South African members revealed their names publicly for the first time. The club's London editorial consultant and administrator of its funds there, Mr Don Boddie, flew into South Africa at the weekend for a meeting with the South African mem-

bers. The meeting was held in Johannesburg on Sunday and the names of the five local men were disclosed on Monday night. The members are: Mr Jan Pickard, an ex-Springbok rugby player and one of the country's top businessmen; Mr Hendrik van Zyk, noted northern Cape farmer and chairman of the Agricultural Development Corporation of

Boputhatswana; businessman Mr John Heinrich; Mr Lampies Nichas, millionaire potato farmer from Kinross, Transvaal and Pretoria businessman, Mr Werner Ackermann, husband of opera singer Mimi Coertse. Mr Boddie, former editor of the Evening News in London, said last night— "I would personally like to persuade the international members of the Club to go public but the decision is up to them."

"I had a meeting recently in Europe with them to find out if they wished to go public."

He said the local members of the Club, founded in 1972, had decided to go public because of "totally misleading" reports about it, including statements made earlier this year by Mr Gerald Sparrow, former judge and author, who handled the Club's London accounts from 1972 until three years ago.

"The South African members of the Club became very exasperated with the various stories. They felt it was time to put on the record who the local group were," said Mr Boddie.

They also felt it was time to state publicly that the Club was a private organization and unconnected with the South African Government.

"Their funds come from sponsors and not from the government. They do not belong to any political parties. They fight for South Africa," he said.

The Club's membership has, officially, been completely confidential until now. Mr Boddie said: "It is not unusual for businessmen who wish to enter into the world political scene to remain anonymous."

Industrial Localities  
The National Population  
Black Migration  
The Social and Economic  
Labour in the Transvaal  
Solar Radiation  
Commuting Patterns  
Nature of the Fynbos  
Residential Localities  
Plumstead Retail

- Language Variation in Residential Areas of Cape Town
- Labour Bureaux - A Study
- Residential Patterns of the Coloured Population in Cape Town
- A Comparison between 2 Coloured Housing Schemes on the Cape Peninsula
- A Case Study of Pinelands as a Garden City/Residential Estate
- Spatial Analysis of Burn Cases in Children in the Cape Peninsula
- Brasilia - Success or Failure? Developmental Prospects
- Economic Blight in Muizenberg.
- A Study of Land Use Change in Salisbury's Central Business District
- The Impact of the Rössing Uranium Mine on Swakopmund.
- An Economic and Social Discussion about the Residential Area of Mill Street/Orange Street Area of Cape Town.
- An Evaluation of the O'Okiep Copper Company in the Namaqualand  
A consideration of the effect on the area if the copper mine were to close.
- The Transport System of a Bottling Industry in Lilongwe, Malawi
- A Study into the Effects of Seasonal Winds and Sea Temperature on the  
of Yellowtail at Fish Hoek Beach by Seine-Net Fishermen.
- Factors Determining the Ecological Environment of the Cape Nature  
Reserve, with Regard to the Alien Vegetation.
- A Study in Coloured Shopping in Athlone and Claremont.
- Models of Rural Land Reform - The Tanzanian Case.
- The Way in which Perceived Distances Differ from Actual Distances Within an  
Urban Area.
- Examination of the Importance of the Variable, "Length of Residence" on Local  
Imagery.
- Transkei : An Illustration of its Potential.
- Cape Town Electoral Districts.
- Perceptions of the Cape Peninsula Landscape 1900 - 1977.

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No. 10. SOP., TENOR, AND BASS SOLOS AND CHORUS.—"THE KING OF LOVE."

31 Key C. Andante. M. = 100.

7 1/2 Measures Instrumental.

M/TENOR SOLO.

Sheet music for Tenor Solo, including lyrics: 'The King of Love my Shepherd is, Whose...' with musical notation and phrasing marks.

CHORUS. *mf a tempo primo.*

Sheet music for Chorus, including lyrics: 'The King of Love my Shepherd is, Whose...' with musical notation and phrasing marks.

Sheet music for Bass Solo, including lyrics: 'Good news fall - eth', 'He is mine for ev - er', 'I can - som'd soul He', 'I food ce - les - tial', 'I yet in love He sought' with musical notation and phrasing marks.

Sheet music for Soprano Solo, including lyrics: 'I home, re-joic - ing, brought me. I In death's dark vale I fear no ill, With', 'I Thee, dear Lord, be - side me, Thy rod and staff my com - fort still, Thy' with musical notation and phrasing marks.

# BRITSE SAAK BELE MILJOENE

RAPPORT 17/9/78 61

Deur ALPHONS DU TOIT

BRITTANJE se voorste vervaardiger van 'n wye reeks toebehore vir die elektriese bedryf, M. K. Electric Limited, gaan oor die volgende drie jaar 'n paar miljoen rand in Suid-Afrika belê.

M.K. Electric het in ooreleg met 'n Suid-Afrikaanse maatskappy, Mann & Thompson, 'n nuwe maatskappy, M.K. Electric Edms. Bpk., gestig.

M & T besit 76 persent van die aandele en sy Britse vennoot 24 persent. Maar M.K. Electric Limited het 'n opsie verkry om 'n verdere 25 persent van die aandele binne drie jaar te bekom wat sy aandeelhouding dan op 49 persent te staan sal laat kom.

Die besturende direkteur van M.K. Electric Limited, mnr. Michael Dowsett, het aan Sake-Rapport gesê: „Onses insiens is 'n oplewing in die Suid-Afrikaanse ekonomie baie duidelik sigbaar. Ons het die volste vertroue in die voortbestaan en vooruitgang van Suid-Afrika en om hierdie redes het ons besluit om 'n groot belegging in Suid-Afrika te maak.

„Die nuwe maatskappy sal 'n aanleg by die bestaande fabriek van Mann & Thompson op Alberton oprig. Die geraamde omset van die nuwe fabriek sal binne drie jaar tussen R2 en R3 miljoen beloop.” Volgens mnr. Dowsett sal sy maatskappy se belegging in Suid-Afrika binne drie jaar tussen R5 miljoen en R8 miljoen wees.

Die Britse firma verkoop reeds produkte ter waarde van sowat R250 000 per jaar aan Suid-Afrika. Toebehore met die M.K. Electric-

handelsmerk word reeds deur heelwat argitekte in hierdie land voorgeskryf. Die radio- en TV-kompleks van die SAUK in Aucklandpark, Johannesburg, is byvoorbeeld met toebehore van M.K. Electric toegerus. Hierdie toebehore sluit skakelaars, sekeringskassies, sekeringsproppe, muurproppe, propgate, ens. in.

Wanneer die nuwe fabriek op dreef is sal dit 'n aansienlike besparing aan buitelandse valuta verteenwoordig. Dan ook is daar 'n sterk moontlikheid dat die nuwe maatskappy van sy Suid-Afrikaans vervaardigde produkte sal uitvoer.

„Ons beskou Suid-Afrika as die kern van Afrika, suid van die Sahara, wat tegniese vernuf en breinkrag betref. Ons belegging is nie net kontant nie. Ons belê ook ons tegniese kennis en jare van ondervinding in hierdie land.”

M.K. Electric Limited het 'n jaarlikse omset in Brittanje van sowat R100 miljoen en het verlede jaar 'n wins van meer as R8 miljoen getoon.

Die voorsitter van die nuwe maatskappy is mnr. Lou Safro, wat die afgelope 30 jaar die produkte van die Britse firma in Suid-Afrika versprei. Die ander direkteure is mnr. Tony Mann en George Thompson, stigters van die firma M & T, en mnr. Dowsett.

S.A.D.L. KEY A.D. SOPRANO SOLO.

*mf a little slower.*

Sheet music for Soprano Solo, including lyrics: 'I home, re-joic - ing, brought me. I In death's dark vale I fear no ill, With', 'I Thee, dear Lord, be - side me, Thy rod and staff my com - fort still, Thy' with musical notation and phrasing marks.

# 'Apartheid tax' call for SA-linked firms

W/E ARGUS  
30/9/78  
(61)

Weekend Argus Bureau

LONDON. — The imposition of a punitive 'apartheid tax' on all earnings stemming from investments in South Africa is being called for by the Anti-Apartheid Movement here in its bid to promote disinvestment in South Africa.

Such a tax on all direct or indirect earnings, it is claimed, would induce investors to pull out — especially if the tax was progressively increased each year.

The proposed tax is outlined in a document, 'Changing patterns of international investment in

South Africa and the disinvestment campaign,' prepared for the Anti-Apartheid Movement by Simon Clark, a research student at Warwick University.

The document is to be distributed in Parliament, to the Trade Union Movement and at the Labour Party conference.

Apart from the tax, Clark also calls for:

- The suspension of South African stocks and shares on the London Stock Exchange.

- The adding of South Africa to Rhodesia in exchange control regulations, so that British re-

sidents cannot buy rands and to make sterling unavailable for investment in South Africa.

- Ending the double taxation agreement, under which British investors can count tax paid in South Africa against their tax in Britain, as from June 30 next year.

- Withdrawal of official support for trade missions to South Africa and the closing of the relevant consular facilities in South Africa.

- Prohibition of the assignment of patents and licences to South African-based companies or individuals and the termination of existing agreements.

In conclusion, as a result of our perhaps necessarily sketchy and impressionistic survey, we feel that we have canvassed the opinion of a sufficient proportion of South African industry to provide reasonably reliable, though not comprehensive, information to serve as a guide for those courses which should be included initially in the curriculum of the proposed Technical College.



FACULTY OF ARTS

CALCULATION OF STAFFING RATIOS

DEPARTMENT: \_\_\_\_\_

STAFFING ESTABLISHMENT \_\_\_\_\_

2. STUDENT NOS. 19... - 19... (as at end March) \_\_\_\_\_

3. RATIO INDICES 19... - 19... \_\_\_\_\_

CYPHER: \_\_\_\_\_

**Strike shuts Ford**

LONDON — Ford, Britain's biggest car maker, shut down yesterday as its 57 000 manual workers struck against a company pay offer in line with the government's tough new anti-inflation plans.

blow to his hopes of reducing the nation's current eight per cent inflation rate.

Yesterday, neither side could see a way out of the deadlock.

Union negotiators have lodged a 27 per cent claim and Ford — in line with Mr Callaghan's policy — have offered only five per cent. — SAPA-RNS.

The strike is a dramatic challenge to Prime Minister Callaghan's plans for pay restraint and a

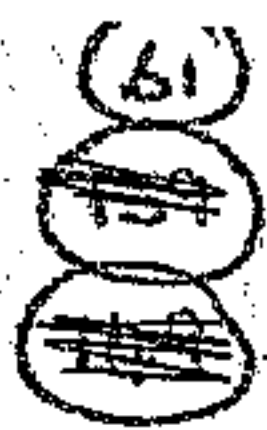
	1 Est. X	2 Weighting per post	3 Staff Units for s/s ratio

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s/s ratio = Column 3 =

P.T.O  
for s/c ratio

UNIONS FM 29/9/78  
Signed & sealed



After more than eight months of negotiations, Smith & Nephew of Pinetown and the unregistered National Union of Textile Workers (NUTW) are at peace again. This week the two parties exchanged letters confirming that a new agreement between them is in operation.

Smith & Nephew, which became the first SA company to recognise an unregistered union (in 1974) refused to renew the agreement late last year — a decision which caused intense controversy both in SA and abroad. An amended agreement is now back in force and the company has regained its place as a pacesetter in SA industrial relations.

According to a joint statement signed by NUTW secretary Obed Zuma and Smith and Nephew MD Kenneth Lunn, the new agreement contains changes in wages, redundancy and retrenchment clauses. Other clauses of the old agreement have simply been extended.

The agreement will remain in force until legislation has been enacted as a result of the Wichahn Commission's findings "or any other labour legislation which may affect the legal standing of or effect improvements to "the new agreement or for two years, whichever is shorter. When that time comes, the two parties will meet once again to discuss the agreement.

The new agreement is the result of heated and at times bitter negotiations which began in January. Indeed, it was by no means certain that the letters would be exchanged until late last week.

**Recognition**

The FM understands that the new agreement contains a number of improvements for union members. Wages have been increased and Smith & Nephew has agreed to deduct union members' dues from their pay packets, a system which will help the union's financial administration considerably.

The fact that Smith & Nephew opted for a new agreement rather than con-

tinued strife with its own workforce could well influence other employers-particularly as Smith & Nephew originally argued that any new agreement should wait until after the Wichahn Commission reports. That's a view which is quite popular among employers at present-particularly when the issue of union recognition is raised. For one company at least, however, that is too long to wait.

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Table 6. Matriculation and Senior Certificate, and NTC 1-V passes, 1971-1974.

Year	Matriculation and Senior Certificate	N.T.C.1.	N.T.C.11.	N.T.C. 111	N.T.C. 1V.	N.T.C. V
1971	2 215	34	58	1	-	-
1972	2 231	165	151	16	-	2
1973	2 886	262	130	56	-	-
1974	3 587	189	155	63	-	-

Sources: South African Institute of Race Relations, Annual Surveys, Department of Indian Affairs, Annual Reports.



Argus 3/10/78

# Concession to union

Argus Correspondent

JOHANNESBURG. — Important concessions to a black trade union have been announced by Unilever South Africa amid reports that international action against Unilever subsidiaries elsewhere in the world is being stepped up.

The chairman of Unilever South Africa, Mr N A Bury, disclosed yesterday that the black union, the Sweet, Food and Allied Workers' Union, has been told that Unilever will grant it stop order facilities for the deduction of union fees from workers' wages provided it has a reasonable number of employees as members.

# Eie rekenaars vir SA as Britte 'ja' sê

8/10/78

(61)

## Van Ons Londense Kantoor

DIE Britse rekenaarsmaatskappy ICL is besig om 'n lisensieringsooreenkoms te oorweeg wat die bou van rekenaars in Suid-Afrika moontlik sal maak. Die Suid-Afrikaanse regering het ICL deur middel van sy filiaal-maatskappy in die Republiek vir die transaksie genader.

Volgens 'n berig wat gister hier in 'n Britse dagblad verskyn het, is Suid-Afrika begerig om sy eie rekenaarsbedryf te vesting om hom teen moontlike boikotte te beskerm. Rekenaars is van uiterste belang in administrasie, verdediging en vir die polisie.

Deur sy nasionale ondernemingsraad het die Britse regering 'n kwart-aandeel in ICL.

Dokumente in verband met die beoogde ooreenkoms met Suid-Afrika is aan The Guardian oorhandig, wat die berig gister op sy voorblad geplaas het.

Counter Information Services, wat bestaan uit joernaliste wat vurig teen die SA regering gekant is, het die dokumente aan die koerant gegee.

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An answer to the problem lies in the Employment Guarantee Scheme as evolved  
in Maharashtra State in India in the last four years.

operation.  
have to proclaim a region as drought affected before the programme came into  
The catch, unless it is a regular contract, is that government would first  
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Within the rules government would enter into a social contract with the  
before new works are opened.

residence; and the minimum number of work seekers who have to register  
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period of work to be provided upon registration; the nature of the work,

contain an incentive to productivity). The rules would also specify the  
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the setting of norms that govern average daily wages earned, they reduce the

(piece rates appear to have several advantages; they allow flexibility in  
be prescribed by the rules could either be a daily wage or piece rates  
in the management of an efficient programme. The basis whereby wages would

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Individual citizens should be able to register for work as a means of

One way of defining an efficient drought relief machinery is as follows.

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An answer to the problem lies in the Employment Guarantee Scheme as evolved  
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# Strikers put

# Ford on spot

CHAIRMAN

NM 10/10/28

(61)

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**LONDON — The Ford Motor Company yesterday conceded a key demand by striking car workers and appeared set to break the British Government's tough wages policy, Sapa-Reuter reports.**

The company announced it was now ready for free collective bargaining with trade unions outside the restriction of a Government "guideline" limiting wage increases to 5 percent.

For two weeks 57,000 Ford workers have been striking against the 5 percent limit in a dispute seen as a make-or-break test for the Prime Minister, Mr. James Callaghan's controversial policy.

The Government immediately issued a statement urging Ford to follow the pay policy, which it has threatened to impose with the use of economic sanctions against employers.

Newspapers and politicians were speculating however that the Government was prepared to be more flexible and would not raise strong objections to wage increases of up to 8 percent.

Unions last week led a revolt against the policy — the cornerstone of Britain's anti-inflation strategy — at the Labour Party conference. Cabinet Ministers and Union chiefs meet this week to try to avoid a bigger confrontation.

Meanwhile a Mercury reporter says that the strike by Ford workers in the United Kingdom has led to a two-day closure of the company's Port Elizabeth factory.

A company spokesman in Port Elizabeth said yesterday that the strike of British workers had led to a decision to close the local factory today and tomorrow. He said the closure had been ordered so that production could be "smoothed out". Selective short time would also be introduced at the plant.

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has been in the ascent for the few years during existence and this was made manifest at our and Wine which was one of the most crowded of the Students Union. The attendance this year at our also far larger than it has been in previous Night" was held in the new Students' Dining Room.

ary informative tour of the Table Bay harbour Port Control Centre and sailed through the various aged enough to have a guided tour of the new City of Durban" was being loaded.

as also an outstanding success. On both occasions good weather — an essential feature for off campus it to our cost. Our annual braai was washed out wreck Tour. It is somewhat disappointing to note of a more scholarly nature is not always as , especially from members of an organisation such we shall continue to arrange such tours in the hope itive response among our members in this direction.

orizon has been the legislative prohibiting of gular feature of our campus life, albeit a somewhat e! We have screened films on other nights but the to abandon the idea. We have, however, amply ering three lunch-hour films per week instead of amme have been the World at War, Civilisation, America

ers for the Third Quarter include Associate will talk on 'Paris and the Provinces': The Dr. Michael Biddiss of the University of Leicester, Trial': The Nuremberg Tribunal, 1945-6. t out to South Africa by the Students' Visiting he recommendation of the History Department

mitted for the hard work that they have done this their task is evidenced by the smooth running of e general administration of the Society. Their l, their interest has been keen, and we wish those portals of this university a successful and also very sad to bid adieu to one of our most interested members, Robin Hallett, who, as a lecturer vitally Interested in the history of Africa in general and of Cape Town in particular, has stimulated out interest in the world around us immeasurably. To this founder of the African History course we are pleased to extend Honorary Membership this year. We hope that he will often return to these shores to avail himself of his privileges as a life member of our Society.

Sydney Petersen  
Chairman



(1) **RECOGNITION**

**Unilever in a lather**

FM 20/10/78

It is only a matter of days before an unprecedented week of international trade union action against multinational Unilever gets under way. But the dispute which sparked off the action — between Unilever and the unregistered Sweet, Food and Allied Workers Union — is

still unresolved.

The week of action, organised by the International Union of Food and Allied Workers (IUF) is due to begin on Monday and IUF claims that Unilever workers in Sweden, Finland and Italy have agreed to strike in support of their SA colleagues' demand for union recognition. Protest action will take place in at least 10 other countries, it says.

According to IUF, Unilever is a "highly centralised transnational" with "British and Dutch headquarters exercising tight control over its world-wide operations." It thus holds Unilever "globally responsible" for the labour situation in its plants.

The dispute itself centres around the union's demand for recognition at Unilever's Durban and Boksburg plants. The union originally asked for access to factory premises, but has since submitted a document asking for union recognition which has been rejected by Unilever management.

On the question of access to premises, Unilever has insisted that the union deal with its liaison committee at the two plants. The Boksburg committee turned down the request, whereas the Durban committee allowed the union into the plant for four hours a day, two days a week, for three weeks earlier this month.

The union is still sticking by its demand for full access at pre-arranged times. Union secretary Skakes Sikhakhane argues that the Durban trial period was unsatisfactory because his officials were not allowed free access to workers. He also says workers fear victimisation by the company. Unilever chairman Alex Bury says the union agreed to the Durban arrangements.

(2) He argues that the question of union access should be handled by management, not the committee. Bury replies that the committee has been elected by the workforce and that the decision should rest with it. The union is about to ask again for access to the Boksburg plant, but that request will once again be channelled through the committee.

The recognition document is another bone of contention. Sikhakhane says it asked only for in principle agreement from management and provided for recognition in stages — depending on the union's strength in the plants — leading up to full recognition when the union represented the majority.

This is a procedure favoured in many companies — Anglo American is the prime SA example — but Bury denies that the union ever put its request in this form: "They simply asked for full recognition — we can't give them that if they don't represent the majority."

Sikhakhane argues that management is making it impossible for the union to represent the majority by denying it full access at times agreed on between it and management. He adds that Unilever workers fear victimisation because a Unilever worker who was active in the union was dismissed some time ago. The IUF claims that workers have been told they will lose benefits if they join the union.

Adds Sikhakhane: "Management still believes the workers don't need a union. As long as they believe that, we're going to remain deadlocked."

Bury retorts that Unilever is "neutral." And he dismisses the victimisation allegations as "nonsense." The allegedly victimised worker was dismissed for persistent lateness, he says and management has repeatedly told workers that they are free to join a union: "The fact of the matter is that the union has little or no support among the workforce. They had full opportunity to canvass Durban workers and had little response." Conditions at the company are such that workers see little advantage in the union, he claims. He adds that UK workers will not join the protest because they accept Unilever's *bona fides*.

Unilever could have some tough times ahead if the dispute is not settled.



# It's the British firms that are pulling out of South Africa

(61) 29/10/78

ALTHOUGH the United States has been more vociferous about disinvesting in South Africa, it is British companies that are tending to withdraw.

US companies seem to hold the view that while their South African investments earn them a decent return, they are happy to live with politics.

In recent months South Africa has been the target of US threats to cut off finance and trade aid, and there have been loud clamours about the implementation of the Sullivan employment practice code.

From the UK on the other hand, the outcry has been far less hysterical with Foreign Secretary Dr David Owen simply warning British companies not to become too dependent on their South African interests.

However in spite of the noises emanating from the US Congress and the surprise 'disinvestment' of Polaroid from South Africa, overall direct US investment in this country has

increased significantly.

It rose 13.5% in two years from 213-m dollars to 1.791-m dollars last year. On the other hand, British companies with an estimated R6 500-m invested in South Africa have pulled out, and often at a discount.

One explanation for this apparent anomaly could be that US companies' exposure to South Africa is not as wide as the British.

On the whole US companies tend to take a smaller stake. Take for instance the Zale Corporation's 21% in Sterns, and Owens-Illinois' 20% in Cons Glass.

No major US company has sold its interest here in South Africa in recent years. But from Britain there has been General Electric selling out to Barlow Rand, Racal going the way of Grinakers, Reedpak falling into Barlows' hands, and British subsidiary Bartons going into Metal Box.

And the Guardian Royal Exchange seemed grateful when the Donny Gordon consortium bid for its investment in South Africa.

Only this week Anglo's Amic announced that it was buying British sugar giant, Tate and Lyle's 52% in African Products for R18-m.

And contrast, for instance, Henry Ford's reaction when asked about the possibility of Ford pulling out of South Africa, with that of British Leyland.

Ford retorted that he was more than happy with his investment performance here. Leyland has been absorbed into the giant Sigma Motor Corporation.

The question arises, who's next? There are still a number of South African operations which have foreign companies as parents or at least significant shareholders.

It seems that British companies, far more than US corporations, will be looking to get out of South Africa in coming months. Could it be that with their approach — looking for a decent return on their investment — US companies are also better protected from shareholder criticism?

ICL



## Conscientious workers

Trade unionists representing ICL's 22 000 UK workers met the company management this week to discuss ICL's controversial role in SA. As a result, a joint working party of unions and management will probably be set up to study the implications of the company's involvement in the Republic.

Union leaders say the refusal by ICL staff to work on SA orders is growing. While management had agreed not to penalise employees on this account, the unions had warned that the increasing reluctance of workers to handle equipment for SA could lead to an ultimate industrial confrontation.

Ian Benson, one of the senior union officials involved, said the company had also been warned of the commercial and international repercussions of ICL's involvement in apartheid, particularly in view of the growing Third World market. India and Nigeria had already expressed concern about ICL's sales in SA.

The emphasis during this week's mee

ings was on sales to the SA police and military; but the equipment was being used for other purposes as well, Benson said. For instance, he alleged, an ICL 1903A computer which had been installed for the Cape Town municipality in 1972 was being used in the "repatriation" of Africans at Crossroads.

Peter Ellis, ICL's deputy MD admits that the company cannot prevent the SA government from putting ICL computers to political use. As a result of the unions' representations, he said, more information on ICL's activities in SA would probably be made available.



11/28 61

# Firm attacked for SA trade

LONDON — Representatives of nine trade unions have told the management of Britain's major computer company, ICL, that they are strongly opposed to the sale of computers to South Africa "for the administration of apartheid."

These unions, who have members in the company, were in turn told by ICL management that they would not force members who objected to working on the manufacture of computers for South Africa to do so.

At a press conference after the meeting, trade union representatives said they had also voiced disquiet at the possibility of the company extending licences for the manufacture of computers in South Africa.

"We would see any escalation of ICL's activities in South Africa as a further provocation to countries of the Third World and also to union members on the staff," a trade union delegate told the conference.

The trade union delegation also told ICL manage-

ment they had information that the Nigeria and Indian Governments felt strongly that their trade interests with ICL would be adversely affected by trade with South Africa.

At the same time, the Anti-Apartheid Movement called on the British Government to investigate whether ICL had breached the arms embargo against South Africa.

The movement also asked for an inquiry into any possible Rhodesia sanctions-busting by the company.

At the launching of a pamphlet on ICL's role in South Africa, the movement's chairman, Labour MP Bob Hughes, told a press conference: "We think there is a prima facie case for an investigation into both the breaking of the arms embargo and Rhodesia sanctions."

The pamphlet said ICL had supplied computers to South Africa, homeland governments, the SWA Administration and apparently to Rhodesia. — DDC-SAPA.



Dear Forest Glader,

Half a year has passed since our last A.G.M., and you may like to know what has been, and is, happening in the Association.

1. COMPOSITION OF THE BOARD

We have sadly had to accept the resignations of R.A. Provan, H.S. Rumbelow and G.C. Bunn from the Board. Mrs. Mary Greenhalgh, who was co-opted to the Board immediately after the A.G.M., was elected as Chairman, J.O. Read as Vice-Chairman, and Mr. E.E. Monk was co-opted as a Director. The Board of Directors now comprises the following:-

- Mrs. Mary Greenhalgh (Chairman) - Hse No. 81 (Hamlet 2) Tel. 723719
- J.O. Read (Vice-Chairman) - Hse No. 58 (Hamlet 3) Tel. 724726
- A. Fook - Hse. No. 44 (Hamlet 4) Tel. 721718
- D.S. Roberts - Hse. No. 1 (non resident) Tel. (Office) 432086
- G.L.R. Burne - Hse. No. 30 (Hamlet 4) Tel. 729994
- E.E. Monk - Hse. No. 39 (Hamlet 4) Tel. 723946

They will be glad to help you if they can, so please feel free to contact them if you have problems about your house or the estate or matters you would like discussed at a Board Meeting.

2. FINANCES

Since the increases in the monthly levy, we have managed to meet our commitments and to use the funds coming from the extra levy of R5.00 per month per house raised for that purpose, for the gradual painting of the exterior walls of the houses. Thus so far this year the finances of the Association have been satisfactory, though constant control of expenditure has still to be exercised to maintain this. If anyone wishes to have further details about this, the books, budgets etc., are available at the Secretary's house - No. 44.

3. PROBLEMS WITH ENCLOSURES

The Directors have had their attention drawn to the fact that some members have been enclosing their own property and in a few cases, enclosing parts of the common area with private erfs, so appearing to stake a claim of ownership to it. If allowed to continue this enclosing will gradually undermine the whole open-plan concept of Forest Glade, and it also can cause illfeeling between neighbours.

These enclosures have been made in various ways - by walls, fences or hedges, or by less obvious, but just as effective barriers made from careful landscaping or grouping of plants. The Directors have been put into a very difficult and worrying position over this, and have felt obliged to conclude that it is in the interests of all members to retain the open-plan scheme for Forest Glade. It is not possible to consider the individual merits of the various cases without appearing invidious, and therefore, it seems in the best interests of the members generally, to insist that the regulations should be complied with.

Members are reminded that no walls, fences or other external erections are allowed on their property without the prior consent of the Board of Directors and the Divisional Council. The common area must be kept open for the use and enjoyment of all members. No full enclosures of any sort can be permitted, and all which have been made must be completely opened up. Barriers or obstructions

put on the common area and interfering with the enjoyment and use of the common area of all must be removed.

We quite realise that some people have gone to a lot of trouble and expense to plant on their own or the common area. Thus where enclosures have been made by planting, we hope that they can be opened up by the least possible disturbance and the judicious moving of certain, rather than all, plants. Mr. Roberts, the Architect for the estate, and member of the Board, will be glad to discuss and advise on the possible methods of doing this, and we would suggest that people who have enclosures made by plants should contact him before moving or removing plants themselves.

The Directors have most reluctantly decided that if these enclosures, barriers or obstructions have not been removed by the end of 1978, they must take the necessary steps, possibly through legal action, to have them opened up or removed. While some people have already received requests to open up enclosures and remove barriers, we wish to make it clear that the regulations and policies apply equally to all.

As a general rule, the Directors have decided that they will consider applications for fences, hedges etc. along the eastern and western but that none will be permitted on the northern boundary.

4. PLANTING AND GARDENING ON COMMON AREA

We are all very grateful to members who have helped to with extra plants, which the Association could not have once planted they form part of the common area, and so by the Association, and the gardeners on the estate at time to time, to clip, prune or move the plants for themselves, or to ensure that the common area is kept and use of all members.

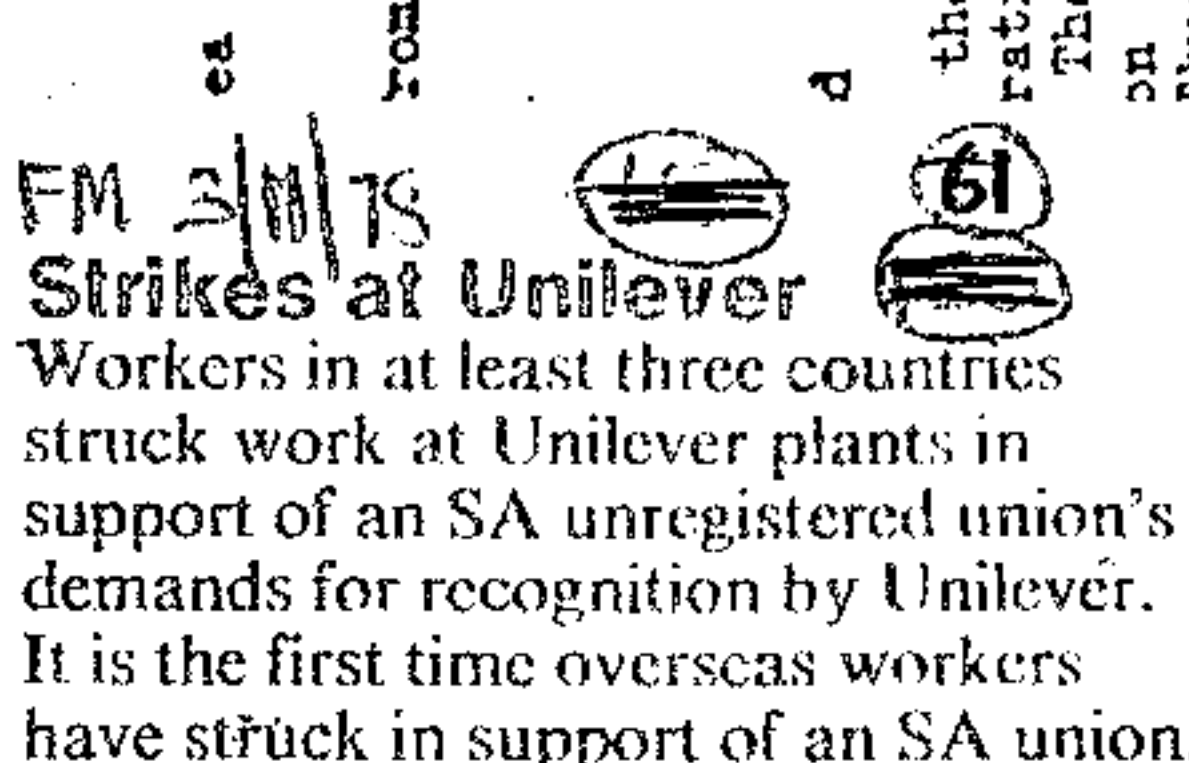
5. PETS

People are constantly complaining about animals stray: dirtying area close to houses. Sometimes this is so hazardous. It is extremely difficult to see a solution: pest the Board has felt unable to do anything about it from dog-owners in cleaning up and generally keeping trouble is now becoming so acute that we must remind 4.1.3 which requires permission from the Board for the in future no one may keep a pet without first obtaining Board, which can of course be refused. To try to decide on a future policy to contain this problem and be fair to pet-lovers, we wish to have a complete picture of the situation. For this we need details of the pets kept in each household, and we should be grateful if you will complete the attached form and return it to Mrs. Fook, House No. 44 (Hamlet 4), as soon as possible.

The Directors have received complaints that quite a few people have washing lines up on their balconies in the full view of passersby. All the houses have yards especially to avoid this unattractive feature. Moreover, it is quite possible to put up lines at a very low level on 1st floor balconies so that washing hanging on them cannot be seen from the ground or from other houses. Please would people refrain from putting washing in a place or at a level where it can be seen by others.

7. EXTERIOR LIGHTS

For a glorious few weeks after the repair work on the lights had been completed



Workers in at least three countries struck work at Unilever plants in support of an SA unregistered union's demands for recognition by Unilever. It is the first time overseas workers have struck in support of an SA union.



STRIKES (61)

Going international

FM 3/11/78

For the first time, workers abroad have struck in support of demands for recognition by an unregistered SA black trade union. It could mean an entirely new ball game for multinationals operating in SA.

The strikes were called by the International Union of Food and Allied Workers (IUF) after multinational Unilever had resisted demands for recognition by the unregistered Sweet, Food and Allied Workers Union. They were part of a week of protest against Unilever organised by the IUF.

According to IUF general secretary Dan Gallin, "solidarity strikes" took place at Unilever plants in seven countries. He is pleased with the success of the protest week: "IUF can already consider the action as extremely successful in terms of participation by affiliated unions. Never before has the international trade union movement responded with such energy to a call for support on behalf of black workers in SA."

A spokesman for Unilever's London office tells the FM strike action took place in three countries — Sweden, Denmark and Finland. He says factories in these countries were brought to a standstill by the strikes, but has no figures on the number of man hours lost.

The Unilever man describes the effect on the company as "trifling." Nevertheless, it is the first time that multinationals operating in SA have faced strike action over their attitude to black unions here.

More could be in the offing. Says Gallin: "It is an unprecedented event in labour history and leaves no doubt about the determination of the union movement not to tolerate practises by multinationals denying their employees basic rights."

Certainly few in SA believed that overseas unions would go as far as strike action in support of SA black unions. The strikes are hardly likely to cripple Unilever — but the fact that they got off the ground is still a disquieting thought for multinationals in SA who are opposed to dealing with unregistered

the distribution of unions.

Meanwhile, Unilever's London office tells the FM the strike action was based on a "considerable lack of information" about the firm's SA labour practises. He says Unilever is prepared to recognise the union if it has "substantial" worker support and that this "does not necessarily mean 50%."

Up to now, local management has indicated that it is loath to recognise the union unless it represents more than 50% of the workforce.

From such with factors: the size and what emerges from the; Thus far we have consi

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This could therefore I that an adult woman m this is that unspesi equation (6) and has a The number of unspesi

Table 16 specifies ber of cattle, sheep, If they replied

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and are all in turn and the yield obtained dence of many of the ation in the homelands.

of adults from the fields in equation (7). HWA wage-earning females

ok after the children. Younger children and sible explanation for becomes significant in

The inclusion of LANDCULT instead of MORGENS greatly increased the explanatory power in the variation of yield from 11% to 29,1%. What is also interesting is that the coefficient of LANDCULT is positive indicating a direct relationship between the two. As explained earlier, these two variables (YIELD and LANDCULT) were both probably related to family income or wealth and that families with higher incomes were capable of cultivating more land, buying better seed and more fertilizer thus obtaining higher yields.

## AMIC/AFPROD

### Expensive, but nice

Neither of Amic's two offers to Afprod minorities should arouse any complaints. In the first alternative, there is an outright 1 020c bid for the shares. This is based on the 1 030c high reached in August and reflects a 106% premium on a stated net worth of 496c at end-September. It is also higher than the 980c pre-suspension price.

The second alternative is 967c, made up of a 400c dividend and a 567c capital payment in free rands. This is the route Tate & Lyle negotiated with Amic since it is attractive to registered non-resident shareholders because it bypasses securities rands. However, this alternative is unlikely to appeal to many local residents, firstly because of the lower capital payment and, secondly, because it would generate blocked funds.

Tate & Lyle's 51,5% stake (1,9m shares) will cost Amic R18,4m. R10,8m of this, being the capital portion, is to be paid by raising a foreign loan, the details of which are not yet known.

The decision to sell was taken for purely commercial reasons, says Tate & Lyle, being associated with its liquidity position in the UK. And being offered a price in free rands at a substantial premium on net worth was quite an incentive. On the 400c dividend component, Tate & Lyle will pay non-resident's shareholders' tax of 5% (the tax falls from 15% if more than 25% of the SA company is owned by a UK principal).

The Tate & Lyle dividend proceeds will be remitted over a period of six months, but the UK company has sold these proceeds to a non-resident of SA. Based on exchange rates on October 13, Tate & Lyle will receive a total of £10,5m.

In the year to September 30, Afprod earned 102c and would have paid a 35c final, making 50c for the year. At this level the purchase price is 10 times earnings and puts the exit dividend yield at 4,9% compared with the food sector average of 6,7%.

The offer seems fairly expensive to Amic, but measured against the quality of Afprod's earnings, it is understandable.

9.

by an African. In other words, a rather narrow definition. African workers involved were covered either by an agreement, or an arbitration award, or a conciliation board still in force, the machinery which the Industrial Conciliation Board would be preferred to settle a dispute provided the Central

the Minister who was empowered in case of a wage determination. No immediate benefits are expected to be used if more than two years.

Amic owned 8,8% of Afprod at end-December and has since topped up this stake to 25,3%. Part of this came from the US Standard Brands' stake of about 11% which Amic bought this year. Amic profits this year, and net worth must suffer because of the premium being paid. But the directors are of the opinion there will be "an important contribution in the future."

usually settled by Bantu Labour Officers. where work stopped, but which could not be regarded as these involved 22 744 Africans. There were also 246 338 Africans took part.

to infer that the alternative system of labour relations by the State was inadequate and that when it was subjected

African workers eschewed it, employers showed a use it in a meaningful way, and even the State implemented

#### REGULATIONS REGULATION ACT (NO. 70 OF 1973)

unrest the Government moved quickly to overhaul the draft Bill embodying its aims in this regard. Its proposals for its improvement were received from most of the Minister of Labour "... evoked wide interest, organisations, from trade unions, individual employers As a result the authorities altered the original Bill to the Bantu Labour Relations Regulation Amendment Bill.<sup>25</sup>

ended the three-tier system, which had operated for in important differences.

836

24. Hansard 17 column 8390, 6 June 1973.

25. Some of the comment elicited by these Bills is recorded in: Muriel Horrell and Dudley Horner. A Survey of Race Relations in South Africa, 1973. Johannesburg, S.A.I.R.R., 1974 pp.276-281 and 286-291.



# British Leyland's SA-born boss is human dynamo

Spec. Exp.  
17/12/75  
①

## HE'S ALL ENERGY AND CONFIDENCE

BRITISH Leyland's chairman and chief executive, Mr Michael Edwardes, took time off from his South African holiday to tell the Sunday Express that British Leyland is in much better shape than it was a year ago when he took over the reins, and that he is far more optimistic about the outlook now than he was six months ago.

This hurban dynamo is one of the most impressive businessmen to have come out of South Africa — he is a graduate of Rhodes University and British Leyland is clearly pleased to have his services.

From the outset at a Press conference in Johannesburg it was plain that Michael Edwardes is tough. He could hardly handle his job if he were not.

Although he was reluctant to be drawn into a discussion of the Leyland South Africa deal with Sigma — which is expected to be signed this week — he said he was happy to go into a minority partnership with the Anglo American-controlled Sigma Motor Corporation.

"Our attitude is that in an overtraded market like this we would rather have 49% of a viable proposition than 100% of something

that, along with others, would be struggling."

He said British Leyland was satisfied with the wage levels paid by its South African subsidiary, and that British Leyland had a commitment to South Africa which was unlikely to be affected by British Government pressures.

He said all British Leyland's plans were made in consultation with both the governing and opposition parties in Britain so that no change of policy would be forced on the group if there was a change of Government.

The British Government owns 98% of the group's equity and has lent it 450 million sterling with a commitment of another 450 million if Mr Edwardes is able to match an agreed recovery plan. Figures at the half-way stage of the current financial year were "bang on target", Mr Edwardes said.

British Leyland sells 800 000 cars and 50 000 trucks a year, employs 190 000 people, and exports £1 700-million of its annual sales of £5 000-million.

"It's a fact of life that, in Britain, Leyland is the most over-exposed business there

is, and we are very conscious of the effect this has on overseas markets.

"In spite of this, the car range is selling well — particularly the Rover saloon range which has been greeted with acclaim in every market where it has been launched.

"Production has improved quite dramatically over the past year and the new factory at Solihull is producing about 1 800 vehicles a week.

The commercial vehicle business has been strengthened, Mr Edwardes says.

"We intend to restore the name Leyland to its past eminence as one of the world's best builders of trucks and buses. We see particular opportunities in South Africa where we have been traditionally very strong in commercial vehicles.

"We intend to build on this as quickly as we are able."

A 280-million sterling investment in expanded production facilities will double production of the Land-Rover and Range-Rover vehicles.

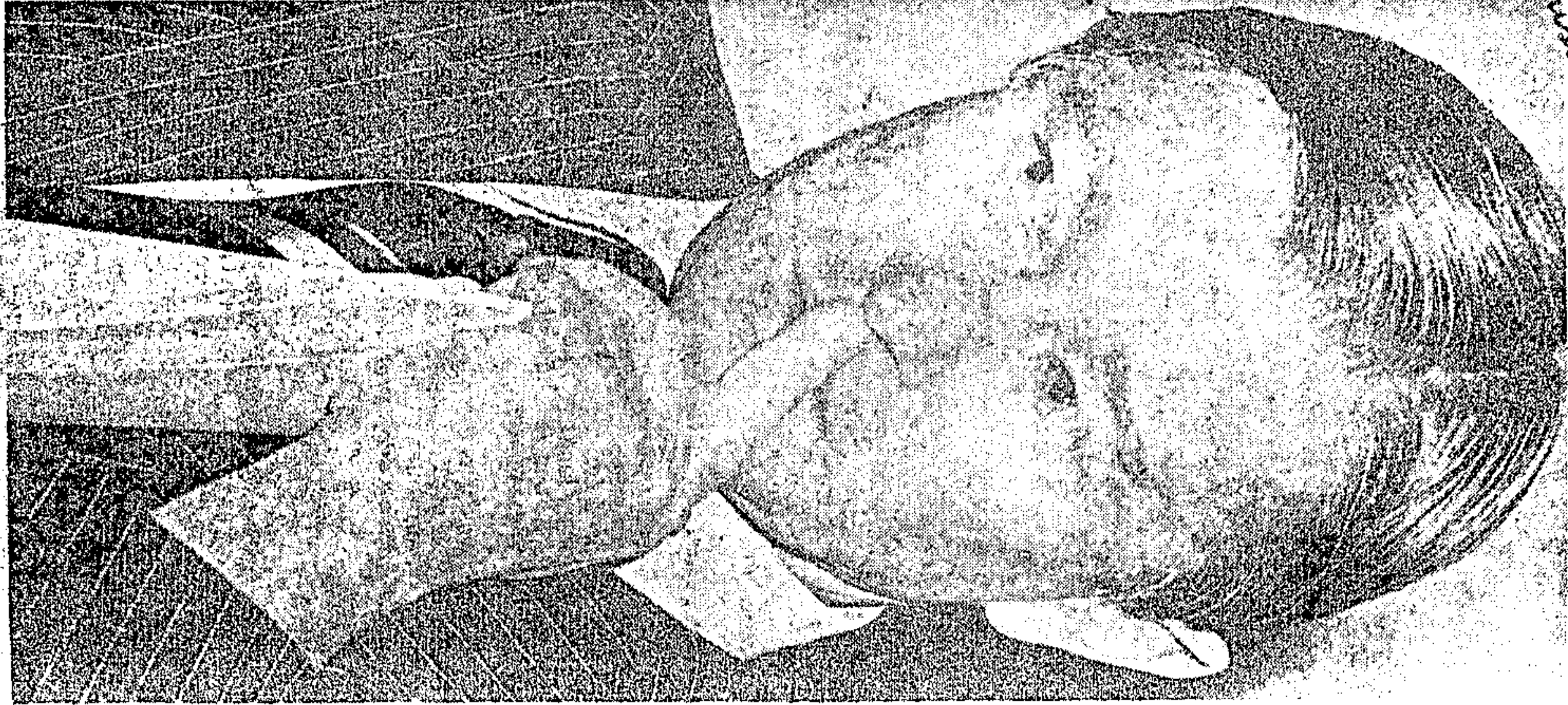
which a new factory has been built in less than a year. He expects the new small car to reinforce Austin-Morris' reputation as a world beater in the small car section of the market — and that it will become as popular as the existing Mini.

"There has been a great deal of speculation about BL linking up with other manufacturers — virtually every manufacturer in the world has been mentioned as a possible 'marriage partner'."

"The truth is that BL has no intention of taking over, merging or being taken over by any other manufacturer. That's not the way we see our future. But it is quite possible that we shall enter into technical agreements with one or more manufacturers to share components or development costs on particular projects."

Mr Edwardes' confidence that BL is truly on the recovery path and that the Government loans can and will be repaid is palpable.

"We are hitting the targets we have agreed with the Government and the National Enterprise Board. "If — and it is still a large if — we continue to make the same rate of progress that we have achieved in a little over 12 months then each day that passes becomes brighter for BL."



● Michael Edwardes, British Leyland's secret weapon, to get the giant back in the black.



61.

FOREIGN FIRMS IN S. A.  
(BRITISH).

4/1/79 - 6/12/79.

~~X~~



CASH SHELLS

# Signs of life

12/10/79  
61

Though Alexander Howden is a large and successful UK-based insurance broking group, it is hardly burnishing its SA image. Since taking over Wellworths for 95c last June, nothing further has been heard.

At that stage the share blossomed from a pre-suspension price of 20c to as much as 150c on the premise that Howden would pump its SA operations into Wellworths as a prelude to further acquisitions.

With Wellworths nothing more than a shell holding about R1,4m in cash, it needs some *raison d'être*; and since David Kuper is the sole director in SA, perhaps his insurance broking and estate agent interests will eventually provide the opening gambit.

Kuper is currently in London and is expected back soon. Perhaps then we will

will enhance both earnings and assets.

As for **Empisal**, events are indeed tangled. The bid from Panama-based Royal Holdings, of which David Abramson was the "local representative," was partially blocked by Sage Fund (it still holds 200 000 shares, equivalent to 4,8%). In the end Royal managed to get only 61% of the equity. Nevertheless this was sufficient to push through two "special" dividends, an interim of 17c and a final of 3c, from distributable reserves. Perhaps because of this manoeuvre, or the fact that Hortors is reputed to hold a large stock of Empisal through Royal, the Reserve Bank's ire has been raised. It has since frozen overseas dividend remittances on certain shares and blocked their sale to overseas purchasers.

Meanwhile, Royal is pushing ahead with the sale of Empisal's main trading assets to Tedelex for R1,8m and the notice concerning the deal and necessary meeting is due out sometime next week. Evidently all that will be sought is for agreement of 51% of those present at the meeting. So Tedelex looks like sewing it up pretty shortly.

Abramson, however, is not expected at the meeting and Royal has already appointed a "local gentleman" to exercise its voting rights. After that, Empisal is, says a source close to the company, up for grabs as a cash shell.

John White



**Tedelex's Benny Slome . . .  
buttonholing the remnants**

see that transmuted listing statement promised back in September.

Then there is **Lemor Investments**. Formerly LHL Engineering, control now vests with Peter Gain's Usat Trust. After LHL sold off the bulk of its machinery and some licences to Busaf, Usat acquired 79% of the equity, restyled it Lemor and proceeded to sell off what was left.

Recently its 50% stake in Botswana-based British Autos has been reversed into Blue Circle (which now holds 87%) and one of its three properties has been sold to Haggie. Now Lemor is in limbo pending an acquisition which Gain feels

# FALCON MINES

## Battling costs

61  
Jan 1979

**Activities:** London-registered mining company operating gold mines in Rhodesia. A 40% interest is held in Olympus Consolidated Mines. Rho-Corp controls 33,1% of the equity.

**Chairman:** F L Wigley.

**Capital structure:** 2m ordinaries of Rh50c. Market capitalisation: R8,8m.

**Financial:** Year to September 30 1978. Net cash: Rh\$1,8m. Current ratio: 1,4. Capital commitments: Rh\$42 600.

**Share market:** Price: 440c (1978-79: high, 500c; low, 410c; trading volume last quarter, 2 000 shares). Yields: 19,2% on earnings; 16,8%\* on dividend. Cover: 1,2. PE ratio: 5,2.

	'75	'76	'77	'78
Tons milled ('000)...	233	235	239	242
Capex (Rh\$'000).....	452	467	298	665
Working profit (Rh\$'000).....	2 293	1 338	1 598	2 449
Earnings (Rhc).....	84,3	59,0	67,8	79,0
*Dividends (Rhc).....	65	35	50	60

\* Before non-resident tax

**Despite the** gearing effect of a rising bullion price, political and cost considerations increasingly mar any investment attractions.

Last year cost increases largely negated the impact of a higher average gold price. The average price received by

Financial Mail January 19 1979

## definitions

**Gross profit:** Pre-tax profit plus all interest paid.

**Debt:equity ratio:** All interest bearing debt as a percentage of total shareholders' funds.

**Total shareholders' funds:** The total of ordinary, minority and preference shareholders' funds adjusted for the market and/or directors' valuation of investments less intangibles (eg goodwill).

**Return on capital:** Gross profit as a percentage of capital employed.

**Capital employed:** Total shareholders' funds plus deferred tax and all interest bearing debt.

**Gearing:** Total interest bearing debt plus preference share capital as a percentage of net asset value.

**Net asset value:** Net assets attributable to ordinary shareholders after adjustment for market and/or directors' valuation of investments less intangibles.

**Return on equity:** Pre-tax profits less preference dividends as a percentage of total shareholders' funds less preference.

**Current ratio:** Current assets divided by current liabilities.

**Cash flow, group:** net profit plus depreciation; net: retained earnings plus depreciation.

**Capital commitments:** Contracted and authorised commitments.

**Gross margin:** Gross profit as a percentage of turnover.

**Stock turnover:** Turnover divided by the year-end stock figure.

**Market capitalisation:** Number of ordinary shares multiplied by latest market price.

**Earnings per share:** Net profit after tax, minority interests and preference dividends, and after adjusting for non-recurring items, divided by the weighted number of ordinary shares in issue.

**PE ratio:** The number of years' purchase of latest earnings per share represented by the current share price.

**Cover:** Earnings divided by ordinary dividends paid.

Falcon rose 40,1% to Rh\$120,31 (Rh\$85,90) but earnings were only 1,7% higher at 69c. However, the dividend was lifted 20% to 60c.

Chairman Frederick Wigley explains the 24% increase in working costs as being caused by domestic inflation, the successive devaluations of the Rhodesian dollar, which boosted import prices, and the 11% increase in development metres advanced. The net result was unit working costs rising 23% to Rh\$17,91/t (Rh\$14,57/t). Mill throughput of 242 000 t was close to the targeted 246 000 t. But higher bullion meant that grade was down at 7,18 g/t (7,64 g/t) reflecting the greater contribution of the lower-grade Venice mine.

Wigley says the consistently good results from the Venice mine were "the development highlight of the year." Percentage payability improved to 45% of 2 376 m (11% of 1 494 m). Though payability at Dalny improved slightly from 22% to 26%, returns remain erratic. The mine has maintained its ore reserve position, but improvement depends on results from the W11 sub-shaft which

will be operative in 1980.

The forecast for 1979 based on a \$209 average gold price is a working profit of \$2,2m from 246 000 t milled at 6,7 g/t. From this, which is after planned capex of Rh\$860 000 (1978: Rh\$664 800), a repeat of the 60c dividend would be possible.

Since the year-end, all three Olympus mines operated profitably with a combined total profit of Rh\$300 000. Olympus has repaid its loan from Falcon which allowed the latter to write back a Rh\$200 000 provision. At 440c the shares yield a prospective 13,4% to a local investor. Until the Rhodesian political situation crystallises and working costs show signs of slowing down, the rating seems overly generous. Des Kilalea



# UK threatens

# to expose SA firms over labour code

(b) for  
24/1/79

TABLE 4:

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1961	3	575	14 107	..	..
1962	3	435	13 593	..	..
1963	3	457	13 883	..	..
1964	3	429	14 696	..	..
1965	3	497	16 235	..	..
1966	3	606	17 507	3	1 647
1967	3	568	17 077	3	1 660
1968	3	463	16 731	3	1 726
1969	3	450	16 808	3	1 966
1970	3	620	17 868	3	2 339
1971	3	777	16 746	3	2 185
1972	3	835	16 640	3	2 260
1973	3	873	16 548	2	2 335
1974	3	850	17 084	8	2 632
1975	3	685	16 134	11	2 440
1976	3	289	14 126	10	2 390
1977					

LONDON — The British Government intends exposing firms operating in South Africa that have not reported on their attempts to end racially discriminatory employment systems, Foreign Secretary Dr David Owen said last night.

"We have made clear our commitment to securing full compliance with the code by UK 4 companies and to the full

disclosure of relevant information by the companies concerned," he told an anti-apartheid meeting in London.

"To date 163 reports have been received and the Government intends to make public soon which companies have provided reports, which have not, and which have refused.

Britain was reducing its economic dependence on

South Africa and boosting trade with black-ruled African countries, Dr Owen said.

In 1977, British exports to South Africa totalled almost R1 000-million and imports were almost R1 500-million, he said.

But exports to black African countries were worth almost R3 000-million compared with imports of almost R2 000-million.

"This Government has shown a determination to start on the difficult path of reducing our economic profile and commitment in South Africa," Dr Owen said.

Nigeria was now Britain's ninth biggest export market, while South Africa had slipped to 16th. But Britain remained economically tied to South Africa because of its mineral resources and because of British investments totalling about R8 500-million.

Dr Owen said he had faith in sanctions as a means of influencing South Africa.

"I do believe that if the United Nations was deprived of sanctions it would be deprived of one of the most forceful ways of implementing change."

South African confidence in negotiation and discussion had to be restored. For that reason SWA/Namibia was extremely important as a means of showing the whites in South Africa that transition to majority rule could be peacefully negotiated.



EVEREADY

## Minorities fade out

Eveready minorities are being offered 300c a share for their holdings by Berec, the UK parent company, which holds 65% of the 8,8m shares in issue.

The reasoning behind the offer is that in order to keep pace with the technical developments in the world portable energy business, Berec's interests may conflict with minority interests. Berec, which has a number of international subsidiaries, wants to run the worldwide group as a corporate whole, without being hampered by minority interests. The SA operation is one of the last remaining overseas companies with minority interests. Last year SA weighed in with slightly less than 33% of the group's total trading profits of £24m.

If the offer is accepted, Berec will undoubtedly have much greater freedom to shift funds from one part of the world to

another. And it could, presumably, following the De Kock recommendations, increase local borrowings to finance development in SA while increasing dividend remittances to the United Kingdom.

The offer is at a 100c premium to the pre-suspension price. But if the price had been lower some institutions may have balked at accepting the offer and losing their investment in a solidly growing, if unexciting, group particularly as such investments are fewer and further between in today's market.

Profits for the year to end-February will be good in line with the interim



The products . . . the tingle is real

results. Pre-tax profits were up 15% to R3,2m to give earnings of 21,9c (18,3c), and the interim dividend was boosted to 4,5c (3,5c), for the six months to end-August. Earnings for the year should be about 49c, while net asset value, 208c at end-February 1978, will be nearer 240c now.

Prospects for 1979 also look good, but the 300c offer is attractive and should be accepted.

Gail Pemberton



60-69  
 (b1)  
 9/2/79



Owen . . . will his bite match his bark?

If the forthcoming assessment of the results achieved by the EEC code of conduct for British and other European subsidiaries in SA proved disappointing, said Owen, steps would have to be contemplated to ensure wider and fuller implementation of the code. "We have already made access by investors to the investment insurance scheme of the Export Credit Guarantees Department (ECGD) dependent on an undertaking by the investor to promote the code, and that raises the whole question of credit guarantees." This, he added, "could be a powerful inducement for people to actually operate the code."

By itself the investment insurance scheme, which is a relatively minor part of ECGD activity, is not an effective instrument for this purpose. Introduced in 1972 to facilitate investment in developing countries, it offers cover for a maximum of 15 years against three main political risks: expropriation, war damage, and restrictions on remittances. SA is the only developed country to have attracted business under the scheme, and not very much at that. There have been only five

applications since 1972 for political investment in SA, three totalling £2m. have been granted and two are pending. Ever since the UK's earlier code of conduct (introduced in 1975), applicants for investment insurance cover have been required to undertake observance of the employment practices laid down in the code. British business is unlikely to be worried about any further restrictions on this limited aspect of the ECGD facility. But concern might be greater if, as Owen suggests, compliance with the EEC code were to be made a condition for access to the other services of the ECGD. The main business of the ECGD -- which is part of the Ministry of Trade -- is to provide insurance for British exporters. Cover includes *del credere* (bad debt) risks, as well as political contingencies (such as civil disturbance) and foreign exchange difficulties. The outstanding ECGD cover on exports to SA (many of them by British firms, or their own subsidiaries) is £750m. Some 40% of all British goods sent to SA are covered by the ECGD. Making ECGD assistance conditional upon a company's promising to apply the employment code will not necessarily be plain sailing for Owen should he decide to do it.

In the first place it is the Department of Trade rather than the Foreign Office which is officially responsible for the code, and it is no secret that the department is concerned mainly with promoting British exports and attaches much less weight to political considerations than does the Foreign Office.

Secondly, if Owen does succeed in making credit guarantees dependent on promises to apply the code, he will at once face the problem of ensuring that the companies in question put their money where their mouths are.

