(183)

MANUF. - ~~Beverage~~ Chemicals

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Triumph for black union in EL ballot

By STEVEN FRIEDMAN
Labour Reporter

THE unregistered South African Allied Workers Union (SAAWU) yesterday won formal recognition by an employer for the first time — after an overwhelming victory in a referendum at an East London plant

The SAAWU polled 95,2% of the votes in the ballot at Chloride (SA) and the company announced soon afterwards that a provisional recognition agreement with the union would now be signed

The decision by Chloride, a British-based international company, to recognise the union is seen as a major breakthrough for SAAWU — and for all unregistered unions

The SAAWU is one of a group of unions which refuse to register It is the first to win formal recognition by an employer

Chloride's decision to recognise the union was taken against a background of intense official opposition to employers dealing with the SAAWU an attitude endorsed by many East London employers

The recognition agreement could have a significant effect on softening attitudes to the SAAWU

The size of the SAAWU's victory is an important indicator of the union's strength in the area

Informed sources said the union told Chloride that it would not accept recognition unless it won 70% of the vote, and more than 50% in any one department

The referendum was held by the company and monitored by a SAAWU official, Mr Xolani Kota The union's Durban-based general secretary, Mr Samuel Kikine, flew to East London for the vote count

Mr Kota and Mr Kikine were present because two of the union's senior officials in East London, Mr Thozamile Gqweta and Mr Sifa Njikalana, were detained by Ciskei police this week

After the ballot result, Mr Kikine commended workers for their unity, and Chloride for its "impartiality and fairness"

He added "The company has demonstrated its commitment to its stated principles"

The Chloride works manager, Mr Brian Robertson, said yesterday in a company statement that elections would now be held for union shop stewards and for general SAAWU committee members within the plant

He added that the union and the compnay had already reached consensus on all points to be embodied in an interim recognition agreement, which covers all factory-floor relations and participation by SAAWU in Chloride's grievance and disciplinary procedures

Mr Kota said the result marked "bigger things, both nationally and locally, for SAAWU"

The union, he said, was "an emergent force, and its bright future is based on nonracial and democratic principles"

He added that the SAAWU saw union recognition as "a developing process" and "looks forward to the continued building up of a relationship to which both parties will contribute positively"

PLASCON-EVANS (183)

Levelling off?

FM 7|11|80

Plascon-Evans pushed up earnings by 40% for the year to September 30, despite ever-rising costs And although second-half earnings growth of 21% was nothing like as exciting as the 71,5% achieved in the first half, Chairman Sol Rudner points out that performance in the paint industry is always better during the spring months of September through to December when most people seem to be painting buildings

Nevertheless, margins remain a problem in the paint industry where a number of products are oil-based Rudner says that it is not only raw material costs which have risen, but all expenses are higher In view of the continuing expansion of factories and production capacity, it seems likely that building costs may have been a significant factor in Plevan's cost mix

Over the last two years, the gross margin has been somewhat erratic — 10,5% in the first half of 1979 and 14,7% in the second half, compared to 12,4% in the first half of the current financial year and 12,9% in the second half This leaves 1980's average 12,6% only marginally lower than 1979's 12,8%

But the downward trend is somewhat discouraging because demand for paint products should currently be near to its peak in line with booming motor and construction industries And if margins are shrinking now, the trend will be far more exaggerated once sales start to drop off

Capex plans

At the moment, as heavy capex indicates, the group does not anticipate any slowdown in the near term A new resin plant at Bulawayo is now in operation, as well as an additional factory at Epping for ink-producing subsidiary Inmont A resin expulsion works was commissioned at Mobeni and another will be commissioned at Luipaardsvlei in mid-1981 And there are also plans afoot to modernise all equipment

This capex is not likely to affect payout, however, as dividend cover in the last financial year was raised only marginally from 2,2 times in 1979 to 2,3 times, despite the expansion which was financed in 1980 In addition, the group has a strong balance sheet, which at the end of 1979 showed no long-term debt and a debt·equity ratio of around 10%.

What is likely to affect prospects for 1981 is the deconsolidation of its Zimbabwe subsidiary's earnings as from October 1, 1980 Last year, the subsidiary contributed around R1,5m of the R12,7m after-tax profit, which represents almost 12% Only dividends actually received will now be brought to account.

Notwithstanding the adverse effect of this move on 1981 profits, management predicts that if economic conditions remain buoyant, then it could still be a good year In fact, earnings growth in the local market could ensure that profits are maintained at around last year's 46,8c (33,6c) per share, especially now that Inmont has moved into profitability with the added advantage of an assessed tax loss

On this basis, the group could well peg the dividend this year after last year's 33% hike to 20c (15c) But it seems advisable to await the annual report before acquiring the share which, at 320c, yields an historic 6,3%

Fiona Halse

~~151~~ 183 FM 7/11/80

UNION RECOGNITION — 2

Success for Saawu

Months of organising have finally paid off for the unregistered SA Allied Workers' Union (Saawu) in East London The union was due to sign its first agreement with Chloride (SA) this week, though the victory was dampened by the arrest of two organisers by Ciskeian police

The agreement, which was to be finalised after a workers referendum on Wednesday, comes in the wake of growing union activity in East London Saawu has the support of more than 10 000 workers after less than a year's organising in the Border city

In a joint statement, Chloride (SA), a subsidiary of Chloride (UK), pledged itself to the principle "of security for the individual worker on the factory floor through a democratic system with decisions taken by workers themselves,' as well as the policy "of dealing with whatever leadership group holds credibility among the workers "

Registration versus representation remains a moot point for employers Chloride's move is of particular significance, as it has agreed to dealing with Saawu "unconditionally " In other cases where employers have signed agreements with an unregistered union, it has been with the assurance that the union has applied for registration

Saawu's agreement with Chloride (SA) is the first concrete indication that managements in the area are accepting the union and the need for strong worker representation Many companies still oppose Saawu's "interference" in their factories and have refused to deal with its representatives But, says a Saawu organiser, these companies are suffering production losses and some have had to deal with strike action from their workers

During the last few months, Saawu has come up against many obstacles Meetings in Mdantsane, which falls in the Ciskei, have been banned and union officials have been arrested and questioned by Ciskeian security police This week union organiser Thozamile Gqweta was arrested — for the third time this year — as well as Sisa Njikelala, another union organiser

(NC Times 7/11/80 (13)

Workers vote in favour of union

EAST LONDON — The South African Allied Workers Union (SAAWU) won a major breakthrough here yesterday when more than 95 percent of the workers at Chloride voted in a referendum in favour of being represented by the union

Support exceeded 90 percent in each of the four departments and 95 2 percent of the total of 481 votes were in favour of representation by the union, a joint statement issued by Chloride and SAAWU said

The move by Chloride makes the company the second in South Africa to state publicly that they will be negotiating with an unregistered trade union The decision taken was that the company would negotiate with trade unions which approached it regardless of whether they were registered — Sapa

Dd4,5,4 D.D. 6/11/80, ~~138~~ (183)

Voting starts on union referendum

EAST LONDON — Voting in the referendum at Chloride SA's factory here started at 10 am yesterday and continued until the late night shift of workers came on duty, Mr Brian Robertson, the company's works manager, said yesterday.

Workers are being asked to indicate whether they agree that the South African Allied Workers Union (Saawu), should be the body representing them at the factory

Both Mr Xolani Kota of Saawu and Mr Theo Heffer, Chloride's group personnel manager, said that this was not a "win-lose" election, but that it was essential to establish the union's actual and potential support before details of the new structure could be finalised

Voting took place by secret ballot and was monitored throughout by Mr Kota and Mr Roy Lorentz, the company's local personnel manager

There will be a further voting session this morning to cater for those workers who have not been able to vote because of shift changes

Mr Kota and Mr Lorentz will count the votes this morning aided by another union official and a further representative of management. The detailed result is expected this afternoon

Mr Heffer said the voting was carried out in an orderly fashion and work was not disrupted in any way

"The union has conducted itself very well and everyone was very satisfied," he said — DDR. DDR.

Black union scores crucial concession

By STEVEN FRIEDMAN
Labour Reporter

AN East London company has agreed in principle to recognise the unregistered South African Allied Workers Union — a groundbreaking move with major implications for labour relations.

Chloride (SA) has agreed to recognise the union subject to a referendum of its workers [illegible].

Most observers believe the union will win the referendum.

The company's decision will have important implications for labour relations in East London, and for the negotiating position of unregistered unions.

SAAWU is one of the unions which have refused to register under the Government's new labour dispensation and if, as expected, an agreement is signed, Chloride will become the first company to formally recognise one of them.

A number of companies have already recognised unregistered unions, but they have all been in the process of seeking registration.

SAAWU has incurred strong opposition from employers and the authorities in the East London area, and Chloride's decision could prompt a thaw in employer attitudes.

Chloride, which manufactures batteries, is owned by the multinational Chloride (UK) company. It employs about 500 black workers at its East London plant — and the SAAWU claims the support of almost the entire black workforce.

If SAAWU wins the referendum, the two parties will sign a formal recognition agreement within the next four days.

This will be followed by elections in each department for four shop stewards, and a general election in the factory for members of a SAAWU committee.

The results of the referendum should be known by tomorrow morning. Both sides have agreed not to release further details until then.

In a joint statement yesterday, the parties said:

"SAAWU's principle of security for the individual worker on the factory floor through a democratic system with decisions taken by workers themselves is compatible with Chloride's basic policy of dealing with whatever leadership group holds credibility among the workers."

It added that "since there is a high degree of consensus on fundamental principles, the parties are at the point of the negotiation leading to a [illegible] agreement to which [illegible]."

The decision to hold the referendum comes after a series of talks between the two parties since May, when the SAAWU approached the company for recognition, the statement said.

The talks had taken place "in a spirit of co-operation", though many points had to be clarified "in terms of the company's procedures and policy."

Another reason for the lengthy talks was that "a workable structure acceptable to both workers and management had to be agreed".

Both parties said the talks had been "worthwhile in view of the relationship which has been established over the period", the statement added.

POST 28/10/80

183 ~~260~~ ~~284~~ ~~228~~

Cop stoned to death at Sasol

A POLICE constable was stoned and battered to death by a mob of more than 20 Sasol workers when he and a colleague tried to arrest suspects on dagga charges.

Brigadier J Smith, divisional CID officer for the Eastern Transvaal said yesterday the two policemen had gone to the Sasol compound at Secunda on Friday night to investigate possible theft charges against some of the residents.

The policemen, Detective Constables M J Mavimbela and S M Chidi left the police station at 6 pm on Friday and drove to the compound.

When they arrived, they tried to arrest several suspects on charges of possession of dagga.

A violent mob of more than 200 people gathered and began threatening the two policemen.

When the policemen refused to leave the compound, the mob began throwing stones at them.

Constable Chidi managed to escape and flee in the police vehicle but his colleague was caught by the mob. They battered him with batons, kieries and pick handles and left him dead on the grounds of the compound.

The police managed to fire several shots at the mob as they attacked them.

Brigadier Smith said three men have been arrested in connection with the death of Constable Mavimbela. Two of them are in the Bethal Hospital with gunshot wounds. The third is being held at the Bethal police station. The three men are expected to appear in court later this week Further arrests are expected.

ON STREAM

(183) FM 24/10/80

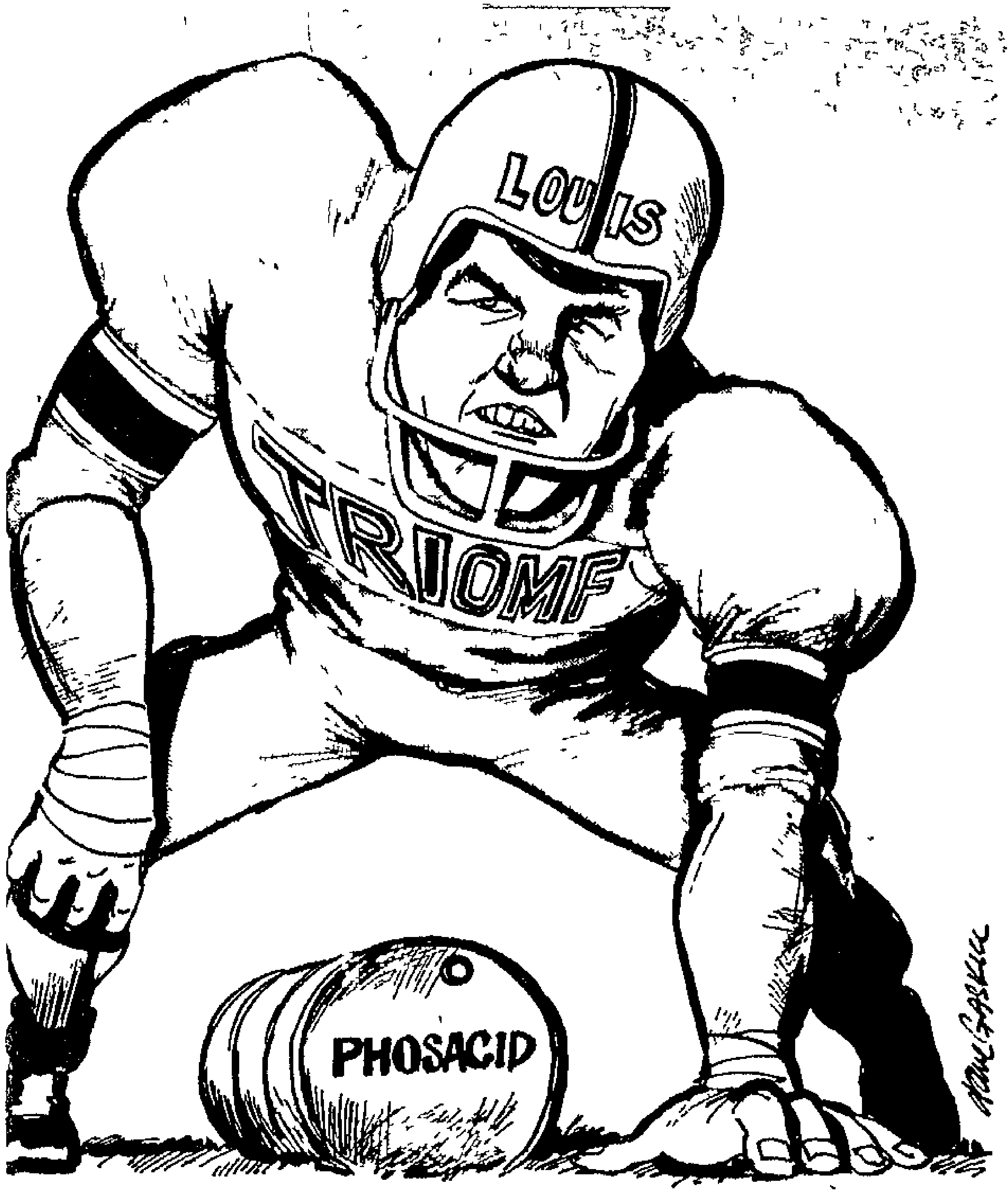
Production of ethylene, the most important feedstock for the petrochemical industry, started this week at Sasol 2, and output will build up progressively towards the 185 000t/a design capacity by early 1982

More good news for the chemical industry was disclosed this week by Andre Bedeker, a director of Sasol Marketing· ethylene prices were cut by 13% during the third quarter of the year in response to falling naphtha prices

Ethylene from Sasol 1 is produced from petroleum naphtha and thus moves in line with the price SA is paying for oil The price of coal-derived ethylene from Sasol 2, however, is calculated on a formula based on international ethylene prices, and is thus less directly linked to oil price movements

The Sasol 2 ethylene is currently a little cheaper than that from Sasol 1, and will thus "have a favourable effect" on the price to the two consumers, AECI and Sentrachem, Bedeker told a chemical industry symposium this week

In the US, almost half of all petrochemicals produced comes from ethylene Here, when Sasol 2 is in full operation, more than half of the country's ethylene requirements will come from coal — and ethylene will be produced at Sasol 3 as well



Luyt lands huge US deal with $106 000-m giant

Sun Times 26/10/80

183

JOINT EXPORTS WILL BE WORTH $1 000-MILLION A YEAR

BY JOHN SPIRA

IN a major international deal, Triomf Fertiliser and the $106 000-million-a-year US Occidental Petroleum group have concluded an in-principle agreement to jointly market fertiliser and fertiliser products on a worldwide basis

The deal will give the two companies joint control of 60% of total global exports of phosphoric acid, currently worth about $1 000-million a year

An important feature of the agreement is that Triomf's Richards Bay phosacid plant is to be upgraded to produce a 70% phosacid concentrate against the current 54%

A key feature here is that Occidental will probably buy a 50% share in Triomf's Richards Bay plant

This could mean a cash injection of almost R100-million for Triomf

The US ban on exports of fertiliser to Russia injects a fascinating geopolitical dimension into the venture

Sources close to the industry believe that the Richards Bay plant upgrading exercise will cost an estimated R60-million, of which AECI (which has 49% of the Richards Bay action) will provide R7,5-million, Louis Luyt (Triomf's chairman) R7,5-million and Occidental R30-million

The remaining R15-million will be provided by South African financial institutions

Mr Luyt who has been working on the deal in the US for the past couple of weeks, refuses to elaborate on the Occidental tie-up He tells Business Times that the issue is delicately poised and that speculation concerning the proposals "is premature at this stage"

He adds that shareholders will be informed once the agreement has been completed — "probably within the next four weeks"

Should the joint venture be successfully concluded, the advantages to Triomf are manyfold

Apart from the massive cash injection it would receive from the sale of half of the Richards Bay factory (replacement value is thought to be in the region of R250-million), Triomf will

- Have access to Occidental's three, giant 40 000-ton phosacid transport vessels And Richards Bay is one of the world's few harbours able to berth ships of this size
- Obtain indirect access to markets (and especially those of the communist countries) from which it has in the past been excluded
- Be in a position to tap Occidental's vast deposits of phosphate rock in Florida — the world's cheapest source of this material
- Enjoy the benefits of having a regular supply of sulphur via Occidental's control over several large supply areas
- Derive all the benefits inherent in the large-scale buying, marketing and manufacturing of any product

Occidental's principal moti-

● To Page 3

Black traders boycott major firm

7

NM ~~8~~ 17|10|80 [redacted] (183)

African Affairs Reporter

BLACK businessmen in Natal and Zululand have started a boycott of all the products manufactured by Colgate Palmolive Ltd

Salesmen representing the company and supplying black stores throughout Natal and KwaZulu have already met with resistance from shopkeepers

The boycott was launched at the conference of the Inyanda Chamber of Commerce in Pietermaritzburg last week The chamber has a large following in Natal and Zululand

Mr M de Jager, field sales manager for Colgate Palmolive, speaking to the Mercury from the head office of the company in Johannesburg, said he had been informed that his company s products were being boycotted by black traders

He said a special meeting had been arranged with Mr P G Gumede president of Inyanda Chamber of Commerce, and it was scheduled to take place in Newcastle next week Mr de Jager said he could not comment further at this stage

Traders who have been called on to support the boycott told the Mercury yesterday that it was sparked by the refusal of the company to co-operate with Inyanda

Mr Gumede explained last night that while other companies had supported the Inyanda News mouthpiece of the chamber, Colgate Palmolive had not done so In addition, other companies were associate members of Inyanda but Colgate Palmolive had not become one The boycott would continue until January The Inyanda decided at the meeting to approach the Natal African Teachers' Union, the Interdenominational African Ministers Association, Council of African Women and other organisations to join in the boycott

SA leads in vast 'miracle food' plan

STAR 17/10/80

~~30~~ 183

By James Clarke

A massive plant that will turn industrial waste into food is to be built at the AECI complex at Modderfontein.

Officials of AECI have been researching the project — which is like science fiction come true — in secret for almost three years.

If the demonstration plant is successful the proposed scheme will involve covering an area larger than Johannesburg city centre and Braamfontein with a system of zigzagging canals in which to grow algae.

Microscopic algae (dried) have been called 'miracle food" and can be eaten by people. It is ideal for feeding to meat-producing animals

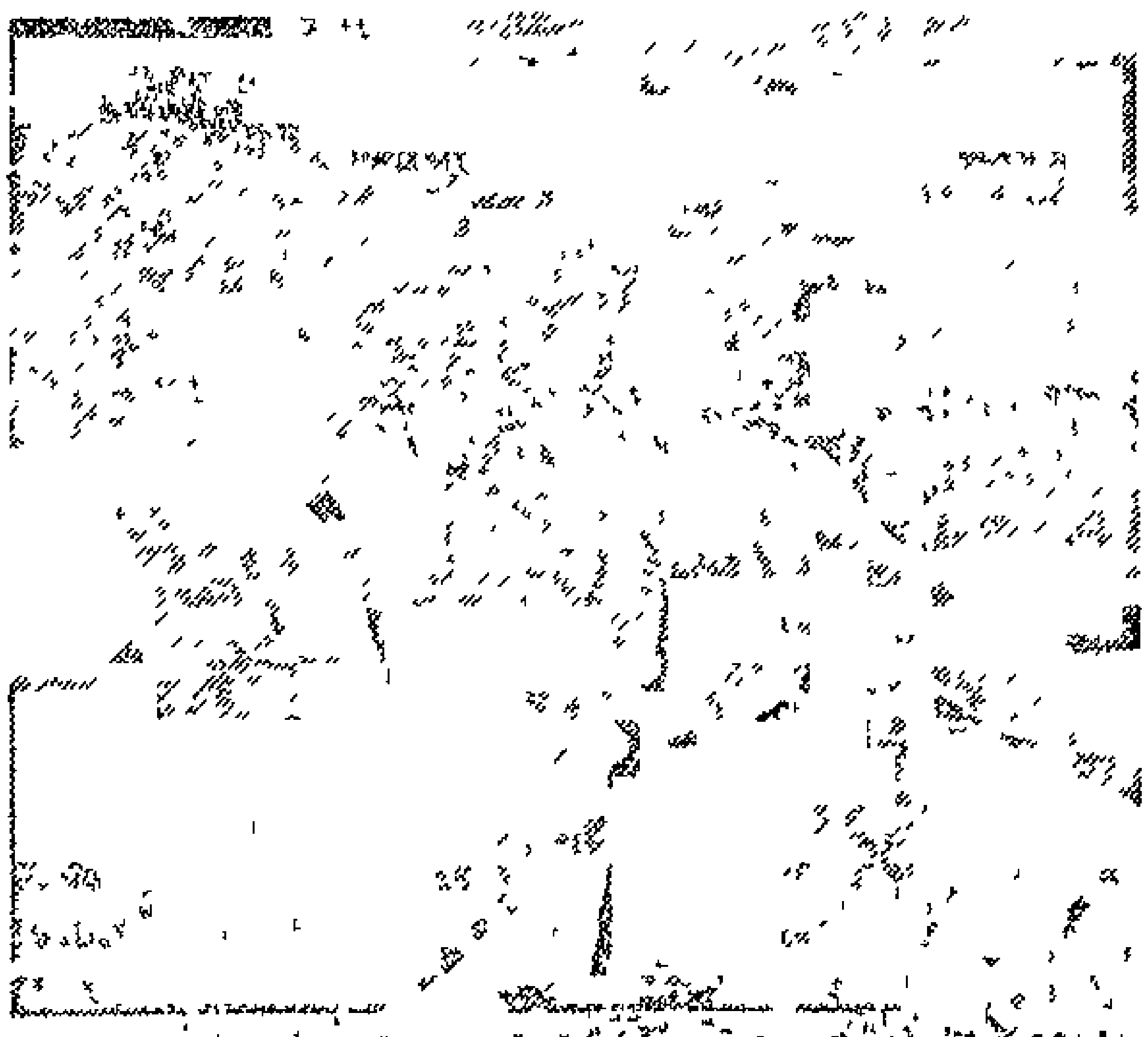
The dried product looks a bit like blue green sage and tastes something like spinach Although it is extremely rich millions of Japanese eat it regularly in pill form as a health food

In the United States the algae fetches R4 500 a ton as a health food

The commodity could play a significant role in substituting for fish protein concentrate for animal feed, now in dwindling supply

The plant at Modderfontein which could cost many millions of rands, should produce about 40 tons a day

The scheme is unique in that it will be the first one to use only industrial effluent Its primary purpose is to remove nitrogen from AECI's waste water But the high protein and vitamin food it will produce will help pay for the cost of treatment



Mr Dick Lever (left) environmental scientist at Modderfontein shows the [illegible] system at AECI's huge food-from-waste plant. On the right is Mrs Jopie Bosman who [illegible] research. They are talking to James Clarke.

Secret

I was shown the secret pilot plant with its bright green canals spread over two hectares

Mr Dick Lever, AECI's environmental and services manager, explained that the industrial complex inside Modderfontein's grounds had two forms of nitrogen effluent

The stronger waste is sprayed over the veld surrounding the complex to fertilise pastures For 17 years this effluent has been producing eight tons of grass per ha to raise Modderfontein's prize-winning stud cattle

The weaker nitrogen waste (containing about 100 parts per million of nitrogen) was the problem It is discharged into a local stream but now the Department of Water Affairs has asked all factories to reduce the amount of nitrogen This

To Page 3, Col 10

Plant will turn waste into food

~~20~~ 183 ~~26~~

[illegible]

triggered their research project

Mrs Jopie Bosman, Wits-trained biologist who heads the research team, told me the principle is that the nitrogenous waste is fed into a continuous "race track" canal into which algae of the genus Ankistrodesmus are introduced A pump keeps the water turbulent to allow the algae to be exposed to sunlight

'The main energy supply is the sun itself It stimulates the algae Our climate is ideal."

Apart from nitrogen being a natural food for green plants they also need carbon dioxide Modderfontein produces the gas in huge quantities and is able to bubble it into the canals This also keeps the pH level constant — an essential for optimum growth

EXTRACTED

At the end of the canal the algae are extracted and then dried The extraction plant for the demonstration plant is big enough to fill a large hall The eventual plant for the fullscale scheme will be a huge complex costing millions

The project manager is Mr Fadl Hendricks, a chemical engineer turned biotechnologist He told me AECI had been aware of the possibility of using algae for years

"But it was only when an Israeli scientist spoke on the subject at an international conference in Johannesburg some three years ago that we realised it could be done The Israelis use sewage water

"We thought we would try it with industrial effluent only The feasibility tests have proved successful"

Next month Mrs Bosman and Mr Hendricks will present a paper on their project at a CSIR symposium on aquaculture in Pretoria

CAR PAINT FM 10/10/80

Sales boom

(183)

The R33m a year automotive paint industry is experiencing a record year Up 20% in volume against the same period last year this can be directly attributed to the car sales boom

"This growth is substantially ahead of the total paint market which is only up 12% on last year says Klaus Dienst MD of AECI Paints which has 85% of the car paint market

Paint supplied directly to car plants totals R17m for motor components R4m and for the repair market, R12 R13m

Coinciding with this boom in sales are several innovations in paint application Says Dienst 'In Japan Western Europe and North America — the three major research development areas for the motor industry — paint technology is developing at a rapid rate Because both the local motor and paint industries have an international nature it only takes 18 months for these innovations to reach the local market

Corrosion resistance has been improved by electro coating the underside parts and vehicles hidden recesses, giving cars a better paint film and extending the useful life of the car Some car manufacturers now offer a four year corrosion free guarantee which is way ahead of what they offered in the past, ' says Dienst

Another major visual improvement which has proved popular on the local market, is the recent introduction of the two-coat metallic finish In the past the metallic finish tended to go dull over time, but a two-coat metallic finish — which involves laying down a metallic base coat and covering it with a clear coat — prevents fade

Further, to combat large paint price hikes, the industry is presently trying to reduce its reliance on the petro-chemical industry and Dienst predicts that in the next three to five years, water-based paints will comprise 80% of the total market possibly due to previous buying to beat price increases, but it now seems to be on the up again," says Dickman "They are also beginning to look at the local scene"

CAR PAINT FM 10/10/80

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183

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FURNITURE FM 10/10/80

Armchair traders

135

SA's furniture industry is experiencing a boom in retail sales that has caught many of the major suppliers unprepared according to the trade

Gross sales are expected to increase by about 30 over last year with a possible acceleration to 40 by year's end Demand is especially heavy in the urban areas But suppliers, faced with a shortage of skilled labour have been hard pressed to keep up with the increased load Winston Smith administrative officer of the Transvaal Furniture Manufacturers Association (TFMA) says that all the larger manufacturers are fully booked up to the end of this year at least with some not accepting new orders until mid 1981 Plant utilisation is already about 95%, virtually full capacity in the furniture trade

As a result the lag time between order and delivery has stretched Sieg Redelinghuys director of the Furniture Traders Association (FTA) estimates that the industry average has increased from four weeks to about 14 weeks with a lag period of 19 weeks not uncommon

Nevertheless there are several factors at work that should ease the supply crunch The July 1979 agreement with the Industrial Council to allow shift work has permitted the use of overtime and weekend labour while new programmes to train workers faster are being implemented by many of the approximately 1 000 South African furniture and appliance manufacturers TFMA's Smith says that he is hopeful that more employers will develop their own schemes to get qualified workers to the machines as soon as possible

In addition manufacturers tend to streamline their product range in periods of upturn to concentrate on the more successful items thus lengthening production runs This specialisation results in higher productivity and a reduction in the lag time

Some firms are trying more novel approaches The 36-outlet Morkels chain of Cape Town allows individual store managers more leeway in determining the projected demand for their areas while the firm has also hired American consultants to revamp the stores' internal display areas Morkels's financial executive Terry Simon expects the plans to help the firm attain a 30% to 40% growth rate by the end of the fiscal year in March 1981 with better than average delivery schedules

We pride ourselves in knowing that we are more efficient than others But in the future people will just have to get used to

SENTRACHEM ⑱③ FM 10|10|80

Growth targets

Activities: *Diversified chemical group, producing fertilisers, animal feeds plastics, and industrial chemicals, as well as products for the rubber, food and mining industries Has a 40% interest in the Coalplex PVC plant on an asset-sharing basis with AECI*

Chairman· *J H Smit, managing director D J Marlow*

Capital structure: *89,5m ordinaries of R1, 20m 11,5% red prefs of R1 Market capitalisation R761m*

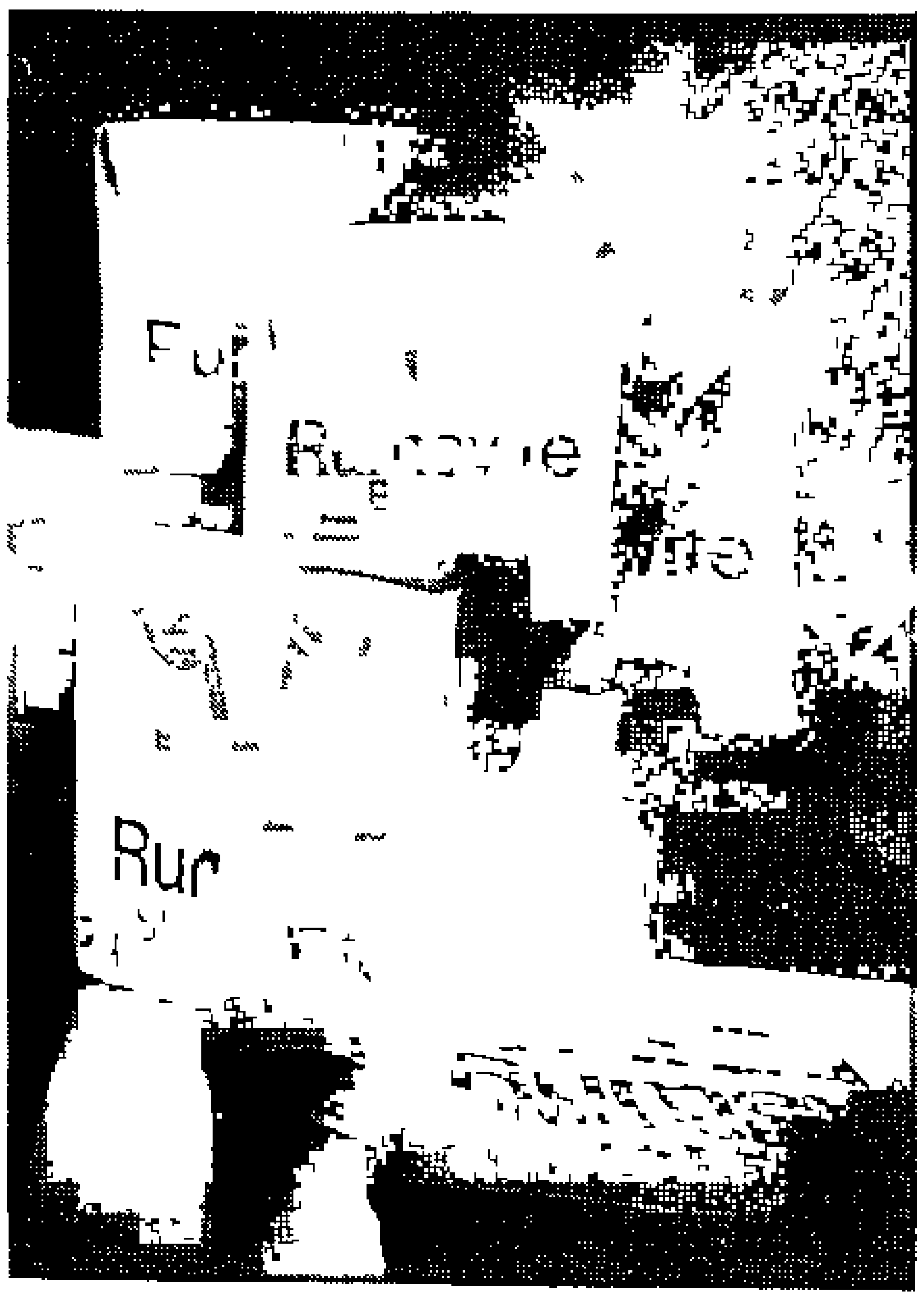
Financial. *Year to June 30 1980 Borrowings long- and medium-term R58,9m, net short-term R45,8m Debt equity ratio 37,2% Current ratio 1,7 Net cash flow R51,8m Capital commitments R534m*

Share market· *Price 850c (1979-80 high, 925c, low, 385c, trading volume last quarter, 509 000 shares) Yields 7,7% on earnings, 3,9% on dividend, Cover 2,0 PE ratio 13*

	'77	'78	'79	'80
Return on cap %	19 2	16 4	16 4	16,6
Turnover (Rm)	155	186	237	430
Pre-tax profit (Rm)	30,1	34 1	38,4	77 2
Gross margin %	24 2	22 0	20,6	20 3
Earnings (c)	33 0	36 4	41 2	65 5*
Dividends (c)	18	20	23	33
Net asset value (c)	173	196	259	355

* On weighted number of shares in issue

In forecasting dividend growth this year "at a level above the inflation rate," chairman Hendrik Smit seems to be setting the group an easy target But if this is taken to mean an increase of, say 20% — in line with the compound growth rate over the five-year period to end-June 1980 — it is also likely to prove very conservative



Feeding profits as well as animals

At the best of times, it is almost impossible for an outsider to make any realistic assessment of prospects for a group such as Sentrachem, where activities are being expanded rapidly in an equally rapidly expanding industry This was clearly illustrated last year when, not much more than a month after the release of the annual report, it was announced that Sentrachem and Fedmis were to merge

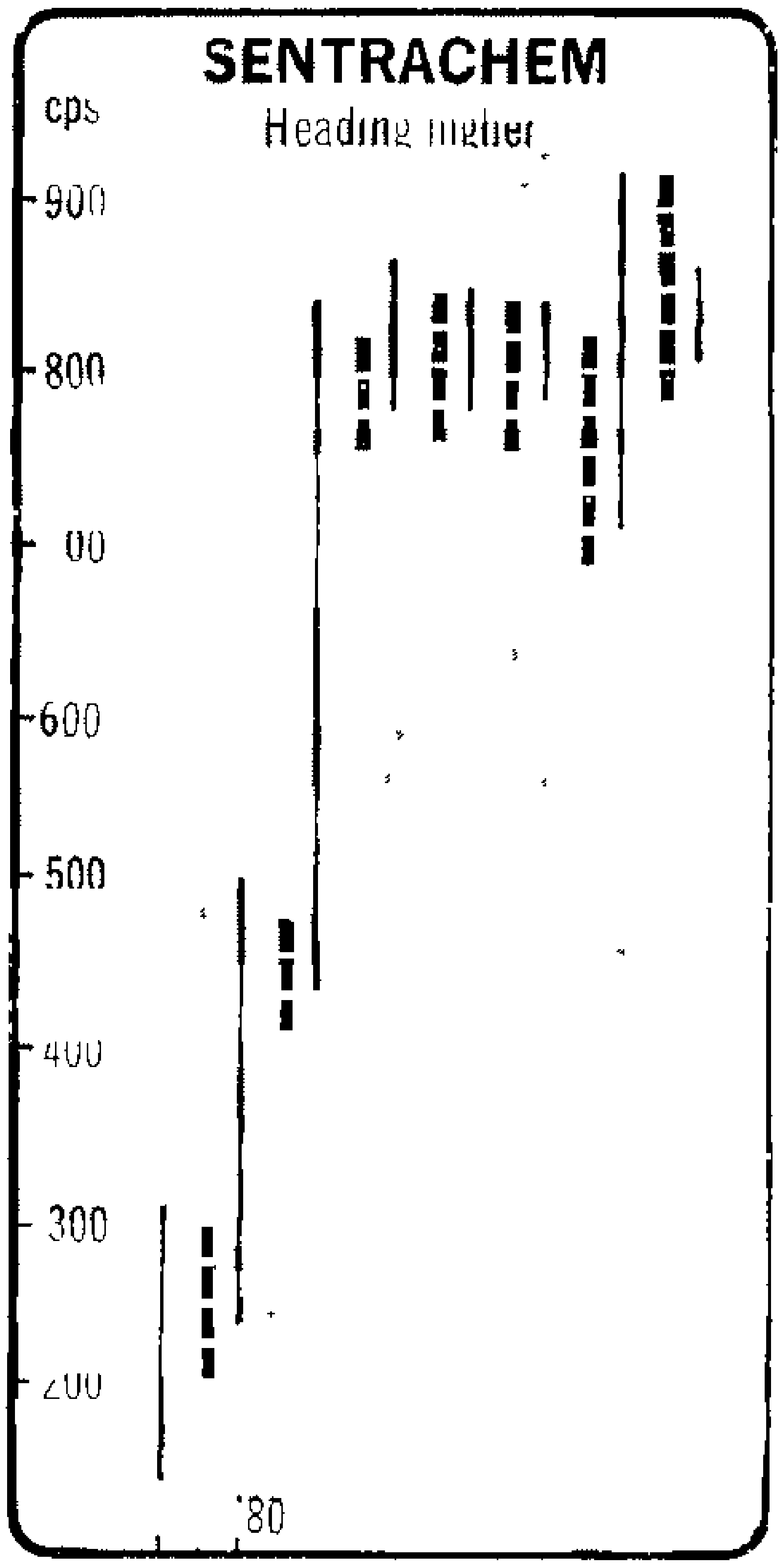
But this step may, in fact, provide a fairly accurate indication of what management privately expects the enlarged group to achieve over the next few years, through consideration of the position of Fedmis shareholders

A feature of the deal was that, on the exchange of two Fedmis shares for one Sentrachem, Fedmis holders were faced with a considerable dividend shortfall And to have persuaded major holders such as Federale Chemiese Beleggings, BP, the IDC and Old Mutual that the deal would nevertheless be to their advantage, Sentrachem must have been confident that this would be made good within a reasonable period

But on the basis of a 20% compound growth rate for Sentrachem, and assuming even 15% for Fedmis, the dividend break-even point would not have occurred until 1986 This would hardly have been acceptable, despite the short-term gain to Fedmis holders whose income for the 12 months to June 1980 consisted of the final dividends from both groups as both pay the bulk of their dividends as finals, this meant that income was some 9c more than would have been the case from Fedmis over the same period

However, on the above growth rates, this benefit would have been absorbed within one year and, by 1986, when Sentrachem dividends finally equalled the projected payment attributable to two Fedmis shares, the cumulative shortfall would have been in the region of 30c So on this basis one would have to add another four or five years before these shareholders could hope to show any real gain That hardly constitutes a "reasonable period"

On the other hand, if one increases Sentrachem's prospective growth rate to 33% annually, a more likely picture emerges the break-even point is reduced from 1986 to 1982, and at no time would Fedmis holders be out of pocket Their worst position would be in 1981, when some 6c of their original 9c dividend advantage would have been absorbed But from then on they would gain progressively So it would seem that this is the minimum at which Sentrachem can be aiming



Is such a target attainable? In the short-term, at least, on present indications it may even prove conservative Analysis of last year's results is obviously complicated by consolidation of Fedmis from mid-year But management believes that the 62% earnings improvement, calculated on the weighted number of shares in issue, is a reasonable assessment of real growth So as there was nothing extraordinary about these results, I would guess that 40% for the current year must be on the cards — definitely a good start to the Eighties

The latest accounts underline one of the main benefits of the takeover — a considerable strengthening of the group's financial position Fedmis was more conservatively financed than Sentrachem, and this is now reflected in the enlarged balance sheet The debt equity ratio has dropped from 71% to 44% (before taking into

Firm closes, workers seek unpaid benefits

183

DD 7/10/80

EAST LONDON — A wire industries company which has gone into liquidation here has left 43 people unemployed

Effyco Plastic Coatings in Braelynn paid off all employees last Friday

Yesterday the factory's 38 black workers were back at the premises to find out about their leave and other pay

Police went to the premises and a worker said members of the security police and management explained to them they would get their other pay when the question of liquidation had been finalised.

A spokesman for the company confirmed the meeting with the workers had been held.

The head of security police here, Colonel A P van der Merwe, said he was not in a position to confirm or deny the security police had been involved in the discussions. — DDR

Fertiliser firms reject profit allegation

STAR
18/11/80

183

~~249~~

By Jean Moon

Fertiliser manufacturers claim that allegations that they are profiteering and adding to the spiralling cost of food are unfounded

Commenting on reports that a Government committee of inquiry into fertiliser manufacture had handed its interim report to the Ministers of Agriculture, Finance and Industries Commerce and Tourism, a spokesmen for the industry outlined its case

The committee made recommendations that included steps to alter the basis on which costs and controlled prices of fertilisers were to be determined

PRICES

Mr H C Luitingh, director of the Fertiliser Society, explained that the industry is Government-controlled as far as pricing is concerned Every year the Department of Industries investigates the books of fertiliser manufacturers to set prices of the various products for the coming year This year's prices were approved by the Price Controller and gazetted in December last year

A further investigation is currently in progress which will establish margins for the coming year.

This year's set prices allows manufacturers a 15 percent margin on capital employed "But that margin is seldom realised," explained Mr Luitingh He estimates that the margin actually received was between 9 and 10 percent before tax and interest

COSTS

He said prices set by the Government were the maximum which could be charged, and individual companies could charge less if they so wished

The industry, along with nearly every other industry has this year been particularly badly hit by spiralling costs of raw materials, coal and electricity charges as well as railage

Though Mr Luitingh would not be drawn on the question of higher fertiliser prices next year he commented "Tell me for one product which has not gone up in price"

Fertiliser prices vary tremendously depending on their concentration and what crop is to be produced, as well as the soil on which they will be used Currently the price of sulpher phosphate stands at R112 a ton, amonium sulphate R129 a ton through to the high concentrates with 232 at R224,70 a ton and MAP at R298,70 a ton

CONTROLS

While in principle, the Consumer Council does not agree on price controls, preferring a free market, on the question of fertiliser it has urged the Government to keep the present controls in operation

Director of the council, Mr J Cronje, said that it had been approached by the Government with regard to price control In the case of fertiliser, Mr Cronje explained that the industry was in a near monopolistic state as there was no real competition

He feared that should price control be lifted from fertiliser "We might see a substantial price rise which, in turn, would have a detrimental effect on food prices."

Fedmis, who this year became a subsidiary of Sentrachem at a cost of R150m, together with Triomf, control about 90 percent of the fertiliser market Earlier this year, Fedmis announced a R17m expansion of capacity The new phosphoric acid plant at Phalaborwa will increase production by 100 000 tons a year and add about R25m to earnings in foreign exports to beyond R75m a year

DD 20/11/80

Strike trial postponed

~~152~~ 133

EAST LONDON — Four Mdantsane men appeared briefly in the magistrate's court here yesterday charged with inciting workers to strike or to proceed with a strike

Mr Ndiphiwe Makatala, 31, of Zone Eight Mr Lancelot Booi, 30, of Zone Four, Mr Vuyisile Pato, 25, of Zone Three, and Mr David Tandani, 27, of Zone Eight, were not asked to plead and no evidence was led when they appeared before Mr N R Oosthuysen

Their appearance is a sequel to a strike at a battery factory on the West Bank during August

The matter was referred to the Regional Court for trial on February 2, 1981 and their R100 bail each was extended — DDR

Sun. Times. Bus. (183) 23/11/80

Swiss photo-copying a 'world first'

Sun. Times Bus. (183) 23/11/80

By Vera Beljakova

CIBA-Geigy, the Swiss giant corporation, is introducing into South Africa its "world's most true to colour" photo-copying machine, which is a product of its photographic subsidiary — Ilford.

Copy centres and other companies are seen as potential clients for the R44 000-machine, whose colour reproductions cost R1,20 for an A4 copy, and is therefore cheaper than conventional colour printing for a run of under 100 copies.

Ciba-Geigy, better-known for its dyestuffs, pharmaceutical products, agro-chemicals, plastics and additives, is now rapidly expanding in the photographic field through its Ilford arm.

The company intends to corner the currently neglected market of instant colour prints, especially essential for companies dealing with archives maps, colour graphs, pictorial publishing, visual education and general publicity.

A company can justify buying such a machine if it requires about 30 colour photocopies a day, says Ciba-Geigy.

PLASCON-EVANS (183)

Unchanged margins

FM 5|12|80

Activities: *Manufactures, distributes and retails a wide range of paints and specialised coatings Has subsidiaries which manufacture inks 80% held by Barlow Rand*

Chairman: *S Rudner, managing director J O Dixon*

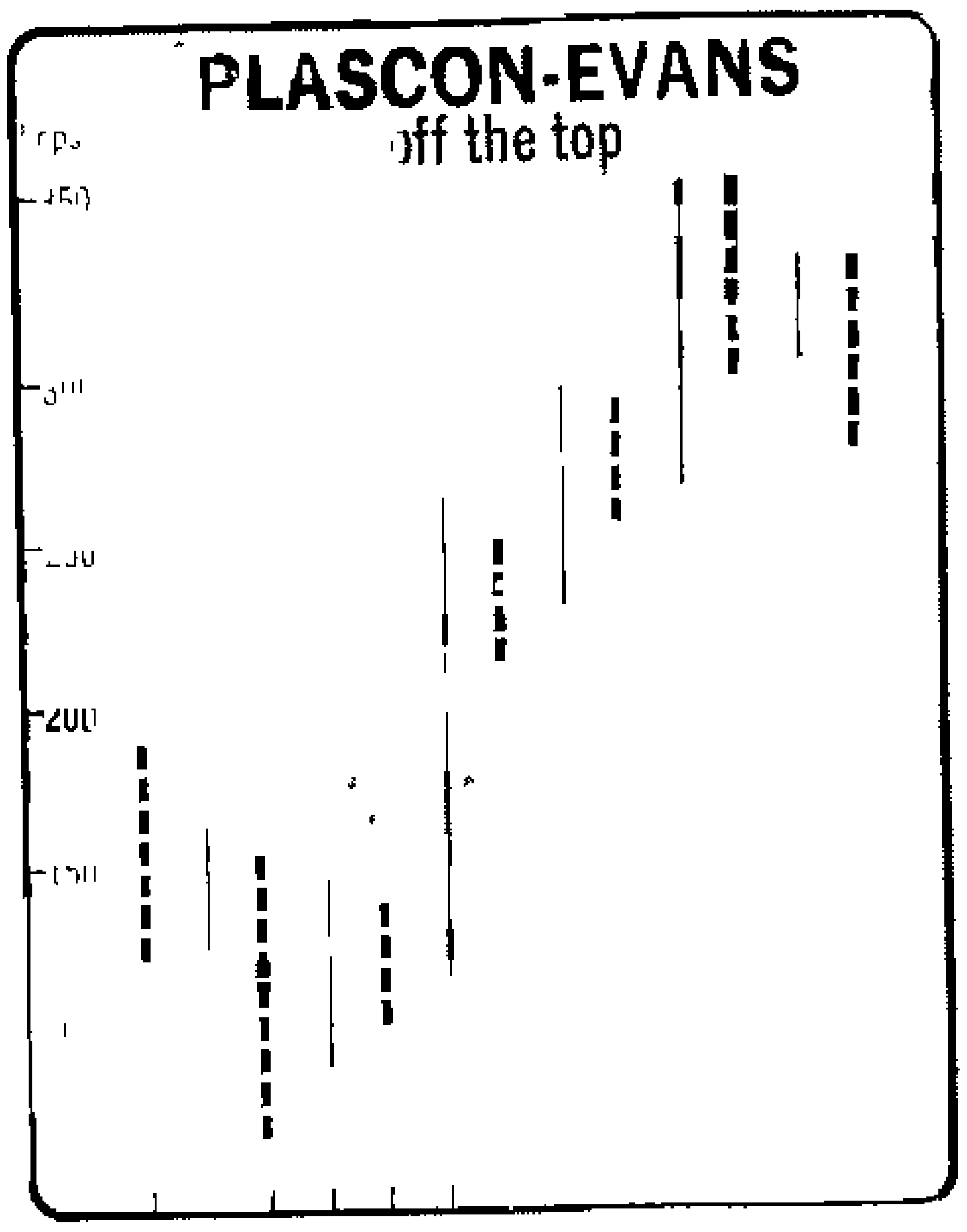
Capital structure: *27,3m ordinaries of 10c, 200 000 5,5% cum prefs of R2, 100 000 6% 2nd cum prefs of R2 Market capitalisation R76,4m*

Financial: *Year to September 30 1980 Borrowings long- and medium-term, R231 000, net short-term, R7,9m Debt.equity ratio 22,1% current ratio· 1,7 Net cash flow R9,1m*

Share market: *Price 280c (1979-80 high, 360c, low, 165c, trading volume last quarter, 126 000 shares) Yields 16,8% on earnings, 7,1% on dividend Cover 2,3 PE ratio 6,0*

At the share's current 280c, well down from its September peak and only 30c higher than at the end of last year, Plevans offers an attractive historic dividend yield of over 7%

	'77	'78	'79	'80
Return on cap %	31	31	39	39
Turnover (Rm)	85,3	100,5	132,7	175,6
Taxed profit (Rm)	6 0	6,2	9 1	12,9
Gross margin %	9 0	11 7	13,1	13,1
Earnings (c)	19,4	23,6	33,4	46,9
Dividends (c)	11	12	15	20
Net asset value (c)	112	125	147	174



Demand for building sector products remains strong, and chairman Sol Rudner is confident that the group's 50% market share can at least be maintained over the current year Though margins remain fairly tight, with the gross margin unchanged at 13,1%, there is no cause for concern, he says

With a debt equity ratio at 22,1%, compared with the previous year's 7,8%, Plevans is still considerably undergeared However, Rudner says he is quite satisfied with this state of affairs under current market conditions

Indeed, the single long-term liability in the balance sheet, a R230 000 mortgage bond, arose as a by-product of another deal The massive overdraft increase from R1,6m to R9,2m came about as a result of sharply higher demands for working capital because of cash acquisitions and higher turnover Consequently, the hike in gearing last year need not necessarily be seen as a permanent trend

The group has steadily extended and streamlined production facilities An emulsion factory was opened in Durban half way through the year and a new factory for ink manufacturing subsidiary Inmont came on line during the second half A resin plant is soon to open in Bulawayo, but Rudner says capex this year is projected at only "a few hundred thousand rand" The financial effect of these moves, he adds, will be very small and is more a case of rationalisation than expansion

Problems relating to oil-based raw materials continue, and Rudner says increasing amounts are being spent on R & D to accelerate the use of water-based chemicals The group has already established a number of know-how agreements with overseas contacts to speed up the process

The board has decided to de-consolidate the results of the Zimbabwe subsidiary, thus limiting income from that source to dividends received However, though Rudner admits this will have an adverse effect on earnings this year, he hopes that the group should be able to recoup lost ground on the local market Inmont, now coming into profit according to Rudner, should help considerably

Foreign operations contributed just over 7% (8,3%) of turnover and 12,4% (18,6%) of taxed profit last year, so the loss of Zimbabwean earnings may mean a drop in the overall operating margin

With a net cash flow of over R9m last year, the group is well placed for any expansion which it may decide to undertake, but there is little likelihood of a change in the moderate long-term dividend cover policy As a result, a payout increase higher than last year's is unlikely This year a total dividend of about 25c is possible This puts the share on a reasonably attractive 8,9% prospective yield

Scott Hawker

Unions ‘driven off shop floor’

(83)

By Drew Forrest

The Federation of South African Trade Unions, which represents about 25 000 workers nationwide, has accused a growing number of companies of attempting to force black unions into the "bureaucratic mould" of their white counterparts

In a statement released yesterday Fosatu attacked these companies, in the paper, biscuit-making and chemical industries, for seeking to drive trade-unions off the shop-floor and into industrial councils where all negotiation would take place

Fosatu unions have opted for registration, which would give them access to industrial councils But they are adamant that the latter should not replace bargaining structures at plant level

There was a further worrying trend towards the revival of the "discredited" official committee system as a substitute for elected committees of shop-stewards, the statement said

Fosatu would fight these trends, as they were "in the interests of employers and a minority of skilled white employees, while ignoring the needs of the mass of black workers"

Of particular concern to Fosatu is the Sappi paper plant in Springs, to which the Fosatu-affiliated Paper Wood and Allied Workers' Union had effectively been denied access

Sappi public relations officer Mr B Cradock could not be traced for comment yesterday refused suitable employment offered to him or who cannot keep a job may be declared idle. (Persons registered as workseekers and who have not been offered lawful work are exempt from this, however). Insiders, then, are better able to search for the most remunerative jobs within their reach.

What are the income differentials associated with this division? There is no evidence to suggest that there is wage discrimination between insiders and legally present outsiders. Where minimum wages are in force all unskilled and semiskilled workers (the bulk of both the outsider and insider work force) receive similar wages not far above the minimum. (Although, in the nature of the case, evidence is hard to come by, there is probably considerable wage discrimination between legally present and illegal

outsiders - empl ing the Black Labour Act
risk penalties a pensate them for that risk
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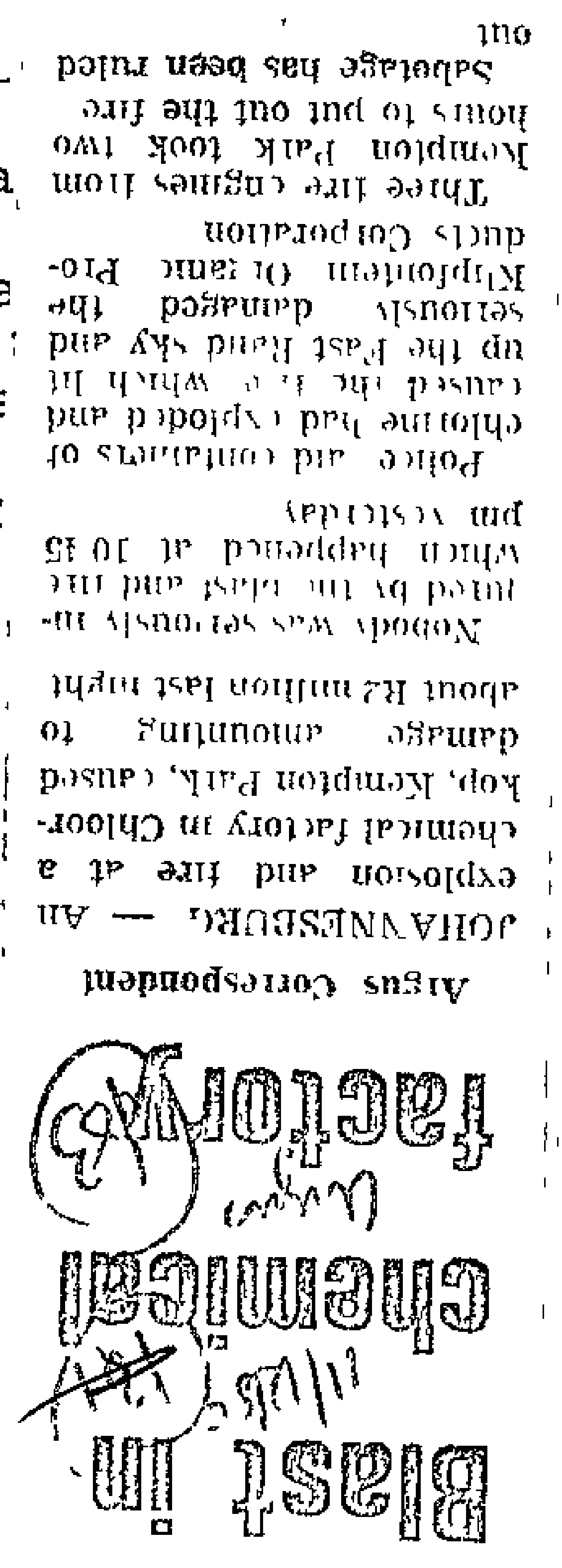

Blast in chemical factory

Argus Correspondent

JOHANNESBURG — An explosion and fire at a chemical factory in Chloorkop, Kempton Park, caused damage amounting to about R2 million last night.