The *FM* understands that the British government is considering publishing a report on the EEC code next week. So far 163 British companies with subsidiaries in SA have reported on their performance in relation to the employment practice required by the code.

Commodity	Value (£ million)
Diamonds	6.9
Gold	5.5
Other	5.1
Asbestos	5.3
Coal	5.3
Manganese	4.7
Chrome	5.5
Iron Ore	5.5
Copper	5.5

TABLE 39: OUTPUT PROJECTIONS

(VON WITTE) (mirrored text)

not likely to (mirrored text)

cent per annum (mirrored text)

will continue to be (mirrored text)

all three cases (mirrored text)

range of 100 (mirrored text)

74.25 per cent (mirrored text)

of the growth in (mirrored text)

17.0
16.9
1.7

EEC LABOUR CODE  
 Time for teeth?

The British government is considering the use of export credit guarantees to secure the compliance of British business in SA with its anti-apartheid stance. Foreign Secretary David Owen said as much last month in his speech stressing the government's determination to start on "the difficult task of reducing our economic profile and our economic commitment in South Africa."

average output productivity of 2001... in output will be the lowest among level.



## TRADE

### South Africa

Mr. George Rodgers asked the Secretary of State for Trade how many reports have been made by companies with interests in South Africa under the code of conduct and how far the reports show that companies are implementing the code.

Mr. John Smith: Following is the information:

#### *Number of Reports Received*

Following publication of the White Paper on the new Code of Conduct (Cmd 7233) on 25 May 1978 my predecessor wrote to those companies believed to have interests in South Africa. A total of 173 reports were received by 31 January 1979 and the details are given below.

One hundred and thirty-one reports were made by companies holding 50 per cent. or more of the equity of a South African company employing 20 or more black Africans; they are listed at Annex A. Such companies (designated category A) were asked to publish a full report under the Code of Conduct. Companies (designated category B) holding from 10 to 49 per cent. of the equity of a South African company employing 20 or more black Africans were asked to publish as much information as possible under the Code. The 13 category B companies which have published information under the Code are listed at Annex B. In addition information was published by 21 other companies (listed at Annex C) with a South African affiliate employing less than 20 black Africans. A further 8 companies have published information in accordance with the superseded UK Code of Practice rather than the Code of Conduct, but they have indicated that they will report under the new Code in future years; they are listed in Annex D.

Two companies (Gallaher Ltd. Marley Ltd) have declined to publish a report under the Code. Forty-five companies which received my predecessor's letter but which had not adequately reported by 31 January 1979 are listed at Annex E.

#### *Summary of Reports*

The 109 reports from companies in Category A which had been received by 10 November 1978 have been analysed and information about the extent to which these companies are implementing sections 1 to 6 of the Code has been summarised in the following paragraphs.

#### *Section 1: Relations within the Undertaking*

Section 1 of the Code asks that "companies should ensure that all their employees irrespective of racial or other distinction are allowed to choose freely . . . the type of organisation to represent them" and that, "should black African employees decide that their representative body should be in the form of a trade union, the company should accept this decision." Companies were therefore asked in the

reporting format to state their policy towards consultation and collective bargaining with organisations, including trade unions, freely chosen and representative of employees, including black African employees, to state progress in implementing that policy and to state what negotiating machinery is established to conclude collective agreements on pay and working conditions on behalf of black African employees.

In their statements of policy many companies showed a willingness to recognise a trade union which is representative of black African employees, if black African employees so decide. However, in a majority of these cases, this was conditional on requirement such as the registration of black trade unions, the existence of multi-racial unions inclusive of black Africans, participation of such unions in the Industrial Council system or majority representation by the trade union concerned in a "common interest group". Many of these requirements are either not possible under present South African legislation or are unlikely to be achieved in present circumstances.

The organisation of black African employees within the trade union movement in South Africa is still at an early stage of development and only 8 companies reported that they had recognised trade unions representative of their black African employees, one of which is an in-house union. (The 8 companies are Barclays Bank International Ltd., BAT Industries Ltd., Thomas French and Sons Ltd., Lindustries Ltd., Lucas Industries Ltd., Smith and Nephew Associated Companies Ltd., Standard Chartered Bank Ltd., and Cadbury Schweppes Ltd: the last-named has recognised an in-house union). In addition, 10 companies out of 56 which provided information on this point reported that a union had requested facilities to organise their Black African employees.

The majority of companies showed a marked preference for in-house consultative systems, with 59 using liaison committees, 6 works committees, and 7 reporting works and liaison committees in their various plants or subsidiary companies. Seven companies reported in-house, multi-racial consultative committees on which black Africans were represented. Four companies reported that they used informal methods and 6 that they had no forms of representation. Twelve did not state the form of representation in use.

Reports by 40 companies indicated that black African wages and conditions were negotiated within Industrial Councils by trade unions not representative of black African employees. Forty-two other companies said that wages and conditions were not determined by negotiation. In 15 cases, liaison/works committees did negotiate within companies. In the 8 companies which had recognised trade unions, the unions concerned negotiated either directly within the company or within the industry.

#### *Section 2: Migrant Labour*

Section 2 of the Code draws attention to the grave social and family problems caused by the system of migrant labour and asks employers to alleviate these problems as much as possible.



Only 27 of the 109 companies reported that they employed migrant labour. Of these 27 companies, 6 provided advisory services to migrants; 3 provided additional paid leave; 4 provided facilities for families. Six reported using the 'calling-in card' to expedite re-engagement of migrant workers after the compulsory return to their homes, but this figure could be higher as other companies reported that certain migrants had been in their employment for several years. Five companies gave financial assistance to migrants for leave transport, but under the influx control system this is compulsory for employers on recruitment and at the end of the period of employment. Two companies reported efforts, through outside organisations, to contribute to improved hostel accommodation.

### Section 3: Pay

The Code calls for a 'minimum wage which should initially exceed by at least 50 per cent. the minimum level estimated to satisfy the basic needs of an employee and his family'. Paragraph 6 of the Explanatory Guidance in Cmnd. 7233 equates the level of minimum wages advocated by the Code with the higher datum levels for families of five or six published (together with lower datum levels from which the higher levels are projected) by three bodies—the University of Port Elizabeth (UPE), the University of South Africa (UNISA) and the Johannesburg Chamber of Commerce (JCC).

The 109 companies employed approximately 98,000 black African employees. Of these, 87 per cent. (some 85,000) were paid rates in excess of the higher datum levels used. This encouraging result was achieved despite comparatively high inflation in recent years. In addition a timetable to achieve the higher level in respect of all black employees was set by some companies and job evaluation methods were introduced in others. Eighty per cent. of companies reviewed black African wages annually and a further 15 per cent. more frequently, often in relation to the biannual publication of source data.

Over 12,000 black African employees (approximately 13 per cent.) were however paid at rates below the higher datum level used and of these up to 2,505 (approximately 2.5 per cent.) employed by the 18 companies listed in Annex F may be paid at rates below the lower datum level. Certain of these 18 reports, although stating that no black Africans were employed at rates below the lower level, indicated an incorrect use of source data. For example, indices for single employees or small families were used in place of the average family size defined in Cmnd. 7233; in some cases benefits in kind have apparently been over-valued.

### Section 4: Wage Structure and Black African Advancement

Section 4 of the Code states the principle of "equal pay for equal work", stresses the importance also of equality of job opportunities, and urges companies both to provide training for black African employees and to reduce their dependence on immigrant white labour.

Of the 109 companies, 79 showed a clear acceptance of the principle of equal pay for

equal work; 16 provided answers which were less specific and 14 did not state company policy on this matter. Equality of job opportunities was specifically accepted by 58 companies, 34 provided qualified or less than specific answers; 17 did not state the company policy.

Because of differences in presentation and content, it has not been possible to quantify the information provided about progress in the provision of job opportunities and advancement for black African employees. The majority of reports indicated that a high percentage of black employees filled unskilled or semi-skilled jobs, with relatively few doing more specialised work as, for example, clerks, laboratory assistants, survey assistants, vehicle drivers, industrial equipment drivers. Few occupy supervisory or managerial positions.

Nearly all companies provided some training for black African employees. This ranged from orientation/literacy courses to (in a few cases) management training but it was difficult to assess its extent or quality. Most training was "on the job", supplemented in some cases by courses in company training centres or at Government sponsored or private centres. Much of the training was for semi-skilled operatives, with specialised training for appropriate grades. A substantial number of companies provided either internal or external training in supervision, whilst very few provided managerial training.

The majority of companies reported that they either did not recruit overseas or did so only to the extent of recruiting specialised skills not available in South Africa. The reports indicated very little recruitment of this type during the past year.

### Section 5: Fringe Benefits

Section 5 of the Code urges companies to concern themselves with the living conditions of their employees and families and lists certain types of fringe benefit which might be adopted.

Of the 109 companies, 105 companies provided fringe benefits to varying degrees. Fifty-two companies had housing schemes (some by direct housing, some by direct loans and others through third parties). Twenty-two companies provided transport to and from the place of work or gave a transport allowance. Twenty-six companies offered indoor or outdoor leisure or sporting facilities. Advice on problems encountered by black African employees over their employment, residential qualification and freedom of movement was given by 20 companies. Pension schemes for black Africans were widespread, with 104 companies operating them. Education schemes for black African employees or their families were reported by 53 companies. Insurance schemes covering life, injury, medical aid or funeral expenses were reported by 69 companies. Various other forms of fringe benefits such as free or subsidised canteens, bonus systems, paid leave or sick leave in excess of statutory requirements, were reported by 81 companies.

### Section 6: Desegregation at places of work

Section 6 of the Code urges employers to do everything possible to abolish any practice of segregation, notably at the workplace and

in canteens, sports activities, education and training.

Of the 109 companies, 75 companies reported that they had a policy on desegregation although in some cases this was not defined in specific terms. Workplace integration was reported by 57 companies, 26 reported partial integration in canteens (on a job grade basis rather than a racial one) and offices (as contrasted with factory premises). Two companies mentioned desegregated training centres, 6 reported multi-racial social functions. Three reported the removal from facilities of signs of a racial character. One company (Rank Xerox Ltd.) reported integration of the workplace and all their amenities.

The law was cited by 47 companies as a factor preventing integration, particularly of lavatories, changing rooms, rest rooms and canteens. Seven others referred to the constraints imposed by social attitudes and customs. No information is available as to the number of black African employees sharing or partly sharing amenities with other races.

#### Comment

The number of reports received under the new Code in its first year of operation was encouraging. The reporting format recommended in Cmnd. 7233 was very widely used, although in some cases more precise information was needed for an accurate assessment of company performance.

On industrial relations, the reports reflect the very limited degree of recognition accorded by employers to trade unions which are representative of their black African employees. Thus, few black African employees directly negotiate their own terms of service through independent organisations. The organisation of black African employees within the South African trade union movement is still at a formative stage. Nevertheless Section 1A of the Code urges companies to ensure that all their employees are allowed complete freedom of choice in deciding on the organisation to represent them. Although many companies accept this in principle, most of them set conditions which in practice severely curtail this freedom. As Cmnd. 7233 pointed out, freedom of choice, in accordance with internationally accepted principles, may involve an employer in relationships with non-registered trade unions representative of black African employees and such unions are not unlawful in South Africa.

On pay, it is encouraging that 87 per cent. of employees covered by the reports analysed appear to be paid above the higher datum levels recommended in Cmnd. 7233. Nevertheless, the failure of some companies to attain the cash wage levels set by the lower datum indices is disturbing.

The fact that the majority of companies have accepted job evaluation as the basis for ensuring, as between differing racial groups (and sexes), the principle of 'equal pay for equal work' is welcome, as is the provision by the majority of some training facilities for black African employees. However, reports indicate that most black Africans are still employed in the lower ranges of occupations,

that few are yet in supervisory or decision-taking positions and that, where they are, their responsibilities are usually limited to other black African employees. It is recognised that present conditions in South Africa place considerable handicaps on employers in this area, but there is scope for further progress.

Reports indicate a wide range of fringe benefits and an increasing awareness by companies of their social responsibilities, especially in those measures (such as housing, pensions and medical insurance schemes) which provide black Africans with a greater degree of social security, and in the provision of educational facilities which cater for adult workers and their families. Among the small number of companies employing migrant labour, several provided benefits to cater for their special needs, although this was often in response to legal requirements.

Whilst a majority of companies reported a policy of desegregation, specific progress reported was very limited. Although integration at the workplace is widespread, there is scope for greater effort to desegregate amenities on a pragmatic basis within South African law as recommended in Cmnd 7233.

In their response to the 1974 UK Code of Practice, and now the Code of Conduct of the nine Member States of the European Community, British companies with interests in South Africa have demonstrated an awareness of the concern in the United Kingdom over the conditions under which black Africans are employed in South Africa, and a willingness to make improvements. The Government's object in calling for the publication of company reports is that Parliament, the public, and company shareholders should have access to information allowing judgments to be made on the progress so far achieved by companies on what remains to be done and at what pace.

Copies of the reports are available from the companies themselves and full sets of the reports received up to 31 January 1979 have been placed in the libraries of both Houses, and may be consulted at the Department's headquarters library. Copies of this answer will be sent to all companies listed. In addition, as preparation for the next round of reports, I shall be writing to companies pointing out those matters which generally require attention to ensure fuller compliance with the Code."

#### ANNEX A

##### CATEGORY A COMPANIES WHICH HAVE REPORTED UNDER THE CODE OF CONDUCT

British companies designated Category A are those holding 50 per cent. or more of the equity of a South African company employing 20 or more black Africans. Companies within this category were asked to publish, by 30 September 1978, detailed information about the performance of their South African subsidiaries in accordance with the reporting format set out in Annex 3 of Cmnd. 7233.



Up to 10 November 1978, 109 reports from Category A companies had been received by the Department of Trade and these have been analysed. A further 22 reports were received by 31 January 1979 but have not been analysed. The 131 companies from whom reports have been received are listed below (\* indicates a company which sent a copy of its report to the Department of Trade after 10 November 1978).

Albright & Wilson Ltd.  
 A.P.V. Holdings Ltd.  
 Armitage Shanks Group Ltd.  
 Armstrong Equipment Ltd.  
 Associated British Foods Ltd.  
 \*Associated Engineering Ltd.  
 Automotive Products Ltd.  
 Averys Ltd.  
 BAT Industries Ltd.  
 \*Babcock & Wilcox Ltd.  
 Barclays Bank International Ltd.  
 B.B.A. Group Ltd.  
 Beecham Group Ltd.  
 Berec Group Ltd.  
 Bestobell Ltd.  
 Birmid Qualcast Ltd.  
 B.L. Ltd.  
 Blackwood Hodge Ltd.  
 Blue Circle Industries Ltd.  
 B.O.C. International Ltd.  
 The Boots Co. Ltd.  
 C. T. Bowring & Co. Ltd.  
 Bowthorpe Holdings Ltd.  
 The British Electric Traction Co. Ltd.  
 The British Petroleum Co. Ltd.  
 British Vita Co. Ltd.  
 Brockhouse Ltd.  
 Brooke Bond Liebig Ltd.  
 Cadbury Schweppes Ltd.  
 Cape Industries Ltd.  
 Carrington Viyella Ltd.  
 Chloride Group Ltd.  
 Chubb & Son Ltd.  
 Coates Brothers & Co. Ltd.  
 Coats Patons Ltd.  
 A. Cohen & Co. Ltd.  
 Commercial Union Assurance Co. Ltd.  
 CompAir Ltd.  
 \*Concrete Utilities Ltd.  
 Courtaulds Ltd.  
 Crown House Ltd.  
 Davy Corporation Ltd.  
 Delta Metal Co. Ltd.  
 The Dickinson Robinson Group Ltd.  
 Dunlop Holdings Ltd.  
 Ellerman Lines Ltd.  
 B. Elliott & Co. Ltd.  
 E.M.I. Group Ltd.  
 E.R.F. (Holdings) Ltd.  
 Exchem Holdings Ltd.  
 J. H. Fenner & Co. (Holdings) Ltd.  
 Fisons Ltd.  
 Thomas French & Sons Ltd.  
 General Accident Fire & Life Assurance Corporation Ltd.  
 The General Electric Co. Ltd.  
 \*Gestetner Holdings Ltd.  
 Glaxo Holdings Ltd.  
 The Great Universal Stores Ltd.  
 \*Guardian Royal Exchange Assurance Ltd.  
 \*Haden Carrier Ltd.  
 Hawker Siddeley Group Ltd.  
 \*P. C. Henderson Group Ltd.  
 Heywood Williams Group Ltd.

\*Hickson and Welch (Holdings) Ltd.  
 Hill Samuel Group Ltd.  
 Hoover Ltd.  
 \*Howden Group Ltd.  
 Hunting Associated Industries Ltd.  
 I.C.L. Ltd.  
 Imperial Chemical Industries Ltd.  
 International Distillers & Vintners Ltd.  
 Johnson & Firth Brown Ltd.  
 H. & R. Johnson Richards Tiles Ltd.  
 Johnson Matthey & Co. Ltd.  
 George Kent Ltd.  
 Lead Industries Group Ltd.  
 Lindustries Ltd.  
 Thomas Locker (Holdings) Ltd.  
 Lonrho Ltd.  
 Lopex Ltd.  
 \*Lowe & Fletcher Ltd.  
 Lucas Industries Ltd.  
 \*Manders Holdings Ltd.  
 Metal Box Ltd.  
 Metal Closures Group Ltd.  
 \*Midland Bank Ltd.  
 \*Mitchell Cotts Group Ltd.  
 Norwich Union Life Insurance Society.  
 A. Oppenheimer & Co. Ltd.  
 Samuel Osborn & Co. Ltd.  
 Pilkington Brothers Ltd.  
 \*Plessey Company Ltd.  
 The Prestige Group Ltd.  
 Prudential Assurance Co. Ltd.  
 Rank Xerox Ltd.  
 \*Ranks Hovis McDougall Ltd.  
 R.C.F. Holdings Ltd.  
 Reckitt & Colman Ltd.  
 Reed International Ltd.  
 Renold Ltd.  
 Rentokil Group Ltd.  
 Revertex Chemicals Ltd.  
 The Rio Tinto Zinc Corporation Ltd.  
 Rowntree Mackintosh Ltd.  
 \*Sanderson Kayser Ltd.  
 Selection Trust Ltd.  
 Shell International Petroleum Co. Ltd.  
 Simon Engineering Ltd.  
 600 Group Ltd.  
 Smith & Nephew Associated Companies Ltd.  
 \*Smiths Industries Ltd.  
 Standard Chartered Bank Ltd.  
 \*Stone Platt Industries Ltd.  
 Tarmac Ltd.  
 Tate & Lyle Ltd.  
 Taylor Woodrow Ltd.  
 Thorn Electrical Industries Ltd.  
 Tioxide Group Ltd.  
 \*Trafalgar House Ltd.  
 \*Trust Houses Forte Ltd.  
 Tube Investments Ltd.  
 Twinlock Ltd.  
 Unicorn Industries Ltd.  
 Unilever Ltd.  
 United Wire Group Ltd.  
 \*U.S.M.C. International Ltd.  
 \*The Valor Company Ltd.  
 Vickers Ltd.  
 The Wellcome Foundation Ltd.  
 Wilkinson Match Ltd.  
 Thomas Witter & Co. Ltd.

## ANNEX B

*Category B companies which have reported under the code of conduct*

British companies designated Category B are those holding from 10-49 per cent. of the

equity of a South African company employing 20 or more black Africans. Companies within this category were not called upon to follow the detailed reporting format but were asked to publish as much information as possible on the policy and practices of their South African affiliates in respect of the areas covered in the Code. Up to 31 January 1979, the Department of Trade had received reports from the following Category B companies:

Acrow Ltd.  
B.P.B. Industries Ltd.  
Bridon Ltd.  
Illingworth Morris & Co. Ltd.  
Kleinwort Benson Ltd.  
McKechnie Bros. Ltd.  
Rediffusion Ltd.  
Redland Ltd.  
Royal Insurance Ltd.  
Rubery Owen Holdings Ltd.  
Swan Hunter Group Ltd. (now Gosforth Industrial Holdings Ltd.)  
Weir Group Ltd.  
Westinghouse Brake & Signal Co. Ltd.

## ANNEX C

*Companies, not in categories A and B, which have reported under the code of conduct*

Companies not in Categories A and B, i.e. with South African affiliates employing less than 20 black Africans, were not called upon to provide detailed reports but were asked wherever possible at least to state publicly how many Africans they employ and whether their pay and conditions of employment are in line with the Code. Up to 31 January 1979 reports were received from companies within this definition and they are listed below:

G. & S. Allgood Ltd.  
Amalgamated Metal Corporation Ltd.  
British Airways.  
The British Printing Corporation Ltd.  
British Tourist Authority.  
Decca Ltd.  
T. L. Elliott Overseas Ltd.  
The Guthrie Corporation Ltd.  
L. G. Harris & Co. Ltd.  
Alexander Howden Group Ltd.  
Hutchinson Ltd.  
J. Lyons & Co. Ltd.  
Matthews Wrightson Holdings Ltd.  
Pearson Longman Ltd.  
George Salter & Co. Ltd.  
Scapa Group Ltd.  
Sedgwick Forbes Holdings Ltd.  
Telephone Rentals Ltd.  
The Thomson Organisation Ltd.  
United City Merchants Ltd.  
B. S. & W. Whiteley Ltd.

## ANNEX D

*Companies which have reported in accordance with the superseded UK code of practice*

The following companies have indicated that although their 1978 report has been made in accordance with the superseded UK Code of Practice (Cmd. 5845), they intend to publish future information in accordance with the Code of Conduct:

Anderson Strathclyde Ltd.  
Fodens Ltd.

Foseco Minsep Ltd.  
Guest Keen & Nettlefolds Ltd.  
The Low and Bonar Group Ltd.  
S.G.B. Group Ltd.  
Turner & Newall Ltd.  
Jonas Woodhead & Sons Ltd.

## ANNEX E

*Companies which had not adequately reported up to 31 January 1979*

The following companies received the letter from the Secretary of State for Trade of 25 May 1978 but had either not replied by 31 January 1979, or had not sent by 31 January 1979 a report which had been promised (indicated by \*), or had provided information insufficiently comprehensive to be regarded as a report (indicated by †). Of those companies which had made no response, it is not known how far they still have an obligation to report under the various categories defined in Cmd. 7233 and, if so, whether they intend to report:

Amalgamated Power Engineering Ltd.  
The Associated Octel Co. Ltd.  
B.I.C.C. Ltd.  
\*Brent Chemicals International Ltd.  
†British and Commonwealth Shipping Co. Ltd.  
British Steel Corporation (International) Ltd. (reported on 6 February 1979).  
†David Brown Gear Industries Ltd.  
†John Brown & Co. Ltd.  
B.T.R. Ltd.  
†The Burmah Oil Co. Ltd.  
Caravans International Ltd.  
\*Cavenham Ltd.  
C. & J. Clark Ltd.  
\*†Consolidated Gold Fields Ltd.  
\*Croda International Ltd.  
†Eagle Star Insurance Co. Ltd.  
W. & G. Foyle Ltd.  
Glynwed Ltd. (reported on 7 February 1979).  
Grundy (Teddington) Ltd.  
Hall Engineering (Holdings Ltd.).  
Kalamazoo Ltd.  
Lamont Holdings Ltd.  
Legal & General Assurance Society Ltd. (reported on 6 February 1979).  
Lockwoods Foods Ltd.  
Marchwiel Holdings Ltd.  
Mather & Platt Ltd.  
May & Hassell Ltd.  
Minet Holdings Ltd.  
The Morgan Crucible Co. Ltd.  
National Employers' Mutual General Insurance Association Ltd. (reported on 2 February 1979).  
Newey Group Ltd.  
Newman Tonks Ltd.  
Northern Engineering Industries (Overseas) Ltd. (reported on 8 February 1979).  
†Portals Holdings Ltd.  
Pritchard Services Group Ltd.  
Record Ridgway Ltd.  
Serck Ltd.  
\*Spooner Industries Ltd.  
†The Steetley Co. Ltd.  
Sun Alliance & London Insurance Ltd.  
\*Thomas Tilling Ltd.  
†Tootal Ltd.  
†The Union International Co. Ltd.  
Willis Faber Ltd.  
†George Wimpey & Co. Ltd.



## ANNEX F

*Black African employees paid at rates below the lower datum level*

The companies listed below supplied information which indicated that collectively they employed up to 2,505 black Africans at rates of pay below the lower datum level of the source in use. This figure was 13 per cent.

Company	Total black African employees	Number of black African employees paid below lower datum level
BAT Industries Ltd.* ... ..	1,811	237
BOC International Ltd. ... ..	2,585	44
The British Electric Traction Co. Ltd.* ... ..	3,375	7
British Vita Co. Ltd. ... ..	30	13
The Dickinson Robinson Group Ltd.* ... ..	483	32
Thomas French & Sons Ltd. ... ..	43	17
Glaxo Holdings Ltd.* ... ..	177	10
The Great Universal Stores Ltd.* ... ..	651	30
Hill Samuel Group Ltd.* ... ..	64	1
International Distillers & Vintners Ltd. ... ..	269	90
Lindustries Ltd.* ... ..	244	19
Lonrho Ltd. ... ..	7,176	†
Lopex Ltd. ... ..	125	1
Rentokil Group Ltd.* ... ..	106	8
Tarmac Ltd.* ... ..	423	46
Twinlock Ltd. ... ..	94	3
Wilkinson Match Ltd.* ... ..	1,076	109
Thomas Witter & Co. Ltd. ... ..	125	120
	<b>18,857</b>	<b>up to 2,550</b>

† Not known precisely, up to 1,718.

• *Code of Conduct for Companies with Interests in South Africa: Government Guidance to British Companies on the Code*

of Conduct Adopted by the Governments of the Nine Member States of the European Community on 20 September 1977.

of the overall total (19,000) of black Africans employed by these companies. Reports from certain of these companies (those asterisked), although stating that no black Africans were employed at rates below the lower level, indicated an incorrect use of source data. For example, indices for single employees or small families were used in place of the average family size defined in Cmnd. 7233; in some cases benefits in kind have apparently been over-valued.

# Black pay in SA gets EEC praise

Star 16/2/79  
61

The Star Bureau

LONDON — More than 85 percent of the British-controlled companies in South Africa who have reported back to the Government here are now paying their black employees more than the upper wage recommended by the EEC code of conduct.

This means that some 85 000 black employees are now earning more than 50 percent over the minimum estimated to satisfy the basic needs of an employee and his family.

In the first report on the code to be made by a Common Market member, Mr John Smith, Secretary of State for Trade, said the results were "encouraging."

The report in the form of a written reply made in the House of Commons yesterday, says the response to the request for information, from British companies with more than 50 percent equity in a South African company with 20 or more black employees, had also been encouraging.

A total of 109 companies had reported back by the January deadline. Altogether 173 companies, the balance of which were not British-controlled, published reports by that date.

### ONLY EIGHT

According to the report, only eight companies recognised unions representing their black employees, one of which was an in-house union. Many compa-

nies, however "showed a willingness to recognise a trade union which is representative of black employees if the employees so decide," Mr Smith said.

Copies of the report, which also covers areas such as black advancement, migrant labour, fringe benefits and desegregation at places of work, are to be circulated among all British companies in South Africa including the two companies, Gallaher Ltd and Marley Ltd, who declined to publish reports.

"As preparation for the next round of reports I shall be writing to companies pointing out those matters which require attention to ensure fuller compliance with the code," he said.

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BLUE CIRCLE

~~16/2~~ (61) RM 16/2/79

# Undercapacity drags

**Activities:** Cement manufacturer. Hubert Davies, electrical and mechanical engineer and distributor of engineering products and capital goods is wholly owned. Blue Circle Industries, of the UK, holds 55.4% of the equity.

**Chairman:** J Henderson; vice chairman: R Arnold; managing director: T G Coulson.

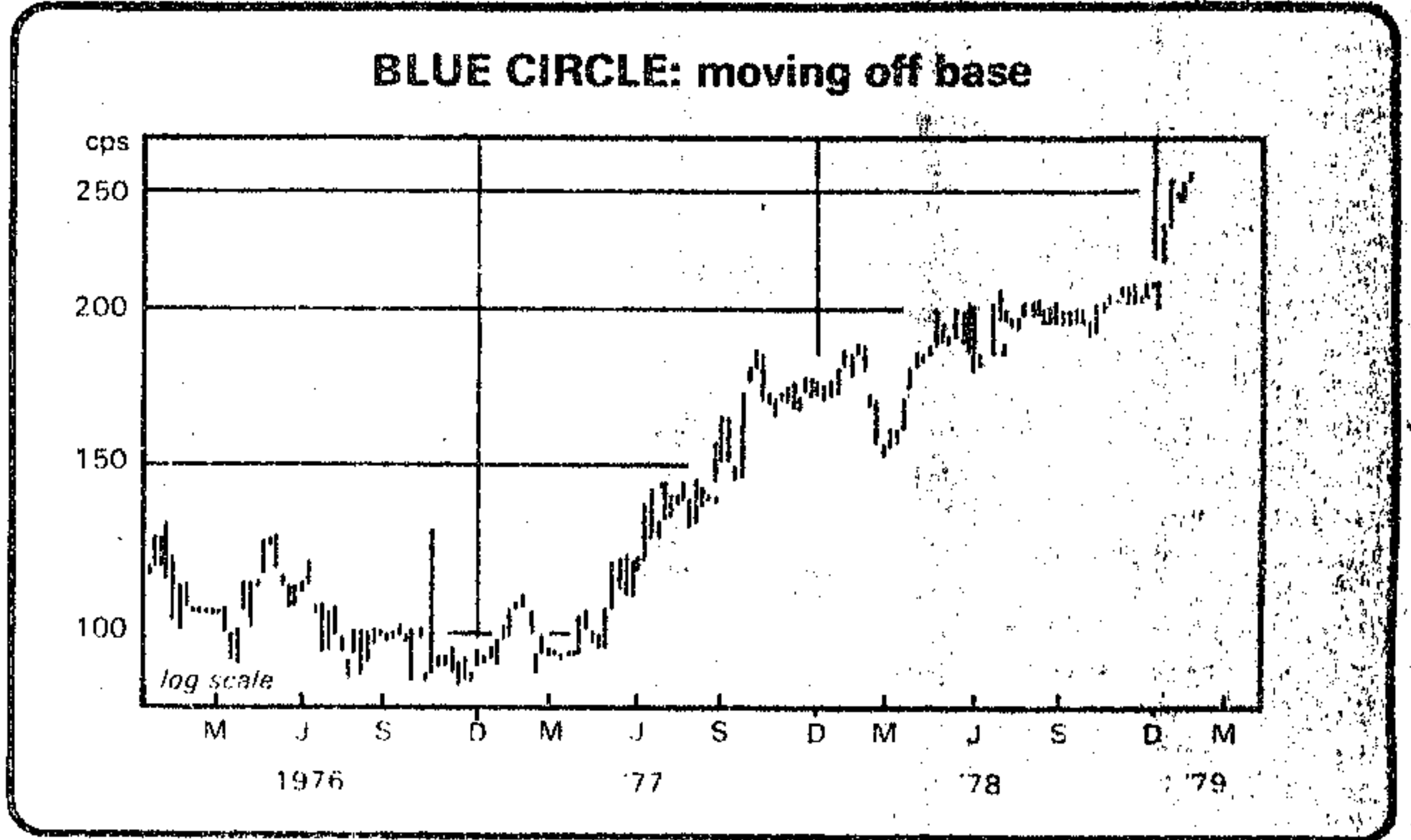
**Capital structure:** 20.9m ordinaries of 50c. Market capitalisation: R52.3m

**Financial:** Year to November 30 1978. Borrowings: long and medium term, R17.6m; net short term, R7.7m. Debt:equity ratio: 37.1%. Current ratio: 1.5. Net cash flow: R9.3m. Capital commitments: R871 000.

**Share market:** Price: 250c (1978-79: high, 260c; low, 153c; trading volume last quarter, 225 000 shares). Yields: 13.4% on earnings; 7.0% on dividend. Cover: 1.8. PE ratio: 7.1.

Blue Circle has reached a stage in its development where underutilised capacity could fast be turned to account with an economic upswing. But that upswing has yet to arrive, and though a profit increase is budgeted for this year, it is not likely to be spectacular, especially in cement.

Exports accounted for 11% of Blue



Circle's volume sales last year with 6% of SA's total cement production going to Iran at marginally profitable prices. However, they did contribute to boosting plant utilisation, helping restrain unit cost increases. MD Trevor Coulson says it is possible sales lost in Iran will be placed elsewhere and the forecast of higher cement profits in 1979 still stands.

In volume terms, Blue Circle's cement

sales rose only 3.5% to 1.1 Mt suggesting a domestic decline. But the 19c per 50 kg price increase more than compensated. Cement profits rose 107% pre tax to R6.3m (R3.1m) and 160% after tax to R3.7m (R1.4m) and brought in 49% (22%) of attributable profits.

	'75	'76	'77*	'78
Return on cap %.....	13.5	11.1	12.6	13.3
Turnover (Rm).....	123	165	136	169
Gross profit (Rm).....	10.5	12.2	14.5	15.5
Gross margin %.....	8.5	7.3	10.7	10.0
Earnings (c).....	23.9	26.2	28.2	33.5
Dividends (c).....	12	14	16	17.5
Net asset value (c).....	199	341	363	374

\*After restatement of certain figures for comparability

The engineering supplies division also performed well, with gross profit of R5m (R2.6m) and R2.4m (R1.6m) after tax, representing 32% of attributable earnings. These gains were partially offset by a slump in the heavy equipment division, where the 1977 taxed profit of R3.1m was transformed into a R814 000 loss, partly due to start-up costs with the newly-acquired International Harvester franchise.

The 7% improvement in the group's gross profit and 19% rise in attributable profits were largely due to the consolidation of Hubert Davies for a full year. Last year, Hudaco was consolidated for only five months. The net effect of this was to add about R500 000 or 2.4c per share to earnings.

Recent acquisition, Donkin Manufacturing, of Port Elizabeth, is expected to add another 2.4c to earnings. British Auto was acquired to market and service earth-moving equipment in Botswana. Its



Construction workers . . . not using enough cement

# UK companies quizzed on pay for SA blacks

17/2/79 R.D.M. (61)

By STANLEY UYS  
London editor

ABOUT 85 000 of 98 000 blacks employed by 109 British companies in South Africa are being paid more than the higher datum level wages for black families, the British Secretary of State for Trade, Mr John Smith, said in a parliamentary reply this week.

But only eight of the 109 companies recognise black trades unions among their employees, he added. Most prefer the existing works or liaison committees, although I understand a number of the companies have indicated they are waiting for the Wiehahn Commission to report its findings on the black labour situation in South Africa.

The Minister's reply follows a report from Brussels that the much-vaunted EEC code of conduct for community firms operating in South Africa is not proving successful.

The eight companies which

recognise black trades unions are Barclays Bank International, Bat Industries, Thomas French and Sons, Lindustries Ltd, Lucas Industries, Cadbury Schweppes, Smith and Nephew, and Standard Chartered Bank.

Eighteen British companies in South Africa pay 2 505 black employees wages below the lower datum level. Of the 18, the company employing the largest number of blacks at these low wage levels is Lonrho.

Britain is the first of nine EEC countries to publish an assessment of reports submitted to it by British companies in South Africa on the extent to which they are observing the code.

In their replies some companies indicate their resentment at being asked to report on how they treat their black employees in South Africa, whereas they are not asked to do so in connection with their

operations in other countries. Official circles in Britain take the view that if British companies in South Africa help to bring about social change, this could be a way of warding off economic sanctions against the Republic.

Reports by 173 British companies operating in South Africa have been submitted to the Ministry of Trade and are available for inspection. Of these, 131 are companies holding 50% or more of the equity of a South African company employing more than 20 blacks.

The Minister concluded that the number of reports received under the new EEC code in its first year of operation was "encouraging".

He added: "British companies with interests in South Africa have demonstrated an awareness of the concern in the UK over the conditions under which blacks are employed in South Africa, and a willingness to make improvements."

firm would

URGENT

indicated

ommunication

Answers to Question 5 (urgency factor)

Factor	Frequency with which factor was indicated
Fear of reactions of white employees.	1
Assumed illegality of placing whites under Africans	2
Trade Union/Industrial Council restrictions.	2

Table 30. Frequency with which firms in Rosslyn sample indicated that a factor was one of the three most important which prevented them from employing more Africans as technicians than they had indicated in Question 3.

The answers to Question 4 (factors hindering firms from employing more African technicians...) are tabulated below. Seven of the 10 firms interviewed said that they felt that nothing hindered them from employing more African technicians than they had indicated in Question 3, therefore the table summarises the attitudes of three firms.



# 'Progress' on Black wages

by Michael Smith

61 Guardian 25/2/77

LARGE British companies with South African interests emerge a murky grey, rather than whiter than white, from the first analysis of their performance under the new code of conduct for such firms.

Mr John Smith, Secretary for Trade, told the Commons that reports submitted by companies under the code had indicated encouraging progress on wages for Black African workers, but that little or no ground had been gained in the recognition of Black trade unions or in increasing Black responsibility at work.

Replying to a question from Mr George Rodgers, Labour MP for Chorley, Mr Smith said that 173 companies had submitted reports to the Department of Trade by January 31, 1979.

But two companies, the American-owned tobacco firm, Gallaher, and the building products concern, Marley, had declined to publish reports.

A further 45 companies, including the British Steel Corporation, Sir James Goldsmith's Cavenham food empire, Consolidated Gold Fields and Thomas Tilling, did not provide adequate information by January 31. Some, including BSC, have since done so.

On industrial relations, a detailed

analysis of 109 company reports showed that a "very limited degree of recognition" had been accorded to trade unions which represent Black workers. "Thus, few Black African employees directly negotiate their own terms of service through independent organisations," Mr Smith told the Commons.

The code of conduct sets out to ensure that all workers should have a free choice in deciding who should represent them, but only eight British companies have recognised trade unions representing their Black African employees.

Mr Smith said that while companies accepted the principle of the code most set conditions which, in practice, "severely curtail" this freedom.

He also commented that while the majority of companies have accepted job evaluation as the basis for ensuring "equal pay for equal work," reports indicated that most Black Africans were still employed in "the lower ranges of occupations."

On wages, Mr Smith said that 87 per cent of the 109 companies scrutinised paid rates in excess of the higher datum levels set out by the code of conduct. The 87 per cent, he said, covered 85,000 black workers.

STAR 28/2/79

# Rand London pays R3m for Aloe coal mines in Natal

In a move which ensures its long-term involvement in the coal industry, Rand London is to acquire Aloe Minerals from Tegnieste Mynbeleggings and Cedarberg Investments (Pty) for R3m of which R2,3m is payable in cash on takeover, and the balance in three instalments.

Aloe, and its subsidiary, Brockwell Anthracite Colliery operate three anthracite mines in northern Natal near Rand London's Kempslust coal mine. Most of the 400 000 tons of anthracite produced annually is exported.

Central Merchant Bank says that when the agreement between Rand London and the vendors was entered into last November Rand London's shares were 83c each. At the time the vendors made it conditional that the Rand London shares to be received by them would be placed and/or sold to ensure that they received R3m in cash.

To meet their conditions, Rand London

arranged for the Mining Investment Corporation (Mincorp) a United Kingdom mining company, to acquire all the Rand London shares to be received by the vendors at an effective price of 92c.

Rand London is now giving shareholders the opportunity to buy about half of these at the same price.

Mincorp will retain some 1 168 096 of the Rand London shares and the remaining 1 330 233 will be offered by Central Merchant Bank, acting for Mincorp, to Rand London's shareholders registered on Friday March 9 at 92c, on the basis of 14 shares for every 100 held. The right is not transferable and any Rand London shares not taken up will be retained by Mincorp at the same price.

The acquisition is not expected to have a material effect on Rand London's earnings per share in the current financial year, but should contribute significantly thereafter.

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hoc promotion of which I

Yours sincerely,

A H R E PAAP  
Dean, Faculty of Arts



## FOREIGN INVESTMENT

### Soothing words 62

PM 6/3/79

About 35 US companies with investments in SA have been asked by shareholders this year to modify their policies in various ways. Major banks have been asked to disclose loans to SA since 1970. Borg Warner, Exxon, Fluor, and US Steel are urged not to expand their operations here, while Phelps Dodge and Union Carbide are called on to pull out completely. The board of Caterpillar Tractor is asked to form a special committee to review the firm's SA activities. And so on.

These resolutions will be discussed at annual meetings over the next two months, but the chances of any being adopted are nil. According to Washington-based Investor Responsibility and Research Centre (IRRC), the average support for 22 SA-related proposals last year was only 4,4% (2,8% in 1977).

More interesting, however, are the cases where resolutions have been withdrawn after talks between company executives and the US church and student sponsors.

- General Motors was asked to comply with the EEC code of conduct. The sponsors told IRRC that the proposal was withdrawn "after the company provided evidence that it was already fulfilling the intent of the resolution."

- American Cyanamid was urged not to expand its SA operations. In a letter to the sponsors in January, the firm stated it has "no plans for any major investment or expansion in SA."

Cyanamid however, was one of three companies, mentioned in last year's Clark report on US corporate interests in SA, which intended to make a

"significant new investment" in SA in the next two years.

SA Cyanamid's MD, Bill de Genring, explains that "since we prepared our reply to the US Senate Foreign Relations Committee questionnaire at the end of 1976, we have completed the expansion of some of our production facilities at the Witbank plant. We have no present plans for any major expansion in SA except for those facilities required by our commitment to the Sullivan principles."

- The churches asked Burroughs not to sell, service or lease its computers or components to the SA government. According to IRRC, the company's response was "a good step forward."

Burroughs promised it would not "inject new investment capital into SA under present social conditions." Moreover, says the company, its statement "formalises a policy for SA . . . directing its employees against knowingly entering into new contractual arrangements for the service or repair of equipment being used for oppressive purposes."

Burroughs public affairs manager Bill Cotton agrees the phrase "oppressive purposes" may be difficult to define, though he points out that, in accordance with US government policy, American computer companies have for the past year been unable to supply the defence force, police, atomic energy board and bantu administration boards. "It's a basic reaffirmation of Burroughs' policy worldwide," he says.

However, says Cotton, "we plan no change in our policy of selling as many machines as possible in SA". He notes that SA Railways is about to order 11 Burroughs machines.

- Fluor Corporation, whose SA business accounted for 13% of the 1978 worldwide turnover of \$2 900m, came under attack at this week's agm. But a coalition of church groups was unsuccessful in its attempt to stop Fluor's participation in future contracts with "the white supremacist SA government."

## EEC LABOUR CODE

### Toothless watchdog

**British companies** appear to have little to fear from the clause in the EEC code of conduct which requires them to report progress in complying with the code to Whitehall. The public has no automatic right of access to information contained in these reports, and there is thus no automatic independent check on them.

The Durban-based Chemical Workers' Industrial Union recently wrote to the British Board of Trade asking for a copy

of submissions made by Revertex, a UK firm in whose Durban subsidiary the union claims majority membership. An official wrote back to union general secretary Nombusa Dhlamini to the effect that the union could not have a copy of the report "because of copyright restraint."

The union was told that it could inspect a copy of the document at the UK consulate in Durban. This a union official did — but he was told that he could not copy from or reproduce the report. Says a union spokesman: "This makes nonsense of the report-back provisions. We assumed the public had free access to the reports."

A department of trade official in London confirms the copyright bar on making copies of individual submissions available. He says, however, that the Durban consulate's refusal to allow a union representative to take notes "was a mistake ... there must have been some misunderstanding."

What if a company doesn't want its report released at all? "We would be prepared to pursue such an incident with the company concerned," says the official. But he adds that since the code is voluntary, companies cannot be compelled to make reports available.

So the publication of information appears to depend solely on the feelings of the company involved. Which would appear to defeat one of the objects of the whole EEC code exercise.

In the Revertex case, the union is doubly unhappy because it claims to have pay slips in its possession which conflict with submissions on wages in Revertex's own report to the trade department.

The union says Revertex claimed a lowest wage of R201 a month. This may

reflect total earnings, but the lowest taxable pay, says the union, is R42,32 a week, which works out at around R180 a month. The union adds that this figure includes a pay increase granted between now and the time the report was submitted. Company wage figures were not available at the time of going to press.

61  
201/1/14/79



**EEC LABOUR CODE**

**A paper tiger?**

(61)

FM 27/4/79

The British government's attempts to implement the EEC code of employment conduct are, at best, lukewarm (FM April 13). But beside the efforts of other EEC countries with SA investments, they look red hot.

A spokesman for the Confederation of British Industry tells the FM the code plays a part in justifying British companies' presence in SA and that it may help to deflect UN sanctions pressure. But some UK firms are apparently having second thoughts about reporting to Whitehall on their implementation of the code next time round. They want to know why they alone are being asked to comply with the code and report back.

Apart from Britain, no EEC country has published assessments of adherence to the code. The CBI man says the Germans are apparently nearest this goal, with Bonn no longer making export credit available unless companies sign an undertaking to comply, while the Dutch have run into employer resistance and the French have done no more than draw attention to the code.

However, Dutch diplomatic sources in SA say employer resistance has been overcome and that firms were asked in January this year to report to The Hague. The sources believe the results could be released in the near future.

A German embassy man concedes that the British are ahead of the field, but adds that German firms have been asked to report back. A large number of reports have been submitted, he says.

France, however, seems to be doing little. An embassy official says the exercise is being conducted from Paris and that local diplomatic staff have little to do with it. He thinks French firms may have been asked to report, but is unsure.

An Italian embassy man also says the code is a matter between Rome and the parent companies.

Financial Mail April 27 1979

So the gap between the ballyhoo with which the EEC launched its code and implementation on the ground is wide, and those who dismissed the code as a "paper tiger" would seem to have a point.

Price/Cost	14 000 (F)	10 000 (F)	4 000 (F)
Variations	314 000	110 000	204 000
ACTUAL	300 000	100 000	200 000
Flexible	300 000	100 000	200 000
Budget	300 000	100 000	200 000
	14 050	70 000	70 000
	950 (F)	10 000 (U)	3 333 (U)
	2 383 (U)	1 617 (F)	1 863 (U)
	246 (U)		

Budget	210 000	(204 x 100)	100
Gadgets	70 000	(110 x 100)	100
Sales - Gadgets	280 000		
Variable Costs	70 000	(70 x 200)	70
Production - Widg.	42 000	(42 x 100)	70
- Gadg.	14 000	(14 x 300)	280
Commissions	126 000		
Contribution	154 000		
Fixed Costs	21 420		
Net Profit	132 580		
Budget Profit	132 580		
Actual Profit	136		
Difference	R 4		
Sales volume variance	(300 000 - 280 000) x 154		280
Sales mix variance	(154 x 300 000)		280
Sales price variances - Gadgets			
Variable cost variances			
Production - Gadgets			
- Gadgets			
Commissions			
Fixed cost expenditure variance			
Office expenses			
Travel & Entertainment			
Difference in Budgeted & Actual Profit			

# NATIONAL TRADING

## Recovering slowly

Jan 4/5/79  
61

**Activities:** Distributes a variety of products for the engineering and building industries, and manufactures pipes, tubes and electrical transformers. Ultimate holding company is A Oppenheimer (UK) with 52% of the equity.

**Chairman:** J Levison; **managing director:** L F Stern.

**Capital structure:** 6m ordinaries of 50c. 125 000 5,5% cum first prefs and 150 000 5,5% cum second prefs of R2. **Market capitalisation:** R11,3m.

**Financial:** Year to December 31 1978. **Borrowings:** long and medium term, R250 000; net short term, R3,5m. **Debt:equity ratio:** 21%. **Current ratio:** 2,2. **Net cash flow:** R1,8m. **Capital commitments:** R40 000.

**Share market:** Price: 188c (1978-9: high, 188c; low, 145c; trading volume last quarter, 24 000 shares). **Yields:** 21,5% on earnings; 8,5% on dividend. **Cover:** 2,5. **PE ratio:** 4,6.

The company celebrated its 75th year by

splashing out on an enlarged and colourful annual report. Unfortunately the results did not quite match the visual improvement, with profits declining for the third successive year.

	'75	'76	'77	*'78
Return on cap %.....	26,6	19,8	20,1	15,0
Turnover (Rm).....	66,0	66,1	68,7	64,9
Pre-tax profit (Rm).....	5,3	4,0	4,1	3,6
Gross margin %.....	9,0	7,2	6,9	6,0
Earnings (c).....	48,9	36,6	39,7	40,5
Dividends (c).....	13	13	14	16
Net asset value (c).....	206	299	311	347

\*Figures not strictly comparable due to change in accounting method.

First-half trading reflected net profit 18% lower at less than R1,2m. The second half was better by 15% to equal the R1,3m earned in the previous comparable period. This gave an annual total of R2,5m or 40,5c per share, which was 8% lower than that earned in 1977 (44,2c adjusted eps).

Nevertheless, in view of the better second half and the improved liquidity, the directors declared a 2c higher dividend of 16c.

The past year's figures have been affected by a change in accounting method. Now adopting the equity method of accounting, results of 50%-held Bonar Long NTC (SA) (which now houses the electrical division) have been included after tax as attributable net income. Covering only the nine-month period to September 30 (due to a change in Bonar Long's year end), this amounted to R500 000 compared to R594 000 for the previous year.

The transfer of the electrical division realised a net surplus of R400 000. This was reduced to R190 000 after adjusting for the excess of the cost of control of two recent acquisitions, Modern Bathrooms and G McQueen Flanges.

Conservatively managed Nat Trading boasts a strong balance sheet with a debt:equity ratio of 21% and current asset ratio of 2,2. But the return on capital continued to decline for the fourth year running.

On trading prospects, the directors are not forthcoming. They say it is too early to forecast for 1979, but "it is hoped that the upward trend will continue."

Recent performance has not been exciting, and the shares are thinly traded. But the dividend is well-covered, and the asset backing substantial, so the income-hungry could be tempted by the 8,6% yield.

Gillian Counihan

Overcasting (1) (1)

Acc. Rec. Control > 1st

T.B. : Dr. > Cr.

(3) (1) Incorrect postings

Acc. Pay. Control > 1st

(2) T.B. not affected

Acc. Rec. Control > 1st

(1) T.B. not affected

ANALYSIS OF ERROR

BALANCING ADJUSTMENT BEFORE  
DISCOVERY OF ERROR

HUNTERS ENTERPRISES

FINAL CORRECTING  
ERRORS



## SCOTTISH CABLES Capex pay-off

**Activities:** Manufactures and sells electric cable with various insulations, including paper and thermoplastic. BICC International (UK) controls 53,4%.

**Chairman:** A B Theunissen; managing director: H Dixon.

**Capital structure:** 12m ordinaries of 25c. Market capitalisation: R27,6m.

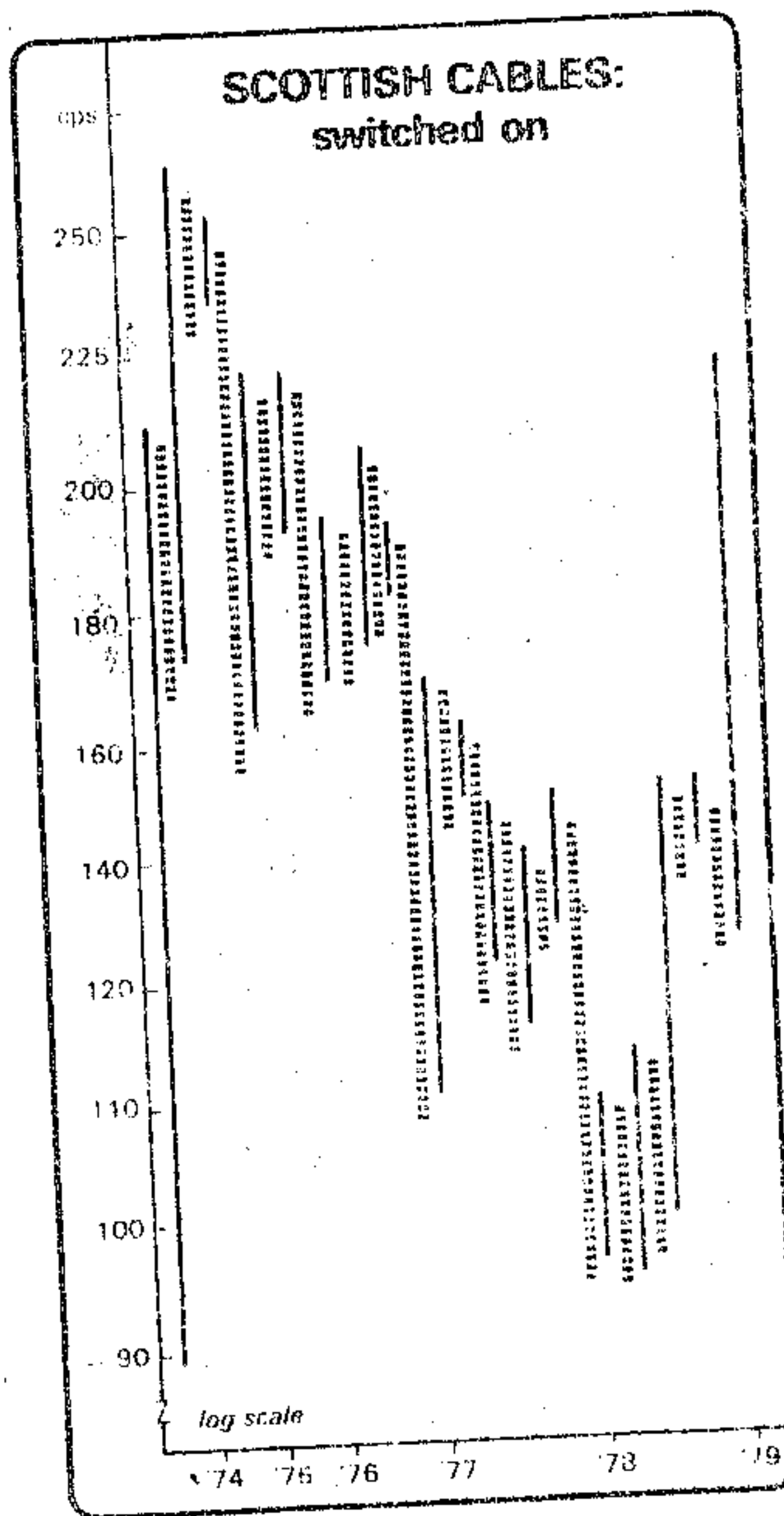
**Financial:** Year to December 31 1978. Net cash: R2,5m. Debt:equity ratio: 2,2% Current ratio: 2,6. Net cash flow: R1,5m. Capital commitments: R20 000.

**Share market:** Price: 230c (1978-79: high, 230c; low, 105c; trading volume last quarter, 125 000 shares). Yields: 8,8% on earnings; 5,9% on dividend. Cover: 1,5. PE ratio: 11.

	'75	'76	'77	'78
Return on cap %.....	53,5	37,4	16,4	35,0
Turnover (Rm).....	22,7	21,0	17,6	20,9
Pre-tax profit (Rm).....	5,7	4,3	1,8	4,1
Gross margin %.....	25,4	20,4	10,5	19,7
Earnings (c).....	29,9	22,8	8,5	20,2
Dividends (c).....	14,0	15,0	7,5	13,5
Net asset value (c).....	87	89	90	97

Like other cable companies, Scottish Cables has recovered strongly from a disastrous 1977. Earnings per share were 138% higher at 20,2c and accompanied by a 80% dividend hike to 13,5c.

Creditably these results were achieved in a difficult trading year, marked by



overcapacity and low order books throughout the industry. Hence in volume terms, the turnover increase was slight. The improvement flowed mainly from internal improvements coupled with development of the cable range, with the R5,5m expenditure of 1974-76 now paying off. Thus margins were restored and return on capital rose from 16,4% to 35%.

Developments since the year-end further enhance the company's prospects. Purely a manufacturer of cables, Scottish Cables, unlike its competitors, has not had a related distribution network. But with the acquisition of BICC (SA) announced in February, the problem has been overcome. Operating countrywide, BICC is solely a distributor of a wide range of cables and components largely supplied by the UK parent, BICC International. At a cost of R2m, the deal is being financed by the issue of 1,33m shares (at 150c) and will increase BICC International's holding in Scottish Cables to 58%.

The acquisition is unlikely to have an immediate effect on earnings, but will increase pay by 7c. Once rationalisation of the two companies is complete, the long-term profit growth potential is good.

In anticipation of concluding some such deal, the company's liquidity was built up during 1978. The year end net cash balance amounted to R2,5m, while

the debt:equity ratio remained a min 2,2% (2,8%). Prudently, "a substantial increase in the price of copper was allowed for in the company's cash forecasting" comments the chairman A Theunissen.

On overall prospects Theunissen is optimistic, expecting an increase in profit this year. And certainly the long-term growth potential of the cable company is enormous, with the SAR increasing electrification, and electrification Soweto and other black townships on cards.

The shares have risen 48% to 230c since publication of the preliminary report in March. With a further dividend increase likely this year, the share, yielding an historic 5,9%, offers good long-term investment potential.

Giles Smith

# Leyland to produce new Honda car in SA

By GORDON KLING  
LEYLAND South Africa, widely considered to have been the losing partner in a sordid divorce from Anglo American's Sigma motor company this month, is to produce a new Honda car in South Africa.

This was disclosed yesterday by reliable sources in the industry following an announcement that the parent company, British Leyland, had reached agreement "on the nature of a joint project" with the Japanese Honda motor company, manufacturers of the highly successful Accord model overseas.

The agreement was for a licensing arrangement for Leyland to manufacture a new car being developed by Honda. Final proposals would be submitted to the National Enterprise Board in Britain after further study by the British Leyland board.

However, it is understood that there is no need for negotiations on the manufacture of

a Honda vehicle in the case of Leyland South Africa. The two companies held talks in the Republic on a joint venture about 18 months ago.

It was subsequently agreed that Leyland had suitable facilities for the production of a Honda car, but the project fell through with the Sigma-Leyland deal. Sigma already has the popular Japanese Mazda in its stable.

With the failure of the merger, for which neither side admitted responsibility, there was little in the way of a Leyland-Honda venture. An industry source said a new mid-range car is likely to emerge from the combination here in about two years.

This would assure the continuation of Leyland's car operations in South Africa, which employ some 600 workers at Blackheath outside Cape Town, although Leyland has always maintained there was no question of leaving in any case.

C.T.

18/3/79

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# GOLDFIELDS INDUSTRIAL

## Back to normal

With a strong rise in turnover and return to profitability, and with limited borrowing powers threatening to hamstring further progress, this is an ideal time for Goldfields Industrial (GIC) to come to market for an injection of equity funds.

The results for the year to March 31 1979 reflect a substantial improvement on the previous year. But, given that low base, GIC has merely returned to normality.