Nobody was seriously injured by the blast and fire which happened at 10.45 pm yesterday.

Police said containers of chlorine had exploded and caused the fire which lit up the East Rand sky and seriously damaged the Klipfontein Organic Products Corporation.

Three fire engines from Kempton Park took two hours to put out the fire.

Sabotage has been ruled out.

OIL 183 FM 12/12/80

Re-refining set for take-off

SA 's oil re-refining industry is expected to almost double its output as a result of new legislation which forbids dumping used oil or burning it as fuel, and the formation of Oilkol, a company which aims to rationalise the collection of used oil

These steps are clearly part of a co-ordinated plan between government and the private sector to maximise the recovery of lubricating oil, all of which must be based on imported crude oil as it cannot be produced by Sasol

The re-refining industry currently produces 45mℓ of oil worth R40m in a total lube oil market of 325mℓ a year It has the capacity to produce more than double this amount but is prevented from doing so by the high cost of collecting used oil

Until now the six major oil re-refiners, which handle about 90% of the business, have run their own fleets of collection trucks and tankers which have collected oil at an average of 18ℓ for each km travelled Oilkol GM Johan van der Merwe says that by cutting out the overlapping collection routes of the different companies, Oilkol hopes to collect 40ℓ of used oil per km travelled

These economies will allow it to collect more oil from marginal sources further afield Oilkol's targeted collections will enable the re-refining industry to nearly double its output to 85mℓ a year At this level some 26% of the total lube oil sold in SA will be re-refined As 30% of all oil sold is lost in use and is not recoverable, the industry will then be recovering 37% of all re-refinable oil

This compares well with West Germany which has one of the world's most advanced re-refining industries with a recovery rate of 40% Collection costs in Germany are lower because the volumes are larger and the distances separating the collection points smaller than in SA

Controlling shares in Oilkol are owned by Chemico, the Trek Beleggings subsidiary Chemico currently produces 50% of the country's re-refined oil and its GM Nick Kruger is Oilkol's chairman The other five re-refiners with shares in Oilkol are Transvaal Oil Refinery, Condor Oil, Durol, Lubex and Exol

Says Kruger "We do not expect it to make profits but look for maximum recovery of used oil at lowest possible costs

"Oilkol is unique in the world because it is controlled by the re-refining industry In Germany independent oil collecting companies are pushing up prices of re-refined oil to the levels of virgin oil as they stockpile it and sell to the highest bidders which often burn it as fuel "

This would be impossible in SA as the Act forbids burning used oil and storing it in significant quantities

Re-refined oil complies with SABS specifications and is indistinguishable from virgin oil Most of it is sold in bulk at about 20% less than virgin oil to large organisations such as the state, municipalities, transport companies and mines They are also the biggest suppliers of used oil which they sell for about R12 per 210ℓ drum In many cases the vehicles collecting used oil from these organisations also offload re-refined oil The price of the re-refined oil is offset against the price of the used oil collected

Only about 50% of re-refined oil is used in motor engines, the rest goes into turbines, pumps, compressors, transformers and hydraulic equipment

Oilkol is due to start operating in earnest early next year It has a fleet of 32 trucks for carrying oil drums and three tankers It will also use rail transport One of its first objectives is to launch a campaign to induce farmers to sell their used oil to their nearest co-operatives Another objective is to add country service stations to its pickup routes which already cover most urban service stations

Do-it-yourself servicers and backyard mechanics are the source of used oil most difficult to tap For many of them succumb to the temptation to (illegally) pour it down the sewer rather than schlep it to the collection point to sell for the going price of 3c a litre

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KEY TO COSTING TUTORIALS

Code	Details	No. of Tuts
CA	Cash budgets	4
CB	Capital budgeting	8
CC	Contract costing	2
CL	Linear programming	5
CM	Marginal costing	7
CP	Probability	4
CS	Standard costing	8
CX	Mi	

PLASTICS 183

It's all go

FM 12/12/80

The growth rate in the consumer use of plastics can be expected to be substantially higher in SA in the next few years than in the major western European countries

The current consumption figure in SA is 14 kg head (substantially higher it only the effective consumer population is taken into account) whereas in West Germany, for example this figure is in the region of 70 kg/head

And says Roger Cockram president of the SA Plastics Federation 'SA will have to narrow the gap in kg head usage

Plastics manufacturers agree that the biggest source of growth in the industry hinges on the increased buying power of blacks. This relates to the fact that 34% of total plastics production in this country goes into packaging — mostly the packaging of consumer goods

The fact that there is a big gap in consumption (between SA and W Europe) leads one to believe that there is a high innovative penetration potential in the SA market that hasn't happened yet says Mike Sander AECI plastics division manager

The increasing buying power in SA has resulted in a notable growth rate in the plastics industry in the past five years Total consumption (in 1 000t) has been

1975 – 200
1976 — 225
1977 — 245
1978 — 300
1979 — 360

This represents a minimum growth in one year of 8.8% and a maximum of 22% for the entire plastics industry

The growth rate of low-density polyethylene (LDPE) production has, in the past five years, been between 5%-15% Comparable figures for the European market are −2% to 5% according to Sander

Roy Pithey GM of Safripol, the country's only producer of high-density polyethylene (HDPE) and of polypropylene (PP) says replacing traditional materials with plastics on the consumer market will push up consumption considerably

Already this can be seen in the use of polyethylene refuse bags which are replacing the traditional dustbins,' he notes

One important area where plastics are replacing heavier materials is the automotive industry Cockram says that in the US substantial saving in weight is being made in this industry by using up to 450kg of plastics in certain cars already on the market

Pithey . . . replacing traditional materials will help

Plastic materials are approximately one-fifth the weight of metals and in some of the larger vehicles high weight savings are being made he says, adding that vehicles comprising higher plastics content are cheaper to run

Says Pithey There hasn't been an incentive in SA to use large amounts of plastic in the motor industry The local content programme based on weight has militated against the use of plastics

He feels the move to plastics in this industry will become effective in the medium term I can't see it happening within the next 2-3 years ' he says, but notes that several new model cars have PP bumpers

According to Sander the capital costs of purchasing the machinery needed to mould for example plastic bumpers, is

of homeland agriculture employment figures, van der Merwe (1976) avoided making an estimate of total unemployment and confined himself to discussing unemployment in white areas and the increase in homeland unemployment/underemployment since 1970, assuming homeland agricultural employment remained constant at its 1970 level. Economic activity (sometimes called labour force participation) rates had to be estimated from the 1960 and 1970 Population Census. Opinions have differed on the details of series construction, under these circumstances.[5] The Current Population Survey represents a considerable step forward: unfortunately very little of the data collected has been published so far, so that questions that might be resolved using CPS information remain unresolved. Also, it has to be appreciated that there are limitations to the accuracy of survey data on employment obtained from Africans. Respondents who are illegally employed or unemployed may face deportation from a white area if discovered and can
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African starts clothes factory in township

13/12/83

NM

African Affairs Reporter

AN AFRICAN attorney, Mr Arthur Nxumalo, has started a clothing factory at Ngwelezane township, Empangeni, with an initial capital of R10 000, which has already given work opportunities to 20 Africans.

Mr Nxumalo has installed sewing machines and the factory is manufacturing protective clothing such as overalls, dust coats and over-shoes for operating theatres

He is helped by the KwaZulu Development Corporation to get contracts and to buy in bulk The KDC also gives him technical advice A spokesman for the KDC said Mr Nxumalo will experience no problems in marketing his products

He said Mr Nxumalo was being assisted by the Department of Economics of the University of Zululand The Dean of the Faculty of Economics at the university has already visited his factory

A post-graduate student in economics will also help Mr Nxumalo with bookkeeping, stock control and the administration of the business gererally

The spokesman said that as from next year, small clothing industries will be started in a number of areas to be run by Zulus

He said the KDC would buy material in bulk to enable Zulu industrialists to buy at lower cost

Meanwhile, a group of Zulu businessmen in conjuction with the KDC are exploring the possibility of building flats in Umlazi

17/12/82.

~~249~~

183

Operating profits up at SA Drugs

3/1/12

While the rest of South African industry joyously takes part in the economic upswing there is one sector which is forced to sit on the sidelines — the drug industry

SA Druggists nevertheless managed to push operating profits 12,4 percent ahead to R6,7m in the six months to September and lifted net profits 24,9 percent to R2,5m

Earnings were 1,69c a share higher at 15 02c but the interim dividend has been pegged at 6 5c a share.

While the majority of divisions performed above expectations, Labethica and Medispo, which recorded losses last year, made modest contributions to profits Two unprofitable operations, Allan Cornish Medical Equipment Manufacturers and Gradvol Glass, were disposed of at a loss of R312 000 during the half year

Results for the second half are expected to show an improvement

Afrox to spend R21m

15/12/80 RDM

1/83

Financial Reporter

AFROX, the oxygen group, is planning capital spending of R28-million in 1981 after R21-million in 1980.

This is disclosed in the annual report by the chairman, Mr Beau Sutherland.

He warns, however. "The economy is experiencing boom conditions, but the shortage of skilled staff and the resultant delay in the delivery of materials and equipment may well lead to a decrease in the growth rate

"The demand for trained staff has also led to large and alarming increases in salaries and wages which have been accentuated by a rise in the inflation rate.

"Increasing costs are having an unfavourable effect on the economy as there is little improvement in the rate of productivity

"A serious endeavour must be made to keep costs under control and to improve productivity by intensifying education and training

"Recruitment of skilled workers from overseas will assist temporarily to enable businesses to take advantage of the opportunities being offered, but will by no means fully alleviate the position.

"The authorities should do everything possible to facilitate the recruitment and transfer of skilled workers from overseas.

"Despite the problems of labour and materials the economy should maintain the present activity and with the commissioning of new plants the group should be able to achieve improved results in 1981."

Chemical industry badly understaffed

24/12/80

(183)

S. Times B

By Elizabeth Rouse

THERE is a real danger of the chemical industry in South Africa grinding to a catastrophic halt because of a lack of properly trained personnel.

This is the view of the president of the South African Institution of Chemical Engineers, Dr C B Schlesinger.

Because of the institution's concern about the current position, it has raised R200 000 a year for the next three years to subvent the salaries of chemical engineering staff at South African universities

The phenomenal growth of the South African chemical industry over the past few years has resulted in an unprecedented demand for qualified chemical engineers, Dr Schlesinger told Business Times

Because of higher salaries and fringe benefits such as company cars, university staff is being increasingly attracted to industry

The problem has now reached crisis proportions and, of the 27 chemical engineering posts in South African universities, one quarter are vacant

The picture is expected to worsen unless drastic measures are taken This is why the institution has appealed to the chemical industry for assistance AECI, Sasol, Triomf and Sentrachem have agreed to contribute R50 000 a year for the next three years

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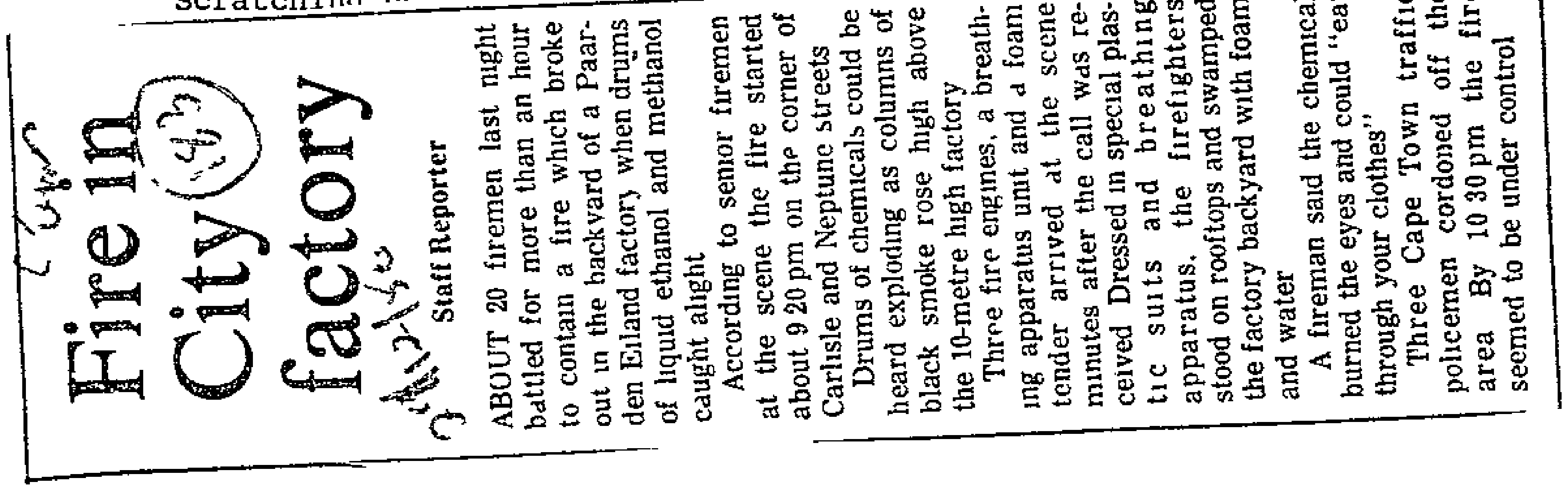

Cape

Fire in City factory

483

3/12/80

Staff Reporter

ABOUT 20 firemen last night battled for more than an hour to contain a fire which broke out in the backyard of a Paarden Eiland factory when drums of liquid ethanol and methanol caught alight

According to senior firemen at the scene the fire started about 9 20 pm on the corner of Carlisle and Neptune streets

Drums of chemicals could be heard exploding as columns of black smoke rose high above the 10-metre high factory

Three fire engines, a breathing apparatus unit and a foam tender arrived at the scene minutes after the call was received Dressed in special plastic suits and breathing apparatus, the firefighters stood on rooftops and swamped the factory backyard with foam and water

A fireman said the chemical burned the eyes and could "eat through your clothes"

Three Cape Town traffic policemen cordoned off the area By 10 30 pm the fire seemed to be under control

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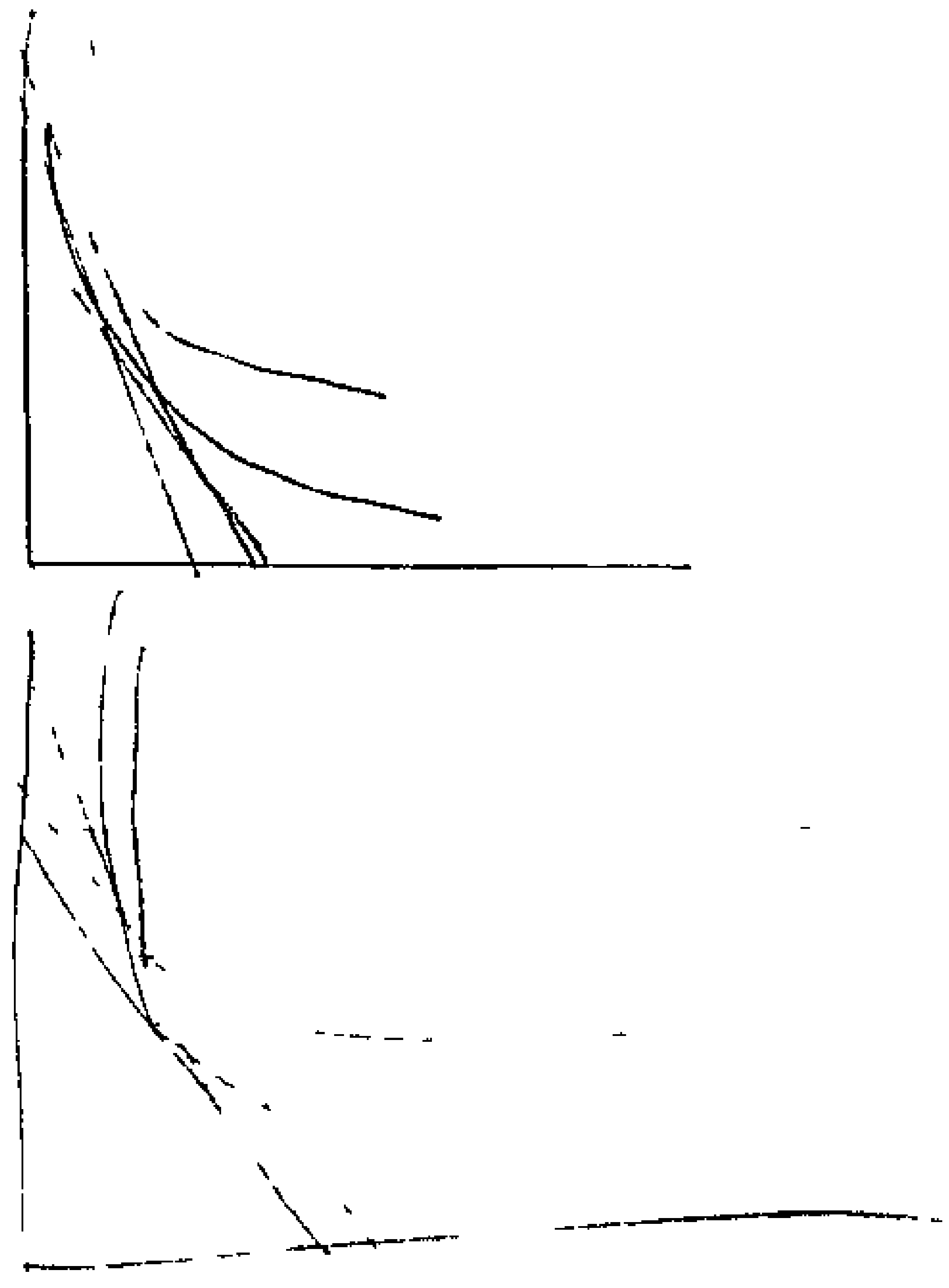

Triomf Occidental [illegible]

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RDM 9/1/81

Triomf-Occidental link

By DAVID CARTE
Deputy Financial Editor

OCCIDENTAL Petroleum of the US, the world's 16th biggest corporation, is to take a "substantial" shareholding in Triomf Fertilizer Investments.

Triomf says Occidental (Oxy) is negotiating to acquire the stake in Triomf through the Louis Luyt Group.

In return Mr Louis Luyt will obtain a "substantial" holding in Oxy.

The size of the respective shareholdings is not disclosed as they are still being negotiated.

According to the announcement the deal will not lead to a change in control of Triomf. Because the deal is being negotiated through the holding company, ordinary shareholders are not directly affected, but Triomf says both companies will benefit.

Triomf says the link will reduce international marketing and distribution costs for both companies. While Oxy will be able to concentrate on northern hemisphere customers, Triomf will be able to concentrate on those in the southern hemisphere, so there will be immense logistical savings.

The deal will also enable Oxy to use its five 40 000 ton phosphoric acid carriers more economically.

The research and product development expertise of Oxy, Triomf and AECI will be pooled as a result of the cross shareholding and the combined companies will have greater buying power in the procurement of raw materials.

As a petroleum company, Occidental is a major sulphur supplier. Sulphur is a major input and a major cost factor in phosphoric acid production — another good reason for the deal.

Massive new AECI explosives plant

AECI is to construct a R50-million commercial explosives factory near Welkom to serve mainly the gold and uranium mines of the Orange Free State The plant is scheduled to be in production by 1983, the company's managing director, Mr Denys Marvin, announced in Johannesburg yesterday

Situated on 4 500 ha of land about 15 km from Welkom on the main road to Kroonstad, the project will provide employment for more than 1 000 workers who are to be housed in Riebeeckstad, Odendaalsrus and nearby townships

The site selected for the factory is about the same size as the company's Modderfontein factory and the large area is required for plant and storage magazines The decision to build the factory is in line with the Government's policy of decentralisation, Mr Marvin said

A comprehensive range of explosives and accessories will be manufactured to meet the needs of this area and to form the nucleus of a significant chemical industry with a high growth potential.

Almost all the machinery and equipment for the new factory will be locally designed and made, with only limited plant being imported

AECI said the new facilities had become necessary to keep up with extensions to existing mines and the development of new gold and uranium mines planned for the Free State gold fields The project is also designed to diversify manufacturing processes away from Modderfontein — Sapa

EXPLOSIVES (183) FM 23/1/81

Boom times for Welk

AECI is to build what will become a giant commercial explosives factory near Welkom It will be situated on a mammoth 4 500 ha site which is as big as the site of the AECI Modderfontein plant — the biggest commercial explosives factory in the world

The first phase of development will cost R50m and should make the factory operational during 1983 Initially it will produce explosives cartridges, fuses, detonators and other accessories from semi-processed materials Sales are expected to be about R40m a year at current prices

Anderson . . 'sales growth demands increased production'

When demand increases, its manufacturing operation will be integrated backwards to include the processing of raw materials used to make explosives This will also enable it to produce other chemicals The size of the site permits enormous plant extensions to increase output

Director of AECI's explosives division Steve Anderson says that the company's two explosives factories at Modderfontein and Somerset West are now working to almost full capacity because of the rapid growth in mining over the last five years "Sales growth now demands that we increase production capacity by the size of our Somerset West factory every three years," he says

To boost output the company is unlikely to build more factories but will increase the capacity of its two existing factories, the Welkom factory and the recently-announced R30m factory to be built in BophuthaTswana.

The choice of the Welkom site was a natural because the OFS goldfields are the the country's biggest growth point for cartridged explosives "It makes good business sense for us to be in this area of major consumption," says Anderson, "and it also happens to fit in with government's decentralisation policy

"It means our customers will not have to carry such large stocks of explosives as we will be able to supply them on a daily basis "

The *FM* believes that it will also reduce the company's transport bill by more than R1m a year, as it costs less to transport relatively harmless raw materials to Welkom than finished explosives products

Design work on the factory should be finished in the next few months and the first contracts should be awarded towards the end of the year Anderson estimates that between 30% and 50% of the R50m initial investment will go on civil engineering contracts which will include improvements to the infrastructure

Almost all the plant equipment and machinery will be locally made, much of it to designs developed by the company

LAND ASSEMBLY FM 23/1/81

Big banger

183

AECI has officially announced plans to build a R50m commercial explosives factory on the Free State goldfields Situated 15 km from Welkom on the main Kroonstad road, it is scheduled to go into operation by 1983

It is the most significant industrial development of the year announced so far, but it also represents a South African property record Consultants Herbert Penny (Pty) reckon the 4 500 ha involved is the largest industrial land assembly ever put together for the private sector Involved are eight parcels of land and seven owners

Penny's Dion Herbert took on the brief to find a suitable site in April last year The first property was bought in July, the next in September and the purchase was finally sewn up this month

The need for secrecy was paramount and Penny's main concern was to stay well in the background as local agents and farmers went in to do the negotiating

Nevertheless, rumours of a major customer in the wings inevitably started

ARCHITECTUR

(Continued)

SMR 26/1/81.

Strike hits ink firm

~~135~~ 139 152 183

A strike hit the Coates Brothers printing ink company in Durban today after management refused to negotiate with union leaders

Workers belonging to the South African Allied Workers' Union (SAAWU) had called on management to reinstate one of their colleagues who was dismissed last week and to grant recognition of the union

Production was reportedly halted as striking SAAWU members stopped working and members belonging to the rival Tucsa typographical union had to stop work as a result of the walkout

The general secretary of SAAWU, Mr Sam Kikine, said he had tried to meet management to discuss workers' complaints but they had refused

He accused management of being "intransigent" and said SAAWU was interested in maintaining industrial peace

A senior official at Coates Brothers would not comment today on the dispute

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Prize

s

n Prize

has made

n his

R Stubbs Award

For the best project in structure and design.

M R I Ness

BUILDING

National Development Fund for the Building Industry Book Prizes

For the best student in each year of study of the degree course.

First Year

J A L Chapman

Second Year

C S Jones

Third Year

B de Jong

Fourth Year

R W Kohne

George Strachan Prize

For the best final year student of the degree course.

R W Kohne

LTA Prize

For the best student obtaining a first class pass for a dissertation in Building Management.

S F Richardson

R2m Afrox extension

RDM 27/1/81 (183)

Financial Reporter

WORK has started on a major expansion of Afrox's Saffire gas equipment factory in Germiston

The cost will be about R2-million, and will increase the gross book value of the plant and machinery by about 40%

ouput capacity will be increased by between 20% and 30%

Building is expected to be completed by August this year, and the new plant and machinery should be installed by October

The expansion has become necessary because of the general increase in demand in the past year or so, and the success of Afrox's three new small gas sets

The extension will add 1 756 m² to the floor space of 7 600m² at the equipment factory

It will occupy three bays of the existing supplies warehouse next to the factory The warehouse will be expanded to compensate for the loss of area, and to cope with the growing volume of business

FINE ART & ARCHITECTURE

ARCHITECTURE

Cape Provincial Institute of Architects' Prize
For the best student in :-

Sixth Year

P F Dunckley

Helen Gardner Travel Prize
For a student who has satisfactorily completed 1st, 2nd and 3rd major courses.

P A Rappoport

Molly Gohl Memorial Prize
For the best woman student in third year.

Miss C Tredgold

David Haddon Prize
For the best student of Architecture (or Quantity Surveying) in the subject of Professional Practice.

D H Pryce Lewis

General J B M Hertzog Prize
For the best final year student.

S A Read

Osbourn Prize
For the best work in fourth year.

D H Pryce Lewis

John Perry Prize
For the best work in

Talk of Sasol 4

Star 29/1/81

Sasol managing director Mr Joe Stegman said planning of the construction of another Sasol oil-from-coal plant on the scale of Sasol 2 and 3 can be started by 1985

He told the Sigma "Strategy 80 Conference" he would like to see other South African companies starting production of oil-from-coal and sharing the heavy capital burden before Sasol

At present, at least four South African companies — AECI, Sentrachem, Anglovaal and Gencor in co-operation with Trans Natal — are pursuing research into alternate liquid fuels.

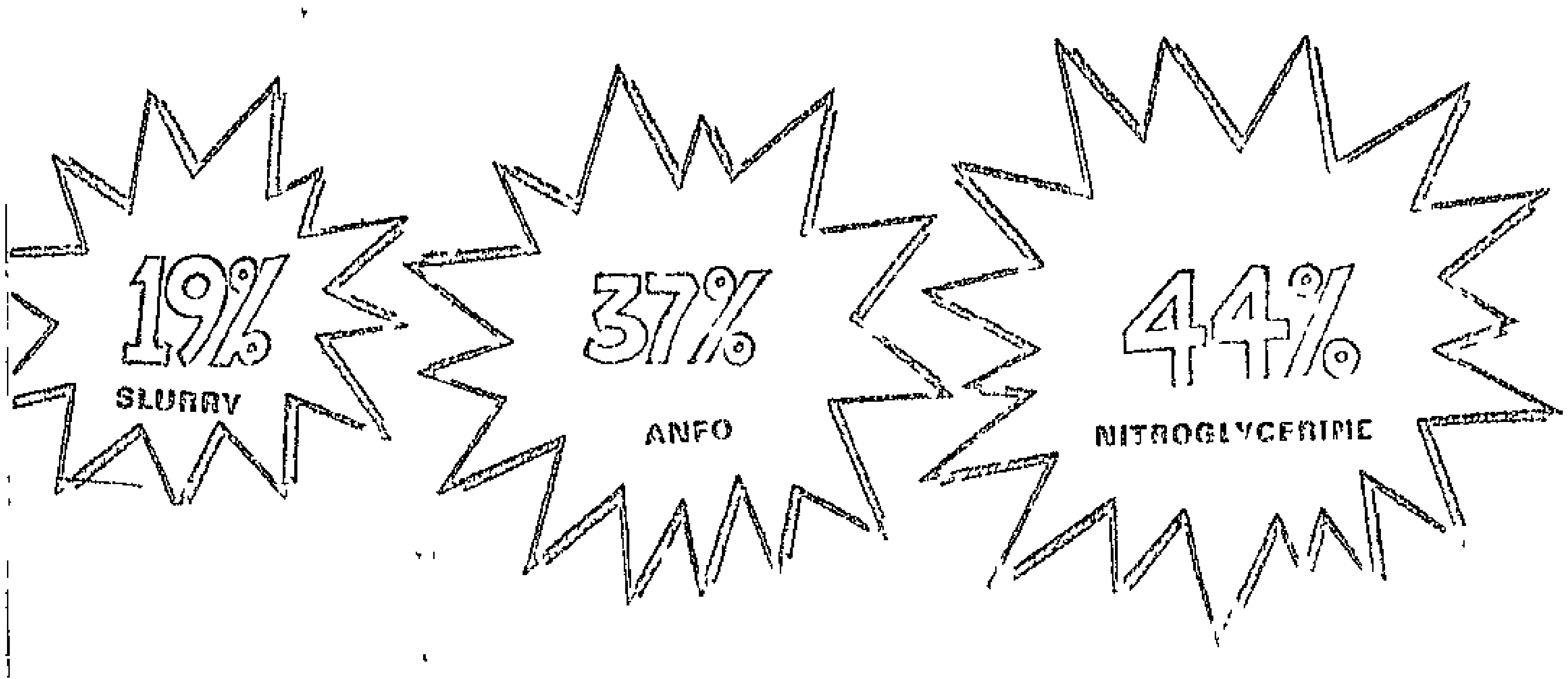
He noted that planning for a new Sasol plant will only get underway when specialised manpower is released from the Sasol 2 and 3 projects

MONOPOLIES FM 26/11/81

An explosives issue

The Competitions Board has its work cut out this year in determining whether or not AECI's virtual monopoly of the commercial explosives industry is in the public interest. Its report on restrictive practices in the supply and distribution of explosives and explosives accessories should be tabled in Parliament early next year

Explosives market shares



Types of Explosives

1. Nitroglycerine based:
Products such as dynamite and gelignite
2. Ammonium Nitrate based:
a) Anfo (Anfo Ammonium nitrate fuel oil mixture)· Dry granular products such as Anfex and Metafex.
b) Slurry. Water gels such as Sinex and Tovex.

That AECI has a near monopoly is not in doubt — but whether or not this is against the public interest is difficult to determine. For the facts of the case are obscured on the one hand by the [illegible] and assertions of a would be contender in the industry, and, on the other hand, by a conspiracy of silence between AECI and the Chamber of Mines, its biggest customer

These two parties jealously guard the details of a secret agreement which governs [illegible] and conditions under which explosives are supplied by AECI to the mines. So far, this agreement has prevented other companies from gaining a foothold in the R200m-a-year industry because it obliges members of the Chamber of Mines to buy their explosives from AECI only It does, however, allow the testing of explosives made by other manufacturers, but it gives AECI the chance to develop alternative products of its own which are technically equivalent

Says Oliver Hill, chairman of National Process Industries (NPI), which manufactures Tovex explosives under licence from Du Pont of the US "The agreement is, in effect, an evergreen contract between AECI and the mines because it can be terminated only once every five years with a five year period of notice. This means that the present arrangement has in effect at least nine years to run because the last contract was concluded one year ago "

Whether or not this statement is true cannot be determined because neither AECI nor the Chamber of Mines will comment on it

The *FM* gathers that the Chamber has tested Tovex in four underground mines, two quarries and two open cast mines, and found it to have no significant advantage over AECI products Tests of Tovex are still in progress in one underground mine and one open cast mine

Hill disputes these findings He also says that the trials have been "riddled with bureaucracy" and unnecessary delay He puts this down to collusion between the Chamber and AECI, both of which, he claims, are dominated by Anglo American

AECI officials retort that much of the delay came from Hill's own failure to produce the explosives needed for the tests

Hill, however, maintains that Tovex can reduce total operating costs by 10%, because it does not deteriorate as rapidly as dynamite, and does not leave noxious fumes after blasting which can give miners headaches and lead to absenteeism.

AECI officials counter that judging Tovex, an ammonium nitrate-based slurry explosive, against dynamite, a nitro-glycerine product, is like comparing apples with horses and that it should rather be matched against Sinex 960, AECI's own ammonium nitrate-based slurry

"Slurries are much of a muchness, but we believe that our own locally developed Sinex 960 is the best slurry in the world," says the manager of AECI's slurry division, Tony Heugh "We have been manufacturing slurries since 1967 and they now have 19% of the market In the US, slurries have only 11% of the market "

The AECI view appears to be that most of the sales of Tovex are accounted for by sales to members of the Chamber who are testing it — and that some independent mines which tried Tovex because of its cheaper price are again switching back to AECI products Hill disagrees and points to several satisfied users of Tovex who are not members of the Chamber, including the De Beers Lesotho diamond mine These users, he says, buy the product on its merits as they are not obliged to buy from AECI only AECI claims that his market share is 1% but he puts it at 2%

Tovex is cheaper than Sinex, but built into AECI's price in terms of its contract with the Chamber is an undertaking to hold high stock levels and manufacture from more than one plant to ensure continuity of supply in cases of emergency, such as the recent floods which have cut transport links between AECI's Somerset West factory and certain Cape mines NPI presumably gives no such undertakings for Tovex

"Our contract is a *quid quo pro*," says an AECI spokesman, "which makes us captive suppliers where our profits are clearly defined and controlled "

The company's latest annual report shows that its explosives turnover is 20,3% of total group turnover, with explosives trading income at 28,1% of total group income Although this suggests that explosives yield higher gross margins than products from other AECI divisions, the company claims that its explosives cost less than similar products in other countries Its price for 25kg dynagel is R16,23 against R31,40 in Canada, R[illegible]4,65 in Australia, R30,44 in the US and [illegible]50,15 in the UK Similar price differentials exist for Sinex, which sells in SA for between R21,30 and R24,90 for 25kg

Hill describes this as selective reporting and says that AECI's price of Anfo porous prills is far higher than the US price in order to subsidise its dynagel price.

By any standard, AECI is a giant — it supplies more than 93% of the total requirements of the big local explosives market in addition to a significant export market With demand running at 350 000 tons a year, SA is the second biggest consumer of commercial explosives in the Western world (after the US, which consumes 1,8m tons) Canada is third with a consumption of 300 000 tons And because of the nature of its mining operations, SA is the largest market in the Western world for explosives accessories such as fuses, detonators and igniters

Consumption of Explosives by Mining Sector

Type of Mine	Share of total tonnage %
Gold	40
Platinum	12
Coal	12
Copper	6
Uranium	15
Diamonds	4
Iron	[illegible]
Chrome	[illegible]
Asbestos	2
Quarries	2
Manganese	2
Other and exports	7

In a free enterprise economy, monopolies are not necessarily a bad thing — if their position is not abused But there should be no artificial barriers to free competition In the SA explosives industry the near monopolistic AECI sells the bulk of its output to what is essentially one customer, the Chamber of Mines Entry for new contenders in the market is made difficult by the AECI/Chamber contract But if the [illegible] to buy [illegible], the [illegible] tion? This is the question the Competitions Board must settle

65% of world phosacid market

Triomf, Oxy tie up deal

RDM 31/1/81

183

By JOHN MULCAHY

IN a scheme which will efectively tie up 65% of the world phosphoric acid market, Occidental Petroleum Corporation of the US and Triomf Fertilizer (Pty) have agreed to establish a joint venture company

The new company will market fertilisers and fertiliser raw materials world-wide, including products manufactured by Occidental and Triomf for export

A statement from Triomf yesterday said "The establishment of this company will be mutually beneficial and therefore will constitute the sole relationship between the parties"

The confirmation of the link between Triomf and Occidental ends months of speculation, which was initially regarded as "premature" by Triomf, and vigorously denied by Occidental

The joint venture is purely a marketing relationship, and will involve no exchange of equity, according to a Triomf spokesman who declined to elaborate on the proportion of Triomf's holding in the new company "I cannot say whether it will be a 50-50 partnership at this stage — the details have not yet been worked out"

The phosphoric acid market is estimated to be worth $1 000-million a year, and could rise further if the US ban on exports of fertiliser to Russia is lifted

It is believed that the Reagan Administration regards examination of the Russian embargo question as an early priority, and the fertiliser situation is expected to be discussed next week

Unlike some other pressing problems facing the new Administration, such as energy, the lifting of the fertiliser ban would not take much time to implement — the major difficulty being whether the Russians could immediately take any supplies from the US

The link with Triomf could help Occidental out of a tricky situation — it has a contract to supply Russia with 1-million tons of phosacid a year — and has been unable to meet its obligations because of the US export embargo

It is now possible that Triomf will step in and meet Occidental's contractual obligations in return for a greater share of the competitive global market

The link with Occidental is certainly not a "love at first sight" arrangement as Triomf has for some time had dealings with the US major

COMMENT. What the deal will mean for Triomf's earnings is difficult to estimate at this stage, with the details of the arrangement still to come, but it can only be good for exports as Occidental Petroleum is one of the world's biggest super phosacid producers

Anticipation of a deal has held Triomf shares steady over the past few weeks in spite of a generally falling market. The news of the engagement will help to push the counter along, although it is not yet clear who will be the major beneficiary of the deal

It seems likely that Occidental Petroleum will be the senior partner, with its significant cash reserves and established market position, and a closer alliance, including "the exchange of equity" can surely not be ruled out

Triomf could easily accommodate an injection of cash to upgrade its Richards Bay plant, and an added attraction is the access to Occidental's fleet of phosacid transport ships

This week: a Prof stirs up a storm in a washtub

By TICKS CHETTY

White, bright and dirty!

S. Tribune 1/2/81 (183)

Former head of textile research says some washing powders just disguise the dirt

A PORT ELIZABETH chemistry professor this week stirred a storm in a washtub by claiming some washing powders don't clean clothes — they just whiten the dirt.

Professor Daniel Veldsman, a former director of the South African Wool and Textile Research Institute, said optical bleaching agents in washing powders made washing look white and bright but didn't get the washing clean.

PROFESSOR Veldsman: Optical bleaching agents make washing look white and bright but don't get it clean

The clothes, he said, might also have a nasty smell

According to Professor Veldsman, the bleaching agents, which are colourless dyes, absorb ultraviolet light from the atmosphere to make the washing look clean.

He said these bleaching agents were not in the interest of the consumer because a detergent was meant to clean and not just to whiten the dirt

Professor Veldsman's controversial claim, which he said was backed by years of research, was denied by the South African Bureau of Standards (SABS), which has put its stamp of approval on several brands of washing powders, and by detergent manufacturers

A spokesman for a major detergent-making company said, although all manufacturers used optical brighteners in their washing powders, it did not mean that the washing powders did not clean clothes

He said "Millions of South African housewives know that washing powders don't just whiten the dirt"

Professor Veldsman said not all washing powders contained optical bleaching agents, but he refused to disclose the brand names of those which did or didn't

"It wouldn't be fair because I didn't carry out tests on all the different washing powders on the market" he said

Professor Veldsman suggested a simple test to those housewives who wanted to find out if a washing powder contained a brightening agent or not

A small quantity of washing powder should be exposed to light from an ultraviolet lamp and if the washing powder fluoresced then it had optical brighteners

Professor Veldsman, now a director of the Port Elizabeth Technikon, also said enzymes and perborates (bleaching agents) harmed wool, especially when the wool was soaked in this detergent solution

"Enzymes are very effective in removing stains but they also attack the wool proteins and destroy them Therefore, if an item of clothing is left to soak too long in this solu- s solution, its wool content is destroyed"

He said he had come to thse conclusions about detergent after being a director of the South African Wool and Textile Research Institute for 16 years

A spokesman for the industrial chemistry division of the SABS in Pretoria said washing powders bearing the SABS stamp were of the highest quality

He explained that when washing powders were sent to the SABS for tests, their main concern was to assess the cleaning efficiency of the detergents

He disputed the claim that washing powders containing optical bleaching agents did not clean clothes but only whitened the dirt

The SABS spokesman added that if the optical brightners were removed, housewives would stop buying the washing powders

In a written statement to the **Sunday Tribune**, a spokesman for Unilever South Africa, which manufacturers several brands of washing powders, including Surf, Omo and Skip said washing powders had a number of ingredients, all of which performed different functions

"The cleaning agents in washing powders work by getting among the fibres to dislodge the dirt Having dislodged the dirt, it is nonetheless possible for an article to be thoroughly clean, and yet greyish in appearance

"Consumers, however, want their washing to be clean and also to look white and bright. Therefore, apart from attending to the cleanliness of the fabric, all manufacturers include optical brighteners

"These brighteners are not meant to have any cleaning function. They are there purely as brighteners"

As far as the bad smell was concerned, the spokesman said it was caused by insufficient rinsing It had nothing to do with any specific ingredient in the washing powder itself

Referring to the washing of wool, he said housewives knew that generally woollens ought to be washed quickly and at fairly low temperatures Because of their open fibre structure, woollens did not require soaking. There were a few exceptions to these general rules They were, for example, for woollen articles specifically stated by their manufacturers as being machine washable.

"As far as the allegations that enzymes and perborates are harmful to woollen garments, it is significant that the International Wool Secretariat recommends certain products, for example Persil in the United Kingdom, which contain either or both of these ingredients," the Unilever spokesman said.

Afrox seeks tighter grip on gas market

S.A. Indus. Wk (183) 3/2/81

R50-M expansion

By Apie van der Westhuizen

AFROX, a major South African producer of industrial and medical gases and welding equipment, is currently into an expansion programme which will have cost R50-million by the end of this year

This sum represents more than the total the company spent on expanding production capacity over the past four years and is indicative of the substantial upswing in general industrial growth

In 1964 the group spent R4,2-million on expansion, and then progressively more every year R6,2-million in 1977, R12-million in 1978, R16-million in 1979, and for 1980/81 spending mill run into R50-million.

This powerful capital expansion programme will give Afrox far more financial muscle and a tighter grip on the extremely competitive gas market worth well over R100 million a year

A fair slice of this investment will be fed into welding and engineering activities but the largest slice by far will be for increased production and marketing of gases

Details of this investment programme was given by managing direction Peter Joubert, He said Afrox had spent R22-million by the end of last year "The balance will be invested by the end of 1981 and we are investigating several new projects which will come off during this year or in the next "

Most of the R50-million is being used for establishing plants for producing oxygen, nitrogen and argon In all, three plants are involved One has been commissioned and is situated just outside Pretoria Another two plants worth over R7 million each will be commissioned during the year in Pietermaritzburg and Middelburg.

"Establishing plants in Pietermaritzburg — centrally situated to service virtually the whole of Natal — and Middelburg — a big industrial growth centre and on the doorstep of a large number of collieries, gold mines and Secunda — shows a major change in our strategy," Joubert said.

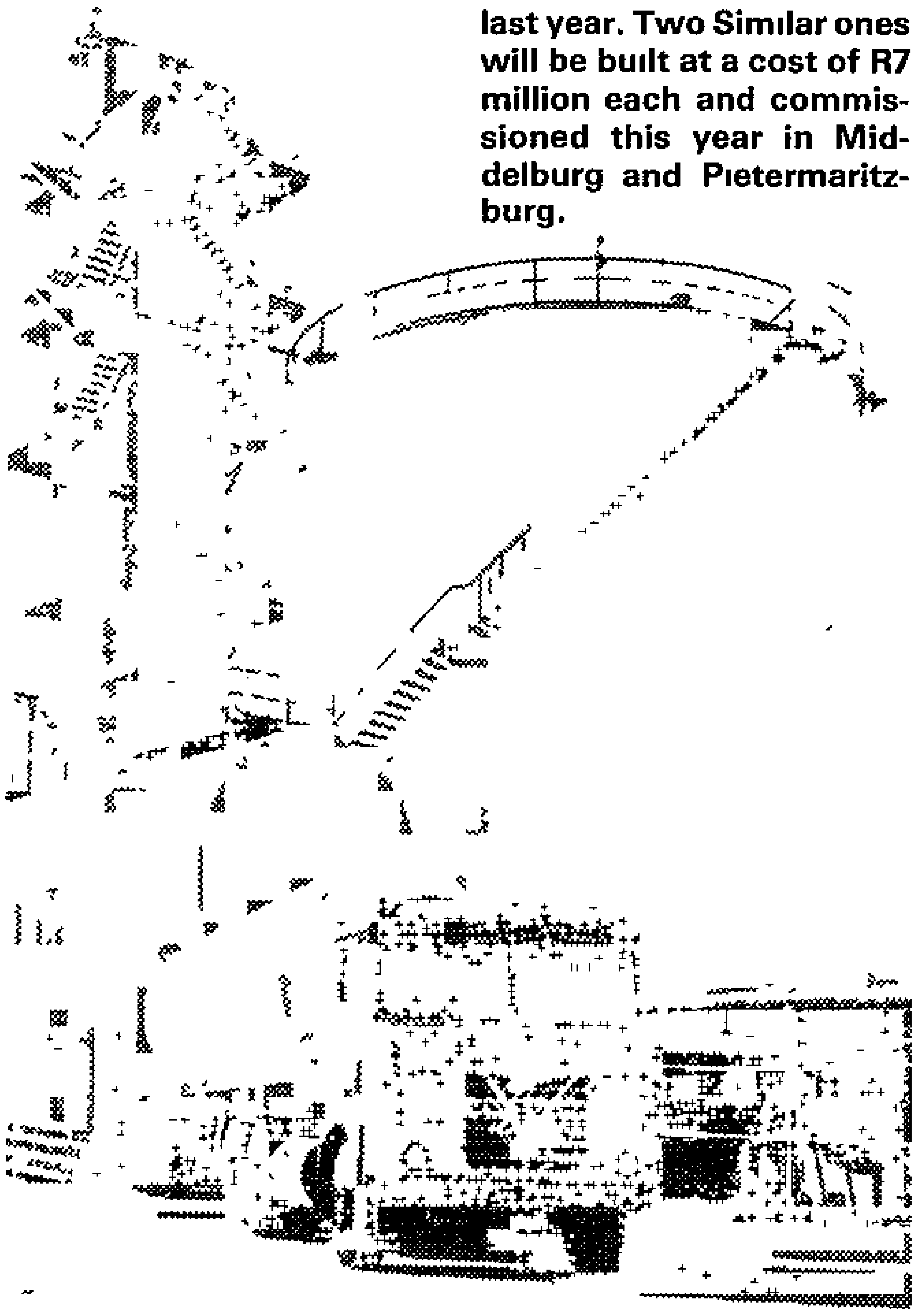
Such plants used to be sited in the traditional industrial and mining areas — the Reef for instance — and gas was transported in bulk from there to the users in other, smaller centres

But the staggering increases in fuel costs have made this practice very expensive Escalating transport costs coupled with the increased demand from industrial and mining areas such as the Eastern Transvaal and Natal make it economic sense to site plants nearer these developing areas

"Afrox will set up the new plants, run them and supply gas to satisfy local demand The gas production capacities of the plants can all be increased and are tailor-made to be expanded as demand increases

"We have been fortunate in securing long-term contracts for the supply of industrial gases with customers sited near the three plants In Pietermaritzburg and Middelburg gases will be pumped directly to the plants of two big customers," Joubert said

These contracts give Afrox a good base load and will be worth R3 million a year



The Afrox gas plant in Pretoria commissioned last year. Two Similar ones will be built at a cost of R7 million each and commissioned this year in Middelburg and Pietermaritzburg.

CT 5/2/82

183

Triomf profits up 88,8%

JOHANNESBURG. — Triomf Fertilizer Investments reports pre-tax profit of R47 362 000 for the year to December 31, 1981, an increase of 88,8 percent over the previous year's R25 089 000.

This was achieved on a group turnover of R431 121 000, 29,2 percent up on the previous R333 660 000.

Taxation during the period under review took a whopping R10 992 000 when compared with only R399 000 in the 1979 year.

Earnings per share increased from 43,73c to 63,21c and total dividends for the year, previously declared, amounted to 45c per share, treble the previous 15c.

Dividend cover, however, has been reduced from 3 to 1,4.

The board says the improved prices on phosphoric acid and dry fertilizer exports, coupled with the timeous forward selling of dollar receipts, "once again contributed largely to the excellent financial results" of the company. — Sapa

PLASTICS 185

Protection bid

FM 6/2/81

The two petrochemical giants, AECI and Sentrachem, have applied to the Board of Trade and Industries (BTI) for import tariff protection which, if approved, will mean importers will have to pay up to 100% duty for plastics raw materials

The BTI requested an application to replace existing import control regulations And, say the producers, the reason the tariffs are so high is to protect them from low prices abroad The considerable time the BTI takes to ratify protective tariffs is also believed to be a major reason for the move

The application has come at a time when prices on the world market are substantially lower than in SA — ethylene, the basic feedstock for most of the plastics produced here, costs 50% more in SA than in the US — and is designed to protect local industry

Some claim it is also designed to entrench the position of the applicants

According to Mike Sander, AECI's plastics division manager, and Roy Pithey, GM of Safripol, a major Sentrachem subsidiary which is "sole supplier" of high density polyethylene and polypropylene (HDPE and PP), the effect of import tariffs will be to maintain the status quo

Sander said prior to the application being tabled in last week's Government Gazette "We are often criticised for using our protected position for lining our pockets," but he notes that the operating margins between SA producers and European ones are very similar

"The differences stem mainly from differences in raw material costs and subsidisation of the industry of one form or another in overseas countries "

Sander and Pithey both believe the SA plastics industry, which last year had a R1 000m turnover, has performed well, in spite of being supplied from only two sources

They also both refer to the US subsidy of natural gases, from which ethylene is derived, and the fact that half the European plants are state-owned and therefore prepared to operate at levels below profitability

Their justification for protection is accepted in principle by their clients And, in a statement released this week, the Plastics Converters' Association notes "The PCA is fully aware that local polymer manufacturers will require some protection, and we would support any reasonable application for such protection "

However, the association notes that AECI and Sentrachem, in their application, have not adhered to the guidelines set out by the BTI which recommends import tariffs on raw materials of 15%-20% ad valorem on fob price — a protection seen as adequate if coupled to realistic floor prices

'We believe that the reasons for the relatively high duty and floor price applications are that past experience has shown that the BTI is not equipped, in the constantly changing circumstances which apply to our industry world wide, to handle urgent applications timeously," the PCA statement concludes

Chairman of the BTI, Basie Kleu, feels that industrialists do not invest in increased capacity soon enough to handle heavy demands, and then resort to asking for protection

Pithey, like Sander, disagrees with Kleu's argument as applied to the plastics industry "In order to increase capacity we have to make substantial capital investments in our industry and the lead times are up to five years, in the case of Sasol (suppliers of ethylene to the SA market) " He feels the plastic industry is sufficiently unique to warrant higher levels of duty and sees the long term aim of protection as protecting the volume of business

TRIOMF IN JOINT VENTURE

ARGUS 6/2/81

Argus Correspondent

JOHANNESBURG. — Triomf Fertiliser and Occidental Petroleum (Oxy) plan to form a joint marketing venture which will control more than half of the world's phosphoric acid market.

The new company will market fertilisers and fertiliser raw material worldwide, according to an announcement by Triomf in Johannesburg.

Though it has not been made clear what the advantages would be to the partners, reduced marketing costs and increased bargaining power on world markets are bound to follow.

The details of the agreement had not been finally settled, a spokesman from Triomf says.

PERSONAL

It is understood that the negotiations are of a personal nature between Dr Armand Hammer, Oxy's chief executive and Dr Louis Luyt, chief executive of Triomf, with a controlling interest of about 60 percent in Triomf's holding company through the Louis Luyt Group, AECI, the explosives' group, has a 49 percent stake in Triomf's operating company.

Speculation has been that Dr Luyt would get a slice in Oxy, with the possibility of board representation, in a share swop arrangement worth about R70-million.

The joint marketing venture seems to be a further strengthening of ties between the two groups

CT 10/2/81

~~232~~ 183

AECI and Bakke in engineering plastics

AECI and BAKKE have reached agreement to extend their long standing relationship by increasing AECI's share in Plastamid (Pty) Ltd from 20 to 50 percent with effect from April 1

Plastamid used raw materials obtained from South African Nylon Spinners, a subsidiary of AECI, to manufacture engineering and reinforced plastics at its Cape Town factory

The engineering and high performance plastics sector is the fastest growing area of the plastics industry and, following the agreement, Plastamid is starting to manufacture the "Maranyl" range of nylon compounds using technology obtained from ICI Ltd

Before the introduction of local manufacture the imported product was marketed by ICI (South Africa) through its national sales organization which will, in the near future, be acting as the agents for all locally produced Plastamid engineering plastics

In addition ICI (SA) will continue to supply a range of speciality engineering platic compounds such as polycarbonates, polybutyleneterephthalate (PBT) and polyacetals

AECI, Bake and ICI (SA) are co-operating closely in developing the local market for these and wide range of similar products, and new plant and equipment is being installed at Plastamid to manufacture an increased range in the near future

AECI's position as a raw material supplier and its expertise in platics, backed up by proven ICI technology, makes this new field a logical extension of the company's activities

Plastamid was founded in 1973 by Bakke, using their wide extrusion experience, and has developed technology which has already given it a substantial share of the South African market for engineering plastics as well as established exports to leading industrial countries, Bakke CTI, a wholly owned subsidiary of Bakke in the Malbak group, will continue to manage the Plastamid operation

Kruger rand

Cape Gold Coin Exchange

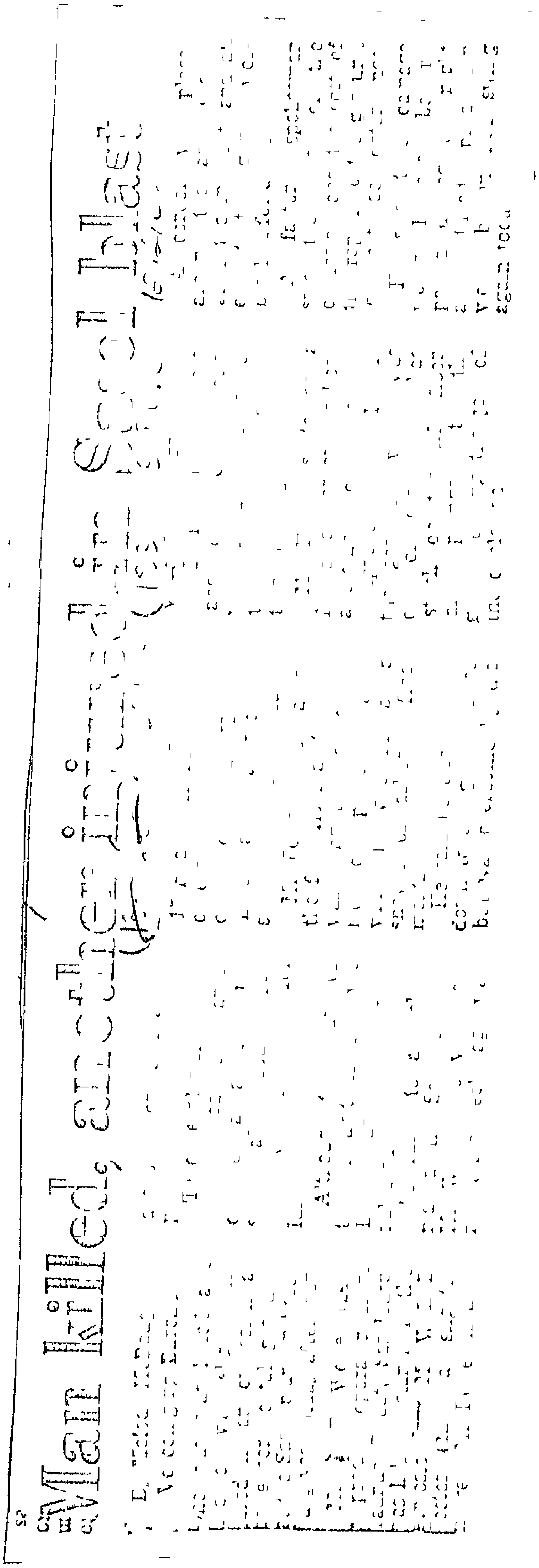
	Buyers	Sellers
One oz	515 (525)	540 (540)
Half oz	235 (245)	260 (265)
Quarter oz	120 (125)	135 (137)
Tenth oz	55 (55)	65 (60)

SA Gold Coin Exchange

	Buyers	Sellers
One oz	515 (512)	522 (517)
Half oz	225 (232)	255 (260)
Quarter oz	127 (130)	129 (131)
Tenth oz	58 (58)	61 (61)

Silverton Tannery. Pre-tax profit R441 000 (R1,01m) in six months ended December Earnings per share 46c (84c) Taxed profit R401 000 (R735 000) and tax R40 000 (R272 000) The company said in a statement earnings were adversely affected by abnormally high local hide prices Tax has been adjusted for special allowances received and deferred tax, it added — Reuter

CHEMICAL
(Continued)



Man killed, another injured in Sasol blast

Malan Chemical Engineering Medals
For the best student in each of the following years:-

Second Year (Bronze Medal)

A H Dabrowski

Third Year (Silver Medal)

C L E Swartz

Fourth Year (Gold Medal)

L Flach

Malan Prize for the most improved First Year Chemical Engineering Student

K W Strickland

S A Institution of Chemical Engineer's Silver Medal
For the best performance in project, design and practical courses over the 4-year curriculum.