Turnover was up 37% at R24,1m, but, due to higher margins and with the loss-making catering venture now no more than a bad memory, taxed profit rose by a hefty 375% to R1,2m (R246 000). Further down the line, earnings before extraordinary items increased by a similar 356% to 41c (9c) and the dividend was doubled to 10c.

Trading improved virtually across the board, with machine tool trading subsidiary Koppel Gilbert and machine tool manufacturer Elga Engineering doing the best. Koppel Engineering, which supplies mechanical handling, foundry and other engineering equipment, has, however, not taken off as quickly as expected and had a

disappointing year.

For the rest, steel convertor, Strip Steel, is reported to have done well and was not plagued by the steel shortages that surfaced in the previous year. The other trading arm, Uno Nilsson, which supplies the pulp and paper industry, evidently did well given the dearth, at least until now, of large expansion projects.

The improvement in demand has been steady rather than spectacular, says deputy chairman Andreas von Korff, with the upturn first being noticed in January 1978. For example, at the interim stage, turnover was up 36% and taxed profit 127% ahead at R438 000. So, R731 000 was earned in the second half, which is considerably more than the R246 000 earned in the previous year.

Being 54%-owned by UK parent B Elliott, GIC's borrowings have been bumping legal ceilings for some time now. The higher turnover has seen stocks and debtors rise by R3,1m over the past two years, which has strained group resources.

Although working capital has in the past been augmented by overseas trade credits, the commitment to spend R450 000 in buying the premises occupied by Koppel Gilbert, and the spectre of higher overseas rates, now necessitates the raising of R1m in equity by way of a rights issue.

But first, another 2m ordinaries will have to be created. As yet no details of the pitching price or ratio have been decided. Presumably the group is hoping for the results to move the share price,

c) Ander Lede:

Mr K. Bosman

Mr H.W. Middelman

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Friends (Quakers) en van die American Friends Service Committee deurgebring. Hy het 'n aantal konferensies in verskillende dele van die land bygewoon, baie vergaderings toegesprek en senior beamptes van die Carnegie Corporation, van Community Relations Services van die Departement van Justisie van die Amerikaanse regering, van die American Friends Service Committee en kollegas verbonde aan verskeie universiteite besoek.

Gedurende Augustus en September het die Direkteur Engeland, Nederland, Switserland, Swede, Israel en Zambië besoek. Hy het vooraanstaande joernaliste, Suid-Afrikaanse diplomaate, senior amptenare van die Suid-Afrika-Stigting en verskeie regerings betrokke by Suid-Afrikaanse belange ontmoet. Hy het besprekings gevoer met stigtings, trusts en verenigings. As gevolg van sy besoek is 'n toelae vir die konstruktiewe Pro-Christelike Algemeen Diakonaal Bureau van die Kerk in Holland.

off, ere-fellow van die konstruktiewe aantal instansies, wat universiteite en insluit, en met verskeie handelsmaats in Natal, kontak opgebou.

die Direkteur die volgende konferensies

rensie, Nasionale Uitvoerende Komitee-bering van die Suid-Afrikaanse Institusieverhoudinge, Kaapstad (Januarie).

Jaarlikse Vergadering van die Religious Friends, Stutterheim (April).

Negende Wêreldkongres van Sosiologie, Uppsala, Swede.  
Verhandeling voorgelê in Werkgroep 6 en vergaderings bygewoon van die Raad van die Internasionale Sosiologiese Vereniging as die amptelike afgevaardigde van Suid-Afrika (Augustus).

# Britain to develop SA trade links

(b1)  
26/5/79 DA

**LONDON —** The British Government intends not only maintaining trade with South Africa but also developing it.

This was made clear in a debate here yesterday on the new Tory Government's policy towards business links with South Africa.

Trade Minister Cecil Parkinson said it was the British Government's policy that trade with other countries be determined by commercial considerations and not policies of those countries.

He said South Africa's racial policies were repugnant and quoted Foreign Secretary Lord Carrington's remark last week that the UK Government's task was to encourage the peaceful

dismantling of apartheid.

Mr Parkinson said his government fully implemented the 1977 United Nations Security Council mandatory arms embargo against trade in arms. But he stressed the importance to Britain of South Africa as a trading partner and said if the UK withdrew its trade, its competitors such as West Germany and Japan would step in.

Imports from South Africa, such as chrome, manganese and platinum, were of great strategic importance. Bilateral trade with South Africa was of central importance, Mr Parkinson said.

Sanctions were a matter for the Foreign Secretary but the government's policy was to press forward with negotiations on the problems of South Africa. The government thought talking about what would happen if negotiations failed would undermine the negotiations themselves.

Therefore the question of sanctions should remain hypothetical.

It was for individual companies to decide whether to increase their investment in South Africa. But economic growth would be the best way to improve the lot of the black citizens of South

Africa.

Meanwhile, a new American study of business and labour in South Africa has found the possibility of economic sanctions against South Africa is remote.

The finding is reported by the Investor Responsibility Research Centre in Washington.

It says American firms have "modestly but measurably" improved the lives of their black workers in South Africa.

But they have not caused any fundamental changes in the apartheid system. — DDC



# Trade ban on S.A. rejected by U.K.

Mercury Correspondent

LONDON — Britain's new Conservative Government, in its first policy statement, on trade with South Africa, yesterday firmly rejected economic sanctions against the Republic because of apartheid.

America also finds sanctions a remote possibility.

Mr. Cecil Parkinson, Minister of State for Trade, said Britain shared the concern of many countries about South Africa's racial policies but it believed civil trade should be determined by commercial considerations and not by the character of other governments.

### Support

Mr. Parkinson, speaking in a short House of Commons debate, suggested the Republic's internal problems could best be solved by active support of its economy reports Sapa-  
Reuter.

"We believe the question of sanctions is, and should remain, hypothetical." He added: "South Africa

trade with a country like South Africa to be reduced without endangering our own economic health.

### Central

"Our bilateral trade with South Africa is not something that is peripheral to our economy — it is of central importance."

The minister said that if Britain did not encourage trade with South Africa then other competing nations would be ready to take its place.

West Germany, Japan and France had all expanded their share of the South African market last year compared with 1977, he said.

On South Africa's exports of chrome, manganese, platinum and vanadium, Mr. Parkinson said: "It cannot be over-

stressed that these vital minerals are important to the West not just from a trading point, but to the defence of the West."

"The debate had been initiated by Mr. Cyril Townsend (Conservative) who said South Africa was the world's biggest holder of sterling and had received R1 133.9 million of British goods last year.

### Study

Anthony Rider reports from Washington that a new American study of business and labour in

South Africa has found that the possibility of economic sanctions against the Republic is remote.

The finding is reported by the Investor Responsibility Research Centre in Washington.

The 147-page report says American companies have moved ahead in desegregating work facilities and in housing and training their Black employees.

### Important

"Yet in the potentially more important areas of White-collar job advancement for Blacks, worker representation and elimination of the wage gap between Whites and

Blacks, little progress has been made," says the report's author, Desaix Myers, who has visited South Africa three times in the past four years.

His study finds that the recommendations of the Wiehahn and Riekert commissions for change were in part prompted by steps already taken by American companies in South Africa. The report concludes that these outside pressures, while incapable of altering the core of apartheid, do provide "fragile momentum" for major change.  
Mr. Myers takes a hard look at the controversy over sanctions against South Africa but finds the possibility remote.

needs more foreign investment to promote its economic growth — economic growth brings the best hope of peaceful change in South Africa . . .

"We must maintain trade and investment links. If there is a flourishing economy in the Republic, Black South Africans will be given better jobs and wages, if only because there is a desperate shortage of skilled labour."

Mr. Parkinson said South Africa was a very valuable market for Britain.

"We cannot allow our

# Signs of strain

**Activities:** Diversified food group with major interests in wheat, maize, and sugar milling and the manufacture of edible oils, fats and margarine. A 51% subsidiary of Associated British Foods (UK).

**Chairman:** J Bloom; **chief executive:** A Bloom.

**Capital structure:** 25,7m ordinaries of 50c, fully paid; 197 000 ordinaries of 50c, 5c paid; 621 000 5½% cum prefs of R2. Market capitalisation R143,9m.

**Financial:** Year to March 31 1979. Borrowings: long and medium term, R72,9m; net short term, R68,7m. Debt:equity ratio: 97%. Current ratio: 1,3. Net cash flow: R27,8m. Capital commitments: R10,2m.

**Share market:** Price: 560c (1978-79: high, 650c; low, 497c; trading volume last quarter, 157 000 shares). Yields: 16,0% on earnings; 5,9% on dividend. Cover: 2,7. PE ratio: 6,3.

	'76	'77	'78	'79
Return on cap %	20,5	20,3	17,9	16,7
Turnover (Rm)	464	566	682	762,9
Gross profit (Rm)	37,1	42,4	45,4	50,8
Gross margin %	8,0	7,5	6,7	6,7
Earnings (c)	73	82	84	89,5
Dividends (c)	29	32	32,5	33,0
Net asset value (c)	398	442	488	565

In order to minimise the impact of higher fuel prices on its large transport fleet and production requirements, Premier Milling has appointed an energy conservation officer at each of its divisions.

Newly appointed MD Tony Bloom told the FM that fuel-saving schemes are now in operation throughout the group. These range from smaller executive cars (he says a voluntary rationing scheme has reduced his own consumption by 25%), through to the manufacturing end of activities. A few of the group's operations are even producing their own gas for fuel. But, inevitably, a certain amount of the latest price hike will have to be passed on.

Following the setback at the half-way stage, when attributable profit dipped 20%, and threatened to break the 14-year upward trend, a more aggressive management approach was adopted. This, together with an economic pick-up, increased year-end profit by 5,5% to R23m.

Interest charges for the year increased nearly R5m to R15,7m, mainly through the need to complete the heavy capex programme embarked upon in earlier years.

In addition, extra working capital was needed to provide for an increase in

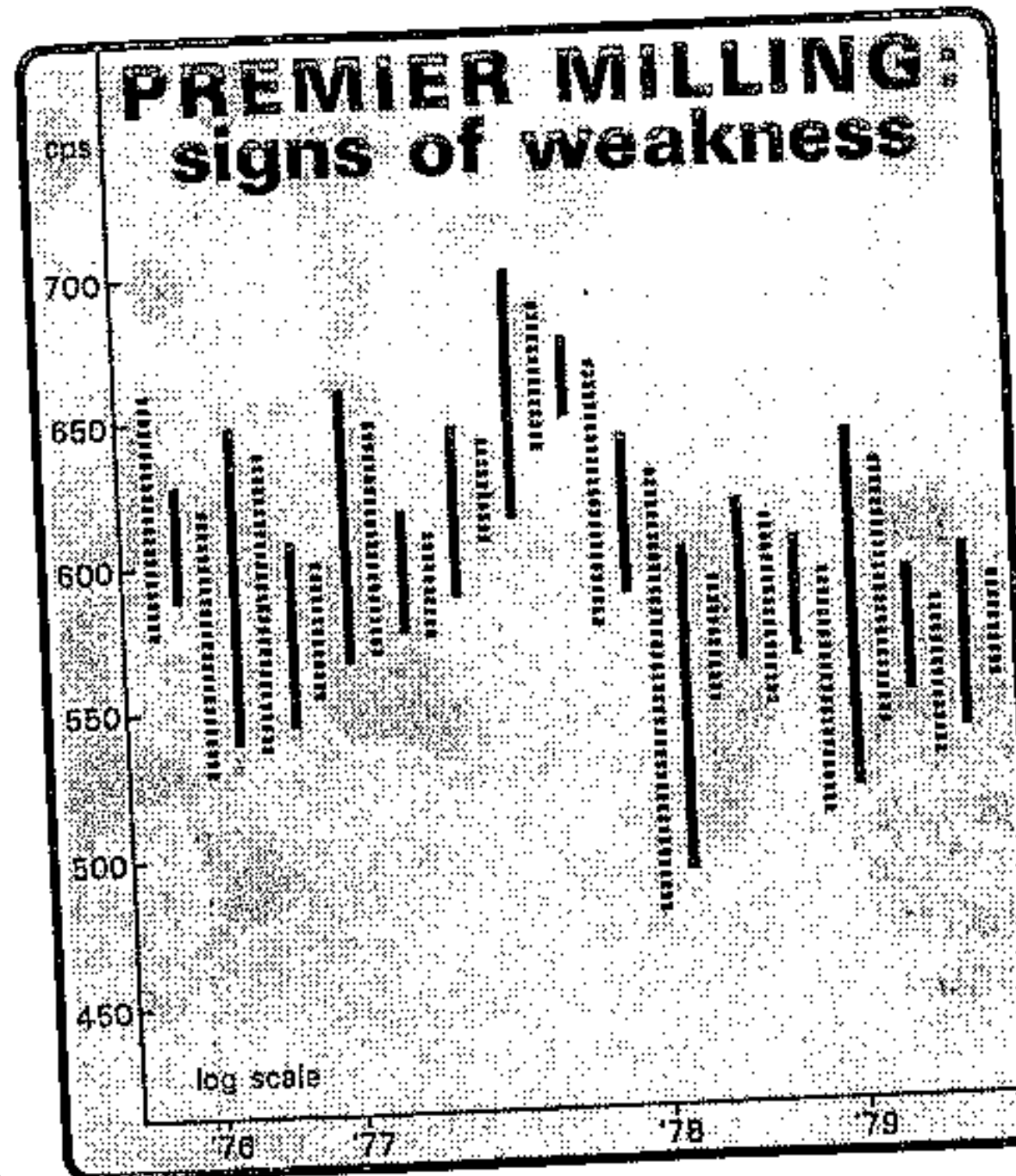
administered prices. Chairman Joe Bloom agrees that maintaining a heavy capital expenditure programme in times of economic recession was a bold step, but he points out that better efficiencies obtained by the modernisation and replacement programme have justified the move; and additional tax benefits were gained through the utilisation of investment allowances.

Nevertheless, the balance sheet graphically illustrates the effect on group gearing. Long and medium-term loans,

surpluses in commodities such as eggs, poultry, beef, and pork. And the downward spiral promises to continue, following the imminent 23% hike in the cost of maize.

Although the export market for broilers is on the increase, excess capacity in the local market led this division to trade at an unacceptable level of profitability; and production costs will suffer even further as a result of the rise in the maize price.

For investors in the food sector, it has become traditional to compare Premier with Tiger Oats. Certainly, at current prices both offer similar yields. However, while Premier's dividend is covered 2,7 times, Tiger's is covered 4,2 times; and Tiger's debt:equity ratio is nearly half that of Premier's. But, in either case, investment should be delayed until the industrial market has steadied. By then, yields may be more enticing. *Jean Moon*



which stood at R58m in the previous year, have been hoisted to R73m; and short-term loans and overdrafts are R12,6m higher at R72,9m. Total borrowings are thus R27m up on the previous year, a 23% increase.

The largest contributor by far to pre-tax profit was the milling and ginning division (wheat, maize, sugar, and cotton), with an 8% improvement during the year to produce R25,2m.

Secondly, the contribution from edible oils, fats and margarine rose by 30% to R10,3m.

The star performer of the year, however, was the pharmaceuticals and bookshop division, with a 178% profit hike to R4,4m.

Joe Bloom feels that there is still much to be done before an acceptable return on capital employed can be achieved by the animal feeds and poultry division, where profit declined 5% in the year to R3,3m.

The entire balanced feed industry has shown a rapid decline in growth over the past five years, and last year logged a negative growth rate of 2,2%. Consumers' resistance to higher prices has led to



Sun Times 24/6/79

# Leyland boss: We stay, if...

By IVOR WILKINS

BRITISH LEYLAND yesterday committed itself to remaining in South Africa as far as its trucks and commercial vehicles were concerned. But huge question marks hang over the future of its car division.

This was the message of British Leyland's chairman, Sir Michael Edwardes, at a Press conference in Cape Town.

South African-born Sir Michael was in the country as part of a Leyland thrust to regain momentum and confidence after the collapse of the Leyland-Sigma merger earlier this year.

With a new chairman and

managing director imported from Britain to sort out their South African operation, Sir Michael said:

"The result of the breakdown in the merger is that the new Leyland team has a hell of a job to unscramble the situation."

The only stipulation laid down by the British company was that the South African operation had to be profitable by 1980 and that the truck and commercial-vehicle operation was here to stay.

Of the car division he said:

"Over the next few months we will be reviewing from A to Z all aspects of the car business here."

Motoring Editor  
AS one of the principal figures in British industry, Sir Michael Edwardes — knighted in the last birthday honours — doesn't fall into the stereotyped mould of the British industrialist, but more into that of the international manager.

His accent is obviously Eastern Province rather than Harrogate or Birmingham, and his vocabulary is more Grahamstown than Grantchester.

This isn't surprising as Sir Michael was born in the Eastern Cape and educated at St Andrew's, Grahamstown, and Rhodes University where he read law.

His legal background is apparent when you talk to him. He cuts through minutiae and detail to get down to the nub of the subject in broad principle — a capability he must find useful when dealing with British Leyland's 60 factories in Britain.

Though he heads Britain's biggest British-owned car-maker — Ford of Britain and Vauxhall are both American-owned — he is not a motor man, nor is he particularly technically minded.

#### SA PROBLEMS

In 1977 he was seconded from the Chloride Group to British Leyland to try to straighten out the mess of strikes, unprofitability and too much centralisation. Among his problems was Leyland South Africa.

In an interview at the weekend about Leyland's problems and the collapse of the merger with Sigma, he was refreshingly frank.

'The new Leyland team in South Africa has got a hell of a big job to do to unscramble the situation,' he said. 'We've decided to stay in South Africa,

Argus 25/6/79  
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# Here to stay, says top car man



Sir Michael Edwardes

'I can tell you the time to have pulled out of South Africa was the day the Sigma deal collapsed, that was the day to pull out.

'And we'd made up our minds as this deal went agonisingly on that, whether it came to fruition or not, that we'd stay.

#### HARD-HEADED

'When I went to Leyland in November 1977 we had a choice of three courses in South Africa — either to pull out, or to change the nature of our

business, or to combine with someone else. We tried the last alternative first and now we are trying the second.'

Referring to the change of government in Britain, he said: 'From the point of view of both major parties in Britain we appear to be treated as a strategic industry and there is no indication that either major party sees us as anything but a strategic industry.'

'Clearly they're pretty hard-headed guys — or she is — and there is no doubt that we've got to perform to get the funding for the future.'

#### CLIMB BACK

He obviously believes in delegation. As he talked to me he had the chairman of Leyland South Africa, Frank Andrew, on one side and the managing director, Leslie Wharton, on the other.

They provide the technical expertise and he takes the decisions, though, as he pointed out, he believes local companies should have considerable autonomy.

Certainly it seems Leyland management will be tightened under his direction and it is possible that the company will climb back into profitability.



## UK INVESTMENT

### No takers

pm 6/7/79 (6)

Despite the Thatcher government's important moves towards dismantling foreign exchange controls, announced in Sir Geoffrey Howe's recent budget, UK firms in SA have not paid much attention to the potential for raising their stakes here.

British companies are now allowed to invest £5m a year in overseas ventures.

GEC's financial director, David Stoddard, avers that "this change will not have any impact on us, since we have sufficient funds in SA." For the same reason Unilever does not expect the concession to make any difference to its SA operations.

George Thomas, AECI's financial director, says that in the short term there is no need to call on ICI, its British shareholder, for more funds, since AECI had a large rights issue two years ago and there is no need for further equity now. Barclays is in the same boat.

According to Syd Newman, Lonrho's MD, the dollar premium paid by British firms investing abroad, rather than exchange controls, has been the major obstacle to new investment.

David Morris, of Hill Samuel, adds that "most companies which were considering direct investment in SA will have done so when the financial rand was still being quoted at a 40% discount." In any case, the dim growth prospects of the SA economy this year give little incentive for new British investment in SA.

Controls on foreign portfolio investment have also been eased. UK investors will no longer have to hold as cover foreign currency securities or premium dollars totalling 115% of any foreign loan used to finance overseas portfolio investment. Secondly, they will be able to pay interest on foreign currency loans with official exchange, instead of expensive premium currency.

With the gold price on an uptrend, Morris reckons that the removal of the 115% deposit will lead to a movement of UK investors back to the gold market. However, one stockbroker observes that the problem of the dollar premium remains, and "until investors know what is going to happen to this, it is still too early to say whether demand for gold shares will pick up."

L H MARTHINUSEN

## Oil crisis benefits?

*pm 6/7/79* (61)

**Activities:** Repairers of heavy electrical equipment specialising in providing emergency breakdown services for the mining industry. Manufactures transformers, rotor coils, insulators and generators. Ultimate holding company is General Electric (UK).

**Chairman:** A L Charles; managing director: I S D Tudhope.

**Capital structure:** 3,4m ordinaries of 50c. Market capitalisation: R7,0m.

**Financial:** Year to March 31 1979. Borrowings: net short term, R1,1m. Debt:equity ratio: 13,8%. Current ratio: 1,5. Net cash flow: R742 000.

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Capital commitments: R186 000.

**Share market:** Price, 210c (1978-79: high, 235c; low, 150c; trading volume last quarter, 389 000 shares). Yields: 14,7% on ordinaries; 9,5% on dividend. Cover: 1,5. PE ratio: 6,8.

	'76	'77	'78	'79
Return on cap %	43.0	36.9	25.6	22.7
Turnover Index*	202	196	178	215
Pre-tax profit (Rml)	2.7	2.7	1.8	1.8
Current (c)	46.6	45.2	31.8	30.8
Dividends (c)	20	20	20	20
Net asset value (c)	168	193	207	218.78
*Base 1974 = 100				

For several months L H Marthinusen has been the subject of takeover rumours, but when questioned on the point, new MD Ian Tudhope squashes all such speculation: "if anything, quite the reverse is true."

While not committing itself to forecasting growth this year, LHM could benefit from a continuing oil crisis. On the back of SAM's expansion plans a boost to transformer demand appears likely, together with growing requirements for electric motor winding coils.

Turnover last year improved 20,8%, but while group activities remained unchanged, there were major changes in income contributions from the various divisions. In 1978, repairs produced 59% of income, while last year the proportion rose to 75%. At the same time manufacture of components for the repair industry contributed 2% less at 10%, manufacturing's contribution fell from 15% to 8% and contracting and other activities from 14% to 7%.

With no long-term debt in the balance sheet, LHM's debt:equity ratio is a comfortable 13,8% even though R800 000 was added to short-term acceptance credits, the bank overdraft rose from R24 300 to R209 400 and short-term deposits were reduced from R600 400 to nil. But, says Tudhope, this resulted from strategy adopted in order to obtain the best credit rates by arranging rolling credit.

The share's price has been less than exciting for the past nine months and is presently falling in line with the industrial market.

Long-term prospects remain sound though the stodgy dividend performance might put off some investors.

John Moon



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## LION MATCH Lighting up

Activities: Manufactures and distributes matches and razor blades. Also has packaging and printing

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interests through Interpak. Is 65% owned by Wilkinson Match (UK).

Chairman: H A Williams; managing director: R W Harker.

Capital structure: 8.7m ordinaries of R1. Market capitalisation: R24.8m.

Financial: Year to March 31 1979. Borrowings: long and medium term, R31 000. Net cash: R4.8m. Debt:equity ratio: 1%. Current ratio: 2.5. Net cash flow: R2.8m. Capital commitments: R477 000.

Share market: Price: 285c (1978-79: high, 328c; low, 165c; trading volume last quarter, 39 000 shares). Yields: 11.0% on earnings; 7.1% on dividend. Cover: 2.0. PE ratio: 7.

	'76	'77	'78	'79
Return on cap %	18.1	17.7	21.1	22.1
Turnover (Rm)	27.8	30.0	35.7	39.4
Gross profit (Rm)	4.6	4.7	5.6	6.4
Gross margin %	16.4	15.7	15.6	16.3
Earnings (c)	29.3	27.7	34.6	39.2t
Dividends (c)	13.0	15.2	17.5	20.0
Net asset value (c)	235	281	270	286

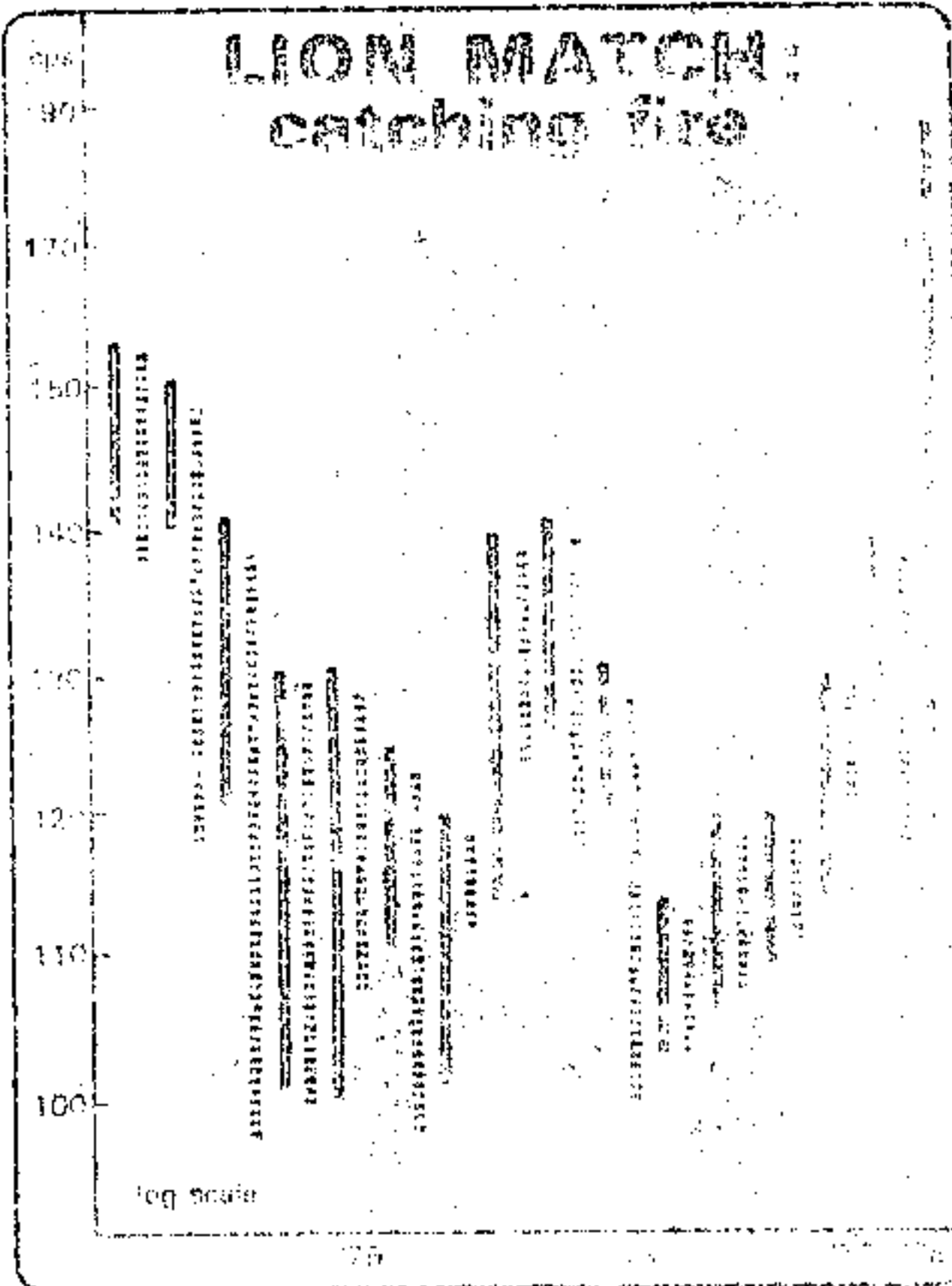
Annualised / Excluding bonus of 5c.

"Better than expected" sums up the overall improvements in Lion's performance. In a year of erratic economic growth in SA, both turnover and profits were higher, with margins widening commendably.

The 10% sales increase was accompanied by a 14% boost in earnings, which in turn allowed a matching rise in dividend. As an additional sweetener a 5c bonus dividend was declared. This absorbed R436 000, equivalent to a mere 9% of the year-end cash balance of R5m.

Lion remained highly liquid, while maintaining a most satisfactory (22.1%) return on capital employed. Apart from improvements in trading results, pre-tax profit was further boosted by net interest receipts amounting to R326 000, compared to R93 000 paid out last year.

ecology and helped to debug the programmes.



Given the sound financial structure and highly liquid state, the company is well placed to expand through acquisition. This situation has become more exaggerated over the years as illustrated in the five-year improvement in current ratio from 1.5 to 2.5 and debt:equity ratio decline from 33% to 1%.

Management is committed to broadening the earnings base, and to this end successful diversification has already taken place. Besides the match business, Lion handles consumer products including razor blades, scissors and garden tools, lighters and sunglasses.

Chairman, Alan Williams, says the next avenue of investment is to be in the kitchen and hardware fields. Several possibilities were investigated last year, and he hopes, an acquisition will take place this year.

Turning to last year's trading performance within the individual sectors, match turnover was again buoyant with SA sales up 8.2%. Significantly this generated a profit increase of 24% to R3.8m or 62% (57%) of the total operating profit. Foreign match sales were only slightly up with the profit contribution remaining much the same as last year.

Sharpest improvement was seen on the packaging side. The Interpak group achieved a 26% increase in profits to boost its contribution to group operating profit to R1.6m or 27% (24%).

The Wilkinson Sword division turned in a loss of R367 000 after making a modest profit of R113 000 last year. The reason for this was the cost of the launch and initial entry of Camargue sunglasses. With a 9.8% market penetration achieved, the loss situation should be reversed this year. Other products handled by this division sold well, notably razors in a competitive and shrinking market.

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BAT tobacco products was discontinued, while a range of high quality Wilkinson Sword garden tools was added to the product list.

Overall, group prospects are promising. Williams is optimistic and expects improved sales and "moderately higher group profit."

This financially sound and conservatively run company has much investor appeal. The excellent five-year record, coupled with the potential of accelerated growth through acquisition, suggest that the shares which yield an historical 7.1% are a worthwhile buy.

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the results cannot be used as an absolute confirmation of the validity of the discontinuous spread model.  
The major problem with the radiocarbon chronology is the small sample size. Only four Silver Leaves sites have been dated and one of these Eiland is a special'ed activity area (Evers, 1975). Krale and Ureve have more dated sites but again samples are very small. In the discontinuous spread model it was suggested that the overall rate of spread would have been faster than the expansion of an individual culture. Therefore, the regression for the overall rate of spread was calculated from the earliest known dates for each

**Chairman:** C Cilliers; **managing director:** D A Jacobs.

**Capital structure:** 25,1m ordinaries of R1; 500 000 5% cum red prefs of R2; 4,1m 10,5c divi conv cum red prefs of 10c. **Market capitalisation:** R81,6m.

**Financial:** Year to March 31 1979. **Borrowings:** long and medium term, R24,7m; net short term, R1,1m. **Debt:equity ratio:** 40%. **Current ratio:** 1,9. **Net cash flow:** R7,9m. **Capital commitments:** R5m.

**Share market:** Price: 325c (1978-79: high, 340c; low, 190c; trading volume last quarter, 339 000 shares). **Yields:** 9,7% on earnings; 7,7% on dividend. **Cover:** 1,3. **PE ratio:** 10,4.

	'76	'77*	'78	'79
Return on cap % .....	18,9	12,2	14,9	19,2
Turnover (Rm) .....	142,3	155,6	168,4	215,3
Gross profit (Rm) .....	16,4	11,0	13,4	17,6
Gross margin % .....	11,5	7,0	8,0	8,2
Earnings (c) .....	50,2	26,4	25,9	31,4
Dividends (c) .....	22	22	22	25
Net asset value (c) .	232	217	231	235

\*Lifo stock valuation adopted and 6,6m shares issued in rights issue.

**A depressed fishing industry** hit Metal Box hard last year. The Walvis Bay canning operation suffered a loss of R3,2m (R700 000 loss). But there is some light on the horizon with chairman Charl Cilliers forecasting a loss of less than R1,6m this year thanks to "prompt management action" in switching some capacity over to meat and paint canning.

Despite this setback the group performed well with sales 28% up and gross profit 30% higher. Though the total payout was increased to 25c (22c) management has been cautious, increasing cover to 1,3 times (1,2 times).

Major reasons for the better results were improved operating efficiencies, increasing demand for beverage cans in the Transvaal and the inclusion of a full year's results for Metrol and nine months results for Bartons. The R5,5m paid for Bartons was funded in part by a \$3,6m Eurocurrency loan.

Acquisition policy is stringent. A yield of 25% before tax and interest is required and group borrowings are to be limited to give a 60% debt:equity ratio. On this basis the company is currently under-borrowed with 40% debt:equity ratio. And if the recent property revaluation, up from R24,8m to R40,9m, is taken into account — and it is not yet reflected in the balance sheet — unutilised borrowing capacity is large.

Packaging accounts for 80,5% of net operating income while 19,5% comes from precision tubing and electrical accessories. So while the steel price increase might dampen the tubing and engineering business, chances of low-cost housing electrification projects and a softer tin price are bull points for overall improved performance this year.

Management is budgeting for increases

in sales and profits although it warns that fierce competition in the engineering sector could slice margins in this division.

Metal Box has the resources, albeit in borrowing capacity rather than available cash, to ensure that its growth trend is not interrupted. If growth does not come naturally the company will buy it. Since the year-end R1,6m has been laid out for another steel tube manufacturer and a minority stake in a corrugated container company.

The board has set its sights on repeating 1979's performance this year. On a prospective earnings figure of about 40c the dividend will probably be raised to no more than 27c for a more comfortable 1,5 times cover. This puts Metal Box on a prospective yield of 8,3%. Coupled with some capital growth potential — the share has risen 75c in the past year — Metal Box has plenty of investment merit.

Ian Muir

## METAL BOX

### Borrowing capacity

**Activities:** Manufacturers and distributors of packaging containers, closures and components in metal, plastics and board, and of machinery for the packaging and related industries. Makes and sells precision metal tubing and electrical accessories. Metal Box Overseas (UK) owns 58,1% of the equity.



## HILL SAMUEL *RM 6/7/79* 6

### A slimmer animal

**Activities:** Merchant bank, 76,6% owned by UK-based Hill Samuel group.

**Chairman:** G V Richdale; **vice chairman:** C N A Castleman.

**Capital structure:** 5,8m ordinaries of 50c. Market capitalisation: R9,6m.

**Financial:** Year to March 31 1979. Total assets: R163,2m.

**Share market:** Price: 165c (1978-79: high, 185c; low, 55c; trading volume last quarter, 318 000 shares). Yields: 18,7% on earnings; 10,8% on dividend. Cover: 1,7. PE ratio: 5,3.

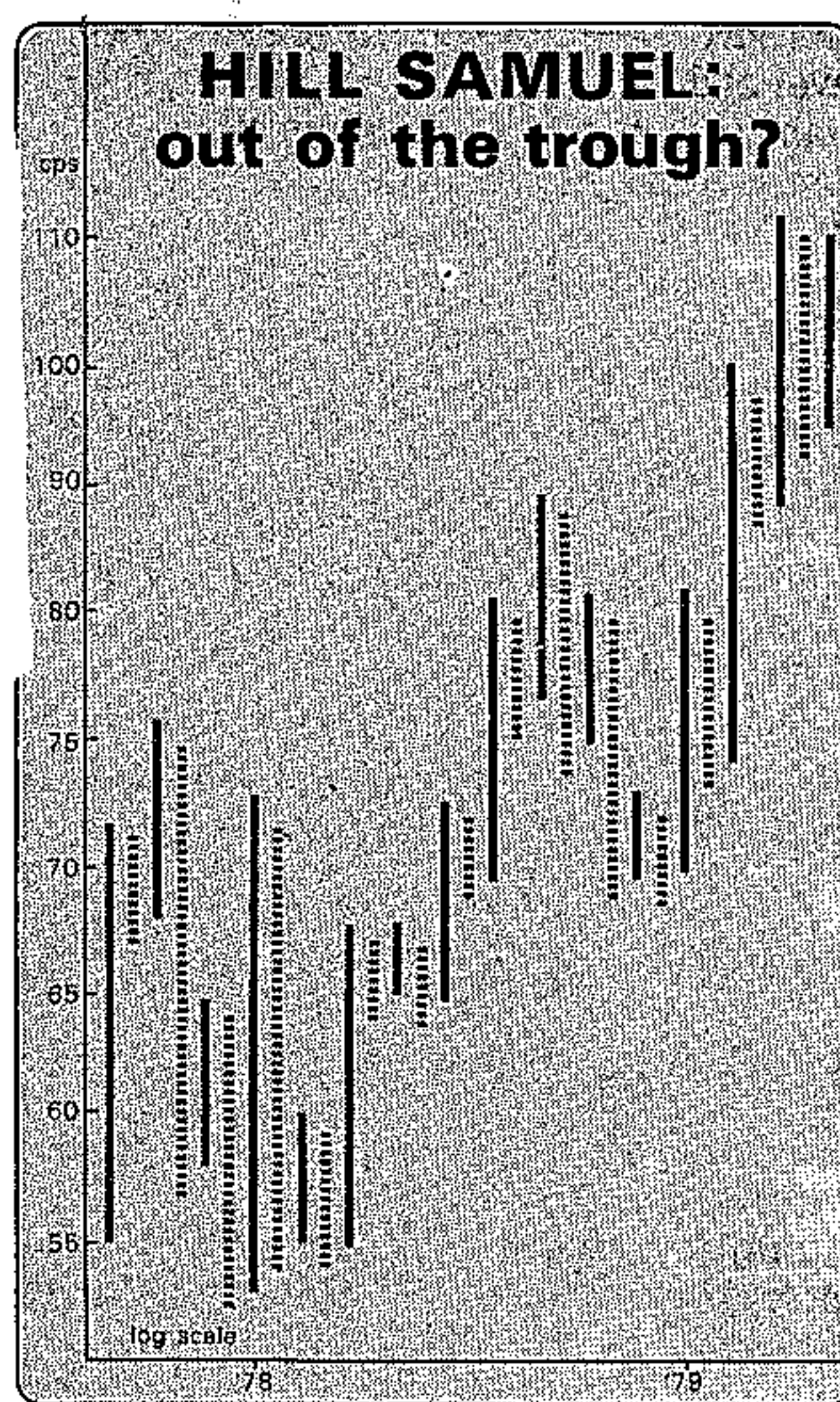
	'76	'77	'78	'79
Return on cap %	21,0	12,8	13,7	12,7
Pre-tax profit (Rm)	3,5	2,1	2,2	2,3
Total assets (Rm)	134	129	142	163
Earnings (c)	15,8	10,2	10,4	30,9*
Dividends (c)	10,0	7,5	7,5	17,8*
Net asset value (c)	115	112	104	226*

\* On reduction of shares in issue to 5,8m (14,5).

Since the year-end Hill Samuel has disposed of its property interests and shareholding in Hill Samuel (Pension & Insurance Holdings) (SA). The latter was sold to Alex Howden for 3,0m Alexhow ords, which were allocated at no cost to Hillsam's shareholders at an effective 22c a Hillsam share. Shareholders also received 12c capital repayment, of which 4c came from the share premium account.

The net effect of this was that the par value of the ords dropped to 20c (50c). At the same time, the 20c par value ords were consolidated on the basis of 40 new ords for every 100 held, thereby reinstating the shares' 50c par value and reducing the number of ords in issue from 14,5m to 5,8m.

The property interests were sold to parent Hill Samuel Group, which has the resources to keep the properties as long-



term investments and to improve them if necessary.

The deal has given Hillsam a capital surplus of R4,0m, which has been added to its banking resources, allowing it to increase its credit facilities. It also leaves the group unencumbered by non-banking investments which hampered performance. In the past the group has been criticised for underutilising its capacity. This was largely due to the non-banking activities, which were a drain on its resources.

Now, implementation of new banking services appears to be a major objective. The bank believes it can increase its returns on banking by introducing "Account Executive". This is a client oriented service aimed at providing complete banking facilities and a specialist merchant banking service. The bank points out that it will concentrate mainly on "client service merchant banking", but will also consider investments which would add to the range of services offered to its clients.

However, profits will depend largely on the bank's ability to place funds, particularly with companies of the requisite quality. Last year, with excess corporate liquidity banks had difficulty in placing loans.

On the other hand, with adequate corporate liquidity channeled into acquisitions, Hill Samuel earned higher fee income which helped produce a record merchant banking operating profit of R1,9m (R1,6m).

Another feature of the year, which contributed towards the record results' was the changed policy on equity investment. Now, the plan is to keep

exposure to equities at the lowest possible level and to concentrate on jobbing rather than long-term equity investments. A combination of declining interest rates, high artificial liquidity and increased interest in equities, enabled the company to increase its jobbing profit. Last year profit from trading in equities and fixed interest stocks increased to R256 000 (R220 000).

The new banking operation will take some time to get off the ground and near-term profit improvement will probably largely depend on equity jobbing and corporate deals. The share's relatively high price table reflects the uncertainty surrounding the prospects. *International Bank*

C-7 157/179

# Leyland 'here to stay' despite blows

Staff Reporter

THE LEYLAND motor company yesterday firmly reiterated its intention to keep its Blackheath plant outside Cape Town in production with a full range of vehicles in spite of successive blows to the group culminating yesterday in the resignation of a chief executive, Mr Richard Newby.

"It is emphatically stated that Mr Newby's negotiations with his new employers were made prior to the termination

of the proposed merger with Sigma," said a company spokesman. Mr Newby is to leave at the end of June.

There was no indication of who his new employers are; who the new Leyland boss would be, or when the appointment would be announced.

But the company was in South Africa to stay.

The spokesman conceded, in a round-about manner, that the shock collapse of the Sigma

merger earlier this month had been hard on Leyland, but he did not believe the image of the maligned Rover car or the group, had suffered irreparable damage.

Asked who had been worst hit by the turn of events, the spokesman said: "What do you think?" When told it appeared that Leyland had a slandered car and only the remnants of a dealer network, while Sigma was much as before, he re-

plied: "You've answered your own question."

He said the Rover, which is rumoured to have caused the split because Sigma management did not think it was luxurious enough to compete against other top models, was only a scapegoat. Sigma had evaluated the car very carefully before the first stages of the merger got under way, he said.

"A car's acceptability

doesn't change overnight." If there was any problem with the Rover, Leyland maintained, it concerned Sigma's dealer network which was used to dealing in high-volume lower-priced cars.

The spokesman said a new car and light commercial vehicle marketing division was being established within the company. It now had "in excess of 30 dealers," compared with 162 when the merger was announced last year.

61



TABLE I

MORTALITY RATES FOR THE 17 MAJOR DIVISIONS OF THE ICD (8th REVISION)

(Note: There are no tables for divisions V, XI, XII, XIII because of the small numbers in each of these categories).

organisation. Being UK-domiciled, it has become a relatively tax-inefficient part of the Anglo group. At the same time, it is apparently only now developing a sense of direction.

For a start, and this is management's stated aim, a better balance is needed between UK and foreign earnings, with a related improvement in financial and tax advantages from improved UK income.

The group spent last year busily disposing of its major non-group SA investments, Harmony, Blyvoor and Union Corp, resulting in surplus on realisation of investments soaring to £12m (1978: £5,8m). And since the year end, 67,3%-owned subsidiary Cape Industries has sold its SA asbestos mining operations to TC Land resulting in net proceeds of £15,1m.

	'76	'77	'78	'79
Investment income (£m) .....	18,2	18,6	21,1	19,5
Surplus on realisations (£m) .....	6,9	2,4	5,8	12,0
Earnings (p) .....	17,4	16,7	23,2	21,2
Dividends (p) .....	6,5	7,4	8,3	8,6
Net asset value (p) .....	258	262	282	322

Whether or not this presages an almost complete disengagement from SA aimed partly at improving Charter's image elsewhere in the world remains to be seen. But if so, there should be few problems in relocating investments.

Next in line is probably some form of divestment of UK-based funds drain Cleveland Potash. The final £11m book value of Charter's investment in the mine has been written off and provisions of £9,2m made against full liabilities in terms of loan and leasing guarantees for the project. A further £8m — of which Charter's share is £3m — has been voted by the participants in Cleveland to meet the mine's cash requirements to end-August. Thereafter, the project will be reviewed.

Though chairman Murray Hofmeyr recently declined to comment on speculation, a growing London view is that Charter aims to sell its 37,5% Cleveland stake to partner ICI. If so, the debilitating drain on earnings should be stemmed.

Elsewhere, operations are far from bad. 28,6%-owned Malaysian Mining Corp should maintain its consolidated pre-tax profit of M\$52,9m (M\$48,5m) for the year to January 31, while negotiations to develop new tin deposits in Selangor could soon reach a favourable conclusion.

This and tin/wolfram mining ventures in Europe are likely to be the major non-UK development in the near future. The main thrust will be towards further developing the UK and EEC industrial operations. Less attractively, perhaps, there is a growing possibility of a re-start to Zaire copper prospect Tenke-Fungurume.

With only 29,1% (32,8%) of revenue sourced from the UK last year, much remains to be done. Financing new

industrial ventures there could well be expensive.

Despite the investment disposals mentioned above, SA remained the group's major source of revenue, weighing in with a 34,4% (33,2%) contribution. Following disposal of Cape's asbestos mining operations, which in 1978 contributed £3,7m to Cape's pre-tax profit, SA's percentage contribution to revenue is set to fall.

At this stage of Charter's search for clearly defined direction, advice to investors has, necessarily, to be hedged. If the intention of concentrating increasingly on industrial interests is realised, there are risks associated with a potential Western economic downturn. On the other hand, if, as has been mooted, Charter is being set up as a vehicle for a possible acquisition of control of Cons Gold, the picture is decidedly different.

For a local investor, the share is an expensive way of buying overseas diversified interests. Until world economic trends clarify, local investors can find better alternative investments nearer home.

Jim Jones

ALL	0,19	0,56	3,33	2,69	1,66	1,61
NO.	399					

	M	F	M	F	M	F	M	F
0-1	0,09	0,05	2,27	1,68	2,31	1,96	0,06	0,21
1-4	0,03	0,01	1,27	1,08	1,02	1,29	0,00	0,05
5-24	0,01	0,01	0,01	0,01	0,02	0,02	0,01	0,01
25-44	0,02	0,02	0,08	0,05	0,06	0,07	0,08	0,08
45-64	0,09	0,12	0,28	0,42	0,24	0,61	0,39	0,88
65+	0,39	0,59	0,81	1,28	1,04	1,44	1,61	2,59
ALL	0,05	0,08	0,28	0,26	0,22	0,33	0,12	0,18
NO.	114	173	316	307	455	530	43	63

## CHARTER CONSOLIDATED Seeking direction

**Activities:** Anglo's UK and main international arm. Managed interests, include Beralt (tin and wolfram) and Malaysia Mining Corp (tin). Strategic holdings include Selection Trust (25,8%), Minorco (20%), Anamint (10%) and Amcan (24,8%).

**Chairman and managing director:** M B Hofmeyr.

**Capital structure:** 104,8m ordinaires of 25p. Market capitalisation: R335m.

**Financial:** Year to March 31 1979. Borrowings: long and medium term, £48,9m. Net cash: £18,3m. Debt:equity ratio: 22,4%. Current ratio: 1,5. Group cash flow: £34,0m.

**Share market:** Price: 320c (1978-79: high, 460c; low, 275c; trading volume last quarter, 10 000 shares\*). Yields: 12,8% on earnings; 5,2% on dividend. Cover: 2,5. PE ratio: 7,8.

\* JSE only.

If there is one certain thing about Charter, it is that the group is in need of re-

II

0-1	0	0	C	0	3,	12,	1,	29,
1-4								
5-24								
25-44								
45-64								
65+								
ALL								
NO.								

III

## Profits flattened

**Activities:** Largest manufacturer of re-chargeable batteries in SA. Markets under trade names Exide, Oldham, Chloride. Also manufactures and distributes battery-related systems. Chloride UK holds 70% of the equity.

**Chairman:** K R T Hodgson; managing director: S D R Searle.

**Capital structure:** 4.5m ordinaries of 50c. Market capitalisation: R22,5m.

**Financial:** Year to March 31 1979.

**Borrowings:** long and medium term, R1,7m; net short term, R3,5m.

**Debt:equity ratio:** 34,4%. Current ratio: 2,0. Net cash flow: R1,9m.

**Capital commitments:** R593 000.

**Share market:** Price: 500c (1978-79: high, 515c; low, 285c; trading volume last quarter, 10 000 shares). Yields: 10,3% on earnings; 5,2% on dividend. Cover: 2,0. PE ratio: 9,7.

Chloride chairman Ken Hodgson expects higher earnings this year despite a poor outlook for the motor industry in the wake of higher fuel prices. Last year's profits

Financial Mail August 3 1979

dipped as tax concessions, arising from capex and exports, fell away and the cost of raw materials increased faster than selling prices of batteries. However, despite earnings falling 10,3% from the previous year's record, the dividend was increased to reflect the board's view of the group's longer-term profit trend.

	'76	'77	'78	'79
Return on cap %	13,2	25,1	21,7	19,0
Turnover (Rm)	20,4	28,1	30,3	33,4
Gross profit (Rm)	2,5	4,3	3,9	3,9
Gross margin %	12,3	15,5	12,9	11,5
Earnings (c)	35,1	53,8	57,2	51,3
Dividends (c)	18	20	23	26
Net asset value (c)	231	256	296	351

Chloride maintained battery sales in real terms while value sales rose 10,3%. Problems with subsidiary Chloride Systems, which incurred an undisclosed "considerable" loss, and the higher cost of making batteries resulted in a lower operating profit of R3,4m (R3,6m).

Last year, lead prices increased from a low of £296/t to over £611/t despite sterling's strength. Chloride was unable to adjust selling prices to compensate. The group is probably less affected by the high (up to 45%) lead cost content in a battery than its competitors because of its secondary lead smelter near East London. But even this gives only partial protection with scrap prices closely related to new metal.

This has, however, been alleviated to some extent by the imposition of a National Lead Surcharge applicable to all lead-based products. Battery prices will now be adjusted in line with each £50/t change in the LME lead price.

The problems arising from small production runs at loss-making subsidiary Chloride Systems have been overcome. Chloride has entered into an agreement whereby the Altech group makes battery chargers, rectifiers and switch-trippers and in return buys Chloride batteries for the systems. Chloride Systems has effectively become a marketing division within Chloride's industrial division.

High lead prices meant higher year-end stocks of R9,3m (R8,1m), of which lead and related raw materials totalled R2m (R1,5m). The cost of these stocks plus higher interest charges on the group's dollar loan from the holding company meant an annual interest bill of R452 000 (R321 000). However the interest/lease bill is still covered a comfortable 4,6 times by gross profits and borrowings are a low 169% of gross cash flow.

Last year the local automotive battery market grew 10% in real terms while mining sales increased more than 5%. However battery exports declined. This year Chloride will have to rely even more on the replacement market for automotive sales, but at this stage sales to the mining industry appear set for a substantial improvement.

With higher profits forecast by Hodgson, another dividend increase seems

likely. The share, at 500c, yields a low historic 5,2%. Even with another 13% dividend increase the share is expensive on short-term considerations. Longer-term, however, the scope for increased use of battery power makes the share a sound hold.

Des Kilalea



# Four won't talk on Sullivan Principles

NOW FOUR multinational companies — one British, one French and two American — have joined the increasing number of companies that will not talk to POST on their implementation of the Sullivan Principles and the EEC code.

The companies are Coca-Cola Corporation, General Tyre and Rubber Company — both signatories to the Sullivan Principles — and Total SA and Beecham SA which are bound by the EEC code.

American companies that are signatories to the Sullivan Principles under-  
Mr F.A. Jacobs  
Mr H.M. Jimba

take to do away with discrimination in their employment practices. The EEC code of conduct for companies with interests in South Africa was drawn up by European governments and binds them to bringing an end to apartheid. Coca-Cola's development manager, Mr J H Viljoen, says they will get into serious trouble with their parent company in America if they released detailed information in their implementation of the Sullivan Principles.

"We know we are doing quite well," says Mr Viljoen, "but we are not pre-

Professor F.A.H. Wilsson

d) Twee Ere-Fellows:

Professor J.L. Boshoff  
Dr Sheila T. van der Horst

Lede word na die Algemene Jaarvergadering van die Maatskappy uitgenooi en kies elke drie jaar 'n verteenwoordiger op die Beheerraad. 'n Verkiesing is in 1978 gehou en die huidige ampsdraer is Biskop A.W. Habelgaarn. Teryyl geen verpligtinge aan lede opgelê word nie, word hulle geraadpleeg in verband met sake wat die Sentrum se program raak.

### NAVORSING

Gedurende die verslagjaar het die navorsing van die Sentrum die volgende behels:

A. Mobiliteit en Politieke Verandering in Suid-Afrika  
Hierdie projek is 'n paar jaar gelede aangepak. 'n Onderzoek onder die kleurling bevolking van die Kaapse Skiereiland is onderneem. 'n Aantal tydelike navorsings-

pared to divulge such detailed information to the Press. This will put us into serious trouble with our parent company overseas," he says.

### "NOT INTERESTED"

Mr P H van Eeden, managing director at Beecham SA, says he has been following POST's series of articles on Job Watch, but that it is the policy of his company not to release Press statements of that nature.

Total SA's managing director, Mr G P Esterhuizen, told us that his company was well above what the EEC

code prescribes.

"We are therefore not interested in your survey," he said.

Mr B O van Heerden, industrial relations manager at General Tyre and Rubber Company, wrote us a letter saying they send their reports on the application of the code to their parent company.

And in spite of the fact that we had explained to him that the subjects of the codes — the workers — are ignorant of what the company is doing, he would not allow us an interview.

Gerereformeerde Kerken in Holland.

Professor J.L. Boshoff, ere-fellow van die Konstruktiewe Program, het met 'n aantal instansies, wat universiteite in Natal en Transvaal insluit, en met verskeie handels- en industriële firmas in Natal, kontak opgebou.

### (b) Konferensies

Gedurende 1978 het die Direkteur die volgende konferensies bygewoon:

Jaarlikse Konferensie, Nasionale Uitvoerende Komitee- en Raadsvergadering van die Suid-Afrikaanse Instituut vir Rasverhoudinge, Kaapstad (Januarie).

Suid-Afrikaanse Jaarlikse Vergadering van die Religious Society of Friends, Stutterheim (April).

Negende Wêreldkongres van Sosiologie, Uppsala, Swede. Verhandelings voorlegging in Werkgroep 6 en vergaderings bygewoon van die Raad van die Internasionale Sosiologiese Vereniging as die amptelike afgevaardigde van Suid-Afrika (Augustus).



the cost of raising the necessary funds has to be taken into account. The funds themselves are already justified by comparison with the alternative methods of provision, but there are additional costs involved in raising them: interest on loans, or administrative and incentive costs of raising taxation. These are normally insignificant for any given project, but may affect small amounts available for the health of

(c) to know the effectiveness of a given amount of money when spent on different objectives, so that choices can be formulated in terms of the alternatives we might afford - so many geriatric day care centres, so many child welfare clinics, etc.

Financial statistics are not traditionally arranged on this basis but in categories such as 'salaries', 'transport', 'medicines', etc. A separate expenditure on different disease groups or age groups

	'76	'77	'78	'79
Return on cap %	31	15	19	17
Turnover (Rm)	67.6	59.6	70.4	79.9
Gross profit (Rm)	24.5	11	12.9	15.5
Gross margin %	36.2	18.4	19.0	19.4
Earnings (c)	87.4	22.5	53.3	55
Dividends (c)	48	27.5	27.5	34
Net asset value (c)	358	384	450	494

Lonsugar will be happy with the recent SA domestic sugar price increase. Ahead of the price increase, rising costs, low world sugar prices and smaller crop estimates had led the directors to forecast a 20% reduction in group pre-tax profit for the current year.

Last year pre-tax profit was 20% up at R15,5m on turnover R9,5m higher at R79,9m. Cane tonnage was higher throughout the group, with Swaziland's Ubombo estate contributing most of the increase. Although sucrose content was down on the previous year because of late rains, better cane yields compensated and the group returned an average 10,54 t (10,09 t) of sugar per hectare of canefield.

Ubombo's performance was none other than "outstanding", say the directors. Benefits of the recent canefield expansions have more than paid off. The result: Ubombo was able to carry the load with Mauritian production hampered by cyclone Fleur, high wages and low productivity, and Malawian production dragged down by staff problems, mechanical inefficiencies and railage bottlenecks.

Malawi is becoming something of a

Overall criteria are needed, and they have to be expressed in such a way that they can guide these detailed questions. Essentially, the problem is not only to relate resources used to objectives achieved, but to relate the various objectives to various means of expenditure be accounted for

## LONRHO SUGAR Sweet academia

Activities: Sugar growing and milling company operating in Swaziland, SA, Mauritius and Malawi. Lonrho U holds 99,7% of the equity.

Chairman and joint managing director: M J J R Leclezio.

Capital structure: 11,3m ordinaries R1.

Market capitalisation: R213m.

Financial: Year to March 31 1979

1084

There are various means of expenditure be accounted for

### 2.1 Programme Budgeting

Programme budgeting, also presentation of expenditure is directed. Thus, projects geriatric problems, sanita

This is necessary:

- (a) to know the cost of pursuing each objective;
- (b) to group together activities with the same objectives which can be compared by cost-effectiveness analysis;

## DATES TO REMEMBER

Last day to register for dividends:

Friday September 21: Bankorp 10c; Beares 8c; B&S 3c; Cons Textile 3,125c; De Beers Cons 20c; De Beers Ind 45c; D&H 6c; Eriksen 5c; Fedmis 4,5c; Fed Mynbou 23c; Gen Mining 25c; Haggie 10c; JCI 205c; Liberty Life 42c; Liberty Hold 7,5c; McCarthy 4,5c; Micor 10c; Montays 4c; Natal Canvas 5,625c; Natal Cons 5c; Ned Equity 3c; Remb Beh 10,6c; Remb Group 14,5c; Safnit 17c; Sage 4,5c; SA Woollen 8,75c; Tedalex 7c; Tegkor 9,2c; TIB 9,2c; Tiger Oats 28c; Trek 4c; Unsbic 17,5c; Woolworths Ord & A 14c.

Meetings:

Friday September 21: JCI (S); Trumcor.

All meetings are in Johannesburg unless otherwise stated. S = Special meeting.

Borrowings: long and medium term, R2,3m; net short-term, R2m. Debt:equity ratio: 6,2%. Current ratio: 2,8. Group cash flow: R12,1m. Capital commitments: R4,8m.

Share market: Price: 1 883c. (1978/79: high, 2 000c; low, 1 883c; trading volume last quarter, nil shares). Yields: 2,9% on earnings; 1,6% on dividend. Cover: 1,6. PE ratio: 34.

basket which sense, a quest

He adds:

"In practice distinct utilization questions community whatever group? good the med. politic but the

Programme budgeting out of the basis criteria,

headache. The development cost of the Dwangwa sugar project has risen, and Lonsugar is to lend Dwangwa R1,4m in the form of R560 000 equity and R840 000 subordinated loans.

At Glendale in SA, the company's smallest estate (8,6% of sugar produced), profits were "extremely disappointing" as the high cost of production was not matched by an increase in price.

In balance sheet terms, Lonsugar is particularly strong and net worth, notwithstanding the higher payout, is up at 494c a share. A portion of the nav increase is the result of a change in accounting policy on the treatment of unrealised exchange adjustments. As these "profits" are not true trading profits and do not affect earnings, these adjustments are now being written into revenue reserves, which stand at R32m.

With only a few hundred shares potentially marketable and nothing traded at all for the past two years, the share price, last recorded at 1 883c, with its massive premium on nav and ridiculously high PE of 34, is academic.

Ian Muir

he it

14/9/79 (61)



# Leyland <sup>Argus</sup> <sup>61</sup> <sup>RAL</sup> committed to SA - director

By Keith Macfarlane, Motoring Editor

**LEYLAND SOUTH AFRICA** is committed to an expansion programme in South Africa, Mr Les Wharton, the company's recently appointed managing director, said.

Mr Wharton, 50, from Manchester, took over Leyland after the Sigma-Leyland merger broke down and has subsequently been assessing his company and its prospects.

Discussing Leyland's prospects here, he said: 'Our market penetration in the truck and bus market for the period January to June 1979 was 6,9 percent. Leyland's market penetration increased in July to 12,3 percent in a market of 1066. In August Leyland took a 12,7 percent share of a bus and truck market of 1294 units. Bus orders to date are valued at over R16-m. We have an extremely strong order book for trucks and buses currently totalling more than R30-m.

In line with our expansion plans we have al-

ready established our truck and bus product strategy for the next five to seven years during which time we will be introducing a whole new range of more economical and efficient trucks,' he said.

New bus models will also eventually be launched in South Africa.

He said the company had consolidated the head office within the manufacturing units in the Cape and the company is to retain both its Blackheath and Elsie's River manufacturing plants.

'No final decision has yet been made as to how the production will be spread to use them to their best advantage, but we will require the total facilities in the Cape for the production of cars, LCVs, trucks, buses and tractors.

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## MEIDING

ege jaar van sy bestaan het die studies gereeld n jaarverslag oor iseer. Om die Sentrum se 10de 1978 te vier is die jaarverslag orsig oor die Eerste Tien Jaar.

## STELLINGS VAN DIE SENTRUM

ks gefinansier deur die Abe ge die testament van Sir Abe s geregistreer as The Abe Bailey Institute of Inter-Racial Studies Limited (Beperk deur Garansie) - n maatskappy beperk deur garansie en sonder n aandele-kapitaal kragtens die Maatskappywet 1973 (Wet Nr. 61 van 1973).

JAARVERSLAG

1978

SENTRUM VIR INTERGROEPSTUDIES

(Geregistreer as The Abe Bailey Institute of Inter-Racial Studies Limited (Beperk deur Garansie))

61 May 12/19/79

# Earnings pessimism

Activities: Holding company having subsidiaries with interests in transportation, product distribution, manu-

	193	194	195	196	197	198	199
4,950							
4,446							
4,101	430	1,222	1,651	3,333	0,37	0,17	0,90
4,032	282	0,79	1,342	1,85	0,33	0,11	0,69
32,20	3270	2,87	20,07	4,88	0,94	0,21	5,32
28,78	2588	2,22	10,49	2,14	0,72	0,23	5,45
13,54	2858	1,37	9,32	2,75	0,66	0,18	2,46
14,15	1951	1,24	6,19	1,72	0,52	0,16	2,13

NO.	ALL	65+	45-64	25-44	5-24	1-4
128	0,06	0,18	0,07	0,03	0,03	0,05
85	0,04	0,13	0,07	0,01	0,01	0,05
26	0,07	0,00	0,21	0,04	0,05	0,02
23	0,06	0,15	0,11	0,05	0,04	0,07
289	0,25	0,47	0,36	0,23	0,09	0,45
164	0,14	0,18	0,13	0,09	0,06	0,26
366	0,17	0,44	0,26	0,13	0,09	0,23
187	0,12	0,15	0,07	0,06	0,07	0,18

facturing, and project engineering. Mitchell Cotts (UK) owns a controlling stake.

Chairman: P P Dunkley; managing director: I K Soll.

Capital structure: 14,4m ordinaries of 50c. Market capitalisation: R31,7m.

Financial: Year to June 30 1979. Borrowings: long- and medium-term, R3,3m. Net cash: R8,5m. Debt:equity ratio: 7,1%. Current ratio: 2,1. Net cash flow: R3,1m. Capital commitments: R33 000.

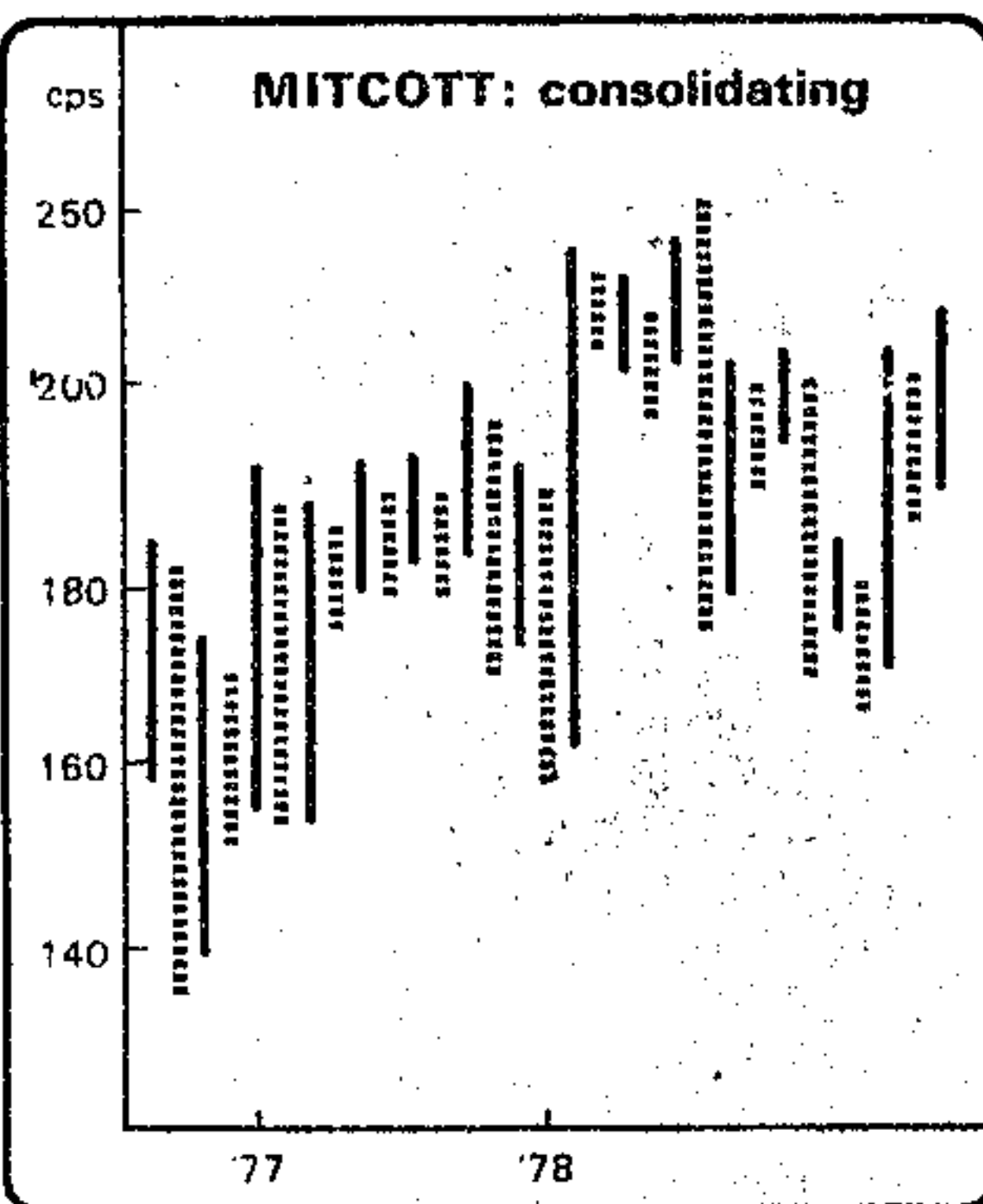
Share market: Price 220c. (1978-79: high, 265c; low, 160c; trading volume last quarter, 217 000 shares). Yields: 15,9% on earnings; 9,5% on dividend. Cover: 1,7. PE ratio: 6,3.

	'76	'77	'78	'79
Return on cap %	33,4	32,1	23,9	19,1
Turnover (Rm)	204,3	223,1	211,4	215,5
Pre-tax profit (Rm)	14,0	14,8	10,6	8,9
Gross margin %	7,3	7,1	5,4	4,4
Earnings (c)	65,3	58,9	42,0	34,9
Dividends (c)	20	21	21	21
Net asset value (c)	255	290	310	321

Despite some investor nervousness following chairman Philip Dunkley's not entirely encouraging forecast the share price failed to penetrate below 210c.

There could be a number of reasons for this resilience. One is probably the group's limited downside profit potential. As Dunkley points out, Mitcott is diversified in four main areas, which, by virtue of their differing natures, ensure that a decline in group profits will tend to be less than of any one division.

For instance, last year, while the project engineering and distribution divisions



each chipped in only R2,4m (R3,8m and R2,9m respectively) transportation increased its contribution to an all-time high of R3,0m (R2,5m) or 33,7% (23,1%) of group pre-tax profit. The manufacturing division produced a reduced R1,1m (R1,5m) or 12,5% (13,7%).

Dunkley blames last year's profit decline largely on the low level of local



Philip Dunkley ... earnings pessimism

mining activity. The profit decline would have been even worse, particularly in project engineering, had it not been for the group's successful Australian contracts, he adds.

He believes earnings will again be depressed by the local mining industry's short-term reluctance to invest in new projects. Nevertheless, transportation and non-mining operations could benefit from improving economic conditions. But avers Dunkley, "progress of the business ... will depend on improvement in the general economy and a resumption of investment."

In the short-term, Mitcott could improve earnings through acquisitions to enlarge the scale of each specialised sector of the business. Last year the group made no major acquisitions, however, partly due to excess liquidity in the economy which resulted in a premium on prices.

There is nothing to indicate that this state of affairs will not continue in the current year. But the group hopes its reorganisation, which is designed to concentrate responsibility on the four main operational groupings, will help it locate acquisitions more readily. With R8,5m in cash and borrowing powers due to be increased from R14,4m to R49,4m, financing of acquisitions should not be difficult. Certainly, Mitcott appears to be under-gear.

Nonetheless, Dunkley is pessimistic on maintaining earnings this year, but believes an unchanged dividend could be paid for a 9,5% prospective yield. On this basis, the share is best suited to the longer-term investor prepared to wait for a recovery in capital spending and an advance in Mitcott's earnings.

Peter Pittendriah



INTRODUCTION

In South Africa the analysis of mortality data is of particular importance since, apart from the notification of certain predominantly infectious diseases and a recently instituted collection of hospital inpatient statistics<sup>1</sup>, (primarily for national accounts purposes), no morbidity data is collated on a routine basis at national level.<sup>14</sup> The limitation-

mortality statistics have already been mentioned limitations are accepted, and what provides only one

community deaths oc the plann services.

SOURCES OF

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In 1974, ther deaths in a p 'coloureds',<sup>4</sup> total African On the basis o Africans for tl Since the Birth<sup>6</sup> the regi Bantu Administr Bantu Reference report for the s about 100 000 re

products rose steadily, resulting in a turnover increase of 25%. Significantly, margins widened with a 73% improvement in pre-tax profit. This yielded earnings of 141.4c to allow a 25% dividend hike to 40c, with cover rising from 2.7 to 3.5 times. Chairman Harold Pearson attributes the improvement to increased demand "for better class housing for blacks, coloureds and Asians". He anticipates that demand

will remain steady and that expansion of present manufacturing facilities will be required to meet it. This lies behind the R1m 9.77% debenture issue, part of which has replaced a high-interest medium-term loan. The balance is earmarked for expansion.

With total borrowings at R2.3m, the debt:equity ratio remained stable at 34.5%, while the interest bill was trimmed from R292 000 to R193 000. The effective use of assets is amply illustrated by the improved 24.4% (17.8%) return on capital.

	'76	'77	'78	'79
Return on cap %	15.2	17.1	17.8	24.4
Turnover index*	181.6	214.6	198.5	247.9
Pre-tax profit (Rm)	0.9	1.2	1.3	2.2
Earnings (c)	73.9	72.7	85.8	141.4
Dividends (c)	31	32	32	40
Net asset value (c)	617	683	728	799

Due to higher costs, the Price Controller authorised a 10.1% price increase on all products in April. However, as demand was buoyant, Gypsum did not implement the increase immediately "in order not to contribute to the quickening pace at which building costs were rising" says Pearson. But the recent hefty fuel price rise necessitated implementation from July 1. Fuel-saving measures have been introduced, with 5-10% already achieved, and a further 5-10% aimed for in 1979-80.

On the new product side, the Agreement Board has made progress in evaluating the recently introduced mesh-reinforced plaster method in building construction which uses Gypsum's Rhinoshield board. A Certificate of Approval is expected shortly.

Once again results from subsidiaries were mixed. Partition and ceiling grid manufacturer, Donn Products (66.7%-owned) improved profits through increased market penetration. But with building still depressed in ZR, 50%-held Gypsum Industries (Pvt) again reported a loss. However, reports Pearson, there are "faint signs" of revival there, largely due to demand for new black housing. Also operating in difficult conditions, 25%-owned Allied Rhodesian Manufacturers managed to record a "reasonable profit".

Prospects are promising, though Pearson forecasts that profits in 1979-80 are "unlikely to be very different" from last year's, with steady demand expected to continue. In view of his usual conservatism and the well-covered dividend, the share should at least maintain ground, and remains a good hold.

Gillian Counihan

Financial Mail October 12 1979

GYP SUM Building up

Activities: Manufactures building materials and components from gypsum. BPD Industries (UK) holds 49.9% of the equity.

Chairman: H B Pearson; vice-chairman and managing director: R A P Fockema.

Capital structure: 818 000 ordinaries of R2. Market capitalisation: R5.2m.

Financial: Year to June 30 1979. Borrowings: long- and medium-term, R2m. Net cash: R699,000. Debt:equity ratio: 34.5%. Current ratio: 2.5. Net cash flow: R1.4m. Capital commitments: R365 000.

Share market: Price: 640c. (1978-79: high, 640c; low, 275c; trading volume last quarter, 7 000 shares). Yields: 22.1% on earnings; 6.3% on dividend. Cover: 3.5. PE ratio: 4.5.

Over the past year Gypsum's share price has by far outperformed the market. At 640c it is 94% up on last October, against the building sector's 45% recovery as measured by the FM building index.

The reasons for this performance are easy to find. Demand for the company's

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F.M. 19/10/79 (61) (73) (39) (70A)

**FACTORIES ACT**

**Safety at Revertex**

Most employers would be irked by any suggestion that they need a trade union to tell them how safe their factories are. But a recent management-trade union dispute in the Durban area indicates that they sometimes do — or so the union says.

The unregistered (largely African) Chemical Workers Industrial Union believes it is the first unregistered union to use the Factories Act to gain improvements in safety precautions at a factory. The factory concerned is British-owned chemical firm Revertex, which last year won an industrial safety award, and which subscribes to the EEC code of conduct — and which vigorously denies the union's allegations.

According to the union, Revertex workers were becoming increasingly restive at what they considered were inadequate safety precautions at the plant, to such an

extent that "feelings were running high." The union believes that safety precautions at Revertex did not meet the requirements of the Factories Act and it recently sent the company a lawyer's letter asking it make certain changes or face a court action.

According to the union, management reacted to the letter by making a number of immediate changes. Many of the complaints centred around charges that workers were not provided with adequate protective clothing, and also that safety precautions against injuries sustained from contact with chemicals were lax.

According to a union spokesman, "most of the things the workers were unhappy about have now been attended to." He adds, however, that the union now wants management to make these changes permanent by committing to writing the verbal instructions it issued to supervisors.

The union adds that "workers are very often afraid to raise safety issues. They thus remain unresolved and create tension on the factory floor. Only a union's intervention can bring these problems to management's attention." He cites this as an additional argument in favour of union recognition by management: "Revertex have consistently refused to recognise the union. This incident is further evidence that their workers need a union."

A Revertex spokesman denies that safe-

ty conditions were inadequate before the union's letter. He says "our safety record speaks for itself," citing the fact that Revertex received a merit award for industrial safety from Nosa (National Occupational Safety Association) in 1978. The union's allegations, he says, "were not well founded."

He says Revertex simply reacted to the letter by "assuring our workers of the company's commitment to strict safety precautions," and he rejects union suggestions that tension on the factory floor was rising as a result of the safety complaints. He concedes, however, that "certain specific changes were made" as a result of the union's letter.



61

# There is partial integration at Metal Box SA



Work at Metal Box.

METAL BOX SA, a British company employing 8 700 people throughout the country, pays for its workers a minimum wage of 98c an hour.

And the 98c an hour minimum works out to R191,10 a month.

The company's group personnel consultant, Mr N van der Walt, says their minimum does not include the company's contributions such as bonus, pension and subsidised meals.

The University of South Africa's Bureau of Market Research calculates the Supplemented Living Level (SLL) for a family of five in Johannesburg at R185,88 a month. Metal Box uses this figure to guide them in determining the minimum pay.

The EEC code of Conduct, to which the company subscribes, stresses that European companies with interests in South Af-

rican minimum Living Level (MLL). This would work out to R278,82 a month.

Mr van der Walt told POST that there are 710 people at the bottom of the company's pay scale. All these are black and in Grade 1.

The least paid white earns R220 a month. She is a typist.

The company employs 4 786 Africans, 2 174 whites, 1 176 coloureds and 329 Asians.

Mr van der Walt says they have two grading structures — one for hourly-paid staff. There are 16 grades (Grade 1 to Grade 16) for the hourly-paid workers and 18 grades (Grade 1 to Grade 18) for the salaried staff.

What is the company doing to upgrade its black staff? The company conducts an on-the-job training for its workers such as training in electricity and production mechanism.

POST was told that no black apprentices have been employed in the company.

"Legislation prevents us from employing Africans as apprentices," says Mr van der Walt.

There are 109 white apprentices, 26 coloured and 1 Asian.

How does the company negotiate with its workers? There are 19 liaison committees at Metal Boxes' 19 factories in the country. Five of these are integrated.

The committees, consisting of three management repre-

sentatives and six worker representatives, meet once a month to discuss matters affecting the workers.

Are the toilets, canteens and other facilities in the company integrated?

Mr van der Walt says their facilities are partly integrated.

POST: What reason do you give for this partial integration? Mr van der Walt: The speed at which each factory can do it.

Integration at the company is based on occupational level. This means that people doing a particular job have their own toilet and canteen.

The company has not had any hostile reactions from its white workers to this

partial integration. "You see whenever we make changes, we do it in consultation with our workers," he says.

There has also not been any interference from outside the company, e.g. labour inspectors, to prevent them from integrating some of their facilities.

The company has donated R500 000 to the Urban Foundation

for the improvement of the quality of life in the townships. The company also sets aside 0,5 per cent of its profits for charity.

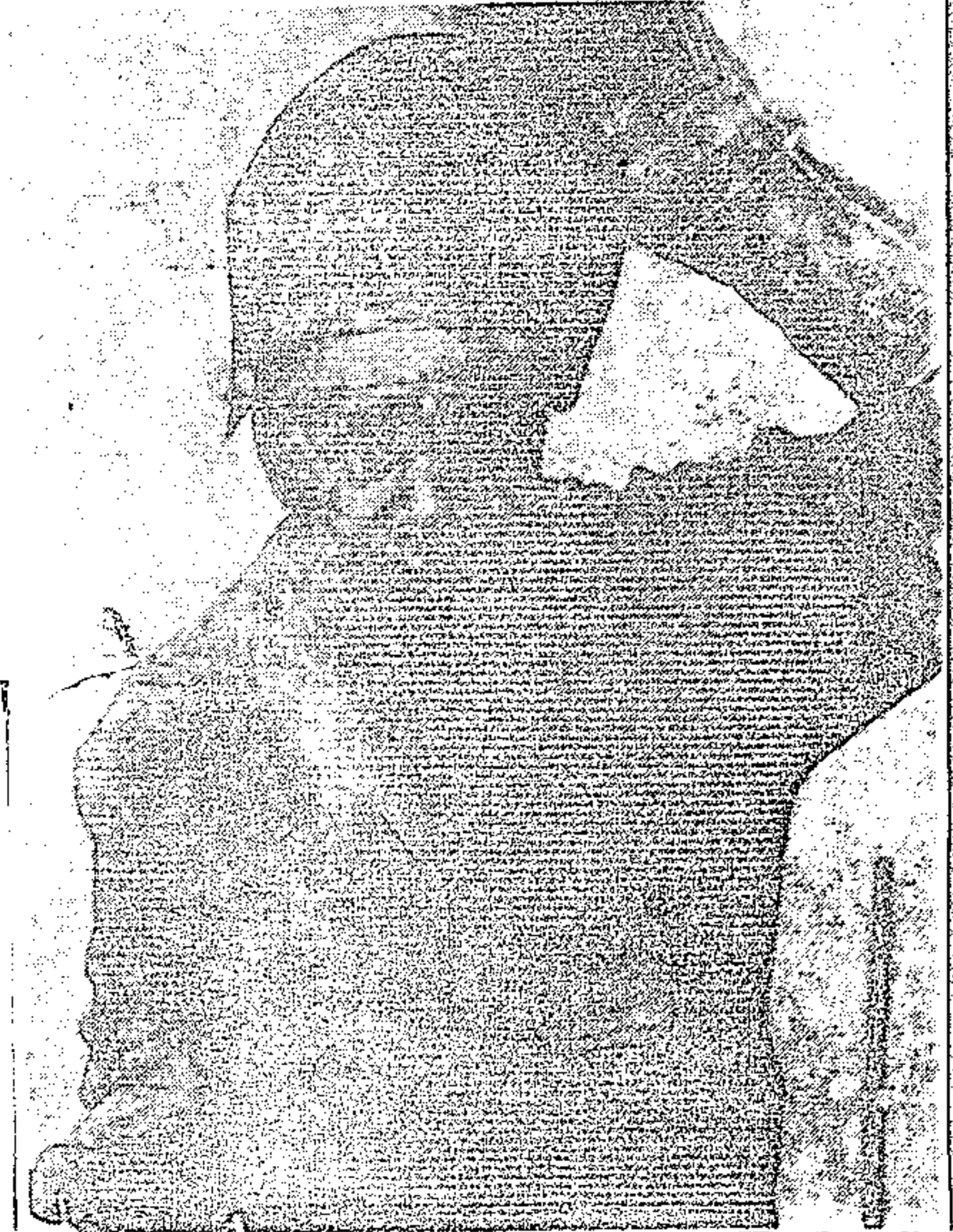
There is a housing scheme and a bursary scheme.

Metal Box employees apply for loans to either build or improve their houses.

The company also gives bursaries to university and high school students.

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# Favour SA blacks, UK firms told

*Argus 8/11/79.* (61)

Argus Bureau

LONDON. — If British businesses are to remain in South Africa in spite of increasing pressure to withdraw, they will have to make a more positive contribution to economic and social development than they have in the past.

This is the view of Mr Peter Wilson, of the Institute of Small Business at the London Business School.

'A more active role will have to extend beyond paying mere lip service to equal opportunity,' he adds in a letter to the Financial Times.

### DISCRIMINATORY

'Besides integrating management at all levels, British business will have to pursue a discriminatory policy in favour of blacks even outside the business if black businessmen are to gain their rightful place in the economy.'

'Such a policy must involve blacks in their own businesses if the fruits of economic growth are to be shared equitably.'

Mr Wilson's letter follows an appeal here by Mr Sam Motsuenyane, chairman of the African Bank, for help from foreign businesses.

### BOLD STEPS

He recalls that in Britain in recent years some bold steps have been taken to help small firms, and there is an equally strong case for extending some of these initiatives to black businessmen in South Africa.

'Even a passive policy of favouring black supplies (the US has such a programme) and extending more lenient credit terms to black clients can open up opportunities at little cost,' Mr Wilson says in his letter.

0+	0,04	0,05
1-	0,00	0,00
5-	0,00	0,00
25-	0,00	0,00
45-	0,00	0,00
ALL	0,03	0,00
NO.	54	47

0+	0,01	0,01	0,00	0,00	0,07	0,10	0,05	0,05
1-4	0,02	0,01	0,03	0,01	0,04	0,03	0,05	0,05
5-24	0,11	0,09	0,39	0,10	0,41	0,19	0,23	0,22
25-44	0,92	0,42	1,60	0,72	1,31	0,67	0,80	0,68
45-64	1,80	1,16	1,61	2,44	1,91	0,75	1,44	0,91
65+	0,31	0,21	0,33	0,16	0,33	0,17	0,25	0,20
ALL	653	430	116	56	370	201	533	329
NO.								

CERTAIN CAUSES OF PERINATAL MORBIDITY AND MORTALITY

0-1	W		A		C		B	
	M	F	M	F	M	F	M	F
	12,46	9,07	16,92	11,55	29,22	24,78	23,16	22,23
1-4	0,02	0,02	0,02	0,02	0,02	0,04	0,04	0,00
5-24	-	-	-	-	-	-	-	-
25-44	-	-	-	-	-	-	-	-
45-65	-	-	-	-	-	-	-	-
65+	-	-	-	-	-	-	-	-
ALL	0,25	0,17	0,48	0,32	0,83	0,67	0,55	0,67
NO.	519	359	170	113	942	785	1143	1075

DISEASES OF THE GENITO-URINARY SYSTEM

0-1	W		A		C		B	
	M	F	M	F	M	F	M	F
	0,02	0,03	0,00	0,10	0,25	0,10	0,04	0,06
1-4	0,01	0,01	0,02	0,00	0,12	0,14	0,02	0,04
5-24	0,02	0,01	0,04	0,04	0,02	0,04	0,03	0,02
25-44	0,02	0,05	0,06	0,09	0,17	0,13	0,06	0,08
45-64	0,23	0,19	0,44	0,37	0,36	0,36	0,34	0,25
65+	1,25	1,09	1,07	1,83	1,57	1,10	0,73	0,56
ALL	0,13	0,15	0,11	0,12	0,15	0,14	0,10	0,08
NO.	276	303	38	42	169	165	203	130



AFRICAN CABLES

61 From 16/11/79

# Diversification growth aims

**Activities:** Manufacturer of electric cables. Owns Alucab which has an aluminium conductor factory at Dundee, Natal. Various UK cable companies own 60% of the equity.

**Chairman:** W N Randell; managing director: Dr E Levin.

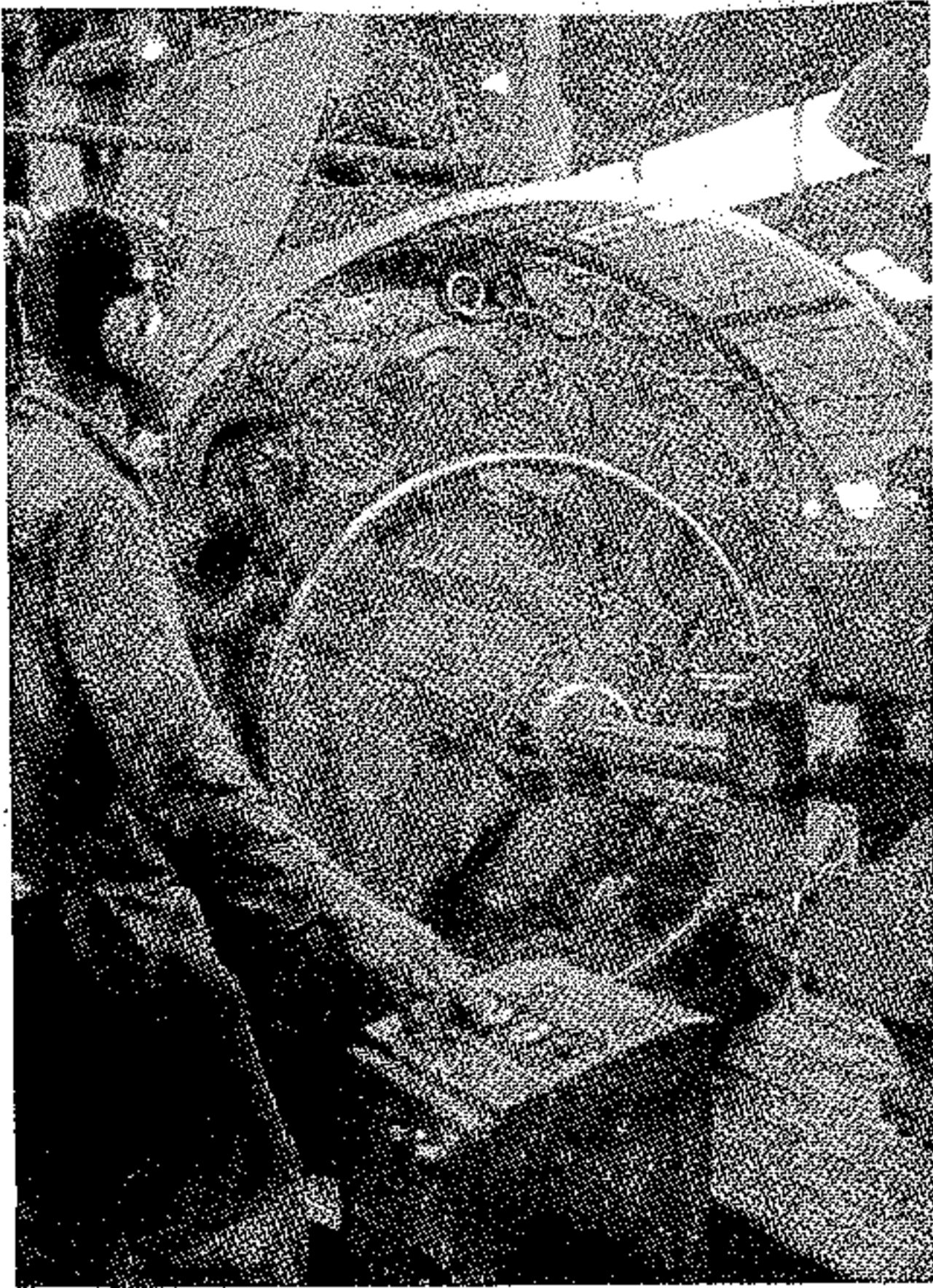
**Capital structure:** 5.9m ordinaries of R1. Market capitalisation: R53.1m.

**Financial:** Year to July 31 1979. Borrowings: long- and medium-term, R2.9m. Net Cash: R8m. Debt:equity ratio: 8.4%. Current ratio: 3.3. Net cash flow: R4.6m. Capital commitments: R3.1m.

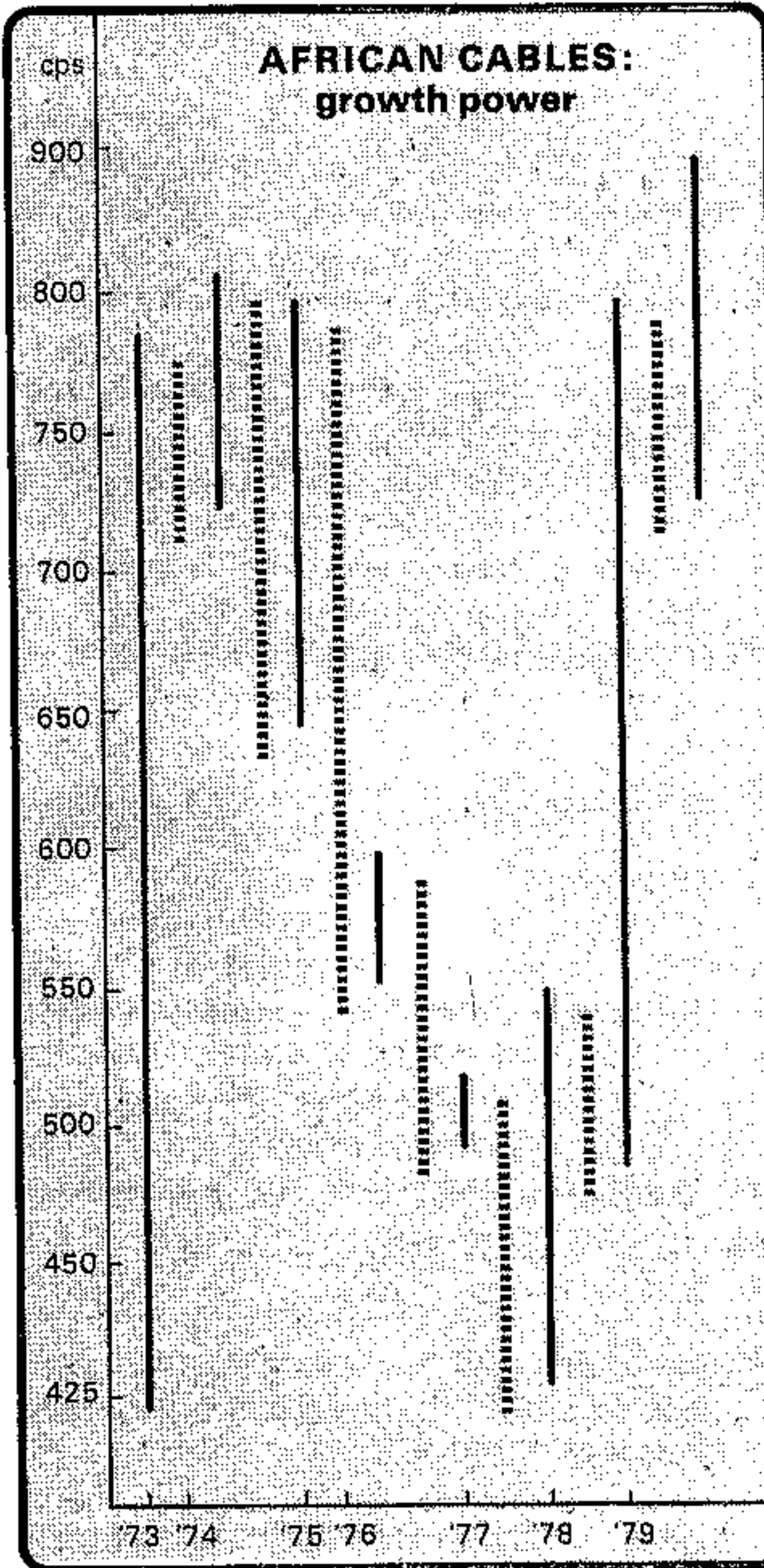
**Share market:** Price: 900c (1978-79: high, 910c; low, 480c; trading volume last quarter, 4 000 shares). Yields: 9.3% on earnings; 6.3% on dividend. Cover: 1.5. PE ratio: 10.8.

	'76	'77	'78	'79
Return on cap %	23.6	15.5	14.7	15.9
Turnover (Rm)	48.7	39.9	44.4	46.7
Pre-tax profit (Rm)	10.4	6.6	7.1	8.3
Gross margin %	21.5	17.3	16.9	18.7
Earnings (c)	107.5	75.9	77.1	83.5
Dividends (c)	47	40	48	57
Net asset value (c)	614	705	769	866

After three years of struggling to push return on capital back up to the pre-1976 figures of around 30%, African Cables has decided to diversify out of its pure cable manufacturing activities. Results for the year are a pedestrian 8.1% up at R4.9m after tax. Turnover was up by 5.2% to R46.7m — still some way off the R56m



Cable making . . . but diversified earnings spin off is sought



sales achieved in 1975.

So although the immediate outlook for cable companies has received a fillip by the nation-wide programme to electrify black townships, the competitiveness of an under-utilised industry will keep the company's gross margin down.

Chairman William Randell says that the results would have shown a 21.8% increase had the company not been using the Lifo method of stock and sales evaluation. This, he says, reduced profits by R1.3m. But with inflation running at over 14%, the necessity for inflation accounting, Lifo being one method, is unquestionable. In fact the effect of inflation on cash flow with a slim 1.5 times covered dividend casts doubt on the company's future ability to finance internally not only growth but also major projects won under tough tendering conditions.

The company is not embarking on any major capex this year having spent R17m over the past five years. Total capex still to be spent, about R2.4m, has been allocated to such unavoidable as plant re-

placement and the improvement of working conditions.

Randell expects the company to improve its already higher order book even further once the electrification of black townships and the construction of Escom's three new power stations get under way. Although all this extra work will be carried out under tremendous cost pressures on such materials as aluminium, copper and steel, Randell says the local production of PVC should ease marginally the pressure on costs. The effects of this cost pressure situation are seen in the higher stocks carried. The increase from R2.8m to R3.4m in raw materials is mostly attributable to the higher costs of the goods and not to an increased inventory level.

Under such tight margins, the decision has been taken to reduce gearing to a modest 8.4% with R1.3m pumped into decreasing long-term loans. Although working capital was increased by R2.2m compared with an increase in 1978 of R3.5m, most of this working capital increase was absorbed by stocks and went into cash, presumably for further stock replacement.

A major hindrance to investment has been that the shares are tightly held. A planned four-for-one share split should ease the logjam somewhat. But it is unlikely that the share has much near-term capital growth potential in view of the high PE and the intense competition which will help restrain margins. *Jan Muil*

GIC

## Steaming ahead

UK-controlled Goldfields Industrial Corporation is well over the 1977-78 slump. And, judging from the interim results, it looks set for an earnings improvement of about 75% in the year to end-March. The interim dividend was lifted to 6c (4c), and a higher final has been promised provided trading conditions are maintained.

The group's subsidiaries are mainly in the machine tool and mechanical handling sectors. Trading conditions have remained firm since end-March, and all operations contributed to the 32,6% turnover improvement to R15,6m (R11,8m) for the six months to end-September. With this rise came better operating efficiencies, allowing a pre-tax profit margin of 10,5% (6,4%). Pre-tax profits more than doubled to R1,6m (R758 000).

During the half year GIC had a two-for-five rights issue to raise R1m. The issue was underwritten at 95c, and those few minorities who passed their rights missed the chance of nearly doubling their money as the share hit 180c on Wednesday.

The minorities who did not take up their rights pushed the UK parent's, B Elliot, stake to around 60% (54,6%). This means a reduction in the percentage of GIC's business that may be financed through

local borrowings. However, as equity is on a higher base the borrowings ceiling has increased.

The rights issue funds were used to buy a R450 000 trading property and bolster working capital as there is not much leeway for increasing borrowings, despite the lowly debt:equity ratio of 15,5% last year. This is also the reason the company has had, traditionally, high dividend cover.

The outlook, assuming about 55% of profits come in the second half, is for annual taxed earnings of about R2m (R1,2m) — about 52c a share on the increased 3,95m (2,82m) shares in issue. An unchanged 4,1 times dividend cover offers a potential total payout of 13c (10c), for a prospective 7,2% yield. In the short-term the share, at 130c, appears to have discounted much of the year's potential gain.

*Des Edale*



23/11/79 (61)

tion at Cadbury since June 1977. Management has repeatedly refused recognition, and has backed an in-company union which it initiated in early 1977. Cadbury personnel manager, Dennis Colling, says the company wanted a body which was "fully representative of the workforce." At the time it was registered, Sfawu represented only 20% of Cadbury weekly-paid staff, he claims.

It is unusual for management to refuse to recognise a registered union. Colling claims that management refused to deal with Sfawu because it represents coloured workers only (at registration, he claims, 50% of Cadbury's coloured workers were members): "We did not like the racial approach." The company union, he argues, which represents 60% of all weekly-paid workers, and more than 50% of each race group, presents no such problem.

Colling is undeterred by government's refusal thus far to allow mixed unions to register (except under special circumstances). Because government accepted all the Wiehahn Commission's recommendations in principle, he expects mixed unions to be sanctioned soon, and "we like to keep one step ahead."

Sfawu replies that it is organising both coloured and African workers -- although into separate unions because of legislative restraints. It claims majority membership among coloured workers. In addition, a third of the African workers have joined, it claims.

General secretary Veefoot Ah Shene alleges, however, that many workers are afraid to join Sfawu. He charges that a member of the African union's committee was fired because of "a reduction in staff" and another transferred to a job where he has little contact with workers. Replies Colling: "We absolutely deny that anyone has been dismissed because of outside union membership." He says management has no idea who belongs to the African union and adds: "We are aware of many people belonging to Sfawu and we haven't done anything about this."

**Denied access?**

Ah Shene complains that his union is denied access to factory premises to collect union dues, while the company provides an office and "check-off" facilities for the in-company union. New workers, he says, are given in-company union stop-order forms by personnel officers when they join the company. Colling says the in-house union asked for this arrangement but claims there is no pressure on workers to join this union.

There is little difference between the in-house union and the liaison committee system, says Sfawu, which is now trying to rally support from the International Union of Food & Allied Workers and the UK Transport & General Workers Union. "We have no choice but to resort to international pressure," says Ah Shene.

pute at UK-based multinational Cadbury Schweppes is unimportant.

At issue is a union complaint which is being heard often -- that some employers are favouring their own chosen trade unions against independent rivals. In this case, Cadbury is accused of initiating its own in-company union while refusing to recognise the registered (coloured) Eastern Province Sweet, Food and Allied Workers Union (Sfawu).

Sfawu gained registration late last year, but has been attempting to gain recogni-



**Sfawu's Ah Shene . . . no choice but international pressure**

11/79 (61) (54)  
COGNITION  
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P.T.O

**Credibility problems**

Employment codes in SA have flourished since Leon Sullivan of the US spelt out his six principles in early 1977. Foreign companies and governments have latched on to such codes to escape disinvestment pressures. But, argue many critics of the codes, their proliferation and the growing number of subscribers doesn't mean very much, since monitoring is either non-existent or ineffective.

The main codes are the Sullivan code (for American firms), the EEC code, the Canadian code, and the local Saccola code. The latter was initiated by the Urban Foundation and Saccola, which claims to represent about 90% of South African firms. Neither the Canadian code nor the Saccola code have any monitoring device. The Canadian government merely recommended to Canadian firms that their subsidiaries in SA adopt its code and report to shareholders.

The monitoring of the EEC and Sullivan codes is based on company reports, often in the form of answers to questionnaires. Since March 1977 the number of signatories to Sullivan has leapt from 12 to 135, and the third progress report is out (see box). The report says seven "task groups" (made up of representatives from signatory companies) have developed "guidelines, objectives and timetables for action programmes." This, it argues, illustrates their commitment to the principles. Nonetheless, relying on company reports is by no means a satisfactory basis on which to monitor. And as long as this is the case, the report's credibility will remain suspect.

The EEC code was adopted two years ago. But its monitoring is only just getting off the ground. Britain and Italy are the only two countries now receiving the sec-

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Financial Mail November 30 1979

**Proclamations to remain in force made under section 220 of the repealed Act shall remain in force until the repeal of that Act, and shall remain in force until repealed by regulation.**

**(2) The Third and Fourth Schedules to the repealed Act, remain in force and shall remain in force until repealed by regulation.**

**(3) Any proclamation issued under any law in force at the commencement of this Act shall remain in force until repealed by regulation.**

**17. Proclamations.—(1) The State President may by proclamation in the Gazette from time to time amend or add to the provisions of the Schedules to this Act.**

**(2) Any such proclamation may prescribe different provisions in respect of different types of companies.**

**(3) The provisions of any such proclamation amending or adding to—**

**(a) Table A or B contained in Schedule 1 shall not apply in relation to any company in respect of which the provisions of the Table in question applied immediately before the date on which the proclamation took effect;**

ond round of reports from companies with SA subsidiaries. However, up to now, Britain is the only country that has published a report.

German, Dutch, and French subsidiaries submitted reports to their governments for the first time this year. In a month or two, the German government will publish its report. Just over 50% of the Dutch companies have submitted reports, which were put before the lower house of parliament a month ago. By September, about half of the French subsidiaries had sent in their reports. The Italian, French, and Dutch reports are unlikely to be published.

These reports to foreign governments will do little to pacify overseas pressure groups. According to one critic, as long as the results of the companies are kept from the public eye, and highly subjective employer reports are relied upon, the assessments will lack credibility.

The FM learns that the EEC could call on trade unions to comment on the company reports. According to Fosatu's Alec Erwin, this is only possible where there is strong union organisation, which SA lacks. Thus, unions could only play a limited role in monitoring. Fosatu has in fact prepared reports on those companies where its unions are well organised, and these will be released soon.

Tuesa says that it is keeping an eye on firms which have subscribed to the codes and will publicise its findings. But it admits that lack of resources will make their unions a not very effective monitoring device.

Inkatha claims that it is also monitoring the codes. According to Gibson Thula, Inkatha publicity officer: "Lists of subscribers to the codes have been made available to workers and a few companies have been visited, but we don't have the staff to do this properly." So far, Inkatha has not made any statement on its findings. Thula argues that "we are still finding our way."

Vic Razis, of UCT, is interested in setting up a university-based body which will monitor all the codes. It would serve as an information service, as well as investigate employment practices. Obviously, having a third party to investigate would be better than relying on employers and trade unions. But the codes' effectiveness ultimately depends on the employers, for it is up to them whether a third party can have access to premises, and talk freely with employees.

continued on page 505



**GARLIC.** A "clove" is a small section of the bulb, is used crushed between foil, and rubbed round a salad bowl, to give the salad a tang. Juice used to flavour stews and sauces and with seafood. Mixed with butter for savoury bread.

**ALLSPICE.** Not to be confused with Mixed spice, which is a mixture of spice and mostly used in cakes, biscuits, etc. Allspice is so named because it resembled the aroma of mixed spice. It is used ground in preserves, meat dishes and seasonings.

**PEPPERCORNS.** Used in pickles, and for boiling in brawns, tongue, salt

That skilfully chosen wine turns a meal into a banquet. Taken regularly in moderation, as it should be, wine is everywhere considered a most pleasurable aid to health. It brings good digestion, good humour, and an air of gracious living.

Learn to choose wines well, so that they blend with each occasion, every course. Learn to add the zest of wine to your cooking. It tickles up the delicate flavour of almost any dish.

For storing wines, use a cupboard in a quiet, cool corner of the house. or under the stairs. Corked bottles must lie flat so

Argus 6/12/79  
**British Steel**  
**may sell SA**  
**investments**

Argus Financial Correspondent

**LONDON.** — The stricken British Steel Corporation, which lost £146-million (R265-million) in the first six months of this year, is considering selling off its South African investments.

These are chiefly 35 percent of International Pipe and Steel Investments and a direct stake of 21 percent in Stewarts and Lloyds, whose latest pre-tax profits rose by 37 percent to R12,1-million.

International Pipe and Steel Investments controls Stewarts and Lloyds.

A spokesman for British Steel said he could not confirm any speculation about the sale of the corporation's assets.

**CONSIDERING**

'But obviously it follows that this is an area we are considering in the light of the chairman's statement,' he said.

British Steel's chairman, Sir Charles Villiers, said the corporation would have to consider selling off its investment holdings in outside companies.

A comment in the latest issue of the Metal Bulletin leader column said disposal of the corporation's 'non-mainline assets' would accord with the Government's policy of de-nationalisation of industry.

**PORTFOLIO**

British Steel inherited 'an impressive portfolio' of assets in Britain and overseas — ranging from Canadian iron ore mines and steel operations to tube and steelmakers in New Zealand, Australia, Switzerland and South Africa.

'But disposal of peripheral activities will not solve BSC's enormous problems,' says the bulletin.

'Surgery is inevitable and even the core activities will not be spared. Capacity may well have to be reduced by a quarter and the work force by a

the be deli serv thar holic In h wine Euro serv To t two

Curry tends to ... Do not blunt your palate before meals by taking spirits.

Preserve left-over wine in a bottle with a thin film of fresh oil and use for cooking.

To remove ring stains left on polished wood by bottles and glasses, rub well with a damp cloth dipped in cigarette ash and oil. Then repolish.

Rinse glassware in warm water with a little ammonia added to it. This will make the glass sparkling bright.

Wine is Harmony. What melody there is for the Connoisseur in a glass of brilliant wine

André L. Simon.

F.M. 21/12/79 (48) (61)

# Diplomatic high-wire act

As Southern Africa's history takes a new turn and Africa witnesses its first "recolonised" state, John Leahy, Britain's ambassador to SA, finds himself treading a tightrope. "It's not as exciting as that actually. I'm very aware that there are pitfalls. It's a matter of trying to avoid them... not that it's always possible."

South Africa appears particularly vulnerable as its last white ally accepts the Lancaster House agreement and braces itself for the democratic deluge. Leahy's speeches are implicitly optimistic and he keeps his distance on sensitive issues.

He's mastered the diplomatic art of saying nothing with the utmost charm. "If I'm too guarded, I confess it's my fault," says the youngest British ambassador (51) to arrive on SA soil and the first without a title. "But diplomatic language needs a bit of knowing — naturally."

Leahy admits, before arriving in June he hadn't spent more than 24 hours in the country. He's defensive about his lack of knowledge "in loco" but he says he's turned it into a virtue. "I came here with an open and uncluttered mind. I had no preconceptions."

It's a useful defence. Britain's stance in Southern Africa is being regarded with growing scepticism and he's had to play the placator's role with the circumspection of a foreign ambassador.

On disinvestment, he stresses that the British government has no set policy to implement. "There are issues that Whitehall doesn't wish to pronounce on. We believe that business must be left to make its own decisions."

He adds: "We trade with the Soviet Union as well as we do with SA. We don't let political considerations interfere with trade relations."

Britain seems determined to protect both trade and investment relations with SA. The lifting of exchange controls has made direct investment far more attractive. In November, the UK's interests in SA were estimated to be worth R13 200m, 10% of its overall overseas direct investment — too much to sacrifice.

On the Rhodesian front, Leahy expresses optimism. "I would be very surprised if the Lancaster House conference failed. We've really worked hard at this one and I'm convinced it will work."

SA is intimately concerned with what happens on its doorstep, and the temptation to become involved is great. Leahy, however, refuses to be drawn on what Britain's action would be if SA troops became active during the ceasefire. "We'll all just have to keep as calm as we can in a difficult and trying period."

This is Leahy's first ambassadorial appointment. Three years in Iran and two in

Ireland primed him for SA. "Ireland taught me there were no quick solutions. After two weeks there, I had a flash of inspiration and believed I could solve the problem. They nearly fired me."

Settling-in has been easy for him, thanks to the mark left by SA's English heritage. "I feel at home... there's so much that's familiar." Due to move to Cape Town in January, he says he's glad his first six months were spent in Pretoria. "The core of 'Afrikanerdom' is here in the Transvaal — I wanted to become more familiar with it."

He's determined to introduce a spirit of hope and remove the black sheep image SA has abroad. "People begin to feel that no matter what changes are made, they're always ignored. There has been progress and this must be recognised." It's becoming more difficult for intellectually honest people to dismiss SA in a few damning words but, he confesses, people are as bloody-minded here as anywhere else.

Perhaps this sentiment has something to do with the stony silence that followed his recent quip to Capetonians: "Britain's catching on to recolonisation — Cape Town's our next target."

Both white and 'coloured' females have shown an increasing life expectancy at the age of 45, and although this has been small, it contrasts with the downward trend of both white and 'coloured' males.

Although it is apparent that the Expectation of Life at birth for the 'coloureds' has shown a marked improvement between 1941 and 1970, it is salutary to note that neither 'coloured' males nor females, at either age 45, have reached expectations of life in 1970 which are as high as the whites were in 1929. What also gives some cause for concern is that although the expectation of life cannot be expected to improve indefinitely, it would appear that the 'coloured' life expectancy is levelling off at a much lower age than has occurred in the white community.

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JOHN LEAHY

F.M. 21/12/79 (16) (61)

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GLEN SHANLEY F.M. 21/12/79

he has become disqualified from being nominated or appointed as a liquidator or has been authorized, specially or under a general power of attorney, to vote for or on behalf of a creditor, member or contributory at a meeting of creditors, members or contributories of the company of which he is the liquidator and has acted or purported to act under such special authority or general power of attorney; or

- (b) that he has failed to perform satisfactorily any duty imposed upon him by this Act or to comply with a lawful demand of the Master or a commissioner appointed by the Court under this Act; or
- (c) that his estate has become insolvent or that he has become mentally or physically incapable of performing satisfactorily his duties as liquidator; or
- (d) that the majority (reckoned in number and in value) of creditors entitled to vote at a meeting of creditors or, in the case of a members' voluntary winding-up, a majority of the members of the company, or, in the case of a winding-up of a company limited by guarantee, the majority of the contributories, has requested him in writing to do so; or
- (e) that in his opinion the liquidator is no longer suitable to be the liquidator of the company concerned.

(2) The Court may, on application by the Master or any interested person, remove a liquidator from office if the Master fails to do so in any of the circumstances mentioned in subsection (1) or for any other good cause.

380. Notice of removal of liquidator.—The Master shall give notice in the *Gazette* of the removal of any liquidator.

(61)

FOREIGN FIRMS IN SA-  
British

1-1-80 - 31-12-80



42  
 (22) (20) (61) 1/4/1/80  
**DUIKER**

## Medium term potential

**Activities:** Mining holding company in the Lourho group with coal and asbestos mining interests. SA Managed holds 39,5% of the equity, Tweefontein 28,6% and Witbank Consolidated 15,1%.

**Chairman:** S C Newman; managing director R A Lee.

**Capital structure:** 11,2m ordinaries of 35c. Market capitalisation: R65m.

**Financial:** Year to September 30 1979. Net cash: R7,6m. Current ratio: 1,7. Capital commitments: R10,5m.

**Share market:** Price: 580c. (1978-80: high, 630c; low, 310c; trading volume last quarter, 171 000 shares). Yields: 10,9% on earnings; 6,2% on dividend. Cover: 1,8. PE ratio: 9,1.

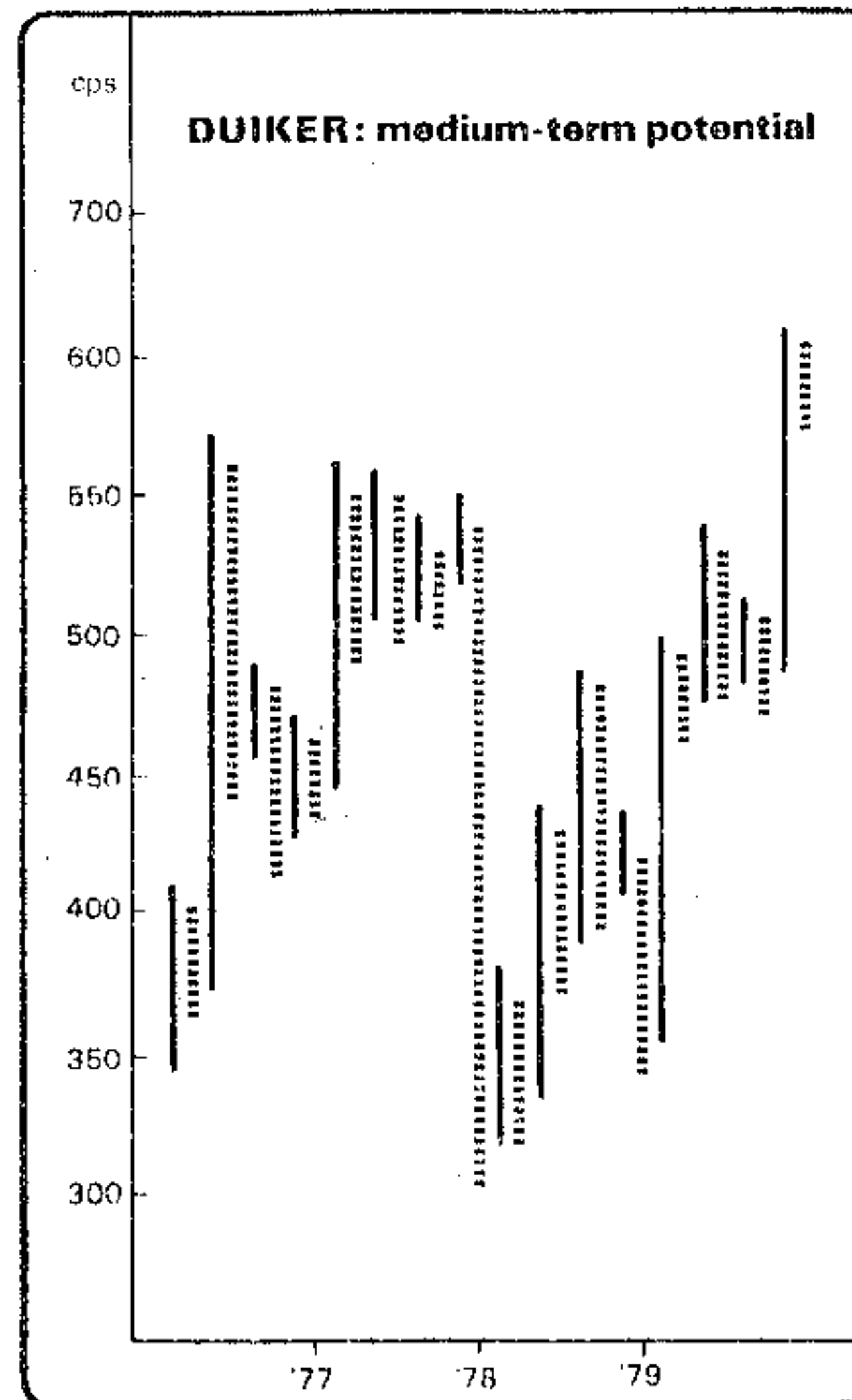
	'76	'77	'78	'79
Coal sales (000t) .....	2 159	2 392	2 472	2 544
Turnover (Rm) .....	9,9	12,5	11,7	9,7
Pre-tax profit (Rm) .....	5,1	12,1	15,7	12,4
Earnings (c) .....	52,6	64,8	80,9	63,5
Dividends (c) .....	20	45	36	36
Net asset value (c) .....	210	387	387	417

At least for the next couple of years, management is likely to be cautious on dividends. But though that may make the share less attractive than alternative investments, it need not preclude purchases by investors prepared to take a positive view on the company's mineral rights.