P M Salmon

L T A Construction Prize
For the final year Civil Engineering student submitting the best thesis.

G P Mitchell

S A Federation of Civil Engineering Contractors' Prize
For the best final year design showing constructional merit.

K N Hvidsten

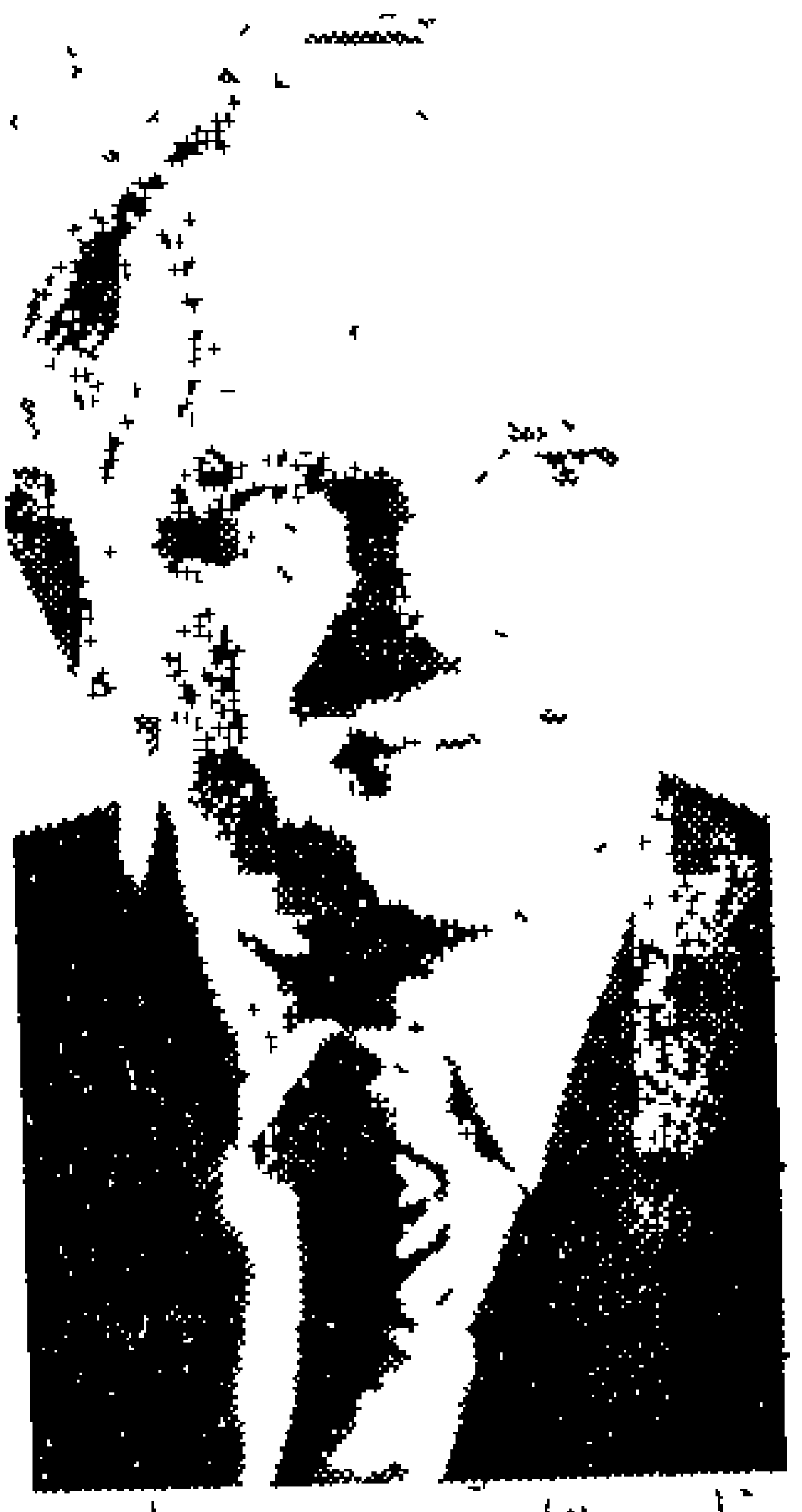
S A Institution of Civil Engineers Student Chapter Prize
For the best written report submitted in C E 214, design

P C Watt

Wm 13/6/81 (183)

Kleu attacks rise in company prices

THE ECONOMY experienced phenomenal growth during 1980, but unfortunately many manufacturers contributed to the inflationary spiral by increasing their prices, the chairman of the Board of Trade and Industries, Dr S J Kleu, said yesterday.



Dr S Kleu

Dr Kleu was in Durban to open Coates Brothers' new resin plant at Prospecton.

He said the economy experienced a growth rate of 8 percent last year over 1979, where other countries were showing small growth rates or negative growth rates

Real gross domestic expenditure rose by 12 percent over 1979, the volume of manufacturing production increased by 10 percent over the same period and fixed investment in the manufacturing sector rose by 21 percent

The biggest growth was recorded in the transport industry, where volumes rose by 19 percent, followed by the minerals and metals industry (16 percent), the textile industry (15 percent) and the chemicals industry (10 percent)

'Capacity utilisation reached a staggering 95 percent, which is almost an over-utilisation of capacity'

But Dr Kleu said unfortunately manufacturers took advantage of these good market conditions to increase prices

'By price increases you are safeguarding yourselves against inflation, but the practical effect of these price increases is a contribution to the perpet- [illegible] inflat [illegible]

were often beating a trail to his door seeking tariff protection largely as a result of the appreciation of the rand against other currencies

But the market was characterised by short-term fluctuations in inflation and changes in money values and, as there was a good chance that the trends could reverse themselves, he was in favour of letting the situation 'take its course'

Another worrying trend was the competition that industrialised countries, including South Africa, were experiencing from the newly industrialised countries with their cheaper exports

'We should not delude ourselves that these results have not been achieved by intelligent planning, aggressive marketing and high productivity

'We should strive to emulate them in the achievement of greater efficiency — not seek soley to counter them by additional tariff protection'

He said while the South African economy was poised for further growth in the year ahead, there were several factors which had to contended with

Real output

One of them was the fact that 80 percent of real output was derived from the higher consumption of resources and only 20 percent from improved productivity

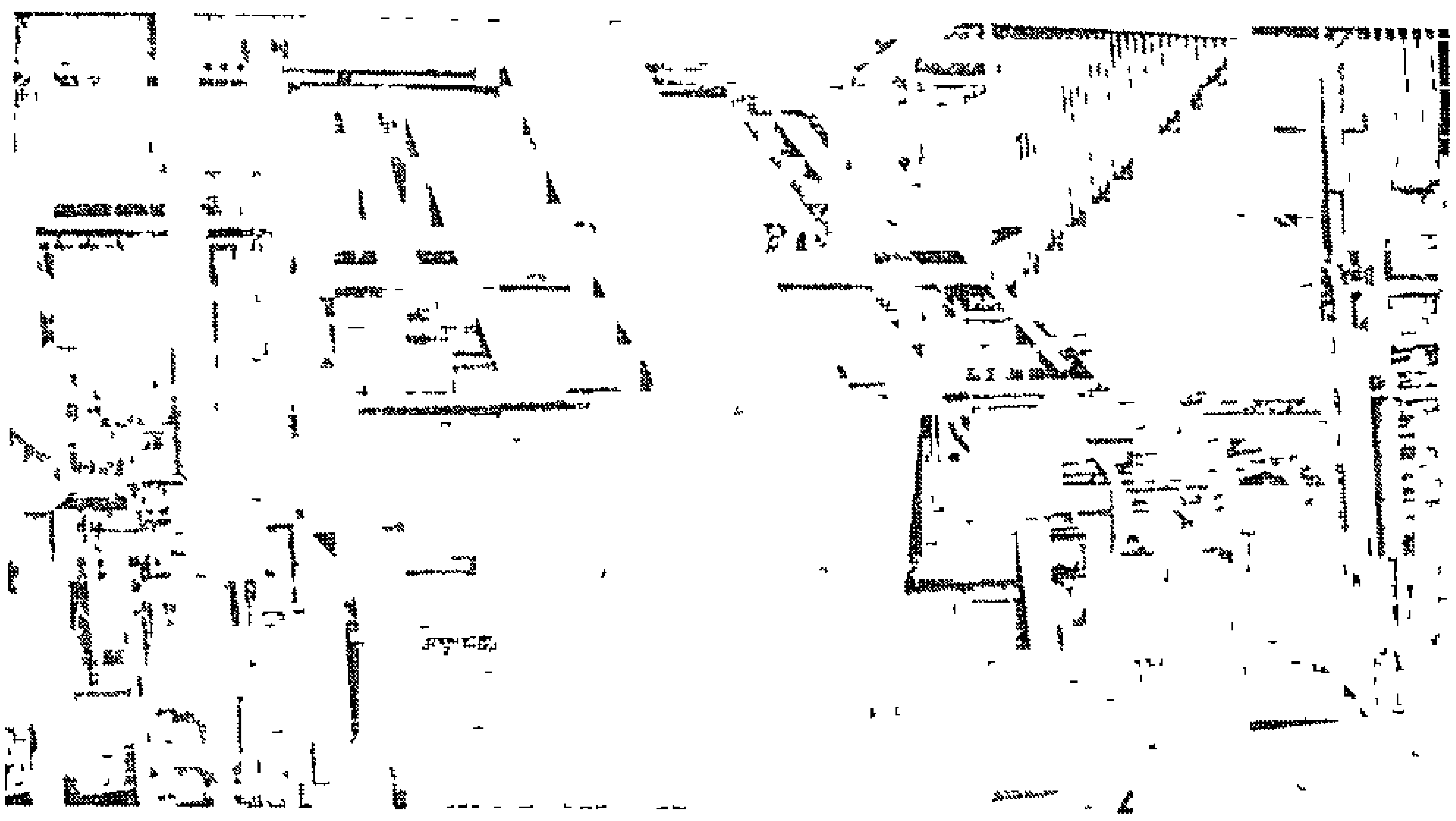
'If we want to get into the big league as far as growth and development is concerned, we will have to improve this ratio considerably.'

He said industrialists

ONE of the two new reactive 'kettles' installed by Coates Brothers at their resin plant at a cost of more than R1 million The new plant, with an increased production capacity of 150 percent, will supply a wide range of acrylic and polyamide resins for the paint, plastics and automative industries

COATES (183) FM 20/2/81

Margins recover



Coates . sharing the printing boom

Activities: *Manufactures and sells 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*

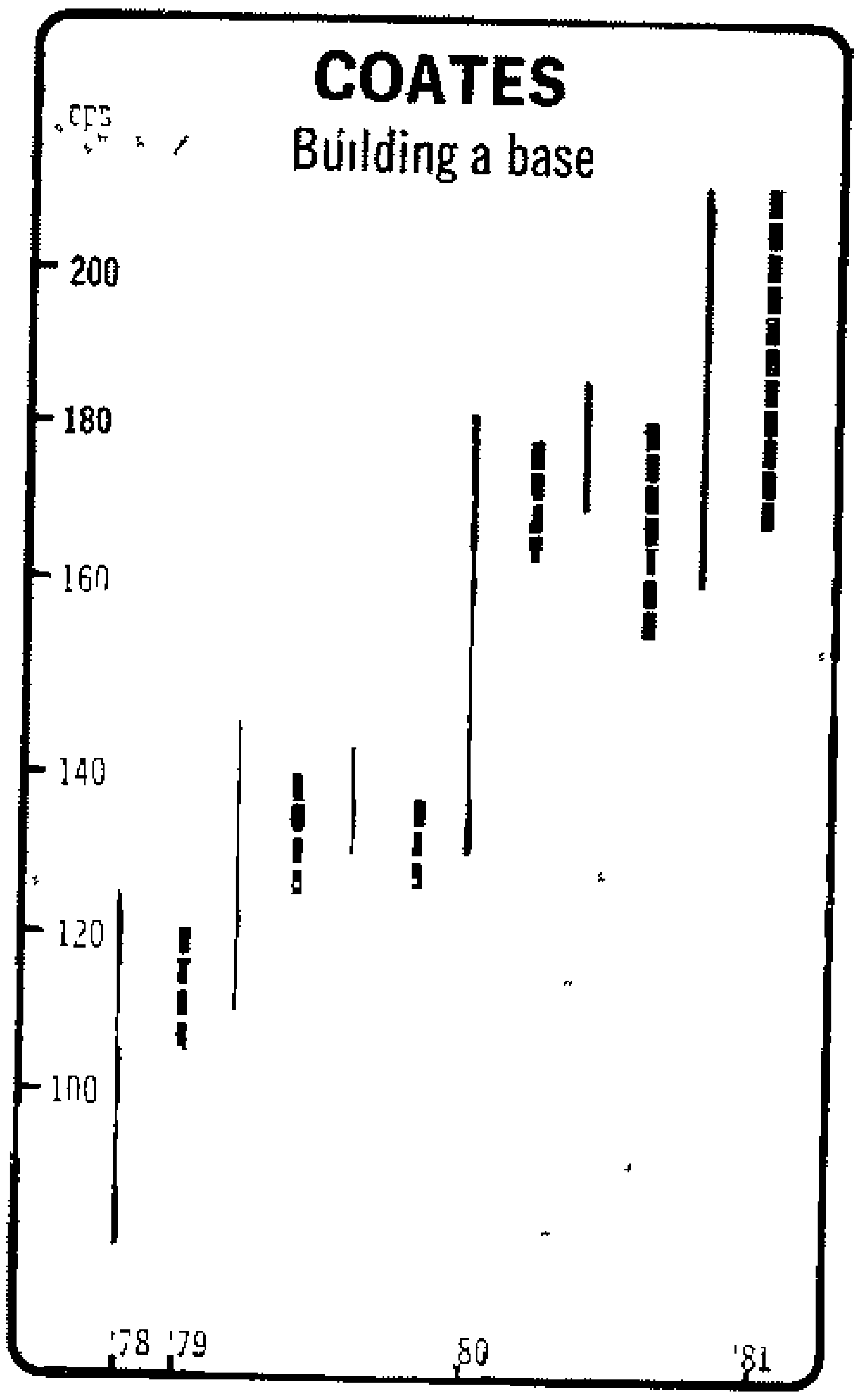
Capital structure. *3,4m ordinaries of 50c Market capitalisation R5,4m*

Financial *Year to October 31 1980 Borrowings long- and medium-term, R1,3m, net short-term, R2,1m Debt equity ratio 40,5% Current ratio 1,6 Net cash flow R1,2 Capital commitments R89 000*

Share market *Price 160c (1980-81 high, 210c, low, 155c, trading volume last quarter, 6 300 shares) Yields 25,8% on earnings, 10,0% on dividend Cover 2,6 PE ratio 3,9*

	'77	'78	'79	'80
Return on cap %	29,0	23,1	15,0	18,4
Turnover (Rm)	14 3	14,8	15 9	20 3
Pre-tax profit (Rm)	2 2	1,9	1,4	2,0
Gross margin %	16,0	13,6	9,4	11 0
Earnings (c)	34 7	33 1	23 0	41 3
Dividends (c)	12	13	13	16
Net asset value (c)	196	219	231	251

Continuing on the trend established in the second half of the 1979 financial year, Coates Brothers expects further "moderate" profit growth in the year to end-October 1981 And in view of dwindling capex requirements and a strong cash flow, there appears a chance that dividends will more accurately match the expected rise in earnings



COATES

Building a base

Earnings rose 79,6% to 41,3c in 1980, while the dividend was lifted only 23,1% to 16c (13c) The divergence between the earnings and dividend increases stems from the group's traditional financial conservatism, the recent fairly heavy capex to expand the resin plant and the fact that the payout was maintained in 1979 despite a 30,5% earnings fall However, with the latest dividend — the first increase in three years — the 1978 level of cover has been restored

An indication of financial conservatism is the additional depreciation charged on current replacement value of fixed assets This reduced profits by R278 000 (R236 000) Also, gross profit now covers the annual interest leasing bill 9,7 (12,1) times, and group cash flow would be sufficient to repay total borrowings in two years

Last year's earnings advance resulted from higher turnover of R20,3m (R15,9m) and a lower 31,7% (43,1%) tax rate as capex was offset for tax purposes In the current year, this favourable rate is unlikely to be repeated as capital commitments at end-October amounted to only R89 000 (R182 000)

In October the new R1m resin facility came on stream and full use is expected to be made of the increased capacity in 1981, while new products will continue to benefit earnings

The moderate real sales growth expected this year indicates turnover should reach at least R24m On this basis, it would not be unrealistic to assume pre-tax, pre-interest profits of R2,9m (R2,2m) Being foreign controlled, it is unlikely the group will gear up further after 1980's total borrowing increase to R3,5m (R2m), so taxed profit should be around R1,7m (R1,4m), or 50c (41,7c) per share

On the basis that present dividend cover of 2,6 is held, Coates could pay 19c (16c), though it would not be surprising if the group reduced cover to around 2,5 times in view of the still strong growth in the industries it serves At 160c the share stands on a prospective yield of around 12,5%, reflecting the limited marketability and hitherto dull earnings record On income grounds, however, it has attractions

Des Kinlea

PHOSPHORIC ACID FM 13/2/81

A cartel looms (183)

The joint marketing venture between Louis Luyt's Triomf Fertilizer group and Occidental Petroleum (Oxy) goes far beyond what has been announced It includes participation in an international cartel to control the world product (and hence price) of phosphoric acid

Although the *FM* has received no official confirmation of a cartel agreement, fertiliser industry sources say the small number of major producers has made it relatively easy to reach agreement

Between them, Triomf and Oxy control about 65% of world supplies The other main producers are Morocco (a government corporation) plus one other American and one SA company However, in the

Luyt . . . "what will I do with all that money?"

face of possible anti-trust action by their own Justice Department, the Americans are highly unlikely to admit to participation in the cartel

According to the *FM*'s information, the cartel agreement grew out of the catastrophic drop in phosphoric acid prices in the Seventies which left all producers with badly singed fingers "With a current world surplus of about 200 000 t/year (largely because of the embargo of American phosphoric acid supplies to Russia) producers want to ensure there will not be another period of over-production leading to uneconomic prices

However, the producers are looking eagerly to the lifting of the American grain embargo (which includes phosphoric acid) against Russia Industry sources calculate that lifting the embargo would immediately convert the 200 000 t surplus into an 800 000 t shortfall with American production being channelled to renew Russian stockpiles leaving the rest of the world to scramble for supplies The result will be soaring prices

Luyt (although he refuses to discuss cartels) says Once the embargo is lifted I will be making so much money I won't know what to do with it '

President Ronald Reagan, during his election campaign, promised to lift the grain embargo and as a result his election was greeted with euphoria by the phosphoric acid producers Once in office however, he announced the embargo would stay But fertiliser industry sources doubt whether he will be able to maintain this stance for long in the face of the powerful farming lobby

183

Poisonous gas fumes hospitalise 21 at Escom

By Mike Cohen

Twenty-one people were today admitted to hospital after inhaling poisonous gas fumes used in the water purification plant for the fountain at Megawatt Park, headquarters of Escom.

A gas bottle was found to be leaking but it could not be repaired before 21 people were affected.

A spokesman for Escom said no one was in a serious condition and 16 were treated and discharged.

PARKING

The gas bottles were situated in the covered parking enclosure of the building and the employees were affected when they arrived for work.

Chlorine gas has a property which sits at the bottom of the lungs causing discomfort. It is not fatal if inhaled.

The names of those admitted to hospital are Miss Jaeckel, Mr B Whaymen, Mr C Pennman, Mr G Wienand, Mrs C Stoltz, Mr Baehm, Mr [illegible] Potter, Mr P Venter, Mr Largo, Mrs A Vernandes, Miss Thomlin, Mr Townsend, Mr S Alexander, Mr Springfellow, Mr S Coppo, Miss Glaeser, Miss Lock, Mr Buhl, Mr Rheede, Mr P A Oosthuizen, and Mr Dovenpoort.

The leak has been repaired. Those people still in hospital should be discharged later today.

Even if the meaning of 'health' is agreed upon, ways of achieving it may be very much open to doubt. It is often said that we cannot promote health by removing disease. This is usually taken to imply that a change of concept is necessary, from cure to active promotion of health; but it is also true in a very literal and scientific sense. Suppose that a certain type of event, e.g. moving house, predisposes people to suffer a variety of illnesses to which they may be prone - heart attacks, asthma, etc. - we would not know, since we have not looked for this factor. Under certain circumstances it might be the simplest and cheapest way to reduce morbidity and mortality to reduce the number of times individuals are obliged to move house. This is perhaps an artificially simple example, yet there may be a group of families particularly at risk to a number of diseases simultaneously: e.g. husband drinks and fights, wife is nervous, has high blood pressure, ulcers, children are liable to accident and infectious diseases due to poor hygiene in the home, etc. It may be calculated the extent to which, on average, an adult male who dies in a car accident is survived by his peers, taking into account the risk from other diseases. But if this one man is prevented by judicious road safety measures and the compulsory wearing of seatbelts from dying in a car accident, his chances of dying of cirrhosis of the liver are much higher than those of someone else. Thus to deal with syndromes (drink, unemployment, lack of education, poor housing, etc.) may in the long run be more effective and tackle a large number of diseases at once. By deciding on the priority of different diseases according to their severity, prevalence and curability, we will perhaps expend more resources and energy for decreasing returns without reaching the fundamental problems of this family.

It may be argued that this family is not typical, that on the whole diseases are more randomly spread among families and individuals. But is this so ? Research into the environmental and socio-psychological conditions

associated with ill health suggests the contrary, that who becomes ill, including those who contract infectious diseases, is highly determined. A recent study in U.K.
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GENERAL NEWS

26/2/81 STAR (233) (245) (183)

Fedmis-Triomf split recommended

Political Correspondent

CAPE TOWN — The Competition Board has found practices in the fertiliser industry which are not in the public interest

In one of three reports tabled in Parliament yesterday, the Board recommended that an agreement between Triomf and Fedmis be terminated

The recommendation could severely affect the interests of fertiliser magnate Mr Louis Luyt

The Board found that the market-sharing agreement between Triomf and Fedmis constituted a restrictive practice which could not be justified in the public interest

"The Board recommends that the termination of this agreement should be reconsidered as soon as a further plant for the manufacture of ammonia has been erected which will be able to supply the full nitrogen needs of the fertiliser manufacturers"

In the Board's two other investigations no restrictive practices were found in the poultry industry, but it recommended a 20-year-old agreement with the Federation of South African Sanitaryware and Hardware Merchants' Associations should be terminated

Mr Oliver Hill, managing director of a small fertiliser company, said he believed the Board's judgment was fair

If accepted by the Government, it would provide for more competition and be in the best interests of the consumer.

He said despite enormous pressure to represent the interests of Triomf and Fedmis the comments would come as a surprise for the fertiliser industry who thought that it "was going to come out smelling like a rose"

Copies of the reports can be obtained from the Competition Board, Private Bag X48, Pretoria, 0001

Fertiliser giants attacked

DD 26/2/81

(183)

THE ASSEMBLY — The two companies which dominate South Africa's fertiliser industry — Mr Louis Luyt's Triomf and AECI — have been strongly criticised by the competition board for engaging in restrictive practices

The board, whose first three reports were tabled here yesterday, attacked restrictive controls over the supply of raw materials, the holding of shares by co operatives in Triomf, and the market sharing agreement in the fertiliser industry.

The board's report was welcome yesterday by the Progressive Federal Party's Mr Rupert Lorimer, MP, who over a number of years has attacked monopolistic conditions in the industry.

Mr Lorimer said fertiliser was one of the major factors for the input costs of farmers and the price of fertiliser was carried through to food prices

"There is no doubt at all, as a result of this report, that the fertiliser industry must take a major part of the responsibility of food price increases in South Africa," Mr Lorimer said

The competition board found that "certain practices emanating from the industry's control over supplies created restrictive practices which are not justified in the public interest

"These practices are, in the board's view, unnecessary for the rationalisation of the industry through the orderly control of raw materials required for fertiliser manufacture "

These practices included the limiting of competitor's shares for raw materials to the producers of these raw materials This, the board said, was not aimed at rational allocation "but at the restriction of competition "

They also included granting import permits for raw materials to producers of these materials, or their nominees, "only and subject to the industry's permission."

It felt that these imports, as long as import control remained, should be solely controlled by the government — PC

RDM 26/2/81

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Two fertiliser giants slated by Govt body

Own Correspondent

CAPE TOWN — Two of the companies which dominate the country's fertiliser industry — Mr Louis Luyt's Triomf, and AECI — have been strongly criticised by the Competition Board for their restrictive practices

The board tabled its first three reports in Parliament yesterdav Restrictive controls over the supply of materials, the holding of shares by co-operatives in Triomf and the market-sharing agreement in the fertiliser industry were criticised by the board

The report was welcomed by the Mr Rupert Lorimer, MP, of the Progressive Federal Party, who, over a number of years has attacked the monopolistic conditions in the industry

Mr Lorimer said fertiliser was one of the major factors for the input costs of farmers and the price of fertiliser was carried through to food prices

There is no doubt at all, as a result of this report, that the fertiliser industry must take a major part of the responsibility of food price increases in South Africa ' Mr Lorimer said

The Competition Board found "certain practices emanating from the industry's control over material supplies created restrictive practices which were not justified in the public interest"

These practices included the limiting of competitor's shares for raw materials to the producers of these materials This was not aimed at rational allocation, the board said, "but at the restriction of competition"

They included the granting of import permits for raw materials to producers of these materials, or their nominees

The board felt these imports, as long as import control remained, should be controlled by the Government "who should, as a matter of principle allow any manufactuerer to import his reasonable needs where the Department of Industries is satisfied such a manufacturer can't procure these in the country

"This will prevent the larger manufacturers from depriving smaller firms of access to materials which are required for the manufacture of all the fertiliser they can produce and market "

When the board began its investigations into the industrv, five large co-operatives and nine smaller co-ops were the sole shareholders of Sentrale Landboubevorderingsmaatskappy which held 49,3% of the share capital of Triomf Fertilizer Investments

Co-operatives were said to be important because they handled more than 70% of fertiliser sales

Record results boosted by Triomf and Coalplex

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26/2/81

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AECI breaks through the R1 000-m barrier

AECI has broken through the R1 000-million turnover barrier, jumping 38 percent to R1 236-million for the year ended December 31 1980, writes Geoff Shuttleworth.

Earnings rose 57 percent in the same period to 81,1c a share and the final dividend of 27c makes the year's total 45c a share — an improvement of 50 percent

This is very much in line with market expectations and the directors expect that profits for 1981 are likely to show a further improvement, although at a lower rate than in the review year

Domestic sales volume was up 19 percent and all major sectors of the group contributed to the improvement, the growth rates for agricultural nitrogen, industrial chemicals, paints, plastic pipes and vinyl products having been particularly noteworthy.

In addition the R7,8-million contribution from Triomf's dividend in the first half and the R12-million to R15-million contribution by Coalplex boosted results. Following the build-up of a 56 percent stake in Chemhold earlier last year, this contributed only 1,5c a share as the contribution was for half the year.

Last year was the first year in which Coalplex operated at a profit, albeit in difficult circumstances and 52 000 tons of PVC were exported with world prices declining in the second half of last year

Managing director Denys Marvin said at a Press conference yesterday that prices were down around R200 a ton — equivalent to over R10-million if taken over an annual average as exports comprised half the plant's production

He said that as the US economy improves, realisations will improve, especially if oil prices rise as they seem set to "We are looking for the real gravy in the years ahead."

METHANOL

Capital expenditure is estimated at R200-million for 1981 although this does not take into account the possibilities of a large-scale methanol plant Mr Marvin said that a decision on such a plant is still only expected at the end of 1981 but at this stage "things took positive"

About R50-million and R30-million will be spent on explosives factories at Welkom and in Bophutatswana respectively. All 1981's capex can be financed from cash flow and local borrowings and there will be no need to go to shareholders, he added.

The tax rate is not expected to differ much in the year ahead

Mr Marvin said he was optimistic about the current year in general and the growth rate was expected to be around 4—5, percent He added that the fundamentals were positive enough to carry South Africa forward through a decade of golden growth He said the growth rate should be seen against the background of an 8 percent growth last year and noted that anything above 4—5 percent this year would be well nigh impossible as there were not enough skilled people to cope with such growth.

Commenting on the world scenario he said that the US might begin to recover by the end of the year, but Europe could take longer

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that the protection is needed, the charge that patents are responsible for "antisocial" practices is weakened. The problems that arise are not due to the patent itself, but to the actual nature of the drug market, and must therefore be solved

all but 9 were developed by private industry. This, of course, does not indicate the cost-effectiveness of private research, but the fact that the funds for research were forthcoming, is in itself significant.

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(7.2) The Influence of Patents on Innovations

By promising the firm the possibility of a return on its research expenditure, patents speed up the rate of innovation.

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product obsolescence (estimated at about 7 - 10% p.a.) it is not clear that patents are a major issue in the drug market.

In short, therefore, the issue of patent protection has become something of a red herring and once it is realised

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Argus 26/2/81

(183)

(232)

Fertiliser agreement 'restrictive'

Political Staff

THE Competitions Board has found practices in the fertiliser industry which are not in the public interest.

In one of three reports tabled yesterday, the board recommended that an agreement between Triomf and Fedmis be terminated.

The recommendation could affect the interests of Mr Louis Luyt, South Africa's fertilizer king.

The board found that a market-sharing agreement between Triomf and Fedmis constituted a restrictive practice which could on balance, not be justified in the public interest.

NEW PLANT

'The board recommends that the termination of this agreement should be reconsidered as soon as a further plant for the manufacture of ammonia has been erected which will be able to supply the full nitrogen needs of the fertilizer manufacturers'

It also recommended 'that more favourable conditions should be created for entrepreneurs for entering the distribution of fertilizer as dry-mixers.'

The board found no restrictive practices in the poultry industry.

CHEMI

FACULTY OF ENGINEERING

Corporation Medals
For the best student in each of the 2nd, 3rd and final years.

Second Year (Bronze Medal)

Miss G C Littlewort

Third Year (Silver Medal)

Miss N C Davidson

Fourth Year (Gold Medal)

P M Salmon
T J Cumming
D P Weeks
J H Rens
B F McClelland

Professor George Menzies Prize
Awarded on results of final examinations to the best male student in Land Surveying or Civil Engineering.

J H Rens

Sammy Sacks Memorial Prize
Awarded to the student with the best classwork in Engineering Drawing.

L Menegaldo

A E & C I Prize
For the first year student highest average

RDM 27/12/81

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Union row looms in steel industry

By STEVEN FRIEDMAN
Labour Reporter

A PREDOMINANTLY black trade union claimed yesterday it had been denied organising facilities at a company by the country's biggest industrial council despite the company's willingness to grant the facilities

The accusation sparked new controversy about the country's official bargaining system, with the union claiming the incident "demonstrates again that industrial councils, which are an important part of the official system, are far from ideal for black workers"

However Dr Errol Drummond, director of Seifsa the employer body on the council, said yesterday no final decision on the issue had been taken

The Fosatu-affiliated Chemical Industrial Workers Union claims the industrial council for the metal industries has refused to allow it "stop order" facilities at a Pinetown plastics company "Stop order" facilities mean union dues are deducted by an employer on a union's behalf

Although the union is based in the chemical industry it also organises plastics workers and sections of the plastics industry fall under the metal industries industrial council The union said it now had a majority membership at a plastics company which falls under the scope of the council

However, a clause in the metal industries' industrial agreement states that no union which does not belong to the council can enjoy "stop order" facilities in areas covered by the agreement without the council's permission

Because the agreement is legally binding it would be an offence for the company to grant facilities without permission The union says it applied for exemption from this clause and was refused

The reason given by the council was that it had not applied for registration in the plastics industry in Pinetown and that an exemption would only be considered if the union applied for this registration

A union spokesman claimed yesterday "It could take us months to have an application gazetted And if we decide to reject racial registration along with other Fosatu unions, we could have to wait longer"

He claimed that "we are being denied rights which we are entitled to as a majority union and which the employer is prepared to grant us — all as a result of an agreement in which we had no part Why should the council have the power to decide who gives us facilities?"

Dr Drummond confirmed yesterday that the union had asked for an exemption and that this had been refused by the council

The exemption, he added, could only be granted to registered unions or to unregistered unions which submitted their constitution to the council and which had had their registration application gazetted

Although the chemical union had submitted a constitution and a gazetted application, it had not applied for registration in the plastics industry

"Until then, they cannot qualify for an exemption We try to make things as easy as possible, but we might as well have a textile union applying"

Dr Drummond said the employer concerned had applied for an exemption and this was still under consideration "The matter hasn't been finally resolved" he said

He added "If the union were to have a registration application for the plastics industry gazetted, this would simplify matters considerably"

FM 27/2/81

(183)

COMPETITIONS BOARD

Fertiliser to fly?

The Competitions Board has decided that the market share agreement between the country's two main fertiliser suppliers Triomf (54%) and Fedmis (46%) is harmful and constitutes a restrictive practice which it cannot condone in the public interest

The board recommends the practice be terminated 12 months after Fedmis new ammonia plant comes on stream now scheduled for 1984 Once the market share agreement is terminated manufacturers will have to claim their own market share in a free-for-all fight

This emerged during this week's tabling by Minister of Industries Commerce and Tourism Dawie de Villiers of three reports by the Competition Board

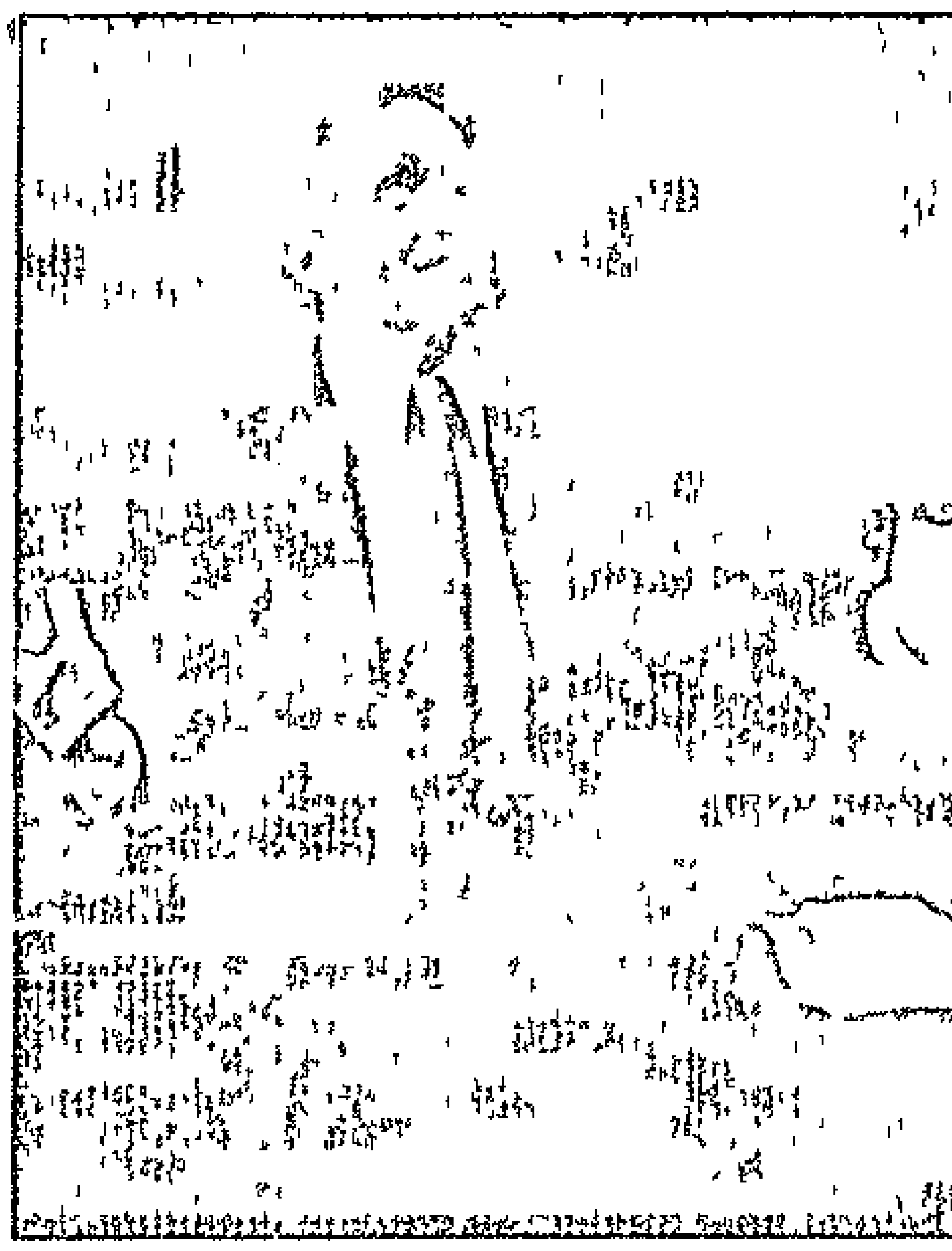
The reports contained the board's findings and recommendations in connection with its investigations into the supply and distribution of sanitary ware and hardware for the building industry, the supply and marketing of poultry products, and the supply and distribution of fertiliser

The investigation into the distribution and marketing of fertilisers focused on the industry's control over the supply of essential raw materials and intermediate products and allegations of unfair allocation to smaller producers of scarce raw materials such as nitrogenous products due to insufficient local production of for example ammonia products

The board recommends that government should revise its policy on import control and tariff protection on these scarce commodities, to allow new entrants into manufacturing and to obtain requirements at reasonable prices

The question of shareholdings by co-operative societies in fertiliser manufacturing operations was considered by the board to be a restrictive practice which it could not condone in the public interest However co-operative societies last year voluntarily terminated their shareholdings in one of the two major fertiliser manufacturers Triomf before the completion of the board's report

The board's investigation into the supply and distribution of sanitary ware and hardware was concerned mainly with the 20 year old agreement between the Board of Trade and the Merchants Association in terms of which the merchants and suppliers may not enter into exclusive dealing arrangements or the practice of resale price maintenance



Premier's Bloom . major feedstock companies cleared

The board recommends that because

important changes have occurred since the agreement was reached in 1961 the agreement has become obsolete The practice of resale price maintenance has been illegal since 1969 The board recommends that because the agreement is ineffective, each complaint should now be treated individually and on merit

The board's investigation of complaints into the supply and marketing of poultry focused largely on allegations levelled against Nepco and the Egg Board and the way in which they administered the production and marketing of eggs as well as on allegations of abuses stemming from vertical integration by large feedstock manufacturers into egg and poultry production

In terms of Section 2 of the Maintenance and Promotion of the Competition Act, the board is precluded from making recommendations which would regulate the production and distribution of eggs by the Egg Board or Nepco As a result of this provision in the Act, the board's report contained no findings and recommendations in regard to the Egg Board and Nepco

As far as allegations concerning the vertical integration of major feedstock manufacturers, the board could not find evidence for allegations that the three major feed manufacturers manipulated and dominated Nepco and the Egg Board

for their own advantage
The board suggests that government
provides egg producers with adequate fi-
nancing facilities The board feels inde-
pendent egg producers do not at present
have adequate financing facilities such as
Land Bank loans available to them, and
this should be changed Inadequate financ-
ing facilities encourages vertical integra-
tion in the poultry industry
To what extent the board's findings will
be implemented depends on De Villiers,
whose decisions are being awaited by all
interested parties

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blank existing as to causes of mortality and the a
of specific mortality rates for the non-European
that official medical statistics are so weak The
Health Department has attempted, as far as c
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the incidence, distribution and associated phen
of the major infectious diseases Plague,
malaria bilharzia and rabies have formed the
of discussion in special publications as well
annual reports Co operation in these studies h
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such organizations as the South African Instit
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ments, etc

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options of the influences of such disease pr
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methods are legion, and even in the use of
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There is an urgent need of a
uniform methods of tabula-
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special institutions for the
tients At present the avail-

able data cannot be utilized to much practical value in a statistical study of the cancer morbidity and mortality problem, with due regard to the examinations of age, sex race and the organs and parts of the body affected

"In view of the urgent demand for trustworthy cancer morbidity and mortality statistics, it is self evident that the institutions which fail to provide the required amount of trustworthy and comparable statistical information fail materially in the ful discharge of their duty towards their patients and the public at large"

Uniform disease nomenclature and classification, definition of primary and secondary conditions, are amongst the cardinal factors to be demanded in the better and extended hospital recording which it is hoped will be attempted in this country

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carefully planned, with due regard to practicable operation and blessed with the approval of our official medical and health organizations deserves enthusiastic support

America is the home and happy hunting ground of the collective investigator but important aspects have been studied in England as exemplified by the enquiry organized by the British Medical Association[8] into questions of gastric ulcer treatment Some collecti investigations in China with which the writer h recently been associated may be suggested as suitab examples for South African imitation Conditions i China are for this purpose roughly similar—a va country with but elementary provision of medic service in the rural districts Nevertheless the wealt of contribution rendered by China to medical servic is largely due to collective investigation initiated an for a difference of this size.

The survey average is drawn upwards by the inclusion of four workers on a horse-breeding farm in the Nieuwveldt mountains near Beaufort West who earn more than R25 a week in cash.

(b) Bonus:

The table below shows the distribution of workers according to annual bonuses received.

TABLE 9

Distribution of workers according to bonus received, R per year.

Bonus, R per year	Number of workers	Cumulative %
0 - 5,00	22	16,92
5,01 - 10,00	11	25,38
10,01 - 15,00		43,08
15,01		53,85
20,01		63,08
25,01		80,00
30,01		85,38
35,01		95,38
		100,00

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DD 3/3/81 (129) (183) (169)

Black union joins council

JOHANNESBURG — Another black trade union has been admitted to an industrial council and hence into the official bargaining system.

It is the SA Chemical Workers Union (Sacwu), which is affiliated to the Council of Unions of South Africa (Cusa).

This makes Sacwu the second Cusa affiliate to gain admission to an industrial council. Recently, the Steel, Engineering and Allied Workers Union became the first independent black union to win admission to a council.

Four industrial councils are know to have admitted black unions.

Admission to a council entitles a union to conclude legally binding wage and working condition agreements with employers.

Sacwu has gained admission to the industrial council for the Transvaal Chemical Manufacturing Industry and will therefore be entitled to bargain officially for its members in the Transvaal.

The only other trade union on the council is the Chemical Workers Union, which represents white, coloured and Asian workers

This union has close links with the Sacwu and this almost certainly made it easier for the union to join the council.

Registered non-black unions already represented on an industrial council have the power to veto an application by a new union to join and unions which already have close links with their registered counterparts are less likely to be vetoed — DDC.

Another black union can now bargain

Kei, 3/3

By STEVEN FRIEDMAN
Labour Reporter

ANOTHER black trade union has been admitted to an industrial council, the official bargaining bodies which are a cornerstone of the official bargaining system.

It is the SA Chemical Workers Union (SACWU), which is affiliated to the Council of Unions of South Africa (Cusa).

This makes the SACWU the second Cusa affiliate to gain admission to an industrial council. Recently, the Steel Engineering and Allied Workers Union became the first independent black union to win admission to a council.

Four industrial councils are known to have admitted black unions.

The SACWU has gained admission to the industrial council for the Transvaal chemical manufacturing industry and will therefore be entitled to bargain officially for its members in the Transvaal.

The other trade union on the council is the Chemical Workers' Union, representing white, coloured and Asian workers, which has close links with the SACWU.

Registered [illegible] unions already represented on an industrial council have the power to veto an application by a new union to join and unions which already have close links with their registered counterparts are less likely to be vetoed.

However, the veto right has not yet been used — even in the giant steel and engineering industries in which there has been conflict between registered and unregistered unions.

The authorities are known to be eager to see black unions register and take part in industrial councils.

GALLO

Into a new game

FM 6/3/81

(183)

Two years ago, when the bull market was moving into top gear, Gallo was rated lowly on the Johannesburg Stock Exchange following some heavy and unexpected losses arising largely from inopportune and poorly financed diversifications But, the picture has changed

Though there is still room for a rating improvement, management's decision to eschew diversity, in the short-term, and concentrate on its traditional business music, pulled earnings back from the cold In fact, so successful was the turnaround that the Premier group acquired a controlling stake and made Gallo its non-food arm, thereby further enhancing growth prospects

This change in control has been important for the group Gallo is no longer a medium-sized, family-controlled business whose main expertise lies in the music industry Its base is broader after the reversal into it of Premier's book interests And, having cleaned up the mess left after an earlier foray into the consumer appliance and radio sector, group MD Gerald McGrath is actively seeking ways to use the funds the now profitable business is generating

McGrath's entry into Gallo followed the 1978 acquisition of his 50% stake in Teal His first financial year as MD saw write-offs totalling nearly R1m as the appliance and radio divisions were closed down This left the music interests, the Moulinex appliance division and an audio visual arm — all of which were profitable and which had been the profit mainstay when the group's TV and appliance operations turned sour

Next came the task of hauling Gallo back to reasonable investment returns In 1979, shareholders were again disappointed when the last throes of the radio division created further extraordinary losses of R503 000 But, at last chairman Eric Gallo could say with some degree of confidence "I am satisfied all extraordinary losses brought about by our change in policy have been provided for"

The prudence of taking the bath equivalent to a 28c a share write-off, was obvious when, in the first six months of 1980, earnings of 30c were more than in any previous full year And for the first time in almost two years, a dividend was paid — 10c at the interim stage compared with a maximum annual payment in previous financial years of 16c

The market did not respond at first Gallo shares were 215c at the time of the turnaround, and appeared to offer sound short-term buying opportunities But the market was obviously sceptical about the consumer boom and the previous bad earnings record Equally, however, investors failed to rate accurately the growth potential in the music industry

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TAL EXPENDITURE

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other estimates appear to be at variance with this (8). In terms of per capita average for spending on pharmaceuticals South Africa falls somewhere between the advanced European states and North America on the one hand, and other African states and India on the other (7) (Table 1). The annual turnover of pharmaceuticals in the Republic derives from about 150 competitive ethical drug companies (8).

Further considerations of expenditure on human pharmaceuticals in South Africa have to take into account the differences between consumption in the private sector on the one hand, and State and provincial health institutions on the other. The proportion of private consumption expenditure on medical care and health, as a percentage of private consumption in general has been fairly constant in recent years in South Africa (9) (Table 2). Of this private expenditure on health services, a significant proportion goes to medicines and pharmaceuticals (10) (Figure 1). In the public sector, too, a finite and significant proportion of expenditure on health services goes to the pharmaceutical budget. For example, the Cape Provincial Administration Hospitals' Services spends some 7-10% of its annual vote on pharmaceuticals (11) (Table 3) The pharmaceutical industry calculated for 1975 that 32% of medicines went to State and Provincial tenders (8). It is not clear what proportion of the budgets of State and provincial health services are allocated for hospital as opposed to non-hospital purposes.

In Tanzania 17% of the £30 million spent on health services in the country are used for pharmaceuticals, and in other developing countries the allocation may be close to 20% (12,13). In developed Western countries the figure approximates to 5% (6). In general, health care expenses absorb 4-10% of the gross national product of industrialised nations, of which 50-60% is spent in administering hospitals, and 10-20% for drugs (14).

These considerations serve to justify a closer examination of the manner in which money is being spent in South Africa on human pharmaceuticals. Certain of these considerations are relevant, I believe, to other under-developed countries as well.

THE PHARMACEUTICAL ENVIRONMENT

The marketing of pharmaceuticals, and the cost of medicines, cannot be considered in a vacuum. The pharmaceutical industry affects, and is subject to, a variety of internal and external pressures which modify the prices of medicines. The pharmaceutical manufacturer is subject to changes in

Earnings for the whole year were 53c and a 25c dividend total was declared Premier, however recognised the market potential and moved in It gained a control commitment from the major shareholders and offered minorities 265c a share

Premier's first step was to inject its book trading assets, which gave McGrath some of the diversification the group needed And in the near future it is logical that some of Premier's other non-food divisions will be acquired by Gallo, like the Hampo trading agency, which will further broaden the asset base McGrath says the book divisions give group earnings more stability Thus when music sales are slack, the book division is at a peak sales period

Having made the break from being a family-controlled music business and being asbsorbed by a large food company where does Gallo go from here?

McGrath has no worries about the future Gallo, he says, has consolidated its position in music and expects the R60m industry sales to grow at a compound 20% a year To a large extent, this confidence is based on structural changes in the sector profile following the success in marketing records in high traffic consumer areas like supermarkets through the racking companies

Recently Gallo firmly entrenched itself by buying half of racking company MFP, which supplies most large outlets There is still a place in the market for the specialised music shops, but growing emphasis is being placed on getting music products to the consumer

The advantages of this increase in the retail infrastructure are enhanced by the potential of black record buyers McGrath says the advent of competitive radio stations in neighbouring countries and the soon to be introduced second TV channel will give sales an added boost Black preferences are moving away from indigenous music to high volume popular records And, with black spending power rising at a faster rate than in the white sector, McGrath sees huge sales potential

"At present I would guess that about 30% of all records sold are bought by the black population This could easily reverse in the next few years with the change in buying patterns and music exposure on radio and the planned second TV channel Make no mistake, it will be good for business if the second TV channel gives strong exposure to musical talent Gallo is playing a part by developing local talent into good visual performers

He estimates the local music industry is worth about R60m a year and Gallo is responsible for some 70% of all sales McGrath explains that the company is now more solidly based sales practices are not as ' unstable and there is no sale-or-return structure which led to overstocked record companies when the industry turned down in the US Being relatively low in the record per capita stakes, growth potential here is good but hopefully without the extreme peaks and troughs of Western countries This is evidenced by the continued profits earned by Gallo s music division, even when the overall picture was a loss and the international industry was depressed

"Music will remain our dominant business," stresses McGrath But there are further pointers that the blemish on Gallo s profit record is not to be repeated

Gallo's McGrath . . . growing inside, and outside, music

One indicator is the emphasis being placed on what is left of the appliance division the Moulinex range In the last three years this division has boosted profit 300% McGrath does not preclude that future diversifications will be back to the appliance market After all it is logical for Gallo to be in say the hi-fi market But if and when the group does venture back into that sector it will be on different terms

Says McGrath "It was a mistake to get out of hi-fi But Gallo was short of management and previous expansion policy steered clear from buying management This largely resulted from family control because buying management would probably have meant diluting the major shareholdings The value of buying management was proved when Gallo bought McGrath's stake and installed him as MD From there the earnings recovery started He believes that expansion into other industries is best accomplished by buying a company with good management This is what happened with Premier s book division

The Gallo Fox audio visual arm is another bright prospect A shortage of trained people in SA offers great scope for audiovisual aids Gallo Fox is a dominant force in this market McGrath reckons profits could be doubled in the next 12 months, with the introduction of increased video services and the introduction of video cassette and disc services to the public, which have been major growth markets in the US

Gallo s production operations will benefit from the introduction of the new TV channel in the demand created for film sound studio facilities ' We are looking for large growth in the video area Channel Two will need adverts and other filmed material Being the largest film sound studio in the country we have the facilities to meet this demand "

Extending its base further Gallo recently acquired the sole rights to the simultaneous book club concept in this country This means Gallo will be able to offer club members best sellers simultaneously with publication but at about one third off the normal selling price At present we are testing the stamina of membership Initial results are encouraging We hope to aim for a membership of about 100 000 which would give millions of rands of turnover and make us one of the largest retail book distributors in the country "

Mass of titles

Though Gallo is by far the largest in the music industry, prospects depend to a large extent on the repertoire of the moment Thus competitors may, at certain times, have a marketing edge But Gallo has built up a formidable list of labels and its music publishing division has some 750 000 titles on which it is entitled to royalties, no matter who publishes or performs the songs

But product is not all Since the loss-making days the group has been tightened up, with greater controls on assets and significant capacity to expand the gearing base should further diversification prospects arise Most important management has now clearly defined where Gallo is going a major defect in group strategy in the mid-Seventies when diversification threatened even the profitable [illegible]

A major factor when assessing prospects is that, as part of a large group Gallo might well become an active acquisitive vehicle It was stated at the time of Premier s offer that Gallo would be the expansion arm in the non-food business This could mean fast growth particularly with the financial capacity in the group And Premier has leeway before its control is threatened, which offers Gallo scope for paper-based expansion and diversification Most likely this will wait until a major appliance business is found at the right price

Though many investors still have not forgotten the group s backsliding in the mid-Seventies the game has changed Management is less introspective and has plans to make the company grow into something other than the leading star in the music industry

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NM 12/3/81 ~~[illegible]~~

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Manure myths

ONE of the fundamental beliefs of the organic farming people is that all manure should go back on the land

Because manure has been used for so long as a crop fertiliser many myths about it still exist today says Mr R Ludorf of the Soil Science Section at Cedara

But an article he has written for *Arena* the newsletter of the Natal region of the Department of Agriculture, does much to dissipate the mystique of manure

Many people feel that organic fertilising materials are far superior to artificial or inorganic fertilisers They often indicate that organic grown vegetables are healthier and disease free and they often call artificial fertilisers "devil's dust" and maintain that they are poisonous to plants and man These extravagent statements are however never substantiated he says

He goes on to point out that holding up manure as an alternative is not feasible Artificial fertiliser and manure are not comparable In fact he says they perform different functions and are not competitive but complementary

The role of manure is mainly to improve the general quality of the soil in aspects like aeration and retentive power for water and nutrients It promotes bacterial activity and increases humus production

But the biggest present day problem about using manure is the cost of handling and transporting it Mr Ludorf makes some complex calculations about this and comes up with the conclusion that moving manure more than 6 km from its source becomes uneconomical with fuel prices the way they are today

MR R LUDORF of the Soil Science Section, Cedara

This is not the case with artificial fertiliser which is much more concentrated and which unlike manure has a definite known composition

Manure has other disadvantages says Mr Ludorf

Because of the sophistication of animal feeds and the possible addition of trace elements such as zinc copper and boron, toxicity problems can be created when manure from these animals is added to the soil This is because excessive amounts of these elements find their way from the soil into plants and into the diet of human beings

Salt added to animal feed is also passed out in manure and can cause serious soil problems At the same time there is the possibility of manure spreading harmful organisms and endangering plants animals and human beings

So it seems that manure is not the benign miracle worker so beloved of the organic enthusiasts And neither is it a practical proposition to move it around the countryside over long distances as it used to be in the past information about how wages were determined, the existence of a shortage or surplus of labour at current wages and farmers' requirements in their labour force (in particular, whether schooling was considered an advantage or not).

3) a questionnaire to workers on their motives in coming to the farm, their attitudes to alternative jobs and their problems on the farm.

The information in this part is largely drawn from the first and second questionnaires.

A total of 35 farms were visited during the survey, but three farmers preferred to fill in the questionnaires alone and post them. They have not done so, so that the results below apply to a maximum of 32 farms, 18 in the Beaufort West magisterial district, 6 in Fraserburg, 6 in Middelburg and 2 in Graaff-Reinet.

Section A : Area of farm, number of sheep and numbers employed:

The average (mean) area of farm was 9 548 hectares (distribution of farms into various size categories can be seen in Table 3). Agricultural census data for 1972-1973, however, give the following picture for the area as a whole:

STAR 16/3/81

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Gundle takeover

In a R2-million cash deal Gundle Plastics of Johannesburg has acquired the polyethylene-sheet manufacturing and selling business of NCS Plastics of Durban.

Making this announcement today, executive chairman Mr Clifford Gundle said the acquisition followed the recent disposal by Gundle of its PVC fabrication facilities to concentrate on a growth programme in its main plastic-extrusion business.