Chairman Syd Newman makes no bones about this year's dismal prospects for asbestos. The two operating mines, Emmentaria and Wandrag, are selling at minimal contractual levels, with material being sent for blending and sale by Gefco. Newman sees little prospect of the situation improving in the near term, nor does



Syd Newman . . . improving prospects with gold



he foresee any major improvement in selling prices.

Thus, while normal development of the mines continues, asbestos is unlikely to make a greater contribution to pre-tax profit than last year's R1,7m.

The same is true for the anthracite operations. Technical problems resulted in production of poorer quality and lower-priced materials. And there is apparently little prospect of any near-term improvement in prices. On the other hand, the previously contentious Mhlangapisi deposit could prove to have better prospects than the company was prepared to predict only a year ago.

Then, available geological information led Newman to say that coal contained in the Dundas seam was so badly weathered that its mining was not a proposition. However, further exploration of the Alfred seam has disclosed reasonably attractive tonnages of anthracite and exploration expenditure is to be stepped up.

As with other producers for the local market, Duiker's bituminous coal operations have been constrained by weak demand and unexciting controlled prices. However, establishment of Tweefontein's Boschmans section is, to all intents and purposes, complete. This year, capex for coal operations is planned at R7,1m compared with last year's R8,6m. At this

stage, there seems little possibility of any further near-term heavy capex commitments for bituminous coal projects.

Management is not particularly optimistic on near-term coal revenue and contents itself with the cautious opinion that, depending on domestic controlled prices and export sales, revenue should at least match last year's level. Thus, as far as the company's existing operations are concerned, the immediate future is unlikely to be particularly spectacular. However, there could be other pay-offs for shareholders by the mid-Eighties.

On its own account, Duiker is drilling gold/uranium mineral rights near Klerksdorp. Though no precise details are given, the ore being evaluated probably lies in the lower Witwatersrand series which is becoming increasingly attractive as bullion advances.

Meanwhile, Duiker retains a 40% interest in the Erfdeel/Dankbaarheid block in the OFS which is being evaluated by Anglo and its associates. One view is that the area will be developed through Western Holdings to take advantage of tax allowances in that company's accounts. If an independent mining operation is established, it is difficult to foresee Duiker taking up a proportional commitment to the area's capital needs. More than likely is that a free ride will be taken in the equity of a new mine, or that Duiker will seek some form of royalty agreement.

That probably makes sense if it means an eventual strong cash flow which can be used for development of the company's more traditional mining operations. This year, it is difficult to predict any material improvement in last year's 38c dividend payout. R8,5m — equivalent to some 76c per share — is earmarked for capex this year, while a further R2m capex could be in prospect if the decision is taken to establish operations at Mhlangapisi.

But for investors who are prepared to wait completion of the company's development projects, some solid dividend growth could be in prospect within the next three to four years. In the meantime, there remains the speculative appeal of the gold holdings.

Jim Jones

CEMENCO

### Basic changes?

**Activities:** Holding company with main subsidiaries engaged in design and manufacture of steel and metal products. Holds 50% of Gold Fields



## DATES TO REMEMBER

**Last day to register for dividends:**

**Friday January 18:** Adonis 4c; Currie Motors 20c; CG Smith Investments 10c; Tongaat 9c; Volkskas Group 12c.

**Meetings:**

**Monday January 14:** Bertrams (Stellenbosch).

**Wednesday January 16:** Loraine; Massey-Ferguson; Picbel (Cape Town); Picfin (Cape Town).

**Thursday January 17:** Coronation Syndicate; Duiker; Hortors Graphics; TC Land; Tweefontein; Witbank Cons.

All meetings are in Johannesburg unless otherwise stated.

associated companies — including R1,8m for the sale of Silicon Smelters — helped hike attributable earnings by 28,3% to R14,7m (R11,5m).

	'76	'77	'78	'79
Return on cap % .....	21.1	22.1	20.3	18.1
Turnover (Rm) .....	142.7	132.3	134.6	153.5
Gross profit (Rm) .....	17.4	18.9	21.7	23.3
Gross margin % .....	12.2	13.7	16.1	15.2
Earnings (c) .....	28.7*	34.4	40.0	42.6
Dividends (c) .....	12	14	17.5	21.5
Net asset value (c) .	218	241	306	349

\* After deducting credit in respect of cylinder revaluations.

Last year was a period of rationalisation and expansion of the group's activities in the three areas in which it will now concentrate — industrial and medical gases; welding equipment and consumables; and engineering, through subsidiary Dowson & Dobson. To this end, Dowson & Dobson Electronics was sold on October 1 to



**Beau Sutherland . . . inflation accounting gas tanks**

replacement costs as provision for these is taken above the line.

This year earnings of 55c are probably within reach, giving a 27.5c dividend on unchanged cover. At 370c to yield a prospective 7.4% the share is sound value.

## AFROX

### Welding together

*60% owned by BOC*

**Activities:** Manufacturer and distributor of industrial and medical gases, gas and welding equipment. Also engaged in engineering. Ultimate holding company is BOC International of UK (60%).

**Chairman:** J B Sutherland.

**Capital structure:** 29,8m ordinaries of 50c. Market capitalisation: R116,2m.

**Financial:** Year to September 30 1979. Borrowings: long- and medium-term, R10,7m; net short-term, R7,9m. Debt:equity ratio: 18,1%. Current ratio: 1,6. Group cash flow: R21,3m. Capital commitments: R11,2m.

**Share market:** Price: 390c (1979-80: high, 475c; low, 275c; trading volume last quarter, 210 000 shares). Yields: 10,9% on earnings; 5,5% on dividend. Cover: 2,0 times. PE ratio: 9,2.

Despite a revival in the fortunes of the industry in the latter part of last year, inflationary operating cost trends and tighter gross margins partly offset a 14% turnover improvement to R153,5m (R134,6m). At the pre-tax level, earnings were 5,1% ahead at R22,1m (R21,0m). Lower down the line, an additional R2m-odd profit on disposal of subsidiary and

an AFC consortium, for around R6m. Along with the sale of its 50% stake in Silicon Smelters with effect from last April, Afrox has now disposed of all those operations which were non-compatible with its three main business areas. In future, diversification and growth will probably be confined to related areas.

Last year, Industrial & Petroleum Valves was acquired, and its results consolidated. According to the directors, the company has been placed on a financially sounder track, "and will be supportive to the fluid handling business." Since year-end, Welding Electrode Manufacturing has been bought into the group.

The major portion of group income comes from the gases and welding equipment and consumables divisions, which account for nearly R19m of group trading profit and R96,6m turnover.

A moderate economic upswing led to increased demand for industrial gases, "with bulk atmospheric gases, particularly nitrogen, leading the way." According to the directors, the market is highly competitive, but Afrox has SA's largest infrastructure of production facilities, branches and distributor network. Certain production capacity was expanded, and future capex is planned to meet anticipated increased demand.

Welding equipment and consumables division continued to increase sales. Production capacity has been increased, again in anticipation of increased demand.

Dowson & Dobson, the engineering wing, experienced difficult trading conditions with turnover and margins adversely affected by stiff competition. But an improvement in the last quarter augurs well for an upturn this year.

Overall, the group is well placed to benefit from its sounder operating platform. Although last year's results were disappointing, capex of around R16m helped place the group in a better overall operating position. Afrox is financially sound. Although borrowings were increased and cash resources considerably reduced, the 18% debt:equity ratio is still very low, and allows scope for increasing borrowings by up to R23m while keeping the ratio below a manageable 40%. With R20m anticipated capex in 1980, at least some of this borrowing potential could be utilised.

A positive feature of Afrox's accounts is the inclusion of inflation adjusted results. Major fixed assets are now recorded at replacement cost and revaluations of cylinders and gas storage tanks were updated last year. The effect of all revaluations was to push up the depreciation charge by R2,4m and increase the net value of fixed assets by R39,9m. Replacement cost accounting reduces attributable earnings on the one hand, but gives a more realistic account of earnings on the other. Also cover, which is marginally below 2 times, need not be hiked to account for increased



(20) (21) (61)

## CORONATION SYNDICATE

### Rhodesian discount

**Activities:** Mining finance company in the Lonrho group with Rhodesian subsidiary operating four gold mines and one copper mine. Tweefontein holds 62,2% of the equity.

**Chairman:** S C Newman.

**Capital structure:** 6m ordinaries of 25c.

**Market capitalisation:** R36,6m.

**Financial:** Year to September 30 1979.

**Net cash:** R7,4m. **Current ratio:** 1,6.

**Net cash flow:** R3,8m. **Capital commitments:** R215 000.

**Share market:** Price: 610c (1979-80: high, 650c; low, 145c; trading volume last quarter, 94 000 shares). Yields: 19,3% on earnings; 8,9% on dividend. **Cover:** 2,2. **PE ratio:** 5,2.

	'76	'77	'78	'79
Turnover (Rm) .....	14.5	14.2	15.2	21.4
Mining profit (Rm) ...	3.0	2.0	4.9	9.5
Dividend income (R000) .....	102	—	86	250
Pre-tax profit (Rm) ..	2.5	1.5	4.5	8.7
Earnings (c) .....	42.0	24.2	75.4	117.6
Dividends (c) .....	5	25	8	54
Net asset value (c) ..	98	95	138	175

**Rhodesian settlement** prospects and booming gold and steady copper prices have lifted Corsyn's share price from 160c to 610c in the past year. And for investors

who are confident that Rhodesia will evolve peacefully, the share still seems good value. Chairman Syd Newman is not prepared to forecast metal prices, but he forecasts a higher dividend this year using a conservative \$380 gold price and steady £990 copper price.

The group's operating mines in Rhodesia turned in a record profit in the year to end-September. The largest gold mine, Arcturus, achieved an operating income of R2,8m (R1,3m) on almost unchanged throughput of 108 000t (103 000t) yielding 755 kg (681 kg) gold; Mashona Kop produced 39 kg (50 kg) gold on unchanged throughput, which resulted in income of R85 000 (R88 000); Mazoe turned in operating income of R1,9m (R1,1m) from 561 kg (627 kg) gold; and Muriel R3,4m (R2,4m) from output of 647 kg (700 kg) gold.

The lower profit from Mashona Kop arose as the mine was nearing the end of its underground life. Before the year-end, the mine's assets were transferred to Arcturus and both mines will now be accounted together. At end-September, the estimated reserves of the four gold mines were 928 000 t (860 000 t) at an average grade of 10,6 g/t (11 g/t). Mashona Kop's reserves fell to 2 000 t (7 000 t) at 10,5 g/t (11,3 g/t).

The Inyati mine increased copper output to 3 237 t (3 146 t) and a higher metal price produced revenue of R1,3m (R110 000).

Corsyn was largely successful in holding costs last year. Newman says overall operating costs rose to R10,7m (R9,2m), but the outlook for the current year is less bright. Particularly in a changed political

framework, labour costs are likely to escalate, and Newman notes a critical shortage of skilled labour. He feels wage rates could rise by as much as 20% this year which could cost Corsyn R750 000.

The outlook for the three gold mines appears favourable. Capex this year is estimated at R3,5m (R1,9m), with the bulk being spent at Arcturus, where the mill capacity is being increased to handle more dump and/or underground material and to prospect a new area. At both Muriel and Mazoe, exploration to reveal new underground reserves is continuing.

Corsyn's dividends from Witcons and Duiker, amounted to R244 000 (R81 000) last year, and at least the same revenue should accrue in 1980.

Newman calculates that gold at \$380 and copper at £990 with a 750p/oz silver price should result in turnover of about R26,5m (1979: R21,4m) and operating income of R12,5m (R8,7m). This, he says would allow 1979's 54c dividend to be "comfortably" exceeded, notwithstanding higher unit costs.

At 610c, the share yields a high historic 8,9%. The prospective yield is even higher, reflecting the still-tenuous Rhodesian situation. A purchase might best be left until after the February elections, though at this stage the share rates a hold.

Corsyn contributed R4,4m (R2,7m) or 71,8% (66,5%) of parent Tweefontein's taxed profit. This year Duiker's payment will probably not exceed last year's 36c, indicating Corsyn will produce an even larger share of 1980's profit. Tweefontein stands at 1 900c on an 12,1% historic yield, which discounts the Rhodesian connection.

*Des Kilaiva*



# Storm as Unilever sacks union officer

By STEVEN FRIEDMAN  
Labour Reporter

A PROMINENT multinational company has been accused of sacking a black worker at its Boksburg plant because of his involvement in a black trade union.

The company — Unilever, a Dutch and British subsidiary — has also been accused of flouting the European Economic Community's labour code of conduct which it claims to observe.

The firm yesterday denied the allegations.

Unilever was the target of an international strike campaign last year over its refusal to recognise a black trade union.

The charges have been levelled by Paul Ntuli, a shop steward of the black Food, Beverage and Allied Workers Union — which Unilever will not recognise — who was sacked on December 20.

The union's general secre-

tary Mr Shakes Sikhakhane, has endorsed the victimisation charge and plans to take the matter up with Unilever's Durban head office.

Mr Ntuli also claims he was employed by Unilever as a trainee supervisor, but was made to perform labourers' work such as painting. The dismissal note says he was employed as a "trainee plant operator".

He says there is no formal training programme for trainee supervisors and claims other trainees have been doing labourers' work for up to two years without being promoted.

"The foremen make life difficult for us, because they fear they will lose their jobs if qualified blacks are promoted. They make sure we do not advance and the management does nothing about it," Mr Ntuli said.

He also alleged that while Unilever's canteen is racially

integrated, lower grades of black workers are not allowed to use it.

Mr Ntuli was dismissed shortly after the company received a letter informing it that he had been elected a shop steward and asking it to allow him to carry out his union duties.

Unilever replied that it could not allow activities by a union shop steward because "there is wide and positive support" among workers for the company's liaison committee. Both Mr Ntuli and the union reject this, claiming "workers are unhappy with the committee".

Mr Ntuli claims he was summoned to the factory manager's office shortly after the letter reached Unilever, and accused of breaches of discipline. He says he was told he would have to be "isolated" from his fellow workers. Soon afterwards, he was dismissed.

He denies he breached company rules, and claims that he

is being victimised because he was elected to office in the union.

A Unilever spokesman said yesterday that Mr Ntuli's dismissal "had nothing whatsoever to do with his membership of the union. While his progress was initially good, it became increasingly clear that he was not deriving satisfaction from his work and was not performing his duties adequately."

He said Mr Ntuli had been warned twice about this, in October and November, before the company was informed that he was a shop steward.

Of Mr Ntuli's other allegations, the spokesman said: "It is our policy to advance the careers of all capable employees. There is absolutely no prejudice regarding race."

He said the Boksburg site has two canteens, one for weekly-paid and one for managerial and salaried staff, and that both were non-racial.



Post 11/1/80  
Man victimised,  
insists Union

A BLACK trade union has refused to accept a large multi-national company's word that one of its former employees was not victimised and dismissed of his union connections.

The black Food Beverage Workers Union insists that Mr Paul Ntuli was victimised and wants him reinstated at the Boksburg plant of Unilever, where he was sacked on December 20.

Mr Ntuli was the second of the Union's shop stewards to have been sacked from the plant, claimed Mr Skakes Sikkukhane, the Union's general secretary.

"How can we get a strong membership in a company which treats union leaders like this?" he asked with reference to previous clashes over Unilever's insistence that it will not recognise a union which does not represent a majority of workers.

More than a year ago food workers union abroad held a week of protest action against Unilever over this matter.

Mr Ntuli, a matriculant, claimed he was appointed as a trainee supervisor in June. He had responded to an advertisement which promised professional training.

After failing to get any professional training, he complained to his superiors. Eventually he was given superiors became troubled and eventually he was given manual work of the kind performed by labourers.

After Unilever had been informed of his position as a union shop steward, he was warned not to speak to other workers, he claimed.

Unilever said Mr Ntuli's dismissal had nothing to do with his union membership.

He knew that he was a trainee operator because he had signed an engagement card clearly stating this.

Mr Ntuli's interest and performance deteriorated from October. He was given "a number of verbal

(61)  
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UNILEVER DISPUTE  
Thu 25/11/88  
**Shop steward axed**

Was Paul Ntuli sacked because of poor job performance or because he held office in a black union? Skakes Sikhakhane, general secretary of the Black Food and Beverage Workers Union, this week wrote a letter to Unilever's management requesting an enquiry into Ntuli's dismissal on December 20.

Ntuli was a union shop steward in the British-owned multinational's Boksburg plant.

Says Sikhakhane: "We have consulted our attorneys who have advised us that Ntuli's dismissal does constitute victimisation. But we have not instructed them to institute proceedings at this point because we believe that, if a proper enquiry is held, it will be clear that Ntuli was wrongfully dismissed."

Unilever has stated its position clearly in a letter to Ntuli. In it, management says: "It has become increasingly clear that you are no longer deriving satisfaction from your training with us and that your conditions of employment are no longer acceptable to you. This has become apparent not only in your work and attitude but has been confirmed in recent discussions with members of management."

A Unilever spokesman says that Ntuli "responded to an advertisement for an experienced process plant operator. As he had insufficient experience, he accepted a job as a trainee operator which gave him every opportunity for advancement. He

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Sikhakhane . . . legal action if no enquiry

signed an engagement card which clearly stated his position, and he was in full knowledge of the job title and conditions of service.

The company maintains he was dismissed as a result of his personal behaviour and only "after a sequence of cautionings and written warnings."

Ntuli has dug in his heels, claiming that as a matriculant he had applied for a job which promised professional training, which then never materialised. He alleges that his position as a shop steward jeopardised his chances and that the attitude of the company changed significantly once they became aware that he was a union representative.

This week, Ntuli submitted a memorandum of his grievances to Unilever along with Sikhakhane's letter. He claims never to have been given an opportunity to state his case to the liaison committee. However, a Unilever spokesman states categorically that "the liaison committee is not a grievance procedure body."

Sikhakhane says that, if Unilever does not conduct a full enquiry, legal action will be taken.



SIR LESLIE SMITH

# Fuelling racial peace in SA

The board of the world's biggest gas company, London-based BOCI, is currently in SA. Hosted by local subsidiary Afrox, its main aim is to assess political and economic developments here. The *FM* spoke to its chairman, Sir Leslie Smith:

**FM:** Multinationals have come in for a fair amount of criticism over the years, being thought by some to run their affairs not always in the best interests of their host countries. What do you think of that criticism?

Sir Leslie: People always tend to fear the things they don't understand. Because it often appears that decisions are taken far away by faceless people, and those in the host country don't always understand the reasons behind those decisions, a scare is put about — particularly by the political Left — regarding the dangers of multinationals. But the fact is that no multinational has ever been able to prevent the operation of the sovereign power by any state.

**Not even its monetary policy?**

No. If any government were to say to a multinational that it didn't want it to operate in its country any more, there would be absolutely nothing that multinational could do about it. But, in this context, I would like to give my definition of a true multinational. Most so-called multinationals are still owned almost entirely by shareholders in a single country, although their operations extend to other territories, and their main boards are composed of people from that country. I believe the true multinational is one in which the home base could be moved anywhere, the shareholding is spread on a multinational basis and resources are used wherever they are most needed.

**Does BOCI meet that definition?**

We're getting nearer to it. At present, 96% of the stock is owned by British shareholders. I would prefer it to be spread about our most important territories — by saying to the SA shareholders, for example: "Look, instead of owning shares only in Afrox, own them in BOCI. There are official barriers, however, to achieving that."

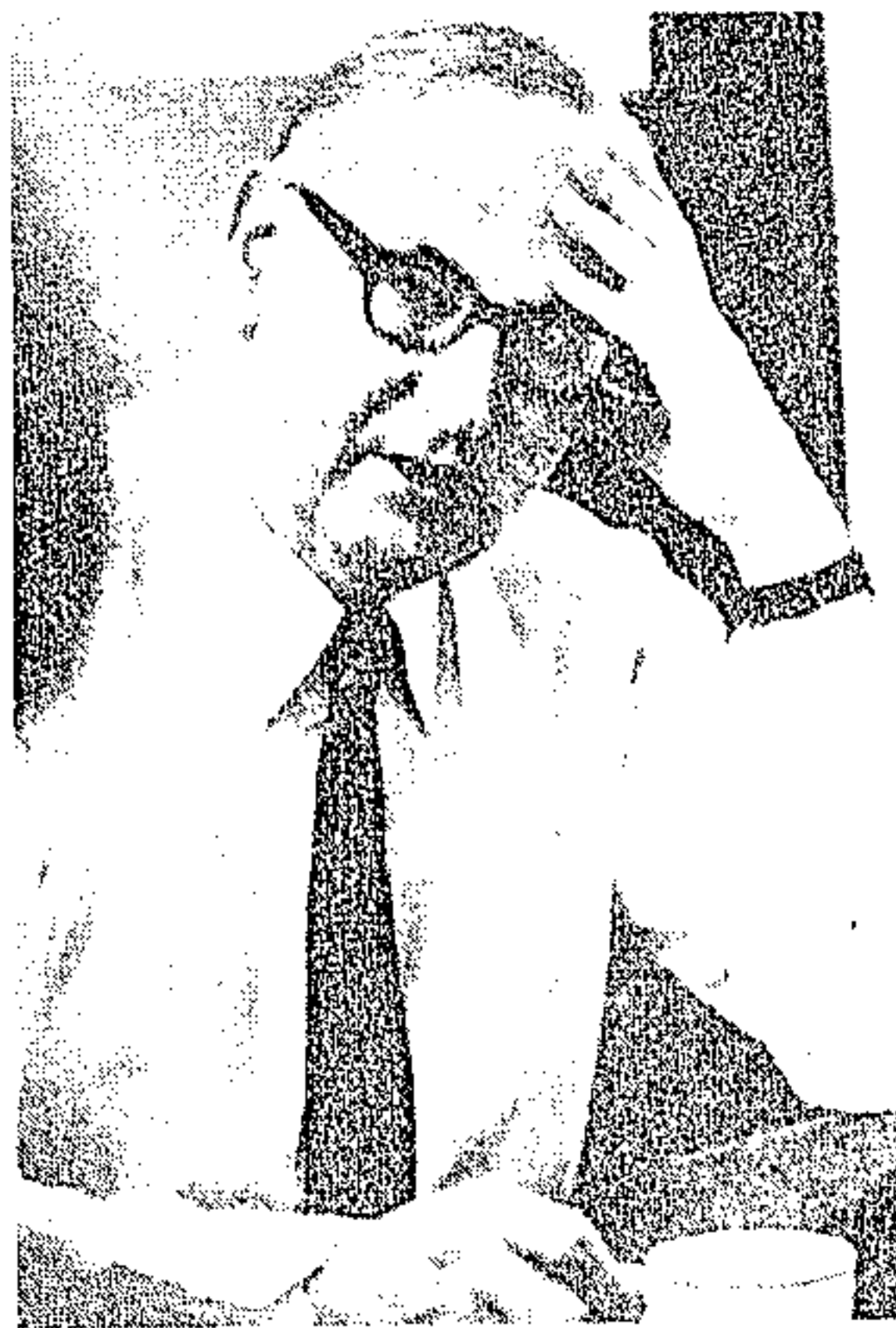
**You once said that auditors should inform employees as well as shareholders about the state of their company because you regard employees as having a stake equal to that of shareholders in their company. Doesn't that imply a right on the part of employees**

to be represented on the main board.

No, I wouldn't follow that implication. I don't believe, in fact, that board members should represent any particular part of the community, otherwise they lose some of their objectivity and can no longer ask themselves what is best for the company as a whole. If the board is doing its job well, it is looking after the interests of all sectors, employees as well as shareholders and others.

**German industrialists haven't taken that view.**

I believe the secret of Germany's success in industrial relations is found



down in the works, where real worker involvement has been achieved through committees and councils, and not at the board table where, I'm told, they are in fact having many problems.

**In previously published comments, you've seemed to believe that the blame for British industrial unrest lies completely with union leaders and not with management. That's surely not so.**

No, of course it isn't. Britain's problem is that, just as it was the first to industrialise, it's the first to de-industrialise. It's trying to work out an effective sharing of power between management, unions and government. At the same time, in the past five years there's been a strong move by leaders of trade unions to hand power down to the shop floor. The result is that union leadership has lost much of its authority. Shop stewards are setting

the direction. So management has to talk to them as well as to union leaders, often listening to a different story from each. To make matters worse, management of a single company may have to negotiate with a dozen unions or more, each with wage agreements terminating at different times. The result is that British management has had to give far more of its time to industrial relations than in other countries and therefore has less time to manage.

**It was found necessary to deprive Afrox of a man widely regarded here as likely to be its next group chief executive, Peter Joubert, to fill a senior British post. Given the great difficulty being experienced of finding another man within BOCI to become Afrox's chief executive, could the British post have not been filled by someone other than Joubert?**

We will only get the strength of the BOCI group made effective if we look at group resources as a total and use them where they are most needed. That's why we set up a strategic centre in London 18 months ago to deploy group resources around the world.

**About two years ago you acquired one of America's largest industrial gas companies, Airco. Have you deployed its management around the world or, alternatively, given it management from, say, Britain?**

The new group chief executive of BOCI is an Airco man, and one of the top men in the strategic centre in London comes from there, too. British Oxygen has sent two men to Airco, but by no means at a senior level.

**Do you still feel any sense of political pressure in Britain about your SA activities — pressure, say, to disinvest?**

As a result of its visit to SA three years ago, the BOCI board decided that the best hope for racial peace and harmony in SA lay with improving the education and standard of living of the black and coloured people. We also decided that the best way of achieving that was through industrial and commercial investment. That is, therefore, the line we took against political pressure groups back in Britain. We were very open in propounding that view to them and met with very little opposition. I'm quite sure that, when we leave SA after this visit, having seen the progress that has been achieved in the past few years, we shall hold that view even more confidently.



# Rio Tinto puts R13m into black housing

CAPR Times  
13/2/80

By PAUL DOLD  
Financial Editor

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THE quality of housing being provided for South Africa's black labour force, particularly on the mines, has attracted a fair amount of comment both locally and abroad but one group which has tackled an impressive scheme is the British based Rio Tinto group which, apart from its Rossing uranium mine in South West Africa, has a 39 percent stake in Palabora and also manages the latter mine.

The other shareholders in Palabora are South Africa's Industrial Development Corporation and Newmont Mining of the United States.

At Namakgale — a town in Lebowa — which is some 14km from the Palabora mine, Palabora Mining, a Rio Tinto subsidiary has pumped some R13m into housing, a 205 bed hospital, clinics, recreational and other facilities such as an olympic size swimming pool, cycle track and football stadium for its black labour force.

Its contribution in the housing field is by far the outstanding feature. Admittedly, Palamin has several major advantages including that it is an open cast mining operation but has an excellent track record in the industry.

The group is opposed to the recruiting of migrant labour from the surrounding areas and has from the start adhered to a policy of maintaining a stable permanent black work force. This has effectively meant that the family unit has been enshrined into labour policy.

PMC has a staff of some 2 850 blacks and 970 whites and at its own cost has been building superior houses (way above Soweto standards) which have bathrooms, separate toilets, built-in cupboards and electric stoves to its black staff.

The group has some 770 two, three and four bed roomed houses and part of the success of the scheme is the assistance PMC has received from Government departments such as the Department of Co-operation and Development.

Since the original houses were built PMC has also begun renovating and upgrading some 1 356 existing government built houses at the town. This huge scale renovation is being undertaken at the group's own cost which will convert the spartan style houses into comfortable homes.

The big hospital which was a joint PMC — Government venture is serving the entire community supported by clinics run by black nurses.

Accommodation has also been provided for single

workers in four blocks which have a kitchen, dining hall, gymnasiums, library and games rooms. Meals are subsidised and diets are compiled by nutrition experts.

All workers on the mine earn well above the household effective level — which is basically the household subsistence level plus 50 percent compiled on a cash and kind basis.

The lowest wage is over R215 a month with top salaries in the

R500 bracket for hourly paid staff. Some 15 percent of the black staff are paid monthly. The highest paid black is a graduate laboratory assistant.

In addition, housing, water and electricity are subsidised by PMC. There is a contributory pension fund for all workers. The benefits of the money spent thus far can be seen from the low staff turnover figure for an operation of this type which last year was only 7 percent.



Sir Mark Turner, chairman of the Rio Tinto-Zinc Corporation Ltd.

In 1978 Rio Tinto opened the R1m Sir Val Duncan Trade School named after the former chairman of RTZ. The school which is financed by PMC to the extent of R750 000 with a contribution by Lebowa as well, is the homelands first technical school and the complex has hostel accommodation for 200 apprentices.

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# 'None of your business

NATAL MERCURY 13/2/80  
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Britain's  
top  
judge  
denies  
Lonrho  
right to probe  
sanctions secrets

## Mercury Correspondent

**LONDON** — England's top Appeal Judge, 81-year-old Lord Denning, ruled yesterday that the multi-national oil companies, Shell and British Petroleum, could not be forced by law to order their subsidiaries in South Africa and Rhodesia to disclose documents to the giant holding company, Lonrho.

Lonrho wants the documents in connection with a R187 million action against the two oil companies and their subsidiaries for compensation relating to sanctions-busting allegations in Rhodesia.

Lonrho appealed to Lord Denning and two other judges against an adverse decision last month by Mr Justice Goff.

But the Appeal Court unanimously supported Mr Justice Goff and dismissed Lonrho's appeal.

The case may go further. The judges gave Lonrho leave to take the matter to five Law Lords in the House of Lords, providing application is made for the appeal to be heard with the utmost speed.

Lonrho's claim is being heard under arbitration on June 23.

Lord Denning said the documents required were in the possession of South African and Rhodesian companies and their parent companies, Shell and BP.

'They have asked the subsidiary companies if they will disclose them,' Lord Denning said. 'The directors of those companies have taken legal advice from distinguished lawyers in Rhodesia and South Africa.'

'A telex message dated January 15 has been put before us in which the South African company makes it quite clear its directors refuse point-blank to allow the English companies, Shell and BP, to have anything to do with the documents, which they say they will not produce.'

## Duties

'These directors are managers of those subsidiary companies and Shell and BP are only shareholders. They are not the managers. Unless and until those directors are removed they are doing their duties by their companies.'

'How can it be said that Shell and BP as mere shareholders have power over the documents?'

'If the embargo had been successful,' he said, 'Rhodesia and those in control of its regime would have been brought to their knees. But the oil needs of Rhodesia got there.'

'How did they get there? That is one of the matters which has to be inquired into.'

rural areas or cause of deaths' according to the Bantu Reference Bureau (Personal Communication). At least 50 000 deaths among Africans were not registered. These occur mainly in the rural areas. It is estimated that about 10% of the deaths in the main urban districts are not registered for Africans.

METHODS

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The following indices were calculated:

1. Crude Mortality Rates.

"A telex letter dated last January 15 has been put before us in which the South African company makes it quite clear its directors refuse point blank to allow the English companies, Shell and BP, to have anything to do with the documents, which they say they will not produce," said Lord Denning.

"These directors are managers of those subsidiary companies and Shell and BP are only shareholders. They are not the managers. Unless and until those directors are removed they are doing their duties by their companies.

"How can it be said that Shell and BP as mere shareholders have power over the documents?"

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# Judge turns down Lonrho appeal over oil documents

London Bureau

LONDON. — England's top appeal judge, Lord Denning, 81, ruled yesterday that the multinational oil companies, Shell and British Petroleum, cannot be forced by law to order their subsidiaries in South Africa and Rhodesia to disclose documents to the giant holding company, Lonrho.

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## DISCUSSION

The crude death rates and the standardised mortality rates for whites, Asians and 'coloureds' and urban Africans are presented in Fig. 1. The interpretation of these figures is confounded by the differences in the underlying structure of the population. The population pyramids of the various groups were pictured in Part I with the exception of the urban Africans, which appears in Fig. 2. This population shows an excess of healthy working males and lack of elderly persons as a result of the migratory labour situation.

The standardised mortality rate provides a single figure for the mortality experience of a population which can only be fully expressed in terms of a series of age specific death rates. The SMR is calculated by multiplying all the age specific mortality rates in the observed population by the corresponding numbers in the standard population, adding the number of deaths so obtained and dividing the total standard population. While this figure is independent of the age structure of the observed population, the choice of the standard population will affect the weighting given to the deaths in the various age groups. The choice of an underdeveloped population as a standard will give great weight to infant deaths and little weight to deaths among the elderly, while a developed standard population will reverse the position. The choice of standard population affects the ranking of the mortality between the observed groups. There is no 'true' answer. As the Duke of Wellington said: 'There are lies, damned lies, and statistics'!

Infant mortality rates are summarised in Fig. 3. Once again, difficulty is experienced in obtaining data for Africans. Birth statistics for Africans are not published by the central government. The various medical officers of health<sup>9</sup> have estimated the infant mortality rates for their urban areas. These show considerable variation. (See also ref.15). A mean figure and the range are given in Fig. 2. These de facto figures should be interpreted with caution as sick infants are often brought to the cities from rural areas. An indication of the situation in the rural areas is given by a sample survey carried out in Cape Town and Transkei among Xhosa-speaking Africans.<sup>12</sup> An increase in infant mortality was observed with decreasing urbanisation, the figure for the completely rural areas being of the same magnitude as those parts of the world devoid of medical services. Fig. 4 summarises the age specific mortality rates of



## DATES TO REMEMBER

Last day to register dividends:

Friday February 22: Ass Engineering 21c; Dunlop 22c; Fedmis 17c; Fintec 5c; Highveld 9c; Metal Closures 14c; Metals & Minerals 7,5c; Palamin 50c; President Catering 4,5c; Satmar 35c; T&I 10c; Tavistock 125c; Triomf 30c; UCI 43c; W&A 15c.

Meetings:

Wednesday February 20: Dorbyl; Metkor (Pretoria).

Friday February 22: Adonis

All meetings are in Johannesburg unless otherwise stated.

printing inks, synthetic resins, industrial surface coatings, printers' rollers and lithographic chemicals. Coates Brothers (UK) holds 68,4% of the equity.

Chairman: T N Chapman; managing director: E F Williams.

Capital structure: 3,4m ordinaries of 50c. Market capitalisation: R6,1m.

Financial: Year to October 31 1979.

Borrowings: long- and medium-term, R850 000; net short-term, R820 000.

Debt:equity ratio: 26,0%. Current ratio: 2,0. Net cash flow: R599 000. Capital commitments: R182 000.

Share market: Price: 180c (1979-80: high, 185c; low, 125c; trading volume last quarter, 115 000 shares). Yields: 12,8% on earnings; 7,2% on dividend. Cover: 1,8. PE ratio: 7,8.

Adoption of life accounting was the major cause for the 28,8% decline in pre-tax profit to R1,4m (R1,9m). But even had life

accounting not been introduced, pre-tax would have declined 8,0% to R1,8m, due to higher raw material prices, which could not be fully passed on to customers, and a changed product mix which resulted in lower margins.

Second-half results showed a strong improvement, with sales up 18,9% to R8,8m on the previous second-half and R1,7m higher than of last year's first half. Before the life adjustment, pre-tax profit almost level-pegged at R1,0m in the second half, reflecting the decline in margins.

	'76	'77	'78	'79
Return on cap %	28,4	29,0	23,1	14,9
Turnover (Rm)	13,5	14,3	14,8	15,9
Pre-tax profit (Rm)	1,9	2,2	1,9	1,4
Gross margin %	15,8	16,0	13,6	9,2
Earnings (c)	30,0	34,7	33,1	23,0
Dividends (c)	10,5	12,0	13,0	13,0
Net at value (c)	170	196	219	231

Coates' product mix remains heavily biased towards oil-based raw materials. The cost of these continues to escalate while competition limits the extent to which cost increases can be passed on, so profits will continue to be restrained. However, sales could improve and offset the decline in margins leaving 1980's performance much in line with that of 1978.

Hopes of increased profit appear to lie in higher synthetic resin production. Currently, the resin production facility is running at full capacity and the group intends increasing this through expansion of its existing plant. This is expected to be completed in the near future, but will probably make no contribution to profits this year.

The group has maintained its 13c dividend despite lower earnings. A repeat performance is likely this year, putting the share, at 180c, on a 7,2% yield. Taking into account likely near-term flat earnings prospects, the share is fully priced.

Peter Pittendrigh



Coates' ink . . . spread more thinly

COATES BROS

**Underperforming**

Activities: Manufactures and sells

634

① (L) em 15/2/80



60 am 15/2/80

# Falling pressure

**Activities:** Manufacturer of tyres and automotive products, as well as belting, hose, flooring, mattresses and sports goods. Dunlop Holdings (UK), through its 60% subsidiary Dunlop International, owns 70% of the equity.

**Chairman:** Dr T F Muller; managing director: C R Hooper.

**Capital structure:** 15m ordinaries of 50c; 750 000 6% cum prefs of R2. Market capitalisation: R68,3m.

**Financial:** Year to December 31 1979. Borrowings: long- and medium-term, R2,8m; net short-term, R2,3m. Debt:equity ratio: 12,7%. Current ratio: 1,6. Net cash flow: R8,9m. Capital commitments: R4,6m.

**Share market:** Price: 490c (1978-79: high, 490c; low, 220c; trading volume last quarter, 169 000 shares). Yields: 13,2% on earnings; 6,9% on dividend. Cover: 1,9. PE ratio: 7,6.

Since the 1976 low, Dunlop's trading profit has increased 108% to last year's R15,9m

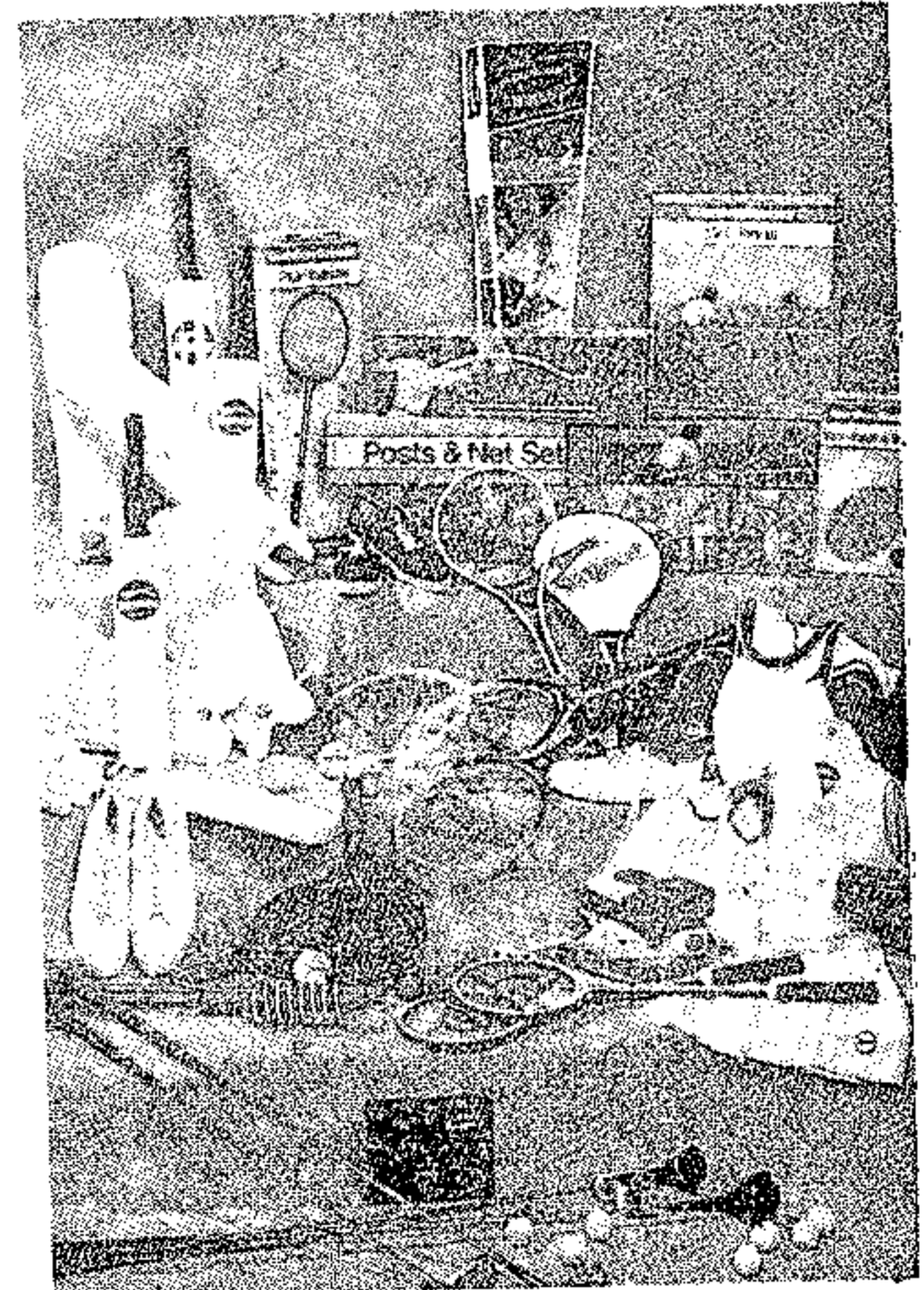
-- an annual compound growth of about 28%. At the same time, earnings attributable to shareholders have compounded at more than 35% annually, to 64,6c, and the dividend more than doubled to 34c.

	'76	'77	'78	'79
Return on cap %	14,2	16,2	25,6	33,5
Turnover (Rm)	83,3	89,4	106,2	127,1
Pre-tax profit (Rm)	6,1	7,8	11,8	15,3
Gross margin %	9,9	10,9	13,1	13,1
Earnings (c)	26,6	33,0	52,6	64,6
Dividends (c)	15	17	26	34
Net asset value (c)	183	194	225	257

But a slow-down could be on the cards. This year, MD Clive Hooper foresees "modest" earnings growth because of the limited prospects in the motor industry despite a better economic climate in the group's other sectors.

Group sales for 1979 increased 19,7% to R127,1m (R106,2m), but trading profit accelerated faster at 26,2% to R15,9m (R12,6m). However, Hooper says this wider margin resulted from productivity improvements rather than a lower cost structure. In fact, he says, none of the group's four operating divisions was fully able to recover the cost increases in oil-based raw materials. The 1979 wealth statement, included with the inflation accounts, shows total costs increased 21% while sales rose 20%.

The split of profits and sales from the three main divisions remained much the same in 1979. More than half of the group's earnings continue to be derived from sales to the motor industry, though last year there was another marginal fall in the proportion of profits from this source. This reduction reflects the low activity in the motor industry where national vehicle sales are still 14% below 1975 levels despite last year's 3,4% rise. This spilled over into the replacement tyre market, where sales in 1979 fell 1%

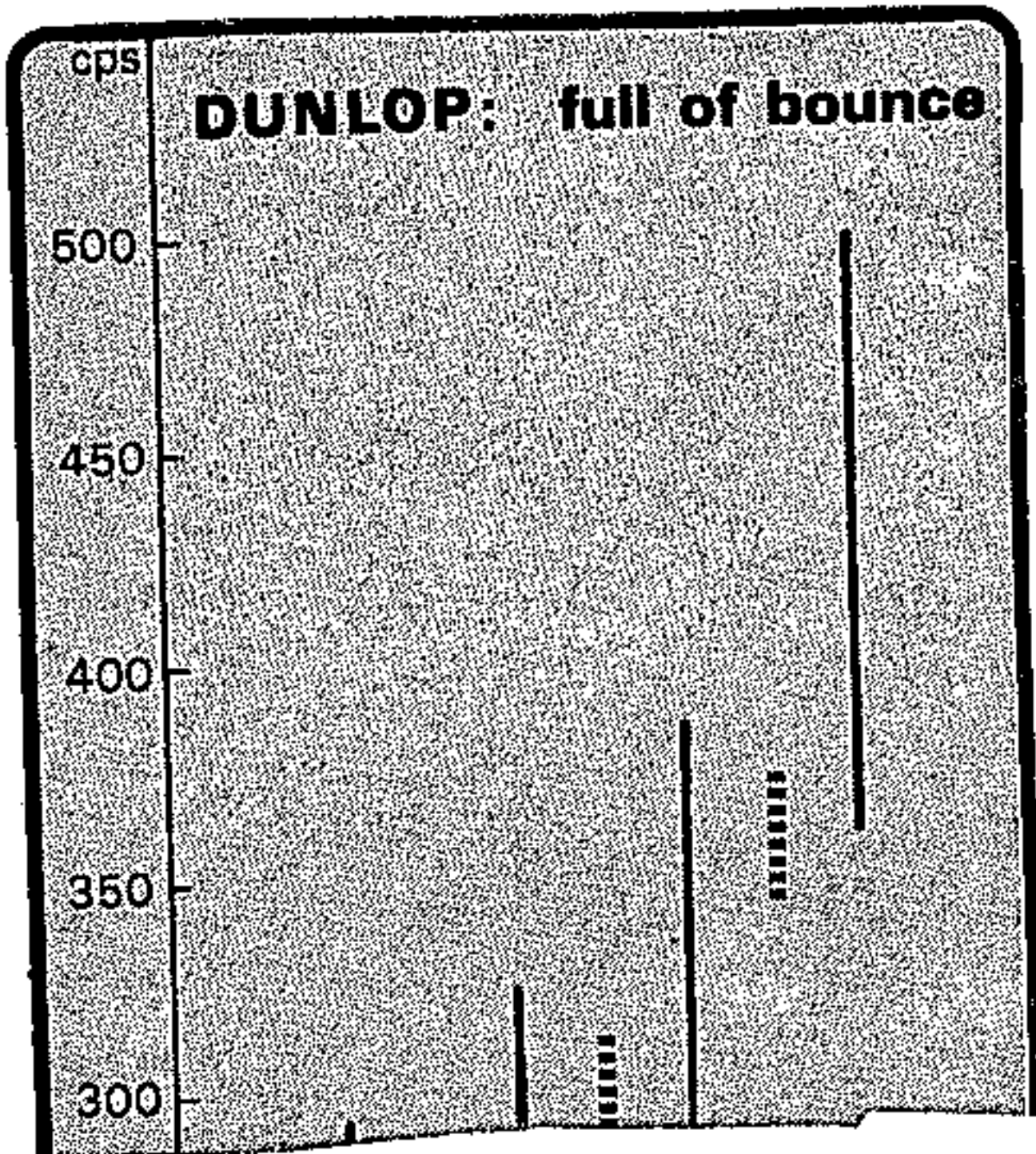


Dunlop's sports goods . . . playing the game with profits

price increase was not sufficient to recover costs. Further profit growth is expected this year but returns allowed to the industry are low, and additional price increases are necessary.

The group's industrial products division had a successful year. Recently a new PVC belting facility was built to meet demand by the coal mining industry. Dunlop has acquired a significant share of this market since the plant was commissioned in mid-1979. A further profit increase is expected in 1980.

Improving conditions in the building and construction industries flowed into the



**Financial:** Year to August 31 1979. Borrowings: long- and medium-term, R2,8m; net short-term, R2,3m. Debt:equity ratio: 12,7%. Current ratio: 1,6. Net cash flow: R8,9m. Capital commitments: R4,6m. **Share market:** Price: 490c (1978-79: high, 490c; low, 220c; trading volume last quarter, 169 000 shares). Yields: 13,2% on earnings; 6,9% on dividend. Cover: 1,9. PE ratio: 7,6.

Next in line was contracting, chipping in R2,2m (R1,6m) or 22,6% of group taxed profit. Split up into electrical and mechanical, the former division improved profit modestly from R770 000 to R781 000 on a turnover that grew by R2m to R19m. One of the reasons for the slower growth in earnings was the absorption of start-up

Opportunity was taken of the upswing to reduce borrowings slightly and to improve dividend by 20% to 21c. Earnings advancing by 34% to 45c, and the effect was to boost taxed profit by 28,5% to R9,6m. On an adjusted basis, this led to squeezed from 10,0% to 9,6%. The net 12,9% to 16%, even though margins were

aims for a return on equity of at least 20%. Last year the figure was 25,1%, though using current cost adjusted (CCA) accounts this falls to 8% (7%). On the CCA accounts, earnings are given as 36c (30c).

With only a modest profit improvement expected this year, it is unlikely the share price will rise far above its current 455c high. Though the group is under-gearred, it is not using its full financial capability. Another dividend hike is on the cards for 1980, but buying opportunities might best be left until the market reacts. Des Kilalea



## BLUE CIRCLE

### Concrete earnings

**Activities:** Industrial holding company with major activities in cement and allied products (Blue Circle: 100%); heavy equipment, engineering supplies and contracting (Hubert Davies; 100%); Blue Circle (UK) owns 55,1% of equity.

**Chairman:** J E Henderson; managing director: T G Coulson.

**Capital structure:** 21m ordinaries of 50c.

**Market capitalisation:** R81,9m.

**Financial:** Year to November 30 1979. Borrowings: long-and medium-term, R22m; net short-term, R3,4m Debt:equity ratio: 34,2%. Current ratio: 1,7. Net cash flow: R11,6m. Capital commitments: R32,4m.

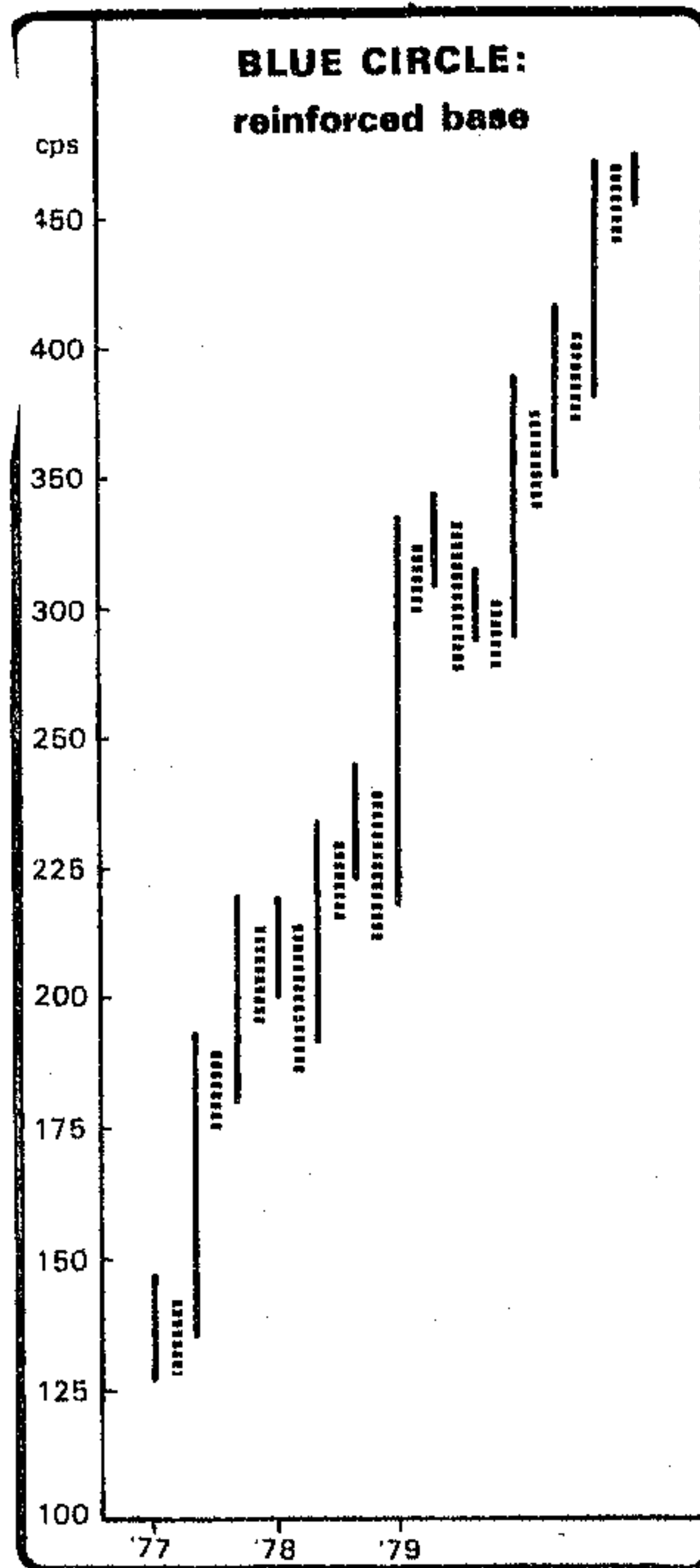
**Share market:** Price: 405c. (1979-80: high, 405c; low 200c; trading volume last quarter, 308 000 shares). Yields: 11,1% on earnings; 5,2% on dividend. Cover: 2,1. PE ratio: 9,0.

	'76	'77	'78	'79
Return on cap %	11,1	12,6	12,9	16,0
Turnover (Rm)	165	136	159	203
Gross profit (Rm)	12,2	14,5	15,5	19,7
Gross margin %	7,3	10,7	10,0	9,6
Earnings (c)	26,2	28,2	33,5	45,0
Dividends (c)	14	16	17,5	21,0
Net asset value (c)	341	363	374	398

Although there has been a noticeable upswing in the economy, the effect on Blue Circle has been muted because the markets it serves tend to follow long-term cycles. Basically, the group is still very dependent on cement, despite strenuous efforts to diversify in recent years. Nevertheless, chairman John Henderson says that momentum was gained in the latter half of 1979.

Turnover increased by 27,6% to R203m. And, as spare capacity was utilised, the return on capital employed rose from 12,9% to 16%, even though margins were squeezed from 10,0% to 9,6%. The net effect was to boost taxed profit by 28,5% to R9,6m. On an adjusted basis, this led to earnings advancing by 34% to 45c, and the dividend by 20% to 21c.

Opportunity was taken of the upswing to reduce borrowings slightly and to improve



the balance between long- and short-term obligations. Debt was down from R29,8m to R29,1m. As a percentage of equity, this represents a reduction from 37,3% to an undergeared 34,2%.

Despite a loss of R1,9m in the heavy equipment manufacturing division, caused by underestimating and cost escalations, earnings have grown at the very respectable compound rate of 23% since 1972. This division has now been made a separate profit centre, while the mechanical contracting divisions have been rationalised into a single entity.

Of the various divisions, cement and allied products continue to provide the largest share of taxed profit. At R4,8m, it contributed 49,5% (49%) to the group on a turnover of R42m. Here, the contributing factors for the 29,7% profit increase were better production efficiencies, the April cement price increase and a maiden contribution from the lime division.

Next in line was contracting, chipping in R2,2m (R1,6m) or 22,6% of group taxed profit. Split up into electrical and mechanical, the former division improved profit modestly from R770 000 to R781 000 on a turnover that grew by R2m to R19m. One of the reasons for the slower growth in earnings was the absorption of start-up

costs for the overseas contracting operation. This year a small reduction in profit is expected from the electrical division.

On the mechanical side, the enlarged group now trades under the single banner of Blue Circle Projects. It improved profit from R785 000 to R1,4m, largely as a result of contract closures rising from R18m to R22m and to a reduction in minority interests. For the current year, the order book is said to be reasonable, but many low margin jobs taken on during earlier highly competitive conditions have to first be completed. So here too a lower profit is expected.

The other important division is engineering supplies, which contributed 19,1% to group profit. Earnings increased by 28% during a year in which two acquisitions had to be funded. Both are involved with metal pressings and tool and die manufacture.

For the group as a whole, R5,7m was spent on new investments, property and fixed assets. Stock, work in progress and debtors increased by R10,9m. To fund this and still retire some short-term debt, R5m worth of 10,75% unsecured debentures were placed privately during the year. Also, the US\$5m Eurodollar loan is to be repaid this year and will be replaced with a \$12m loan, repayable by 1990.

Together with a strong cash flow, funding of capex will not prove a drain. And, in addition to internal growth, Henderson is still committed to expansion through a "major acquisition." Interestingly, capex this year is considerably higher at R32,4m (R871 000), mostly to fund another cement kiln at Lichtenburg with an annual capacity of 40 000 t. Start-up is scheduled for late 1981, when some smaller, less economic units can be phased out.

Cement thus promises to remain the backbone of Blue Circle for years to come. And in keeping with the solid earnings performance since 1972, the share has continued to attract institutional support. Last year insurance companies and pension funds increased their stakes from 21,1% to 23%. At the same time individuals' holdings were reduced from 11,5% to 8,6%. With a prospective yield of some 7%, the institutional analysts appear to be on the right track.

John White



# MAN AAN DIE ROER

## Doelwit was 10, doen dit in 8!

Deur FRANZ ALBRECHT  
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Table 3.9

Mean Patient Waiting Times (in minutes)

Hospital	Mean waiting time to see the doctor	Standard deviation	Mean time at hospital	Standard deviation
	$\bar{x}$	S	$\bar{x}$	S
Groote Schuur	128,09	83,79	234,41	124,81
ALL Day Hospitals	94,79	56,80	122,3	54,67
Heideveld	129,56	56,80	139,01	63,79
Dr Abdurahman	58,81	38,17	94,55	34,98
Retreat	105,40	69,08	147,30	70,04
Elsies River	82,81	49,41	97,98	49,66
Grassy Park	98,08	52,88	115,71	50,31

With respect to congestion at hospitals, Buchanan's caution that congestion should not be seen as a need to expand facilities, should be borne in mind. On the excess demand for health services in the National Health Service, he comments "Does congestion suggest that total investment is sub-optimal? No such inference is possible. The congestion that is observed indicates only that the supply of medical-health services at a standard quality is not sufficient to meet demand at zero (low) user prices. But since zero (low) user prices are not demonstrably optimal in themselves, there is no implication that the supply of standard quality services sufficient to meet all demands at these prices would produce the optimal level of investment".<sup>4</sup>

(3.4) Indirect subjective costs

While it is particularly difficult to evaluate these costs, the impedance factor involved in travelling to the hospital and the effect that the location of hospitals has on this, must be considered. With the exception of Red Cross Memorial Children's Hospital, all

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# UK firms mislead say black unions

By RIAAN DE VILLIERS  
Labour Correspondent

SEVERAL British subsidiaries in South Africa have come under heavy fire over their reports submitted to the British Government in terms of the European Economic Community's (EEC) code of employment practice in South Africa. According to a black trade union, workers at one subsidiary have rejected its report as "false and misleading" and another union has accused a company of "serious inaccuracies" in its report. The accusations appear in a document on foreign companies and codes of conduct released by the predominantly black 50 000-strong Federation of South African Trade Unions

(Fosatu) at the weekend. The document contains replies by Fosatu unions to reports submitted by British firms on their employment practices to the Department of Trade. Several cases of companies refusing to recognise black trade unions are outlined and Fosatu has also charged that the code has failed to promote the recognition of black unions. Companies named are Cadbury Schweppes, Eveready, Crabtree (Springs), Glacier Bearings, Henkel SA, Forbo-Krommenie, Revertex (SA), South African Fabrics, Sarmcol and Raleigh Cycles SA. Smith and Nephew, Kellogg and Leyland are singled out for having concluded agreements

with Fosatu unions. In an accompanying statement, Fosatu said it believed all codes had to be measured against whether they promoted union recognition. The EEC code stated that companies should accept decisions by black workers to be represented by trade unions. The codes could only be successful if there were sanctions against companies which did not abide by them. After comparing the report submitted by Eveready to conditions at its subsidiary, Crabtree, in Springs, the Engineering and Allied Workers' Union said: "Workers at Crabtree were shocked by this report and rejected it on the grounds that it is false and misleading. "If EEC governments are

not going to take serious action to prevent companies from not complying with the code ... the existence of the code is not going to be helpful to the people the code is designed to relieve from the grips of labour exploitation." Rather than helping SA workers, the reports were providing a facade behind which companies could hide their unfair labour practices, added the union. Company spokesmen were not available for comment on the document, which was released at the weekend. The British Consul in Johannesburg, Mr A R Titchener, said last night he could not comment on the criticisms until he had studied the report.

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SOME FOREIGN companies operating in South Africa are giving out misleading reports of what they are doing for their black workers, according to the Federation of South African Trade Unions (Fosatu).

In a lengthy report Fosatu claims that the companies, which have their headquarters in Britain, Germany and Switzerland, are cov- travening the European Economic Community's employment code.

Fosatu has accused four of the British companies of issuing misleading and untrue information in reports to the British Depart- ment of Trade on their implementation of the EEC code in their South African operations.

Fosatu's chief complaint is based on a clause in the code stating that companies should recognise African trade unions if work- ers want to be repre- sented by them.

"This has failed to help in the achieve- ment of union recog- nition," says Fosatu. "The general story is one of evasion and delay."

Fosatu says some of the companies — Forbo Krommenie (Swiss) and Glacier Bearings, Revertex, Sarmcol and Raleigh Cycles (all British) — have refused to deal with unregist- ed trade unions.

Cadbury and Eye- ready (British) have refused even to re- cognise coloured unions, and Cadbury's management has set up its own union.

Fosatu says these firms are going against the spirit of the EEC code, which stresses that the firms are free to recognise unregistered unions since they are not illegal.

"Employment codes are pointless unless there are sanctions against those com- panies that do not abide by the code," says Fosatu.

Unions affiliated to Fosatu asked workers to comment on the re- ports submitted by British companies to the Department of Trade.

Prominent among workers' criticism were claims that com- panies paid wages be-

SUNDAY POST SPECIAL LABOUR CORRESPONDENT

low those mentioned in the reports, that training programmes weren't what they were said to be, and that workers pushing for the establishment of a union were in- dicated.

The companies' claims about education bursaries and schol- arships were misleading, the workers said.

Cadbury's claimed to offer scholarships, but the Sweet, Food and Allied Workers Union said that members were not aware of any scholarships for em- ployees' children.

The firms Managing Director, Neville Bain, said in reply to this that the "official union" — Cadbury's own union — was aware of the schol- arships.

The Chemical Work- ers' Industrial Union said of Revertex: "The education bursary mentioned is only for university studies and, to the best of our knowledge, only one worker has benefited from it. Workers have asked for the bursary to cover school educa- tion because this is where it is most need- ed. The company has refused the request."

Companies' claims of no discrimination, or at least equal facili- ties, have also come under fire. Raleigh Cycles stat-

S. West 24/1/80  
Foreign firms lying about blacks' workings  
Conditions - Fosatu

ed that as far as the law permits there is no segregation of fac- tories.  
But the Engineering and Allied Workers' Union claims that there are segregated toilet facilities, separ- ate factory gates for blacks and whites

(where only blacks are searched on leav- ing the premises) and segregated clothing stations and pay booths.  
Stan Jenkins, per- sonel director of Ra- leigh's parent com- pany, was reported this way: as having said

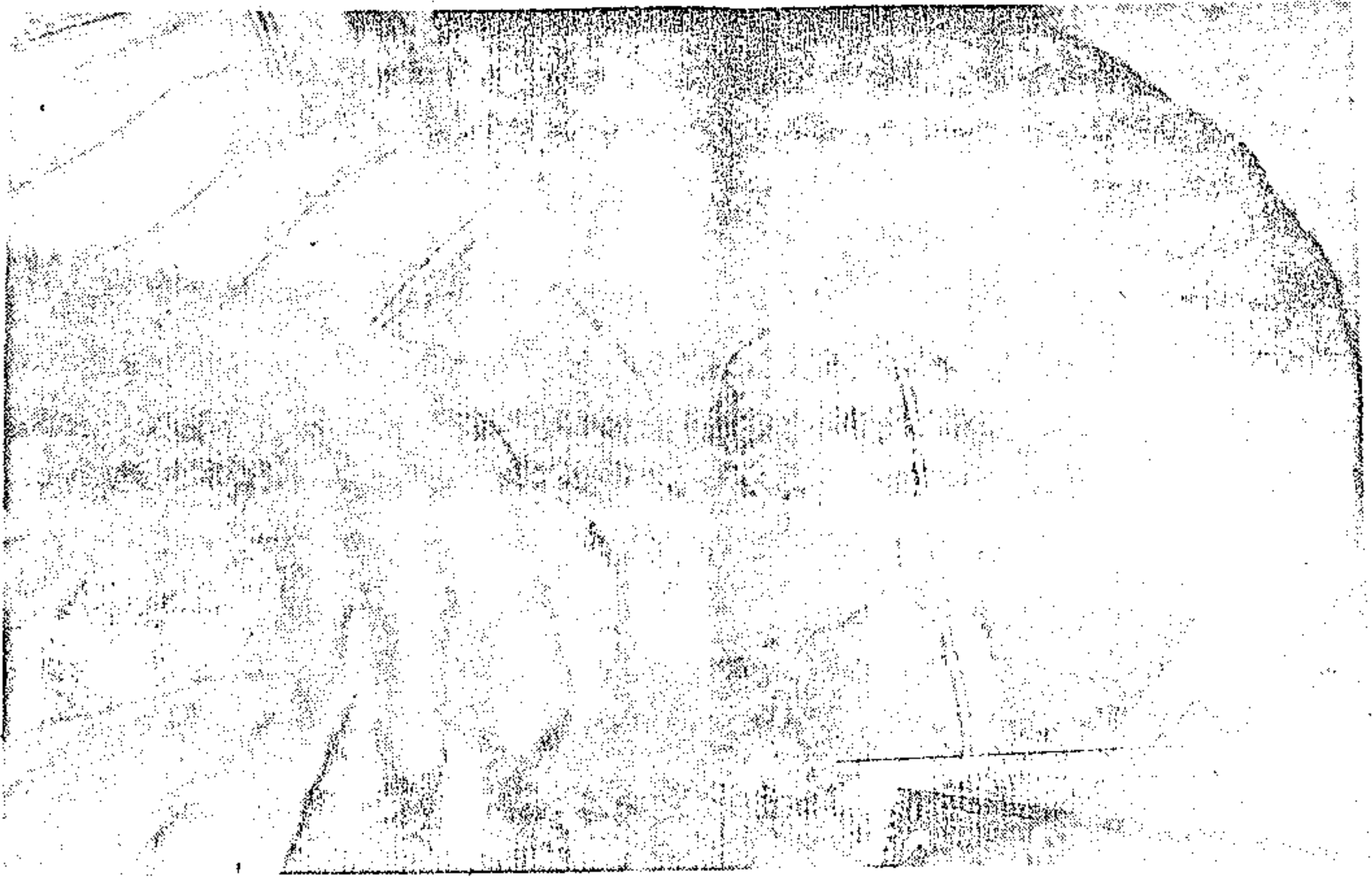
that he could not deny this, but that "we were reporting on the group as a whole. Al- though something in the report may not apply to Raleigh, it the group."

In Springs Mr M J Parker, general man-

ager of Crabtree, ad- mitted that some of Fosatu's claims against his company were correct.

The factory had no canteen, nor were there equal toilet faci- lities for black and white workers as the report submitted to

the British Govern- ment had claimed. Fosatu said that some of the Crabtree workers had been shocked by the report, which also claimed falsely that workers and their dependants were given free med- ical aid.



Cadbury's MD, Neville Bain . . . keeping it in the family.



LONRHO

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# UK emphasised

**Activities:** UK-based multinational conglomerate with main interests in agricultural equipment, general trade, export finance and insurance, engineering and manufacturing. Other interests include liquor, textiles, mining, printing and publishing and hotels. About 59% of pre-tax profit is derived from African operations while 35% originates in the UK. Arab interests control 20% of the equity with chief executive Tiny Rowland holding some 15%.

**Chairman:** Lord Duncan Sandys; managing director: R W Rowland.

**Capital structure:** 210.7m ordinaries of 25p fully paid and 266 000 5p paid. Market capitalisation: R453m.

**Financial:** Year to September 30 1979. Borrowings: long- and medium-term, £59.4m; net short-term, £192.4m. Debt:equity ratio: 66.5%. Current ratio: 1.1. Capital commitments: £66.6m.

**Share market:** Price: 215c (1979-80: high, 235c; low, 165c; trading volume last quarter, 1.7m shares). Yields: 12.3% on earnings; 6.3% on dividend. Cover: 2.1. PE ratio: 7.4.

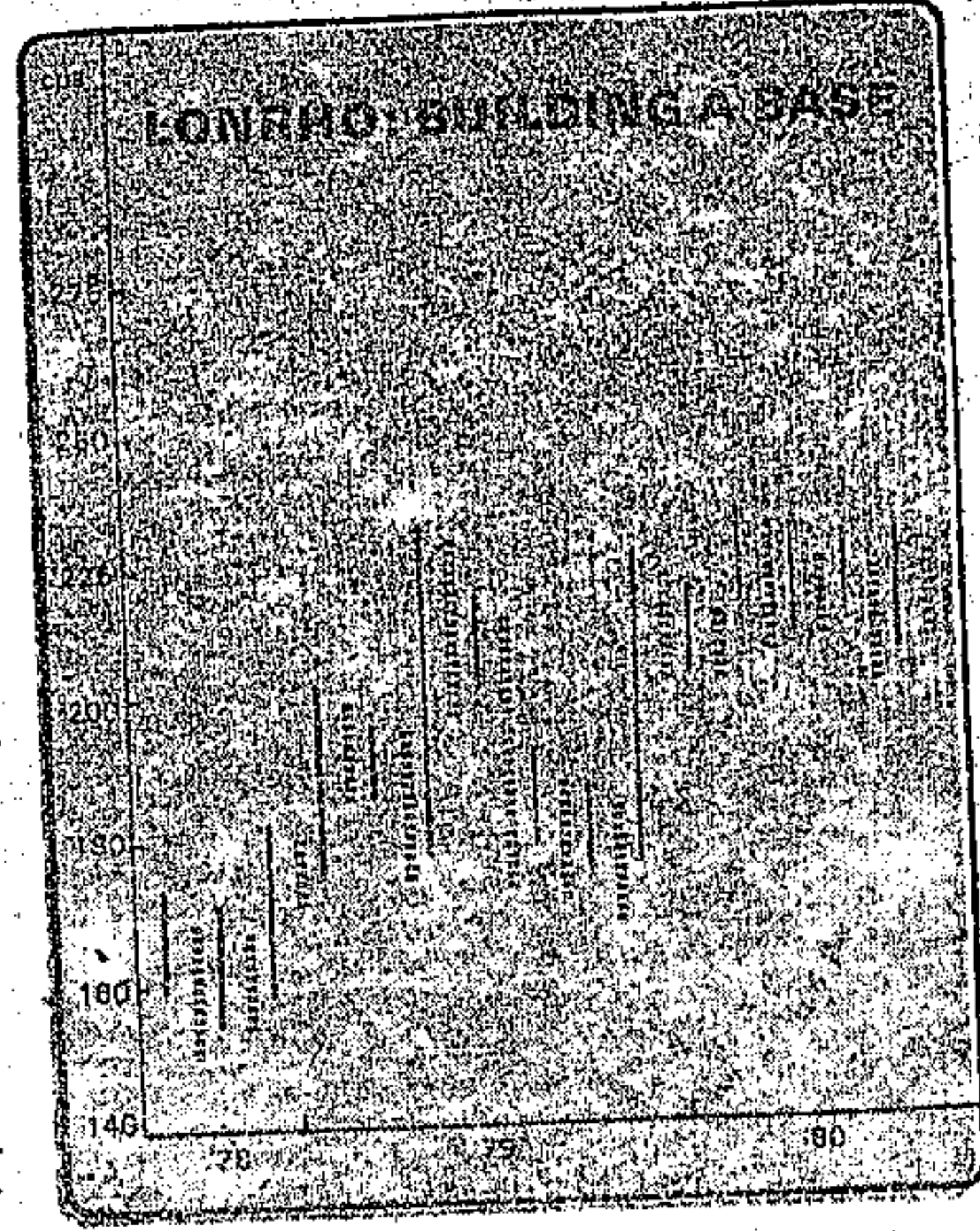
	'76	'77	'78	'79
Turnover (£m)	1 083	1 257	1 491	1 565
Pre-tax profit (£m)	93.4	90.2	93.6	84.0
Earnings (c)	30.2	35.1	36.1	28.5
Dividends (c)	7.6	9.9	11.4	13.3
Net asset value (c)	231	243	305	328

In its 70th year of operation, Lonrho reported a lower profit despite higher turnover and buoyant prices for its mining products. Nevertheless, the year to end-September 1979 was very important for the group's policy of increasing investment in UK-based income sources.

Last year, Lonrho's turnover increased 5% to £1.6 billion (£1.5 billion) — not particularly impressive considering the diversity of group interests. Pre-tax profit dipped 10.3% to £84m (£93.6m), but the directors lifted the dividend total to 7.32p (6.65p) in line with the improved year-end liquidity. Cash balances at end-September were £56.6m (£34.4m) and the final 4.68p dividend will cost £10.1m (£8m).

Chairman Tiny Rowland explains that the "exceptional" fall in profit last year is attributable to heavy re-investment needs and trading problems in West Africa, as well as the expense involved in the Monopolies Commission investigation into the then proposed takeover of the Scottish Suits group. Nevertheless, he regards the balance sheet as "healthier" than it has ever been.

The 22.4% increase in pre-tax profit attributable to southern Africa arises main-



ly from the group's Rhodesian gold, and SA platinum and coal mines. In particular, 50.4%-owned Western Platinum had a good year, increasing working profit to R17.6m (R3.9m) on a 67.3% rise in sales to R42.5m. Wesplat sells most of its production on contract to Mitsubishi Japan, but some is sold on the free market where prices have been at record levels.

	Turnover		Pre-tax profit	
	'78	'79	'78	'79
UK	879.3	975.9	34.1	34.9
East/Central Africa	228.4	214.6	35.0	31.4
Southern Africa	117.4	142.4	22.8	27.9
West Africa	165.8	131.4	7.4	6.0
Europe/other	100.5	101.2	3.3	0.6

Group gold mines realised an average \$261 for production of 358 000 oz, and this year prices have been much higher. Lonrho has a number of gold properties viable at a gold price above \$250. Development of some of these is in hand, promising additional income in the current year.

Meanwhile, the year was not without its thrills. There was the litigation over the Umtali pipeline, the Arab-Rowland boardroom battle, the investigation into the takeover of Suits, and the acquisition of a larger stake in the House of Fraser. With the acquisition of the Suits' minorities after the year-end, Lonrho continued the policy of increasing its UK income base. As a result of this £67m takeover, Lonrho also increased its stake in the house of Fraser to 29.9% — just under the 30% limit at which it would be obliged to

make an offer to minorities. Other new UK acquisitions in Harrison & Sons, the security printer and further motor dealerships, like Forshaw. In addition, since the end, it has bought 50% of Princess Fries, which owns hotels in the US and elsewhere. These acquisitions should enhance Lonrho's market rating, as it now relies proportionately less on more risky African-based investments. Should a stable environment eventuate in Rhodesia, the price should move higher. For the moment, at 215c, yielding an historic 12.3% on earnings, Lonrho appears fully valued.



STW 21/4/80 (61)

# Minister praises BMW

CAPE TOWN.— The Minister of Industries and of Commerce and Consumer Affairs, Dr Schalk van der Merwe, has praised BMW (SA) for its courage and the contribution it had made to South African exports.

Addressing the company at the occasion of its 50th anniversary, the Minister said it had refrained from playing down its involvement in South Africa despite the political flak such commitment drew elsewhere in the world.

"Many foreign compa-

nies like to play down their involvement in South Africa these days," he said. "They omit South African offices from internationally published and publicised lists. They mask their local subsidiary by holding it through an intermediary with a nondescript name.

"They bury their profits from the Republic in general categories such as 'Africa' or 'other markets.' Not so BMW," Dr van der Merwe said.

"It makes no attempt to obscure its involvement in

South Africa, states publicly that it is confident about the political future of the country and has invested accordingly.

"Courage and confidence carries the respect of everyone." The company's enthusiasm split over into all aspects of the motor business.

It had made export history in 1978 when it started the large-scale shipment of assembled new cars to overseas markets and the first consignment of 400 special BMW series 518s had had a double significance. — Sapa.

Leyland, (61)  
Ford can (17)  
meet SA (19)  
needs <sup>RDM</sup> 1/3/50

By IAN HOBBS  
London Bureau

LONDON. — British Leyland and Ford, the major British suppliers of component parts for car and vehicle production in South Africa, yesterday said they were still able to meet orders from the Republic.

"I can't say how much longer we can hold on before stocks and supplies run out and men have to be laid off — but we are not at crisis point, yet," said a spokesman for Ford (UK).

The British Leyland spokesman said their South African subsidiaries were not yet in danger of having component supplies cut off.

He said: "The steel strike has gone on for longer than we expected, but there has been a major operation to make the most of stocks and supplies and we have had no major disruption to our factories in the United Kingdom.

"There are a couple of isolated component shortages now, but nothing serious and the South African market can feel safe for a couple of weeks yet."

On the strike front, indications grew yesterday of the massive pressure on the two major unions involved, the Iron and Steel Trades Federation (ISTC) and the Blast Furnacemen's Union to settle — but they showed no serious sign of breaking.

Reports in London yesterday claimed more than half the 15 000 private sector steelmen were already back at work and the British Independent Steel Producers Association predicted this would be up to 70% by Monday.



# Tiger more generous

By ELIZABETH ROUSE

SALES of the Tiger Oats group and its associates in South Africa and Britain climbed by 25.5% to nearly R2 000-million in 1979, a fine achievement in the face of a slight downturn in its fishing companies.

This turnover advance and the lift in consumer spending since the second half of last year and a decline in capital expenditure have prompted the board to be more generous about dividend payments.

The final dividend has been raised to 38c from 33c, lifting total payment to 60c from 58c on a 15% increase in group earnings to 262c a share in the year to last December from 228c in 1978.

Tiger's yearend results are better than could have been expected at the interim stage when the group had only a small earnings rise of 8.7% because of the static economy.

Second-half earnings rose by over 22%, amounting to 137c a share against 125c earned in the first half and growth at this faster rate seems likely for the next six months, according to Tiger's chairman, Mr Rudi Frankel.

The pharmaceutical subsidiary, Adcock-Ingram, has proved to be a profitable acquisition and is set to produce good results this year. This could offset an expected decline in the fishing companies, which face troubled waters.

More impressive is the advance by Tiger's associates — which include the 30% held

Bibby in Britain and Metcash and King Food in South Africa. Taking the undistributed profits of the associates into account the earnings rise is 20% to 321c a share from 269c.

The associates' contribution to earnings is 59c a share, up 45% on 1978's 40c. Attributable earnings of the associates make up 18.1% of group earnings.

Turnover of the associates started to pass that of the Tiger group last year and accounted for R998-million against Tiger's R913-million. Their 1979 growth rate is larger at 33% compared with Tiger's 17.5% because these companies are not hedged in by so many price restrictions as the basic food producer.

The food industry remains highly competitive and Tiger's margins were down from 4.68% to 4.3%. Group trading profit amounted to R60 884 000 (R55 779 000 in 1978) and attributable taxed profit was R29 251 000 (R25 412 000). Seawa's profits have been consolidated for the first time and 1978 figures have been adjusted accordingly.

Capital commitments are well down at R6-million, but usually the group ends up spending more than its stated commitments in its continuous plant updating programme. Mr Frankel says there is some spare capacity in the industry, but that it is fast being absorbed.

Tiger remains a blue chip among food companies, as the dividend yield of 4.6% testifies.

~~222~~

RDM 13/3/80

61

~~186~~

# Tweefontein 97c

Mining Editor 4/3/80 and compensated for the unchanged interim of 18c from Duiker Exploration. (61)

**TWEEFONTEIN** United Collieries, a member of the Louisa stable, has raised its interim dividend to 97c a share from 63c after a 114% rise in the interim payment from Coronation Syndicate, in which it has a 68% interest.

Coronation Syndicate, benefiting from improved gold and copper operations in Rhodesia, has raised its interim to 30c from 14c. This higher payment flowed through to Tweefontein.

Duiker owns the coal assets of Tweefontein and Witbank Consolidated and the major source of income for these two companies comes in the form of dividends from Duiker.

In contrast, Witbank Consolidated, without the benefit of any additional income source, has declared an interim of 33c compared with 32c previously.



# Tweefontein 97 (23)

61

Mining Editor 14/3/80  
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STUD NO	SURNAME	FIRST NAMES	COURSE	DESCRIPTION	SYMBOL	AS AT	PAGE
13010	BACHELOR OF ARTS					29 02 80	4
155148P	JERVIS	JOSEPHINE ALEXANDRA	11S103	ITALIAN INTENSIVE	F (47)	1	155148P
156426D	JONES	TIMOTHY ARNOT	106103	ECONOMICS IA	F (44)	1	156426D
160764U	JONES	MARK FRANCIS	11S101	FRENCH I	UP (62)	1	160764U
162323N	JOSTE	LINDA ADELE	114101	RELIGIOUS STUDIES I	ABS (52)	1	162323N
157009M	KATZ	MARCELLE FAYE	114101	RELIGIOUS STUDIES I	ABS (52)	7	157009M
157519R	KENYON	GERDA-MARIE	004101	PSYCHOLOGY I	UP (58)	1	157519R
160448A	KOOY	CAROLYN MAY	107101	ENGLISH I (PRE-1980)	3MX (57)	1	160448A
157025E	KNITZE	MONIQUE RUTH	110101	HISTORY I	UP (57)	1	157025E
160168W	KRAMER	JANINE MARIETTA CAROLINE	102103	AFRIKANS EN NEDERLANDS I	F (48)	1	160168W
137458L	LAUGASTERS	DEBORAH ANNE	107101	ENGLISH I (PRE-1980)	3MX (48)	1	137458L
159476M	LE ROUX	KAREN JEANNETTE	11S101	FRENCH I	F (46)	1	159476M
156802R	LEWIS	RIYANI	102103	AFRIKANS EN NEDERLANDS I	UP (50)	1	156802R
130847A	MAHOVEDO	RIYANI	004101	PSYCHOLOGY I	F (43)	1	130847A
			105104	LATIN I	F (43)	1	
			107101	ENGLISH I (PRE-1980)	ABS (46)	1	
		VIVIANNE NORAH	102101	AFRIKANS GEOGRAPHY I	ABS (48)	1	137330X
			908101	GREEK X ROMAN LIT & PHIL	ABS (50)	1	
		GOUDON JOZUA	105103	ECONOMICS IA	ABS (45)	1	159321A
		JENNIFER MARY	106103	ECONOMICS IA	ABS (45)	1	150182R
		JENNIFER ANN	004101	PSYCHOLOGY I	UP (52)	1	155800Y
			105202	SOCIAL ANTHROPOLOGY I (PRE-1980)	UP (50)	1	
		ADRIAN	001101	COMMERCIAL LAW A	ABS (48)	7	157772K
		RICCARDO EDWARD GREGORIO	11S103	ITALIAN INTENSIVE	F (45)	1	158259W
		SANDRA ROCHEL	106103	ECONOMICS IA	ABS (45)	1	156326V
		CECILIA AGNES	107101	ENGLISH I (PRE-1980)	3MX (48)	1	157549Z
		MELISSA JANE	911101	AFRIKANS EN NEDERLANDS I	F (48)	1	150454W

UJET



BARCLAYS

59 232 61 Rm 14/3/80  
**Excellent prospects**

**Activities:** SA's largest banking group. Subsidiaries include Barclays National Bank, Barclays Western Bank and Barclays Insurance Brokers. Barclays International (UK) owns 64% of the equity and Anglo American/De Beers 18%.

**Chairman:** J M Barry; **managing director:** A R M Aldworth.

**Capital structure:** 53,2m ordinaries of R1. **Market capitalisation:** R433,6m.

**Financial:** 15 months to December 31 1979. **Total assets:** R6 808m (1978: R5 692m).

**Capital and reserves:** R300m (R252m); **capital surplus:** R39,7m (R23,6m).

**Share market:** Price: 815c. (1979-80: high, 815c; low, 485c; trading volume last quarter, 163 000 shares). **Yields:** 11,4% on earnings; 4,9% on dividend. **Cover 2,3. PE ratio 7,8.**

	'76	'77	'78	'79
Total deposits (Rm)	3 189	3 485	3 890	4 690
Total advances (Rm)	2 085	2 309	2 566	2 991
Operating profit (Rm)	50.0	55.1	60.2	98.9
Operating profit: advances and customer liabilities	1.2	1.5	1.7	1.8
Taxed return on equity (%)	16.3	15.7	16.4	14.8
Earnings (c)	53.2	62.6	74.8	116.7
Dividends (c)	19	23	30	50
Net asset value (c)	327	398	478	627

† Annualised.  
 + Year to end-September.  
 \* 15 months to end-December.

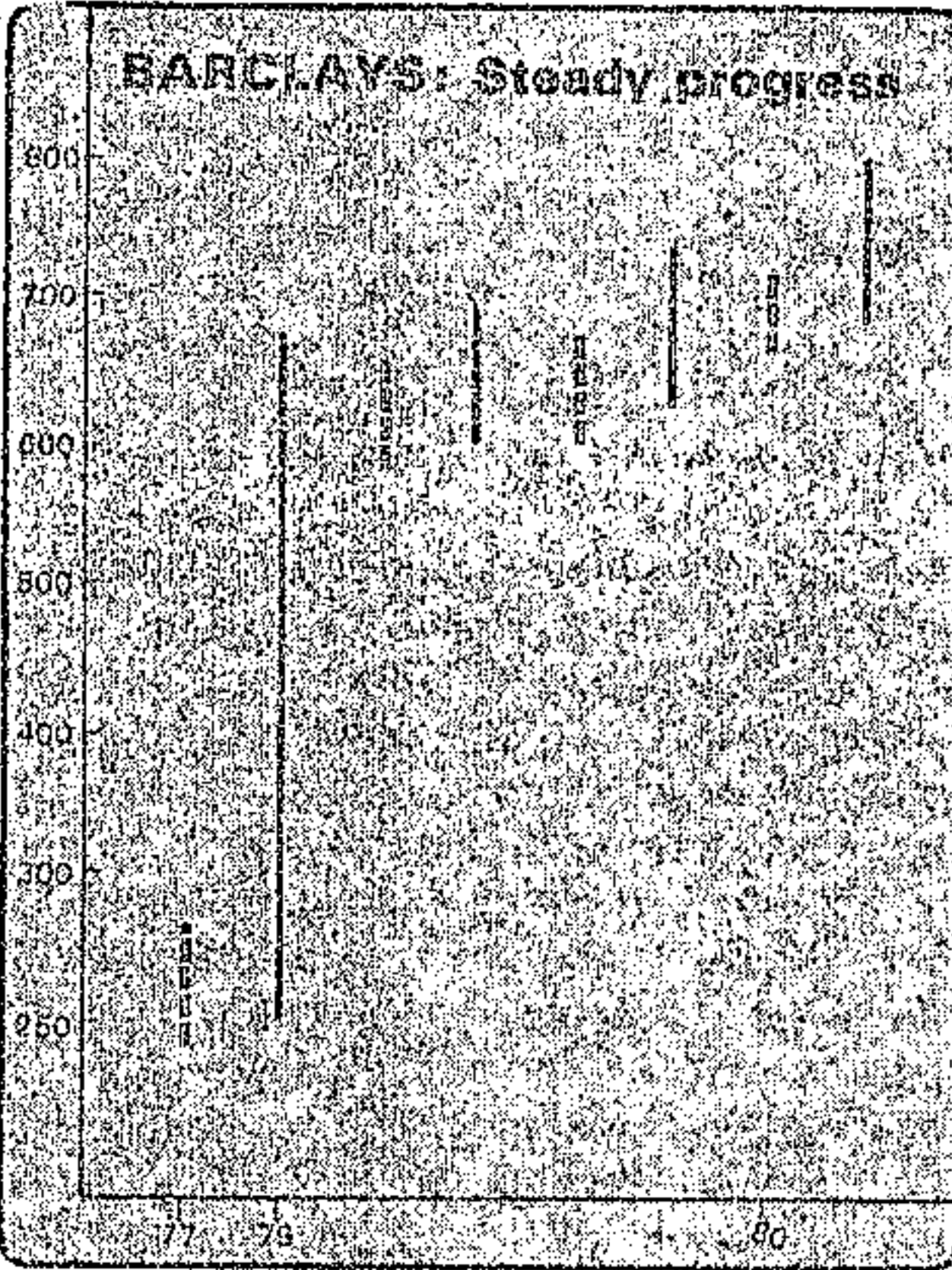
In line with a quickening in the economy and growing consumer demand the Barclays Bank group reported an annualised operating profit increase of 31,4% in the 15 months to end-December. And this year, provided the rate of growth in SA continues, another impressive profit increase can be expected. In 1979, the payoff for shareholders was a 33,3% hike in the annualised dividend payment, up from 30c to 40c, and it appears certain another record distribution is on the cards in 1980.

Operating profit for the 15 month period was R98,9m which annualises to R79,1m (R60,2m). Taxed earnings for the period of 116,8c allowed a 50c total dividend to be paid.

	Operating income		Taxed profit	
	1978	1979	1978	1979
Commercial bank	43.0	53.0	26.7	38.6
Wesbank	12.7	8.6	7.2	9.4
Barclays Merchant	2.3	5.2	2.9	4.7
Barclays Insurance	5.8	1.2	0.3	1.7

\* Annualised.

At end-December Barclays had total assets of 6,8 billion (R5,7 billion), while share capital and reserves amounted to R299,8m (R252m). The excess capital in relation to the Banks Act's requirement was R39,7m (R23,6m), giving plenty of room for additional advances. But, despite this excess capital position, Barclays re-



ported a return on capital employed of 16,7% (14,6%) on an annualised basis.

Last year was marked by favourable lending conditions and a general upswing in the economy leading to continuing high demand for consumer credit and leasing finance. Exchange earnings were adversely affected initially by the De Kock Commission recommendations on forex transactions, but subsequently returned to satisfactory levels.

While all divisions contributed to the increase, the star performer was Barclays Merchant Bank. BMB's taxed earnings rose 76,6% to R5,1m (R2,9m) on an annualised basis, and it paid R4,1m (R540 000) in dividends to the holding company. The commercial bank earned R48,3m in the 15 months, or an annualised 44,7% increase to R38,6m (R26,7m), including R5,1m (R4m annualised) in dividends from subsidiaries. At the operating profit level, the bank contributed 69,4% (71,5%) to the group total.

Barclays Wesbank, which performed so well in 1978 with an operating profit of R12,7m (R1,8m), continued to progress strongly with an annualised 31,1% increase in taxed profit to R9,4m (R7,2m) and a return on equity of 24,5%. From the

December quarterly returns of banks (BA9) it can be seen that Wesbank recorded a 15% increase in HP business, an 8,9% increase in leases and enjoyed a 17,3% market share.

The reasons for BMB's sharp increase in profit were, to a large extent, a result of its concentration on tax-based leases and the number of corporate restructures it handled for clients. During the accounting period, substantial repayments of existing advances exceeded "the modest" demand from industry for medium-term finance, resulting in a lower level of advances at end-December. However, acceptance credit facilities were at a higher level, but competition was intense. BMB's 28,3% return on equity was the highest in the industry.

Commercial banking was affected by intense competition, exacerbated by the fact that corporate borrowers tend to provide front-end financing themselves and then draw down a bank loan over relatively long periods. Thus the capital spending boom is not having an immediate impact on bank profits.

The foreign exchange division had to reduce the spread between buying and selling rates after the De Kock Commission recommendations in order to hold market share. However, the market stabilised and wider spreads have since been reinstated.

The Barclaycard division had another good year. It now has over 450 000 customers and more than 40 000 shopping outlets. Turnover on an annualised basis rose 82,7% to R425m (R233m).

This year another increase in profit and dividends is expected. Consumer spending is on the increase and durable purchases should keep banks busy. The market has pushed the share 77% higher to 815c in the past year, where it yields an historic 4,9%. Near-term, the industrial market looks uncertain so buying opportunities may improve, but the share rates a buy on a medium term view.

Des Killeen

**FALCON'S YIELD**

In the FM of January 25, non-residents' shareholders tax was deducted from the Falcon dividend to calculate the yield to local investors. In fact, being London registered, Falcon pays branch profits tax and thus does not deduct NRST from dividends. This meant the yield was 8,8% and not 6,6% as stated.



what the controlling company, Union International, intends doing with the funds, and whether they will leave SA, is not certain.

On projected earnings for Table Top this year, sources reckon Fedfood's own taxed profit could increase by as much as 8c to 10c a share. Last year, Fedfood earned 51.2c a share. This does not take into account any rationalisation or expansion prospects in the acquisition.

Table Top has six cold storage facilities in SA, as well as two factories for frozen vegetables and frozen foods. It also has a farming area near George and a nationwide distribution network.

The entry of Fedfood into the frozen food market could spell an increase in competition for Anglovaal's Irvin & Johnson, especially if Table Top moves into the frozen fish market. It would, after all, be a logical move bearing in mind Fedfood's fishing interests. It also spells a change in direction for Fedfood which currently derives most of its income in the fishing and grain industries.

On re-listing, if market talk is correct on the effect of the acquisition, Fedfood shares should advance strongly from the pre-suspension 450c.

*Des Kilalea*

## FEDFOOD/TABLE TOP

### A new direction

1428/3/60

Fedfood shares were suspended on the JSE this week in view of negotiations to "acquire a major asset." It appears the asset is the UK-controlled Table Top, which currently holds about 45% of the frozen vegetable market, and offers Fedfood further expansion opportunities into the frozen fish market.

Irvin & Johnson had been interested in Table Top, but after protracted negotiations late last year, discussions were terminated.

Though Fedfood will not divulge the price, market sources suggest the figure will be in the region of R15m, and that the bulk of this will be paid in cash. However,

1330

# Leyland

STAR 15/4/80

## to stay

(61)

## in SA

(192)

Leyland will stay in South Africa.

Sir Michael Edwardes, chairman of British Leyland, said in an interview in Johannesburg yesterday that the local Leyland arm had recovered to such an extent and would make so much profit this year, that there was no question of closing down in South Africa.

About a year ago, Sir Michael had said in Cape Town that if the company could not come right, it would be closed.

Sir Michael said new-car-model ranges would be introduced in South Africa — with the Mini making a reappearance on the local market about the middle of this year.

Sir Michael ascribed the turnabout in Leyland South Africa to a smaller operational base, increased productivity and more streamlined management. With fewer factories — two have been closed — and less staff, Leyland were producing as many cars and trucks as before, he said.



# CARRY ON

NW

15/4/80 (61)

# Leyland

**JOHANNESBURG—Leyland will stay in South Africa.**

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With fewer factories — two have been closed — and less staff, Leyland was producing as many cars and trucks as before.

Both he and Mr Leslie Wharton, managing director of Leyland South Africa, paid tribute to the Atlantis diesel project.

Mr Wharton said there were excellent relations between his company and Atlantis. He envisaged a large number of Atlantis engines would be used in locally manufactured Leyland vehicles. — (Sapa)



Sir Michael  
we're staying

## So much profit in SA that 'we won't close down'

Daily News - 14/4/80 (61) (192)

# Edwardes defends action over pay

GRAHAMSTOWN — The Chairman of British Leyland, Sir Michael Edwardes, said at the weekend he understood the dissatisfaction felt by striking workers over inadequate pay increases.

Speaking after receiving an honorary doctorate of laws degree at Rhodes University, South African born Sir Michael said pay increases of five per cent to unskilled Leyland workers were "bound to cause a reaction" when other companies were granting increases of between 10 and 20 per cent.

"While I understand

their dissatisfaction, I have no sympathy for any employees who reject change when to do so puts their jobs at stake."

British Leyland, which employs 160 000 workers, paid five per cent increases to 76 000 workers and 10 per cent to 10 000 skilled men — well below Britain's 19 per cent inflation rate.

Sir Michael said that whether the company survived or not would depend on how employees responded to the stringent measures that had been imposed as part of what has become Leyland's "austerity programme".

He made it clear, however, that these measures, coupled with pay increases imposed without agreement from the unions, were essential for the survival of the nationalised company.

"We will not be over our problems until the whole complex deal is accepted".

Sir Michael, dubbed the "Napoleon of British industry", denied that the implementation of wage increases without union agreement constituted an affront to workers.

"The increases were implemented after five months of negotiation, in-

volving 17 meetings with union officials. The shop floor was getting restless about increases which had to be "backdated so we went ahead and implemented them."

He said what union leaders agreed to or did not agree to did not always reflect the views of the work force.

"Last year 87 per cent of the workforce voted in favour of our recovery plan, in spite of the redundancies it created."

Sir Michael described the 11 800 workers on strike at the moment as a "fraction of our total work force". — DDC.

... having so much of your wealth depend on the a house monthly instead of owning one, you avoid cretionally, personally preferred basis. By renting and the risks to bear on them on a selective, dis- can exchange ownership entitlements to goods ing, optimistic people—the new owners. People system, risks can be transferred to the most will- losses) of those goods. With a private-property avoid the hazards of changing values (profits and By choosing not to own certain goods, you he gets the profit.

the buyer bears the loss, not you, if it lasts longer people expect is there, if the oil well does dry up, will get the present value of that oil that other to someone else, just sell the well to him. You well's unexpectedly drying up can be transferred of these events. For example, the risk of an oil- against these risks, yet you can insure for some or marital infidelity. You can't buy insurance from your caraccos, or divorce, or dull children, other people's tastes and demands shift away any, or not having gold on your hand, or having can't buy insurance against your oil well going other methods are used to escape the risks. You though many hazards are not formally insurable,

Risk Allocation Ownership Allocation

the insurance premium, the insurance company could get from primary market.

... creased striking — it could be easily and coverly ing on the insurance to indemnify him for his in- entice a retailer to be less productive while rely- against bad business or loss of customers would cause they are not accidental enough. insurance Some accidental losses are not insurable be- accident losses. reduction of anxiety may exceed the increase in avoidance of precautionary resource-use and the insurance than without (as they may well be), the losses. Yet even if total losses are greater with decrease or increase total social accidental to protection than with it. So insurance may either may devote more resources and care and anxiety cued with insurance, for without insurance, we otherwise, precautionary incentives might be re- precautions as a condition of getting insurance. suid person is often required to take special the probability of the contingent event. Each in- insurance also may induce people to change insurance premium. large loss for the certainty of a small loss—the treatment — as each person's small chance of a suffers or is insured, actual losses. In general, infirm are supposed to be large enough to pay insurance premium. These accumulated pre- the form of a regular, small fees, called the ing them over the group that bears the losses in people often insure, they share losses by spread- cal damage (such as from fire or flood or theft). Because of risks of losses of wealth from physi-

Insurance Policy Risk

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15/11/80  
 61  
 172

# Leyland pledge to stay in SA

**JOHANNESBURG —**  
 Leyland will stay in South Africa.

Sir Michael Edwardes, chairman of British Leyland, said in an interview here yesterday the local Leyland "arm" had recovered to such an extent and would make so much profit this year, that there was no question of closing down in South Africa.

Sir Michael, who returned to London later yesterday, said new car model ranges would be introduced in South Africa — with the Mini making a reappearance on the local market about the middle of this year.

Sir Michael ascribed the turnabout in Leyland South Africa to a smaller operational base, increased productivity and more streamlined management. With fewer factories — two have been closed — and less staff, Leyland were producing as many cars and trucks as before, he said.

Both Sir Michael and Mr Leslie Wharton, managing director of Leyland South Africa, paid tribute to the Atlantis diesel project in Cape Town.

Though many hazards are not formally insurable, other methods are used to escape the risks. You can't buy insurance against your oil well going dry, or not finding gold on your land, or having other people's tastes and demands shift away. For example, the risk of an oil-well drying up can be transferred to another person. Just sell the well to him. You can't buy insurance against that oil that other people have there. If the oil well does dry up, you bear the loss, not you; if it lasts longer than you expect, you profit.

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Risk Allocation by  
Ownership Allocation

the insurance premiums an insurance company could get from voluntary insureds.

Because of risks of losses of wealth from physical damage (such as from fire or flood or theft), people often insure. They share losses by spreading them over the group that bears the losses in the form of sure, regular, small fees, called the insurance premium. These accumulated premiums are supposed to be large enough to pay sufferers of any insured, actual losses. In general, insurance trades each person's small chance of a large loss for the certainty of a small loss insurance premium.

Insurance also may induce people to take precautions as a condition of getting insured. Otherwise, precautionary incentives might be reduced with insurance; for without insurance, you may devote more resources and care and attention to protection than with it. So insurance may decrease or increase total social losses. Yet even if total losses are greater, insurance than without (as they may be avoided or precautionary resource-use reduced or anxiety may exceed the impact of accident losses.

Some accidental losses are not insured because they are not accidental enough against bad business or loss of customer. A retailer to be less productive on the insurance to indemnify himself against shirking. He could too easily influence the chances of the loss. Hazard diminishes the feasibility of claims for indemnity against losses.

Insurance: Pooling Risks

# Leyland to stay in SA — and expand

CT. 15/4/80 (61) #2

**JOHANNESBURG.** — Leyland will stay in South Africa. Sir Michael Edwardes, chairman of British Leyland, said in an interview here yesterday that the local Leyland arm had recovered to such an extent, and would make so much profit this year, that there was no question of closing down in South Africa.

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Leyland South Africa to a smaller operational base, increased productivity and more streamlined management. With fewer factories — two have been closed — and fewer staff, Leyland were producing as many cars and trucks as before.

Leyland would also spend several million locally-generated rands on expansion and would enter the field of engine

component manufacture.

Both Sir Michael and Mr Leslie Wharton, managing director of Leyland South Africa, paid tribute to the Atlantis diesel project in Cape Town.

Mr Wharton said there were excellent relations between his company and Atlantic diesels. He envisaged a large number of these engines would be used in locally-manufactured Leyland vehicles. — Sapa

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Risk Allocation by Ownership Allocation

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Insurance: Pooling Risks



# Thos Cook wants a home for R30m

By SIMON WILLSON  
Industrial Reporter

THOMAS Cook, the world's largest travel company, expects to have an extra R30-million to invest this year and the company's chief executive, Mr Alan Kennedy, is in Johannesburg to look at expansion possibilities for Thomas Cook's South African operations.

The R30-million, in cash and shares, is expected to accrue from an international deal in which Cook will sell part of its traveller's cheque empire to a European holding company to create a world-wide traveller's cheque system.

Thomas Cook is looking for areas to expand with the new investment capital, and the Transvaal region is high on the list.

Mr Kennedy said at a news conference in Johannesburg yesterday he would discuss with the company's South African board the areas where Thomas Cook operations could most profitably be expanded.

"We'd be interested in being simply a larger company in South Africa — we can see very

sensible reasons why we should expand in the Transvaal area.

"It is an easy area to control, it's easy to advertise and to amortise your advertising costs across more branches," Mr Kennedy said.

Thomas Cook has a network of 14 branches around South Africa.

It is the largest European issuer of traveller's cheques, and deals in sterling; United States, Canadian, Australian and Hong Kong dollars; French and Swiss francs, yen and Indian rupees worldwide through more than 25 000 outlets.

Mr Kennedy said the R30-million deal, which gave Thomas Cook a 20% stake in the new European holding company, did not represent a desire by Thomas Cook to withdraw from the world traveller's cheque market.

"In fact, it is a strategy to strengthen our position in the traveller's cheque field," he said.

"Traveller's cheque marketing over the next few years is likely to be dominated by big financial institutions which widen the area in which the

cheques are accepted and guarantee the cheques' refundability.

"We decided the answer was to align ourselves with major financial institutions, so we reached this agreement to sell our United States, Canadian and Australian dollar traveller's cheques to this new European holding company."

His company stood to reap the benefits of a larger sales volume and economies of scale.

Thomas Cook officials say the product of their traveller's cheque link with the European holding company will be a newly designed European traveller's cheque with increased world-wide acceptance because the leading European banks are expected to be part of the scheme, and a better encashment back-up, supported by the banks.

A possible barrier to any expansion of the traveller's cheque business in South Africa is the domestic and international strength of the credit card, but Mr Kennedy said he did not view traveller's cheques and credit cards as being in direct competition.

A revised budget (if you think revisions are called for), adhering as far as possible to the same order as that used for the data above, showing which job you (as a director) prefer, with short notes explaining your guiding principles and any calculations. Both jobs would last 12 months; no other jobs are being done or are likely to be offered.

Required:

- (f) Office and general expenses amount to about £1,800 every year.
- (d) All the plant needed for Southampton has been owned for some years. £1,600 is the year's depreciation (straight-line) in the financial accounts. If the Hull job is taken, less plant will be required, and the surplus items will be hired out for the year on similar work at a rental of £750. Interest is based on a memorandum entry, at 5% of original cost, in the cost records.
- (b) Manual labour is hired locally from week to week.

# Reed onttrek belange finaal uit Republiek

Deur FRANZ ALBRECHT

RAPPOORT 27/4/80

REED INTERNATIONAL se onttrekking van sy destydse meer as R150 miljoen se belange in Suid-Afrika — wat 'n paar jaar gelede begin het — is onlangs voltooi. Sy laaste noemenswaardige plaaslike belang — dié van Spicers — is sowat 'n maand gelede aan Barlow Rand verkoop.

Spicers is handelaars in papier en grafiese materiale. Met hierdie transaksie het Reed International van Brittanje die wêreldwye onttrekking van sy oorsese belange afgehandel.

In Australië is belange met 'n veel groter waarde as dié in Suid-Afrika verkoop. Die oorgrote meerderheid van sy Kanadese

belange is ook in die afgelope paar jaar verkoop.

Hoewel Reed International hom nou uit Suid-Afrika onttrek het, sal die groep se muurpapierprodukte — wat 'n vernameset in Suid-Afrika geniet — steeds aan plaaslike handelaars beskikbaar gestel word.

Die Suid-Afrikaanse be-

lange wat in die afgelope paar jaar van die hand gesit is, sluit in vernamesmaatskappye soos Namopak, Pipekor, Stanger Pulp and Paper, Twyfords, Reed Stationery, Reed Insulation, Tension Envelope Company, Palladium Stationers en Spicers.

Die rede waarom Reed International van sy oorsese belange ontslae geraak het, is omdat die moedermaatskappy 'n paar jaar gelede geweldig probleme met sy skuld-las ondervind het. Om enigsins die rente op en die terugbetaling van sy skulde te kon finansier, was hy verplig om kontant te bekom.

Die onttrekking van sy beleggings het die gewenste uitwerking gehad en tans is die moedermaatskappy se balansstaat baie gesond.

Al wat van Reed in Suid-Afrika oorgebly het, is 'n

paar eiendomme — van ondergeskikte belang vir die moedermaatskappy — en 'n regsuitgewersaak in Durban. Die Durbanse maatskappy is regstreeks aan Reed International verantwoordelik.

Daar is geen rede waarom die orige geregistreerde maatskappye van Reed in Suid-Afrika — Reed Finance en Reed-Korporasie — op die lange duur sal bly voortbestaan nie. Tans is al hul bedrywighede uitverkoop en bestaan daar geen doel in om hulle te behou nie.

Die destydse plaaslike hoof-uitvoerende beampte van Reed International, mnr. Bas Kardol, is reeds lankal in die Suid-Afrikaanse sake-wêreld ingeburger. Hy is voorsitter van Nampak — die grootste enkele belangdestyds van Reed in Suid-Afrika, wat ook aan Barlow Rand verkoop is — en hy is onlangs as 'n uitvoerende direkteur van Barlow Rand aangestel.

Mr. Kardol het wortel in Suid-Afrika geskiet vóór hy in 1977 deur Reed International gevra is om hul belange in Suid-Afrika te behartig. Hy was vroeër tien jaar lank aan die meubel- en musiekinstrumentbedryf in Suid-Afrika verbonde.



Monday, April 28, 1980

(61)

# Anglo building up stake in Congold?

By NEIL BEHMANN

LONDON. — A report in the Daily Telegraph suggests that 6.7 percent, or 9.9m shares, of Consolidated Gold Fields are held by a South African insurance company, Fidelity Life, and by a London merchant bank, Hambros.

The newspaper's mining editor wonders whether Barlow Rand or Anton Rupert are behind these stakes. However, a Congold official was not able to verify the theory.

The official admitted that shares held by security nomi-

nees now amount to 38 537 000 shares, or 26 percent of Congold issued share capital.

When De Beers raided the market a couple of months ago the company's admitted stake was 36.95m shares, or just under 25 percent of the share capital.

The Daily Telegraph assumes that Anglo is building up its stake, but the official commented that the holdings were under the cover security nominees so it was difficult to detect the identity of the purchaser.

# 'Let workers see conduct codes reports'

Own Correspondent

DURBAN. — Black workers, it is claimed, do not see the reports foreign companies in South Africa make in terms of various "codes of conduct, and cannot check their accuracy.

An unnamed black shop steward at a briefing yesterday by the Natal Regional Council of the Federation of South African Trade Unions (Fosatu), said the reports should be seen and approved by the workers.

Codes of conduct have been drawn up by the EFC and by an American priest — the Sullivan Code.

British firms operating in South Africa report to the British government issues like trade union recognition, wage rates, facilities and assistance to workers.

Some reports, the shop steward said, had been drawn up after interviews with managements, and the workers had not been consulted about their accuracy.

Mr Alec Erwin, Fosatu general secretary, said the only way to monitor the codes was on the shop floor and this was yet another reason for strength at grass-roots level.

On mixed trade unions, Mr Erwin said there was much legal confusion. Fosatu has decided to apply for full registration for mixed unions. It would not accept registration on any other terms.

He was critical of the industrial court which he said was headed by a person who, unlike a judge, could be removed at any time. There was no legislation establishing the procedures of the court and this was needed before it could start.

On the National Manpower Commission Mr Erwin said it had undefined rights which meant that it could investigate a trade union without the union having any right to know about, or to reply to, the investigation.

He confirmed that Fosatu and other trade union groups had been receiving funds from abroad.

They amounted to about R400 000 to R500 000 and came from the International Metalworkers Federation, the International Confederation of Trade Unions, the TUC, some Scandinavian trade unions and a church group.

All could be properly accounted for in union books.

The funds had been accepted because efforts to raise cash in South Africa had been fruitless and because of legal barriers it was difficult to get funds from union members by conventional means.

Mr Erwin said Fosatu was entirely independent of any political organisation "but we have the right to express views that might be political".



# RTZ profits leap as Rossing hits full production

STAR 1/5/80

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By John Cavill  
LONDON — A dramatic fall in unit costs as Rossing, the SWA/Namibian uranium mine hit full production, sent profits soaring by 504 percent for the British mining house Rio Tinto-Zinc and its

South African partners (such as General Mining and the Industrial Development Corporation) in the project. Rio Tinto-Zinc's (RTZ) annual report shows that Rossing's output of uranium oxide reached 4518

tons last year, up 42 percent on 1978 and a fraction below its rated capacity of 4536 tons.

Rossing's sales jumped by 57 percent to R233-m but pre tax profits soared from R8,2m to R49,5m.

This lifted Rossing's contribution to total group profits (before deduction of minority interests) to 6 percent from 1,6 percent.

These pre-tax profits for Rossing do, however, include the benefit of the insurance claim for consequential loss after the fire at the mine in 1978. The claims produced R15,5 m in 1978 and R6,9 m last year.

### TAX LOSSES

As a result of tax losses in previous years, no tax is payable on Rossing's earnings. RTZ discloses that the net after tax profits attributable to it, through its 46,5 percent stake in the mine, totalled R22,9 m against R3,6 m in 1978.

With Rossing up to full production and no increase in uranium prices expected in the short term, RTZ says the mine is unlikely to show a big increase in profits this year. And as it becomes liable to taxation, the net impact on group earnings will be lower.

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# Apartheid

protest

to Shell

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7/5/88

## London Bureau

LONDON. — Anti-apartheid forces in Britain and Holland are gathering again for a joint protest against Royal Dutch-Shell.

Simultaneous protests over Shell's links with South Africa will be delivered in London and The Hague as the British and Dutch arms of the multi-national combine hold shareholders' meeting on May 20.

Anti-apartheid groups in Britain have already written to more than 200 institutional shareholders urging continued support for their stand against Shell's trading associations with South Africa, and demanding its withdrawal because of its "deep involvement" in the apartheid system.

Bishop Colin Winter, the exiled former Bishop of South West Africa, says in a letter to them: "We believe it is absolutely vital that concerned shareholders express their feelings on the one occasion in the year they are able to do so."

In Holland, the protesters have launched a huge campaign by distributing leaflets to 1 500 000 homes and every Shell petrol station in the country.

Question 5

The consumption of B remained constant. In order to remain on the same indifference curve, a new bundle of goods can be drawn parallel to EG, namely XY. Here the consumption in on point I on indifference curve Ia, but on indifference curve I<sub>3</sub>, consumption from car take place at point K which shows higher levels of satisfaction in both quantities, and higher levels of consumption.



8/5/80 SUN TRIB

8/5/80

# Secret (61) names in poor pay report

Tribune Bureau

LONDON: The British Government is refusing to publish the names of 33 British companies operating in South Africa who are paying more than 2 000 black workers starvation wages.

The companies, according to a report in the Observer, include oil, banking, engineering, food, paper, insurance and chemical concerns.

A further 20 000 black workers, 20 percent of the total employed by British companies, are said to be paid below the minimum levels recommended by the Common Market code of conduct.

Adam Raphael, the newspaper's political correspondent, says the decision to conceal the identities of the companies has been taken at the highest level and is a sharp departure from previous practice.

It contravenes the recommendations of a Commons select committee in 1974 and, it is alleged, the spirit of the EEC in 1977.

The Observer says it has a list of the offending companies but cannot publish it without the protection of parliamentary privilege.

Mr William Rodgers, MP, chairman of the sub-committee which reported on British companies in South Africa, says he will press for the names of the 33 companies to be made public.

# GEC, Siemens get Soweto project

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Two of South Africa's biggest electrical groups, GEC South Africa and Siemens, have received letters of appointment from the Diepmeadow, Dobsonville and Soweto councils for the R100m Greater Soweto electrification project.

This announcement comes in the wake of the statement in Parliament by the Minister of Co-operation and Development, Dr P G Koornhof,

that his department will proceed with the R153m Greater Soweto electrification programme.

The contract is to be handled by Tesacon a consortium formed on a 50-50 basis by GEC Power Distribution, a GEC SA company, and Siemens.

A spokesman for Tesacon (Township Electrification South Africa Consortium) said work on the project was to start immediately. The contract

called for the supply and installation of the 11 000 volt and low voltage networks for Diepmeadow, Dobsonville and Soweto.

He said job opportunities for several thousand black workers would be created by the project, and on-the-job training would be undertaken. Local content of the products and services to be supplied would be close to 100 percent, and sub-

contractors would be widely used, especially for installation work. The large installation portion of the contract would be carried out by a sub-consortium led by Industrial Electrical.

A spokesman said one of the first tasks for the project co-ordinators would be to finalise a project timetable in collaboration with the consulting engineers, G H Marais and Partners Incorporated, acting for the councils.

Both partners in the consortium have already executed projects in Soweto. GEC Power Distribution has supplied about 50 mini sub-stations and Siemens has installed five containerised telephone exchanges.

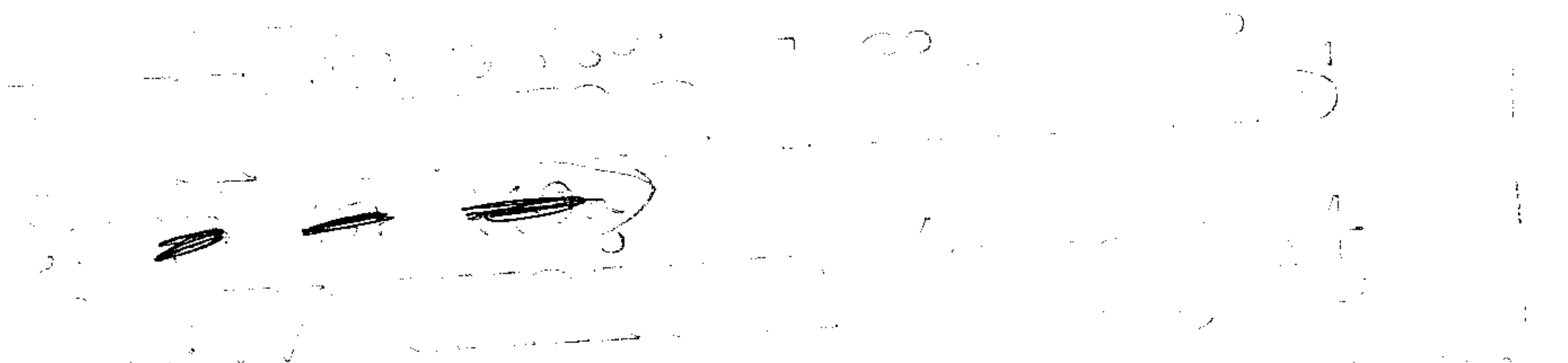
GEC Power Distribution, through its Power Projects Division, and Siemens, were the only companies to tender on all the enquiries issued for the project.

"Because the programme will have such far-reaching effects on the quality of life for the residents of Greater Soweto, the consortium intends tackling the contract with the utmost sense of urgency," the spokesman said.

"With the completion of the contract many of the blacks trained while in the employ of the consortium will become available for employment by the electricity undertakings in the area to create the infrastructure that will be necessary for the maintenance of the electrical networks," he said.

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Shell gives a promise  
on oil for S Africa

280 6E 15

The Star Bureau

South Africa.

LONDON — Shell has promised that it will not deliver crude oil to South Africa from any country operating an oil embargo against the Republic.

"Shell South Africa believes that it is a progressive and constructive element in South African society and through its contacts with government, business, academic and charitable institutions has a strongly beneficial influence towards racial harmony and social progress," he said.

The oil giant's chairman Mr Peter Baxendell gave this undertaking to shareholders at Shell's annual meeting in London yesterday. There were "no circumstances" in which Shell would deliver such oil, he said.