Gundle recently announced the successful award of a US tender worth R440 000 for plastic sheeting to line an anti-pollution dam on a uranium mine in the State of Washington

SCI seeks greater share of lucrative mining explosives market

'BREAK THIS MONOPOLY'

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SA Industrial Week 17/3/81

SWAZILAND Chemical Industries has launched an attempt to demolish one of the most lucrative and oldest monopolies in South Africa — the explosives monopoly held by AECI for more than half a century

SCI deputy chairman and managing director Oliver Hill describes this as "probably the most tightly regimented monopoly in the country It is regulated in terms of a contract which gives to African Explosives the sole and exclusive right to supply explosives, practically forever

"Effectively, it is an everlasting contract to supply to a market that is today the second largest in the world They say there is room for only one producer I say this is total rubbish "

Hill says he has been consistently blocked by the Chamber of Mines in his attempts to break into the R300-million-a-year mining explosives market but is carrying on the fight through the recently formed Competition Board in Pretoria

"We have told the Competition Board we believe the country has more to gain from competition than it has to lose from doing away with the restrictions imposed on the marketplace by the Cham-

operation costs of explosives might represent about 2 % of overall costs

"We think that with proper application of technology we can save up to 10 % of total mining costs — which is five times the actual cost of the explosives involved

"We are not running down the products of AECI, but we do think our know-how is better and this can make a big difference to productivity

"When we compete with AECI the man who benefits is the customer The major thing we have to sell is health and safety The Chamber of Mines has completely ignored these facets of our case

• AECI declined to comment

Cartoon Page 3

"About 90 % of the explosives market in South Africa is covered by the Chamber's contract monopoly 10 % is not and it is in this fraction that we are allowed to compete and, in fact, are competing very successfully

"It is strange that the Chamber requires three suppliers of every commodity to the mining industry — with the exception of explosives We think this rule should apply to everything

"We believe competition in the explosives industry will bring down the costs of mining — not because we are going necessarily to offer cheaper explosives, but because we are able to offer better-applied advanced technology available to us from El Du Pont Nemours of the USA "

Hill says on a typical mining

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with other activities all of which together ... provide a adequate income This happens particularly in Amatnole where some people were allocated Full Economic Farm units with rehabilitation (these farmers utilise their time well between cultivating fields, keeping small stock and working in the dairy Combined these activities may generate a decent income while none of them alone could ... be enough to live off)

Only for people with cows to guarantee a reasonable income would the time and labour spend herding and milking be justified (Again if a market could be established) Because nearly all the people in the dairies have very few, very low quality cows, it seems that the dairies can only provide a supplementar source of income to those who already have some security, rather than the sole source of income for the very poor

Here one must note the exceptions of Alfred Bukula of Inkomo and Freddy Mhlauli of Amathole Both are particularly successful in the dairies and yet both of them are comparatively poor Mhlauli has a pension but the dairy is his main source of income Bukula has no other cash income, but his income from the dairy is now second highest to that of N 1 He attributes this to the fact that his cows are particularly good and he has concentrated on improving their quality

3 4 CONCLUSION

One must remember that these two projects are pretty exceptional in Umhlaba, and also, that while Umhlaba is classified as a pastoral area, with emphasis on cattle rather than cultivation, these are the only two dairies

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miss plane

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— Saawu

By STEVEN FRIEDMAN
Labour Reporter

SECURITY Police have questioned two trade unionists at East London airport in an attempt to "disrupt" a recognition agreement between their union and an employer, it was claimed yesterday

The unregistered South African Allied Workers Union (Saawu) said that two of its officials had been questioned by police shortly before they were to board a plane for Johannesburg

They were due at a negotiation meeting with senior executives of Chloride (SA), which recognises the union According to Saawu, police questioned the unionists until their plane took off and then released them

A senior official of the East London Security Police told the Rand Daily Mail's East London correspondent yesterday that he had "no knowledge" of the incident

The two SAAWU officials — its national organiser, Mr Thozamile Gqweta, and a member of the union committee at Chloride, Mr Bennie Sisingo, were due in Johannesburg yesterday to discuss a new job grading system with Chloride management

A union spokesman said yesterday, however, that the two men were stopped at East London airport by two men who identified themselves as Security Policemen

They were questioned about a detained unionist, Mr Bonsile Norushe, and were forced to miss their flight as a result, the spokesman said As soon as their plane had left, they were released, he claimed

This had delayed their arrival in Johannesburg by more than three hours, he said

"This appears to be harrassment, aimed at disrupting our negotiations with Chloride — the only company to recognise us in East London," the spokesman added

Chloride recognised the union late last year Earlier in the year the Minister of Manpower Utilisation had urged East London employers not to recognise SAAWU as the Government was opposed to the recognition of unregistered unions

Unionists have claimed that the authorities are opposed to any negotiations with unions outside the Government's official labour system

A Chloride spokesman yesterday confirmed that the two unionists had been delayed for three hours at East London airport

"We understand that there was an incident at the airport which delayed them," he added

He said the meeting had been called to plan a new job grading system for the company The two unionists had been invited to attend because "we recognise SAAWU and we felt it best to have a union view on the new system we are planning " he added

PLASTICS FM 20/3/81

New AECI plant (183)

Moulded plastic fuel tanks for cars and large diameter plastic sewerage pipes could well be developed in SA after AECI's new R120m linear low-density polyethylene plant comes on stream at Sasolburg in December

First of its kind in the world outside the US, the new plant will produce 150 000 t of plastic a year by 1985 and will supplement the 75 000 t output from AECI's conventional plant At present this is the country's only producer of low-density polyethylene (LDPE)

Unlike conventional LDPE, the new product resists corrosion by petrol and other substances And because it is stronger, a little goes a longer way — new LDPE plastic bags and film used for shrinkwrap will use 15% to 20% less material

Users will pay for these advantages for it will sell for R1 450/t against R1 300 ton for the conventional material

These prices are way above the currently depressed world prices for LDPE And if there were no duties users could get the imported stuff delivered to their doors for around R850/t But Mike Sander MD of AECI's explosives division, predicts big world price increases when the Western economies come out of recession

World LDPE prices are closely tied to the price of ethylene, which accounts for 70% of production costs At present ethylene can be picked up for around R400 t in the US, but AECI has to buy its ethylene from Sasol for R780/t In addition, AECI is saddled with distribution costs which Sander puts at nearly four times higher than in the US

"Total warehousing and distribution costs in the States are R20/t, thanks to road distribution using bulk hopper cars and van boxes, he says "But we have to rail most of ours and the freight costs alone are R40/t The slow turnaround of freight containers and strategic considerations oblige us to always hold two months' supply, valued at R20m In the States most plants hold only a few days' supply

"If we could get ethylene at world prices and distribute by road our LDPE prices would be the lowest in the world

The industry has to rely on protection against cheap imports because of government policies on sources of raw materials and distribution And tariffs are likely to remain stiff until world prices come down, as AECI should be producing slightly more than the country's needs by the end of next year

Current consumption, which is growing at 10% a year, is 100 000/t, valued at R130m This is supplied by 75 000 t from AECI's present plant with the balance from imports With the new plant working at 65% capacity and producing 45 000 t by the end of next year total local production will hit 120 000 t At this time demand should be 110 000 t Sander is hoping that Sasol will sell him ethylene at world prices for the surplus to give him a chance on the export market

A second development phase of the plant will then commence which should lift its output to 150 000 t a year by 1985 This together with the output of the present plant will give a total production capacity of 225 000 t a year

Sander is not unduly worried about selling it for he expects LDPE to make more inroads into packaging at the expense of glass and paper With energy costs bound to rise faster than others LDPE should become relatively cheaper as it has the lowest energy content of the three materials

The new linear catalytic process for making LDPE was developed in the US by Union Carbide which at present has the only producing plants AECI moved smartly to buy the process, and the new plant will be in production only 21 months after the papers were signed Dow and Du Pont have developed similar processes and world output should hit 1 5 Mt by 1982 — about 10 times the volume of AECI's plant when it is in full production

The R120m plant has a 75% local content Major SA contractors are Basil Read for the civil work, Grinaker Construction for the mechanical erection and Vekor for the major vessels

Gundle to open plant in U.S.

S. Times 22/3/81

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By Andrew McNulty

THE East Rand-based company, Gundle Plastics, is to establish a plant in the United States that will produce and market a Sasol-sourced plastic developed locally

The plant, which involves an investment of "several million rands", is planned as the first of a possible series in the US market and the beginning of a major thrust by the company to internationalise its operations

This was disclosed to Business Times by the chairman, Clifford Gundle

"South African businessmen can make a big contribution to the South African economy by internationalising in this way," he says

The opening of the plant in mid-1982 coincides with the 21st anniversary of the company, which Mr Gundle started as a family business in 1961

Recent developments show impressive performance achieved since

- Turnover is expected to approach R50-million in 1981, a growth of about 20% on 1980
- Average annual compound growth since the first year's sales of R12 000 is 55% and 25% since the R13 3-million in 1976
- The range of 70 product groups is produced in six factories in the East Rand area in a company that employs 1 400 people

The company was restructured when Mr Gundle introduced professional management five years ago and its markets are broadly based in mining agriculture, engineering and construction

'Our policy is to grow vigorously, yet from a financial viewpoint conservatively so that we can maintain dominance in the sectors in which we operate We expect continued good growth in all our markets " Mr Gundle says

The US plant, in Houston Texas, will manufacture flexible linings for use in liquid storage tanks and dams, a product which Mr Gundle believes is the world's most advanced for use in applications where pollution-control measures are required

"The sheeting was developing in South Africa four years ago They are resistant to chemicals oils and hazardous waste and impervious to these environments, ' Mr Gundle says

The product has already been exported to the United Kingdom, West Germany and Holland, among a range of the company's products exported to 20 countries

To keep the process confidential, Mr Gundle says, raw materials in the farm of pellets made locally by Gundle will be shipped to the Houston plant for processing into rolls 6,86 metres wide, in thicknesses from 0,5mm to 1,5mm

"This can't be done anywhere else in the world, and requires much equipment we have developed and made here "

Mr Gundle forecasts rapidly growing demand, based on increasing stringency of US environmental regulations

"We estimate the US market for this type of product at R210-million

"Demand for the specific product is at least 20 times greater than in the local market We can justify one plant based on 5% of the US market, which should have compound annual growth of more than 15% in the next ten years '

The decision to establish the plant resulted when the company won a R500 000 contract to supply the product — approved by the US Environmental Protection Agency — for a uranium mine for dam lining

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BUSINESS MAIL

Tough for AECI

RDM 24/3/81

By HAROLD FRIDJHON

MANAGEMENT of AECI will be hard pressed to maintain profit margins in the current financial year, says Mr Harry Oppenheimer in his annual chairman's review.

Factors militating against repeating last year's excellent performance are the slower growth rate of the economy, the inflation factor, shortage of skilled labour, sharply rising costs and, in many areas, disruptive competition from imports

But Mr Oppenheimer says that in most sectors of AECI's activities order books are satisfactory Plants in many areas are operating at or approaching full output and a further substantial improvement in real earnings has been budgeted for, although the rate of growth is likely to be lower than in 1980

Looking further ahead, profits will benefit from the additional plant capacity being installed and planned

Reviewing a year in which turnover rose by 38% to R1 236-million and attributable income was 61% higher at R123-million (earnings a share rose from 51,5c to 81,3c), he says higher profit and sales were recorded in all major busines areas

Most noteworthy were the gains in paints and plastic conversion, reflecting the high level of activity in the automotive and building industries Blasting explosives and accessories benefited from increased mining activity Domestic demand for agricultural nitrogen grew significantly and is now in excess of SA production Some imports were necessary

Coalplex continued to improve Demand was higher than in 1979 and 52 000 tons of product was exported in spite of the difficulties of a stronger rand and the recession abroad

Triomf's results improved, but the results will only be reflected in the current year's accounts on receipt of the dividend

New investment includes the linear low-density polyethylene plant at Midland and polyester filament yarn expansion at S A Nylon Spinners A R30-million explosives factory is to be built in Bophuthatswana and a second factory will be established near the Free State Goldfields

With indications that the oil price will rise at least 2% a year and a possibility of a further substantial increase before 1985 research work on replacing oil-based feedstocks from indigenous material is proceeeding A pilot plant is being designed

Considerable experience is being gained in the use of methanol as a substitute for petrol Cars with blends containing up to 15% methanol in petrol and using 100% methanol in specially designed engines have been in service for more than a year without problems

Increasing effort has been focused on producing a diesel substitute Additives that enable the use of 100% methanol in a conventional engines have been developed Methanol-based diesel substitutes are unlikely to be economic while the price of diesel is held to an artificially low level

The annual report shows that in five years turnover has increased from R432-million to last year's R1 236 Net attributable income has increased by some 293% from R31-million to R123-million, with earnings up from 29,8c a share to 81,3c a share

Omega-Barfel's bright future

SA Industrial Wk (183) 24/3/81

By Jim Penrith

OMEGA-BARFEL, the largest plastics converter in South Africa, has concluded exclusive licensing agreements in Britain and France that managing director Barry O'Brien says will guarantee future growth in both the company's extrusion and injection moulding operations

He tells met his company, a member of the Calan Group, has also embarked on an expansion and re-equipment programme at Clayville, Transvaal, and Pinetown, Natal that tots up to about R6-million

Know-how and trading agreements have been finalised with Copely Developments of Leicester, England, a major supplier to the European Economic Community, and with the European plastic crate and container giant, Allibert of Paris.

Says O'Brien "We have bought a complete process line from Copely and we should have a R180 000 pilot line here within the next three or four months

This will enable us to turn out flexible hose faster and more economically The Copely process will also enable us to convert our existing machines where necessary

"After a year and a half's effort we have signed a five-year licensing/marketing agreement with Allibert which will give us greater flexibility by access to their vast range of moulds and expertise

"Allibert has an enormous range of products which we have not touched before

"In addition, they have a market/engineering function with 10 draughtsmen who develop an incredible two new products a month We have seven divisions in our company and for us to have a research and development section in each is not feasible Allibert now fills this gap

"Extrusion and injection have been our two main areas of profit in the past and we are building up our strength to maintain these with our new licensing agreements "

An O-B team of four is scheduled to go to Paris next month to spend two-three weeks at Allibert headquarters

In line with a business philosophy that calls for the best plant available, O-B has installed a R1,4-million compounder at Clayville which, with a capacity of 8 500 tons a year, will give O-B about 80% more capacity

Tests are currently being run on the unit, which is expected to be operational within the next few weeks

"Until now, we have had to buy a substantial portion of our compounds", says O'Brien "The new compounder will mean enormous savings for us and satisfy our needs for at least the next five years If necessary, we can double up on the compounding capacity by adding only one more extruder "

Managing director Barry O'Brien says Omega-Barfel has become the first plastic converter in South Africa to institute a quality assurance programme.

The company has appointed Douglas Henderson as QA manager from May 1 His task will be to train every O-B member of staff in every aspect of quality assurance

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BEL-SA EXPORT of Johannesburg has secured the sole distributorship in South Africa for the Manlift range of aerial work platforms made by Grove

Izak Meyer, director, says his company will trade as Manlift-SA to introduce telescoping platforms and scissor lifts to local industry

The range includes telescopic units from 11 m to 23,2 m and scissors with working heights from 7,6 m to 12,8 m

"These aerial work platforms are ideal for any job where you have to get a man in the air", says Meyer.

Manlift-SA will import the units from California until the company can determine the need for local manufacture, says Meyer

Picture A telescopic Manlift in action overseas These machines have lift capacities of up to 453 kg The scissor platforms can lift up to 1 814 kg

Crucial poll for union

183

27/3/81

The unregistered South African Allied Workers Union (SAAWU) appeared on the brink of a crucial breakthrough today with a ballot to test support among workers at the Johnson and Johnson plant in East London

Success in the ballot would lead to the negotiation of a formal recognition agreement with SAAWU, the company's personnel manager, Mr Wayne Munro, said yesterday

The developments at Johnson and Johnson, an American based international company have only one precedent

In November last year another multinational company Chloride (SA) recognised SAAWU after testing worker opinion at its East London plant

(165)

ST Mn. 22/4/81

Everite fires 230 after strike

EAST LONDON — All 230 black workers at the Everite factory in Wilsonia have been fired following a strike at the factory yesterday The workers stopped work after two were dismissed for poor work performance

Mr H Durst said the company had refused to recognise the workers' committee of the South African Allied Workers Union — Sapa

Workers down tools

Star 27/3/81

(163)

(3)

Own Correspondent

DURBAN — About 300 workers at the Triomf fertiliser plant in Richards Bay stopped work yesterday after management refused to recognise a union committee they had elected

Later the strikers were told to collect their pay, but it is understood they were allowed to return to work today Triomf officials refused to comment

About 100 workers at OK Bazaars' West Street branch who stopped work in protest against alleged racial discrimination returned to work yesterday

(183) FM 27/3/81

AECI

AECI Limited

(Incorporated in the Republic of South Africa)

57th Annual Report year ended 31 December 1980

Chairman's statement

It gives me great pleasure to report that the Group's results for 1980 again showed a significant improvement over those for the previous year Turnover for 1980 totalled R1 236,3 million, an increase of R340,3 million (38,0 per cent) over 1979 Export sales included in the above amounted to R62,2 million (1979 – R55,1 million) Net income before taxation for the year at R202,0 million increased by 61 per cent over the corresponding figure for 1979 Earnings per share improved from 51,5 cents to 81,3 cents and the ordinary dividend for the year has been increased from 30 cents to 45 cents per share

AECI brings to account dividends from locally based investments in the year in which they are received If "equity accounting' principles had been applied, and the net income from these companies attributable to AECI brought to account in the year in which it was earned, then the AECI earnings per share would increase from 81,3 cents to 88,9 cents

The continued improvement in the level of economic activity in the Republic is reflected by the increase of 19 per cent in domestic sales volumes, with higher sales and profits having been recorded in all major business areas The most noteworthy gains were in the areas of paints and plastics conversion, reflecting the higher level of activity in the automotive and building industries In addition the Group benefited from the high level of mining activity and sales volumes of blasting explosives, explosives accessories and a wide range of chemicals all showed substantial increases Domestic demand for agricultural nitrogen also grew significantly and is now in excess of local production capacity so that some imports were necessary

The performance of Coalplex, the coal based joint venture in which AECI owns 60 per cent and Sentrachem Limited 40 per cent, continued to improve Local demand for PVC was substantially higher than in 1979 while 52 000 tons of PVC were exported Export trading proved more difficult because of a stronger Rand and depressed prices resulting from the recession in Western Europe and the United States Notwithstanding these difficulties Coalplex traded at a profit for the 1980 calendar year

Trading results of Triomf Fertilizer (Pty) Limited, in which AECI has a 49 per cent interest, showed a further substantial improvement in both domestic and export markets As is customary the benefit of this improvement will only be reflected in AECI's income during 1981 when the 1980 dividend is brought to account

Construction work on the linear low density polyethylene plant at Midland factory and polyester filament yarn expansion at the S A Nylon Spinners Bellville plant is progressing according to schedule The further growth in mining activity, to which I have already referred, has resulted in the need once again to expand explosives production capacity and the Board has decided that the best interests of the mining industry would be served by siting the new production capacity closer to some of the mining growth points In support of the Government s homeland development policy, the Board has approved the construction of a new factory in Bophuthatswana near Heystekrand and in close proximity to the platinum and base metal mines situated in that area The cost of this plant is estimated at R30 million It is also planned to establish a further factory near the OFS goldfields to commence production in 1983 and the 4 500 Ha site on which this second factory will be established has already been acquired

On 14 August 1980 AECI acquired from De Beers Industrial Corporation Limited that company s 56 per cent interest in Chemical Holdings Limited a group of small companies engaged in the manufacture and marketing of a wide range of specialty chemicals This aquisition will broaden AECI s base in this field and further strengthen the Group's ability to serve industry across a broad range of products I am pleased to report that the results of Chemhold for the second half of 1980 show a considerable improvement over those for the corresponding period of 1979 and its prospects for 1981 appear most favourable

Indications are that the price of oil will continue to escalate in real terms at an average rate of at least 2 per cent per annum with a strong possibility of a further substantial price increase before 1985 Research and development work on processes using indigenous raw materials to produce replacements for feedstocks which are at present based on oil continue therefore to receive high priority Laboratory work on the Mobil process, which converts methanol over a zeolite catalyst to ethylene and other hydrocarbons, is well advanced Preliminary economic studies suggest that this could be an attractive route for producing the Group s ethylene and other feedstock requirements in the latter part of this decade and a pilot plant, based on the laboratory studies, is being designed

Considerable experience has been gained in the use of methanol as a substitute fuel for petrol Automobiles operating with blends containing up to 15 per cent methanol in petrol and on 100 per cent methanol in specially designed engines, have been in regular service for more than a year without problem However, with the strong emphasis given by Government on the need for a diesel substitute effort has been focussed increasingly in this area Additives that enable the use of 100 per cent methanol in an essentially conventional diesel engine have been developed but substantial effort is required before a commercial product becomes available Work on specially modified diesel type engines, capable of operating on methanol, has progressed sufficiently to suggest that a practical project can be developed, but methanol based diesel substitute fuels are unlikely to be economically attractive while the price of diesel fuel is held at an artificially low level compared with that of petrol During the year agreement was reached with Anglo American Coal Division and Shell South Africa (Pty) Limited on the joint evaluation of a project for the large scale manufacture of methanol from coal supplied from a captive coal mine

The work done to date by AECI in this whole field of coal gasification, substitute fuels and coal based chemical feedstocks has created considerable interest abroad and a number of approaches for collaboration, made by major international groups are under consideration

Research on a process for the manufacture of ethanol from agricultural wastes continues and while interesting progress has been made it is clear that this will be a longer term project and of secondary importance to the coal based work being undertaken

Towards the end of the year a large scale demonstration plant for the growth of algae from factory effluent was commissioned the performance of which has so far exceeded expectations The product will be used as a high protein animal feed

The stated intent of Government to expand and encourage private sector investment is to be welcomed and the Board of AECI has demonstrated its support for this policy by agreeing to invest R1 5 million in the newly created Small Business Development Corporation Experience in other countries, notably the USA, has shown that it is in these small businesses that by far the majority of new jobs are created and the South African experience could be similar It is however appropriate to add a few words of caution on the subject of the free market philosophy" about which so much is being written and said at present The need for a higher level of imports to help contain domestic inflation against the background of buoyant consumer demand and excess liquidity in the South African economy is fully accepted However the recessionary conditions in

Europe and the USA mean that many products in the fields of textiles clothing, footwear and other fabricated plastic products can temporarily be imported into South Africa at low prices to the considerable disadvantage of the much smaller local producers These local industries, many of which would fall under the definition of small businesses and which are often large users of labour, could easily be destroyed unless a greater degree of flexibility is built into the protection procedures It is imperative that those sectors of industry which have been built up under protective conditions be given sufficient time to adapt to the changing economic climate and it is therefore hoped that the Authorities will address this problem as a matter of urgency

Last year I commented on the shortage of skilled manpower and the steps that AECI was proposing to take in the fields of education and training Details of the progress made and of the expenditure envisaged in this regard are set out in the Directors' Report It will be seen that, although significant progress has been made there is much that remains to be done and in the short term some overseas recruitment has been necessary I am, however, pleased to report that procedures were agreed with the artisan trade unions for the training of an increasing number of apprentices of all race groups

In considering prospects for 1981 it is necessary to take a view on the outlook for the economy as a whole It is generally thought that growth in gross domestic product in 1981 will be several percentage points lower than that achieved in 1980 but that inflation is likely to be at least as high In this climate and in the light of the growing shortage of skilled labour, management will be hard pressed to maintain profit margins in the face of sharply rising costs and in many areas against the disruptive competition from imports to which I have already referred However, in most sectors of the Group's business order books are at a satisfactory level, plants in many areas are operating at or approaching full output and a further substantial improvement in real earnings has been budgeted, although the rate of growth is likely to be somewhat lower than that achieved in 1980 Looking further ahead, profits will benefit from the additional plant capacity being installed and planned as this becomes fully utilised so that further satisfactory growth in profits and dividends should be achieved in subsequent years

Mr R A Webb, who has been Deputy Managing Director of the Company since September 1972, will be resigning from the Board and retiring from the Company's service on 30 June 1981 after over 40 years' service of which the last 16 have been as a director It is difficult for me adequately to pay tribute to the exceptional contribution which he has made to the development of the Group over these many years of service and I would like to wish him and his wife good health and happiness in their well earned retirement

Johannesburg
[illegible] March 1981

shops and at bus stops. This is illegal and it also requires that someone should make hawking a pretty full-time job. Where the person is only selling a small amount, hawking does not justify the labour spent on it. The main problem is again the limited market. In all of the three villages where people hawk milk they say it is difficult to sell, especially in summer.

c) The Idolophu shops are supplied with milk by a white man in Idolophu and by a Free State town. The small co-ops cannot compete with this regular supply. The people at Amathole used to sell to Idolophu but the shops refused to buy, saying their quality was bad and the supply irregular. In both Inkomo and Amathole we worked out that transport costs (if they could find transport) would be too high unless they were supplying vast amounts of milk.

d) Both the Amathole people and the people who's milk N.M. will not take, tried to establish a contract with the other hospital in Umhlaba. Neither could guarantee to deliver it. The type of contract with the Bloemfontein co-op requires travelling and high level liaison to be established.

In the situation where production is low people cannot afford the travelling costs to send their milk to big centres. In Inkomo after N.M. refused to transport members milk they tried to sell locally to shops and from a centre in the location. This involved hiring a vehicle to bring the milk from the dairy which then cancelled all their profits. Everyone then reverted to

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EXPLOSIVES FM 27/3/81

Hill blasted? (183)

It seems that Oliver Hill s National Process Industries has little chance of getting a slice of SA's R200m explosives market

For it appears that if explosives users are given a free choice they will opt for AECI s relatively new Sinex 960 rather than Tovex the NPI product (*FM* January 30)

A mining man says that tests at West Rand Consolidated Mine suggest that Sinex 960 may even be better than Tovex

At least one other mine conducting unofficial tests on Sinex 960 is also enthusiastic

Hill however maintains that Tovex performs Sinex 960 on cap sensitivity fume performance and water resistance as well as selling for only two thirds the price

He is basing his hopes of entering the market on a report of the Competition Board to be tabled in Parliament next year

In this report the board is expected to decide on whether AECI s 99% of the explosives market is in the public interest

Says Hill All we want is a free market whereby we can sell our product in a fair manner

He scored the first point in his battle to crack the AECI near monopoly in 1978 when he got several mines to test Tovex the product he manufactures under licence from Du Pont

At that time most blasting was done with AECI s Anfex and nitroglycerine-based explosives Some mineworkers dislike the latter because they say it causes headaches Tovex is a slurry explosive which does not give rise to this complaint

The tests showed that Tovex broke rock about as well as conventional explosives However there were some problems relating to quality of filling of the Tovex cartridges

In spite of the price difference between Sinex 960 and Tovex some mining men say they would still prefer to buy Sinex because of service undertakings built into the agreement on the supply of explosives

NPI's Hill . . . 'All I want is a free market'

between AECI and the mines which buy more than 90% of the explosives it produces for the local market

And Chamber of Mines manager Peter Bosman says The prices the mines pay for explosives are calculated on a cost-plus basis We are satisfied with the arrangements we have with AECI to control the allocation of costs on the explosives sold under the agreement

In terms of the agreement the mines have the right to test new products of AECI competitors and may switch to these products if AECI cannot produce the technical equivalent

It seems that with a little help from Hill, AECI has now done just that

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Black union's breakthrough

(131) (183) Star 28/3/81

By Drew Forrest

In a major breakthrough, the unregistered South African Allied Workers' Union (SAAWU), yesterday won recognition from an employer after an overwhelming victory in a referendum at its East London plant

The union polled 93,5 percent of the votes at Johnson and Johnson (Pty) Ltd, and the company later announced that a formal recognition agreement would be negotiated with it.

SAAWU is one of a group of independent unions which have refused to register. This, and its reputation for toughness, have brought intense resistance from many East London employers

The decision by the American-based multinational company to recognise the union is the second on record Last year, Chloride (SA) granted formal recognition to the SAAWU after its success in a similar ballot

The referendum, which began on Thursday, was held on company premises under the joint supervision of management and the union

The overwhelming result is seen as evidence of consolidation by the union' after the massive upsurge of popular support last year.

The union's branch chairman Mr Sisa Njikelana, said the ballot had given tangible proof of SAAWU's commitment to sound industrial relations

After a one-day stoppage by about 500 workers at the Triomf Fertiliser Company at Richard's Bay, another union won effective recognition

Once the Fosatu-affiliated Chemical Workers' Industrial Union had proved majority support at the plant, the company would sign an agreement, a union spokesman said

Triomf workers down tools

RDM 28/3/81

183

DURBAN — About 300 Triomf Fertiliser workers at Richards Bay downed tools yesterday because the management had refused to recognise a union committee elected by the workers

Chemical Industrial Workers Union spokesmen said workers had been trying without success to get the management to recognise a union Shop Steward Committee

They had recently boycotted a liaison committee election initiated by management

The Shop Steward Committee yesterday presented a letter requesting recognition of the union committee, but officials refused to speak to them

The letter also asked for a meeting to discuss the recent dismissal of several workers

Triomf officials have declined to comment

The 100 workers at the OK Bazaars West Street branch who stopped work — in protest against alleged racial discrimination — have returned to work after discussions

An OK Bazaars spokesman said there was no racial discrimination There was a "misunderstanding" — Sapa

Another major gain for union

CT 28/3/81

183

Own Correspondent

JOHANNESBURG — The unregistered SA Allied Workers Union won another major breakthrough yesterday when a multinational company, Johnson and Johnson, agreed to recognize the union at its East London plant.

A joint statement released by the two parties last night said this had followed a referendum at the company in which 93,5 percent of workers had voted to be represented by the SAAWU

Johnson and Johnson now become the third company to agree to recognize the SAAWU Last year, Chloride (SA), a battery manufacturing company, announced that it was recognizing the SAAWU

The union's national organizer, Mr Thozamile Gqweta, disclosed last night that the union is shortly to be recognized at KSM, a South African-owned milling company in East London

Chloride and Johnson and Johnson are both multinational companies

The announcement is an important breakthrough for the union The government is known to be unhappy about recognition agreements between companies and the SAAWU, which refuses to register under the new labour dispensation

Last year, the Minister of Manpower Utilisation, Mr Fanie Botha advised East London companies not to recognize SAAWU

For this reason and because the union is regarded as "militant" by many employers, most companies have refused to recognize the union

The SAAWU has experienced rapid growth in the East London area which has been hit by a series of strikes since early last year

This week, the Everite construction company became the latest East London company to be hit by a strike

The joint statement issued by the SAAWU and Johnson and Johnson says the two parties will now proceed to negotiate a written recognition agreement

"This is in line with Johnson and Johnson's policy of negotiating with anyone who truly represents the majority of workers," the statement adds

Mr Gqweta said he was "very happy" with the company's decision "Despite many problems SAAWU is continuing to make progress," he added

Exciting chemical programme

S. Times, 29/3/81

183

By Andrew McNulty

SENTRACHEM's Karbochem division is to double the capacity of its Sasolburg alkylate plant, which produces raw materials for the local detergent industry.

Dave Marlow, managing director of Sentrachem, estimates the project will save the country an additional R10-million a year in foreign exchange.

South Africa's detergent industry will be made totally independent from overseas suppliers by the expansion, which will cost R2,5-million and will come on stream in late 1982.

Exports of alkylate to neighbouring territories are also planned.

Alkylate is used as the active ingredient in the manufacture of liquid and powdered detergents after sulphonating and neutralising.

Mr Marlow says the project is aimed at maximising the use of local raw materials, including benzene recovered from Iscor by-products.

New technology supplied by UOP (Universal Oil Products) will be used for the project with Karbochem's own know-how also incorporated in the design.

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Afrox plans big expansion in the Cape

CT 31/3/81

AFROX, South Africa's leading producer of industrial and medical gases and welding equipment, will establish a gas manufacturing facility on a 1,6 hectare site in Kuils River

Along with its existing facilities in the Cape, Afrox will have sufficient capacity of oxygen, nitrogen and argon to satisfy the total needs of the Cape for industrial and medical gases for the next 10 years

The new facility is expected to be in production in April, 1982 Estimated cost will be R6m and the new plant will be supplied by Cryoplants, of the UK, a sister company of Afrox It will embody the most modern technology and so operate at the lowest possible cost

The plant has been designed to ensure the minimum of maintenance and could operate for two years without any downtime It has also been designed to make the most efficient use of electricity This is particularly important for any manufacturing plant situated in the Cape, where electricity costs tend to be higher than elsewhere in South Africa

Enormous flexibility is a feature of the facility Variations in the proportions of liquified oxygen, nitrogen and argon will be possible

Siting the production facility in Kuils River is in line with Afrox's new strategy of siting plants nearer to points of consumption This is partly a response to the rapid development of the new industrial areas in South Africa and is also attributable to the phenomenal increase in transport costs over the last few years

African Oxygen director, Mr Peter Joubert, said "It makes economic sense to site plants nearer the development areas "

He also revealed that the bulk of the R50m that the company was spending on new investments would go to the completion of new oxygen, nitrogen, and argon plants at Maritzburg, Middelburg and Kuils River

Triomf deal with Oxy off

RDM 1/4/81 183

By HAROLD FRIDJHON

TRIOMF Fertilizer's multi-million rand deal with Occidental Petroleum Corporation of America is off. This is disclosed by Mr Louis Luyt in his chairman's annual report for Triomf.

Mr Luyt says that negotiations for a joint marketing venture between Occidental (Oxy) have been terminated because the arrangement would have been to the detriment of Triomf in certain of its established export markets.

Informal co-operation with Occidental in certain specific markets is still a possibility, he says

Mr Luyt is concerned about the "artificial surplus" which was created in foreign phosphoric-acid markets as a result of the American embargo on exports to Russia" and the weakening in prices which are not keeping pace with cost increases of raw materials

He believes that the present American Administration will review these policies

Mr Luyt levels sharp criticism at the State-owned Phosphate Development Corporation (Foskor) for its pricing policy

He says Foskor is an important link in the phosphoric-acid export market as a supplier of rock phosphate

"During their last financial year, Foskor achieved the admirable result of showing a net income of almost R41-million on a shareholders' interest of only some R86-million, earnings before tax therefore of almost 48%

"Foskor supplies rock phosphate to the local industry for export processing on the basis of a profit sharing formula in terms of which (Triomf) contributed over and above the guaranteed minimum prices for rock, a further R2 700 000 to the profits of Foskor

"At the same time, no obligation rested on Foskor to contribute towards the local industry in the event of a low or inadequate return being earned in the phosphoric-acid export market

"This situation inevitably raises the question as to whether a significant portion of Foskor's profits should not be channelled in a way so as to assist the private phosphoric-acid industry to achieve, for instance, greater product diversification thereby broadening the export market and achieving a better spread of risk

"Further development of our export markets, particularly for beneficiated products, could contribute further to the creation of more job opportunities and help to further minimise the country's dependence on gold as an earner of foreign exchange"

Last year, the growth in total plant food tonnages was 14,43% compared with 8% in the previous year Effective sales planning in the first part of the year resulted in better use of productive capacity

Nitrogenous fertilisers benefited from the larger summer wheat plantings A strong growth developed for phosphatic fertilisers.

He says the 8,2% average increase in fertiliser prices compares with the general inflation rate of 15,3% and the 29% rise in food prices

"Taking into account the high rate of production efficiency which was achieved by the industry, this price increase compensates the industry only for the strong increase in the cost of imported raw material as well as increased freight rates

"The Government's price fixing formula still provides only for an historic return on depreciated value of assets This policy is counter-productive to the entrepreneur's willingness to invest in new capital expansion"

Triomf is cancelling the "bilateral agreement" with Fedmis "as a voluntary gesture within the industry to support the Government policy towards a freer and more competitive economy"

Last year gross group sales amounted to R431-million (R333-million) from which attributable profit of R17 698 000 (R12 640 000) was earned This is equivalewnt to 63,21c a share (43,73c), from which dividends of 45c (15c) were paid

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amongst their grievances, although anti-mining house sentiment amongst miners and mineworkers was already pronounced.(14) This may have been because the disease was not recognised as silicosis per se and miners' deaths were attributed to other conditions.(15)

Dr W.G. Rogers, who had observed the occurrence of silicosis two years before the outbreak of the war, said in 1902 that deaths from silicosis would probably have been attributed to superimposed illnesses such as chronic pneumonia, even if patients had been treated in or had died in hospital.(16)

management to be high when related to the cost of living and desired and customary living standards of whites in South Africa, or for that matter even in Britain. The wages of day-pay white miners and mineworkers ranged from £18 to £22 per month.(20) Sometimes miner-contractors, that is those who worked on a piecework or bonus system, but who generally paid for their labour assistants, dynamite and other aids, were able to earn very high wages averaging £70 to £100 per month, or more, when developing conditions in the mines permitted, there being an absence of obstacles, but such cases were the

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prophylactic aids, what steps were taken by the government to frame mining regulations and to supervise their implementation and to investigate the willingness of management (and miners) to obey regulations. The question must also be asked whether management in the absence of legislation to provide healthy conditions underground (and in certain surface processes), initiated experiments or implemented modified or suggested methods for the protection of workers. A detailed examination of all these questions is a paper in itself, and in this paper these aspects will only be outlined .

Finally, no attempt has been made to compare th
conditions on the Witwatersra
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awards with those of metallif

In 1886 the Witwatersrand gol
launched and the mining of ou
a short time Johannesburg was
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many of whom recorded their

commencement of the Anglo-Boer war in 1899. These writers
have stated that after the war,
that is after 19 ne managers, miners
and doctors bega ust was injurious
to the health of ts are partly true.
For instance, no pulmonary
diseases in the quiry (ICE) appointed
by President Kru mining conditions.(13)
Trade union lite , disease, and pre-
war and immediat did not list it

FM 3/4/81

183

AECI

Explosive growth

Activities *Chemicals and explosives manufacturer Owns 60% of Coalplex 49% of Triomf and 100% of SA Nylon Spinners Holding company is Mer Holdings (55 6%) which is jointly-owned by De Beers Industrial and ICI*

Chairman *H F Oppenheimer managing director D N Marvin*

Capital structure *154 2m ordinaries of R1, and 3m 5 5% prefs of R2 Market capitalisation R1 380m*

Financial *Year to December 31 1980 Borrowings long- and medium-term R166 5m Net cash R48,6m Debt equity ratio 32,8% Current ratio 1,7 Group cash flow R183,4m Capital commitments R295m*

Share market *Price 895c (1980-81 high, 1 020c low, 545c trading volume last quarter, 279 000 shares) Yields 8,9% on earnings, 5,0% on dividend Cover 1,8 PE ratio 11,3*

	77	'78	79	'80
Return on cap %	12 3	17 4	20 4	28 2
Turnover (Rm)	590	704	896	1 236
Pre tax profit (Rm)	64 6	95 3	125 7	201 9
Gross margin %	13 3	15 5	15 4	18 2
Earnings (c)	24 7	37 6	51 4	79 5
Dividends (c)	18	22	30	45
Net asset value (c)	233	254	319	355

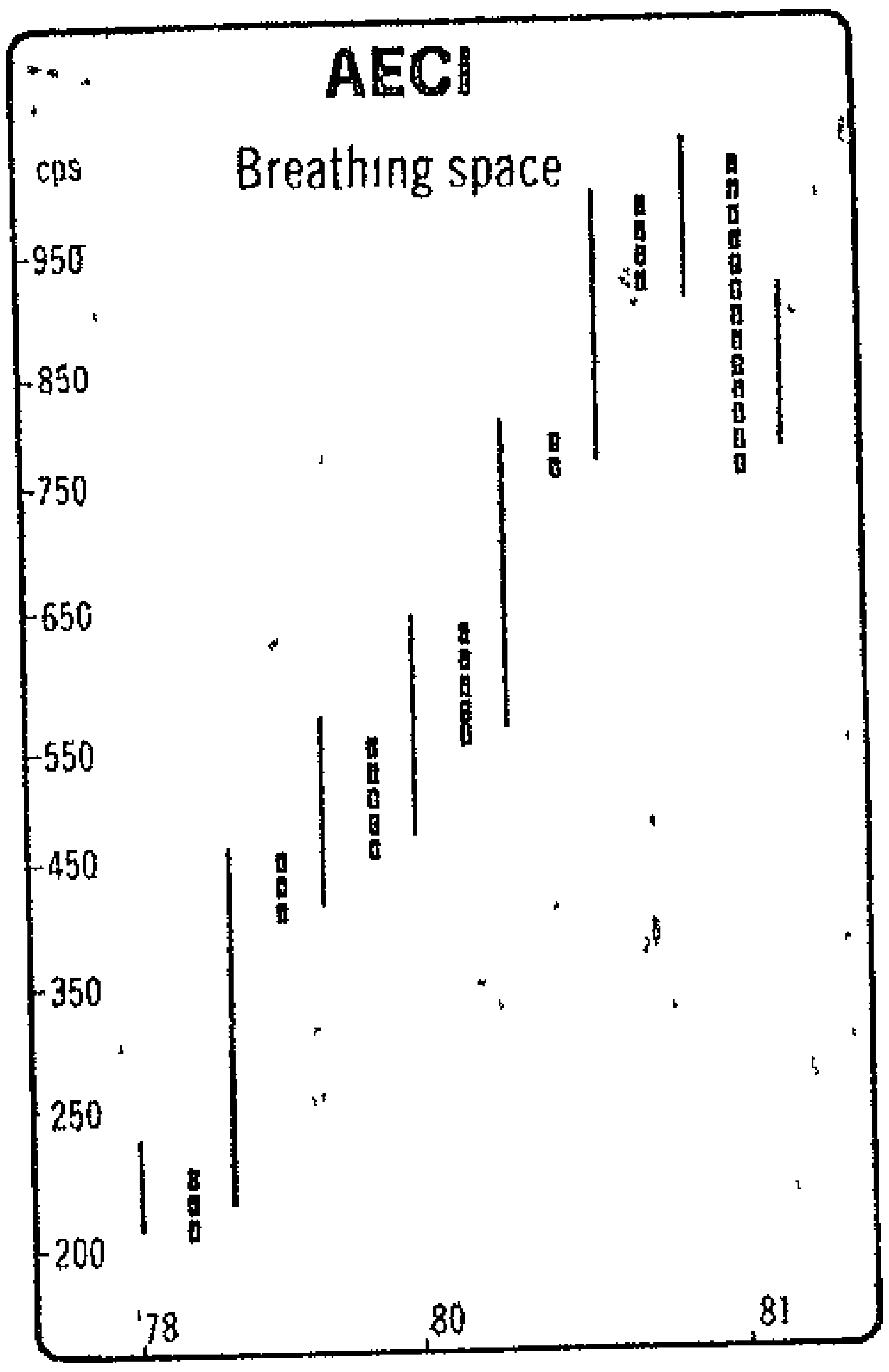
With Coalplex now operating profitably, though not at full potential AECI is ready for its next major expansion phase And the extent of planned expansion is reflected in the record R295m in capex commitments at December 31 — R125m more than in 1975 when the main Coalplex contracts were awarded

A further indication of the scope of the group s plans is that this expenditure is equivalent to 67% of the book value of existing fixed assets Little wonder, then, that the chemical sector is seen as one of the most promising growth areas of the economy

The main projects include a R150m low density polyethylene plant at Midland, the first phase of which is scheduled for completion towards the end of this year SA Nylon Spinners R40m polyester filament yarn expansion due to be commissioned shortly two new explosives plants (one in Bophuthatswana and the other near Welkom) at a total cost of R80m a R25m carbide furnace for Holland Electro Chemical Industries a R12m polyols plant to be built at Umbogintwini and one (or possibly two) new factories for PVC pipe manufacturer Duropenta

Divisional breakdown

	Turnover		Trading profit	
	Rm			
	79	80	'79	'80
Agriculture/Inorganic chemicals	178 2	246 4	31 9	54 9
Chlor alkili/Organic chemicals	165 1	274 6	13 6	39 1
Explosives	182,1	233 8	37 1	44 1
Polymers etc	370,6	481,5	49 4	64,7



All this together with other smaller projects adds up to far more than R295m but part has already been included in the R180m spent on fixed assets over the past two years

And then of course there is still the methanol plant to consider should AECI and its partners Amcoal and Shell decide to go ahead with this project The annual report is non-commital on the subject but according to MD Denys Marvin investigations so far have not shown up anything unfavourable He believes a decision on this R650m scheme could be taken by the end of this year

Not that any of this is likely to strain group resources Most of the expansion mentioned will be financed over a number of years and actual expenditure this year will probably be about R200m — roughly double the 1980 figure Against this internal cash flow after dividends but including tax savings from investment allowances and plant maintenance provisions should total at least R160m

Then the balance sheet shows R68m in liquid funds and the group could borrow at least R100m without taking the debt equity ratio above 50%

After peaking at R235m in 1977 — at the height of Coalplex expenditure borrowings have been reduced to R186m in the latest accounts And with the build-up of total shareholders funds in the meantime the debt equity ratio has been halved from 65% to just under 33% Financial structure is thus very conservative especially taking into account present profitability

With Coalplex making its maiden contribution to profits and the resumption of dividends by Triomf Fertilizer (Pty) gross return on total capital employed last year at 28% was a record as was the net return on shareholders funds of 22 4% This is impressive bearing in mind the accounts are lifo-based

The lifo charge last year was R22m and these returns are thus equivalent to about 31% gross and 26% net on lifo

Of the four main operating divisions the most marked profit improvement last year was achieved by chlor-alkili and organic chemicals where trading income before interest increased three fold The margin on sales here improved from 8 2% to 14,2%, due in part to Coalplex but also reflecting improved efficiencies at the Midland chlorine plant

There was also a noteworthy gain in margins in the agricultural products and inorganic chemicals division to which buoyant conditions in the farming and mining sectors contributed

Margins in the explosives division however were down while those from polymers and derived products were barely maintained The latter division should also have benefited from Coalplex but results were affected by low PVC export prices

The current year should see a further broadly-based profit advance although the company warns not to expect a repeat of 1980 s 55% earnings growth Chairman Harry Oppenheimer notes that though order books in most sectors are satisfactory slower economic growth and sharply rising costs will make it difficult to maintain margins

Against this however the group has a number of new products ready for launch and there could be some contribution to profits from capacity expansion Also the group will be bringing to account R15,5m in dividends from Triomf, an R8,5m improvement on 1980

After a 43% earnings improvement in the second half of last year, I would be surprised if the 1981 growth rate is less than 35% This is significantly more than the *FM* presently expects from the industrial sector as a whole, and justifies the premium investment rating which this company enjoys

Brian Thompson

PLASTICS FM 3/4/81

Duty doldrums (183)

The Plastics Converters' Association (PCA) has come out in strong opposition to the application by local polymer manufacturers for "extraordinarily high levels" of ad valorem duty on imported raw materials

Says national head of the PCA, Barry Stewart "After thorough investigation, the PCA considers that there is no justification for these high tariff levels"

The issue of protection hinges around the high prices local manufacturers — AECI and Sentrachem, which also happen to be sole local suppliers to the converting industry — have to pay for feedstock

Certain members of the PCA feel that if government grants the two petrochemical giants the protection they have requested (*FM* February 6), importers would have to pay as much as 100% ad valorem duty on certain raw materials and that the "monopolistic status quo" will be entrenched

They believe this will apply not only to AECI and Sentrachem, but also to Sasol, whose ethylene feedstock prices are substantially higher than overseas prices and which sets these high prices "in a totally arbitrary fashion," according to a PCA member

The PCA supports, in principle, the need for protection against cheap imported raw materials, but holds that the Board of Trade's application of ad valorem duty of up to 20% on the fob price of non-dumped imports is high enough

Says Mike Sander, AECI's plastics division manager "The industry can't on the one hand want independence from world problems that could subject the price of plastics to wide fluctuations, and on the other hand enjoy the low prices that exist in other parts of the world"

Sander believes the plastics industry should come to an agreement on tariff levels, but that polymer buyers must realise the manufacturers can only be in business as long as they have their custom

Says Sander "It is naive to believe that Sasol is pocketing vast amounts for itself by selling ethylene at comparatively high price What about its R6 billion investment?"

As regards the claim that his company and Sentrachem exploit high duties to charge whatever they like, Sander notes "For 10 years, when import controls were imposed, we had ample opportunity to ram up prices"

He concedes that extremely high ad valorem duties have been requested, but says "What you ask for and what you get isn't always the same"

S. Tribune
5/4/81

(183)

Deal is off - now US giant squeezes Triomf

Special Finance Correspondent

THE full story of the on-off phosphoric acid marketing agreement between Triomf Fertiliser and the US conglomerate, Occidental Petroleum, may never be known

Already there are several versions of the events leading up to this week's announcement by Triomf chairman Louis Luyt that negotiations with Occidental have been called off

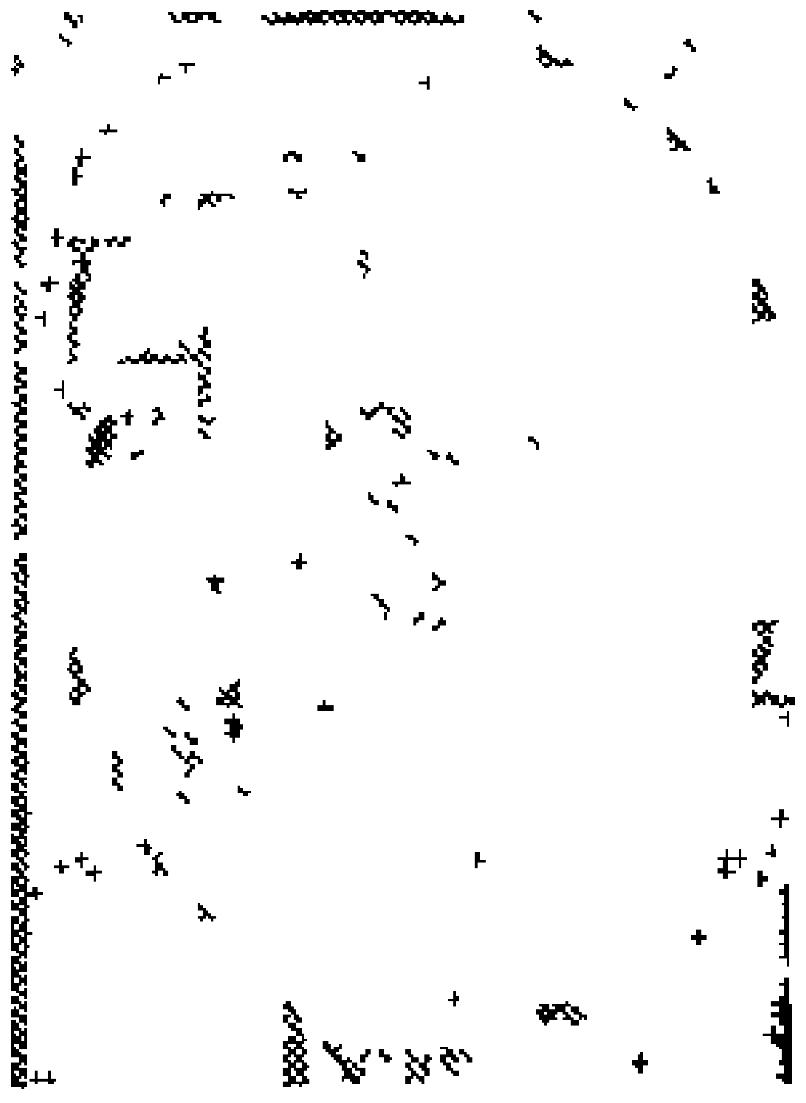
In his annual review, Luyt noted this week "After thorough investigation we concluded that such an alliance would be to the detriment of Triomf in certain of its established export markets Consequently, the negotiations were terminated"

Luyt told the **Tribune** that the agreement with Occidental for a joint phosacid marketing venture was on the point of being clinched Letters of intent had already been signed by himself and Dr Arnaud Hammer, Occidental's chairman, he insisted Triomf's board decided, however, not to ratify them

Other fertilizer industry watchers tell things differently According to one, Triomf came nowhere near concluding an agreement with Occidental And Occidental itself has yet to confirm the proposed joint venture with Triomf

As evidence that Triomf and Occidental were a long way from co-operating in the distribution of phosphoric acid, fertiliser men point to the increasingly fierce competition between the two companies in Brazil, which happens to be Triomf's biggest export market

The competition has been fuelled by a worldwide glut of phosacid, largely the result of ex-President Carter's embargo on US shipments to the Soviet Union, and a sharp falloff in Brazilian purchases Brazilian demand is expected to be a third lower this year than in 1980. What's more, phosacid supplies will pick up significantly over the next few years as new plants in Morocco, Jordan and the US come on stream


Luyt . . . detrimental

Louis Luyt disputes suggestions that Occidental has undercut Triomf's prices in Brazil, though he concedes "they went into one area, the south of Brazil, with a low price"

Triomf is still Brazil's biggest supplier of phosacid, Luyt says. Three tankers sailed from Triomf's Richards Bay plant to Brazilian ports last month. What's more, he adds, the Richards Bay factory is operating at full capacity, producing around 1 450 tons of phosacid a day.

Other industry watchers paint a bleaker picture. One expert reckons Triomf's shipments to Brazil so far this year are well below 1980 levels, and that the company has signed contracts for only 50 to 60 percent of its 1981 phosacid output. Fedmis, by contrast, is said to have sold its entire production

According to this source Triomf is unlikely to ship more than 100 000 tons of phosacid — out of a total production capacity of 400 000 tons — to Brazil this year. The Brazilians "have rejected Triomf entirely", says another fertiliser man.

Adding to Triomf's — and other phosacid producers — woes is that the price of their product continues to slide. It was around 445 dollars a ton this week, down from 480 dollars a ton low


Triomf's phosacid plant . . . feast or famine?

(21)

Attitude towards family planning: (Table forty four)

Response	Percentage of total.	Percentage of maln.	Percentage of non maln.
Uses contraceptives	30%	26%	74
Does not know about family planning	12%	50%	50%
Does not believe in family planning	6%	63%	34%
Family disapproves	6%	33%	67%
Does not apply	16%	37	63%
Knows but no action	30%	86%	14%

Mother and mother figures educational level

Union dispute takes a new turn

By Drew Forrest

The bitter one-year dispute over union recognition at the Colgate-Palmolive plant in Boksburg has taken an unexpected turn, with the union calling for the establishment of a statutory conciliation board

The Fosatu-affiliated Chemical Workers' Industrial Union had taken this unusual step after its "final demand" for recognition had been refused by the company, a union spokesman said

If the conciliation process failed, she added, the union would be entitled to stage a legal strike.

The CWIU, which claims to represent about two-thirds of the company's 300-strong workforce, has for some time demanded plant-level negotiations with Colgate on wages and working conditions.

INSISTENCE

Management's continued insistence on negotiating only at industrial council level was a "catch 22" the spokesman said, as few of its workers were covered by the industrial agreement

Colgate workers were asking for an 80 cent increase in the minimum hourly wage, and wanted the union to negotiate the 1981 increases on their behalf

Employers seemed increasingly intent on "taming" unions by allowing them to deal only with day-to-day problems on the shopfloor, the spokesman said, while denying them negotiating rights on major issues

The company could not be contacted for comment last night

(183)

S'Star

9/7/81

degree of mastery over environmental –
obstacles is possible. However, for the rural person catastrophes at family or community level are seen as the results of forces over which they have no control – the displeasure of ancestors, bewitchment etc. It must be understood that in an undereducated state this is the only adjustment that an individual can make to an apparently hopeless situation.

This explains the responses which reflected a general lack of conviction about the cause of the disease, the steps needed to prevent a relapse; and the need for family planning. It also explains the adherence to traditional practices and the readiness to pursue traditional forms of treatment

(22)

The investigations lead us to believe that the mother or mother figure of the malnourished child was likely to have certain characteristics:

- she has little or no formal education,
- she is not convinced of the cause of her child's illness
- she is likely to believe in the value of traditional Zulu health practices viz. giving enemas
- she is not likely to be motivated towards family planning
- she is likely to be unmarried, or if married the customary lobola obligations will not have been met.

Added to which the household in which she lives is also

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supply.

The conventional health worker's response to the mother and her malnourished child will be to

- give her advice on how to feed the child
- offer her a packet of powdered milk at a subsidised rate
- recommend that she attends the family planning clinic.

The health worker has done her bit. Another 'case' has been recorded and attended to; but the problems at community level that have precipitated the onset of the disease remain untouched.

Black union dispute may lead to strike

RDM 9/4/81 [illegible] [illegible] 783 [illegible]

Labour Reporter

A DISPUTE between a predominantly black trade union and a major multinational company could result in the first legal strike by black workers since the Wiehahn report — and the second in South Africa's history

The Fosatu-affiliated Chemical Workers Industrial Union announced yesterday that it had applied to the Minister of Manpower Utilisation for a conciliation board hearing in an attempt to resolve its dispute with Colgate Palmolive

The appointment of a conciliation board is a key step on the road to a legal strike

If it does not resolve the dispute workers mav strike after 30 days have elapsed since the calling of the board

Workers may also strike legally if the Minister refuses to call a conciliation board

Though there are other restrictions on legal strikes it is understood that they do not apply in the case of Colgate Palmolive

The CWIU has been involved in a long and bitter union recognition dispute with Colgate Palmolive at its Boksburg plant

The company has said it will recognise the union, but will negotiate with it only on "shop floor grievances"

The company says that issues such as pay and working conditions must be negotiated on the Industry's industrial council only

But the union claimed yesterday that only 23 of Colgate's 290 black workers were covered by the industrial council

It added that the councils negotiated only on minimum wage rates, not on real wages, and that minimum wages "set by the council governing Colgate are "pitifully low — below the Poverty Datum Line"

The statement also revealed that workers in the company have submitted a petition to Colgate Palmolive proposing a "living wage" in line with Fosatu's campaign

The workers were asking for an 80c an hour increase, which would bring the minimum wage up to R2,20 an hour, the statement said

It added that worker demands also included the right of the union to negotiate pay and work conditions, the recognition of union shop stewards, access to the plant for union officials stop-order facilities, and the right to negotiate disciplinary and grievance procedures

CWIU says that Colgate has replied to its request for a conciliation board by writing to the department to say that it believes no dispute exists between it and its workers

It added that Colgate wanted workers to accept a system "which in reality allows employers such as Colgate to retain 'sole discretion in setting wages and working conditions'

Colgate's industrial relations consultant, Mr Chris Dyson, was not available for comment yesterday

A representative of Colgate's personnel department said only Mr Dyson could discuss the issue with the Press

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some type of medical practitioner or other agency. Very mild transitory ailments which did not cause concern (such as an uncomplicated mild cold) were probably not reported on by housewives. While there is little doubt that problems of memory recall were involved, it is considered that some indication of the true position was obtained by the survey.

SOME REACTIONS TO ILLNESS OF URBAN AFRICAN AND

In both the Indian and African families, the general level of
low. By and large the household heads were manual workers,
were in fact some white collar households in the sample.
rican households reported a total of 237 illnesses during
2 months, or 2,4 illnesses per household. The 53 Indian
orted 125 illnesses, or the same average of 2,4 illnesses
Whereas the mean number of steps reported by African
having been taken in connection with an illness was 2,4,
the case of Indians. (Changing from one doctor to another;
first a doctor and then going to a clinic, would be taken
e steps.) Tables 1 and 2 below give details of the *frequency*
ferent steps were taken, regardless of the sequence of steps
hether a particular step was the sole step or not:

Indian
nary of some of the main findings
ver-all study has yet to be
the housewife, (taken to be the
senior female within the house-
cases of illness within the house-
e could remember, and which had
ke some kind of remedial action
'chemist shop', or consulting

FM 10/4/81

UNIONS 2

Colgate's Catch 22

183

In a step that could make labour history a registered black trade union affiliated to the Federation of SA Trade Unions (Fosatu) the Chemical Workers Industrial Union (CWIU) has called for a Conciliation Board to settle its dispute with Colgate-Palmolive

Labour observers see the move as significant as it could lead to the first legal strike by a black union

Calling for the creation of a Conciliation Board is the first step a union can take towards settling a dispute 'legally It the Board fails to settle the dispute, the union can call a legal strike after a month s cooling off period

The dispute centres on the extent to which the company is prepared to allow the union to become involved in negotiations and as a corollary the role of industrial councils

In a press statement released last night, the CWIU says Employers cannot recognise a union without recognising its right to negotiate on behalf of its members Colgate refuses to recognise the union s right to negotiate

CWIU says employers are trying to force unions to negotiate all major issues at the industrial council level Members are reacting angrily to this strategy They see it as an attempt to displace any real negotiations

The union says workers are objecting to the industrial council system because they had no part in designing it They say it is not properly representative of workers but has the power to make binding agreements on all workers in a particular industry

The press statement adds Colgate is taking an intransigent stand with regard to the issue of negotiating wages and working conditions It has reiterated its position that the union can deal only with shop floor grievances It seems intent on forcing the union onto an industrial council which does not cover the majority of Colgate workers

The union says that it is caught in a Catch 22 situation It we do not go to the industrial council Colgate refuses to negotiate If we do go we only negotiate minimum wages which are well below those paid by Colgate "

CWIU says its final demand for recognition includes the right of the union to negotiate wages and working conditions the recognition of union shop stewards as representing workers in the plant access to the plant for union officials, stop order facilities, the right to negotiate procedures such as grievance and dismissal procedures and the right to negotiate the 1981 wage increases

The *FM* could not contact a Colgate spokesman for comment

● In another surprise move, Alec Erwin, general secretary of the Federation of SA Trade Unions (Fosatu), has resigned

Erwin, who has been general secretary, of SA's largest independent trade union federation since its inception in April 1979 will present his resignation to Fosatu's central committee at the end of this month Erwin is expected to continue working for Fosatu Says a federation spokesman ' He made a deliberate choice so that the leadership reins could be handed over to someone else "

10/4/81 STM (183)

Fosatu backs Colgate workers

Labour Reporter

The Federation of Unions of South Africa (Fosatu) has declared its support for one of its affiliates which is fighting to gain recognition from Colgate-Palmolive in Boksburg

The Chemical Workers' Industrial Union which claims to represent a majority of workers at the Boksburg firm has been refused recognition by management until it becomes a party to the Industrial Council

But union representatives claim that the Industrial Council agreement covers only a few of its workers

A Fosatu spokesman said it fully supported the union in its attempts for recognition and said that Colgate was using an increasingly common management tactic to avoid recognising and dealing with unions at the plant level.

The industrial council system was not responsive to most workers and their needs, the spokesman said

"Fosatu urges employers to be responsive to the immediate needs of their employees by negotiating at plant level about work conditions and wages" the poorest people in a form they can easily assimilate.

At Ipoti however advertisement was directed <u>specifically</u> at the very poor and mothers of malnourished children It happened that poor people then recruited their equally poor neighbours and there was particularly good initial response from an extremely poor area where people from white farms had put up their shacks Before this new initiative amongst the very poor the previously existing Zenzele group (which had functioned mainly as a chat club) had never actually got the garden ploughed, whereas now these old members have plots too.

1.4 One woman whom I spoke to at Umthi said that she had not joined the garden because she was too poor. She said that she had no husband, no fields, no stock and had given her children to relatives. Because she has no source of income in the rural areas she migrates to the Cape to earn money. She was endorsed out so came back, but since she is so poor she is perpetually on the point of migrancy, and so feels too insecure to join the garden. This may point to the fact that the gardens can only be a supplementary source of income to those who have some measure of security.

2.1 While it seems the case that under the normal circumstances the richer, more educated people respond first to projects, it seems that if and when the poor do get involved, they use the gardens most.

2.2 At Abalimi (the only place where I could get records concerning this type of information) I found that in 1976, the year the garden was established 20 people with fields joined and 19 people without fields joined. Since then only 8 people with fields have joined whereas 26 people without fields have joined.

2.3 The extension officer of Abalimi says that it is people without fields who work the hardest. In Abalimi people have from 1-11 plots depending on how many they can cultivate. There are 4 people who have more that 5 plots, of these 3 have no fields. Of the 10 top people in the garden (in terms of production) 8 have no fields.

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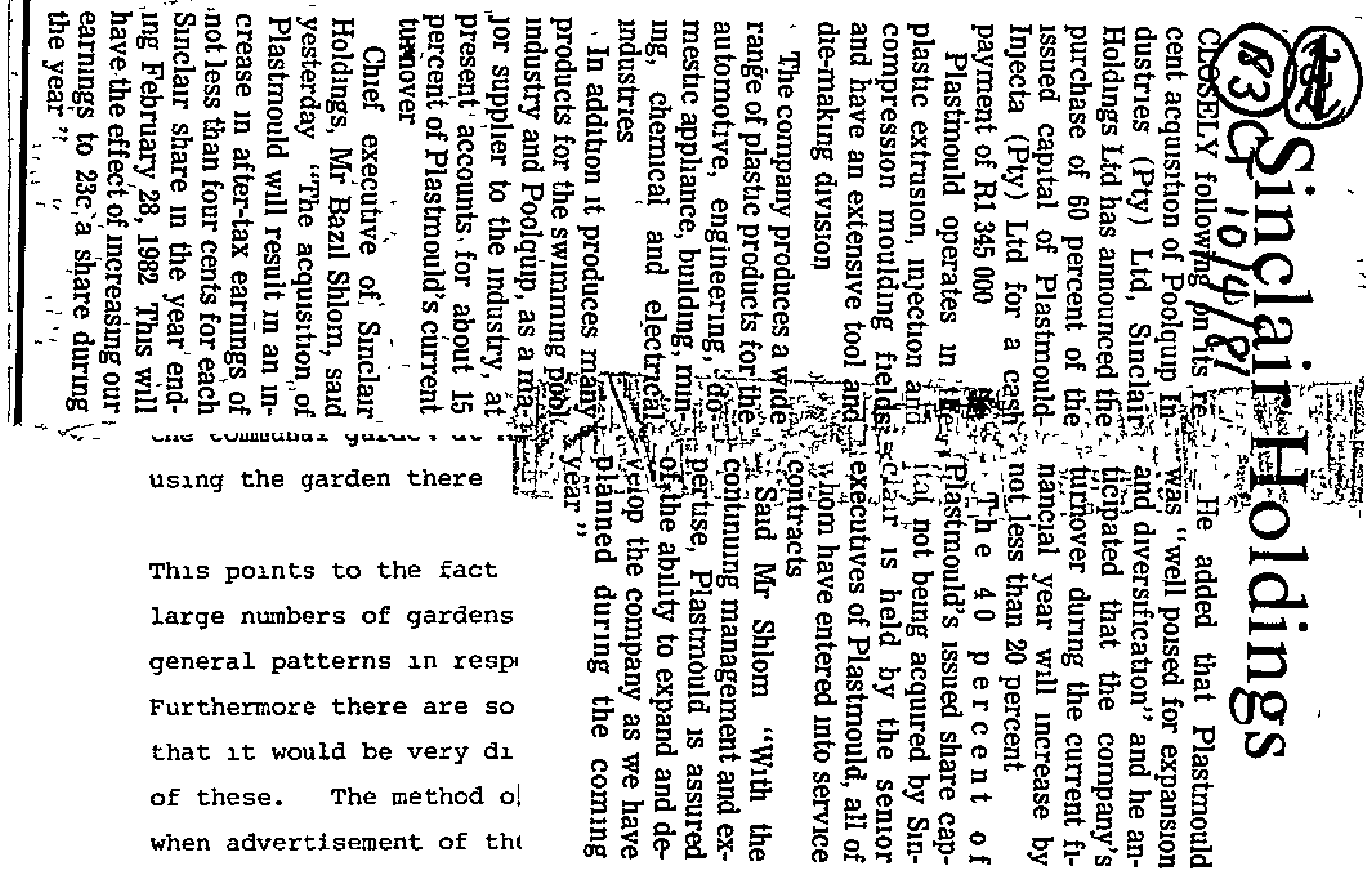
2.4 In Umhlaba and Ipoti too, a high proportion of the people who have the best plots have no fields although in both these places it is difficult to make generalisations because they are so new

3. Initially I tried to assess on a comparative scale between gardens in different areas whether there are variations in response according to the area That is, whether more use is made of gardens

using the garden there



Sinclair Holdings

83 CT 10/4/81

CLOSELY following on its recent acquisition of Poolquip Industries (Pty) Ltd, Sinclair Holdings Ltd has announced the purchase of 60 percent of the issued capital of Plastmould-Injecta (Pty) Ltd for a cash payment of R1 345 000

Plastmould operates in the plastic extrusion, injection and compression moulding fields and have an extensive tool and die-making division

The company produces a wide range of plastic products for the automotive, engineering, domestic appliance, building, mining, chemical and electrical industries

In addition it produces many products for the swimming pool industry and Poolquip, as a major supplier to the industry, at present accounts for about 15 percent of Plastmould's current turnover

Chief executive of Sinclair Holdings, Mr Bazil Shlom, said yesterday "The acquisition of Plastmould will result in an increase in after-tax earnings of not less than four cents for each Sinclair share in the year ending February 28, 1982 This will have the effect of increasing our earnings to 23c a share during the year"

He added that Plastmould was "well poised for expansion and diversification" and he anticipated that the company's turnover during the current financial year will increase by not less than 20 percent

The 40 percent of Plastmould's issued share capital not being acquired by Sinclair is held by the senior executives of Plastmould, all of whom have entered into service contracts

Said Mr Shlom "With the continuing management and expertise, Plastmould is assured of the ability to expand and develop the company as we have planned during the coming year"

This points to the fact
large numbers of gardens
general patterns in resp
Furthermore there are so
that it would be very di
of these. The method o
when advertisement of the
development of patterns or
the extension officer at Abalimi supports the garden, whereas the extension officer at Umthi (who took over just after the original 90 members had joined) was not initially interested, probably goes a long way towards explaining why the one garden has succeeded and the other has not

4 4 <u>CONCLUSION</u>

Let me note here that in Umhlaba at least, it appears that of all the communal gardens begun, more have failed completely than exist at the moment It seems that unless advertising is directed specifically at the very poor, richer people get involved first. One can attribute this to the fact that generally all professional and business people are involved in any

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"Doctors for What?"
or
Future Health Workers for Southern Africa

SA's second legal black strike looms

CT 10/4/81 ~~182~~ ~~1404~~ 183 ~~[illegible]~~

Own Correspondent

JOHANNESBURG — A dispute between a predominantly black trade union and a major multinational company could result in the first legal strike by black workers since the Wiehahn report — and the second legal black strike in the country's history

The Fosatu-affiliated Chemical Workers Industrial Union announced this week that it had applied to the Minister of Manpower Utilization for a conciliation board in an attempt to resolve its dispute with Colgate Palmolive

The appointment of a conciliation board is a key step on the road to a legal strike

If it does not resolve the dispute workers may strike after 30 days have elapsed since the calling of the board Workers may also strike legally if the minister refuses to call a conciliation board

Other restrictions

Although there are other restrictions on legal strikes, it is understood that they do not apply in the case of Colgate Palmolive

The CWIU has been involved in a long and bitter union recognition dispute with Colgate Palmolive at its Boksburg plant The company has said it will recognize the union but that it will only negotiate with it on "shop floor grievances"

The company says that issues such as pay and working conditions must be negotiated on the industry's industrial council only

But the union claimed in a statement issued on Wednesday that only 23 of Colgate's 290 black workers were covered by the industrial council

It added that the councils negotiated only on minimum wage rates not on real wages and that minimum wages set by the council governing Colgate are "pitifully low — below the poverty datum line"

Living wage

The statement also revealed that workers in the company have submitted a petition to Colgate Palmolive proposing a "living wage" in line with Fosatu's "living wage" campaign

The workers were asking for an 80c an hour increase which would bring the minimum wage up to R2,20 an hour, the statement said

It added that worker demands also included the right of the union to negotiate pay and work conditions, the recognition of union shop stewards, access to the plant for union officials, stop-order facilities and the right to negotiate disciplinary and grievance procedures

The CWIU says that Colgate has replied to its request for a conciliation board by writing to the Department to say that it believed no dispute existed between it and its workers

It accuses Colgate of allowing workers to have only a "second-class union" It is doing this it argues by insisting that the union negotiate through the council

In a sharp attack on the industrial council system, the CWIU said Colgate was forcing workers to accept a system that "they had no part in designing that is not properly representative of workers but has the power to make binding agreements on all workers in a particular industry'

It added that Colgate wanted workers to accept a system "which in reality allows employers such as Colgate to retain 'sole discretion in setting wages and working conditions'"

The statement adds "Employers cannot recognize a union without recognizing its right to negotiate on behalf of its members Colgate refuses to recognize the union's right to negotiate This is what the dispute is about "

Colgate's industrial relations consultant, Mr Chris Dyson, was not available for comment A representative of Colgate's personnel department said only Mr Dyson could discuss the issue with the press

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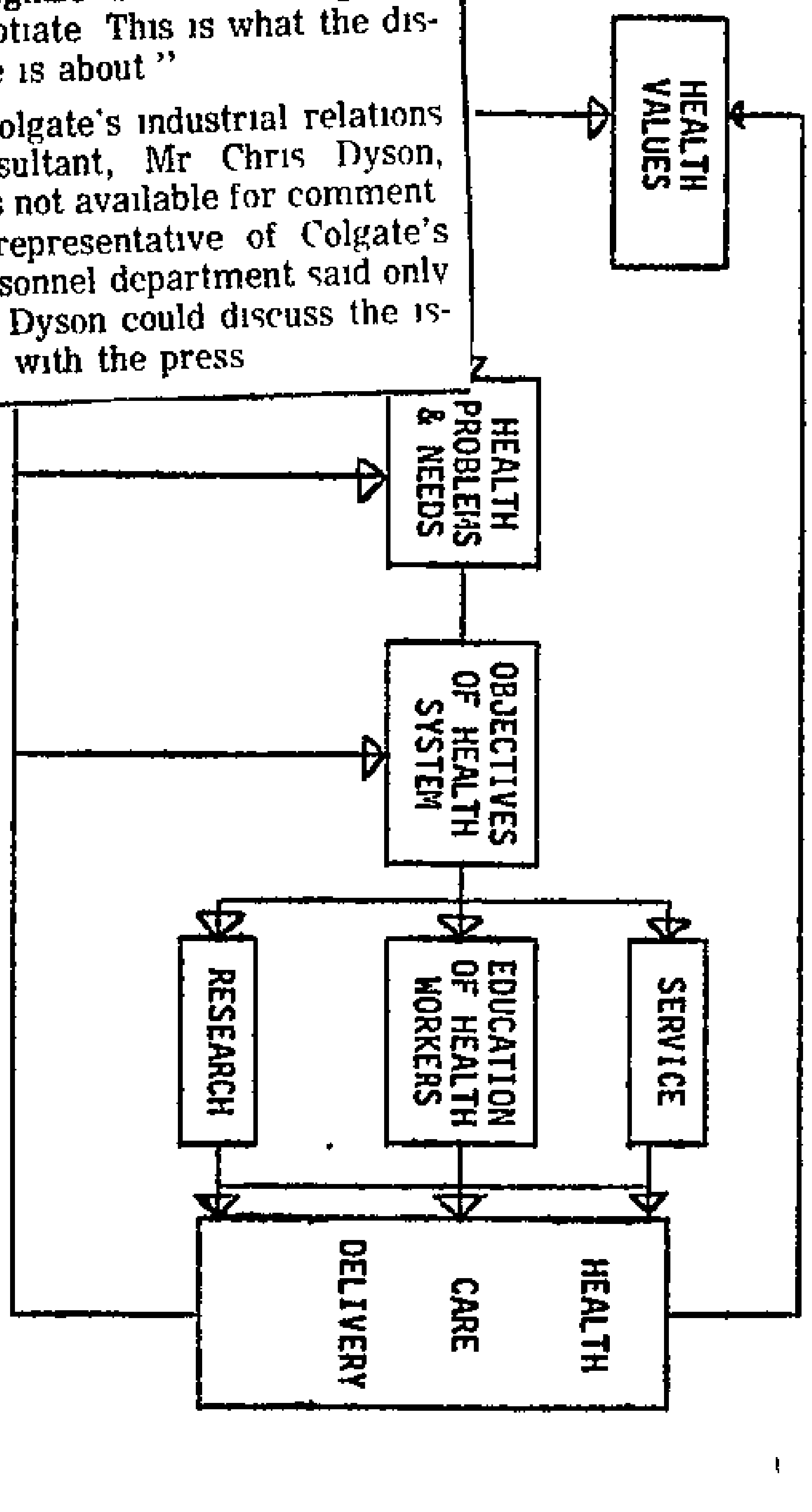

of a health system that is self-regulating
t incorporates the education of health workers
itegral part of the system.

examine some of the implications of this model before
pp the theme of the paper - the education of health
it in the model are the interrelationships between
full and continuous functioning the model requires
nany scientific disciplines. Some of these are
's to orthodox medicine, namely sociology, economics
, and epidemiology.

how our people value health, how they view the
resources and how they perceive the social impact
we need intensive sociological studies. As we
unity participation in health matters we must have
work within which the contributions and responses
ommunities can be elicited and interpreted. For

ing attention has focused on the medical aspects of health problems. We are now realising that most of the crises in health are centred in issues of economics and the organisation of care, rather than in conventional medicine. It therefore follows that we must develop the discipline of health economics until it ranks with the other traditional disciplines of medicine (3). Allied to both health

/2 ...

/3 ...

3 DAIRIES

3.1 INKOMO DAIRY

The dairy in Inkomo is exceptional in that it was started through local initiative, and from very small beginnings, with much less outside capital and management involved than in other Dairy Schemes in the Homelands.

It was started in 1974, when a special dairy camp was allocated to ± 20 signed up members. At that time, the cows were milked at the house of N.M., whose idea it had been to start the dairy and who is the main driving force behind it Members make use of communal facilities, the returns to each member are from the milk from their own cows. They began by selling milk to local cafés out the demand was very limited. When they had built up a large enough supply, they began to sell to bigger shops in Idolophu and in early

[illegible] piece of Umhlaba, visitors and government officials who visit Umhlaba are always taken on tours of it. Because it is always cited as a "community project", the government and various other organisations have helped it substantially. The government did all the surveying and planning for the building and also provided the roof, and door and window frames. Furthermore, they sent government workers to do all the work in boxing and piping the water and they contributed four men, paid by the Department of Agriculture, who were involved in building the dairy for the whole of the year that it took. The milk cooler was paid for by the Anglican church and another organisation has promised to buy the hammer mill which N.M. wants for grinding feed.

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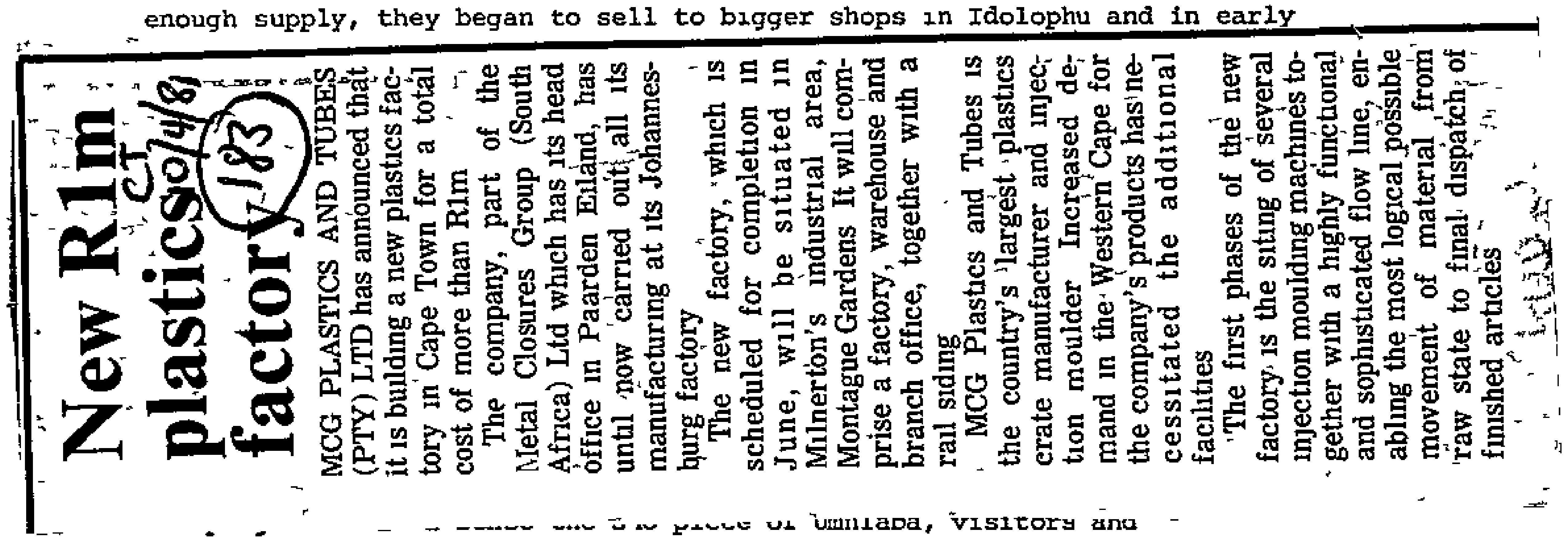

New R1m plastics factory

CT 10/4/81

183

MCG PLASTICS AND TUBES (PTY) LTD has announced that it is building a new plastics factory in Cape Town for a total cost of more than R1m

The company, part of the Metal Closures Group (South Africa) Ltd which has its head office in Paarden Eiland, has until now carried out all its manufacturing at its Johannesburg factory

The new factory, which is scheduled for completion in June, will be situated in Milnerton's industrial area, Montague Gardens It will comprise a factory, warehouse and branch office, together with a rail siding

MCG Plastics and Tubes is the country's largest plastics crate manufacturer and injection moulder Increased demand in the Western Cape for the company's products has necessitated the additional facilities

The first phases of the new factory is the siting of several injection moulding machines together with a highly functional and sophisticated flow line, enabling the most logical possible movement of material from raw state to final dispatch of finished articles

If one considers these inputs and the R879 paid by the members, it is obvious that the costs per job created are miniscule compared with the R7 000 per job which Norman Reynolds estimates for the government dairy project at Keiskammashoek in the Ciskei. (4)

On the guided tours N.M. said that the amount earned by the members per month varied between a R30 minimum and R105. In view of this and the low costs in establishing it, the dairy would seem pretty exceptional.

On closer examination, however, one finds a very different situation from that described on the tours,(since the other dairy members are not told when parties of visitors will come, they generally are not present to contradict the story given by N.M.)

Whereas N.M. says that the entire dairy has a contract to market milk with the hospital, only she and her brother and another man are selling to the hospital. She has the only transport and from July 1977, she refused to take anyone else's milk. All the other people want to sell to Idolophu but cannot. They have tried various other ways of marketing but all have failed. Now those that still sell, sell from their houses "when people come to buy". Because they are selling locally, some people have moved their cattle from the dairy camp (further away) to the local camp. This is because of the labour needed to bring the milk from the dairy to the location.

While the members all still consider themselves as part of the dairy, all herding, milling and selling is being done on a strictly individual basis with the exception of N.M. and the two other people.

I asked people what they thought N.M.'s reasons for not taking their milk were. Most attributed her refusal to a desire "to be rich alone" and to jealousy. They said that she stopped as soon as other people began to get rich too.

N.M. bottles the milk produced in excess of the hospitals 12 gallon quota and sells it in cafés in Idolophu. They said that even before the July break, she had refused to bottle their excess milk and they could not do this themselves at Inkomo because the iron-on lids came off during the journey. They saw this as another example of jealousy.

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PRIVATE-SECTOR GIANTS FEAR SASOL DOMINATION

Billions to be spent as chemicals war looms

S. Times 12/4/81

(183)

By Jan de Beer

AT least R2 500-million is to be spent by the South African chemical industry on expansion programmes during the Eighties, and the figure could rise to R4 000-million

This was revealed to Business Times this week by Ronnie Webb, deputy managing director of the R1 236-million AECI group, and by Dave Marlow, managing director of the R700-million Sentrachem group

A crucial reason for much of the expansion will be to reduce the dependence of the two private-sector giants on basic feedstocks from Sasol and 'avoid the possibility of monopolistic-type situations"

In the next nine years, AECI and Sentrachem hope to move strongly towards chemical feedstock self-sufficiency to counter growing fears that Sasol might in future use more of its own feedstock to produce end products competitive with the private-sector industry

The end products range widely from household goods of every conceivable kind to a wealth of industrial products

AECI will invest R1 500-million on expansion by 1990, of which R400-million will be spent on plants which will be in operation within the next few years

Included are two explosives-manufacturing plants — one at BophuthaTswana to cater for platinum mines at Rustenburg, the other near the Welkom goldfields

Sentrachem is planning expansion of R1 000-million during the next nine years

Two of the new plants involved will also come on stream before 1984 — a R300-million synthetic-rubber factory at Newcastle, and a R300-million ammonia plant which will probably be sited on the Highveld

In addition, the two giant companies are planning to build ethanol and methanol factories, which, apart from supplying fuel to the Republic, will also ensure their survival should Sasol move more into their fields of operation

Sentrachem's plans for the production of ethanol could bring special problems

Mr Marlow says the Government would have to make "significant further concessions" as far as excise duty is concerned to make ethanol production viable

And he is also concerned about the effects of spiralling agricultural prices on ethanol production Sorghum will be used for ethanol production, and Sentrachem would like an assurance from the authorities that the ethanol price would be allowed to increase in line with possible sorghum price hikes

In the midst of all the chemical industry's growth plans, there is the growing threat of a shortage of skilled labour which both AECI and Sentrachem this week described as "extremely serious"

Says Mr Marlow "We have already seen an attempt by Sasol to integrate forwards by trying — unsuccessfully — to join forces with a fertiliser group

"Expecting further steps along the same lines, we have to think in terms of vertical integration ourselves and look at alternative sources of raw materials "

Mr Webb is equally concerned "How secure are we in entrusting our source of raw material to a competitor such as Sasol has become? We would expect the Government to watch against a Sasol monopoly and to ensure that fair play takes place "

Sentrachem hopes to use the proposed ethanol plant to supply its own ethylene raw material requirement, which is now obtained from Sasol

AECI has plans to develop chemical feedstock from a methanol complex, which could cost R700-million at today's prices.

RONNIE WEBB . . . "Can the industry entrust its raw materials to a competitor?"

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rding to Marx, "free labour means above all that the worker
separated from the land". But in South Africa an apparent
existed, for the worker had access to a plot in the reserve.
t is, however, that on the one hand the plot was too small to
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alf was earned in the Reserve 56 So it is obvious that "plot"

Workers lash bosses' attitude

13/4/81 SOWETAN

Colgate company is accused of intransigence

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By Z B MOLEFE

THE giant multinational Colgate company has been accused of taking an intransigent stand in negotiating the wages and working conditions of its black workers

The charge comes in a statement from the Federation of South African Trade Unions (Fosatu)-affiliated Chemical Workers Industrial Union released this week

Giving the background to the long-standing dispute, the union says the company has reiterated its November stand that the union can deal only with shop floor frievances'

The company seems intent on forcing the union onto an Industrial Council, continued the statement which does not cover the majority of the company workers

'Only 23 out of 290 workers at Colgate presently fall under the Council

"If we do not go to the Industrial Council, Colgate refuses to negotiate If we do go, we only negotiate minimum wages which are well below those paid by Colgate that is, again no wage negotiation for the workers Moreover, the wages agreed to by the Council are pitifully low — they are below the Poverty Datum Line (PDL)"

The union also points out that following a final demand to the company in February, it has now applied for a Conciliation Board hearing under the Conciliation Act

The statement went on "workers have also submitted a petition proposing a 'living wage', in line with the Fosatu 'living wage' campaign, for all workers at Colgate and an 80 cents per hour across the board increase to bring the minimum wage up to R2,20c per hour".

The union also claims that in a better to the Department of Manpower Utalisation, Colgate "places on record that we do not accede that a dispute exists between us and our workers"

"This was after 24 letters had been exchanged, three petitions by a majority of the workers, six requests for meetings, a point-blank refusal to negotiate wages and working conditions and a refusal to recognise the union

"Workers at Colgate have struggled over a year", points out the statement," against an anti-union management They are not prepared to replace their discredited liaison committee with another institution — 'the tame union', whose boundaries and terms of operation are laid down unileterally by management"

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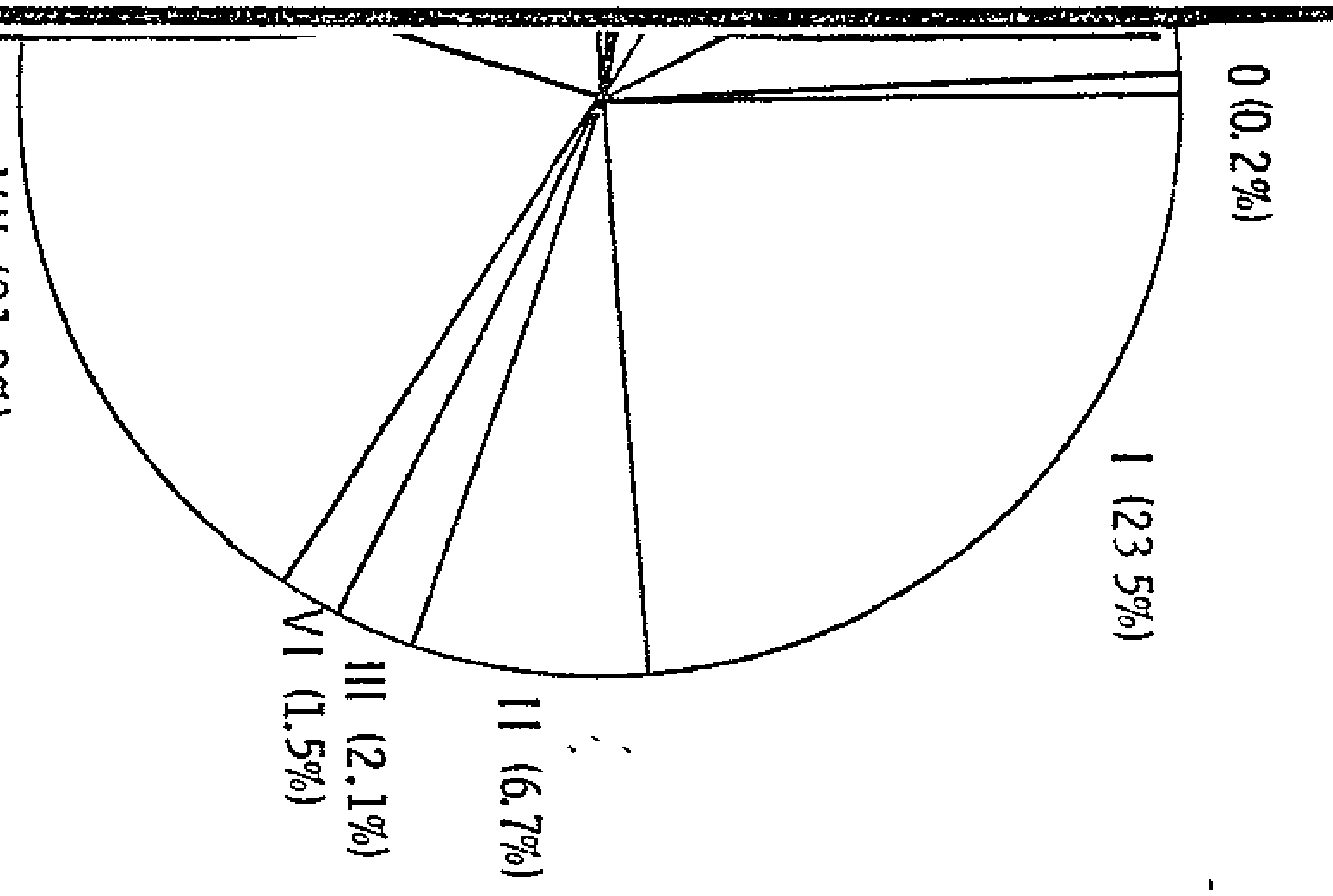

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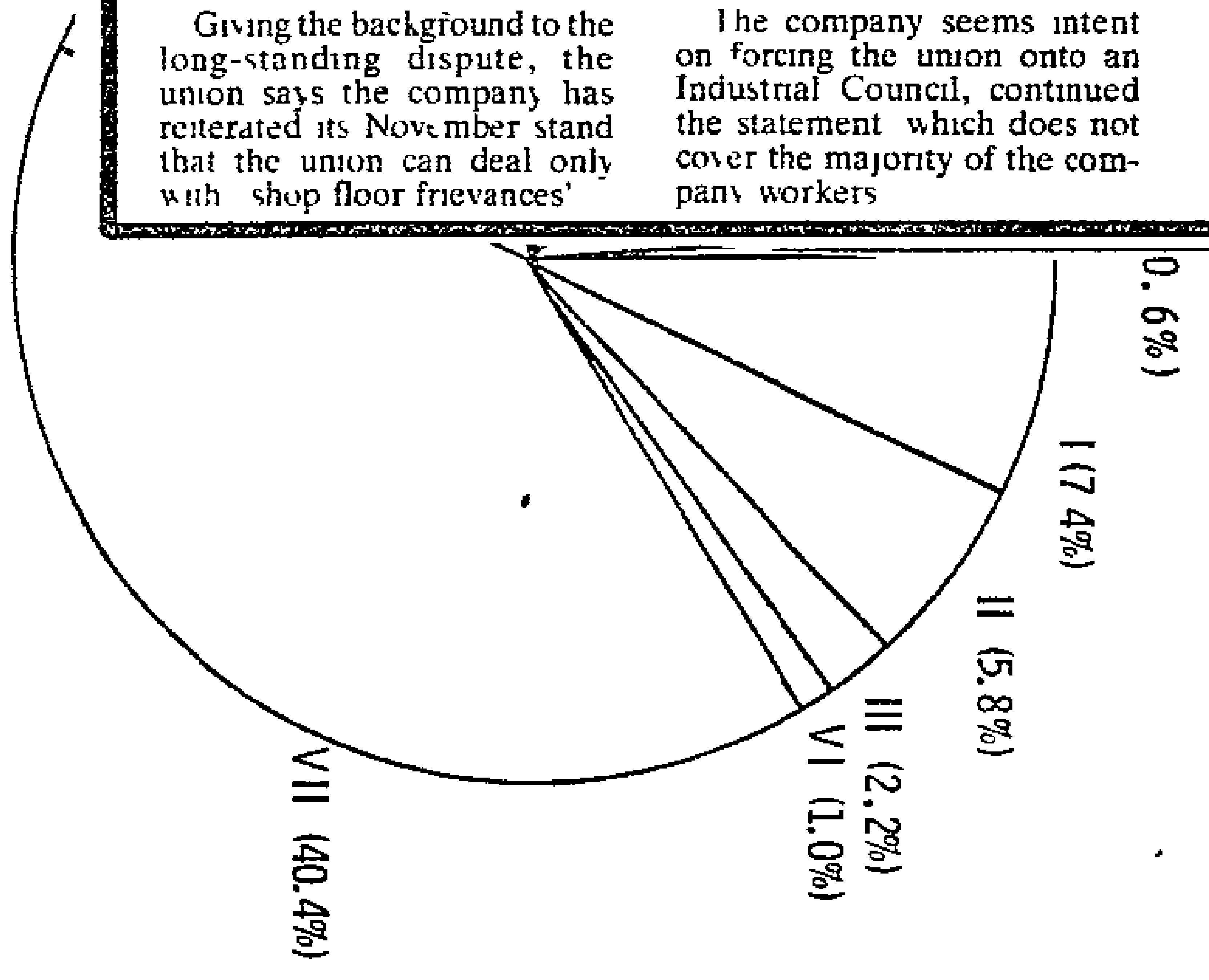

SA Industrial Week 14/4/81

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Gundle in US coup with Sasol

By Lynn Carlisle

FOLLOWING extensive testing by United States plastic authorities, Gundle Plastics, near Johannesburg, will build a multi-million rand factory in Texas where a variety of plastic sheeting will be produced for the American market from raw materials produced by Sasol

This expansion has the blessing of the SA Reserve Bank and will become a significant foreign exchange earner, says John Hewitt, marketing director for Gundle Plastics

A range of products — including wide-width sheeting — has been tested and used extensively for several years in pollution control on the South African mines, as well as storage at vast irrigation schemes and various other specialised applications

"We came to recognise that our technology is unequalled anywhere in the world, and the tremendous advantages of wide-width sheeting means that we have a range of products which are particularly suitable for export," says Hewitt

Gundle Plastics has already shipped over 100 t of plastic sheeting to a uranium mine near Spokane, Washington State, where it will be used to line a uranium tailings pond This will prevent contaminated effluent from the uranium extraction mill seeping into the surrounding ground

"After much careful research for various developing markets we decided to build our own manufacturing operation in Houston, as there is a tremendous opportunity to develop our market penetration in America," he says

The plastic sheeting was selected by the United States Tender Authority after extensive testing in the environmental protection laboratories in California

Referring to the need for a US factory Hewitt says that each application needs a specific size of plastic sheeting, and if it is manufactured in South Africa to standard widths and lengths there is likely to be a high wastage factor when installed on site

"It makes more sense to ship the raw material from here, and then extrude a 'custom-built' sheeting for each customer in US"

He says that "hi-driline" high-density polyethelene membrane is 750 micrometres thick and 7 m wide, based on raw material produced by Sasol and marketed by Plastomark

To assist with the installation of "hi-driline", a team of welding experts and quality control technicians has been sent to the Spokane mine, adds Hewitt

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of rural Afrikaner ... African war a Boer general, Louis Botha, had taken office as prime minister. In the US, the Southern whites, once defeated, stayed defeated. The full political re-integration of the old (and now transformed) Deep South was symbolically achieved only in 1976, with the election of a Georgian, Carter, to the

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[1] Barrington Moore, *Social Origins of Dictatorship and Democracy Lord and Peasant in the Making of the Modern World*, (London, 1967), p 152

[2] Ibid

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presidency Thirdly, the conflict between these two 'types of civilisation' in America took place in the context of the almost total isolation from external political threats or even influences which the US enjoyed in the mid-nineteenth century One can hardly imagine such a conflict taking on even a very sharp political form in the context of contemporary South Africa, hemmed in on all sides by what it perceives as major political and military threats The present-day White Establishment in South Africa is keenly conscious that it cannot afford to disregard the national motto, 'Unity is Strength'. It will stand together because it feels it has to. Tendencies towards conflict within the White Establishment will remain mere tendencies, it
predict
'Business civilisation' may find apartheid
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nted goes a good way to explaining the
South African example. What, after all, would
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political democracy, in rough ... situation .. in the second half of the nineteenth century.

It would not do, of course, to push any of these historical parallels too far: slavery and apartheid are *not* the same, the Boer War and the Civil War were very different, both in their

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[1] Ibid, p 153

We also asked about what steps were taken to safeguard adults in their household against misfortune and illness. Only about one in five African housewives reported that they took no particular steps. One-quarter used rites centering on the ancestors and a further one in ten reported the use of African medicines and African traditional practitioners such as the *isangoma* and *inyanga*. Over one-quarter used doctors with western training, while one in 12 said they relied on Christianity plus some African practices. This means that over two-fifths of the housewives reported that they used traditional practices either alone or with some other means for safeguarding the adults against misfortune. Amongst Indians two-thirds mentioned the observance of religious rites and duties, and/or the use of religious charms as a means of safeguarding adults against illness and misfortune. Less than one in eight mentioned specifically the resort to a doctor — that is a western medical practitioner — to prevent

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said they had consulted an *isangoma*. Amongst Indians 55 of the housewives interviewed agreed that there were certain kinds of illnesses and misfortune which a western medical practitioner cannot help. Nonetheless two-thirds of the households apparently had a western medical practitioner (usually an Indian) to whom the family turned when illness occurred.

While we have commented on the importance of religion in health practices and beliefs of Indians, it is interesting to note that three-fifths of the Africans said that at one stage or another they had asked a prayer group to pray for them or a member of their family in a particular situation. Illness is one of the anxieties of African life, given the high infant mortality rate and death rate, higher than that for whites, or Indians.

KDH 16/4/91

(183)

Winery staff back at work after strike

Own Correspondent

CAPE TOWN — The total production staff of about 250 employees went on strike at Stellenbosch Farmers' Winery in Struandale, Port Elizabeth, for two hours over a wage dispute.

The company's Eastern Cape regional director, Mr W du Toit, said the strikers went back to work after he explained they should negotiate through their elected shop stewards.

Mr Du Toit said the workers were granted increases in terms of the minimum wage of R40 a week for men and slightly less for women, as laid down in the agreement between the union and SFW.

The company had now decided that no workers would receive increments of less than 10%.

It is Fernandez's (1967) contention that certainly at least some of the religious groups, such as the small Zionist Groups, provide security and support for Africans in a threatening urban environment, and help the individual to cope in stressful situations. Illness is one of these situations.

We cast the net wider towards the end of the interview and asked to what extent the families concerned had at any stage consulted doctors or been to hospital. Amongst Africans, four-fifths of the housewives said that they had themselves been to a clinic or taken a member of their family, while almost nine-tenths said that at some stage or another they had made use of a hospital. In both cases the main reasons appear to be for what were essentially physical rather than psychological, psychosomatic complaints. Nine-tenths said that they had at some stage or another consulted a G.P., and half said that they had a G.P. of their own whom they consulted. Amongst Indians, a similar position was found. I was surprised to find that three-quarters of the African housewives interviewed said that they or someone in the household had been an in-patient at a hospital — probably very often this was for a confinement. Again amongst Indians by far the biggest proportion of informants or close relatives had been in a hospital at one time or another.

It is disturbing to note that three-tenths of the African housewives and half of the Indian women reported that they or patients in their homes stopped taking medicine once they felt better, rather than completing the whole course. This suggests that doctors must impress on patients the need to complete a full course of treatment, regardless of whether or not they (the patients) feel so improved that they do not really think it necessary to take the medicine for a further period of time.

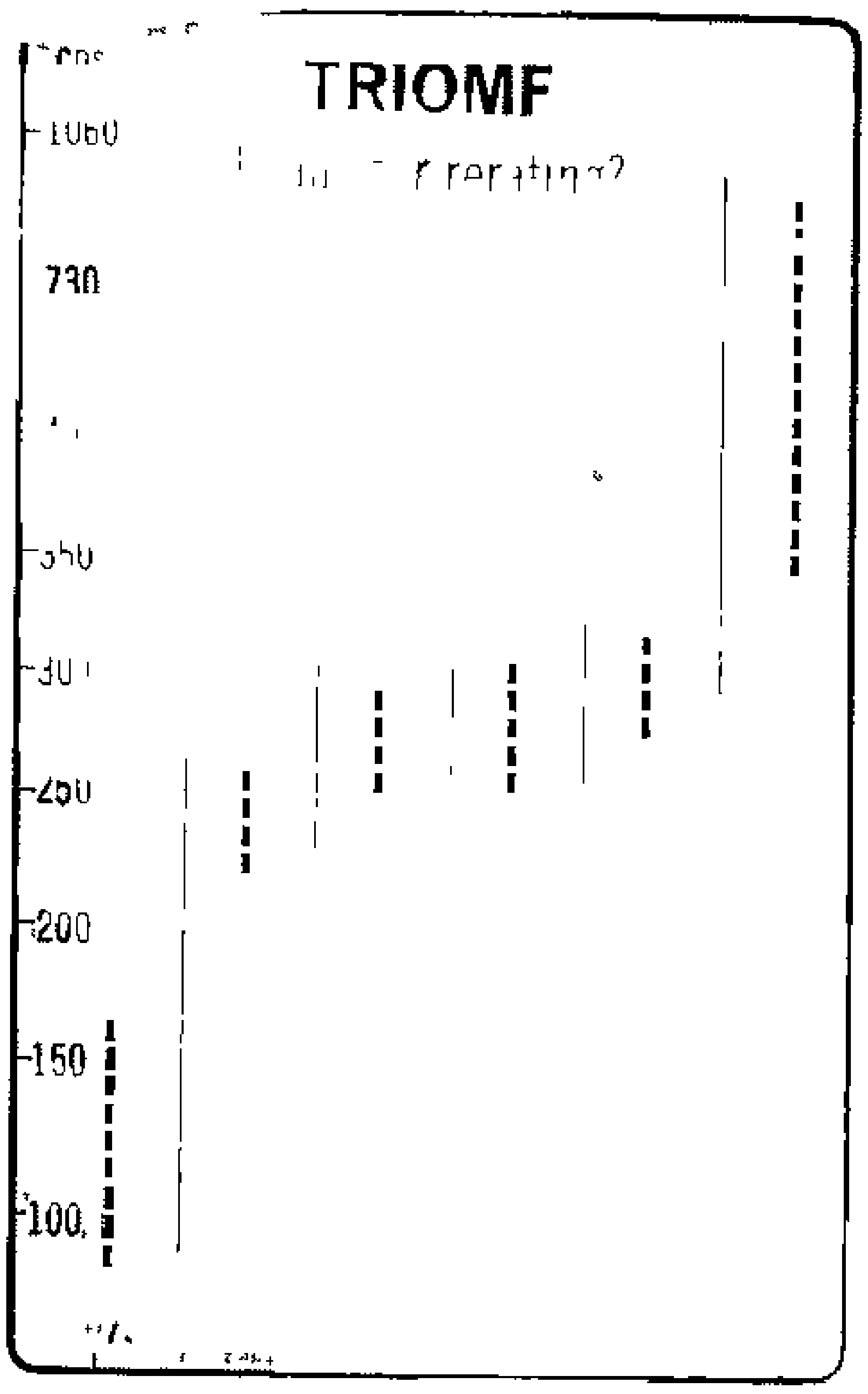
In conclusion, while the results outlined here point to extensive use of western medical practitioners and clinics and hospitals, nonetheless religious and traditional belief systems and practices in regard to illness obviously form an important part of the behaviour of both African and Indian households in Durban. I suggest that this finding has implications not only for community health work, especially health education, but also for the training of medical practitioners, who need to obtain insight into the traditional worldviews and practices of their typical patients, and

FM 17/4/81 ⑬183

TRIOMF

Stronger structure

Activities *Manufactures and markets fertilisers and crop protection chemicals Has a 51% interest in Triomf Fertilizer (Pty), with AECI holding the remaining 49%*



Chairman: *L Luyt, managing director J J Becker*

Capital structure· *28m ordinaries of 50c Market capitalisation R101m*

Financial. *Year to December 31 1980 Borrowings long- and medium-term, R64,4m, net short-term, R80,3m Debt equity ratio 86,3% Current ratio 1,2 Group cash flow R26,2m Capital commitments R4,7m*

Share market. *Price 360c (1980-81 high 500c, low, 325c, trading volume last quarter, 472 000 shares) Yields 17,5% on earnings, 12,5% on dividend Cover 1,4 PE ratio 5,7*

	'77	'78	'79	'80
Return on cap %	1,0	10 3	20 5	18 1
Turnover (Rm)	200	257	334	431
Pre-tax profit (Rm)	(12 4)	3,4	25 1	47,3
Gross margin %	0 9	7 4	12 0	13 7
Earnings (c)	(34 0)	5,2	44 1	63 0
Dividends (c)	—	—	15	45
Net asset value (c)	85	90	147	366

With a number of imponderables overhanging the international phosphoric acid market — Triomf's main source of income — chairman Louis Luyt is a good deal less forthcoming on prospects than was the case this time last year

However, with local fertiliser demand forecast to remain strong, and with export receipts likely to benefit from the improvement of the dollar — the currency in which most of the group's export contracts are settled — there should be little difficulty in at least maintaining last year's 45c dividend

But an even more important consideration in the context of the investment rating of the share is the very considerable improvement achieved in the balance sheet which is now amongst the strongest ever put out by the company As this is absorbed by the market the share should start to lose its traditional high-risk rating as reflected in the present historic dividend yield of over 12%

True the improvement in financial structure is largely cosmetic to the extent that it has been achieved mainly through a massive revaluation of fixed assets

The Potchefstroom and Richards Bay plants have both been revalued on a replacement basis which in the case of the latter has virtually doubled its value In the process additional non-distributable reserves totalling R98 2m — of which R56 5m is attributable to Triomf — were created

This together with retained earnings increased total shareholders funds threefold from R53 8m to R169m which for the first time exceeds total indebtedness The debt equity ratio has come down to 86% from 263% a year ago and 706% in 1979

With total borrowings up from R142m to R146m over the year the improvement is as I have said largely cosmetic

But there have also been some fundamental changes particularly in the main operating subsidiary Triomf Fertilizer (Pty) jointly owned by Triomf (51%) and AECI This company was originally funded with loans from the two holding companies which was one of the reasons for Triomf s heavy debt burden

Now however R20m in loans has been capitalised which together with R10m in prefs held by AECI has given the company a somewhat more normal structure

This allowed the group to restructure its own long-term borrowings Loans from shareholders — including AECI — were reduced by R22m, a further R8m of other loans was repaid and a new R15m facility repayable between 1983 and 1987 was raised So with other minor adjustments total long-term loans dropped R14,5m — from R78 9m to R64 4m

Short-term borrowings however, increased sharply from R62 7m to R81 5m to give an overall R4m increase in total debt The reason for this Luyt says was large deliveries of imported raw materials — mainly sulphur and potassium compounds — which led to a doubling of raw material holdings A second factor was a reduced rate of consumption of rock and sulphur ' due to the temporary slackness in the export market which led to an increase in stocks of finished goods

Total stocks thus rose 63% from R50 5m to R82 3m and although this was partly offset by a 44% increase in creditors, net working capital (stocks plus debtors less creditors) was still up R34m — some R12m more than if requirements had moved in line with the 29% increase in turnover

However it is obvious from interest payments — down from R14 9m to R11 6m — that the debt build-up occurred fairly late in the year And with reasonable prospects of a return-to-normal on the stock side there should be corresponding scope to reduce borrowings this year

Lower interest payments significantly enhanced last year s results Operating profits were up 47% but the reduction in interest charges added a further 41 percentage points to the pre-tax growth rate Tax rose from R400 000 to R11m but, as most was a deferred charge this did not have any material impact on cash flow

Brian Thompson

Financial Mail April 17 1981

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183

STM 15/4/81

Modder gas blast kills three

Three men have been killed and two admitted to hospital after a gas explosion at Modderfontein's number two ammonia plant.

The dead men are **Mr J C Janse van Vuuren (23)** of Triomf, **Mr P H van Vuuren (36)** of Edleen, Kempton Park, and a **Mr Upton**, a construction worker from Durban.

Mr J Shimbala (21) and Mr M Botha (43) are in the Modderfontein Hospital with 40 percent and 20 percent burns respectively. A spokesman said today the men were doing "as well as can be expected" and were not on the critical list.

The cause of the explosion on Thursday is being investigated by the Government Inspector of Factories who was on the site that day.

Production at the plant — which produces mainly fertilisers — has not been affected.

Last year three men were killed in an explosion at Modderfontein.

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RDM 23/4/87

(1404) (161) (183)

New turn in recognition row at Colgate factory

By STEVEN FRIEDMAN
Labour Reporter

THE union recognition dispute at Colgate-Palmolive's Boksburg plant took a new turn yesterday when the company issued a statement questioning the representativeness of Fosatu's Chemical Industrial Workers Union

The union is demanding recognition at the plant and has asked the Minister of Manpower Utilisation to appoint a conciliation board to resolve the dispute This is the first step on the way to a legal strike

In its statement, the company also accused the CWIU of having a "selective" attitude to Government registration

At the same time, however, it reiterated that it will not negotiate with the union on wage rates at company level

Colgate says it will only negotiate with the union on wages at an industrial council, which sets minimum rates only

Colgate has offered the union recognition but says it will only bargain with it on wages and work conditions at official industrial councils

In yesterday's statement it says it takes this stand because the company "cannot allow its competitiveness to be jeopardised by wage levels which could potentially be out of all proportion to those offered by its competitors"

The union has said that most of its members are not covered by the council and that industrial councils only bargain on "pitifully low" minimum wages

In its statement Colgate says the dispute at its plant arises from "the union's inability or unwillingness to prove it represents a majority of (our) workforce"

Colgate says it will support the appointment of a conciliation board as long as the legal requirement — that the Minister of Manpower Utilisation is satisfied it represents the workers "it purports to represent" — is met

It concedes that only a few Colgate workers are covered by the industrial council, but says it is trying to get the council's scope extended

This, it says, would be assisted by the CWIU's agreement to join the council, but the union had told the company that it would not join until its demand for non-racial registration was met

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and play some role if they [illegible] priest were very insulted by this and told government officials and local people that the project was run by a clique and that it was going to be a business for that clique and not a creche anyway.

The occurance of clique controlled projects, the suspicion of them and the antagonism they generate is pretty general and influential In Kwa-Zulu there is a creche project which is

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being assisted by a local development agency. An old lady had been looking after large numbers of children for years, and the project was to turn the set-up into a formal creche with a special building and later other staff. When the old lady's son heard of the plans for the creche, he advised his mother not to get involved because a project in an area always means power struggles and group conflicts and she would be drawn into these. However, he later did support the creche project and it did later lead to tensions and conflict in the area, which are now partly resolved due to a committee having been elected.

It happens fairly often that someone who gets prestige as "a person who works for the community" feels threatened by anyone else involved in community projects. Generally, these powerful figures have control of the sources of resources and so they can and do sabotage the "competing" project completely. (Through the agricultural extension office they can make sure that no land is allocated, that no assistance is forthcoming with machines or labour, they can ensure that new project members do not get hawking licences to sell whatever they produce, that the activity is declared illegal, etc.)