The Organisation of African Unity in Addis Ababa yesterday called for a mandatory oil embargo on South Africa to help ensure that apartheid "will not roll on into the 21st century," reports Sapa-Reuters.

Faced with a barrage of questions from a small group of anti-apartheid churchmen and activists, Mr Baxendell defended the company's presence in

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Shell (61) (11)  
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barrage

21/5/80  
LONDON. — Shell Oil directors faced a barrage of questions at the company's annual meeting yesterday about its operations in Southern Africa. They rejected an appeal to pay reparations to Zimbabwe.

One questioner said reparations should be made because Shell's South African subsidiary supplied oil to the former Rhodesian Government of Mr Ian Smith in defiance of UN sanctions.

The chairman, Mr Peter Baxendell, said Shell headquarters had not colluded in the sanctions busting and bore no responsibility for war damage.

Another questioner, the Rev David Haslam of the War on Want Aid Organisation, appealed to Shell to consider withdrawing from South Africa.

Mr Baxendell said Shell's South African subsidiary was working positively to establish equal opportunities for black and white workers, and described it as a constructive element in South African society.

(61)

23/5/80

what is still considered to be an "international commitment." Equally extraordinary, the British press has failed to unearth the document, which has been available since April 16 when, following a Parliamentary question, it was placed in the libraries of the Houses of Parliament. Copies were sent to the British Embassy in Pretoria and to the consulates-general in Johannesburg and Cape Town, where they are available for public inspection.

There seems to be a certain growth in awareness among UK employers in SA of the need to be at least seen to be complying with the requirements of the code. More than 200 companies reported for the year ending June 1979, compared with 184 for the previous 12-month period. The official analysis is based on the reports of 140 "category A" firms — those holding 50% or more of the equity of their SA subsidiaries, and employing at least 20 Africans. (A further 11 reports in this category were received after the year-end deadline). This compares with 109 reports submitted for the previous year to the Department of Trade in time to be included in the first analysis, published in February 1979 by the Labour government.

#### Tory, Labour differences

There is a major difference between these two documents. Last year the names of the 18 companies which had paid their employees below the poverty datum line were listed. This year the Department of Trade gives neither the names nor the number of companies failing to meet the wage targets of the code. The document merely states:

"The 140 category A companies employed about 105 000 black Africans (in 1978, 109 companies employed about 98 000); 98% (some 103 000) were paid at rates above the lower level of the subsistence data used (1978: 97.5% or about 95 000), and 81% (some 85 000) were paid at rates above the higher datum level (1978: 87% or 85 000)."

Under the heading "Relations Within the Undertaking," the analysis says that nine companies reported recognition of trade unions representative of black Africans, compared with eight the previous year. It was this aspect of the code to which the EEC governments initially attached the greatest importance; but the nine companies referred to are neither named nor singled out for praise. Last year's eight were Barclays Bank, BAT Industries, Thomas French & Sons, Linindustries, Lucas Industries, Smith & Nephew, Standard Bank and Cadbury Schweppes.

The missing information — listing companies that have or have not fulfilled the various requirements of the code — can presumably be turned up by keen researchers since individual reports are available at the Department of Trade and the British mission offices in SA. The current analysis does list 23 firms which have failed to respond to the Secretary of State's request for the relevant information, or which have submitted inadequate data. Last year there were 40 under this category. All but five of the 23 companies named this year also appeared in last year's list, including Gallagher Ltd and Maley Ltd, which were separately mentioned in 1979 (but not in the current analysis) as having definitely refused government's request to report in accordance with the code.

The new document illustrates more clearly than any public statement has done so far the difference between the Tory and Labour approaches to SA. The Tory analysis is confined to the barest facts reconcilable with the EEC policy: there is no comment whatsoever — even the Wichahn Report and other SA developments are not mentioned. Nevertheless, Britain continues to set an example in that it continues to observe the code's provision for annually published reviews. None of the other EEC countries has so far published even one report. Official Tory circles continue to emphasise privately their belief that significant improvements in the conditions and opportunities of black African workers in SA should be introduced sooner rather than later to avoid trouble, and they say that this message is being frequently conveyed to their SA counterparts, though in a more private and unobtrusive way than that used by their Labour predecessors.

EEC FM 23/5/80

### Stealthy analysis (61)

The British government has issued its second analysis of the performance of UK firms in SA under the EEC code of conduct. But the stealth with which this publication was produced by the Department of Trade is extraordinary, considering previous official publicity attached to



Little change <sup>240</sup> <sup>61</sup>

**Activities:** London-registered investment company with portfolio of UK, SA and Zimbabwean shares. Holds mineral rights in the OFS and Transvaal.

**Chairman:** N H Marshall.

**Capital structure:** 13,1m ordinaries of 10p. Market capitalisation: R6,6m.

**Financial:** Year to December 31 1979. Net cash: R74 000\*. Debt-equity ratio: 2,0%. Current ratio: 0,9. Group cash flow: R512 000\*.

**Share market:** Price: 50c (1979-80: high, 75c; low, 43c; trading volume last quarter, 620 000 shares). Yields: 7,8% on earnings; 3,8% on dividend. Cover: 2,1. PE ratio: 12,8.

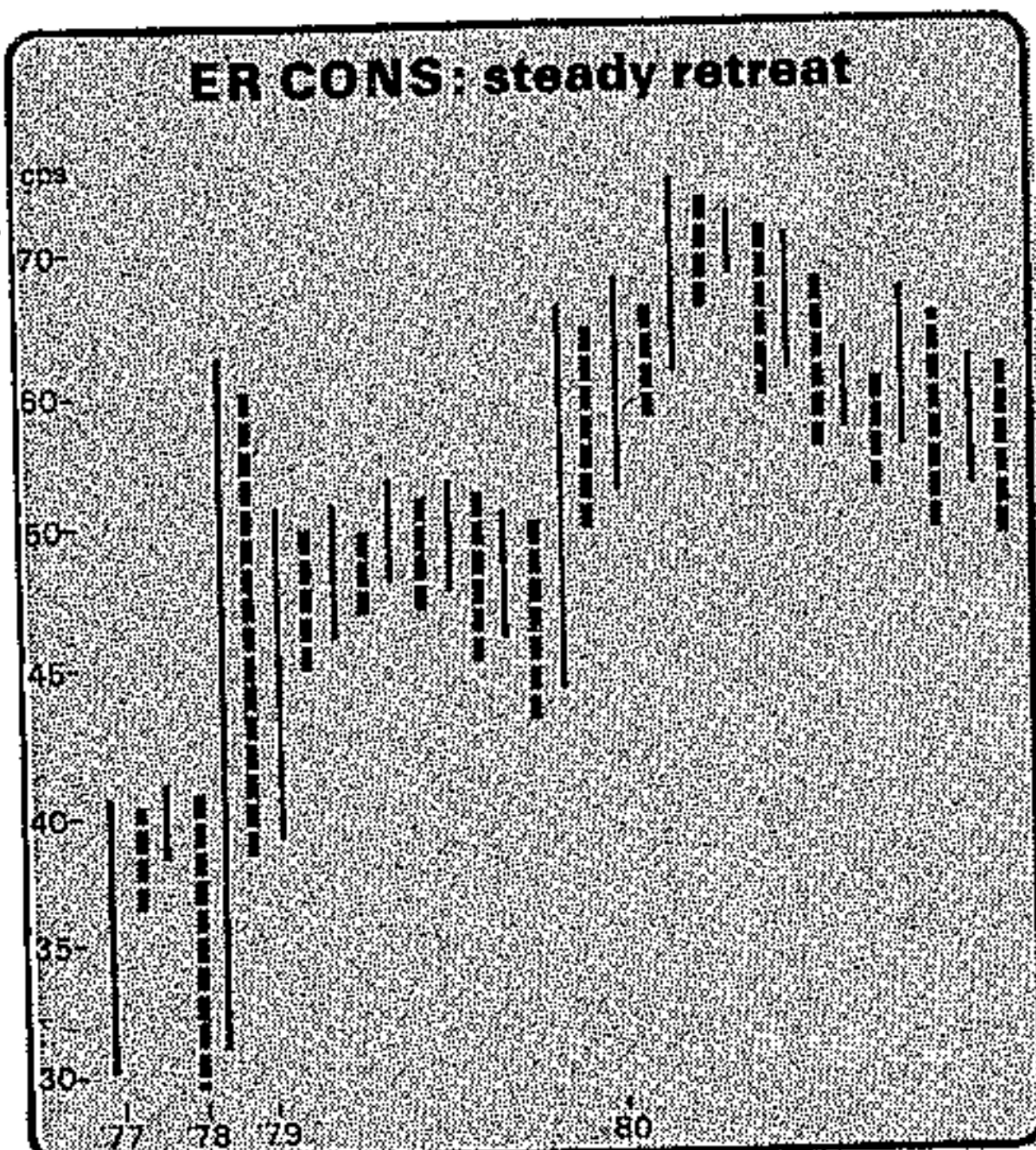
	'76	'77	'78	'79*
Investment income (R000).....	377	412	462	756
Investments (Rm):				
Book value .....	4,6	4,8	5,3	5,4
Market value .....	3,8	4,6	4,9	7,0
Earnings (c) .....	2,3	2,3	2,4	3,9
Dividends (c) .....	1,5	1,7	1,9	1,9
Net asset value (c) .	23	30	33	29

\* Calculated at £1=R1,837.

It would have paid investors to have had a holding in local investment companies rather than those with UK-based portfolios during the past year. ER Cons holds shares in UK industrial/mining and oil companies as well as southern African investments, and its dividend performance has been unexciting. Last year earnings increased 31,3% to 2,1p (1,6p) but the dividend was held at 1,05p. Thus any additional receipts to local shareholders come from changing exchange rates.

With the 2-for-5 rights issue at 32c planned, plus last year's decision by some shareholders to accept ordinaries in lieu of dividends, it appears unlikely there will be any increase in the payment this year.

921



The company also stresses the need for additional funds, not only to bolster working capital in subsidiaries but also to make the group less reliant on borrowed money. This has become particularly pressing in view of the high interest rates in the UK.

Portfolio changes during the year were relatively few, with a profit on share dealing of R69 400 (R170 500). At end-December based on market values, the major investment sector was gold, comprising 9% (7%) of the total portfolio. The outlook for UK investments does

not appear too bright. Chairman Norman Marshall says investment policy is directed towards income growth, but adds that with the changes in government economic policy many companies face a difficult period in the short term. However, the relaxation of exchange controls and the rights issue offer scope, for increasing investment abroad. Southern African investments and the changed political situation in Zimbabwe could also have a beneficial effect on dividend flows.

While the outlook for southern African investments is good, this may not be translated into higher dividends to shareholders. Marshall is quite clear on the fact that the group must not rely on borrowed funds, so retentions appear set to increase. The share stands at 50c on a 72% premium to assets. At this level it is unlikely to attract much investor interest.

Des Kilaleu



# WARNS OF MORE LOSSES

SUN. TRIB., 25/5/80 (61)

## As South Africa gets ready for the mini again, there's gloom in UK

WHILE British Leyland is pressing ahead with its plans to re-introduce the Mini to the South African market in July and is preoccupied with plans for new truck models, its parent group in Britain is in the throes of yet another crisis.

Further uncertainty has been raised about the future of BL as continuing high interest rates, sterling's strength and rapid inflation put great pressure on the group's cash flow.

This was made clear by Sir Michael Edwardes, BL chairman, at last week's annual meeting.

Sir Michael did not spell out the precise implications, but BL is believed to be considering workforce cuts bigger than the 25 000 announced last September.

Clearly the future car model programme is at some risk, particularly the Marina replacement, code-named LC-10, in the important fleet and family car markets.

Sir Michael said high interest rates, inflation and the value of sterling had combined to produce a severe drop in BL's ability to compete



Sir Michael Edwardes... problems

at home and abroad.

Further losses this year were inevitable. "The question is: how far can we go with model programmes, pay for factory closures and still stay within cash targets?"

But the indications are that Sir Michael has no intention of asking the Government for more than the R560 million approved for 1980-81.

The group will resist the temptation to cut manufacturing capacity further, after completion of the closures involving 13 plants announced last September. Sir Michael has always

maintained that the cars division needs the capacity to produce 900 000 to 1-million vehicles a year if it is to remain an economic volume producer.

The deterioration in BL's finances will give further impetus to suggestions that the board will not give the final go-ahead to the LC-10.

Its launch date is 1982, but the project still has to be "signed off." Potential suppliers are becoming convinced that BL will opt instead for a joint project along the lines of the deal with Honda of Japan.

BL badly needs a new model in the Marina class and a joint deal would be the cheapest way of getting one to the market quickly.

Outlining some of BL's immediate problems Sir Michael said that to remain competitive overseas, the group "must absorb the penalties of the strong UK inflation and rising costs and overheads to price our vehicles in line with our competitors."

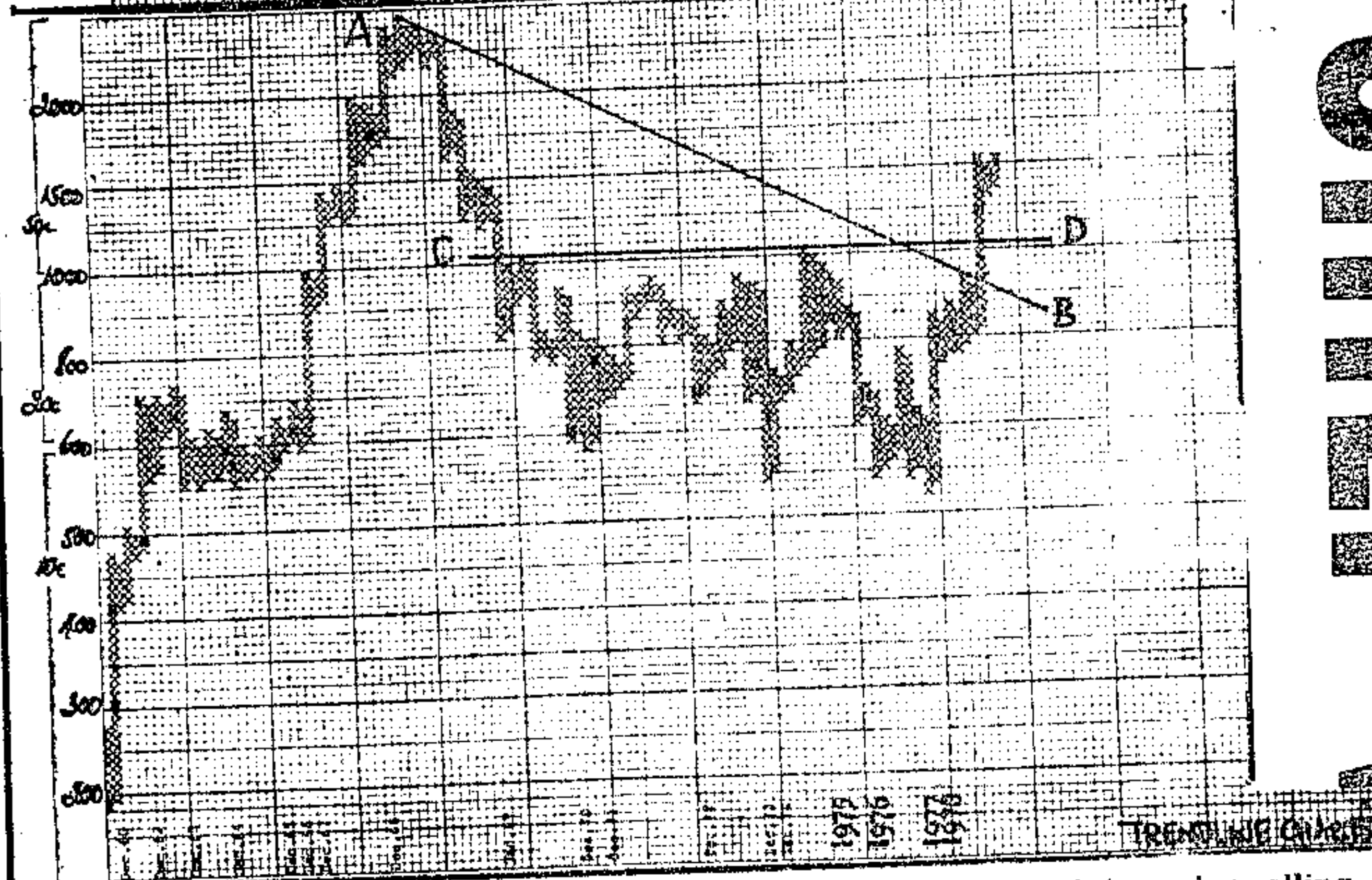
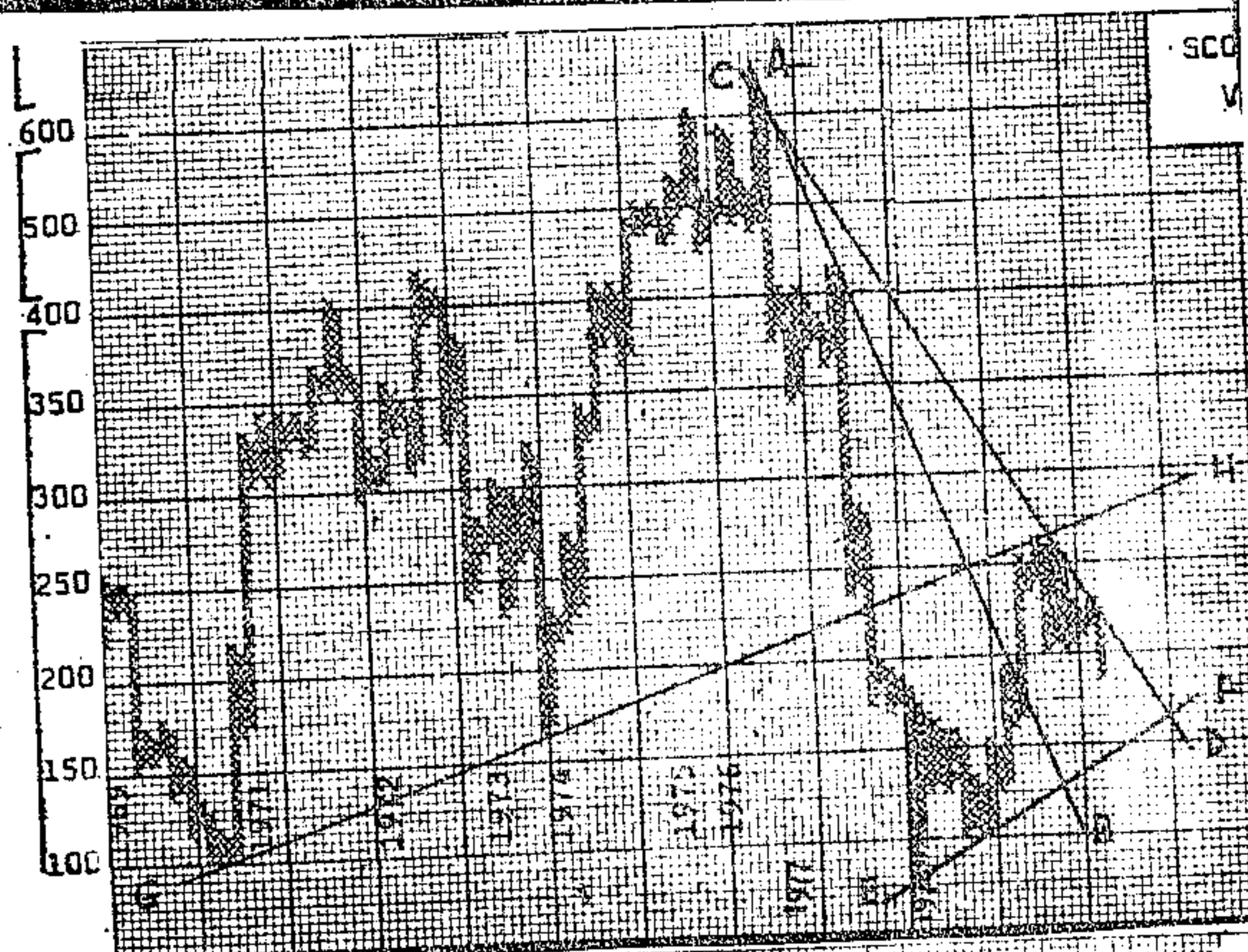
He went on: "This means that in some markets our margins have now been reduced to the point where there is barely a profit and in some cases a net loss."

"And it is not an easy matter to decide whether we should view the current terms of trade as a temporary phenomenon and just soldier on in unprofitable markets or with unprofitable products until the situation changes, or whether we should opt out."

"We cannot ignore the fact that we are one of Britain's largest exporters."

Taking exchange rate movements and relative inflation, into account, the UK is probably the most profitable market in which to sell vehicles — "that is if you are making your products anywhere else and shipping them here".

### The Chartist Tony Henfield



THE market as a whole has come to life again this week after being neglected since February. And the outlook for the market should remain optimistic in the short term. This week we are going to look at two companies in the stores sector. Both have had their problems, but are their troubles over?

Scotts Stores has managed to turn its huge loss of the previous year into a small profit for the current year. It is interesting to see from the chart that the shares declined to 185 ahead of the results indicating that some investors were not expecting great figures.

However, there has been a recovery to 195 in line with general market firmness. Notice how the shares recovered from the 80 low to break up through bearish resistance

line AB only to run into major selling pressure when line GH was contacted around the 260 level.

Line CD now becomes the dominant trend and until it is broken by a rise to 230 the shares cannot be viewed in too favourable a light. Line EF indicates major support around 150.

OK Bazaars on the other hand looks like it has good long term potential. The shares broke up through major bearish resistance line AB at 920 and then penetrated line CD at 1000 to signal a major breakout. The base formation below CD has taken 10 years to build and, therefore, has the potential to sustain a major long term bull market with a price objective of around 3000. In the immediate view a rise above 1500 is needed to signal that the advance is still on course.

# LEYLAND CHIEF



# British firms' starvation pay to SA blacks

LONDON. — The British Government had refused to publish the names of 33 British companies which were paying more than 2 000 black workers in South Africa "starvation wages", the Observer has reported.

The report said the companies operating in South Africa included oil, banking, engineering, food, paper, insurance and chemical concerns.

"A further 20 000 African workers, 20% of the total employed by British companies, are paid below the minimum level recommended by the EEC Code of Conduct," it said.

The Observer said the decision to conceal the identities of the companies had been taken "at the highest level" and was a departure from previous practice.

The report on wages paid by the companies was in the hands of the Department of Trade and was compiled from reports submitted by the companies.

The Observer said it had

the full list of names in its possession but could not publish them without the protection of parliamentary privilege.

"The department's carefully censored report, which discloses that 20 000 African workers are being paid below the level recommended by the EEC Code of Conduct, also shows that some 2 000 workers are being paid much less, 50% below this level — which, according to South African academic authorities, represents barely a subsistence living," the Observer said.

Mr William Rodgers, MP, chairman of the parliamentary committee which reported on British companies in South Africa, said he would press for the names of the 33 companies to be made public.

Under the EEC code British companies are required to submit details of employment conditions to the Department of Trade. So far 200 concerns have sent in reports. — Sapa.

Post 27/5/60

# UK mum on "slave pay" firms

LONDON — The British Government had refused to publish the names of 33 British companies operating in South Africa which were paying more than 2 000 black workers "starvation wages", the Observer newspaper reported yesterday.

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The Observer said the decision to conceal the identities of the companies had been taken "at the highest level" and was a departure from previous practice.

The Observer said it had the full list of names in its possession but could not publish

them without the protections of parliamentary privilege.

"The Department's carefully censored report, which disclosed that 20 000 African workers were being paid below the level recommended by the EEC Code of Conduct, also shows that some 2 000 workers were being paid much less, 50 per cent below this level — which, according to South African academic authorities, represents barely a subsistence living," the Observer said.

Mr William Rodgers MP, chairman of the parliamentary committee which reported on British companies in South Africa, said he would press for the names of the 33 companies to be made public.



# Poverty wage firms escape the spotlight

By MARGARET SMITH  
London Bureau

LONDON. — The British Trade Secretary, Mr John Nott, has decided not to name or spotlight British firms in South Africa paying "poverty" wages to their black workers.

His decision is certain to come under fire from groups opposed to apartheid and British investment in South Africa, as well as Labour MPs who believe the Conservative government is backsliding over an important moral issue.

This follows allegations in Britain that a large number of British-based multinational corporations operating in South Africa are not abiding by the EEC code of conduct.

The Department of Trade has not denied the charges.

Mr Nott has apparently decided that the best way to bring the offending firms into line is through private pressure.

Therefore their names cannot be made known in Britain

— unless it is under the umbrella of parliamentary privilege.

But Labour MPs feel very strongly about this soft line.

Mr Michael Meacher is one of them. As a junior Minister in the Department of Trade under Mr James Callaghan, he resisted civil service pressure not to publish names in the last report on the subject, in 1977.

He pointed out last night that the EEC code of conduct was not statutory and depended on publicity for its effectiveness.

"That is why I feel it is so important that this information be published," he said.

It is estimated that 33 British-based firms are paying "poverty" wages to blacks.

Mr Meacher said: "That is nearly five times the number of companies paying below the poverty datum line only three years ago.

"The number of Africans receiving subsistence wages has increased three times, from just over 700 three years

ago to 2 000 today."

Asked why Department of Trade officials had not wanted the names of offending firms published in 1977, Mr Meacher said: "The officials in the Department of Trade took the view that the information was not as comprehensive as they and we would have liked.

"The number of companies who provided all the information sought in the original questionnaire was about 43 — out of 200. The rest provided most, but not all the information.

"But I took the view we should publish the information that we had because it conveyed a great deal of important information which the public was entitled to know."

The other reason trade officials gave for not publishing the names was that this could have adversely affected Britain's export performance as the South African Government might have been embarrassed by the evidence.

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Name the 33  
starvation  
firms in SA

LONDON. — Pressure mounted yesterday on Britain's Conservative Government to publish the names of 33 British companies operating in South Africa which are allegedly paying black workers "starvation" wages.

The government remained silent as Opposition MPs and the country's largest circulation daily newspaper, The Sun, demanded to know the names.

The demands were triggered by a front page report in The Observer on Sunday that the government would not be releasing the names of the companies.

The Observer said more than 2,000 blacks were being paid "starvation" wages by the companies and a further 20,000 — 20% of the total employed by British firms — were receiving wages below the minimum level recommended by a European Economic Community code of conduct.

In an editorial, The Sun said: "Back in 1973 the scandal was exposed of British companies that were making fat profits in South Africa by paying wages to black workers that were below the official poverty level."

"The British Government took action. There was a Commons inquiry. The overwhelming mass of the 200 companies involved introduced improvements."

The Sun said the "malingerers" should now be named and added that seven years was

long enough for any company to put its house in order.

"Throwing a curtain of secrecy around the guilty allows suspicion to fall on the innocent."

"Besides, the public paid for the inquiry. The public is entitled to know the results."

A former Labour Cabinet Minister, Mr Michael Meacher, yesterday criticised the government and said it was impossible to put pressure on the 33 companies involved unless their names were made public. — Sapa

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# The battle continues

LONDON — Open season has been declared again in the annual battle between groups opposed to apartheid and the major British companies with operations in South Africa.

Recent meetings of shareholders in Barclays Bank and the

## But disinvestment campaigns by British anti-apartheid groups lack funds, co-ordination

Shell Oil Combine mining giant, Rio Tinto Zinc, and to-morrow at the annual gathering of shareholders in Standard Chartered Bank.

After more than a decade of challenging the role of British business in Southern Africa, however, there are clear indications that protesters' success has been limited and perhaps more significantly, that a new strategy is needed.

The feeling has been reinforced by the experience gained at meetings like those of Barclays and Shell where, in spite of many hours of questioning and demonstrating, the companies have emerged largely unscathed.

### CONTEXT

Success in this context can be measured only in terms of a commitment by the banks or industry either to withdraw from South Africa, or at least cease any new investment until the country dismanles apartheid.

Groups like End Loans To South Africa, War On Want and various church bodies have gained little beyond inflicting occasional embarrassment.

Tangible success has been restricted to a pledge by Barclays Bank not to buy any more South African Government Defence Bonds, but little else.

Instead, company directors and company chairmen have become increasingly successful in dealing with those prepared to stand up and question their role in Southern Africa. It has been noticeable for example, how many more "security" men are available these days to show shareholders of all persuasion to their seats. In addition, chairmen now seem so unaware of the likely question that answers appear to be written in advance.

There is little individuals can do either to make chairmen answer their questions more explicitly or to persuade companies to take positive action on South Africa.

The difficulty is the long-standing clash between the profit motive and social conscience, which makes other small shareholders particularly unsympathetic.

Anti-apartheid protesters handing out leaflets at Shell last week were approached by more than one private shareholder and told: "I'm proud to be a racistist."

### SCALE

At the other end of the scale, institutional shareholders, like pension funds, and insurance companies, are reluctant to soil their hands in the messy business of social issues.

The protesters, themselves, however, have failed to make a telling impact, partly because of

their lack of funds and partly because their actions are often uncoordinated and badly directed.

The more far-sighted members of the protest groups in Britain frequently cast envious glances at their counterparts in America, where the success rate has been much higher.

The well-oiled wheels of the American protest movement stem partly from the Civil Rights and anti-Vietnam war movements in the 1960s which drew much of their early support from religious circles.

### FERVOUR

The same fervour and organisational ability is now apparent in their attempt to get South Africa to abandon apartheid.

Even without their American counterparts' money and organisation, protesters in Britain are restricted in the direct action they can take at company meetings.

Special resolutions at meetings — such as a call for a firm's complete withdrawal from South Africa — can be laid down only by those owning 10 per cent of the company's shares. At present 10 per cent of Barclays Bank would cost R180-million.

Since the tiny group of concerned shareholders is making little headway with directors or the declining ranks of small shareholders, it is suggested that there is a strong case for a more direct plea to the big battalions of institutional shareholders.

Institutions like pension funds, insurance companies and unit trusts now own about 60 percent of all stock market quoted shares and the figure is rising all the time. — POST Correspondent.

STAR 30/5/80

# Pressure on bank chief to quit

The Star Bureau

LONDON — Anti-apartheid groups are to seek the support of 13 black African nations in a bid to force the resignation of Mr Ian Mackenzie, head of Standard Chartered Bank's South African operations, who was recently appointed to the Defence Advisory Board.

Pressure groups, led by End Loans To South Africa (ELTSA), decided to contact the African countries after Lord Barber, chairman of Standard Chartered, yesterday rejected calls for the resignation of Mr Mackenzie, chairman of the Standard Bank of South Africa.

The 13 countries which ELTSA is contacting are those in which Standard Chartered operates. They include Nigeria, Kenya and Ghana. The countries will be told of the bank's "blatant support for the apartheid system."

## "PERSONAL"

But Lord Barber, responding to criticism of Mr Mackenzie's appointment to the Defence Board at Standard Chartered's annual meeting yesterday, said the Standard Bank chairman's decision to serve on the board was "purely personal."

Lord Babrer, who said he first learned of Mr Mackenzie's appointment when he read the Guardian on May 22, sought to assure shareholders that Mr Mackenzie was able to distinguish between his two roles.

It is understood that Mr Mackenzie was at yesterday's meeting but he was not called on to reply to shareholders who criticised his appointment to the Defence Board.

Until the chairman arrives back in South Africa on Monday no comment is expected.



# Row over UK firms' 'slave pay' growing

2/6/80 • RDM

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By IAN HOBBS  
London Bureau

LONDON. — New accusations that the British Trade Secretary, Mr John Nott, is covering up the scandal of British firms paying poverty level wages in South Africa, are to be made in the British Parliament today.

A major row has erupted following claims this weekend — which are not disputed by the Ministry of Trade — that Mr Nott personally censored publication of a list naming 33 "scrooge" companies paying wages below the Poverty Datum Line (PDL).

The British Government's alleged cover-up of the names of the "slave wage" companies breaches the Common Market code of conduct applying to majority-owned British firms in South and British government policy since 1974.

Concern is so great that Ministry sources have taken serious risks to leak details of the scandal and create a confrontation in the House of Commons.

Mr Michael Meacher, the former Labour Trade Minister, described the cover-up as a "disgrace" which had to be fully exposed.

Mr Meacher, backed by former Labour Cabinet Ministers, has tabled questions to Mr Nott demanding public exposure of

the 33 companies said to be paying below the PDL and another 50 or so paying below the higher minimum level set by the Common Market.

A spokesman for the Ministry of Trade agreed this weekend that the decision not to release the names of the "scrooge" companies was taken "at ministerial level".

He said it had been decided that it would be better to put pressure on the companies in private rather than to expose them to international publicity.

Mr Meacher, who has received a mass of documents on British companies in South Africa, said: "This is an incredible situation — the whole purpose of the exercise was to use the force of publicity to improve conditions for black workers in British-owned companies in South Africa."

The operations of the British companies, which are said to be the biggest foreign investors in South Africa, are contained in reports which at least 200 companies have submitted to the Ministry of Trade through the British Embassy — as they are obliged to do under the Common Market code of conduct.

But reliable sources claim details being covered up include the names of companies that have failed or refused to

give the information requested and that some reports are deliberately vague or actually fraudulent.

About seventeen companies refused to supply any information.

A confidential analysis of the companies' reports, which detail their inaccuracies and contradictions and lists those paying "starvation" wages, was prepared by the British labour attaché in Pretoria, Mr William Vose. It is this analysis that has been censored.

The Sunday Times of London, one of a number of British newspapers that have received information of the cover-up, said on its front page yesterday that five companies have admitted for the second year running that they are paying poverty wages.

They were named as: International Distillers and Vintners, Lindustries, Tarmac, Thomas French and Sons and Thomas Witter. Spokesmen for these companies could not be contacted in London this weekend.

The companies that have allegedly refused to co-operate by giving employment details have been named as: British Vita John Brown, BTR, Caravans International, Grundy of Teddington, Hall Engineering, Hickson Welsh, Hoover, Lamont Holdings, Legal and General Assurance, Lockwoods Foods, Marlay, Morgan Crucible, Pritchard Services Group, Sun Alliance-London Insurance, Thomas Tilling, Trust House Forte and Union International.

# British firms in row over SA 'slave-wages'

Own Correspondent

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# Apartheid under <sup>ADN</sup> British <sup>10/6/80</sup> spotlight

LONDON. — Apartheid and British companies alleged to be paying some of their black staff "starvation wages" in South Africa are coming under increasing scrutiny as Britain's national newspapers take up issues affecting blacks in South Africa.

The Observer has now published the names of 23 companies it says are paying some blacks poverty wages, and questions are to be asked in the Commons this week about the government's reluctance to issue an official list.

Teams of reporters from the Observer, the Sunday Times and The Guardian are examining the 202 reports submitted to the Trade Ministry by British companies with interests in South Africa.

The Lions tour has also focused attention on apartheid, and the Sunday Times rugby correspondent, John Hopkins, concluded yesterday that the tourists should never have visited South Africa.

Reporting on the attitude of Dr Danie Craven, Hopkins reported: "He seems genuinely surprised at the concern some of us have at the stinking ghettos we have visited.

Doctor Craven and other Afrikaners are surprised that we are offended by the Pass Laws. He can't understand why we are appalled at the inhumanity of the Mixed Marriages Act.

"Most of all, he wants our nod of approval for the painfully small steps that have been taken towards equality in sport.

"Dr Craven, a man who holds three doctorates and has brains to spare, is naive."

Answering his own question about whether the Lions should have come to South Africa, Hopkins concludes: "Of course they shouldn't. They shouldn't have come in 1982 or 1983, or 1974. This country should be isolated and isolated." — Sapa.

STAR 2/6/80  
Commons  
to hear (61)  
ruling on  
SA wages

The Star Bureau

LONDON — Pressure groups seeking the names of British companies paying South African black workers wages below subsistence level fear that Mr John Nott, the Trade Secretary, will refuse to provide the information in a written Commons reply today.

Labour MPs are demanding the names of 33 companies paying at least some of their workers below subsistence level. They also want the names of a larger group of companies paying less than European Economic Community recommended rates.

Mr Nott was away from his department last week, when the row first blew up, and will review the position only today.

Indications are that he will take the view that publication of the names from information supplied to the Department of Trade by about 200 British-owned companies trading in South Africa would be inappropriate.

MPs seeking the information claim that withholding the names would encourage companies to ignore the spirit of codes on employment conditions for South African workers produced by a Commons select committee in 1974 and the EEC in 1977.

Last year 18 companies were named under the protection of parliamentary privilege.

Supporters of naming believe that publicity and pressure from shareholders are the best weapons to bring about change.



# Bank sets up bursary fund

STAR 3/6/80

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A Standard Bank bursary fund for commerce students from Bophuthatswana has been announced by the managing director, Dr Conrad Strauss.

Speaking at the opening of the congress of the Bophuthatswana Federated Chamber of Commerce, Dr Strauss said an initial amount of R5 000

would be donated. Three bursaries would be payable at R500 annually over a three-year period with the balance kept as reserve.

The broadening of Bophuthatswana's financial system and the ability to generate capital domestically was a necessity, but was not a sufficient condition for improving growth.

# Poverty pay row <sup>KDM 4/4/80</sup> <sup>(LI)</sup> <sup>(S)</sup> ~~SA~~ hots up

## London Bureau

LONDON. — The row is hotting up over the Tory Government's failure to disclose the names of British firms who are paying poverty wages to their black workers in South Africa.

The Minister of Trade, Mr Cecil Parkinson, refused on Monday to name these companies when he answered written questions from Mr Michael Meacher, Labour MP.

Mr Meacher now says: "I am determined that these companies be exposed so that the whole weight of British public opinion can be used to make them change their ways."

Mr Meacher has tabled further questions and, he says, he will not be satisfied until he has "winkled" all the names from "a government which appears to be shielding the wrongdoers".

He added: "I believe it is a scandal that British companies exploit black labour at the same time as they benefit from super profits."

In his reply to Mr Meacher, the Minister of Trade said that

coercion would be incompatible with the voluntary code of conduct.

Mr John Nott, the British Trade Secretary, when asked whether he was concerned that the British-based companies were paying poverty wages, replied:

"Of course I am concerned about the level of wages in South Africa. This is a matter of concern to everybody, but if I were to publish the names of firms we thought were paying below the accepted level we might persuade these companies not to send in any information in the future. It is a voluntary code."

He said that the poverty level varied geographically in South Africa and depended also on other factors such as the size of the family.

However, Mr Meacher remains unsatisfied. In addition to tabling further written questions he has applied for the matter to be debated in the House of Commons.

"I am determined to see this thing through," he said.



FM 6/6/80  
 PREMIER MILLING ~~18~~ 61 ~~3 fishing~~  
**New growth phase**

**Activities:** Diversified food group with main interests in the processing of wheat, maize and oil seeds. Jointly controls the Ovenstone Investments fishing group. A 51%-owned subsidiary of Associated British Foods (UK).

**Chairman and managing director:** A H Bloom.

**Capital structure:** 25.7m ordinaries of 50c; 621 100 5.5% prefs of R2. Market capitalisation: R218.7m.

**Financial:** Year to March 31 1980. Borrowings: long- and medium-term, R69.8m; net short-term, R72m. Debt: equity ratio: 82.3%. Current ratio: 1.4. Net cash flow: R32.1m. Capital commitments: R17.3m.

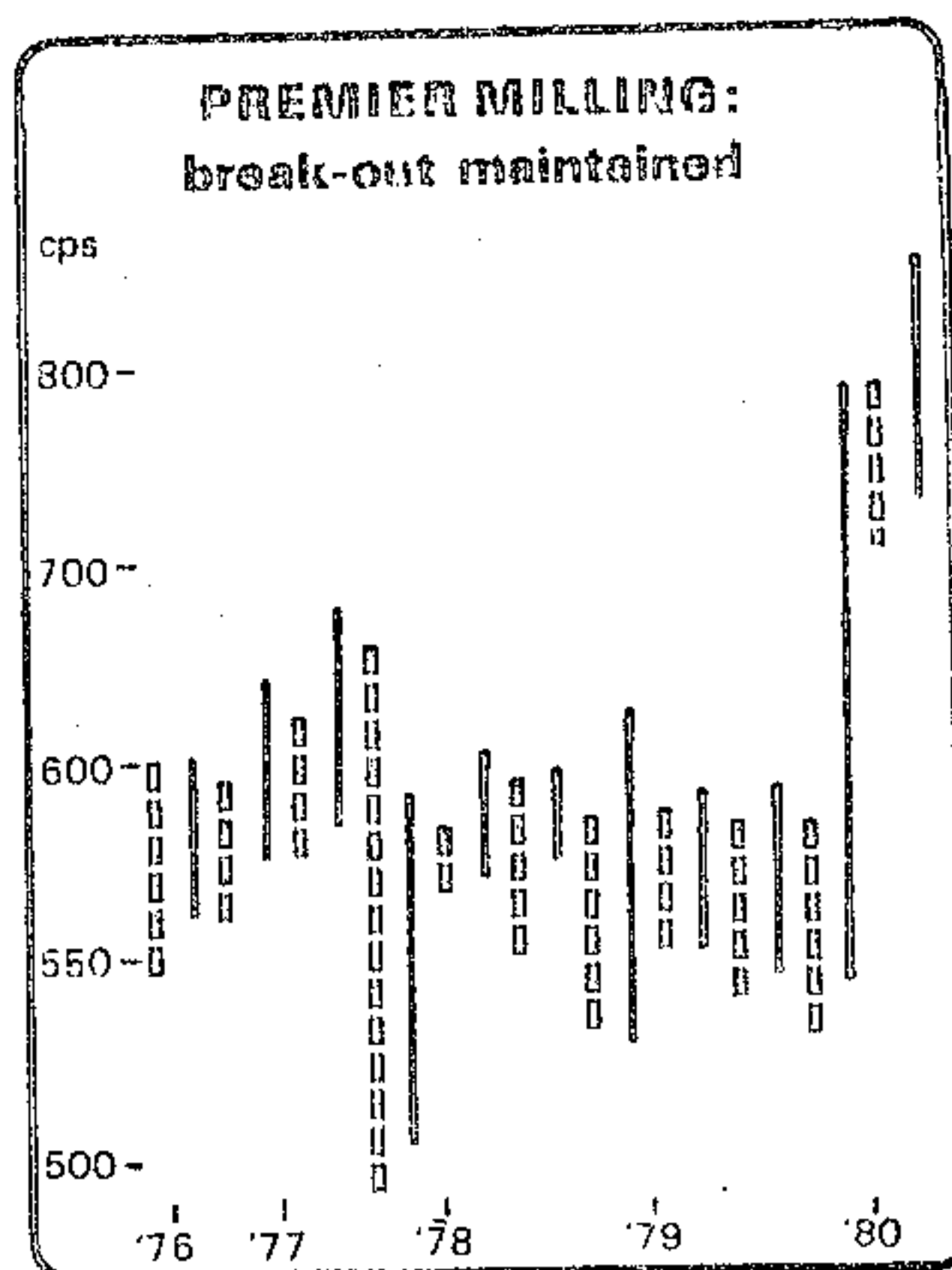
**Share market:** Price: 850c. (1979-80: high, 865c; low, 535c; trading volume last quarter, 181 000 shares). Yields: 13.1% on earnings; 4.6% on dividend. Cover: 2.9. PE ratio: 7.7.



**Premier's Bloom . . . preparing for further acquisitions?**

advantage of soft rates at this end of the market. The competitive nature of the industry is more accurately reflected in the further decline in the gross margin, calculated before tax and interest, to 6.5% (6.7%).

A feature of the results is that the profit growth was mainly organic. There was little activity on the acquisition front and the main thrust came from improved capacity use, aided by the continuing programme to upgrade plant and improve its



	'77	'78	'79	'80
Return on cap %	20.3	17.9	16.7	17.4
Turnover (Rm)	566	682	763	910
Pre-tax profit (Rm)	34.1	34.5	35.1	43.4
Gross margin %	7.5	6.7	6.7	6.5
Earnings (c)	82	84	90	111
Dividends (c)	32	32.5	33	39
Net asset value (c)	442	488	565	659

**After two years** of nearly static earnings, last year saw Premier Milling once more firing on all cylinders. The 23% improvement in earnings and 18% increase in dividends represents the best growth shareholders have seen since 1975, and was in marked contrast to the performance in 1978 and 1979, when distributions were increased by only 1c over the two-year period.

The improved trading climate also gave the group the opportunity to strengthen itself financially, providing, as chief executive Tony Bloom says, a base for aggressive expansion and growth in future years.

The latest accounts show improvements in most key balance sheet and profit ratios. An 11% increase in the total asset base was financed without resorting to additional borrowings on any material scale, with the result that the debt:equity ratio declined to 82% (97%). Also, the current and acid test ratios were marginally improved.

As far as profitability is concerned, the gross return on capital employed (pre-tax and -interest) improved for the first time in five years and pre-tax margins on sales were also slightly better at 4.8% (4.6%). The latter, however, was due entirely to a lower interest charge as the group switched to short-term borrowings to take

efficiency — both factors which helped in the control of overhead costs.

The main acquisitions last year included joint control of Ovenstone Investments through a company formed in partnership with the Ovenstone family. This R4m investment, coupled with existing holdings in the fishing industry, guarantees supplies of strategic raw materials should present buying arrangements change. Premier also acquired the outside 50% shareholding in Superkos, a balanced animal feed manufacturer, and a half-share in Fisher Veterinary Group, which fits in with its other pharmaceutical interests.

Against these, the 42% investment in Protea Pharmaceuticals, of Australia, was sold at a capital profit of R2.4m. Since the year-end the group has also decided to accept Tongaat's offer for its 24% interest in H Lewis (capital profit R4m) and, as announced last week, will receive R3.65m from Kimet as compensation for the cancellation of the voting and participation rights on the pref shares held in that company. It is odds-on that the group will now sell the shares themselves, as the 11% coupon under present market conditions suggest that it will be able to do so at another capital profit.

As to the current year, Bloom sees profits continuing to improve under the impetus of a buoyant economy. It is also likely that the group will be more active as regards takeovers than was the case last year, and growth is therefore likely to remain well ahead of the rate of inflation.

There are, however, some uncertainties particularly with regard to the substantial increases taking place in the administered prices of such products as maize, wheat and bread. Apart from the effect on working capital requirements, in most cases it is too early to predict the full impact on consumer spending patterns.

Nevertheless, the group looks good for an increase of at least 25% in earnings and dividends, which would take the latter to 48c (39c) to yield a prospective 5.7% at the present 850c market price. This is probably as much as one percentage point more than the prospective yield on rival food giant Tiger Oats, suggesting that Premier is somewhat undervalued.

# Shell wages low, but many compensations

STAR 6/6/80 (67) (15) (24)

The Star Bureau

LONDON — The Shell oil company has disclosed under Common Market regulations that 360 of its black workers were paid wages below the minimum living level (MLL) in the 12 months to June 30 1979.

But in its EEC report the company stresses that substantial benefits given to workers should be off-

set against the low wages, which were paid at the Rietspruit Coal Mine in the Eastern Transvaal in which Shell has a 50 percent stake.

The MLL for the neighbouring town of Pietersburg was set by the University of South Africa at R146.50 a month, but the lowest rate of pay at Rietspruit was only R100 a month plus a R4.33 bonus.

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(61) (109) (57) (134) RDM 6/6/80  
'Let black unions monitor UK firms'

By MARGARET SMITH  
London Bureau

LONDON. — The Labour Party is pressing the British Government to let black trade unions in South Africa monitor the reports of British-based companies on the wages of their

black workers in South Africa.

This is the latest development in the growing row over the Conservative Government's refusal to disclose the names of British-based firms paying "poverty wages" at their South African plants.

Mr Michael Meacher, a Labour MP, has written to the British Secretary for Trade, urging him to accept the view of the Federation of South African Trade Unions that black trade unions should check the firm's claims about wages.

He has also submitted a Fosatu document giving "details of the actual practical operation of the (EEC) code of conduct" and charges that it shows the implementation of the code is in some instances not only ignored, but deliberately circumvented.

# Maggie <sup>STAR</sup> to replace <sup>6/6/80</sup> SA salary <sup>61</sup> watchdog

The Star Bureau

LONDON — Britain is not relaxing its watch on wages paid to blacks in South Africa by British firms, the Prime Minister, Mrs Margaret Thatcher, told the House of Commons yesterday.

## UK firms <sup>STAR</sup> to raise <sup>6/6/80</sup> pay levels <sup>61</sup>

The Star Bureau

LONDON — Two of the major British-owned companies paying "starvation wages" to black workers in South Africa have launched programmes to raise pay to acceptable levels.

Spokesmen for both British Petroleum and Burmah Oil have said that within a matter of months all their black employees in South Africa would be paid over the minimum living level (MLL).

This follows the disclosure that the two companies were on the British Government's secret list of 33 companies paying starvation wages to about 2 000 blacks in South Africa.

Of this number, 134 are employed at Quinton Hazell, a subsidiary of Burmah Oil and a company of which the Prime Minister's husband, Mr Denis Thatcher, is a director.

A spokesman said Quinton Hazell was the only one of five Burmah Oil holdings at which below-MLL wages were paid.

A BP spokesman confirmed that 125 workers at the Eikeboom colliery project, in which BP has a 50 percent stake, were paid below the MLL.

Mrs Thatcher was answering questions from the Opposition benches following the news that Britain's Labour Attache in Pretoria, Mr W J Vose, the man who compiled the Government list of firms paying "starvation wages," is to retire in the next few months.

In response to allegations that this represented a backdown by Britain on its commitment to press British companies in South Africa to raise black pay, Mrs Thatcher said that Mr Vose would be replaced by a diplomat of similar first secretary rank who would have exactly the same duties.

Britain remained committed to encouraging firms in South Africa to comply with the EEC code of employment practice, said Mrs Thatcher, and would continue to monitor wage levels in South Africa.

Mr Michael Meacher (Labour) called for legislation to make the companies co-operate with the EEC code because of what he called the large number of British companies failing to do so.

In a written reply today Trade Minister Mr Cecil Parkinson said: "Of over 200 British companies believed to be liable to report under the code, only 19 have failed to publish reports on pay conditions for the year ended June 30, 1979."



# 'Poverty wages' 61 firms to be named

*APL Times 9/6/80*

LONDON. — The 33 British-based companies in South Africa at the centre of a storm here for allegedly paying some of their black workers 'poverty wages', will be named in Parliament this week.

Their identities will be made public in a question from Mr Michael Meacher, MP, former Minister of Trade in the Labour government.

He has been spearheading the determined Labour campaign to bring the names out into the open and to foil what he calls the Tories' "big cover-up".

From MARGARET SMITH

Mr Meacher will ask the Tory Secretary for Trade, Mr John Nott, what he proposes to do about the allegations.

## Union rights

Mr Meacher also raises the question of trade union rights for black workers in these British-based firms.

In a letter to Mr Nott, he quotes the Common Market code of conduct regarding trade

unions. He claims that "contrary to this, not only has there been a failure to develop African trade union rights, but a determination to block and prevent this by every device possible".

The Prime Minister, Mrs Margaret Thatcher, who entered the fray in Parliament last week, will also be challenged about assurances she gave in the Commons that the post of British Labour Attache in Pretoria was not being downgraded.

## Confirmed

Mr Meacher confirmed last night that the companies which he accuses of paying wages to some workers below the level laid down in the EEC code of conduct, were:

Associated Engineering, Barclays Bank, Bowthorpe Holdings, British Petroleum (BP), Burmah Oil, Cape Industries, Cavenham, Crown House, Delta Metal, the Dickinson Robinson Group, Eagle Star Insurance, Thomas French and Sons, General Electric Company, Gestetner, International Distillers, Lindustries, Low Bonar, Metal Closures, Mitchell Cotts, National Employers' Insurance Association, Norwich Union, Plesseys, Rank Hovis MacDougall, Reed International, Rentokil, Roussel Laboratories, Tarmac, Tate and Lyle, Tioxide Turner and Newall, USMC Int and Thomas Witter.

LONDON — The Conservative government's refusal to publish the names of British companies paying low wages to black South Africans has led to a furious row between Secretary for Trade Mr John Nott and his Labour predecessor.

Mr John Smith, who was Secretary for Trade in the last government, on Wednesday accused Mr Nott of misleading and erroneous statements, of misrepresentation and of a foolish and retrograde decision in his attitude to the issue.

He demanded an oral statement from Mr Nott in the Commons (Mr Nott's statements have all so far been written) so that the decision not to publish the names could be subjected to "the usual scrutiny."

The Government insists

# Row over British low-pay companies continues

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13/6/82  
61

that there is no change of policy on the question of publication from that of the Labour Government, but Mr Smith rebutted that claim.

In a letter to Mr Nott he wrote: "I published a list of companies paying wages below the poverty datum line — this you refuse to do. I named the companies which I felt had not made adequate reports — you have not done so."

## WORSE

"The Labour Government wrote to companies urging co-operation with the EEC Code of Conduct so far as I know, no such representations have been made by you and I understand that you intend no further action."

Mr Smith went on to say that it was bad enough to see the good work done by the last government "set at nought by your foolish and retrograde decision," but it was even worse that Mr Nott should try to misrepresent the work done by his predecessor.

Mr Smith's letter followed an earlier charge from Labour MP Mr Michael Meacher on the same lines.

Mr Meacher went so far as to accuse the Trade Secretary of lying and the fact that Mr Nott has not so far refuted the charge has attracted some comment at Westminster.



# Poverty pay figures were distorted

67 ~~13~~ ~~13~~ ~~13~~  
RDM 13/6/80

By MARGARET SMITH  
London Bureau

LONDON. — The number of black workers in South Africa being paid wages below the poverty line by UK-based firms has increased, it has been claimed.

The allegation is made by the Leftwing weekly, New Statesman.

The weekly's report said that:

Despite an attempt by the Department of Trade to disguise the figures, a careful calculation suggests that the number of black workers paid below the poverty line actually rose considerably last year.

The department's report attempts to put the facts in a positive light. British companies with more than a 50% share in subsidiaries in South Africa employed 105 000 Africans last year — of which 103 000 were paid above the Poverty Datum Line (PDL).

In 1978, the report adds, 98 000 Africans were employed, of which 95 000 were over the poverty line. Simple subtraction suggests, therefore, that the number of workers below the poverty line fell from 3 000 to 2 000.

But a closer examination of the available data reveals that the figures have been distorted. Last year, the Department of Trade published a blacklist of companies paying wages below the PDL. This showed that in 1978 a total of "up to 2 505" Africans were under the poverty line — a figure which was

then rounded up to 3 000 in the latest report to give the impression that substantial progress was being achieved in implementing the code of conduct.

But the department has introduced another more serious distortion into the figures. The blacklist for 1978 actually shows that 17 British companies were employing 787 workers below the PDL. In addition, one firm (Lonrho) is given as "not known precisely, up to 1 718". This curious wording — which was not the company's — disguises the precise number of workers involved, which was probably well below 1 718. So, excluding the suspect Lonrho figure, the department's data shows that the number of workers below the PDL has increased almost 2½ times, rather than fallen a third, as they suggest.

Coming to the "minimum effective level" of pay (which is 50% above the PDL), the figures again show a serious deterioration in employment conditions.

It is stated simply that last year 85 000 out of 105 000 workers were paid above the "minimum effective level".

The 1978 figure was also 85 000 — but in that year only 98 000 Africans were employed by British subsidiaries. Again, simple arithmetic shows that the number of workers being paid below the "minimum effective level" actually rose from 13 000 to 20 000 in 1979 — an increase of just over 50%.

# Liberals call for bank boycott

BRITAIN's Liberal Party has called on all its members and party organs to boycott Barclays Bank because of its links with South Africa.

A resolution just passed by the party's national council notes the bank's "continuing contribution" in support of South Africa's "racist regime".

It calls on all individual members, constituent associations, regions and party organs to boycott the bank by withdrawing their accounts.

The move was greeted with delight by the Anti-Apartheid Movement. A spokesman for the AAM

said one Midlands branch of the party had already responded by closing its Barclays account.

The resolution was proposed by Mr Simon McGrath, treasurer of the Union of Liberal Students.

Barclays Bank also came under attack in Cambridge this weekend — literally. The windows of the Market Square branch were broken and £1350 damage caused. Anti-apartheid demonstrators claimed responsibility, although the Cambridge AAM denied official knowledge of the incident — SUNDAY POST Correspondent.

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# British exploiters exposed

From Page 1

**SHELL.** South Africa, Rietspruit Mine: 360 workers below. Shell does not deny the allegation, but claims it is unfair on the basis that with fringe benefits such as housing, travel and medical schemes the wages for workers goes above the supplemented living level (SLL) — which is about 30 percent above the poverty level.

**Low and Bonar (SA Canvas Co, African Oilskin Industries, Canvascor and Bonar Long NTC):** 211 workers below.

**Lindustries (Braitex):** 137 workers below. A company spokesman, who would not give his name, said the report did not affect his company as Lindustries had interests in a number of other companies in South Africa and any of these could be the guilty party. SUNDAY POST learned from

good authority that Braitex is the only company in South Africa associated with Lindustries.

**Burmah Oil (Burmah Oil):** 134 workers below. The only competent spokesman was unavailable for comment.

**Turner and Newall (Turner and Newall Holdings):** 129 workers below. SUNDAY POST was told that the only person able to comment would not be in his office until next week.

**BP, Eikenboom Colliery:** 125 workers below. Mr Chippy Wood, BP's Press and Information Officer, told SUNDAY POST: "We are not commenting on this allegation." He referred enquiries to BP in London, saying it is "their indaba really".

**Thomas Witter (Witter SA):** 110 workers below. A company spokesman said he did not wish to become "involved in politics" and said he had no comment to make.

**Sir Alfred McAlpine (Alfred McAlpine and**

**Son):** 109 workers below. A company spokesman, who would not give his name, said: "We have no comment to make at this stage. We have asked our UK office to look into the matter, but we quite frankly do not believe that report. We don't know where they got their figures from."

**Mitchell Cotts Group:** 96 workers below. Mr John Knight, financial director, while not denying the allegation, said it was an old report. "Since then we have accomplished a great deal," he said. Regardless of any code, it was company policy to pay all workers a living wage, he said.

**Lonrho:** 70 workers below.

**Associated Engineering:** 69 workers below. Managing director Mr Morris Edwards said this figure probably applied to untrained juvenile or pensioner workers.

**Rank Hovis McDougall (Cerebos Africa Ltd):** 59

workers below.

**Cape Industries (Capil Insulation Products, Don International Cape Contracts and Cape Investments):** 21 workers below.

**GEC:** Seven workers below.

**United Wire Group (United Wire Holdings):** 15 workers below.

**Thomas French:** 10 workers below. Financial director Mr John Gordon, said this applied to unmarried and juvenile workers in the past. Now the company complied fully with the EEC code.