Another dimension to the power struggle issue is that it inhibits all kinds of grass roots response and involvement from local people. Where patron figures are involved in projects mainly for prestige and power they do not foster any attempts by the ordinary poor people to direct and be responsible for the project. Thus one gets the situation that has arisen at the Zenzele centre at Idolophu. NM wants to remain in control and so she dominates the project and dampens all initiative from ordinary poor people and they lose all self-confidence and either leave completely or accept a subservient role. Thus the project has no real popular base and it cannot really work

15. EXPERIENCE OF "DEVELOPMENT" LEADING TO A CHANGE IN CONSCIOUSNESS.

In various parts of this paper I have mentioned but not isolated the importance of the educative aspects of being involved in

ADCOCK-INGRAM (183)

Getting stronger

FM 24/4/81

Activities *Imports, manufactures and sells pharmaceutical and chemical products Tiger Oats owns about 60% (58%)*

Chairman *J Tannenbaum, deputy chairman and managing director N Nossel*

Capital structure. *1,9m ordinaries of 50c, and 75 000 6% cum prefs of R2 Market capitalisation R30,4m*

Financial *Year to December 31 1980 Borrowings long- and medium-term, R3,5m, net short-term, R5,0m Debt equity ratio 23,9% Current ratio 2,0 Net cash flow R6,6m Capital commitments R1,8m*

Share market· *Price 1 600c (1980-81 high, 1 900c, low, 1 500c, trading volume last quarter, 3 400 shares) Yields 23,9% on earnings, 6,6% on dividend Cover 3,6 PE ratio 4,2*

	'77	*'78	'79	'80
Return on cap %	23,4	†22,4	26 0	27,7
Turnover (Rm)	54,4	†62 0	70 5	85,7
Pre-tax profit (Rm)	7,5	†8,4	11 1	13 6
Gross margin %	14,9	14 4	16,4	16 4
Earnings (c)	210	†233	293	370
Dividends (c)	75	80	88	102
Net asset value (c)	1 315	1 474	1 670	1 935

* 18 months to December 31
† Annualised

The higher level of trading during 1980 enabled Adcock-Ingram to maintain an above-average liquidity, while at the same time considerably strengthening balance sheet ratios Though debtors were allowed to increase by 14% to R16,7m, total interest bearing debt was up only 4% and gearing actually reduced from 26,8% of equity to 23,9%

This picture of financial strength follows on buoyant trading conditions but also reflects improved internal management policies and a more effective marketing strategy

Adcock-Ingram's improved performance appears to have started with a management re-organisation late in 1978 From 1973 to 1978, attributable earnings grew by an annual compound rate of 11,8% The latest results, to December 31

1980, increase the compound growth rate since 1973 to an annual 15,9%

The results for 1980 are good in the context of the pharmaceutical industry but they are nonetheless dwarfed by the proportionate profit increases many industrial companies have been reporting for the past year

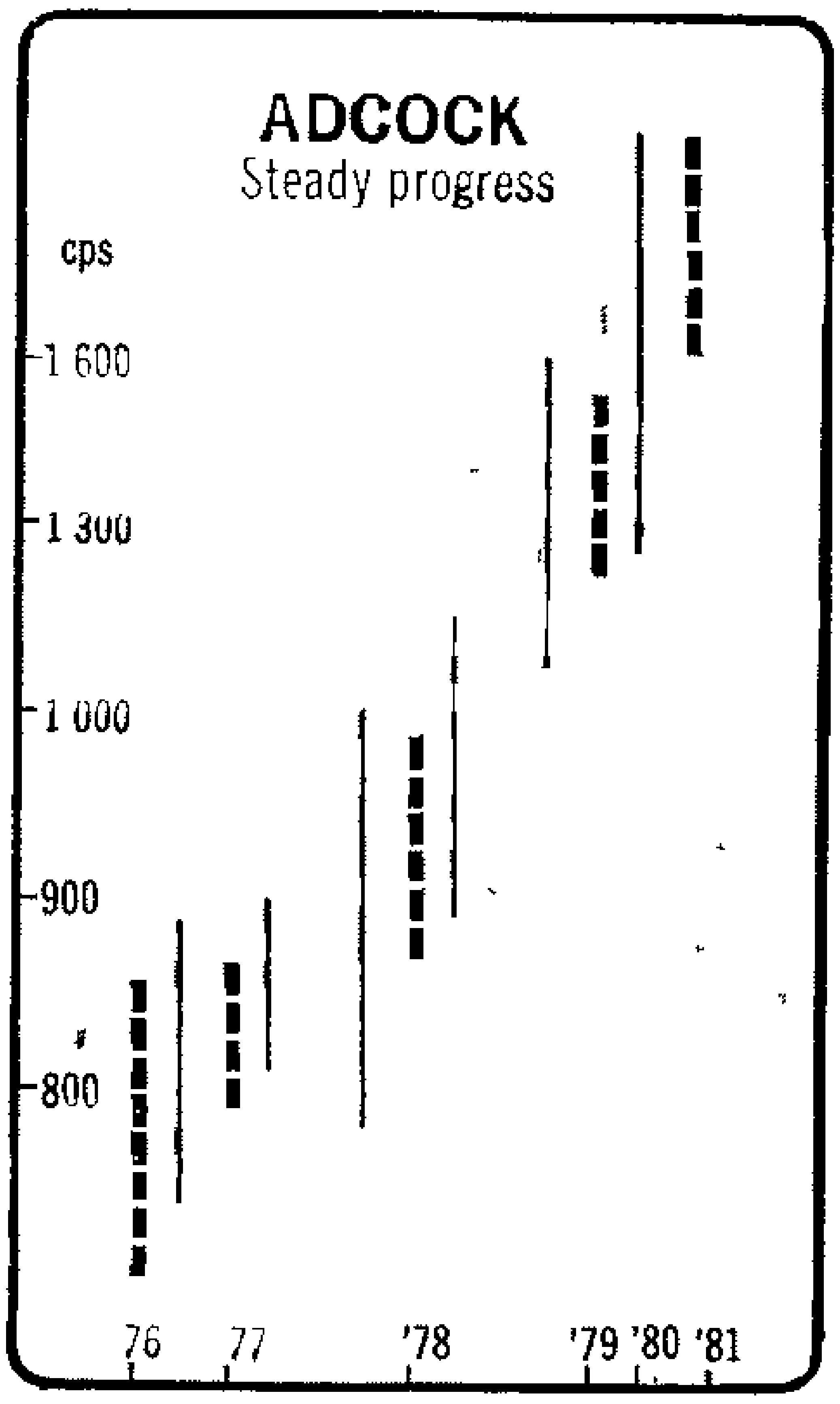
Sales in 1980 grew by 22% to R85,7m and, though the gross margin did not improve, attributable profit climbed by 25% to R6,8m The margin between the sales and net profit improvement was helped by a small decrease in the tax rate due to investment and exporters' allowances, and a marginal reduction in the portion allocated to minorities

Chairman Jack Tannenbaum says second-half profitability was similar to the interim period, but the growth rate now looks like tapering off

Tannenbaum cites skilled labour and manufacturing capacity bottlenecks, and a possible reduction in exports, as factors likely to lead to a lower national growth rate in 1981 He therefore expects no more than "reasonable" growth for Adcock-Ingram during the current year The company does not operate in a wildly cyclical industry but intense competition in certain product lines means margins come under severe pressure when sales growth slows

A crucial comment on the group's overall improved level of profitability is Tannenbaum s statement that "senior executives and professional staff frequently travel overseas to maintain and strengthen our ties with our overseas principals in respect of those products manufactured under licence while, at the same time, forging new links with other pharmaceutical groups whose research programmes show promise"

One of the first decisions of MD Norman Nossel, when he picked up the reins in 1978, was to severely cut the group's own research and development programme and to concentrate more on marketing and production improvements



The high capex of 1980, R5,6m, will be repeated this year, says Tannenbaum He does not break down the spending budget but it is a safe bet that the pharmaceutical, hospital and surgical supplies division will be the main target for expansion This division contributes a fairly regular 68% of pre-tax income, with wholesaling and retailing providing about 24% and consumer products about 7,5%

Management doubtless wants to keep the split that way, given the higher margins and other benefits which derive from selling to the State and provincial authorities

It is something of an anomaly that while the market values Adcock-Ingram higher than SA Druggists on dividends, it does not do so on earnings Adcock-Ingram is rated at a 6,4% dividend yield and Druggists 7,6% But Adcock-Ingram's PE ratio of 4 compares with 5,5 for Druggists.

I believe Adcock to be undervalued on earnings — especially if Tiger Oats were ever to take out the minorities That seems a logial development, and the current discount on net worth of nearly 16% suggests that any bid would have to be pitched close to the share's high for the past year of 1 900c

Ian Muir

**Adcock's Tannenbaum . . .
concentrating on productivity**

Triomf hopes for extensions at Richards Bay

STAR
(183)
24/4/81

The prospect of extensions costing more than R25-million to the Richards Bay plant for manufacturing a wider range of products for the local market, was held out by Dr Louis Luyt, chairman and chief executive of Triomf Fertiliser Investment, at its annual general meeting in Johannesburg yesterday.

The extension will make provision for processing of phosphoric acid to manufacture higher-grade products such as di-ammonium phosphate and other mixtures This will also diminish Triomf's reliance on the export of phosphoric acid Extensions could be completed in 18 months.

Dr Luyt reiterated that neither he nor Triomf are responsible for the possible construction of the much discussed pipeline at Richards Bay. Triomf has merely been invited to take part in the use of the pipeline should it be built.

CONSORTIUM

A new development which could have an influence on this decision is the possible processing of the waste gypsum for the manufacture of cement, by a consortium This could be of great advantage to Triomf and could result in retrieving sulphur which could cut Triomf's imports of this raw material by four-fifths

The retrieval of fluorine for use in the aluminium industry is also being investigated

Dr Luyt said that his board foresees no difficulty in maintaining or even increasing dividends this year.

SHARP ATTACK

He made a sharp attack on allegations that Triomf was a major cause of the rising rate of inflation He pointed out that fertiliser is price controlled and therefore the increases could not be blamed on this company

Triomf Fertiliser Investments has decided to sell 220 002 shares and a loan account of R531 151 in Triomf Fertiliser to LLG Group Investments for R1,8-million

The company said this was done because of the "extent, importance and sensitivity of Triomf Fertiliser's foreign commercial activities"

This will reduce the public company's shareholding in Triomf Fertiliser to 49,9 percent

"This transaction is, in the opinion of the directors, advantageous and in the interest of the company and its shareholders and will have no material effect on the future earnings of Triomf Fertiliser Investments

"The ultimate holding company of Triomf Fertiliser and TFI will remain Louis Luyt (SR) and Adraina Luyt (SR) Interests," the statement said — Sapa.

Colgate attacks chemical union

By ZB MOLEFE

THE dispute between the giant multi national Colgate Palmolive company and the Chemical Workers and Industrial Union (CWIU) took a new turn yesterday

In a statement yesterday the company questioned the union's right to represent their workers

"The 'long and bitter dispute' arises from the union's inability or unwillingness to prove that it represents a majority of Colgate-Palmolive's workforce," the statement said

The company has now submitted to the Department of Manpower Utilisation its formal response to the union's application for a conciliation board to deal with the dispute It also pointed out that in terms of the Industrial Conciliation Act, the Minister of Manpower Utilisation must be satisfied that the union is representative of the workers before he can approve the establishment of a conciliation board

The union's insistence on its right to negotiate on a company by company basis is another stumbling block, according to the statement The statement added "Colgate-Palmolive concedes that the Industrial Council at present represents the interests of only a small minority of its workforce

'However an application for an extension of the scope of the Industrial Council's registration is at present pending, which would have the effect of covering the majority of Colgate-Palmolive workforce, and which would be materially assisted if the CWIU were to be admitted to membership of the Industrial Council "

The statement also stated that the union has responded to the company's request that it seek such admission to membership by stating that it will only consider doing so if its pending appeal against its racial registration is successful

"While Colgate-Palmolive supports the CWIU in its appeal, it decries the fact that the union makes selective use of the machinery provided by the Industrial Conciliation Act

But the union will not undertake the responsibility of membership of the Industrial Council, which is the fundamental underlying intention of the legislation,' the statement continued

The statement also claimed it is an enlightened employer and the rates of wages it pays and benefits it provides far exceed the minimum laid down in terms of the industrial agreement and wage determination For instance, it pays the lowest shift worker R401 per month And a Grade One machine operator, earns in excess of R700 per month

BUSINESS MAIL

Triomf ponders R25m Richards Bay plan

RDM 24/4/8

R83

THE PROSPECT of extensions costing more than R25-million to the Richards Bay plant for manufacturing a wider range of products for the SA market was held out by Mr Louis Luyt, chairman and chief executive of Triomf Fertilizer Investment at the company's annual meeting in Johannesburg yesterday.

The extension would make provision for processing of phoshoric acid to manufacture higher-grade products, such as di-ammonium phosphate and other mixtures This would also diminish Triomf's reliance on the export of phosphoric acid These extensions could be completed in 18 months.

Mr Luyt said that neither he nor Triomf was responsible for the possible construction of an effluent pipeline emptying into the sea at Richards Bay. Triomf had merely been invited to use the pipeline should it be built

A new development which could have an influence on this decision was the possible processing by a consortium of waste gypsum for the manufacture of cement. This could be of great advantage to Triomf and could result in retrieving sulphur which would cut Triomf's imports of this raw material by 80%.

The retrieval of flourine for use in the aluminium industry was also being investigated, he said

Notice had been given to terminate the bilateral phosacid marketing agreement with Occidental Petroleum. Mr Luyt said his company was willing to end this agreement immediately if Oxy agreed

Problems were being experienced in the export market because of the American embargo on the export of phosphoric acid to Russia

A partial lifting of this ban had been announced, he said

Mr Luyt said his board saw no difficulty in maintaining or even increasing dividends this year

He attacked on allegation that Triomf was a major cause of the rising rate of inflation. He said the fertiliser price was controlled and the increase could not be blamed on Triomf — Sapa

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11) <u>RRAWP</u>(35)

In the early days of the National Health Service a crude measure of control was exercised over the regional allocation of resources by forbidding GP's to take up practices in 'overdoctored areas' (those with less than a certain patient doctor ratio) and giving incentives to practice in under-doctored areas. Direct control was, however removed after a few years. Both the presence and removal of the control had its impact on the availability of doctors by region(36). Only recently (shortly following the introduction of economists to the Department of Health and Social Security) has there been a major discussion of means to improve the

be expected if the national mortality ratios by age and sex were to obtain. Thus factors affecting mortality uniquely in that region are separated from the normal effects of age and sex structure of the population. This is done for each condition or group of conditions. The use of hospital facilities for each condition is then assessed for the country as a whole for age and sex groups.

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35. Report of the Resources Allocation Working Party, 'Sharing Resources for Health in England', HMSO, 1976.
36. 'The Inverse Care Law', J. Hart, The Lancet, Feb. 27 1971, pp 405 - 412.

These national rates are then applied to the region's population to obtain for each condition, the expected hospital utilization rates for each area. (This will then be independent of regional differences in the availability of hospital beds.) The utilization rate by condition for each area is then weighted by the SMR. Thus 'the population, weighted for age and sex by national red utilization for each condition should be adjusted to take account of condition-specific SMR's for each region. SMR's for conditions unlikely to lead to death, e.g. skin diseases should not be used. For conditions of pregnancy, childbirth and puerperium, SMR's should be replaced by an index of fertility rates standardized

serv

The ideal rationing criterion for services likely to be scarce (such as specialist consultation and hospital admission) is the one most closely related to 'need'. Price rationing has some claims in this respect since people are willing to pay more the more desperate they are; but unfortunately the patient is not always best placed to know the urgency of his need; and even differences in felt urgency are obscured in a situation

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37. See paper by Dr. J. Nattrass 'Decision making and optimality in the provision of health care.

RDM 30/4/81

183

Trek looks at two projects

By SIMON WILLSON

HIGH LIQUIDITY at Trek Beleggings after its record profit in 1980 has enabled the company to look at diversification into two projects in related energy fields

Preliminary details of the two projects could emerge after a board meeting scheduled for May 21

In his annual review the chairman, Mr George Clark, gives no details of the projects, but says they might contribute to increased results when the influences which made last year "so profitable no longer apply

Mr Clark mentions cites four transitory influences from last year which helped to boost the company's performance

The Iran-Iraq war resulted in a world-wide fuel shortage in the fourth quarter, which enabled the company to increase revenue from its surplus fuel-oil sales, which usually go at depressed prices

After the July 1979 SA petrol price increase there was a period of temporary over-recovery for the company in the landed cost of its petrol

The improved liquidity situtation and higher cash flow which resulted reduced the company's interest payments

The results of Chemico, Trek's re-refining subsidiary, were particularly good. Production capacity is still in surplus because of a shortage of used oil, and additional used oil is to be sought from new upgrading facilities at Chamdor, which should increase the yield by 15%

Chemico is benfiting from a large assessed loss, but Mr Clark expects the re-refinery will soon reach the tax-aying stage

But last year's favourable influences will not necessarily be repeated, Mr Clark says, and a dramatic increase in profits for 1981 is "doubtful"

Taxed profits for the oil company, a Gencor subsidiary, were up 63,5% over 1979's outturn at R10 628 000 Earnings a share were up at 52,8c from 32c

Dividends, covered 2,6 times, increased from 13c to 20c

COMMENT. This is the first time Trek's profits have topped R10-million, but growth over the current financial year is not expected to match 1980-81's 63,5%

Trek says it is under-recovering on all its products in the new financial year and will need to reinstate its approved marketing margins.

Hoechst SA boss details expansion plans

S Times 3/5/81

(183)

Hoechst South Africa's Arno Baltzer ... new instalment in R150-m plan disclosed

WORK WILL START WITHIN TWO YEARS

By Jan de Beer

WORK on most of the projects in a R150-million expansion plan by Hoechst South Africa in the Republic will have started within the next two years, Hoechst managing director Arno Baltzer told me this week.

In an exclusive interview, Mr Baltzer said that he could now reveal that the next additional plant to be established would be a R3-million food-grade phosphate manufacturing facility.

It would operate as a "sister plant" to Hoechst's already announced R5-million polyphosphoric acid plant earmarked for Krugersdorp — the first of its kind in the Republic

"Food-grade phosphates, widely used in the beverage and food industries, will be manufactured from basically the same raw materials as polyphosphoric acid

"Polyphosphoric acid, in turn, is a raw material used in the manufacture of catalysts needed for the Sasol oil-from-coal process "

Sophisticated technology is used to produce polyphosphoric acid, which is produced overseas by only a few major companies, including Hoechst in Germany

Also included in Hoechst South Africa's expansion projects is a R15-million vinyl acetate/ethylene (VAE) plant which will produce the most advanced forms of Mowlith dispersion types for the South African paint and adhesive industry.

Hoechst is also involved in two joint ventures, totalling R18-million, with Sentrachem A new R5-million acetylene carbon-black plant will be built at Newcastle and a R13-million biaxially oriented polypropylene (BOPP) plant at Sasolburg.

Regarding the rest of the R150-million expansion projects, Hoechst has so far revealed no details

Mr Baltzer told Business Times that aspects such as raw material availability, market evaluation and "import" of German technologists would continue to make it impossible to announce full details at this stage.

"Diversification, and not backward or forward integration — as is happening elsewhere in chemicals — is the main motive behind our expansion plans

"I can, however, say that there will be quite a few smaller plants built — by this I mean R5-million or R10-million projects — as well as one or two much larger-scale investments," he said.

Hoechst, with its wide-ranging R300-million South African industrial involvement during the past 21 years — plastics, fibres, chemicals, textiles, pharmaceuticals are among its main sectors of operation — could obviously be expanding in any or all of these directions

Textile expansion must, however, be high on the list The sector has been identified as potentially the fastest-growing in South Africa, and Hoechst has property available for expansion in Cape Town

Skilled labour, however, is a major stumbling-block in all the Hoechst expansion plans.

Mr Baltzer says that two thirds of the skilled technologists now employed by Hoechst South Africa were recruited in Europe He sees no improvement in the local supply of skilled men in the near future"

"We will, however, provide fairly substantial new job opportunities for South Africans in our expansion plans. But ours is a capital and technology intensive industry, so local recruitment will be limited."

Hoechst at present employs 1 600 people in South Africa It has subsidiaries in 120 countries and production facilities in 50, employing about 180 000 people — all contributing to an annual world turnover of close to R12 000-million.

AECI PLANS FOR NEW R30-MILLION PLANT

S.A Indl Week (183)

5/5/81

ALLOWING room for future expansion, AECI are clearing a site 1,2 times the extent of Modderfontein for their R30-million explosives factory due for completion on December 15, at Heystekrand in Bophuthatswana Staff

The envisaged labour intensive factory is on the site earmarked as one of the industrial centres in that state, about 50 km north of Rustenburg, and where about 900 people will be working in the new year, an AECI spokesman disclosed.

Initially, the new town, planned by a Pretoria firm of architects, will provide some 600 two- and three-bedroomed houses plus schools, shops and sports facilities.

Senior management appointments made so far include Len Larson as factory manager, John Breetveld as administration manager, Allan Ingham-Brown as personnel manager, Cedric Mew as materials manager and Roger Fardell as technical services manager.

Xactics plans big expansion

Argus 8/5/81

(183)

XACTICS has plans in hand for building 40 000 sq m of factories in the next 18 months, adding 72 percent to the 55 000 sq m of its four factories at Epping, Bellville, Isando and Prospecton.

This is disclosed today in the company's annual report

The Cape-based group employs 1 250 people and makes more than 3 000-million articles a year. The first factory in Elsies River had 32 workers and made only 5-million plastic bottles in its first year

The chairman, Mr Hymie Meyerson, says the blow-moulding division has developed and started the marketing of plastic bottles for the carbonated soft drink industry. The growth potential for this product has still to be realised though initial market reaction has been 'most satisfactory'.

'New developments in the field of carbonated soft drink bottles are being finalised and the export market is also being investigated.'

Xactics is paying a 3,5c maiden dividend on May 29 after raising its earnings by a third to R3,1-million for the year to February.

Tom Hood

Afrox
FM 8/5/81 (163) [redacted]

Capex constraints

The constraints of a major capex programme and inflation accounting held back Afrox's profitability over the past six months despite strong market conditions.

In the half year ended March of the industrial gas and engineering group pushed up pre-tax profit by only [illegible] from R12m to R13,9m on turnover which was 30% higher at R108,6m (R83,5m). The reduced operating margin, chairman Beau Sutherland says, was largely a result of increased interest payments on capex finance.

The tax charge increased almost 20%, and resulted in taxed earnings rising 13,1% from R7,5m to R8,5m. This translates into earnings a share only 12,5% ahead at 28,1c (25c) and a twice-covered (2,1 times) interim dividend of 14c (12c) was declared.

The other restraint on earnings growth at the moment, of course, is that the group consistently values fixed assets at replacement cost. Consequently, depreciation is charged at the higher level, holding back income. At the same time, ongoing capital expenditure enlarges the capital base itself and contributes to a squeeze on return on capital. This year's capex is estimated at R28m, and it is [illegible]

[illegible]

[illegible] this largely to [illegible] obtaining enough skilled labour. In addition, better planning is needed in D & D is to take full advantage of its overflowing order books. Nonetheless, Sutherland is clearly still happy with the investment.

Afrox's Sutherland ... interest levels profits

Normally the group earns around 40% of taxed earnings in the first half of the year. However, Sutherland tells me that the second-half earnings could reflect a slightly better share this year. Consequently, earnings a share for the full year should reach (70c) (58,9c).

Assuming unchanged cover, a 35c (29c) dividend is possible, right in line with long-term compound growth rates. At the current 560c — the year's high — the share is fully priced and offers a 6,25% prospective yield.

Scott Hau[illegible]

TREK FM 8/5/81 (183)

Ready for expansion

Activities· *Manufactures, markets and distributes petroleum products through 323 retail outlets Federale Mynbou is the ultimate holding company, through Gencor*

Chairman. *G Clark, managing director D Masson*

Capital structure· *19,9m ordinaries of 50c Market capitalisation R49 8m*

Financial *Year to December 31 1980 Borrowings long- and medium-term, R5m Net cash R14,7m Debt equity ratio 19,5% Current ratio 1,3 Group cash flow R11,4m Capital commitments R723 000*

Share market. *Price 250c (1980-81 high, 350c, low,175c, trading volume last quarter, 883 000 shares) Yields 21,3% on earnings, 8% on dividend Cover 2,7 PE ratio 4,7*

	'77	'78	'79	'80
Return on cap %	25,1	26,2	32,2	46 3
Turnover (Rm)	151	155	246	309
Gross profit (Rm)	7,8	8 7	11 7	19 1
Gross margin %	5,2	5,6	4 8	6 2
Earnings (c)	20,1	24,5	32,2	53 3
Dividends (c)	9	10,5	13	20
Net asset value (c)	104	114	135	169

It is perhaps a little misleading to look at the operations of a petroleum company for only a single year, because of the longer-term cycles inherent in the industry Nevertheless, Trek's better-than-average performance in financial 1980 has put it in a good position to enhance its present business as well as expand into other areas

Pre-tax profit rose 74% from R10,6m to R18,4m in the year to December 31, on a turnover increase of 26% from R246m to R309m However, despite a build-up of cash resources from R6,3m to R16,4m, and a R1,9m reduction in borrowings, the dividend was raised by only 54%, from 13c to 20c The debt equity ratio is now down to 19,5% from 31,3%

With this extra financial clout the group is planning considerable expenditure on a new corporate image It is also considering some new ventures, both inside and outside its normal areas of operation MD Donald Masson says nothing has been finalised yet, adding that acquisitions are difficult under current market conditions

The upgrading of image will include revamping between 30 and 40 petrol outlets over the next three years, along with a review of all the group's stations The whole scheme will take as long as five years

As regards prospects, Masson tells me that this year will certainly not produce the same sort of performance as did 1980 Last year's results were helped along by the Iran/Iraq war, which boosted export prices on surplus oil, while the group's "slate" — the mechanism which balances over- and under-recoveries before new price rulings come down from the Price Controller — was cleared during the year

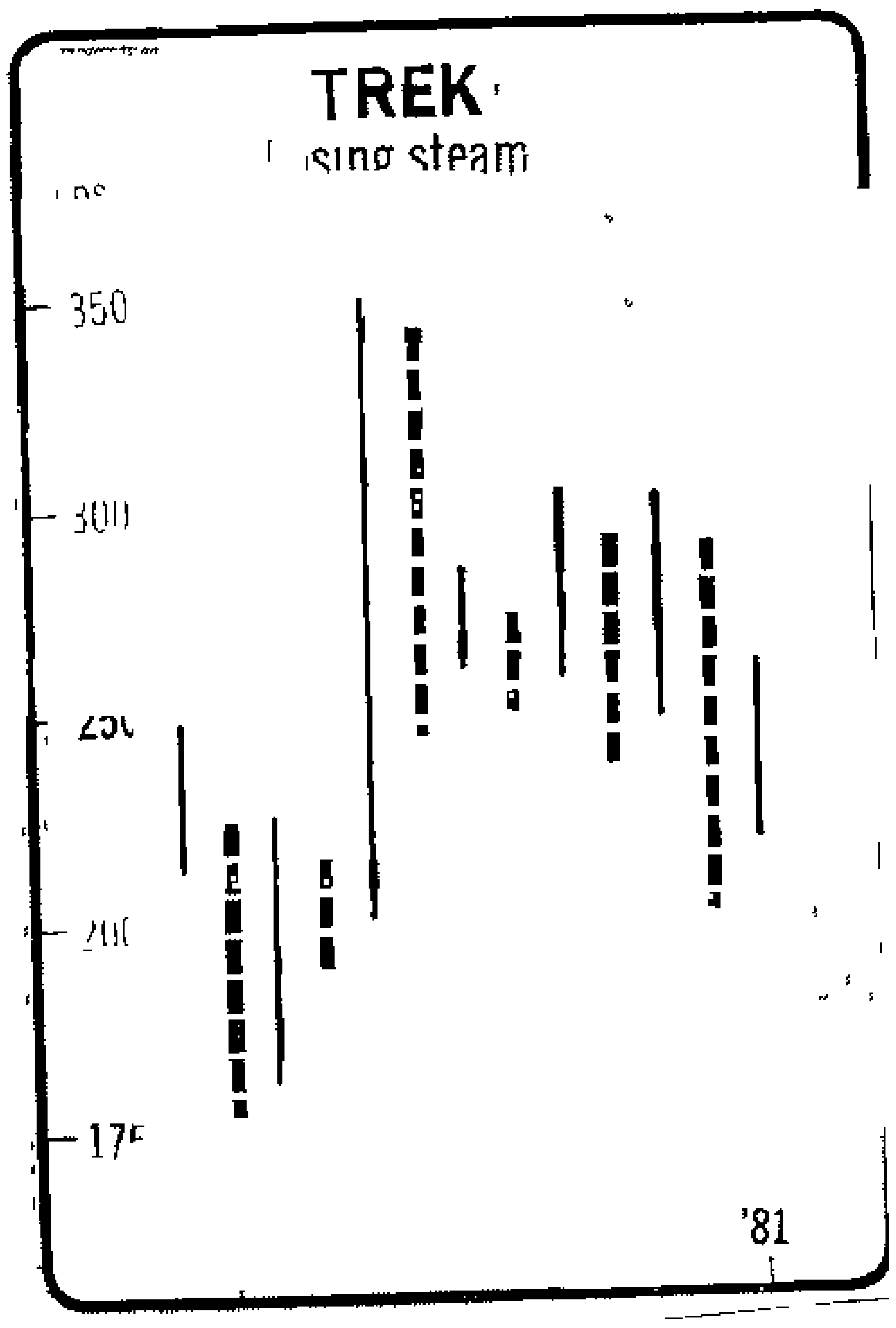
Also, interest payments were cut from R1,1m to R752 000 by the high liquidity position while operating expenditures were held back ahead of the new marketing programme

Overall, Masson says last year's taxed earnings were enhanced by as much as R1,5m by these factors, and this year's profit expansion should therefore be much slower Performance in 1981, he adds, should put the company back on a more moderate longer-term growth path

The first half, in particular, should be very tight, he says The slate has reverted to an underrecovery situation and, as there is no surplus, extra costs of raw materials are now being debited directly to the income statement A question mark surrounding the first half's profitability, consequently, is just when higher price authorisations will come from Pretoria, allowing Trek to balance out the increased cost structure The dropping exchange rate certainly hasn't helped matters, either

On the re-refining side, Masson says recent legislation to prohibit the dumping or burning of re-usable oil has not helped much so far, though it is obviously a difficult rule to apply in practice There is, he adds, a genuine shortage of waste oil for re-refining and, as a result, little capex is required for the current year Subsidiary Chemico's R4m refining plant is running well, he says

Over the past year, the contribution to profit from the group's three major sources shifted somewhat The proportion attributable to processing and distribution of petroleum products climbed from 61% to 76,5%, while that from re-refining dropped from 10% to 7,4% The share of investment income eased from 29,2% to 16,1%, despite the increased cash available to the group




Trek's Masson . . . upgrading the image

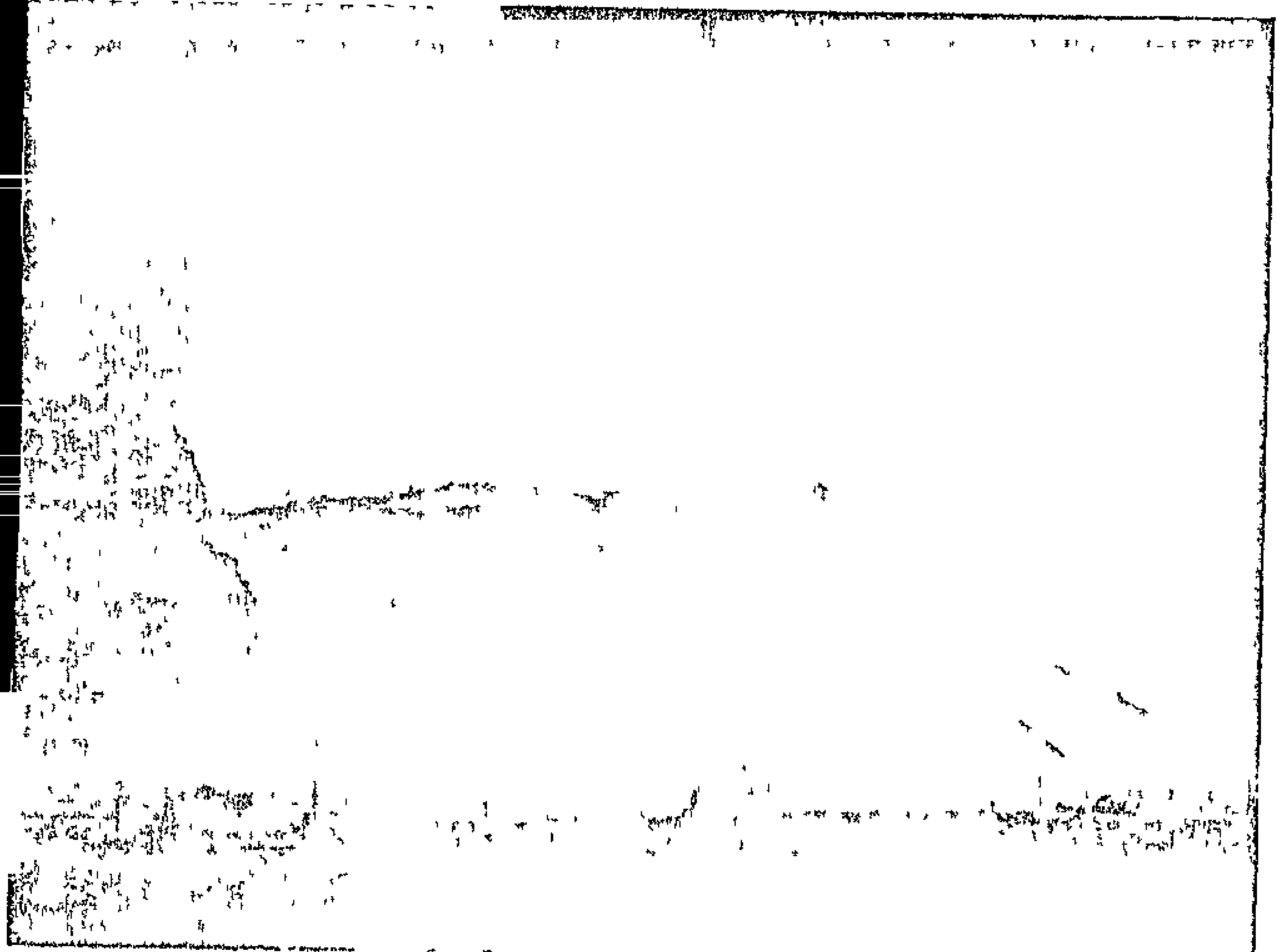
These ratios are now about normal, Masson says, and he expects little change in the current year

Dividend cover has risen steadily over the past few years and now stands at 2,6 times Masson says that under more normal conditions the group would aim at cover of around two times, though this will not necessarily be achieved this year

Nevertheless, this extra cover should ensure that, even if the group has a hard time in 1981, dividend growth should be in line with the longer-term growth trend A payout of 24c seems reasonable, offering a 9,6% prospective yield at the current 250c share price Though the chemical sector as a whole did not perform quite as well as expected last year, Trek appears to be a fairly secure income stock at this price

Scott Hawker

Triomf plant asked to cut pollution rate



A huge mound of sulphur at one side of the Triomf factory.

Picture: NOEL WATSON

RDM 12/5/81 (183)

By TONY STIRLING
Chief Reporter

THE Triomf fertiliser factory at Potchefstroom has been asked to cut down on pollution levels because of possible dangers to public health.

This has been confirmed to the Rand Daily Mail by a spokesman for the Department of Health, which is acting on recent tests conducted by the CSIR

The two most seriously affected areas are the Ikageng township, with about 8 000 people, and the Department of Community Development's Indian shopping complex. Both adjoin the Triomf factory in Potchefstroom's industrial sites.

Doctors practising in the vicinity of the plant want an investigation into the effects of pollution from the factory on people living and working in the area

Tests by the CSIR in the area have found sporadic high pollution levels, particularly of sulphur dioxide, fluorine and fine dust

"We have asked the factory concerned to conduct investigations to see how these levels can be reduced," a spokesman for the Department of Health said.

He added that CSIR tests conducted over a month last August and September showed that

o There were 14 micrograms of fluorine present per cubic metre of air in one of the tests The norm for cities was about 45 microgram, and though the sample was within the limits set down for public health in the United States, "we consider this figure to be already high"

o On two different days during the tests, the levels of sulphur dioxide exceeded the so-called safe 260 micrograms level of the gas in the atmosphere by 20 micrograms Though coal burning by homes in the adjacent township was also a probable contributor, the factory's sulphuric acid plant was adding to the problem

o And dust levels in the area were unacceptably high About 8% of the dust was in the form of phosphates, again showing the factory was a contributor.

"We are not happy with the position," the spokesman said "The factory will have to improve on its existing control measures, and we have asked them to do so"

"There is enough pollution periodically to be injurious to health," he said.

A doctor with rooms at the Indian shopping complex said "About 60% of my patients from Ikageng are suffering from bronchitis and other respiratory diseases

"Patients from the township have complained to me about nausea, particularly among children at times when the pollution settles over the township

"I have also noticed there is a much higher incidence of respiratory problems among persons working at the Indian complex here than there was when their businesses were situated elsewhere," he said

According to the doctor and businessmen at the Department of Community Development-run site, situated just south of Triomf's factory, zinc roofs and paint — even car duco — has been adversely affected by pollution

Another doctor said he had no direct evidence of what effects the fallout was having on his patients, but suggested that a survey should be conducted to determine the effects.

Shopkeepers in the complex said that about once a week fallout caused an "unbearable" smell, which forced shops fronting the factory to close their doors.

"Otherwise it would be simply unbearable to be in the shops," said one.

Residents of Ikageng township, particularly those in houses closest to the factory, confirmed a high incidence of chest problems, and blamed it on pollution from Triomf Some of the houses are no more than 250 metres from the factory fence

The Potchefstroom Town Council confirmed having received complaints from businessmen in the Indian shopping complex about the effects of pollution from the factory

A spokesman for Triomf said its expert on pollution matters would be available only this week

RAND DAILY MAIL, Tuesday, May 12, 1981

Colgate denies refusing to meet workers

RDM 12/5/81

183

By STEVEN FRIEDMAN
Labour Reporter

THE US-based chairman of multinational Colgate Palmolive, which is engaged in a bitter union recognition dispute at its Boksburg plant, has visited South Africa and held talks with the company's workers, according to Colgate

The company also revealed that Mr Keith Crane, its parent company chairman, "fully supports" the stance of local management that it will recognise the union but will not negotiate with it on wages and work conditions

Colgate says negotiation on this issue should take place through an official industrial council.

The Chemical Industrial Workers Union has declared a dispute on the issue and an official conciliation board has been appointed to resolve it This is the first step on the way to a legal strike by Colgate workers.

These points are contained in a letter to the Rand Daily Mail from Colgate in which it reacts to allegations by the union that Mr Crane "avoided" a meeting with black workers at the Boksburg plant

The union claimed workers had twice tried to meet Mr Crane during his visit but that he had not answered a letter and telegram asking for a meeting

The company refused to comment on these charges at the time

In its letter, Colgate says Mr Crane attended meetings at the Boksburg plant on May 4 and 5 "Far from avoiding employees, Mr Crane had conversations with many employees, black and white"

The company says Mr Crane received no telegram from the union requesting a meeting It confirms it received a letter asking for a meeting from six workers, but says the company's managing director, Mr G W Nocker, replied to this letter.

The letter says Colgate has not refused to recognise the union but has "offered our full support to a union in the efforts it may make to become part of a broadened industrial council".

The letter quotes Mr Crane as saying that he has kept himself "well informed" on the dispute

Colgate was initially accused of opposing the appointment of a conciliation board

RDM 13/5/81

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183 [illegible] [illegible]

Colgate workers may go out on strike

By STEVEN FRIEDMAN
Labour Reporter

A FOSATU-affiliated trade union will call a legal strike at Colgate-Palmolive's Boksburg plant if its recognition dispute with the company is not resolved

If a strike is called, it will be only the second legal strike by black workers in the country's labour history

In a booklet called "Workers' Struggles at Colgate", released yesterday, the union confirms its intention to call a legal strike if the dispute is not resolved

The booklet, which sets out the union's account of the dispute at Colgate, is to be distributed to all members of Fosatu and to international trade union bodies in the Western world.

A Colgate spokesman said the company would comment on the booklet yesterday, but no comment was forthcoming

It forms part of a concerted union campaign to win from Colgate the right to bargain on wages and work conditions at the Boksburg plant

Colgate says it will recognise the union but all bargaining on wages and work conditions must take place through an official industrial council only

The booklet also contains a comprehensive list of Colgate products, as well as a photograph of some of them.

Although union spokesmen would not comment yesterday, it is likely that the list is a precursor to a consumer boycott against the company if talks break down

The Minister of Manpower Utilisation has appointed a conciliation board to attempt to resolve the dispute It will meet on Monday

If it fails to resolve the dispute, the union may call a legal strike after 30 days have elapsed

The union says it has produced the booklet "in furtherance of a contemplated legal strike"

It adds "It has been produced in order to explain to the public and particularly the unemployed, why workers at Colgate may have to take industrial action in order to secure their basic trade union rights "

The booklet details the dispute between it and Colgate at the Boksburg plant

Throughout the dispute, which has lasted well over a year, the union has accused Colgate of not being prepared to bargain with worker representatives and of violating the Rev Leon Sullivan's labour code for American companies here

It says that the company's insistence that it will only negotiate on wages and work conditions through an industrial council is an attempt to create a "toothless" union

Colgate says wages must be negotiated at an industrial council to ensure that minimum wages are uniform throughout the industry

It denies that it is violating the Sullivan code

Workers will stand firm

THE bitter union recognition dispute at the multinational Colgate-Palmolive's Boksburg plant took another turn this week when the Chemical Workers Industrial Union (CWIU) released a booklet "produced in furtherance of a contemplated legal strike"

This booklet, "Workers' Struggle at Colgate", comes days after Colgate's United States-based chairman, Mr Keith Crane, visited the plant

By Z B MOLEFE

Mr Crane's visit was surrounded by controversy as the union claimed workers had twice tried to meet Mr Crane during his visit but that he had ignored a letter and telegram requesting a meeting

But the Boksburg plant denied this It said Mr Crane attended meetings at the plant on May 4 and 5

far from avoiding employees Mr Crane had conversations with many employees black and white"

The booklet charges this union will not sell out its basic right to negotiate wages and working conditions for its members This is what is at issue Colgate wants to turn the Union into another liaison committee dealing with shop floor grievances' only '

The 30-page booklet then details worker grievances at Colgate and says despite management denials in the Press, black workers claim

- they are discriminated against
- factory facilities remain racially segregated even though the signs have come down
- there are unfair dismissals
- they have no proper representation

Supporting the charge that the plant's facilities are segregated, the booklet runs an interview with Mr Simon Khumalo, a shop steward at the plant Mr Khumalo tells of an incident at a previous whites-only shower room There was a fight between him and a white engineering foreman who insisted that Mr Khumalo was not allowed to be there

Mr Khumalo's interview ends in a bitter note all this happened to me in 1977 Up to now no black goes near what used to be the whites-only change rooms, or uses their toilets

Violations

Colgate in relation to the Sullivan Principles comes under the spotlight in the booklet The booklet says that the union accused Colgate of violating the Principles by not acknowledging "the rights of black workers to form their own union or be presented by trade unions where unions already exist'

When Rev Leon Sullivan visited South Africa in September last year, the booklet says the union asked him to clarify his position on the recognition of black trade unions As reported in the Press then, Rev Sullivan said the Principles committed companies to recognise black trade unions — whether or not they were registered with the South African Government

The booklet points out if a company rated as one of the most progressive in terms of the Principles can so blatantly resist the implementation of the most crucial Principle the code is clearly useless to African workers

Colgate demonstrates what trade unionists have been saying since the Codes of Conduct and Principles for foreign companies have become fashionable The Codes assist companies with their image overseas and remove pressures to disinvest The companies benefit — not the black workers '

A liaison committee is an institution of apartheid the booklet emphasises It points out that since 1953 while the Government recognised white unions, it tried to impose an inferior committee system on black workers The Government instituted the system to bleed the African unions to death '

Toothless

Workers reject the liaison committee system the booklet says, because

- it is toothless — the constitution only empowers the committee to consider matters of mutual interest" and to "make recommendations"
- the workers have no say — the committee never asked for workers opinion Another example, is the fact that the committee alters its constitution without reference to workers
- it deals with trivial points — this committee will discuss ' bins and towels '
- it is undemocratic — workers sent petitions to their so called representatives" and called upon them to resign 198 workers signed these petitions Nevertheless the committee unanimously resolved

that there were no valid reason to resign and that they were strongly of the opinion that the liaison committee serves a useful and effective means of communication '

A notice to Colgate employees from the managing director, Mr G W Nocker in August last year reveals that all is not well at the Boksburg plant Some of the points raised in the notice are that employees work as slowly as possible, and are reluctant to get on with the job wilfully disregard legitimate instructions and requests given by superiors in the course of their duty and challenge the authority of an immediate superior by being hostile and using abusive language

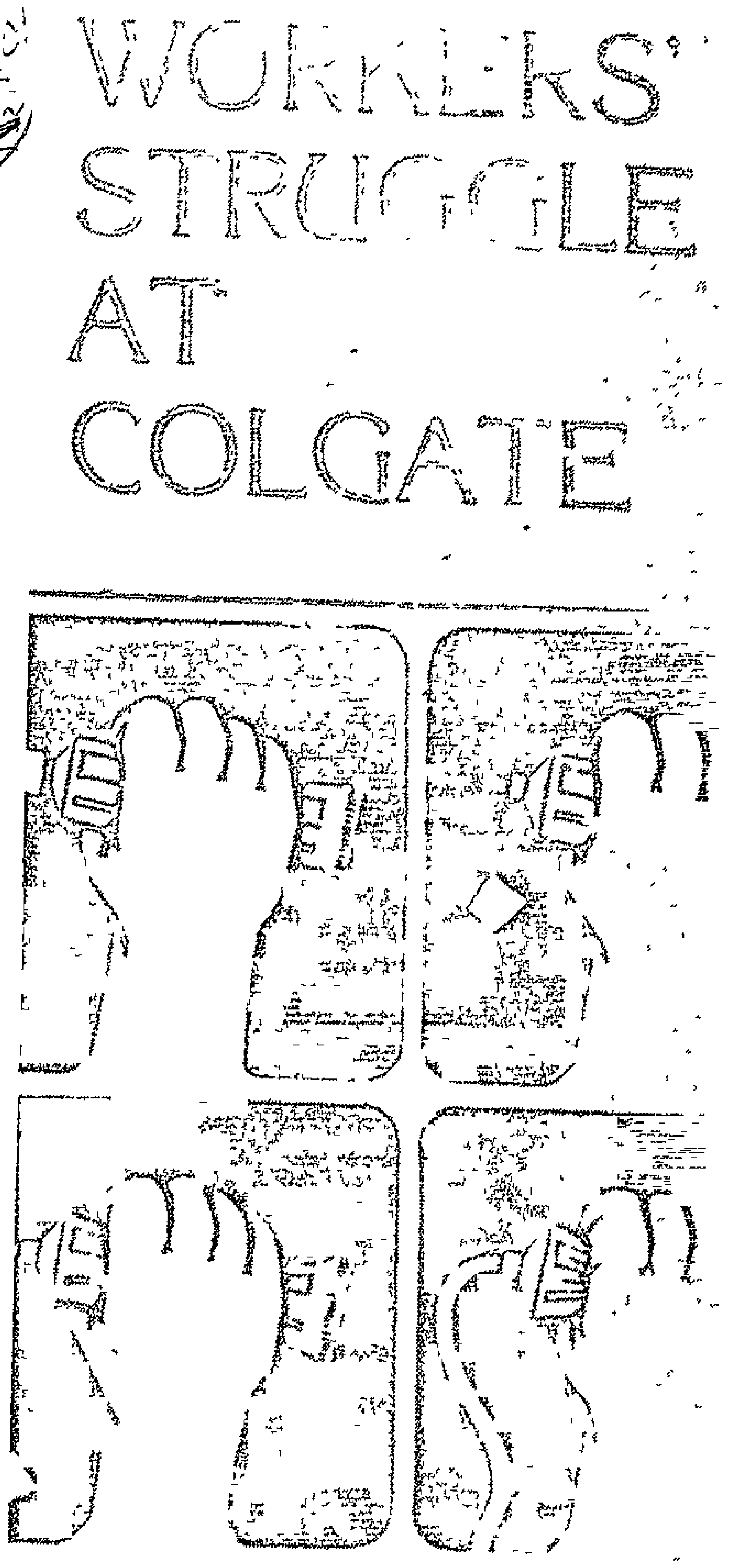
The booklet becomes fascinating reading when it reveals that while these events were taking place union recognition within the Colgate group surfaced in Natal

Black workers at Aunt Caroline Rice Mills — a subsidy of Colgate — in Pietermaritzburg began to organise themselves They joined the Sweet Food and Allied Workers Union another Federation of South African Trade Unions (Fosatu) affiliate

A Colgate executive in the role of consultant — employee and Industrial Relations, visited the Aunt Caroline factory He attempted to persuade workers that the union was no good for them and later told them ' his firm could never recognise a union properly registered and the name of his firm appearing in the gazette the booklet quotes minutes of a general meeting

This episode ends in a sour note ' if it were whites who wanted the recognition of their union in the factory, he (a Colgate executive) is certain that this would have been granted without all this fuss that is being made on them as black people The whole question of this dispute he said was based on racism '

- The Chemical Industrial Workers Union has declared a dispute on the issue of recognition and an official conciliation board has been appointed to resolve it This is the first step to a legal strike by Colgate workers



The cover of The Chemical Workers Industrial Union booklet detailing black worker grievances and union recognition at Colgate-Palmolive's Boksburg plant which has led to the first step to a legal strike

R22 million expansion programme for Sapref refinery

S. Tribune 17/5/81

183

64

65

Finance Reporter

A R22-MILLION expansion programme at the Shell/BP consortium owned Sapref refinery at Reunion by next year will be able to produce the country's full requirements for special solvents for the mining and paint industries.

South Africa currently imports some 95 percent of its requirements for these specialised solvents and the new plant, on which construction will begin next February, will cut about R2,5 million from the annual import bill

The phased development of the plant, which will come on stream in May, will allow for an initial production of around 24 000 tons of aliphatic and aronmatic hydrocarbons, building up to a rate of 43 000 tons and more as requirements dictates

More than half of the R22-million construction costs will be spent in South Africa and only highly sophisticated machinery which will not be economical to manufacture locally, will be imported.

Design of the plant, now at an advanced stage, is being carried out here and in Holland

Raw materials for the new plant will be drawn from the various production units of the refinery and imports of the solvents will cease when the plant comes on-stream

Hydrocarbon solvents are used in the mining industry in the flotation process to separate minerals from complex ores — such as copper from magnetite — while in the paint and lacquer manufacturing industries they are used as thinners.

During construction the new plant will provide a large number of jobs for building and engineering workers but will require only 14 men to operate and maintain it.

Chemical plant blast

Argus 20/5/81

183

BW

Argus Correspondent

JOHANNESBURG — An explosion destroyed the workshop at Valchem (SA) (Pty) Ltd, Manchester Road, Benoni early today.

Damage has been estimated at several hundred thousand rands

The overseer, Mr D Ramlali, received chemical burns as he tried to shut down the boilers

A chimney stack which weighed over 200 kg was blown nearly 100 m into the street The corrugated iron and steel structure was blown apart

When the Benoni fire brigade arrived there was no fire but there was water gushing out of burst pipes.

The cause of the explosion is believed to have been a chemical reaction.

RDM 22/5/81

Fosatu calls for Colgate boycott

~~140~~A ~~152~~ ~~151~~ 183 ~~62~~

By RIAAN DE VILLIERS
Labour Correspondent

THE Federation of South African Trade Unions (Fosatu) yesterday called for a countrywide boycott of products of the multi-national Colgate-Palmolive company

The call has gone out in support of a Fosatu affiliate, the Chemical Workers' Industrial Union, which is on the brink of a legal strike at the firm's Boksburg plant in a bid to gain full recognition by the company

In a statement issued yesterday, Fosatu said the firm's refusal to grant the union full negotiating rights at plant level was a flagrant example of a foreign-owned company taking advantage of the labour situation in SA

It said it was clear that Colgate had made no genuine attempt to meet the aspirations of the majority of its black workers and added

"Accordingly, Fosatu calls on all unions and the community as a whole to boycott Colgate products "

Earlier this week, official conciliation board hearings aimed at settling the dispute at Colgate, ended in deadlock and opened the way to a strike ballot by the union

If workers do eventually go on strike, it will be the first legal strike by a black union since the introduction of the Government's new labour dispensation and only the second by black workers in SA's labour history

The union declared a formal dispute with the firm earlier this year in a bid to gain full recognition, including the right to bargain at plant level on wages and working conditions

The company has been willing to recognise the union but will only negotiate on wages and working conditions at industrial council level

A booklet, setting out the union's account of the dispute and listing all Colgate products, was being distributed to foreign and local labour bodies and other organisations likely to support the boycott

A union spokesman said yesterday all Fosatu affiliates had agreed to support the boycott and that the union was going ahead with its preparations for a formal strike ballot

The proposed Colgate boycott is the latest of a growing number of consumer boycotts called by unions in recent years The SA Allied Workers' Union is also attempting to step up its boycott of Wilson-Rowntree products

XACTICS (183) FM 22/5/81

Maintaining Growth

Activities *Manufactures PVC containers and plastic closures plastic caps coat hangers, textile cones and other injection moulded and extruded articles corrugated cartons and containers*

Chairman· *H R Meyerson*

Capital structure *19m ordinaries of 30c Market capitalisation R23,8m*

Financial. *Year to February 28 1981 Net cash R1,5m Debt equity ratio 8,9% Current ratio 1,9 Net cash flow R3,9m Capital commitments R3,8m*

Share market· *Price 125c (1980-81 high, 155c, low, 105c, trading volume last quarter, 300 000 shares) Yields 13,3% on earnings, 6,7%* on dividend Cover 2 PE ratio 7,5*

	'78	'79	'80	'81
Return on cap %	n/a	n/a	n/a	38 3
Turnover (Rm)	13 9	16 9	23 0	30 0
Pre-tax profit (Rm)	2 7	3,1	3 3	4 8
Gross margin %	n/a	n/a	n/a	16,2
Earnings (c)	†9,1	†10 9	†12 5	16 6
Dividends (c)	n/a	n/a	n/a	8 4*
Net asset value (c)	n/a	n/a	n/a	57

* 5 Months annualised † based on present capital structure

Despite a compound earnings growth rate of 20% over the past few years Xactics chairman Hymie Meyerson expects to equal last year's taxed earnings growth of 33% in the year to end-February 1982

Earnings in 1981 were 16,6c a share, with a dividend of 3 5c declared for the five months to end-February 1981 This year, earnings could reach 22c But with a stated 40% distribution policy the payout is likely to be 9c — a relatively small 7 1% increase on last year's 8 4c annualised dividend

This Cape Town based plastic container manufacturer was listed in October last year The current 125c is exactly the same as the opening price This is, however, in line with market conditions and Meyerson remains confident about the company's future At 125c the share offers a prospective 7,2% and is fully priced in the short-term The PE of 7,5 backs this view

However, the rating may reflect expectations of new acquisitions and, although there is no news on this front at the moment Meyerson says there should be an announcement soon At one stage there was speculation that the company was after Trio-Rand, but Meyerson denies this

To finance possible acquisitions Meyerson says that the debt equity ratio, presently 8,9% will have to increase However net cash flow is strong at R3,9m reflecting a healthy financial position

Internal expansion continues with an additional 45 000m² of land purchased adjacent to the Johannesburg and Cape Town factories A warehouse is to be incorporated into the Johannesburg facility

Last year, the company entered the recycling industry through acquisition of a Durban-based operation This activity is expected to become a significant contributor to group results Also the first local manufacture of 'bag-in-a-box concept has been planned The group already has cardboard manufacturing facilities available through subsidiary Kraft

Stock turn of 5 5 is high and Meyerson attributes this to the corrugated cartons and containers section But plans are in hand to reduce raw material holdings in both the plastics and paper divisions which should enhance this ratio even further

Increased operating efficiency last year was reflected in a pre-tax profit rise of 45% from R3 3m to R4 8m compared with a turnover rise of 30% to R30m (R23m)

Similar improvements can be expected this year given plans to develop new products acquisitions and expansion The share should thus remain attractive to longer term investors, despite the narrow yield

Colin Warrner

Deadlock, but both doors are 'open'

RDM 23/5/81

~~154~~A ~~152~~ ~~157~~ ~~2~~ 183

By RIAAN DE VILLIERS
Labour Correspondent

THE Colgate Palmolive company said yesterday it was prepared to continue negotiations to avoid strike action by members of the Chemical Workers Industrial Union at its Boksburg plant

However its statement gave no indication that the firm would concede to the union's demands for full recognition at plant level

The statement followed the formal deadlock reached at conciliation board meetings on the recognition dispute earlier this week — which opens the door to a legal strike by union members

If the strike goes through it will be the first legal strike by a black union in the country's labour history

The firm also faces a boycott of its products called by the Federation of South African Trade Unions (Fosatu), to which the union is affiliated

In its first public comment after the conciliation board meetings, the firm expressed regrets that the union had called off the negotiations

The union is demanding the right to negotiate wages and working conditions at plant level, while the firm is only prepared to negotiate on wages at industrial council level

It said wage negotiations at industry level were the only fair method of ensuring that the company was not placed at a ' severe disadvantage relative to its competitors, which might happen at plant level negotiations

It said the company's wage levels were the highest in the industry, at a minimum of R401 a month for the lowest grade shift workers and over R700 a month for grade 1 plant operators including year-end bonuses

The company was prepared to make major consessions, while the union was not prepared to make any it said

It added it was prepared to "keep the door open' on any suggestions to resolve the dispute

A union spokesman said last night that the union's doors remained open as well

' But the company's offer means nothing if it is still not prepared to meet our demands "

Inflation outruns SA Drug payment

RDM 23/5/81

183

~~240~~

By DAVID CARTE
Deputy Financial Editor

SA DRUGGISTS hardly beat the inflation rate in the year to March, but with its losers either turned around, sold or closed down, it is "confidently looking forward to a very satisfactory 1982".

Pre-tax profit rose 21% to R13 984 000 and because of a higher tax rate, taxed attributable profit rose 16,3% to R9 184 000 Earnings a share were 16,2% better at 31,5c (1980 27,1c)

A final dividend of 7,5c has been declared, making 14c for the year — a 7,6% improvement on the 13c paid in 1980

The directors report that the main companies showed growth "well in excess of previous years", particularly in manufacturing But certain agency companies in medical and hospital supplies had a difficult year and profits in this area were low

The joint deputy chairman and managing director, Mr B T O'Donnell, told me Labethica and Medispo, two companies that lost R1 200 000 in 1980, were turned around in 1981 and were now back in the black

One or two unprofitable companies and the high costs of closing and selling others partly offset this gain, however

Mr O'Donnell said the non-recurrence of these closure costs in 1982 should ensure a good year and largely accounted for the group's confidence

Research and development costs, particularly on the medicinal-herb farms, also inhibited profit growth Development costs were expected to be lower in the current year

Mr O'Donnell said it was conceivable the tax rate could go higher than the current 33% In 1980 it was 30%

He said dividend cover would also be increased from the current 2,25 to "around 3"

Asked if a higher tax rate and increased dividend cover would slow earnings and dividend growth, he said they would — but he expected operating profit growth to be strong enough to ensure reasonable growth at the per share level

Mr O'Donnell said SA Druggists was considering switching the lifo method of stock valuation He said raw material and new stock costs in several divisions had actually declined during the year because of recession overseas

This meant stock profits were not significant in these results and had it been used, lifo would not have hurt profits much

COMMENT: Earnings growth in the past three years has been 15%, 17,3% and 16,2%, compared with Adcock Ingram's 10,9%, 25,6% and 26,3%. Mr O'Donnell is confident SA Drug will soon be running alongside Adcock.

A year ago, after SA Drug failed to meet its 1979 earnings forecast because of the setbacks in Labethica and Medispo, the chairman forecast "a satisfactory profit increase" for 1981 and said "the future can be viewed with a great deal of optimism".

Last year SA Druggists had a lot going for it. It is highly geared and interest rates have, until now, been low. Consumer demand has been buoyant and there have been the usual cold and flu epidemics.

Considering all this, these are disappointing results.

Looking forward, perhaps R&D will be lower and perhaps one-off costs will not recur, but what do today's higher interest rates mean for the company? Not to mention higher tax and dividend cover and, possibly, less buoyant demand.

At 157c, the share yields 8,9%, but is not enticing — unless someone makes a grab.

24/5/81 ST. Bus Tim

183

Drugs firm's mighty growth

By Jan de Beer

A TOTAL of at least R11-million is to be spent on expansion by Lennon Ltd of Port Elizabeth — the largest pharmaceutical factory in the southern hemisphere

Clive Staton, managing director of Lennon, told Business Times that R6-million had been allocated for construction works to modernise and expand the 42-year-old factory, which produces 40% of medicines used in South Africa,

In addition, R2-million has already been spent on new equipment and another R3-million will be spent between now and 1984 on additional plant and equipment

"The expansion project is also aimed at making Lennon the country's largest producer of ethicals (medicines issued on prescription)," Mr Staton said

"We entered this field only three years ago, and last year sales topped R5-million We expect a growth of at least 40% in this production area in the immediate future "

About 25% of Lennon's turnover already comes from ethicals with 40% from hospital tender work and production for overseas companies

At present the famous Lennon "Old Dutch Medicines" still make up 8% of its turnover, with two of the 20-ml bottles coming off the production line every second

Mr Staton said that another reason for the expansion was a decision to export on a large scale to Europe and the UK

"The British health authorities visited our plant last year and gave full approval for export orders to the UK

' We expect to ship large quantities of medicines particularly tablets overseas in future "

The expansion move, the largest yet tackled by Lennon since it was established in South Africa in 1850, should boost the company's contribution to holding company South African Druggists' R229-million turnover

At present Lennon provides more than a third of SA Druggists' total profits

To meet the increase in production Lennon has had to increase its staff contingent by 15% and there will probably be another smaller intake of staff required Mr Staton said

Lennon's sales top R24-million annually It produces 1 250-million tablets and capsules every year and has a stockholding of R11-million in raw materials, components and finished products In addition, the company produces more than 1.5-million litres of medicinal liquids, ointments and creams

"With Lennon's present growth rate of 25% compounded annually we are now planning to double manufacturing capacity within the next three years," Mr Staton added

S.Times 24/5/81 (183)

Drugs firm's mighty growth

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(183)

'Unions are the real challenge'

LONDON — Black unions present the South African Government with its most serious challenge, says an article in a major survey on South Africa published by the London Financial Times yesterday

The black unions constitute a threat both to the working of apartheid and the power of the predominantly white business community

While the union leaders insist that they are trying their best to avoid involvement in political activities, they have to concede that "the whole context in which we live in South Africa is interwoven with politics", illustrating the degree to which political issues intrude and create the tensions within the country's labour force, which revamped industrial legislation cannot contain

The article states that the growth of the black union movement highlights the ultimate incompatibility of conceding bargaining rights — albeit painstakingly slowly — while providing no comparable shift in the system of exclusive white political power.

Other aspects of the South African way of life discussed in the comprehensive, 14-page survey include·

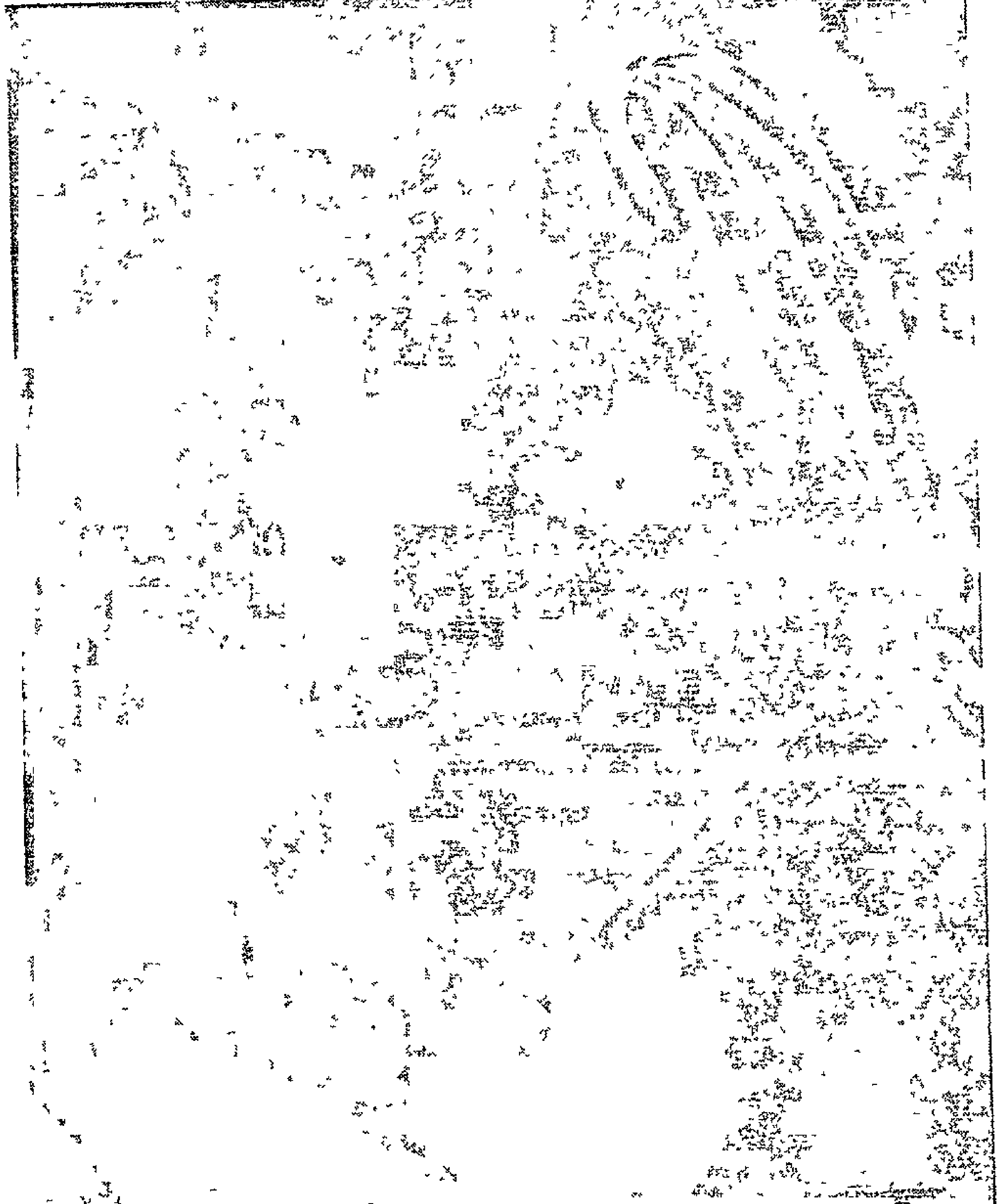
- The economy and South Africa's inflation problems;
- The homelands policy — and the fact that the government is today rethinking Dr Verwoerd's grand design, mainly because the economic pillar of the separate development policy is tottering;
- South Africa's increasing state of military preparedness The article states that the armaments industry provides lucrative business throughout the engineering industry, with 600 companies involved in addition to Armscor's own 14 factories in which about 3 000 are employed

The article adds that the national defence budget has virtually quadrupled in the last decade, now standing at almost R2 000-million, with another estimated R1 000-million hidden in the budget estimates of other government departments

- The boom in imports,
- The efforts of the anti-apartheid campaigns,
- Coal output, which is expected to double in 10 years,
- The Sasol projects, and the fact that in South Africa anything to do with oil is shrouded in secrecy,
- Gold the economy's vital asset is "good for many years" The article points out that every 10 dollars shift in the price of an ounce of gold alters South Africa's gold revenue by just under R200-million.

On Krugerrands, the article says that more than 30 million coins have been sold by Intergold, accounting for up to 27 percent of South Africa's output in recent years,

- Platinum and diamonds, and a brief reference to speculation that Russia and South Africa agree on platinum, diamond and gold sales,
- Uranium According to California-based Nuexco, at a price of 25 dollars a pound of uranium dioxide, South Africa has 412 000 tons — about a quarter of the non-communist world's reasonably assured uranium reserves,
- SWA/Namibia: ". . It is an abiding irony that one of the most fiercely anti-colonial peoples of Africa, the Afrikaners, who fought bitterly to resist the might of the British Empire, should end up as one of the last occupying powers in Africa",
- The politics of trade. South Africa's exports to Africa rose by 66,6 percent in 1980 — from R73-million the preceding year to R1 102-million "For officials in Pretoria the politics of trade often reveal more about regional realities than a succession of hostile resolutions passed by the world body," and
- Tourism Britain remains South Africa's largest source of tourists outside Africa, with more than 120 000 visiting last year, compared with 50 000 Germans and 48 000 Americans Africa still provides the most visitors 300 000 last year



A union member during a recent strike.

[redacted]

Call for boycott in support of union

Sowetan 26/5/81

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Fosatu

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By ZB MOLEFE

THE Federation of South African Trade Unions (Fosatu) has called for a complete boycott of the products of the multinational Colgate Palmolive Company in protest against the company's refusal to recognise their union.

And the bitter dispute at the company's Boksburg plant took another turn at the weekend when management said it was prepared to negotiate further in order to avoid a strike.

This is contained in a management statement which added that "management believes that in the end the company, its factory workers and their families will all suffer.

The statement follows the bitter recognition dispute between the company and the Chemical Workers Industrial Union (CWIU) which resulted in the union calling off negotiations at a Conciliation Board hearing last Monday and Wednesday.

"The company supported the application for a Conciliation Board because it sincerely believed that formal negotiations would help resolve differences of opinion that existed between itself and the union, the statement added.

"The company was not prepared to jeopardise these negotiations in any way and that is why it did not enter into any form of public debate in the Press, unlike the union," the statement continued.

"However, it has become apparent that the union had no real intentions of negotiating whatsoever. this becomes quite clear when one reads the opening sentence of a booklet issued by the union after the Minister had approved the establishment of the Board, and prior even to the first meeting of the Board.

"The opening sentence of the booklet states that the booklet was produced in furtherance of a contemplated strike."

The fona fides of the union in applying for the Board must be questioned if they were contemplating strike action, the statement goes on Also, it would have served the interests of the union members better to have contemplated conciliation

The statement argued: "It is not surprising that the actual wages paid by the company were not an issue, as the company wage levels are the highest in the industry in which it operates — at a minimum of R401-plus per month for the lowest grade shift worker and over R700-plus per month for a grade one operator"

AILY MAIL, Friday, May 29, 1981

Unicorp gets stake in Xactics

(183)

RDM 29/5/81

Industrial Reporter

UNICORP is taking a stake in Xactics, the Cape-based plastic bottle manufacturer, by becoming a shareholder in a new holding company whose assets are to be 70% of Xactics and 100% of Quinpak.

Xactics directors say Unicorp's stake in the holding company, which is not named, will be "substantial"

Control of Xactics will remain unaltered in the hands of its present directors and the membership of the company's board will not be changed

The statement says "The directors of Xactics Holdings, the holding company of Xactics and Quinpak and the major shareholder of Quin Corporation, are pleased to announce that the present shareholders of the holding company have entered into an arrangement with Union Corporation in terms of which Unicorp will become a substantial shareholder of a new holding company to be formed, the only assets of which will be 70% of Xactics and 100% of Quinpak"

After speculation last year that the Cape firm would go for a listing using the then cash shell Quincor as a vehicle, Xactics itself went public last October, with its share offer 37 times oversubscribed

The obvious common factor linking Unicorp and Xactics in this deal is Unicorp's packaging and printing subsidiary, Kohler Brothers

But it is unlikely that Unicorp will be permanently happy with anything less than eventual control of the new holding company

Quincor's attributable income after tax and dividends in the year to February 28 was R3 000 000, with earnings a share of 27,2c Comparisons with its previous year are invalid because Quincor was a cash shell until December 1980 when it bought metalware manufacturers Hendlers

In its first year as a listed company to February 28, Xactics turned in attributable earnings of R3 200 000 (R2 400 000 the year before) and earnings a share of 16,5c (12,5c)

DEADLOCKED FM 29/5/81

Fosatu calls for a country-wide boycott of Colgate-Palmolive products as the Fosatu-affiliated Chemical Workers Industrial Union fails to gain full negotiating rights from the firm and prepares for a legal strike at Colgate's Boksburg plant

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FERTILISER

183

Nitrogen problems

FM 29/5/81

It seems government faces a dilemma in accepting and implementing the recommendations made by the Competition Board to increase competition in the fertiliser industry

The difficulty arises from the contradictory government objectives On the one hand these support local production of coal-based ammonia for strategic reasons, and, on the other hand want to increase greater competition in the fertiliser industry by allowing manufacturers freer access to imported raw materials

Central to the dilemma is a critical shortage of the essential raw material nitrogen, derived from ammonia regarded as the most important fertiliser element

The main problem in increasing nitrogen production capacity is the extremely high capital investment associated with ammonia plant based on coal Potential manufacturers are reluctant to invest more than R400m without "guarantees" from government on future ammonia pricing

Manufacturer reluctance has been intensified by suggestions by the Competition Board that government allow freer importation of raw materials Should this come about and ammonia becomes freely available at lower prices, manufacturers' huge investments in costly coal-based ammonia plants could be jeopardised

In the interim some fertiliser manufacturers are experiencing grave difficulty in obtaining increased supplies of nitrogen manufactured in SA only by AECI and Sasol The problem has been intensified by the unprecedented growth in demand for nitrogen over the last 18 months

Nitrogen demand "took off in 1980," according to Andrew Jurgens Fertiliser Society deputy-director The shortfall between local supply and demand widened considerably Nitrogen demand last year grew 17,3% to 469 000 t over 1979's 400 000 t Projections for 1981 are 530 000 t a further 13% up on 1980

Current shortfall between demand and local production is estimated at 100 000 t-120 000 t, says Clive Thorpe, GM in charge of Fedmis development division This situation is not likely to improve substantially until Sasol 2 and 3's ammonia production come on to full load by about the middle of 1983 and Fedmis' R400m ammonia production facility towards the end of 1984

(Prices of locally produced nitrogenous products are considerably higher than international prices, because the capital cost of a coal-based ammonia plant is three times that of plant based on oil or natural gas)

While accepting that capital intensive local production of ammonia needs to be protected by tariffs and import control, some producers claim government tolerates a glaring anomaly

SA fertiliser distributors, they say are obtaining supplies of duty-free fertiliser components via neighbouring territories while local manufacturers are denied free access to low priced imports

National Process Industries' Bonus Fertiliser, for example, manufactures its product in Swaziland And, says Omnia chairman, Dr Joe Winkler "It's unfortunate that government should allow foreign competitors to compete on unequal terms with local manufacturers thereby allowing them to increase their market share, while local manufacturers like ourselves cannot follow the same procedures and are, in addition, subject to restricted supplies of local raw materials "

Methanol plant cost would top R650-m

183

S. Times 31/5/81

By Andrew McNulty

ANGLOVAAL in a consortium with Caltex, Mid Wits and Anglo Alpha, has submitted proposals to the Government and an application for a licence to develop a major methanol plant

This is among latest new developments on the alternative-fuels scene

It follows announcements by AECI that it has advanced plans for a R450-million methanol plant

Despite the silence that seems to have descended over the debate in recent months plans likely to result in development of alcohol-based liquid-fuel plants costing billions of rands are moving rapidly to a conclusion

"Although things may have gone quiet, both potential producers and the Government have been very active and committed" Dr Robert Scott, energy director in the Department of Minerals and Energy Affairs told Business Times

An Anglovaal spokesman could neither confirm nor deny the submission of the proposal this week, but it is reliably learnt that capital costs would be at least R650-million for a 2 500-ton-a-day methanol plant

Although Anglovaal appears to have pipped other groups in firming up its plans, this does not necessarily mean that it will develop the first plant The essential Government support will go to the best economic process submitted

But Anglovaal would be unfortunate not to emerge without a healthy stake in the alternative-fuels race — one plant alone will hardly be sufficient for the country's long-term needs

Other groups, including AECI Amcoal Shell and Sentrachem, are also expected to submit proposals by October

This would be in keeping with the 18-month period laid out last February by the Minister of Minerals and Energy Affairs, Mr F W de Klerk, for private enterprise to complete and submit their proposals to the Government

After considering the economics of the plans, the Government will announce major tax concessions and marketing regulations which will enable

● To Page 3

Methanol plant plans

31/5/81

S. Time

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● From Page 1

the favoured process to get off the ground

The final cost of the new fuel, whether methanol based on coal or ethanol based on an agricultural feedstock, will be the crucial factor influencing which process is adopted

Latest discussions in a series of regular meetings between the department and potential producers took place last week

Dr Scott says that, although many factors are being discussed, key problem points are the sale price of the fuel — complicated because alcohol fuel has about half the energy content of petrol, but its production would be uneconomic if the price was half that of petrol — and various marketing regulations

A fundamental to be considered before the Government is likely to support a new process will be production costs relative to Sasol's proven technology

Union puts on the squeeze

Colgate boycott call

S Tribune 31/5/81

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By DAVID NIDDRIE

MORE than 15 000 pamphlets calling for a boycott of Colgate-Palmolive products have been distributed on the Reef in support of what may become the first legal strike by black workers under the country's new labour dispensation.

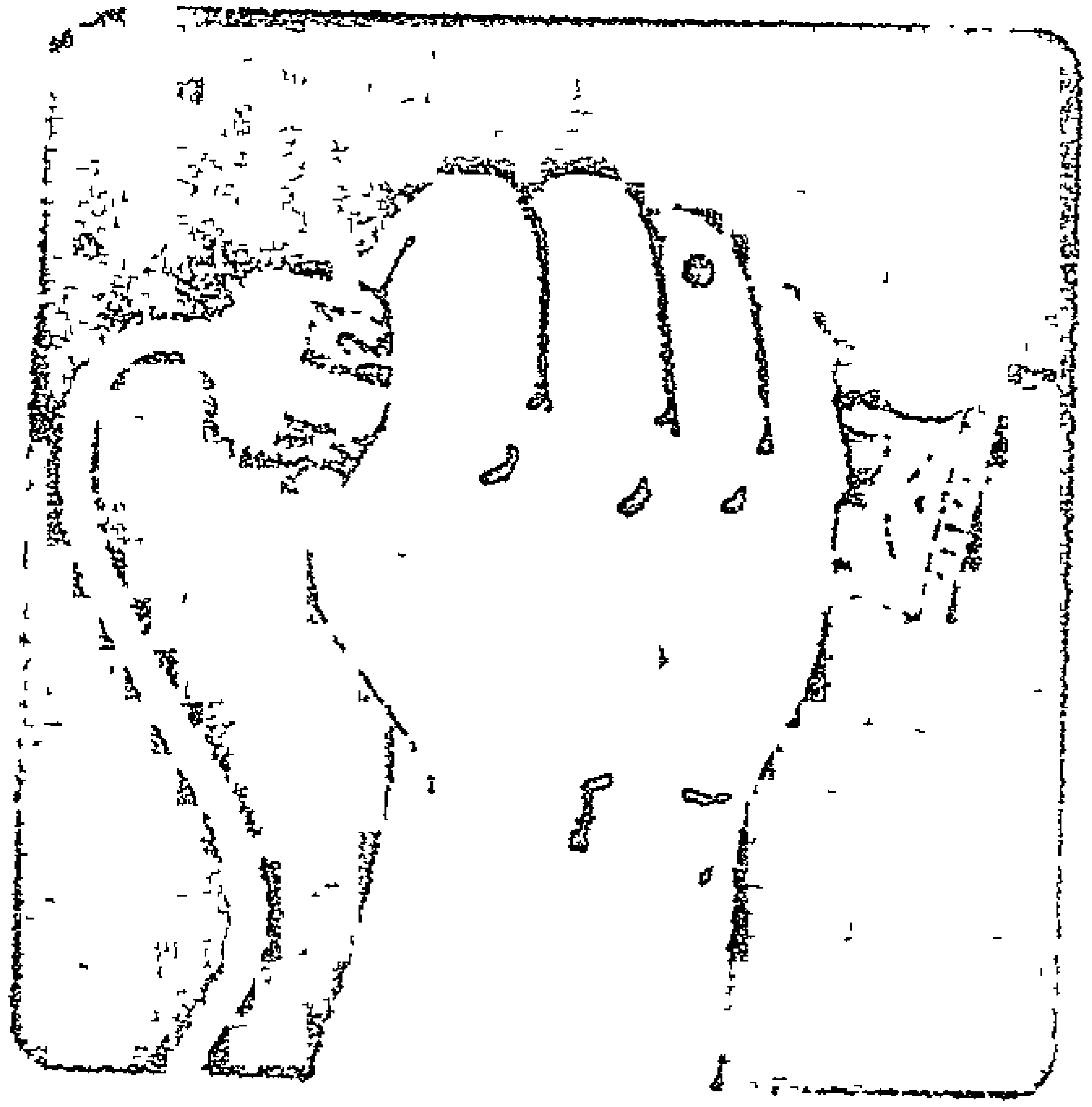
The boycott call has been put out by the Chemical Workers' Industrial Union, a Government-registered affiliate of Fosata (Federation of South African Trade Unions), which has been locked in a recognition dispute with the local management of the multinational Colgate-Palmolive company for more than a year.

It is being extended to a national campaign with the support of all other member unions under the Fosatu umbrella. It comes within days of a call by the South African Allied Workers' Union for a boycott of all Wilson-Rowntree sweets.

The decision to call a Colgate boycott follows the deadlock last week of a Labour Department conciliation board hearing between the union and Colgate.

Colgate Palmolive is a signatory to the Sullivan Code which commits US companies to removing discrimination in their South African factories. It has in the past been seen as a model employer by other US companies operating in this country.

If the deadlock is not broken according to a union representative, CWIU will hold a strike ballot within the next two weeks among Colgate's 240 black workers.



Depending on the outcome a strike could begin in mid-June — about three weeks from now. It will be the first legal black strike under the Government's new labour laws introduced last year.

In preparation, the union has distributed to local and foreign labour bodies a booklet outlining the month-old dispute with Colgate. In black townships it is distributing a pamphlet calling for support for the boycott and naming 18 Colgate products.

The Colgate union dispute began in February last year with a refusal by management at the Boksburg plant to meet union representatives or to grant recognition to the union which claims to represent more than two thirds of the Colgate workforce.

A petition signed by 189 black workers was presented to Colgate soon afterwards, asking for a management-union meeting to discuss recognition.

By October, Colgate had agreed to recognise the union but only to represent the black workforce in "matters relating to shop floor grievances". This would have excluded wage and general working condition negotiation rights for the union — both negotiating rights included in CWIU's original demand for recognition.

The wrangling continued until the union declared a formal dispute earlier this year. In an attempt to resolve it, both sides went to arbitration by a Department of Labour conciliation board.

But hearings ended in deadlock last week. By law, the union must wait 31 days after a breakdown in negotiations before calling a strike — a wait that will end in three weeks.

Although both sides still maintain they are willing to negotiate Fosatu has announced that Colgate had made "no genuine attempt to meet the aspirations of the majority of workers".

As a result Fosatu said it was calling for a nationwide boycott. Colgate has responded by issuing pamphlets to its workforce rejecting the dispute and the boycott call as "the work of outsiders not interested in the genuine welfare of the workers".

Trade unions have in recent years recognised consumer boycotts as powerful weapons with which to fight employers. The last two years have seen boycotts called against Fattis and Monis Pasta products, red meat, as a result of disputes in the Cape Meat industry, and more recently, of Wilson-Rowntree sweets, following the sacking of 500 workers at Rowntree's East London factory.

Although Fosatu has not formally discussed the sweet boycott, a spokesman said this week Fosatu and its membership "would want to support anything that would get workers back to work on their terms."

THE ARGUS, TUESDAY JUNE 2 1981

2/6/81

Union may go to court

(152 ~~(152)~~ ~~(4511)~~ ~~(429)~~ (183)

Argus Correspondent

JOHANNESBURG — The South African Allied Workers' Union (SAAWU) is considering legal action against an East London company whose victimisation of three workers, it claims touched off a strike last week

The entire 70 strong workforce of the North Manufacturing Company makers of toilet preparations, walked off the factory premises and were fired on May 21 They were protesting against the unfair dismissal of a worker and two members of the company's works committee, according to SAAWU branch secretary, Mr Xolani Khota.

The company had asked for three months' grace before it considered recognising the union, and had said its works committee would remain in force as a channel for workers' grievances

Mr Khota said the workers sat down on the job when management would not discuss the dismissal of a certain Mr Frank Mavume with the committee When talks did finally take place, two committee members — Mr [illegible] Gqoloza and Mr S Mabusela — were told they instigated the strike, and were sacked

This sparked the walkout and subsequent dismissal of the workforce, he said

Mr Khota said the dismissal of Mr Mavume had not been adequately explained by the company.

'We feel he and the committee members have been victimised,' he said, 'and we are considering legal action '

(183) ~~(157)~~ ~~(158)~~

Saawu may sue company

Sowetan 9/6/81

THE South African Allied Workers Union (SAAWU) is considering legal action against an East London company whose victimisation of three workers, it claims, has touched off a strike.

The entire 70-strong workforce of the North Manufacturing Company, makers of toilet preparations, walked off the factory premises and were fired on May 21. They were protesting against the unfair dismissal of a worker and two members of the company's works committee, according to SAAWU branch secretary, Mr Xolani Khota.

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Mr Khota said the dismissal of Mr Mavume had not been adequately explained by the company.

Powertech takes over Willard battery

183

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3/6/81
81m

Powertech will almost double its turnover by acquiring Willard Africa, a major industrial and vehicle battery-making company.

The cost of the acquisition will be R9,5-million which will be paid in cash and shares in a mix still to be decided.

Willard, which has built up a major share of the South African lead acid battery market, has sales of about R20-million and a taxed profit of R1,2-million

In its 1981 financial report, Powertech announced a turnover of R22,4-million and a pre-tax profit of R1,8-million

The acquisition is not expected to have immediate or significant effect on earnings a share, but is expected to contribute considerable to Powertech's future earnings

In its recently published annual report, Powertech complained of the difficulty of expansion through acquisition stating that this was because of the limited number of acceptable companies available in the industry coupled with the prices being asked and paid

TECHNOLOGY

Negotiations were held with a number of companies during the year but Willards is the only one to be taken over

The considerable breadth of technology behind Willard will continue to be available to it in terms of a licence agreement between Willard and its former parent company, ESB International Corporation. — Ann Crotty.

Willard charge for Powertech

183

RDM 3/6/8

By DAVID CARTE
Deputy Financial Editor

POWERTECH has bought Willard Africa, a major industrial and vehicle battery-making company, for R9 500 000.

Willard claims 50% of the industrial battery and 17% of the automotive battery market in South Africa It has sales of about R20-million and taxed profit of R1 200 000, says Powertech's executive director, Mr Bill Venter

The seller is ESB International Corporation of the US, which is wholly owned by Inco of Canada

The price will be paid in cash and shares Mr Venter says the mix of cash and shares has not been decided on Several financing packages are possible Altron or a South African institution, for instance, could put up some of the cash for Powertech shares, or the seller could take shares in Altron

Mr Venter said Willard was less geared than Powertech

The acquisition of Willard is not expected to have an immediate effect on Powertech's earnings It is expected to "slightly reduce" net asset value of 21,1c a share

The acquisition nearly doubles Powertech's sales, which last year were R22 362 000.

Mr Venter told me there would be significant rationalisation benefits as Willard's batteries were complementary with several other Powertech products and its 22-branch service and distribution network would be useful to the entire group

Mr Venter said that because of the vehicle and mining boom last year, Willard's results in 1980 were particularly good They were unlikely to take off immediately from current levels.

But Powertech was confident that in the longer term Willard would "contribute significantly," to earnings

Mr Venter said Powertech's next step would be to enter transformer and cable manufacture The group could then offer turnkey services.

After falling short of its earnings target last year, Powertech is looking for "sound growth for the future", say the executive directors in their annual report

They mention seven factors running in Powertech's long-term favour — the swing to electrical energy, rapid expansion of the gold, coal and uranium mining industries, developments at Sasols 2 and 3, Escom's extensive expansion programme, the electrification of black townships and the upturn in the economy

They say whereas electricity is supplying 20% of SA's energy needs, by 2 000 it could supply 40%

After a good year last year, subsidiary Electrical Protection Company has a number of long-term orders and is well placed to continue growth

Circuitaire, a disappointment last year, has undergone a management shake-up and "is confident of being a more positive contributor to the group's results in the short term"

Disbar, the other poor performer last year, has been moved to the East Rand and "steps have been taken to improve site supervision and a cost reduction team has been formulated to reduce expenses and improve productivity"

COMMENT: This acquisition makes Powertech even less like Altron and the group structure with Altron at the top, Altech in the middle and Powertech at the bottom more unwieldy.

It would seem a good idea to get Altech and Powertech independently alongside each other under Altron. This implies Altech passing its shares in Powertech on to Altron. The latest acquisition and the share issue it implies might afford the opportunity to effect such a restructuring.

After a disappointing 1981, things are looking up for Powertech, which was hit hard not only by Circuitaire and Disbar but by tax last year. The tax rate is expected to stay constant and I would expect good earnings growth, especially if Willard can repeat 1980's performance.

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Star

Calan buys into plastics

183

4/11/81

Calan, an industrial holding company, has acquired a 50 percent interest in the newly merged operations of Fursten Plastics and Omega Barfel's Blowfilm packaging division.

Both companies are engaged in the manufacture of plastic film products for the packaging industry.

According to the terms of the agreement, the business and assets of Omega's Blowfilm division will be sold to Fursten Plastics.

The new operation should benefit from greater volume and larger and more profitable production runs.

The Calan directors do not expect the transaction to have an immediate effect on the net income or net asset value of their shares.

Fursten, which was established 5 years ago, has factories in Pretoria and Cape Town.

Omega's Blowfilm division, which is about the same size as Fursten, was established two years ago and operates in Olifantsfontein. — ANN CROTTY

Question 2 ②

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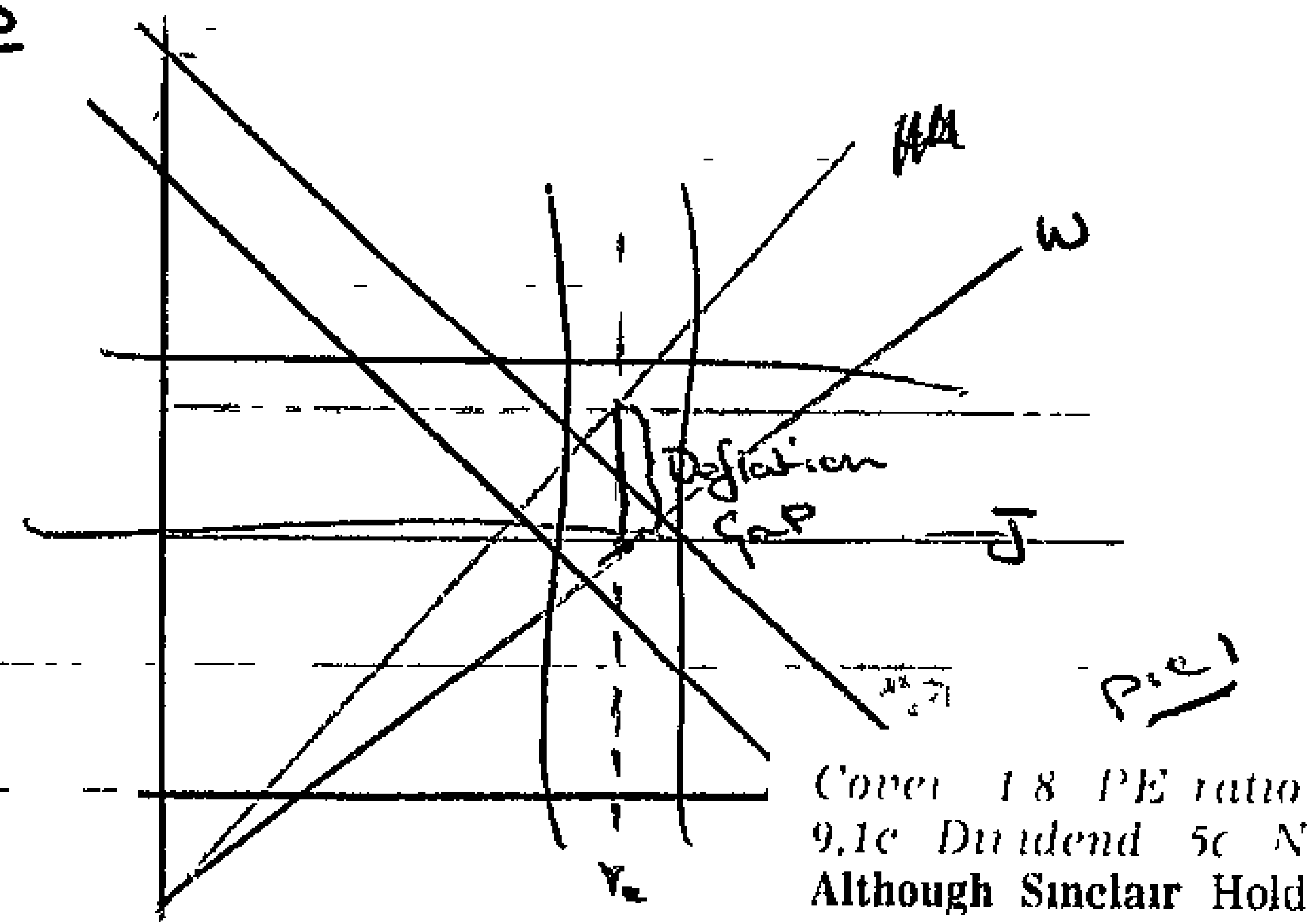

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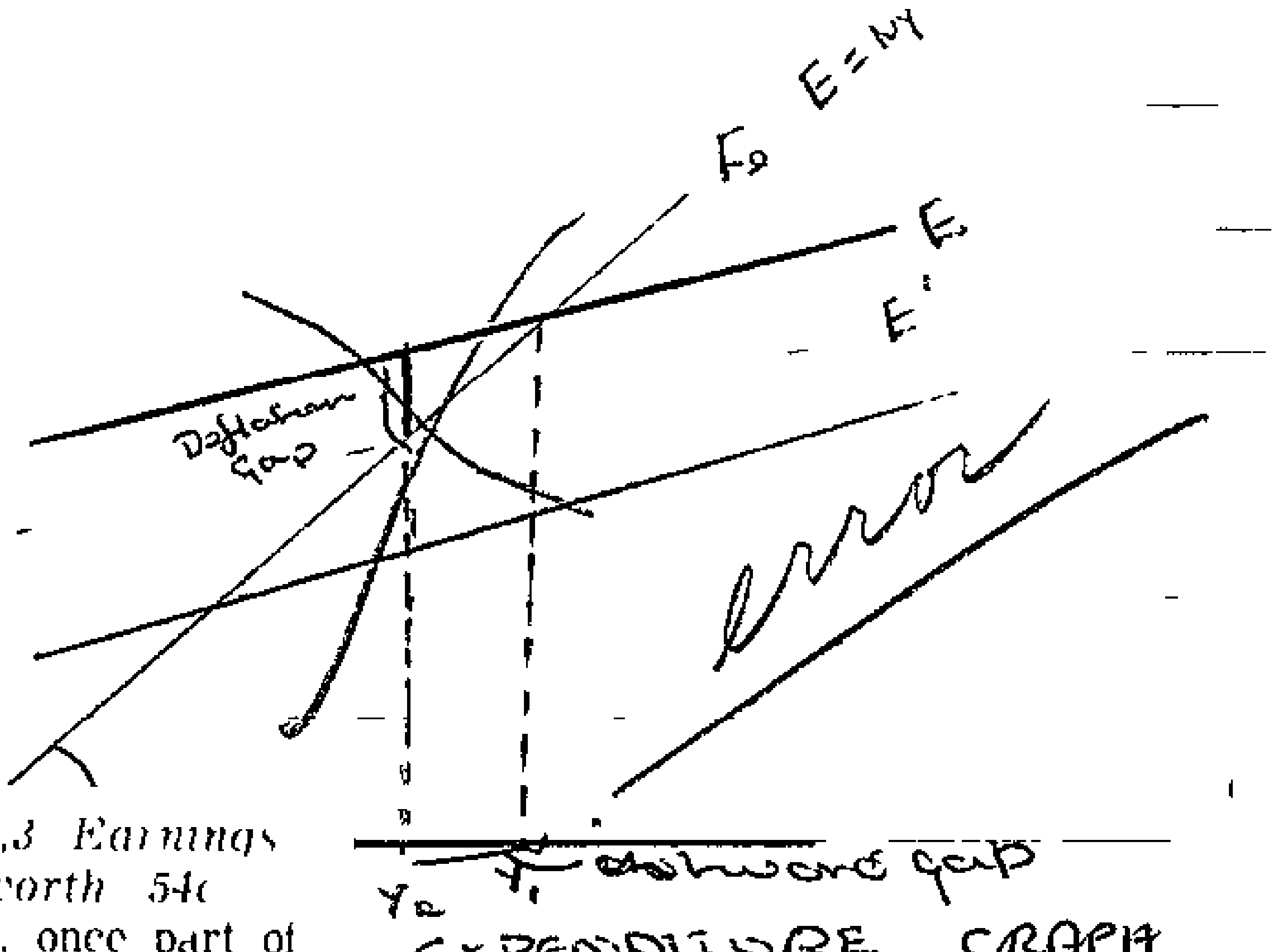

-EXPENDITURE GRAPH

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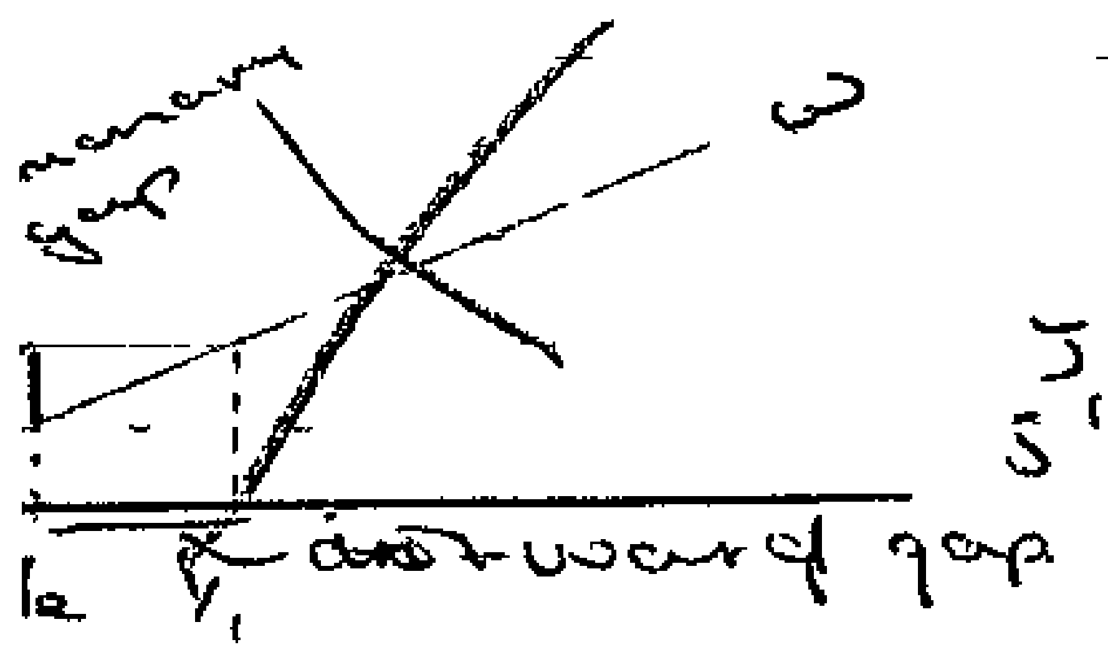

WITHDRAWLS GRAPH

SINCLAIR FM 5/6/81

Fallen short

(183)

Activities *Holds all the equity of Poolquip Industries and Plastmould-Injecta, which supplies plastic products to a wide range of industries*
Chairman *E Ellerine, managing director B Shlom*
Capital structure *4,6m ordinaries of R1 Market capitalisation R5,2m*
Financial *Year to February 28 1981 Net cash R694 000 Debt equity ratio 2% Current ratio 1,3 Net cash flow R273 000*
Share market· *Price 112c (1980-81 high, 125c low, 50c, trading volume last quarter, 481 000 shares) Yields 8,1% on earnings, 4,5% on dividend Cover 1 8 PE ratio 12,3 Earnings 9,1c Dividend 5c Net worth 54c*

Although Sinclair Holdings, once part of the Trumcor group and now controlled by a consortium headed by Eric Ellerine and Bazil Shlom failed to meet its earnings forecast for 1981, the directors appear to have raised their sights for the current year

Last year they predicted earnings of "not less than 10c a share' but the company earned only R419 000, equivalent to 9 1c a share For 1982 however, they are now predicting taxed profits of at least R1,1m (23 8c a share) which is almost one cent more than their original forecast

Given that last year s earnings prediction was slightly off, it remains for investors to decide whether Sinclair will succeed in more than doubling its profits as the benefits of the acquisitions begin to be felt

Comparative figures are not useful in assessing prospects because only a portion of Poolquip s profits — which the annual report does not quantify — were deemed to be post-acquisition and therefore included in earnings In addition 60% of Plastmould-Injecta — which distributes a wide range of plastic products to the pool supply industry — was acquired in March this year The new acquisition according to the directors, should boost earnings by about 21%

At this stage, the expected performance of Plastmould is difficult to assess since it was a private company and therefore, its affairs have so far not come under public scrutiny But this problem should be overcome when Sinclair publishes its trans muted listing statement next month

The intention seems to be to build Sinclair into an industrial holding company, so further acquisitions look likely The 5c dividend last year was covered 1,8 times, but cover could be raised if the company goes on the takeover trail

The directors anticipate an interim dividend of 3,5c and say that a 'conservative" dividend policy will be followed It is not yet clear how conservative this policy will be, but it is possible that the 1982 total payout could be as high as 10c covered 2,4 times If so, it places the share at 112c on a prospective yield of 8,9% which is about two percentage points above the industrial market average However the high prospective yield is probably justified by the speculative nature of the investment

Chris Wilson

✓ constant K. % $\frac{\Delta \text{ deflationary gap}}{\Delta \text{ inward gap}} = K.$
or $K = \frac{1}{\omega}$ wher ω is a constant amount withdrawn.

Thus the same applys for pic 2. Taxation would have to be lowered by deflationary gap times K amount to move it back to Ye.

of saying that seperatly, the SRAC. curves have
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POWER CABLES (183)

Import shocks

FM 5/6/81

Imported plastic-insulated cable is being landed in SA at a lower cost than local manufacturers can produce it And now they are looking for government help

They are not calling for import protection *per se*, but have requested a disruptive duty which would allow them to compete fairly Figures show that about 12% of the cable sold on the R330m year domestic market is imported

Imports jumped 69% between 1979 and 1980 from R17 7m to R29 9m In 1980 R21 3m worth of imports were plastic-insulated cables — a 103% increase on the previous year Japan supplied cable worth R7 3m during 1980 R6 8m of it plastic-insulated Taiwan is also a major source

Central to the issue is the protection afforded to local manufacturers of the plastic component PVC which makes the SA price of PVC almost double that in the USA and Taiwan But manufacturers believe that this is an essential protection if the survival of SA's primary chemical industry is to be ensured

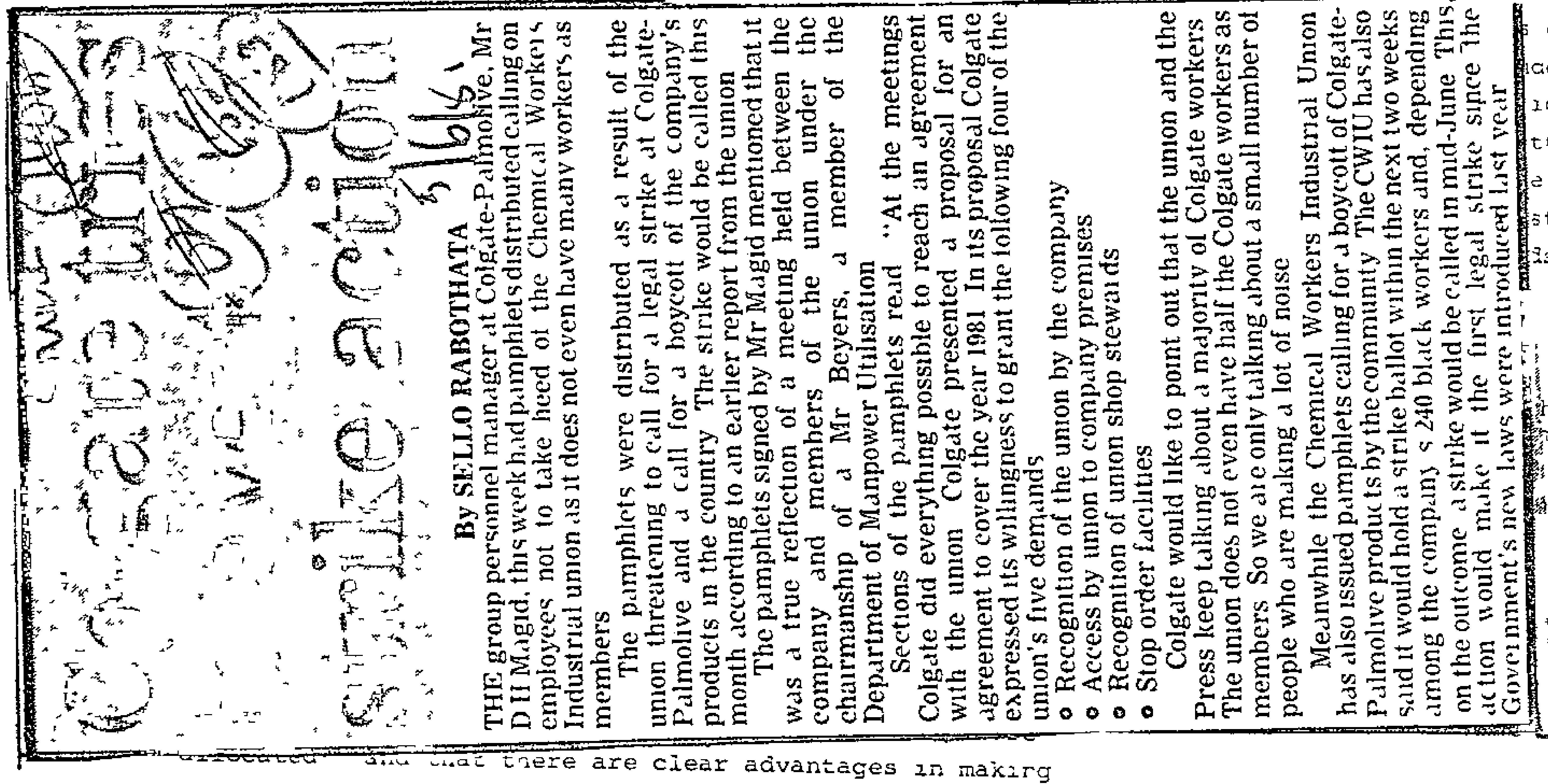
Peter Muller, GM of African Cables, says manufacturers are not concerned about the importation of special cables which are not produced locally but about the rising number of imports in the "bread and butter" items — like railways signalling cable

Muller says landed prices of the imports are lower than local production costs because of the more competitive PVC prices outside of SA longer production runs, and the incentives which other governments provide

The May report on business conditions by the Steel and Engineering Industries Federation (Seifsa) says electric cable manufacturers continue to benefit from developments in the energy-generating sector and from ongoing schemes for the electrification of townships

Growth prospects appear assured the report says, but it notes that concern is continually expressed over the rising volumes of relatively low-priced imports

Once objectives are expressed in terms of measurable indicators, programmes can be ranked according to their impact on these measures and those achieving the largest reductions in mortality/morbidity per rand chosen. Again, since information on the impact of programmes is frequently lacking, the effect of using indicators systematically, to assess health programmes could be to direct research more from the purely scientific to epidemiological lines of inquiry, and from collection of data on health status only, to research into the impact of different dispositions of resources on these indicators.



Colgate tries [illegible] strike action

5/6/81

By SELLO RABOTHATA

THE group personnel manager at Colgate-Palmolive, Mr D H Magid, this week had pamphlets distributed calling on employees not to take heed of the Chemical Workers Industrial union as it does not even have many workers as members

The pamphlets were distributed as a result of the union threatening to call for a legal strike at Colgate-Palmolive and a call for a boycott of the company's products in the country The strike would be called this month according to an earlier report from the union

The pamphlets signed by Mr Magid mentioned that it was a true reflection of a meeting held between the company and members of the union under the chairmanship of a Mr Beyers, a member of the Department of Manpower Utilisation

Sections of the pamphlets read "At the meetings Colgate did everything possible to reach an agreement with the union Colgate presented a proposal for an agreement to cover the year 1981 In its proposal Colgate expressed its willingness to grant the following four of the union's five demands

- Recognition of the union by the company
- Access by union to company premises
- Recognition of union shop stewards
- Stop order facilities

Colgate would like to point out that the union and the Press keep talking about a majority of Colgate workers The union does not even have half the Colgate workers as members So we are only talking about a small number of people who are making a lot of noise

Meanwhile the Chemical Workers Industrial Union has also issued pamphlets calling for a boycott of Colgate-Palmolive products by the community The CWIU has also said it would hold a strike ballot within the next two weeks among the company's 240 black workers and, depending on the outcome a strike would be called in mid-June This action would make it the first legal strike since the Government's new laws were introduced last year

and that there are clear advantages in making such judgements explicit.

4.2.4 Cost-Benefit Analysis

The aim of cost-benefit analysis is to compare the total cost of a programme to society with the social benefits, and thus to arrive at a measure of the net Social Benefits. If the Benefit is positive the project should be undertaken. If however, there are too many projects for the available funds, one would rank the projects on the basis of their benefit-cost ratios and choose those with the most favourable ratios(16). In either case the procedure gives an answer to the question whether a project should be carried out at

could have a bearing on the relative size of

dget. (It is felt that the development of the

ics in the evaluation of health programmes in

the U.K has been partly a defensive move by

e ministries to safeguard the size of their

st encroachment by other ministries able to

s on a more 'economic' basis.)

he flows of costs and benefits arising from

me. In the case of health, the total cost

of ill health is represented by the benefits

moving it. These costs 'comprise three

ses of production, expenditures for medical

he pain, discomfort and suffering that

disease. Because economists concentrate

g the first two elements the third is

cted for lack of data and an appropriate

' (17).

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16. For a discussion of cost-benefit techniques and their problems see 'Guidelines for Project Evaluation', P. Dasgupta, S. Marglin & A Sen, UNIDO, New York, 1972.

17. A.L. Sorkin, 'Health Economics for Developing Countries' Lexington, New York, 1976.

their first task to be the provision of curative services. Development tended to be from hospital to out-patient department and then to detached out-lying clinics, but always remained hospital-based and doctor-centred 6.

Geographical factors played a major role. In the United Kingdom where most of the population lives in urban centres, hospital based medical remains within easy reach of the vast majority of the population. However, in Africa, where the population ratio is reversed, most patients cannot be reached by hospital based medical services 7. This situation is further complicated by the fact that doctors are not evenly distributed throughout all geographical areas. Throughout the world, countries can be divided into the "rich-rich" - the United States of America, the "poor-rich" - Britain, the "rich-poor" - Iran, and the "poor-poor" - Bangladesh. from "poor-poor" to rich-poor' to "poor-rich" and

[illegible]

one doctor for every 25 000 persons. Similar figures have [illegible] published for Thailand, Iran and Ghana 8. In South Africa, where approximately 60% of the population lives in rural areas, 65% of all doctors practise in metropolitan areas, 11% practise in cities, 12% in towns, 6% in small towns and only 5% of doctors practise in rural areas 10. This mal-distribution constitutes a problem which cannot be solved by simply increasing the aggregate supply of doctors 11. The government of the United States of America for example, has over the past decade increased its spending on health man-power programmes from 65 million to 536 million annually, totalling 3.5 billion dollars for this period. Much of this money was spent on medical education and physician training. Despite this, they have failed to achieve their objective of providing doctors for people living in rural areas.12

A well-known medical educator once jokingly made projections to show a point in time where one half of the people in the United States of America would be physicians treating the other half, but health statistics would not reflect much improvement, since 90% of the residents of cities would be physicians treating one another, with the countryside remaining inadequately served 12. A glimmer of hope that the problem may indeed be soluble is found in an editorial in the Journal of Medical Education 1977. The editor states "The periphery may appear

graduates will have seen little of it

even less during their clinical train

to t is point later.