**Eagle Star Insurance (SA Eagle Insurance):** Five workers below. The company could not be reached for comment.

**Crown House (Wheeler Martin):** 27 under including overtime. The company could not be reached for comment.

**Jonas Woodhead (Kirkstall Development):** 19 workers below. SUNDAY POST could not trace its head office.

**Bowthorpe Holdings (Bowthorpe-Hellerman-Deutsch):** Less than 10 worker below. Could not be reached for comment.

**Cavenham (Bovril SA):** Less than 10 workers below. The company could not be reached for comment.

**Gestetner:** Less than 10 workers below. A spokesman said he could not comment. The company's only director who was able to speak to the Press was on leave until the end of the month.

**National Employers Mutual Insurance:** Less than 10 workers below. General manager Mr Peter Butler said this figure probably applied to workers employed as cleaners each night for a two-hour period. It did not apply to other workers, but he undertook to investigate the matter.

**British United Shore Machines:** Less than 10 workers below. SUNDAY POST could not trace its South African subsidiary.

**Metal Closures:** One worker below. No attempts was made to contact this company. — SUNDAY POST Correspondent.

# Shell answers its labour critics

STAR 14/6/80

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While Shell South Africa does not deny recent Press comment that the cash content of 360 workers at the Riet-spruit open cast coal mine (jointly owned by Shell and Rand Mines), was below the minimum living level (MLL) in the year to June 1979, it feels strongly that the allegations are unfair.



### Jean Moon talks to Shell about overseas accusations

These newspaper reports, which appeared both here and overseas do not take account of the substantial fringe benefits which include housing, food, education, transport, heating, medical and dental services. In some cases, the benefits received are higher than the cash content, putting them not just above the MLL but the supplemented living level (SLL).

payment below the MLL, but when fringe benefits are quoted in cash terms for that area (Pietersburg was taken as the benchmark), they receive well above the SLL.

they relate to the EEC Code of Conduct have been quoted out of context.

anomalous requirements for reporting on conditions of employment as they relate to the EEC Code of Conduct. The format requires that "the value of any monetary fringe benefits or accommodation or food provided," should be excluded from the value of the pay package.

Pay packages at Riet-spruit for both black and white workers is identical.

In his report, Professor Nel said: "During my visit to the mine, I was impressed by the exceptionally favourable living conditions of its employees who take pride in their beautiful homes and hostels.

"The recreation facilities and buildings being erected at present may be described as luxurious and of a standard that is probably unique in South Africa."

(See table below).

So far the mine has completed 150 of the 500 houses planned for workers and their families, so those wishing to have their families join them will be able to do so in the near future.

Overseas critics have compared cash income only with Unisa's MLL and SLL levels and have not taken account of fringe benefits which are all included in the build-up of Unisa's MLL. These are used as minimum financial requirements and wage levels.

#### IDENTICAL

This misinterpretation may be due in part to the

Value of the package for the lowest level employees compared with the SLL — benchmark Pietersburg, applicable February 80.

#### STUDIES

Professor P A Nel of the Bureau of Market Research at the University of South Africa, has carried out two independent studies on the financial requirements of blacks at Riet-spruit, the most recent conducted in March and April this year.

Certainly, out of the 1 000 employees, some workers doing less skilled jobs receive a cash

#### FOOD

Each worker and his family receive food rations at least equal to the American standards recommended by the National Medical Research Council. A supermarket is being built at the mine, where workers and their families will be able to buy food at cost.

Information from Shell's report on Riet-spruit's conditions of employment as

	Single	Bachelor basis	Married in permanent residence (ave family size 5.44)
Basic pay grade I . . . . .	R105,00	R105,00	R105,00
Leave pay and holiday bonus	R8,75	R8,75	R8,75
Permissible value of items provided in kind . . . . .	R34,49	R33,42	R131,20
<b>Total</b>	<b>R148,24</b>	<b>R147,17</b>	<b>R244,95</b>
SLL . . . . .	R78,89	R142,63	R206,82

DESCRIPTION OF I	421:A	422:D	423:I	424:P	425:C	426:L	427:S	428:A	429:T	430:P	431:C	432:	433:L	434:S
KAHLER-MEYER, EMMI														
THE TONES IN UR-BANTU														
AU 51 : 81-90														
MENTIONS XHOSA, N.SOTHO, VENDA ETC.														
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# Courtaulds sells

COURTAULDS, the British textile giant, has sold FCW Knitwear (Pty) of Johannesburg to Pan Textile Group for about R2 400 000.

Pan is a subsidiary of SA Nylon Spinners which is owned by AECI.

The deal does not mean that Courtaulds is following the path of some other British companies and winding down its investment in South Africa.

A statement says that "Courtaulds intends to concentrate and strengthen its other investment interests in South Africa".

In any case ICI of Britain is one AECI's two major shareholders. The other is De Beers.



*[Faint handwritten notes and scribbles]*

*[Handwritten notes: AT 1/9, AT 1/9, AT 1/9]*

*[Handwritten notes: D. ...]*

# Urban Foundation likely to get bonanza from British firms

MAJOR British companies are expected to pledge millions of rands to the South African Urban Foundation after it opens an office in London this week.

Already Metal Box — which has major interests in South Africa — has indicated that it is prepared to donate at least R500 000 to the foundation over the next few years.

The foundation recently scored a difficult coup when the British authorities granted it permission to operate as a charity.

It is almost unheard of for a foreign organisation to be given this privilege.

It means that British business concerns — as well as the foundation — can benefit from the complex tax laws here which give generous advantages to donors as well as registered charities.

The foundation, by setting up a London base, should also be able to capitalise on the financial-rand market when it imports foreign currency into South Africa.

Mr Charles Parker, who will act as the foundation's secretary here, told the Sunday Times this week that initial indications of support from British companies with interests in South Africa were encouraging.

Mr Parker, secretary to the

By SUZANNE VOS  
London

executive of Charter Consolidated, returned to London a year ago after working for nearly three years in Johannesburg for Anglo American.

"British companies are obviously concerned about the future stability of South Africa and see the foundation as the ideal vehicle for them to contribute towards helping to provide worthwhile solutions," he said.

Mr Parker said that the foundation had so far had to do very little canvassing in Britain.

"The initiative to donate money came from the companies themselves," he added.

"Needless to say we jumped at the suggestion and that is why we have set up the foundation here as a company by guarantee with no share capital."

The president of the foundation, Mr Justice Jan Steyn, will arrive in London tomorrow and is expected to chair the first meeting of the London office on Wednesday.

Mr Justice Steyn will also visit the managements of various British companies who have major interests in South Africa.

Some have already indicated that they are considering long-term donations and Mr Justice Steyn is expected to persuade others to follow suit.

The directors of the London office of the foundation are all well-known and distinguished businessmen.

Mr Justice Steyn will almost certainly be elected chairman and the directors will be the chairman of Barclays Bank, Sir Anthony Tuke; the chairman of Anglo American, Mr Harry Oppenheimer; Anglo American executive director Mr M B Holtmeyr; former British Chancellor and Standard Chartered chairman, Lord Anthony Barber; South African Urban Foundation director Mr Bill Wilson; and retired Anglo American deputy chairman and Charter Consolidated chairman, Dr Alfred Spinks.

Said Mr Parker: "With a line-up like this, I think the foundation is in a superb position in London to encourage various companies to donate

the sort of money which will enable it to get on with some valuable work."



# Breadline pay sparks row in Commons

STAR 28/6/60  
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The Star Bureau

LONDON — There is no official list of British companies who operate in South Africa and who pay their black workers below the breadline, the British Trade Secretary, Mr John Nott, said in the Commons yesterday.

And he added that his department would not be compiling such a list.

The Trade Secretary refuted Opposition charges that his Government had failed to meet its obligations to the European Economic Community by analysing and reviewing the reports from British companies and that he had tried to mislead the public and Parliament by claiming that his action had been no different to his Labour predecessor's.

"The real obstacle to black advancement in many priceless historic pieces that have never most glass artists and 70 of the country's fore- items, the work of nearly The exhibit includes 500 Art of Glass."

Art of Glass." "Czechoslovakia Presents Ceska the exhibition, through the production through the country's past and current this middle European comprehensive look at Americans are getting a where in the world.

lovers of the crystal any- continues to produce a certain lyricism among

RDM 28/6/80

# Labour slates UK over black wages in SA

(18)  
(61)  
(57)

LONDON. — The British Government was strongly criticised in Parliament yesterday for its refusal to name British firms paying wages below subsistence level to black workers in South Africa.

Opposition Labour MPs, led by Mr Michael Meacher, have campaigned to persuade the government to publish a list it has of 33 companies which last year paid more than 2 000 African workers wages below the Poverty Datum Line.

Mr Meacher said in Parliament that there had been an alarming deterioration in black workers' wages — according to the list, 800 had been paid below-poverty wages the previous year.

The Trade Secretary, Mr John Nott, has refused to name the firms in Parliament because, he says, the list is not complete or accurate.

Following a 1977 Common Market code of conduct, the

government asked firms with South African subsidiaries for details of pay and conditions for their black workers.

However, Mr Nott said, the information was provided voluntarily, and some firms had not responded.

He said there were other issues, including grading and other job opportunities, which some firms were providing and these were more important for black advancement than wage levels.

Details provided by the firms were available for the Press and public, but fears of possible libel actions had prevented newspapers from publishing them in full.

Last year the then Labour Government named in Parliament 18 firms which had admitted paying workers wages below subsistence level. Parliamentary statements are protected against libel action. — Sapa-Reuter.



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SUNDAY POST, June 29, 1980

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# Investment boycott 'would help change SA'

MULTINATIONAL companies can help bring change to South Africa if they halt investments, says an American professor.

Addressing the National Affairs Association in Salisbury, Professor Larry Bowman, a lecturer in political science at the University of Connecticut, said if the multinational companies from the big Western powers halted investments to the Pretoria regime "this would add to the present local and international pressure for change."

American policy towards South Africa would be influenced by the current events taking place there," he said.

In London the British Trade Secretary, Mr John Nott, has said there is no official list of British companies paying their black workers in South Africa below the headline.

He told the House of Commons this week that his department would not be compiling such a list.

Mr Nott attacked newspapers who had named companies as low wage payers for pub-

lishing "a misleading extract" from information in the companies' reports submitted in accordance with the EEC Code of Conduct.

"Letters to my department make it clear that if this exposure continues there will be fewer companies willing to complete their voluntary returns," said Mr Nott.

The Trade Secretary reputed opposition charges that his Government had failed to meet its obligation to the EEC by analysing and reviewing the reports from British companies.

All the company reports were available for public inspection, he said, as were the names of the companies which had refused to submit reports.

"If the facts in these reports are correct, there is nothing to prevent any newspaper from reporting anything in them," he said.

"But if there is uncertainty, as I believe, I am not prepared to remove the protection of law from British companies by exercising parliamentary privilege."

Mr Nott maintained that the wage provisions of the EEC Code could not be viewed to the exclusion of the code's other provisions.

"The real obstacle to black advancement in South Africa and to the ending of apartheid, which I detest, is not the level of wages," he said.

"The provisions that all jobs should be available to any worker and that appropriate training schemes should be accessible to all are more fundamental than the simple question of a minimum wage," said Mr Nott.

A company's performance in the provision of fringe benefits, the removal of discrimination and the improvement of relationships with its workers should also be taken into account.

The former Labour Trade Minister, Mr John Smith, said the figures proved his case in favour of naming the low payers.

Before a list of the offenders was published 184 companies from an estimated 220 eligible firms submitted returns. After the

list had been published 269 companies out of an estimated 224 eligible firms complied with the reporting requirement.

A Labour MP, Mr Michael Meacher, who has made several fruitless attempts to get Mr Nott to name the low payers in Parliament said external researchers had deliberately been exposed to the law of libel.

The only way of getting all the information, he said, was to have access to the "secret memorandum from the (British) Labour attaché" in Pretoria, which was not available.

It was impossible to glean any final and certain conclusion from the company reports, he said.

He cited an "alarming deterioration" in black workers' wages. The latest list showed 2 000 employees of British companies had been paid below the poverty line while the figure for the previous year was 800. — SUNDAY POST Correspondence.

7/7/80  
**BP raises**  
ARGUS  
**wages of**  
SA blacks

Argus Bureau

LONDON. — British Petroleum, one of 33 British companies named as paying South African black workers below subsistence levels, has raised the wages of lowest-paid miners at Eikeboom colliery by up to 40 percent.

A BP spokesman said at the weekend that all 5 000 of its black workers in South African companies and subsidiaries were now earning 50 percent more than subsistence levels.

The Department of Trade's analysis of wages paid by British firms in South Africa shows that up to 1 700 blacks employed by Lonhro in South Africa are being paid below the level.

Lonhro was not included in the initial report because it was late in submitting its return to the department.



# Leyland bid could give Cape car boom

CAPL Times 22/7/80

By GORDON KLING

THE LEYLAND motor manufacturing group may soon sign an agreement with Fiat for the manufacture of the Italian group's vehicles at its Blackheath plant near Cape Town, in a development which would probably expand the industrial base of the Cape with the creation of hundreds of new jobs.

Leyland will be the dominant party in the new arrangement, and I understand that it is keen to see the deal go through.

Reliable sources say that an announcement can be expected within the next few weeks. The sources maintain that the agreement will prove a boon to both manufacturers, while bringing substantial new investment to the Cape.

Heightened motor industry activity in the Cape would complement the vast diesel plant being built at Atlantis while consolidating Leyland's operations, already strengthened by strong commercial vehicle sales.

The official line yesterday was neither to confirm nor deny the negotiations.

Production at Blackheath has been nowhere near planned capacity for years, but conclusion of the deal with Fiat would require substantial expansion of the 2 600-member work-force at the plant.

Fiat's wide range of low- to medium-price cars produced in Pretoria would fit in well with Leyland's reintroduced Mini and Rover.

The Leyland initiative is in line with assurances by the group chairman, Sir Michael Edwardes, that the company is in South Africa to stay.

For Fiat, which has previously talked to Mercedes, Toyota and BMW, it would signal an end to continual doubts on its commitment to stay.

Industry sources believe that the deal could well prove a precursor to a Leyland link with Peugeot too. Citing a recent commonality of parts agreement between the two in Europe, they believe there are avenues to be explored in South Africa.

The Republic is now one of the brightest spots in the world car market, which is reeling under recession in the US.



# British companies exposed

# Bad pay Shock

Post  
11-8-80  
(61)

BRITISH companies paying starvation wages in South Africa — some less than R20 a week at June 30 last year — have been exposed in London.

At least 13 subsidiaries of British companies paid less than R20 a week, and 36 paid minimum wages of between R20 and R30 a week.

These shock disclosures were made in a report just published by the newly-created South African Labour Education Project (Salep). It was compiled from reports the parent companies sent to the British Government on their South African operations.

The more than 200 companies covered in the report employed 105 000 blacks at June 30, last year. In terms of the EEC code of conduct for companies with interests in South Africa, the British Department of Trade had asked 224 companies to submit reports.

But 22 "failed or refused to submit reports or submitted inadequate reports".

The report says Lonrho subsidiary Western Plats paid a minimum of R12,93 for 48 hours work a week.

Minimum wages paid by British companies in South Africa were about one-third of the wages those companies paid in Britain.

GKN (Sankey) paid British workers a minimum wage of R100 a week in 1979, and their South African subsidiaries paid blacks only R37,09.

"At British Leyland, the minimum wage in Britain was £73,50 (R133) per week in 1980; in South Africa it was R44,28 (£24) in 1979. At ICI the minimum wage was £77,46 (R140) in Britain in 1980; in South Africa it was R42,61 (£23) in 1979."

Salep was formed in March "to support and further the work of political and trade union education in worker movement in South Africa.

Salep condemns codes of conduct for companies operating in South Africa as well as the poverty datum lines used to calculate minimum wages.

## Pressure

"The codes of conduct have been the response by employers and European governments during the 1970s to the increasing pressure of the workers' movement in South Africa, and the growing campaign for economic sanctions against the South African regime...

"Such codes of conduct, however, cannot serve the workers' interests. Only the workers



# British firms underpay

4/17/61

From Page 1

know what their own needs are."

Of the poverty datum lines, the report says: "The code of conduct approach is followed also by academics, working

for universities, market research institutes and elsewhere, who try to calculate so-called poverty datum lines and minimum effective levels.

"These levels — which blatantly discriminate between workers of differ-

ent races — are estimates of the income workers need to survive at the lowest possible level. African workers, according to these estimates, need less than other workers to remain alive."

The 13 companies which paid less than R20 a week were: Eikenboom Colliery, Courtaulds (Forestry), Thomas French and Sons, Gestetner, Drysys, Braitex, Dakota Motors, Tweefontein United Colliery, Witbank Consolidated, Alpha Anthracite, Wandrag-Emmarantia Asbestos, Western Plats and Canvacor.

## REPORT

Thirty-six companies paid a minimum of between R20 and R30 a week; 115 between R30 and R40; 83 between R40 and R50; 21 between R50 and R60; and only 4 were over R60.

The publication of this report brings to an end weeks of speculation. The British Government had refused to disclose the names of the companies that were paying starvation wages in South Africa.

POST could not reach officials of the companies at the weekend.

'Black-listed' firms won't give details

# 'Slavery' salaries denied

MAN Post  
12/10  
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SOME of the British companies accused of paying starvation wages in South Africa in 1979 have refused to tell POST what they are paying their workers now.

One managing director, who was less secretive, told POST they have been improving wages steadily every year — from R3,50 a week in 1972 when they took over a Ladysmith subsidiary to the present minimum of R21,50.

Mr N Buchanan, the managing director of SA Canvas, said the R21,50 a week was

By JOE THOLOLOE

"well above the minimum laid down by the law".

The companies approached by POST have been accused of paying minimum wages of less than R20 a week (in June 1979) by the South African Labour Education Project in a report published in London last month.

The report is titled "Profiteering from cheap labour — Wages paid by British companies in South Africa".

Spokesmen for nine of the 13 companies accused of paying less than R20 a week claimed they were paying more but would not say how much.

The companies are: Courtaulds, Thomas French, Western Plats, Wandrag-Emmarentia, Asbestos, Withank Consolidated, Alpha Anthracite, Tweefontein United Colliery and Dakota Motors.

Mr D Clarke, general manager

of Gestetner SA, who were accused of paying R16,17 a week at June 1979, says their minimum is now "in the region of R213 a month".

He said the R16,17 applied to three labourers, "but it is not now so".

Canvasor, a subsidiary of SA Canvas, was accused of paying a minimum of R19,01 a week.

Mr Buchanan of SA Canvas, said the minimum wages for Kliprivier, near Ladysmith, laid down by the law is R15,29 a week for the first year, and R16,89 for the second year.

Mr Buchanan said some of his workers get up to R70 a week.

Thomas French and Sons were accused of paying a minimum of R18,18 a week.

The managing director, Mr G W Allen, claimed that at the time, 1979, there was high unemployment "and we were helping keep youngsters off the streets".

Q To Page 2



# UK firms silent

From Page 1

He said some had left and others had progressed and there had been a "substantial increase." He would not say what the minimum was.

A Mr Dixon at Courtaulds said POST should ask the company by letter.

Courtaulds were accused of paying a minimum of R16.17 a week in their forestry section in June 1979.

A Mr Riley Lonrho, who owns six of the companies that were paying less than R20 in 1979, claimed: "The picture has changed since then."

One of the companies, Western Plats, was paying the lowest — R12.93 a week.

"You cannot go on

mines," Mr Riley said. "They supply everything else for workers. You cannot compare."

He said for other workers they paid above the minimum living level, and "in some cases we pay over the SLL."

British Petroleum (BP), who were accused of paying a minimum of R17.55 at Eikenboom Colliery, says the lowest paid person at the mine is a surface worker.

Mr Graham Barr, the BP public affairs manager, said: "Until July 1, he was paid R65 a month in cash and he got other benefits like housing, food, electricity, coal, etc valued at R54.76."

"The cash pay has now been increased to a minimum of R100 and if we still estimate the other benefits at R54.76, he is now earning R154.76."

# British firm accused of race bar

By STEVEN FRIEDMAN  
Labour Reporter

CONTROVERSY could face a well-known British firm after a black worker claimed this week that the company had refused him a job because he is black.

But a spokesman for the company, Boots Pharmaceuticals, which is a household name in Britain and other parts of the world, said that it was company policy to hire workers on merit only.

Like all British companies operating in South Africa, Boots are expected by the British Government to adhere to the European Economic Community's code of labour conduct, which commits companies to eliminate race discrimination in their plants.

The allegations have been referred to a black trade union, the SA Chemical Workers' Union, and may focus new attention on labour codes. The codes have been subject to strong criticism by black trade unions, who complain that companies are not forced to abide by them.

This week, Mr Magoleng Selepe claimed that he had been told by the company's Isando warehouse manager that he could not apply for a job as an assistant warehouse manager because he is black.

Mr Selepe says he applied for the job after reading an advertisement in the Press which did not say that the job was open to some race groups only.

He is a matriculant who says he has four years' experience in similar types of work.

"I was referred to the warehouse manager by the company's Isando factory manager. The warehouse manager told me this particular job was not open to black people and I could therefore not apply," Mr Selepe said.

A spokesman for Boots said that he would be "surprised" if the warehouse manager had said that the job was not open to blacks.

"I suspect the allegation is unfounded. But if he did say this, I would take strong action against him," the spokesman said.

He said that Boots, as a British company, was compelled to stipulate in its advertisements that all jobs at the company were available to South Africans, regardless of race or sex.

It was therefore company policy to hire workers on merit only and if a member of Boots management had indicated that blacks were not eligible, he was contravening this policy.

He confirmed that the job had not yet been filled, but said that had nothing to do with racial stipulations.

"The job we are advertising requires a highly qualified man and there is a shortage of good staff at present. We simply haven't been able to find someone with the right qualifications," he said.



Judge <sup>STAR</sup>  
<sup>12/18/80</sup>  
dismisses  
defamation  
claim <sup>61</sup>

DURBAN — A Durban judge yesterday dismissed a claim for R4 000 against a Pinetown subsidiary of a UK company and its managing director, in damages for allegedly defaming an unregistered trade union.

The action against Glacier Bearings and the managing director, Mr William Richards, was brought by the Metal and Allied Workers' Union of South Africa, and its general secretary, Miss June Rose Nala.

The action arose out of a comment by Mr Richards to a reporter from the Financial Mail regarding the controversy of whether the union or Miss Nala were representative of the employees.

Mr Richards was alleged to have stated that "some people tell us that they are forced to sign pieces of paper or get beaten."

The union alleged that the statement, which was published on July 28, 1978, in an issue of the Financial Mail, was defamatory in that it meant, and was understood to mean, that the union and Miss Nala used threats.

Mr Justice J M Diccott found that the article had identified no one as being responsible for intimidating workers to join the union.

The claim was dismissed with costs. — Sapa.

# Church to disinvest from 5 SA companies

STAR 8/10/80 (6)

## The Star Bureau

LONDON — The Roman Catholic archdiocese of Birmingham is to disinvest from five companies with subsidiaries in South Africa because of their failure to provide adequate information or, in the opinion of the archdiocese, they pay "unacceptably low" wages to employees.

The move comes after many months of research and discussions with more than 100 companies with subsidiaries in South Africa, Australia and the Third World.

The five companies are: BICC Ltd, British Electric Traction Ltd, BTR Ltd, Glynwed Ltd and Croda

International Ltd.

Altogether 17 parent companies were investigated in the areas of wage structure and black advancement, migrant labour, industrial relations, fringe benefits and desegregation.

The investigation was carried out by Father Patrick O'Mahony, who today publishes a major report on his findings entitled Multi-nationals and Human Rights.

Father O'Mahony said that many of the multi-nationals involved co-operated fully and were most anxious to act justly. Others were keen to improve their performance.

Others, however, either

failed to provide adequate information to shareholders or were paying "unacceptably low" wages to their employees.

Extensive correspondence with the companies involved, together with Father O'Mahony's analysis of their respective standing on the various issues, make up a major portion of the 318-page report.

After several exchanges:

● Glynwed Ltd failed to respond to a query regarding 679 employees still below the minimum laid down by the EEC code.

● British Electric Traction Ltd appeared to have

about 660 employees still being paid between the MLL and the SLL (the Poverty Datum Line and the Minimum Standard Rate laid down by the EEC).

● BTR Ltd failed to reply to specific charges that there were still employees being paid below the SLL, later responding that the correspondence between the Archdiocese of Birmingham and BTR appeared to be on "non-converging" lines.

● BICC Ltd claimed in one instance that fringe benefits made up for wages which appeared to be below the starvation level.

## WHAT'S ON

### TODAY

All day Spanish Week at Eastgate, Bedfordview.

From 12 pm to 9 pm Star Homes Do-It Yourself Show, Hall No 4, Milner Park Showgrounds. Inq 789 2608.

At 8 pm Ballet "Romeo and Juliet" at Civic Theatre, Braamfontein. Bookings Tel Computicket 28-3040.

At 8.15 Classical Guitar Society featuring Tessa Ziegler, classical guitar recital works by Gaspar Sans, Bach, etc. German School, Sans Souci Rd, Parktown. Admission R2,50.

### TOMORROW

All-day preview of Rothmans show jumping Derby to be held at Inanda Club, Sandton City, Main Rivonia Rd Sandton.

Star Homes Do-It-Yourself show. Hall No 4, Milner Park showgrounds. 12 pm - 9 pm.

Soccer at 8 pm Dynamos v



**A DAMNING indictment of the starvation wages paid by British companies in South Africa — and of the feeble excuses they use to defend their actions — is contained in a startling new report for a British church group, Christian Concern for South Africa.**

The report, titled Codes of Misconduct? was given exclusively to SUNDAY POST this week.

It comes at the same time as a decision by the Roman Catholic archdiocese of Birmingham, England, to disinvest from five companies with subsidiaries in South Africa. The church said these firms either failed to give adequate information on their employment practices here, or are paying their black workers "unacceptably low" wages.

And it comes only a month after the controversial visit to South Africa by the Rev. Leon Sullivan, author of the Sullivan Principles.

The Christian Concern report reveals that the Conservative Government and the British Department of Trade have done little to make the EEC code effective.

This year the government refused to disclose the names of companies paying less than the recommended minimum wages.

To make matters worse, it accepted the subsistence wages companies are adhering to, even though these fall short of the levels laid down by the House of Commons Enquiry and the Department of Trade. And according to information received by SUNDAY POST, the British labour attaché in South Africa, who used to monitor British firms here, retired this year and has

not been replaced. The Christian Concern report says most British firms operating in South Africa make no attempt to treat women employees — who are often the sole breadwinners in a family — on an equal basis with men.

Many companies fail to disclose the wages paid to African women. The Department of Trade hasn't pushed them on this.

Hill Samuel, a British merchant bank in South Africa, classifies its two married tea ladies as single, and so, it argues, their subsistence living level is R71 a month. The same is claimed by Alexander Howden Group. No attempt was made to find out the tea ladies' responsibilities — hardly an onerous task, says the report.

But, at the same time, many companies justify starvation wages for their African men employees by saying they have working wives to supplement their income.

The companies' reports to the British Department of Trade are full of glib claims of "equal pay for equal work", "the rate for the job", and "non-discrimination".

But all this, says Christian Concern, is "completely worthless in the South African context, where white employees combine in officially registered white-only unions to enforce a strict colour bar".

The reportback by Cadbury Schweppes, which has been in the news for refusing to recognise even a registered coloured union, shows how

# Britannia waives the rules



## British firms in SA pay poverty wages and take little notice of labour codes

meanINGLESS these "non-discrimination" statements are.

It says: "We are constantly striving to remove anything which appears to be a discriminatory aspect, based on race or colour, from our work practices."

Yet in the same report it refuses to meet the minimum wages, saying it will not reduce the pay gap between black and white workers merely in

Says Christian Concern: "Does one take this to mean that they employ incompetent people at below starvation rates? Undoubtedly, it would not dream of paying incompetent white workers less than the minimum."

Many mining and agricultural companies claim they don't have to pay the family minimum to their migrant workers, whose families are forced to remain in the bantustans, because they are officially classified as "single".

Lonrho, which has its finger in the pie in a number of African countries, states: "It is not possible to apply these levels to employees on the mines, who are not accompanied by their families". And it even rejected the minimum for its non-mining companies on the grounds that the lowest paid African workers were "mainly" young, and therefore "assumed unmarried".

Rentokil, GKN, ICI, British American Tobacco, Associated British Foods and Burmah Oil are among those who claim that most of their workers have families of four — and not five to six, which is used in calculating the subsistence wage.

Some go so far as to conduct their own subsistence wage studies, in which they conclude a lower minimum wage level applies to their particular area in order to justify their appallingly low wages.

Other companies say if fringe benefits are added to their African workers' wages, then they can be said to be earning the

minimum, if not more. But the EEC code clearly distinguishes between wages and fringe benefits. These culprits include Rio Tinto-Zinc, George Wimpey, Berc (Eveready) and Delta Metal.

Companies which rejected the British Department of Trade's minimum wage include Cadbury Schweppes, Low & Donar, Turner & Newall, Lucas Industries, Blue Circle, Northern Engineering Industries, BICC (from which the Roman Catholic archdiocese has withdrawn its investment) and United Transport.

Christian Concern notes that the Burman Group is also prominent in the list, "introducing a new and refined argument that since the cost of survival is going up so rapidly in South Africa, they cannot be expected to keep pace with it."

Many companies argue that if they are to be competitive on the South African market, they cannot meet the Department's minimum.

But then how can the British Government and the companies' shareholders justify their support for exploitative business ventures in South Africa?

The multi-nationals' record on recognition of black trade unions is just as poor as on the wages issue, despite an unambiguous directive from the Code that they must do so.

Most companies say they only deal with works or liaison committees. Yet the Department has not criticised them for this, let alone put any pressure on them

for change, charges Christian Concern.

The Code is also notable for what it doesn't say. For instance, it makes no reference to the product and how this relates to the apartheid system. IBM, for example, had been receiving credit in the United States for paying all its African workers over the minimum starvation level.

"At the same time its computers were providing the means whereby large numbers of Africans could be identified as "surplus" and so shipped off to slow starvation in camps in the bantustans," says Christian Concern.

The transfer of Western technology to South Africa, basic job security, are also ignored by the Code.

Apart from Britain, Germany is the only EEC country which has presented a report in Parliament on its companies. The others have done nothing, except to claim they have asked their companies to submit reports.

So, as observers have noted, the gap between the ballyhoo with which the EEC launched its code and implementation of the code on the ground is wide, and those who dismiss the code as a "paper tiger" would seem to have a point. Christian Concern reckons: "The prospects for any improvement or tightening-up of the Code by the (British) Government are rather remote."

With the credibility of employment codes having been so devastatingly shattered in the past few months, the inevitable question is: How much longer can foreign governments continue to justify employment codes as a viable alternative to disinvestment and economic sanctions to rid South Africa of minority rule?

FM 24/10/80

(61)



SULLIVAN'S FEW

The Rev Leon Sullivan says only 37 of the 290 US companies in SA are making good progress in implementing his Code of fair employment practices. In London it is alleged British firms have provided false information in terms of the EEC code on their SA operations.



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# EL workers in mass dismissal

STAR 25/10/80  
(61)  
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By Drew Forrest

EAST LONDON — Strike-torn East London was hit by further labour unrest yesterday with the mass dismissal of 1 200 black food workers.

The management of the affected company — Wilson-Rowntree (Pty) Ltd — could not be contacted today. Union sources in the Eastern Cape described the dismissals as a "lock-out". The dispute comes after three major strikes in the East London area in the past six months.

The trouble began on Thursday when 60 black workers in the chocolate moulding department presented management with a letter complaining of maltreatment by their foreman, a Mr Strunk.

According to Mr Sisa Njikelana, branch secretary of the South African Allied Workers' Union and acting branch secretary of the closely linked African Food and Canning Workers' Union, Wilson-Rowntree management refused to deal with the workers' elected representatives.

One worker was singled out as an "instigator," he said, and was asked to complete a grievance form. This he refused to do without a mandate from his colleagues.

Dissident workers were yesterday assembled by the company's personnel manager, Mr A Lighbody, who told them he was "tired of people who made a nuisance of themselves." He gave them a minute to return to work.

Coloureds and whites complied, but the blacks refused and were paid off, said Mr Njikelana. "The workers were still at work when given the ultimatum. They were locked out."

Then the entire, 1 200-strong black work force — most of them union members — met to demand an explanation. They were given a minute to return to work, refused and were paid off.

Mr Njikelana said workers were told to collect their benefits from police stations in the Mdantsane and Duncan Village townships. Wilson-Rowntree had offered to re-employ on a selective basis but dismissed workers wanted a prior guarantee that their grievances would be heard.



# Workers spell out their grievances

EAST LONDON — The workers who were paid off at Wilson-Rowntree here yesterday said the main grievance of workers at the chocolate moulding department was discrimination against blacks and in favour of coloured workers by the foreman, Mr Donald Strunk.

Grievances put forward against Mr Strunk were:

• That he was totally against workers from other departments visiting the chocolate moulding department.

• That this practice applied only to black workers and coloured workers were free to visit as they pleased.

• That telephone calls to workers in the department were not channelled through as in other departments.

• That whenever Mr Strunk had an argument with a worker he threatened him with dismissal or demotion.

• That Whenever there was overtime work to be done in the department he would use coloured workers from other departments and send the black workers home.

• That there were no proper eating facilities in the department and workers had to have meals near toilets and

• That until Thursday this week black workers had to sign off and on when they went to the toilets and

back.

The workers said they took the grievances up with Mr Strunk on Thursday when they presented them in a letter.

Mr Strunk and the acting production manager, Mr Barry Clifton, had addressed them at teatime — 3 pm — on Thursday but instead of discussing their grievances the two men addressed them about a new pension scheme, the workers claimed.

"When we asked why they had come up with the pension scheme story when we had our complaints, Mr Clifton said we should elect one representative to put our case to management," one worker said.

This had not been done because tea time was up by the time the matter came up and they returned to work.

Yesterday the workers wrote another letter reiterating their complaints and then elected three representatives to see Mr Strunk and put their case.

"But before we could see him on this, one worker, Mr G. Mahlangeni, was called in and shown a new form. He was told this was the new form to be filled in when workers put grievances to management."

From what they heard from Mr Mahlangeni he had said he could not do

anything about it because the whole matter had been handled by workers in the moulding department.

The workers said they were told by assistant production manager, Mr Beatridge, that senior management would not allow Mr Strunk to address the workers or discuss their grievances.

This message had been conveyed to Mr Mahlangeni to convey to workers in the department.

They said later they were addressed by Mr A. Lightbody, the personnel manager, and Mr P. Preston, the managing director. When they were told to return to work if they wanted to remain with the company, white and coloured workers had left but blacks had remained.

They were then given 60 seconds to return to work and then 30 seconds after which they were told they were dismissed and should wait for their pay. All got their week's pay and were told they would get other pay in lieu of leave and pension from police stations in Duncan Village and Mdantsane depending on where they live.

Other factory workers had walked out later in sympathy with those dismissed.

They had been told they could return and be rehired on Monday but had also been told 15 workers who had been paid off before the rest would not be rehired.

The workers said they were still willing to work for the company if their grievances were handled in a reasonable manner. — DDR

# Factory alleges intimidation

EAST LONDON — Management at Wilson Rowntree believes yesterday's strike was the result of intimidation by a group of workers deliberately disrupting production.

Relations with unions at the factory have been cordial, they said, and though the South African Allied Workers' Union (Saawu) officials are believed to be among those who orchestrated the strike, management does not believe the union itself was behind it.

In a statement issued last night the factory's personnel manager, Mr Allistair Lightbody, outlined the background to the strike.

The statement reads:

We have 1 530 weekly paid factory employees of whom 1 140 are black, 260 are coloured and 130 are white.

A Sweet Workers' Union, which is not a company union, is a registered union which has been in existence since the 1940s and represents our employees. This union has applied for registration as a multi-racial union. For all practical purposes, its application has been accepted.

It has 195 coloured, 35 white and 300 black members.

A black liaison committee has operated since 1973.

During the past six weeks we have had discussions with Saawu which represents 753 of our employees. We believe the 753 members claimed are all blacks. Our discussions and correspondence with Saawu have been most cordial and we believe fruitful.

An official workers' committee acting under the auspices of Saawu is active in our factory. However, Saawu appears to have lost control of the executives of this workers' committee who are acting in an irrational, provocative and amateurish way. We have asked Saawu on many occasions to bring them into

line as their actions are jeopardising further discussions between Saawu and ourselves. Saawu have not been able to discipline them.

A further worrisome aspect is that our employees are being encouraged by officials of the proposed workers' committee to terminate their membership of the pension fund and sick benefit group life scheme.

We are currently experiencing problems in one of our manufacturing departments where we have been faced with unrest and work stoppages. A coloured woman in the department has been threatened at knife point and the black chargehand, who is the centre of the controversy in the department, has been threatened with assassination. These incidents have been reported to the police.

It was particularly noticeable that the employees in the department wanted, and we allowed them, to talk to management representatives en masse. Originally four executives of the unofficial workers' committee spoke on their behalf, but the employees turned against this form of dialogue, because they did not trust the workers' committee representatives.

It is of interest that the chairman of the proposed workers' committee, at his own request, made himself available for election to fill a vacancy in the liaison committee last week. He was resoundingly defeated — obtaining only three votes.

Saawu advised us that the same person's election as chairman of the workers' committee was carried out outside the company's premises; that voting was by show of hands and that his appointment was unanimous.

We are inclined to doubt whether election by show of hands, in the

current climate of intimidation, is the best means of electing office bearers or spokesmen.

To sum up, we have two unions — one a registered multi-racial union operating under the Industrial Conciliation Act, the other a non-registered union. The two unions are apparently not speaking to each other.

One unofficial workers' committee, ostensibly supported by Saawu but apparently out of control.

A liaison committee which does not countenance the action of the unofficial workers' committee.

Workers' rejection of both the unofficial workers' committee executives and official liaison committee.

The overall aim of certain of the executives of the workers' committee however, is, we think, self evident. Attempts have been made, almost on a daily basis over the last five weeks, to provoke and confront management so that a strike can be instituted with resultant publicity.

Today one department flatly refused to follow laid-down company procedure, stopped work and gave the company an ultimatum, leaving us with no option but to discharge them.

It is interesting to note that this company has never suffered industrial unrest in the 90 years of its existence. We have dealt with trade unions at Wilson-Rowntree since the 1940s. We believe that a trade union should be fully representative of all races and we believe inter alia that we have a special responsibility towards our 260 coloured employees. We have yet to determine which of the two unions is really representative of our multi-racial work force, has been democratically elected and will not polarise the various races in our company's environment. — DDR



# Strike hits

## EL sweet

### factory

*DAIKY DAP 25/10/80*

**EAST LONDON** — Production was halted at Wilson-Rowntree (Pty) Ltd yesterday, the giant sweet and chocolate factory in East London, following what appeared to be a wildcat strike.

Initially about 50 workers were paid off yesterday morning after they had downed tools. More workers later joined the strike and eventually management dismissed the entire labour force of 1 530 because they said there had been threats against workers who elected not to strike.

Management was adamant workers left only because they had been intimidated. In some cases, they said workers were threatened with death if they did not join the strike.

Workers, on the other hand, claimed there had been a breakdown in communication with management over the grievances of workers in the chocolate-moulding section of the factory.

They said the foreman in the department, Mr Donald Strunk, discriminated against blacks in favour of coloureds.

This was dismissed as "ridiculous" by management.

The company's managing director, Mr Peter Preston, said while it appeared workers had been brought out on strike by South African Allied Workers' Union (Saawu) officials at the factory, in the light of the cordial relationship the company had established with Saawu, he did not believe Saawu were behind the strike.

Mr Preston added he was convinced the strike had been orchestrated and deliberately provocative.

Mr Preston had to cancel a flight overseas yesterday as a result of the strike. He was to have flown out of East London at noon yesterday on his way to England for discussions with Wilson's parent company — discussions which would confirm considerable expense at its East London factory.

The strike may have jeopardised talks which Mr Preston said would have seen considerable factory expansion and which would have given employment to a lot more people.

The strike was bound to adversely affect production at the factory, Mr Preston said. The sweet industry was a seasonal trade and work would be lost, with a resulting loss of employment opportunity.

Workers who did not want to join the strike — and Mr Preston believes that to be most of the work force — have been told they will be rehired on Monday without losing pension benefits.

Mr Preston emphasised not all the strikers would be rehired. "We will be selective," he said.

He added that what had distressed him was that many of the workers had been told they must withdraw from the company's pension scheme, though that was a condition of employment.

"I personally saw many workers with tears in their eyes leaving the premises. It was obvious they did not want to lose their pension benefits or join the strike, but feared for their lives if they didn't," he said.

"A man with only two years to go before retirement was also forced to withdraw from the pension scheme.

"He stood to receive two-thirds of his salary as a pension when he retired. Now all he will receive is his own contribution plus three per cent interest."

— DDR

**What workers say; management reply, page 7.**

# Strikers decide to return to work today

61  
DAILY JPS  
29/10/80

EAST LONDON — The strike at Wilson Rowntree here, which has affected production since last Friday, should be over this morning.

This follows a decision by workers to return to work at 7 am and an offer by management to keep all jobs open until starting time today.

Workers met early yesterday morning and resolved to return to work. When they met South African Allied Workers' Union (Saawu) officials later they communicated their decision.

On Monday Saawu officials met with the management of Wilson Rowntree and issued a statement indicating their intention to meet the workers and arrange for their return to work.

A large crowd had built up near the factory in St Paul's Road yesterday morning and the area around the factory was cordoned off from traffic.

At 10 am the personnel manager of Wilson Rowntree, Mr A. Lightbody, addressed a crowd of almost 2 000, most of whom were workseekers.

Speaking through loudhailers and assisted by an interpreter, Mr Lightbody assured all workers their jobs were waiting for them and that they were free to go in and work.

He would give them until 10.30 am to do so and their jobs would still be available until normal starting time today. "If

there are any vacancies after starting time tomorrow, they will be filled," he said.

He hoped the workers had witnessed by the actions of management that they had tried to be fair to all employees.

At the end of his speech, he repeated: "Wilson Rowntree employees in the crowd, if you want to be assured of your position, please remember the gates close at 10.30. No one will be allowed in after that. We have our duties to perform."

"The company has got to get back to full production and we intend doing so as from tomorrow," he said.

He thanked the large crowd for their good behaviour and urged them to disperse. — DDR

Statements, pictures  
page 16.



# Gqweta blamed for stayaway

**EAST LONDON —** Management of Wilson Rowntree yesterday blamed the South African Allied Workers Union (Saawu) for the fact the full staff compliment did not return to work at the factory.

The personnel manager,

Mr Allistair Lightbody said the general secretary of Saawu, Mr Thosamile Gqweta had played an active role in preventing some of the workers returning to their jobs.

This contradicted the stand he had taken at a meeting with manage-

ment on Monday night when he gave the assurance Saawu would not become involved in the dispute.

"Mr Gqweta addressed a meeting of about 300 of our workers at Mdantsane this morning and urged them not to come to work

today but only to return to work tomorrow morning," Mr Lightbody said.

"He initiated a stay-out. We are justifiably upset as this is a total departure from the cordial relationship we believed we had established with the union".

"During Monday's meeting Saawu had not refuted allegations of intimidation by members of their committee at the factory. From statements Mr Gqweta made today, it is clear Saawu is involved," Mr Lightbody said.

He claimed that had it not been for Saawu in-

teventions the factory would have had a "full house" yesterday. By 6.30am 750 workers had reported for duty.

About 2 500 work seekers were waiting outside the factory and were dispersed by the authorities at 10.30 am, Mr Lightbody said. — DDR

# Managers blamed for walkout

**EAST LONDON —** There would have been no walkout at Wilson-Rowntree if management had listened to and investigated grievances of workers, the national organiser of the South African Allied Workers Union (Saawu), Mr Thosamile Gqweta, said yesterday.

Mr Gqweta was reacting to a claim by the personnel manager of Wilson Rowntree, Mr A. Lightbody, that the cause had been originated by the trade union committee at the factory and the knowledge of Saawu.

Mr Gqweta said that according to a letter from the workers, problems had been brewing since 1978 at Wilson-Rowntree.

He said the reports stated that there had been four workers who drove trolleys around the factory supplying material to various machines.

One of the men retired in 1978 and no one was employed to replace him. The workers complained and management brought in a work study man who said the job should be done by two and not three men, Mr Gqweta said.

"The workers felt they were being overworked and felt they needed a fourth man on the job but

management refused to co-operate," he added.

"It seems that whatever these three men do affects a large part of production in the entire factory.

"Just when there was still this ill-feeling about how this whole matter was handled, some foreman in one department would run the machines faster so that any one of these men bringing in the material required would have to run around to cope with the fast machines," he said.

The complaint had gone on through 1979 into 1980 and during G's two-year period representations had been made on eight occasions on the issue, Mr Gqweta said.

He said that on October 7 trouble over this shortage started in the toffee department and spread to the gum department on October 8.

"All this had nothing to do with Saawu. It was just a grievance by workers who felt they were not being treated reasonably."

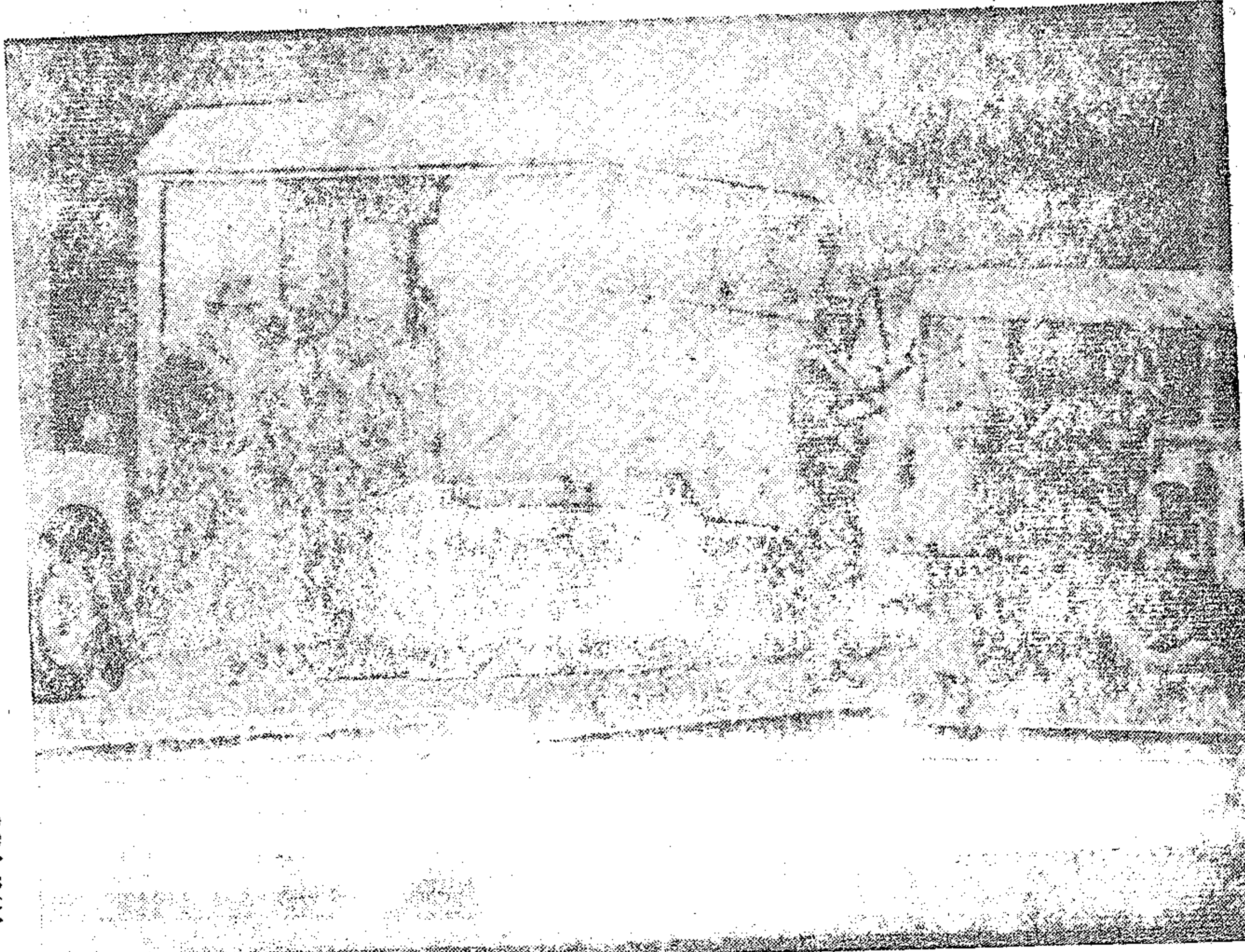
On the question of Saawu having no control over their officials at the factory, Mr Gqweta said they were satisfied the works committee there was competent and management had not asked Saawu to intervene when they had problems.

"The only time we were asked to help was when Mr Lightbody wrote us a letter about the toffee department.

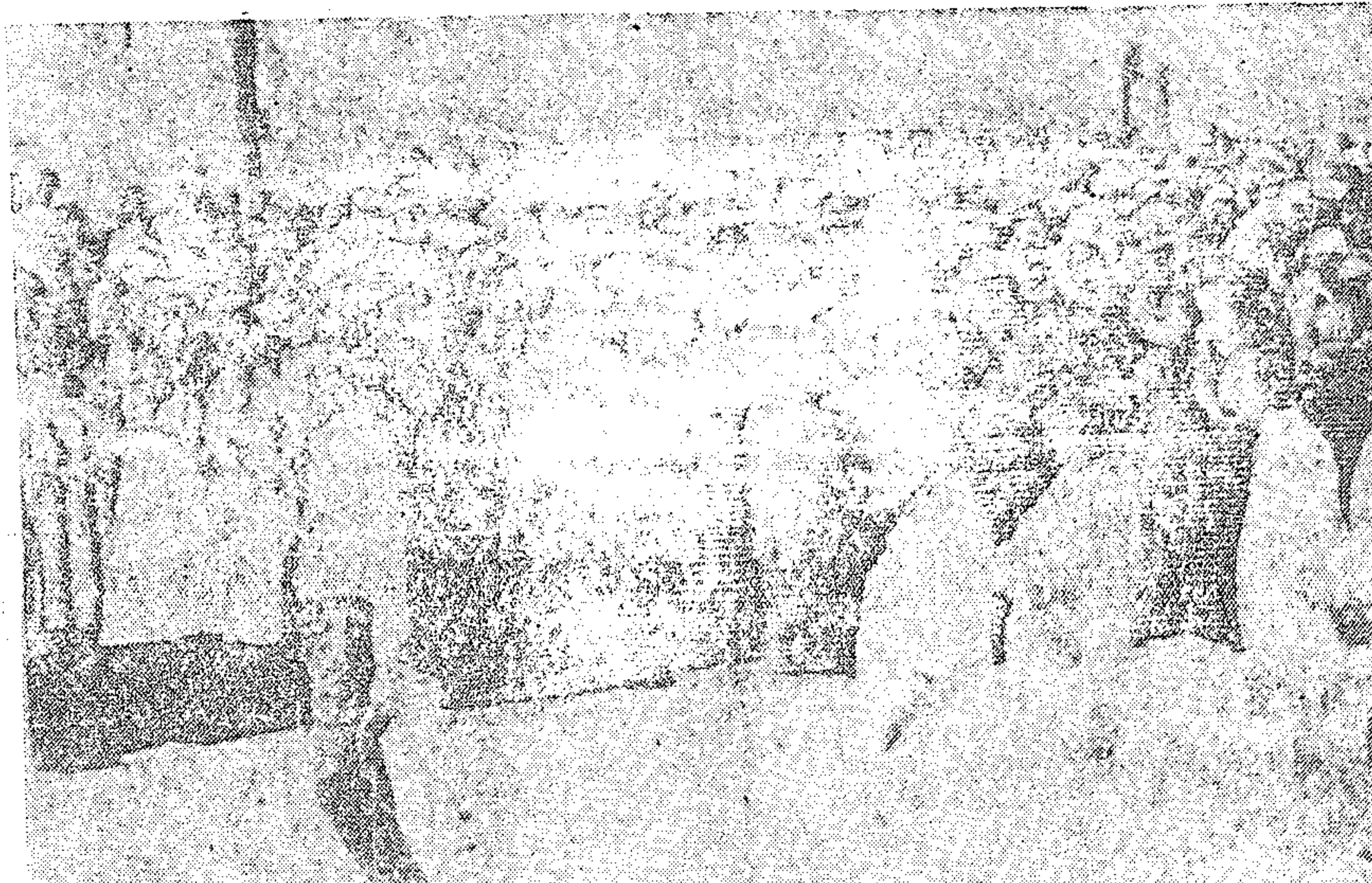
"When we took the matter up and wanted to assist he would not let us talk to the workers because he claimed Saawu was not recognised.

"This obviously raises the question of why he ever wrote the letter to us.

"If he had given us a chance we would have shown him our ability to control our members," Mr Gqweta said. — DDR



Police in camouflage uniform outside the factory yesterday. There were no incidents and the large crowd dispersed after being addressed by the factory's personnel manager.



Wilson-Rowntree personnel manager, Mr A. Lightbody (left front) addresses a large crowd outside the factory yesterday.



# Smell of success in sweet factory strike

THE DISPUTE at the Wilson-Rowntree sweet factory in East London seemed on the point of resolution yesterday, with management agreeing to re-hire the entire 1000-strong black work force.

This concession is in marked contrast with the policy of other strike-hit East London companies, which have insisted on the selective re-employment of strikers, and the use of "scab labour" to replace them.

According to Mr Thozamile Gqweta, national organiser of the South African Allied Workers Union (SAAWU), agreement was reached at a meeting between the union and

management on Monday.

Management have also agreed to look into the grievances of workers in the factory's chocolate moulding department, he said. Their dismissal last Friday apparently sparked a sympathy walkout by the rest of the black workforce.

The company offer of general reinstatement had been accepted at a mass meeting of workers in Duncan Village township yesterday, Mr Gqweta added.

Their only condition was that the huge crowd of police and unemployed work-seekers at the gate of the Wilson Rowntree plant should disperse.



# Workers set to end strike at Rowntree

RDM 29/10/80

By STEVEN FRIEDMAN  
Labour Reporter

THE strike at Wilson-Rowntree in East London appears set to end today.

Strikers have decided to report to work today and the company says it will unconditionally re-employ all workers who are at work by clock-in time.

However, the strike may have prompted a hardening of management attitudes towards the South African Allied Workers Union, to which most Wilson-Rowntree black workers belong.

Yesterday the company's personnel manager, Mr Alistair Lightbody, accused the union of "interfering" in the strike and of "inciting" workers not to return to work yesterday.

He claimed Saawu had played no role in negotiating an end to the strike.

He said management had made it clear to Saawu that the company was not negotiating with it because Wilson-Rowntree already had in its plant a rival Tucsa-affiliated union which it recognised.

However, Saawu denied that the union had been instru-

tal in prolonging the strike and said that the decision to return to work had been taken democratically by workers after successful talks between Saawu and the company.

On Monday, Saawu representatives met Mr Lightbody to discuss the strike. The unionists were told that the company was prepared to unconditionally re-employ all the strikers.

Saawu said this had occurred because "management were convinced of our view" that workers should be re-instated.

According to a Saawu spokesman, Mr Xolani Kota, Saawu communicated this to the company's worker committee at a meeting on Monday night. It was decided to hold a worker meeting in Mdantsane early yesterday to discuss this.

According to Mr Kota, the meeting was unable to take place because of the presence of a large contingent of Ciskeian police. Union representatives, however, were allowed to address the meeting briefly, he said.

Because the meeting was dispersed by police, it had been left to the worker committee to

communicate with workers, Mr Kota said. The committee had done this and workers decided to return to work at 7am today.

Mr Lightbody denied that a settlement had been negotiated with the union. He said the company had made it clear at Monday's meeting that it was not negotiating with Saawu and had asked the union not to intervene in the dispute.

He claimed, however, that union officials addressed workers in Mdantsane yesterday morning and advised them to stay out until today.

According to Mr Lightbody, about half the company's 1 500 black weekly-paid workers had reported for work again yesterday morning. A crowd of about 2 000 people had gathered at the company's gates to seek work.

At 10:30am, he addressed the crowd and unsuccessfully invited ex-strikers to return. He then told workers the company was returning to full production and all strikers who did not report for work today would be replaced.

"We have tried to be patient, but the union has not acted in good faith, Mr Lightbody claimed.

# Workers return after guarantee of reinstatement

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POST Reporter

**WORKERS** at Wilson-Rowntree in East London who were dismissed on Friday returned to work yesterday. This decision was taken at a meeting at Mdantsane on Tuesday after they had been told by officials of the South African Allied Workers Union (SAAWU) that management had agreed to reinstate all the workers.

The workers were supposed to go back to work on Tuesday but decided to go back yesterday because some of them were not present when the management's decision was made.

The national organiser of SAAWU, Mr Thozamile Ggweta, said his union had been assured that all the workers would be reinstated. He said

negotiations were cordial.

They had also been assured that the scab labour had not been employed on a permanent basis, but merely to clean up the mess left by the strike.

The union would see to it that no workers would be victimised, he said.

Mr Ggweta added that management had also agreed to look into the grievances of workers in the factory's chocolate moulding department.

The company personnel manager, Mr A Lightbody, confirmed that the workers would be reinstated. He said the workers' jobs were still there for them until yesterday. If some workers did not return by the morning the company would employ new workers to fill the vacancies.



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# Sweet factory strike ends

EAST LONDON — The strike at Wilson-Rowntree's plant here ended yesterday.

According to Mr Thozamile Gqweta, national organiser of the South African Allied Workers Union, all strikers returned to work yesterday and were unconditionally re-employed.

The company's personnel manager, Mr A.

Lightbody, confirmed that everything was back to normal.

On Tuesday, the company's management said that any worker who had not returned by 10 o'clock in time yesterday would be replaced.

At the same time, Saawu reported that workers had agreed to return to the factory and begin work yesterday.— DDR

# New handling contracts

By Andrew McNulty

THE UK-based bulk mechanical handling specialist, Strachan & Henshaw, which established a South African operation in July last year, has been awarded new contracts from Escom and Iscor worth R3.5-million.

The group has been represented locally for about 30 years and has supplied materials-handling equipment for the

Richards Bay coal terminal, Saldanha ore terminal and port facilities at Durban and Richards Bay.

John Kuzmanich, general manager, says these contracts have raised turnover since inception of the local company to more than R5-million.

"We supplied the bulk of the coal tipplers for Richards Bay phase 2. Turnover will rise substantially if our tenders for phase 3 are successful."