I have already alluded to the fact tha

social factors are the most important

of the people of any country. Indeed

"Medical Care in Developing Countries"

Medicine of Poverty and a symposium fr

in the developing country [illegible]

steps in health care can be taken without the immediate involvement of any highly qualified and therefore expensive personnel, and do not require substantial investment in buildings, equipment or medicines. In fact, I do not believe that I would be oversimplifying the case, if I stated that the most important first steps in health care, are "clean water and good lavatories". An example of this was seen in the Phillipines, where, at a cost per capita of 15 U.S. cents, simple toilets were built. This action cut the incidence of cholera by 60% 14. I will not discuss the role of non-physician health personnel in the provision of health care in developing countries as this subject is too vast to review here. However, despite the realisation that health care does not require expensive personnel,

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Colgate out to discredit us, says union

183

By STEVEN FRIEDMAN
Labour Reporter

TENSION is rising at Colgate-Palmolive's Boksburg plant, where the first-ever legal strike ballot by a trade union with black members will be held next week

The union is the Fosatu-affiliated Chemical Workers Industrial Union and if workers vote in favour, a legal strike at the plant seems almost inevitable

It would be the first such strike by black workers since the Government's new labour dispensation was introduced

The union has also begun organising a consumer boycott against Colgate

In a statement yesterday, the union claimed Colgate had reacted to the strike threat by a "concerted" pamphlet campaign in which it said strikers would probably lose their jobs and find it difficult to find other work

It also said Colgate had reacted to the boycott by stepping up advertising and distributing free samples of its products to consumers

Colgate yesterday denied it had threatened to fire workers if a strike took place But Colgate's Mr Derek Magid added that the company would be entitled to replace workers who struck legally and could decide to do this

He also said the distribution of samples was "normal practice and has nothing to do with the labour dispute'

The union is demanding that the company bargain directly with it on wages and work conditions

Colgate says it will recognise the union, but that bargaining on these issues must be channelled through an official industrial council

An official conciliation board was appointed to attempt to resolve the dispute, but negotiations broke down This means workers can strike legally from June 20 if the union wins the strike ballot

Yesterday, the union accused Colgate of making a "concerted attempt" to stop the strike and minimise the effects of the boycott

It claimed the company was doing this by running a campaign inside the factory to "discredit the union, its officials and worker leaders inside the plant, misinform workers about the recent negotiations and intimidate workers by threatening them with loss of their jobs"

It said Colgate had issued four pamphlets to its workers within the past week One said workers had been "misled fooled and tricked by persons who are not employees of the company"

A pamphlet also said "It is highly likely that workers who strike would lose their jobs, would lose the company's pension contribution and would disqualify themselves for unemployment insurance benefits"

It adds "Many other employers will not like to hire workers who have been involved in a strike"

Mr Magid yesterday confirmed that Colgate had been distributing newsletters among workers He denied, however, that the company had threatened to fire workers or that it was taking extraordinary steps to stop the boycott

He declined to comment further until Colgate had studied the union's statement •

New lamp's R35-m market

By John Spira

155

CHLORIDE SA is preparing to launch a revolutionary new mining cap lamp incorporating a maintenance-free battery and offering six times the light output of previous units

According to managing director Don Searle, once local demand is satisfied, Chloride SA will embark on its first major drive into a potentially huge export market.

He adds "The total cap-lamp market outside the Soviet Union and China is estimated at 2-million units, of which 570 000 — 30% — are in South Africa and 550 000 in India

"This R50-million market includes export potential of around R35-million, in which the advantages of the long South African production runs and the manufacture of a product suited to arduous conditions locally should enhance the sales potential of the new Chloride cap lamp "

For the past year, the cap lamp has undergone extensive trials at Vaal Reefs and Doornfontein — trials monitored by the Chamber of Mines

"The results," says Mr Searle, "surpassed the industry's expectations and will result in full-scale manufacture of the product this year "

In addition to having a maintenance-free battery plus extra burning time and illumination, the new cap lamp has (among others) the following features

- It is completely sealed
- It has 60% more capacity in the illuminator
- The battery case offers nine times more resistance to abrasion and impact than the old unit
- It is leakproof, even if the container is damaged
- Re-sealable safety The inner seal allows gas to be released if the battery is seriously overcharged.
- It is tamper-proof A special tool is needed to take the lid off

~~72~~ ~~46~~ 183

Colgate 'intimidation' slammed

Sowetan 8/11/85

Sowetan Reporter

THE Chemical Workers' Industrial Union (CWIU) has branded Colgate - Palmolive pamphlet campaign at Boksburg as an attempt to discredit the union and intimidate and misinform workers.

Management issued the pamphlets to workers after workers demanded negotiation by the CWIU. In the pamphlet, Colgate claimed that it was an enlightened firm which offered better pay and work conditions than other companies.

In a statement contradicting Colgate's claims the unions said it had three petitions signed by two-thirds of the workers to back the union claim that it represented more than just half-hourly paid Colgate workers.

Management had been against a union proposal for a secret ballot to test the union's representativeness because management knew it would lose out, the union said.

The union also pointed out that the Government could only establish a conciliation board if it was satisfied that the union concerned was representative.

Colgate made a concerted drive to stop workers striking. "However, they are not doing this by negotiating with the union", the union stated.

According to the CWIU, the Colgate campaign aimed to discredit the union and its officials and leaders at the plant, misinform workers about the recent negotiations and intimidate workers by threatening them with loss of jobs.

The union also said the company appeared to have stepped up its advertising and had recently supplied many townships and suburbs with free Colgate product samples. The union has called for a boycott of Colgate products.

According to the union Colgate issued four pamphlets and some workers had even received them at home.

One pamphlet had told workers it was their right to think for themselves and that workers were being "misled, fooled and tricked' by employees and others 'who do not care what will happen to you'. The pamphlet also warned workers not to allow themselves to be used.

Another pamphlet had warned workers not to strike and had explained the difference between legal and illegal strikes.

The ~~true~~ purpose of the pamphlet was revealed when it warned that workers on strike would lose their jobs and company contributions and be disqualified from unemployment benefits, the union said.

The pamphlet had also warned other employers would not want to hire workers who had been involved in a strike.

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183

Colgate accused of 'smear tactics'

8/6/81

The protracted row over union recognition at Colgate-Palmolive in Boksburg has reached new heights of bitterness with the union accusing the company of "intimidatory and smear tactics."

The Chemical Workers' Industrial Union (CWIU) also claims the multinational company has stepped up its advertising campaign and is distributing free samples to defuse the current consumer boycott of Colgate products

Colgate management has said the distribution of samples was "routine marketing strategy" but further comment could not beobtained last night

The statement setting out these claims is the latest development in a year-long drive by the CWIU for full negotiating rights at Colgate's Boksburg plant The company has agreed to recognise the union, but will only negotiate wages and working conditions at Industrial Council level.

A conciliation board meeting called recently to resolve the dispute ended in deadlock

In its statement the CWIU claims the company last week issued four pamphlets to workers as part of a campaign to dissuade them from striking. One of these had said workers were being "misled, fooled and tricked by persons who are not members of the company" and another had attacked elected worker representatives in the plant.

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PE firm's paint technology in franchise breakthrough

(153)

MARKETING MIX

By Fred Roffey

CONGRATULATIONS for a big marketing breakthrough on the export front to a Port Elizabeth paint company, Shamrock Paints (Pty) Ltd.

It has sold a manufacturing franchise for the company's Spectrum multicolour range to a leading London paint company.

The range is a major breakthrough in itself — but more on that on the manufacturing side later.

The export marketing side results from an agreement signed in London recently.

Under the agreement the multicolour range will be manufactured under licence in Britain by R J Hamer Paints Ltd which has extensive connections in the paint market there.

The export breakthrough is even more significant when it is realised that two years ago Shamrock was trying to buy similar technology from a rival British paint manufacturer to become the first South African manufacturer of multicolour finishes.

But the going time at that time for the franchise — well over R60 000 — was considered excessive.

Instead Shamrock launched a laboratory development programme using their own expertise and resources in Port Elizabeth.

A team spent a year on the development of the multicolour range.

And two years later not only has Shamrock established Spectrum multicolour as the leading brand of multicolour finish in South Africa but has sold the technology back to the British market to compete against the product they originally negotiated to buy.

The sale of the franchise was a major success for the company's directors Mr Des Chalmers and Mr Rory Riordan who went to London to clinch the deal.

Commented Mr Riordan: 'It shows how up to date and respectable South African paint technology has become.

"We are particularly proud of being able to sell our technology to a company many times larger than ourselves in a market much more sophisticated than our own."

THE Shamrock success demonstrates the need for perseverance in export marketing.

When the company's manufacturing breakthrough was written about at the end of last year (Weekend Post Business and Property, December 6) the company had not received firm export orders at that time although companies in countries in Europe, the Americas, the Far East and parts of Africa, as well as Australia and New Zealand, had asked for details of the new multicolour range.

They were all fascinated by the possibility of seeing three separate colours emerging from one can of the paint to create various colour combinations.

Probably some of the companies doubted that such a breakthrough had in fact been made.

Well, Shamrock had done it — and created 52 colour combinations at the same time.

Since being introduced to the local market the multicolour range has been widely used throughout South Africa on large government, provincial, industrial and business projects.

Contracts have been won for hospitals, schools, post offices, banks and factories, the latest being the Sasol III project at Secunda.

The process of producing three or more colours from one can is achieved by making the individual colours separately and then coating them with a special solution.

Only at the final stage of manufacture are they brought together in one container.

The coating solution keeps the various colours separate, and the result is a multicolour finish which the company claims is as attractive as a seamless vinyl coating.

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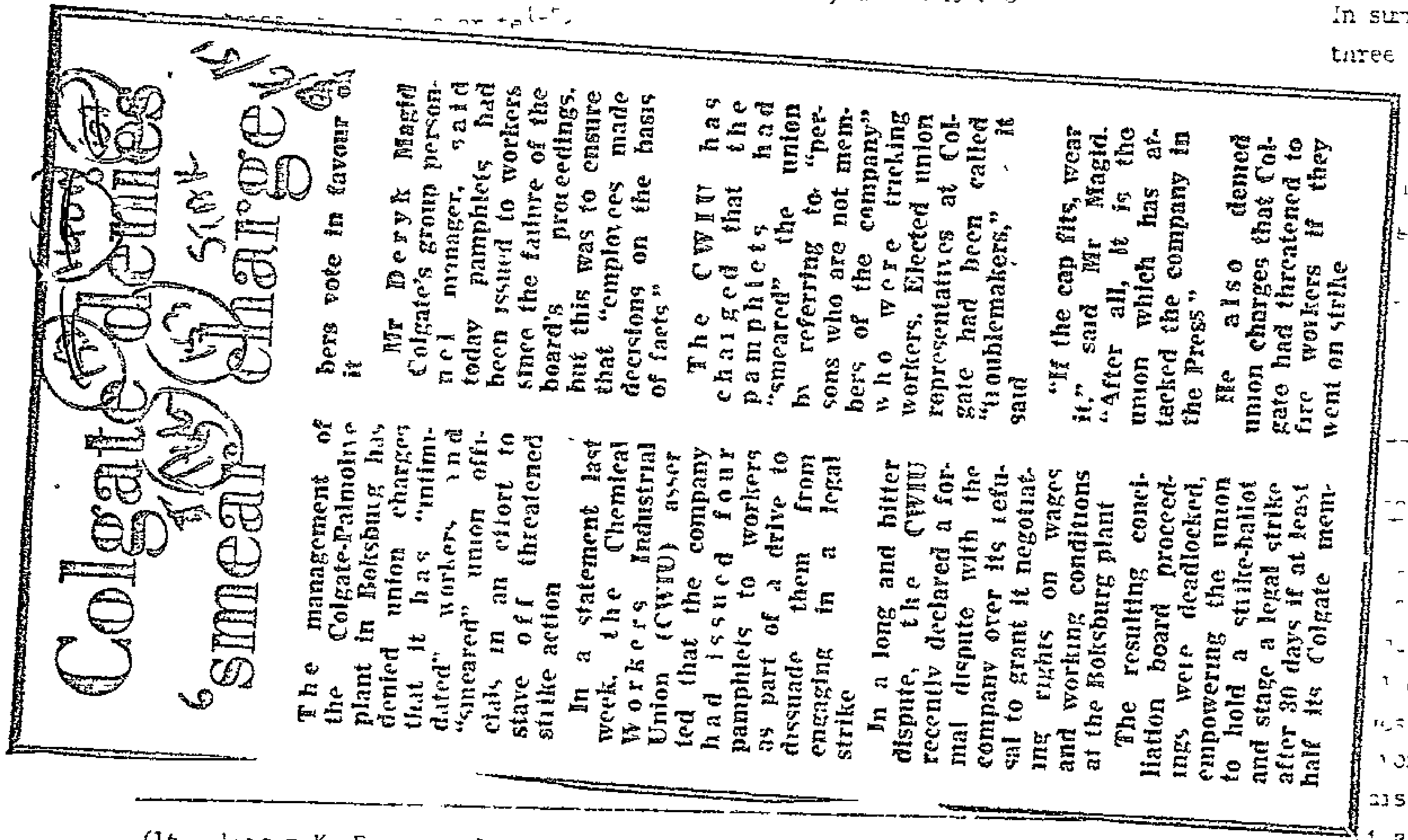

Colgate denies 'smear' charges

The management of the Colgate-Palmolive plant in Boksburg has denied union charges that it has "intimidated" workers and "smeared" union officials in an effort to stave off threatened strike action

In a statement last week, the Chemical Workers Industrial Union (CWIU) asserted that the company had issued four pamphlets to workers as part of a drive to dissuade them from engaging in a legal strike

In a long and bitter dispute, the CWIU recently declared a formal dispute with the company over its refusal to grant it negotiating rights on wages and working conditions at the Boksburg plant

The resulting conciliation board proceedings were deadlocked, empowering the union to hold a strike-ballot and stage a legal strike after 30 days if at least half its Colgate members vote in favour of it

Mr Deryk Magid Colgate's group personnel manager, said today pamphlets had been issued to workers since the failure of the board's proceedings, but this was to ensure that "employees made decisions on the basis of facts"

The CWIU has charged that the pamphlets had "smeared" the union by referring to "persons who are not members of the company" who were tricking workers. Elected union representatives at Colgate had been called "troublemakers," it said

"If the cap fits, wear it," said Mr Magid. "After all, it is the union which has attacked the company in the Press"

He also denied union charges that Colgate had threatened to fire workers if they went on strike

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(16) [illegible] State Expenditure from a Marxis Perspective. Journal of Public Economics Vol 9, No [illegible] April 197[illegible], p 221-238.

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treated rather than the incidence of the diseases in the community as a whole(20).

THE PROBLEM [illegible]

In summary the problems that [illegible] discussed [illegible] from three sources

[illegible]

[illegible] from those of people [illegible] such as [illegible] who argue that the state should [illegible] distribution only [illegible] full scale statements from the 'left wing' [illegible] are related to the inevitability of [illegible] being the only solutions to the inadequacies of the market [illegible] the merits and demerits of the arguments of the [illegible] of the

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(20) For medical examples of this type of syndrome see the research reported in S. Lichtner and M. Pflanz, 'Appendectomy in the Federal Republic of Germany Epidemiology and Medical Care Problems', Medical Care IX [illegible], 1971. Arrow argues even more strongly that the financial incentive that is present in the private hospitals encourages doctors to hospitalise unnecessarily Kenneth J Arrow op cit.

~~181~~ ~~182~~ 183 ~~11405~~

Black union to vote on strike

RDM 11/6/8.

By RIAAN DE VILLIERS
Labour Correspondent

THE first legal strike ballot by a black union is being held among workers at Colgate-Palmolive's Boksburg plant

A representative of the Fosatu-affiliated Chemical Workers' Industrial Union said yesterday a strike ballot among union members was under way and would probably be completed by the end of the week

Meanwhile, steps have been taken to implement the boycott campaign of Colgate products called by Fosatu recently

The strike ballot has come after deadlock was reached at recent conciliation board meetings, called after the union declared a dispute with the company earlier this year over union recognition

Black workers have struck legally once before This was at the Armourplate factory in Springs in 1976, in terms of provisions of the Black Labour Relations Regulation Act

However, if the strike at Colgate goes through, it will be the first legal strike by a black union

The representative said workers had been holding regular meetings at the plant, and given the mood among them, the union expected to win the ballot

The union would decide when to start the strike when the result was known

She added that messages of support had been received from various overseas labour organisations Workers had also approached Colgate managements overseas in connection with the dispute

Yesterday, it seemed that last-minute negotiations between the union and the company could not be ruled out

This emerged when, Mr Derek Magid, personnel manager of Colgate, said the firm was keeping its door open "as wide as possible" to proposals from the union as well as Fosatu to settle the dispute.

A Fosatu spokesman said yesterday its Transvaal region had met last weekend to discuss the boycott campaign

As a result, meetings of shop steward councils would be called throughout the Transvaal

According to reports presented to the region, Fosatu affiliates were holding meetings throughout the country to discuss the boycott, and discussions had also started with other organisations

He said Fosatu was "satisfied with the progress made so far"

FM 12/4/81

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ALTERNATIVE FUELS

Seeking incentives

Industry will need more incentives from government if it is to manufacture alternate fuels to make good the country's shortage of diesel. And government seems to have recognised this.

AECI's technical director Doug Wood says: We need more favourable treatment than this to make our methanol project viable.

AECI is preparing a programme to be submitted to government later this year in response to a request to industry by Minister of Mineral and Energy Affairs Frederik de Klerk.

The programme covers proposals on a locally-sourced alternate liquid fuel with the emphasis on overcoming the shortage of diesel fuel in relation to the supply of petrol. It also covers the proposed distribution methods and any modifications required to the engines in which the fuel will be used.

Anglovaal has already submitted proposals on its own methanol programme to government. This envisages the production of methanol as an extender to petrol and the use of petrol as an extender to the country's scarce supplies of diesel fuel. It does not appear to be as badly in need of greater excise rebates as the AECI programme, partly because of an anomaly in the rebate structure.

If government grants the rebates that AECI requires, future Sasol-type plants could well be priced out of the market. If it does not, production of the country's locally-produced liquid fuels could remain largely in the hands of Sasol which still relies on government subsidies.

Under the local alcohol fuel manufac-

65,5 + 47 = 112,5 : 36% 3

ture incentive scheme, local producers of methanol would pay an excise duty and levy of about 7 7c/ℓ as against about 20 8c/ℓ on petrol produced from imported crude

This is not as generous as it at first appears For a pure methanol fuel as envisaged by the AECI programme will retail for less than petrol to compensate for the fact that methanol has a lower energy content

Wood argues that local fuel producers should be exempt from this levy For part of it goes to the fuel equalisation fund to cover fluctuations in the price of imported crude oil and part for the financing of Sasol

Says Wood As a local fuel producer we should not subsidise imported fuel nor should we contribute to the funding of another local producer, Sasol which gets low interest government loans

Ironically the use of up to 10% methanol in petrol blends is favoured by the rebate structure because at this level it causes no deterioration in fuel consumption and the price obtained would not relate to its inherently lower energy content But this use of methanol goes only part of the way to reducing the country s dependence on imported oil

Anglovaal has taken advantage of this in its proposals to produce methanol as a

ALTERNATIVE FUELS: SASOL'S VIEW

Sasol MD Joe Stegmann cautioned this week against differentiated tax rebates to encourage investment in new synfuel projects Unless all participants in such projects received uniform tax treatment there was a danger of encouraging the uneconomic option he said

Sasol products have to compete with Opec prices The prices of its transport fuels 'reflect the import parity of refined Opec crude Its only protection is a rebate of excise duty equal to $5 a barrel New synfuel plants will receive the same tax advantage

Stegmann appears to favour the construction of full-scale synfuel plants rather than facilities producing merely methanol or ethanol In about six or seven years growth in the demand for transport fuels will have sharply reduced the contribution of Sasol to the supply of white fuels

To maintain the contribution of indigenous fuel supply a number of new plants (with capacity equivalent to Sasols 2 and 3) will have to be built before 1990 Sasol he says, will be in no position even to consider a new facility before 1985

The new plants need not be identical to those at Secunda but could incorporate new features For example if vehicles capable of running on pure methanol should become a commercial reality in future new synfuel facilities could be designed to yield both conventional automotive fuels and methanol But it is still a matter of conjecture whether methanol engines especially for heavy vehicles will become a commercial proposition

The contribution that ethanol or methanol could make in the form of blends could be of some value says Stegmann But it will at best be a modest contribution in the light of the rapidly growing need for additional synfuel production

Alcohols for blending into conventional fuels should not be encouraged therefore if they cannot compete economically with full-scale synfuel plants producing conventional fuels This applies especially to petrol There is a tendency for diesel consumption to grow faster than petrol consumption

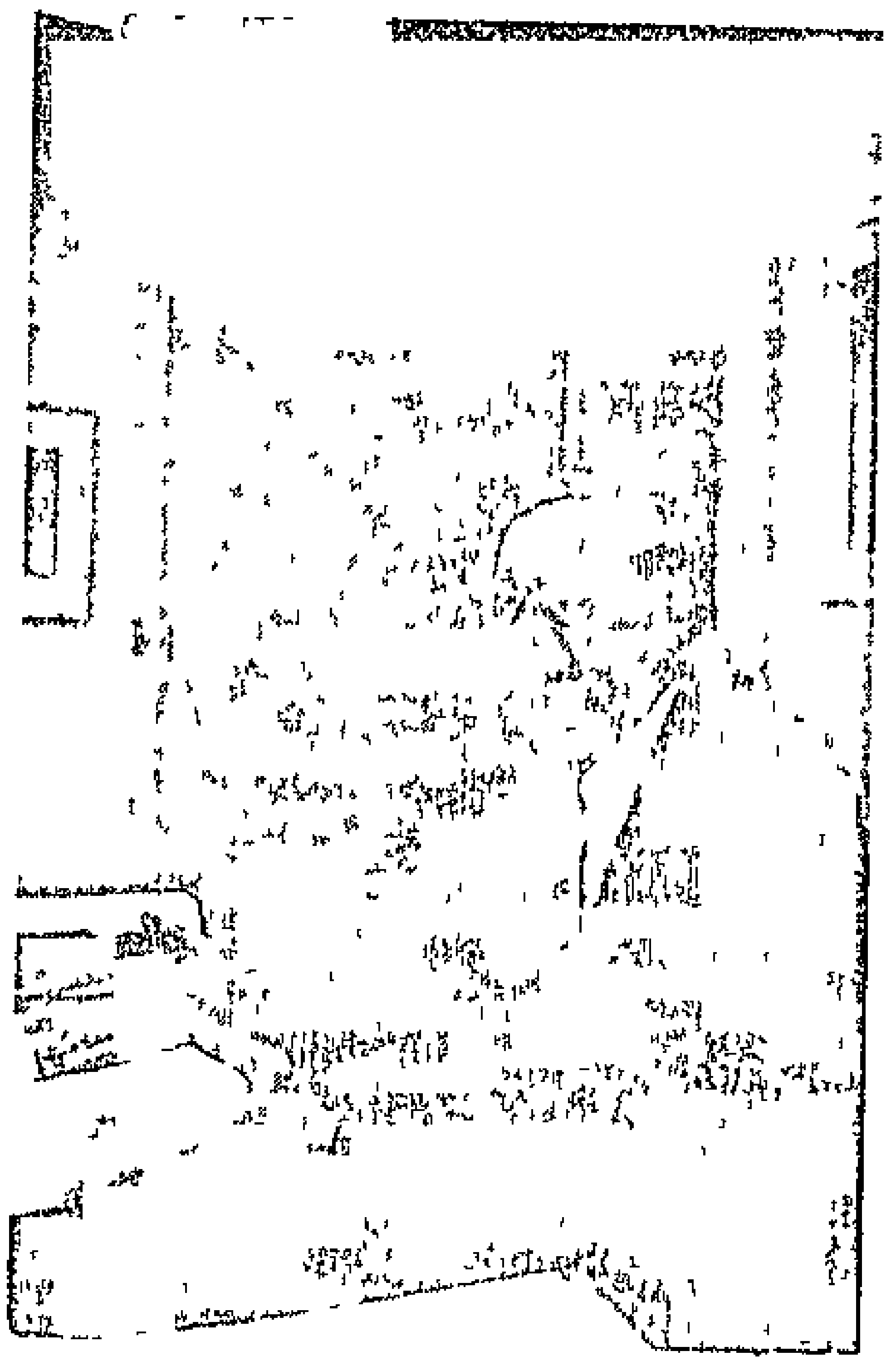
Stegmann says that if there is to be additional tax inducement it should be used to encourage investment in projects which help to correct the imbalance

In an interview with the *FM*, Stegmann and Sasol chairman Dawid de Villiers rejected the crude oil option to deal with future demand increments

In energy they said, there are no short-term options While there appeared to be short-term attractions in the fact that Opec prices would stand still for a reasonable period, international opinion is unanimous that the dollar price of oil will rise in the medium/long term

It is also generally agreed that the price of oil will rise in real terms in the medium to long term It would be short-sighted to interrupt the synfuel investment option purely on the expectation that crude oil refining may be a more attractive option for the time being

Even under current conditions synfuel production is a better option Synfuel plants are highly capital intensive and the bulk of their costs are fixed Even with inflation, cost factors like coal and wages comprised only a small percentage of total costs Crude oil refinery economics on the other hand are highly sensitive to offshore oil price movements



Sasol's Stegmann . fighting alcohol fuel

Says Stegmann 'We realised a long time ago that in trying to close the gap between the cost of synfuels and international oil prices one is confronted with a moving target that demands quick action

The classic method of project evaluation uses discounted cash flow techniques which place a very high premium on cash flow during the early years of a project and very little on cash flow during later years This technique can be quite inappropriate when evaluating the economics of highly capital intensive synfuel projects, particularly if the calculations are based on frozen cost and price levels

The only realistic approach is to calculate the cash flow and profit position of the project from year to year for a number of scenarios using in each case different assumptions of what might happen to cost and product price levels during the anticipated economic life of the project

With such highly capital intensive projects, cash operating costs are relatively low Product price increases once the capital investment has been made, will therefore tend to pour into profits rapidly, even if cost inflation should be of the same order as product price inflation With synfuel projects therefore one has to accept a relatively lower profit potential in early years and take a higher profit in later years more than compensating for any initial profit lag

The conclusion is self-evident In this game those who have the courage and conviction to take the first plunge will reap the highest rewards

This is a much more viable approach than ineffective attempts to try and hit a moving target which hopefully will come closer but in reality tends to recede all the time This is what has delayed synfuel projects in the US so far

Any dishonesty will render the candidate liable to disqualification and to possible ... he University

Chemical merger evokes reaction

(183) (~~232~~) Industrial Week (2/5/81)

BY JIM PENRITH

IN A move of considerable interest to the fine chemical industry in South Africa, E Merck of West Germany and local company Taeuber and Corssen have merged their SA interests to form a joint holding company, Industrial Week learns exclusively.

The new joint company, known as E Merck (South Africa), brings under one umbrella the following companies.

- Merck Chemicals, jointlyowned by E Merck and Taeuber and Corssen, distributors of the Merck range of fine chemicals, laboratory reagents and diagnostics.
- Hickman and Kleber, whollyowned by E Merck, manufacturers and distributors of the BDH range of laboratory reagents and distributors of a large range of lab consumables and scientific instruments.
- T & C Scientific Supplies, whollyowned by Taeuber and Corrsen, also distributing lab consumables and scientific instruments.

Chairman of the new holding company is Ernst Taeuber and the managing director is Richard Alborough.

Taeuber said the group is operating in a market which, over the past decade, has become more sophisticated. This meant that high quality products were demanded, backed by technical expertise to help the market maintain its growth.

"The Merck organisation, which is more that 300 years old, is world acclaimed for its products and role in research and development in the laboratory-chemical field", he said.

"The Taeuber and Corssen group has been active in the same market in South Africa since 1920, and is regarded as a pioneer contributing significantly in this field."

S. Times Bus 14/6/81.

R160-m AECI project

By John Spira

(183)

THE construction of a mammoth R160-million salt and soda-ash (sodium carbonate) project is being considered by AECI

If current feasibility studies prove positive, a plant could be in production by 1984, saving South Africa R35-million a year in foreign currency

Managing director Denys Marvin tells Business Times that his group has secured an option on a 4 000ha salt pan in the North-Western Cape The proposed process will be an improved version of the ammonia-soda process specially adapted to South African conditions

Salt is a vital chemical feedstock to South Africa's chlor-alkali (chlorine caustic soda) and plastics (polyvinyl chloride) industries The bulk of the chemcial industry's requirements is currently imported from SWA.

Colgate row: workers back boycott call

~~1408~~ ~~6~~ 183 ~~182~~

RDM 15/6/81

By STEVEN FRIEDMAN
Labour Reporter

THE labour dispute at Colgate-Palmolive escalated yesterday when worker representatives from about 15 East Rand factories pledged their support for a boycott of the company's products

At a meeting in Benoni yesterday, about 80 shop stewards and other workers in unions affiliated to the Federation of South African Trade Unions (Fosatu) pledged to distribute literature backing the boycott among workers in factories and on buses and to urge their colleagues not to buy Colgate products

Similar meetings were held yesterday in Vereeniging and Johannesburg and Fosatu is hoping to enforce a nation-wide boycott

Indications are that the Colgate boycott is becoming a rallying-point among Fosatu-affiliated unions in a range of factories on the East Rand

A legal strike ballot, the first by a predominantly black union, is being held at Colgate's Boksburg plant The result will be known later in the week

Colgate has agreed to recognise Fosatu's Chemical Industrial Workers Union (CIWU), but says it will not bargain with the union on pay and work conditions It says this bargaining must take place at an official industrial council

The CIWU rejects this It says most Colgate workers are not covered by a council and that workers want direct wage bargaining with the company

An official conciliation board failed to resolve the dispute and, if the union wins the strike ballot, workers can strike legally from June 20

It is understood, however, that talks between the company and the union are taking place in a bid to avert the strike

At yesterday's meeting in Benoni, worker representatives from other factories agreed to actively support a consumer boycott against Colgate called by the union and backed by Fosatu

Speakers said the Colgate dispute was "the struggle of all workers"

"If Colgate workers win, we all win If they lose, we all lose,' a speaker from one factory said

Several speakers were critical of the industrial council system which, they claimed, was of little help to workers

Speakers accused Colgate of violating the Rev Leon Sullivan's labour code for American companies operating here and of not fulfilling promises to end discrimination in the plant

Colgate spokesmen were not available yesterday, but the company has insisted throughout the despute that conditions within its plant are not discriminatory and that it adheres to the Sullivan code

2. cont.........

(1) Plot this demand curve as accurately as possible, preferably using graph paper.

(2) Now suppose that over a period of ten successive years the annual "crop" amounted to outputs of 80, 60, 70, 40, 50, 80, 60, 50, 40, and 70 million bushels respectively. Calculate and tabulate the gross value of the crop in each of these years, if the demand curve scheduled above was the demand curve of each of the ten years.

(3) Calculate the <u>average</u> annual gross value of the crop over the ten years, and the output and price which would yield this value.

(4) Construct a schedule showing what price would have to be received for each of the outputs in the demand schedule in order to make the gross value of the crop in each year equal to the average annual gross value. Plot this schedule on the same paper as the demand curve. (It will be a curve of unit elasticity).

(5) From the demand curve find the total amount which must be offered on the market in order to fetch the prices discovered in part (4). From these amounts make a schedule showing how much the government would have to buy or sell for each total output.

(6) Draw up a schedule showing how much the government would have to buy or sell in each of the ten successive years of part (2). Would the government have to sell a total greater than the amount it would have to buy over the ten years? Does the answer mean that stabilization of the gross value of a crop is impossible?

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AECI Cape project

Star 15/6/81 (183)

AECI is considering establishing a salt and soda-ash project in the north-western Cape in 1984 — a project which could save the country millions of rand in foreign exchange

The company has taken an option on a 4 000 ha saltpan and a feasibility study for a R160 million plant is due to be completed this year

South Africa imports salt for its chemical industry from SWA/Namibia and soda ash from Europe and America for a wide variety of industries

These imports cost the country R35-million a year in foreign currency — Sapa

Call to unions to help support strikers

[illegible] 17/11/[illegible]

THE Chemical Workers' Industrial Union (CWIU) yesterday made an appeal to other Fosatu-affiliated unions to give material support to the Colgate and Palmolive workers in the event of a strike.

The appeal was made at a shop stewards' council meeting held in Benoni yesterday

About 150 shop stewards from six other unions attended

The other aim of the meeting was to ask the shop stewards to spread the Colgate-Palmolive product boycott throughout the country

Three weeks ago Fosatu called for a country-wide boycott of products of the multi-national Colgate-Palmolive

The boycott was called out in support of CWIU which is on the brink of a legal strike at the firm's Boksburg plant in a bid to gain full recognition by the company

A few weeks ago, official conciliation board hearings aimed at settling the dispute at Colgate, ended in deadlock and opened the way to a strike ballot by the union

The union declared a former dispute with the firm earlier this year in a bid to gain full recognition, including the right to bargain at plant level on wages and working conditions

If the workers do eventually go on strike, which will start by the end of next week it will be the first legal strike by a black union since the introduction of the government's new labour dispensation and only the second by black workers in South Africa's labour history

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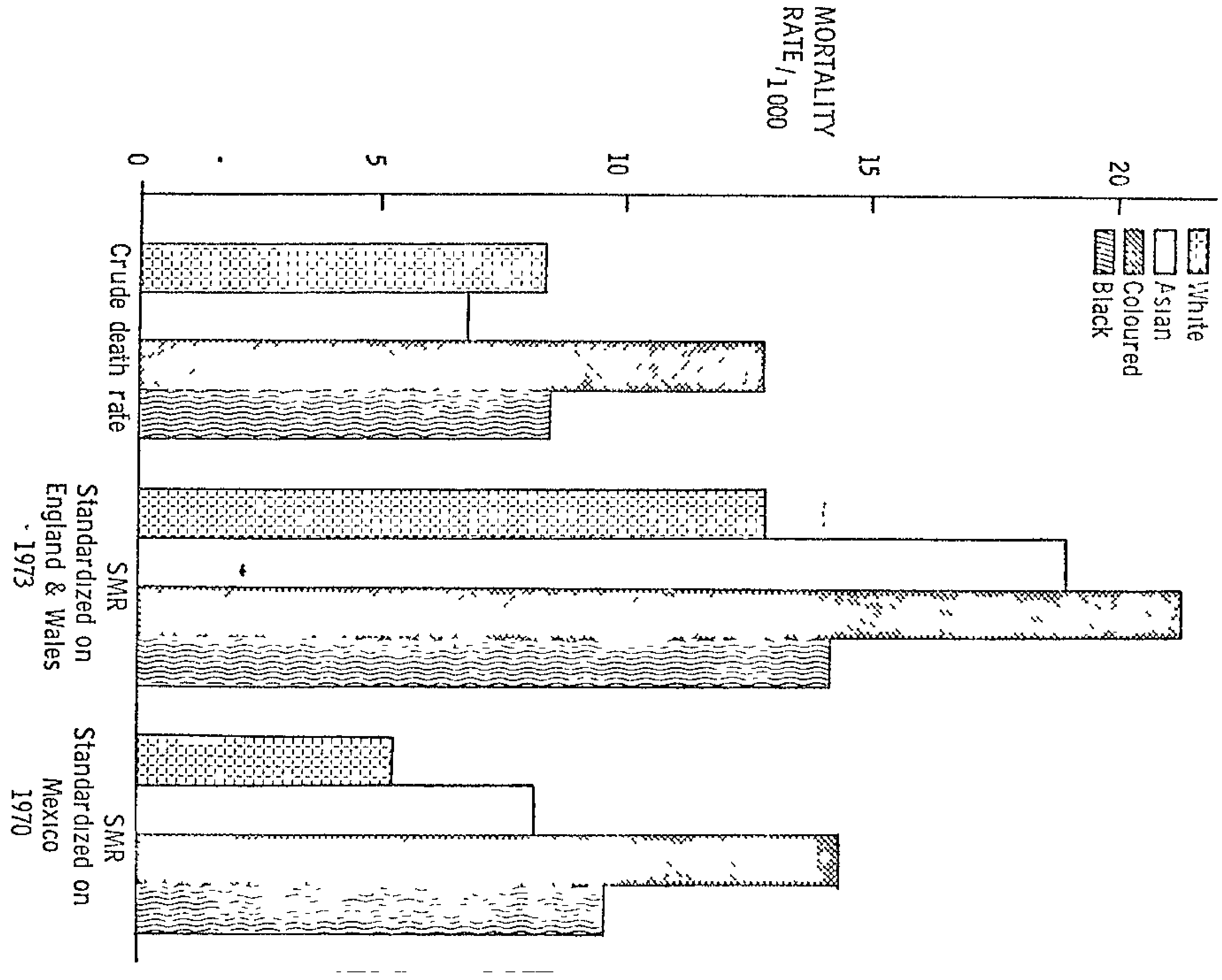
h I C.D. (6th

Fig 1. Crude Death Rate and Standardized Mortality Rates for Whites, Asians and Coloureds. 1974



RAND DAILY MAIL, Tuesday, June 16, 1981

More support for boycott of Colgate

183

(~~4th~~)

~~152~~

RDM 16/6/81

By STEVEN FRIEDMAN
Labour Reporter

WORKERS at "15 to 20" factories in the Germiston area have endorsed the boycott of Colgate-Palmolive products and agreed to support it actively, a spokesman for the Federation of South African Trade Unions (Fosatu) said yesterday

On Sunday, representatives of about 15 other East Rand factories took a similar decision at a meeting in Benoni

The spokesman added that Fosatu was also appealing to teaching, nursing and taxi owners' associations to support the boycott

He said the issue had also been discussed at a meeting of the Azanian Peoples' Organisation on the East Rand

Colgate is involved in a union recognition dispute with Fosatu's Chemical Industrial Workers' Union (CIWU) The company says it will recognise the union, but that wage and working condition negotiations must take place through an official industrial council

The CIWU rejects this and charges the company with refusing to negotiate on these issues

The union and Fosatu have called for a nation-wide consumer boycott against Colgate and it appears the boycott is gathering momentum in the Witwatersrand area

he CIWU might also call a legal strike on the issue if a strike ballot currently being held at the plant produces a "yes" vote

Talks between the two parties have taken place in an attempt to end the dispute

ALL	1,12	0,97	1,22					
NO.	2336	2019	430	232	3270	2588	2858	195

VII DISEASES OF THE CIRCULATORY SYSTEM

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1-4	0,05	0,06	0,02	0,10	0,15	0,17	0,02	0,04
5-24	0,07	0,06	0,09	0,10	0,14	0,17	0,11	0,13
25-44	1,09	0,44	1,31	0,70	1,54	1,27	0,73	0,78
45-64	9,75	4,44	[illegible]	[illegible]	[illegible]	8,25	4,61	5,01
65	42,19	32,93	55,30	47,72	[illegible]	40,90	[illegible]	14,21
ALL	4,70	3,81	3,22	2,25	2,74	2,69	1,14	1,20
NO.	9752	7926	1135	804	3114	3140	2390	1921

Poison fears from chemical plant

183

N.M. 16/6/81.

Mercury Reporter

ANGRY Pinetown residents near a chemical factory feared their lives might be endangered and they claim the authorities have been slow to react to complaints.

Mr Mike Gwynn, chairman of the Ward 2 Ratepayers' Association, said. 'It is a scandalous situation. Beside the unpleasant odours we have to live with, we have learned that the factory is handling methyl chloride which would have fatal consequences if any large quantity were released into the atmosphere

'What upsets me is that their employees use spacesuits for protection and a special escape exit from the grounds, but if ever there was a serious leak 1 000 children at the Gelofte school, which is within spitting distance of the factory, would be affected'

Mr Gwynn intended appealing to the Pinetown MP and MPC to investigate the situation

A spokesman for Addington Hospital poison centre confirmed that methyl choride became dan er

P.T.O.

8.7 Compensati members, thus excluding all other
voluntary a nable whether members alone are
capable of ent of a disaster. It follows that
the local a ge or disallow non-members from
rendering s er as they are not covered. This
anomaly in ed the Divisional Council of the
Cape to ins bers, persons who are trained and
prepared to to be legally bound. This further
insurance ha solve the problem. Fire brigades
faced with nteers are not faced with the
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A similar pr ice service would enable the
chief to avail in situ on an ad-hoc basis.

8.8 The maximum s of the formulae amount to:

R4 200 p.a. in
R1 680 p.a. in
R840 p.a. in t nd
R4 080 gratui a IV (see 4.3.2.1)

Although the t compatible with the annual
income of mo clared household income for
whites in 197 oureds R2 544, for Indians
R3 852 and compares favourably with
R1 164 p.a. in Pension and R1 284 p.a. in
the case of a for Whites).[37] As insurance
companies are h and disability benefits in
certain cases t good purpose.

The R250 allow a paltry sum and although
provision is n medical and psychological
examinations provision is only made for medical treatment. During

tion in the air were higher than 100 parts to 1 000 000.

The symptoms of methyl chloride poisoning were nausea, vomiting, falling blood pressure, coma and congestion of the heart and lungs It could also cause blurred vision, numbness, fainting and bronchial spasms

Health

The factory was in an area zoned for light industry and Mr Gwynn claimed 'This is quite wrong. The minute a factory emits smoke, noise or smells it belongs in a heavy industrial area.'

Mrs E Crookes, who lives behind the factory, fears for the health of her nine-month-old baby

She said 'I get terrible hayfever and sometimes the smell from the factory is so dreadful that we can't open our windows for fresh air

'And you should see our plants, they become covered in soot

'We went to the health department last year, but nothing has been done Now we have appealed to the mayor for help'

Mrs D Payne, who lives next door to Mrs Crookes, has been corresponding with borough officials for six years about what she believes is a serious health hazard caused by the factory.

She and her husband were busy compiling a chart to indicate the worst times of the day.

Appointed

Mr R Hunn, Chemical Services's managing director, referred the Mercury to the company's attorney in Johannesburg.

The attorney said he knew nothing about the chemical aspects of the plant, and that he had been appointed to process the factory's licence application

He said the factory had applied for a licence in terms of a new category called 'offensive trade'

The Town Engineer, the deputy Town Clerk and the Mayor emphasised that the factory personnel were making every effort to co-operate with health and licensing requirements

But Mr Gwynn said 'I don't care what stringent precautions they take Who is to say that nothing will ever go wrong? I believe we have a right to live in a residential area without fear of poisoning.'

GENERAL NEWS

Ballot almost sure to end in Colgate strike

Star 18/6/81 ~~152~~ ~~62~~ 183 ~~110A~~

213. 3
123. 5
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1788. 2

By Drew Forrest

Pressure was mounting on the Colgate Palmolive company in Boksburg as union officials yesterday finished counting the ballot for what may be the second legal strike by black workers in South African labour history.

The strike ballot, involving members of the Chemical Workers' Industrial Union (CWIU), began last week and is almost certain to approve strike action But the outcome may possibly not be published until after the union's report back and planning meeting at the weekend

Talks are believed to be in progress between the union and management in a lastditch attempt to avert the strike, and to settle the long and acrimonious dispute at Colgate over union recognition.

The CWIU is demanding plant level negotiation on wages and working conditions, while the company has said it will bargain on these only in the Industrial Council.

A conciliation board meeting called to resolve the dispute ended in deadlock last month In terms of labour law the union is entitled to hold a strike ballot and stage a legal strike after 30 days if the majority of its Colgate members vote for it

The 30 day "cooling-off period" elapses on June 20

The CWIU and Fosatu, to which it is affiliated, have intensified their drive for a consumer boycott of Colgate products

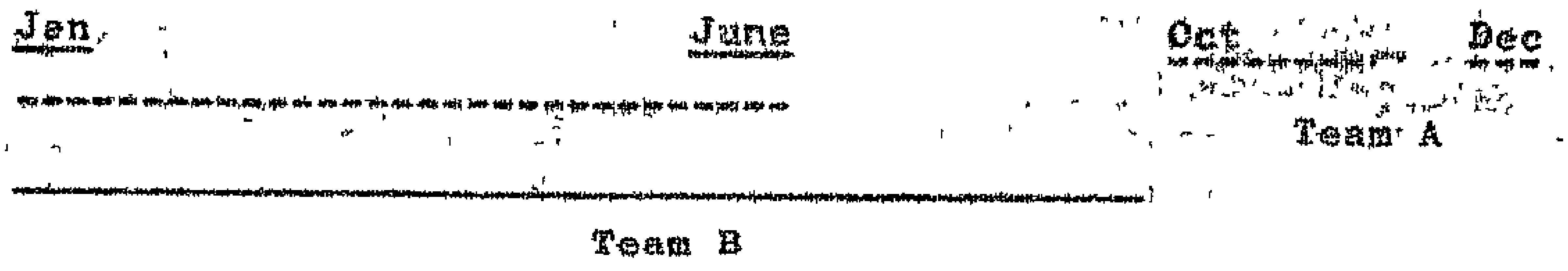
On Tuesday a Colgate-worker representative called for support of the boycott at a June 16 memorial meeting in Pretoria Shop stewards from about 40 factories on the East Rand, in Johannesburg and Vereeniging pledged their backing for the boycott at the weekend

And there may be further pressure on Colgate from surrounding companies in the Boksburg area — where employers are understood to be concerned about the prospect of sympathy strike action

As a convenient simplification we shall treat
to ten month contracts as if they were nine

farmers employing migrants on nine month contracts-
f the 502 African workers employed on this basis -
workers in a similar manner: They recruited them
teams, arriving and departing at different times
for six months during the season when labour
re greatest. Thus one team would be recruited from
f January until the end of September; the other
ing of October until the end of June. This is
illustrated in Fig 1 :

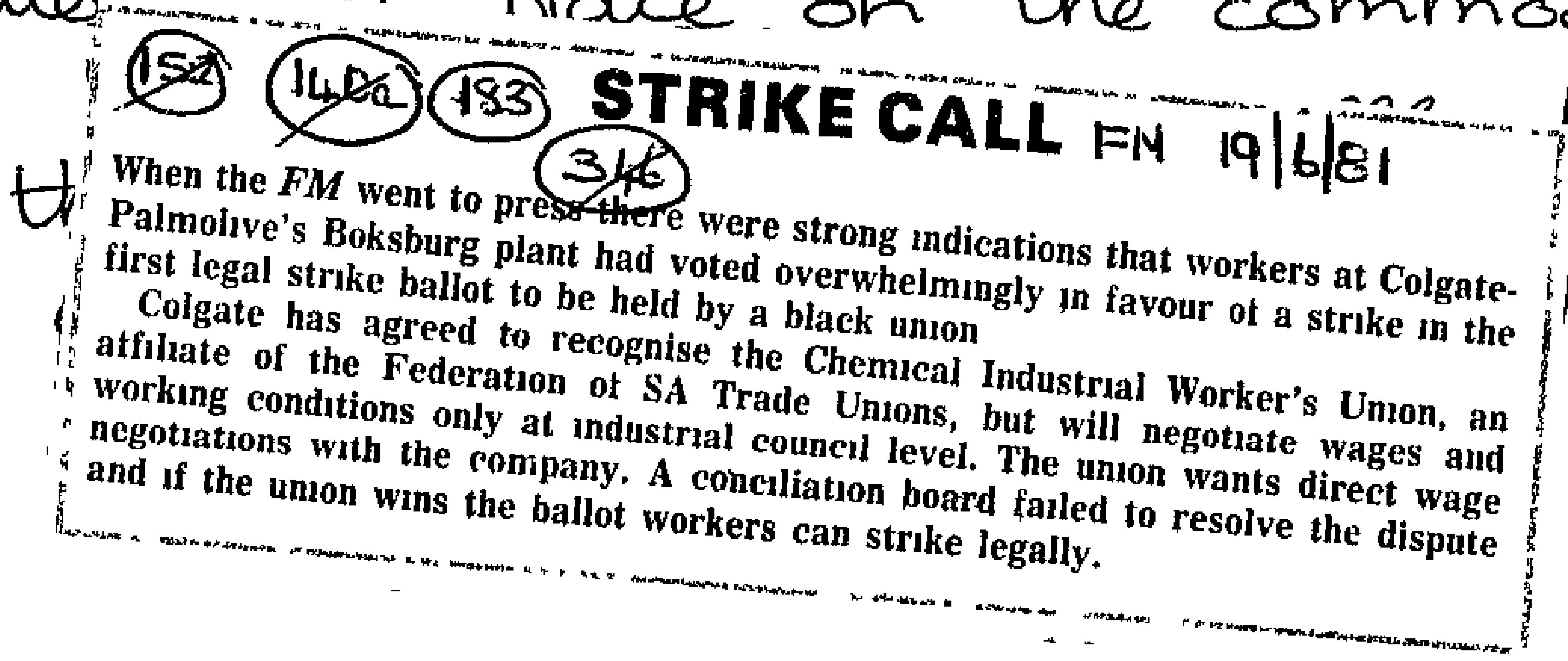
Fig 1



The figure above leads us to an interesting observation : If Team A and Team B were the same size, let us say Y , (and in fact these four farmers did divide their nine month contract workers into twoteams of equal size); then the farm would have a constant number of migrant workers (Y workers) between July and December (inclusive) and twice that number from January until June. Thus if we consider how these workers are utilized purely from a statistical perspective - How many workers the point on the original indifference curve (I_1) Substitution effect is the move from point ① to point ③.

The fall in the price of A does mean that a higher level of satisfaction is attained The new budget line now shows the possible combination of A+B, but does not necessarily mean they have to consume greater amounts. This will depend on the households and the values [illegible] place on the commodities

The [illegible] to the left of th [illegible] ner income), but [illegible] t.

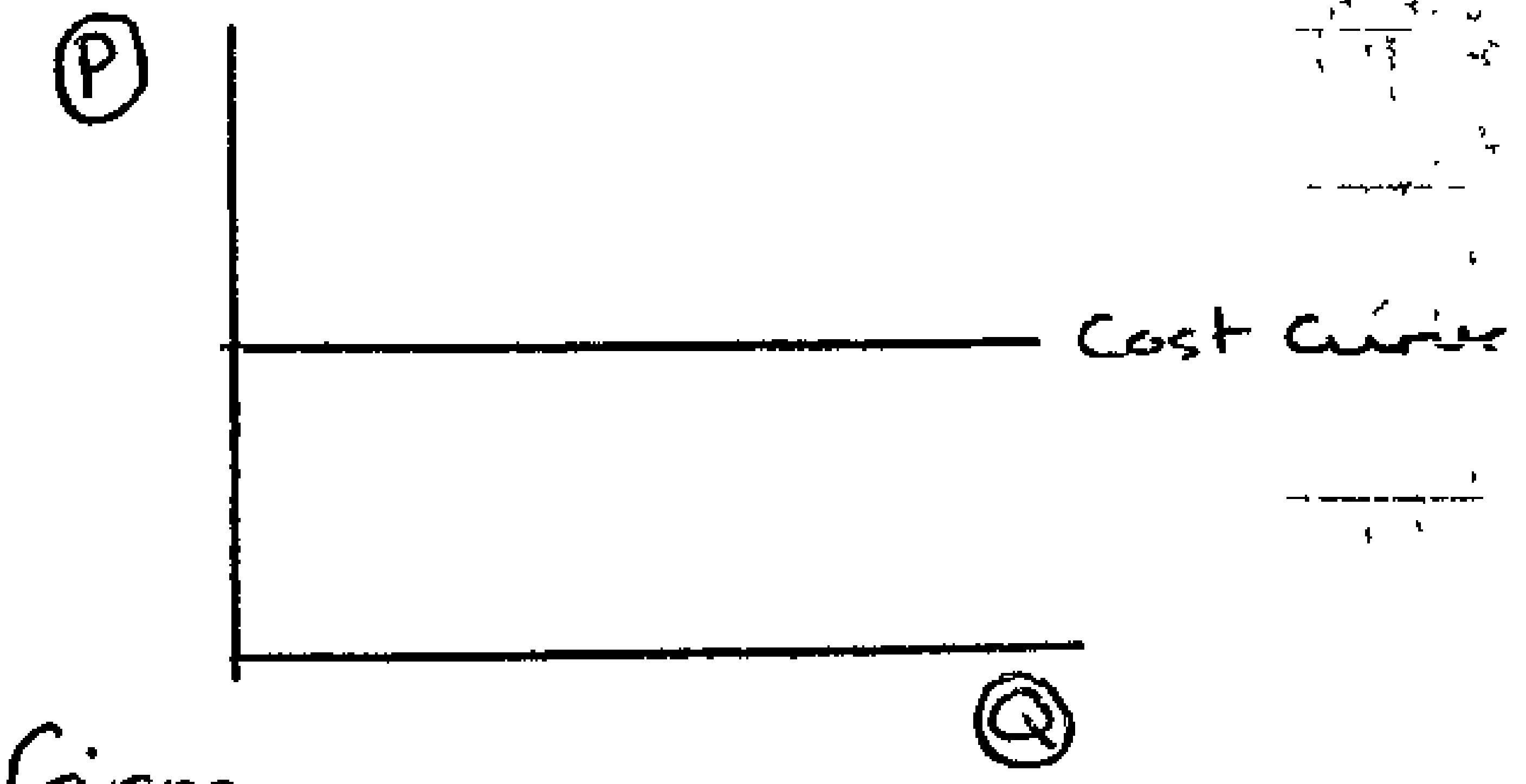


~~152~~ ~~142a~~ 183 **STRIKE CALL** FM 19/6/81 ~~36~~

When the *FM* went to press there were strong indications that workers at Colgate-Palmolive's Boksburg plant had voted overwhelmingly in favour of a strike in the first legal strike ballot to be held by a black union

Colgate has agreed to recognise the Chemical Industrial Worker's Union, an affiliate of the Federation of SA Trade Unions, but will negotiate wages and working conditions only at industrial council level. The union wants direct wage negotiations with the company. A conciliation board failed to resolve the dispute and if the union wins the ballot workers can strike legally.

③ Constant cost firm
As the firm increases its output, the cost will remain constant.
Constant Returns to Scale firm.



If a firm wishes to move from one SRAC curve to another, then it must increase its output (diagram. A → B), Then by reducing average costs by increasing the scale of production or the size of the plant, the firm can move to anoth SRAC curve. (diagram. B → C).

Firms can on
curve. The are

(116) (183)

CONSUMER BOYCOTTS

Pressure points

FM 19/6/81

Over the past two years a potent weapon in the armoury of black unions has been deployed — the consumer boycott Coupled with strikes, boycotts of companies products have been used to pressure management for favourable settlements of disputes

Fattis & Monis Eveready Simba, and the meat industry have had a taste of this strategy — with mixed results And now a boycott of Colgate s products is being organised by the Chemical Industrial Workers Union, CIWU

The effectiveness of product boycotts depends on black community participation, as illustrated in the Fattis & Monis case Two years ago the company dismissed 56 workers, and the Food and Canning Workers Union in the Cape Peninsula galvanised community groups and launched a countrywide boycott Many black political and civic groups, such as Gatsha Buthelezi s Inkatha the Committee of Ten, the Labour Party, and high school and black varsity students became involved

Fattis & Monis MD Peter Moni admitted that bread sales fell 10% in some black areas and that the boycott could have had a serious effect if we had allowed it to linger on There is no doubt that these boycotts can be effective

A labour dispute in the meat industry sparked off a similar campaign against red meat — with no success Response to a proposed boycott of Eveready products was also ineffective

A major factor in generating a significant response it appears is the co-operation of the black traders and the degree of cohesion between various elements in the black community Communities with a relatively highly established network of links between groups are better geared to make boycotts a communal effort Support committees consisting of shop stewards civic leaders sports organisers and students are then formed

But this cohesion and the role of the black traders cannot count for much if the company s share of the market is very substantial or there are no alternative products A CIWU spokesman tells the *FM* that 'one of the reasons why we thought we could launch a successful campaign was our knowledge that Colgate is in a very competitive situation Where competition is keen a consumer boycott could strongly benefit the competitors and to stave off such a possibility affected companies can react — as Fattis & Monis did and Colgate is apparently doing — by giving away free samples or stepping up their marketing and advertising campaigns

Colgate s Deryk Magid, however denies this is the purpose behind the company s current campaign "This is normal — the campaign was planned long ago It has nothing to do with the dispute Magid says He adds that the boycott has not yet had an effect

Consumer boycotts have also been used to retaliate against a company for a non-industrial or commercial purpose, as was the case with Simba The company declined to sponsor a black sporting event in the Western Cape sparking off a boycott of their products by the black communities

The growing political militancy of black communities their increasing share of the consumer market and the awareness of their buying power could result in the increased use of the boycott weapon But the danger is that in a management-union matter, the issues can be clouded and standpoints hardened

Says Magid 'It is very difficult to negotiate with someone holding a gun at you It is not only counter-productive but can distract us from the real issues

Legal strike at Colgate looms

183

Swdn

19/6/

PRESSURE is mounting on the Colgate-Palmolive Company in Boksburg as union officials finished counting the ballot for what may be the second legal strike by black workers in South African labour history.

The strike-ballot, involving members of the Chemical Workers Industrial Union (CWIU), began last week and is almost certain to result in strike-action. But the outcome may possibly not be publicised until after the union's report-back and planning meeting at the weekend.

Meanwhile, talks are believed to be in progress between the union and management in a last-ditch attempt to avert the strike, and to settle the long and acrimonious dispute at Colgate over union recognition.

The CWIU is demanding plant-level negotiation on wages and working conditions, while the company has said it will only bargain on these in the Industrial Council

A conciliation board meeting called to resolve the dispute ended in deadlock last month In terms of labour law, the union is entitled to hold a strike ballot and stage a legal strike after 30 days if the majority of its Colgate members vote for it

The 30-day "cooling-off period" elapses on June 30

The CWIU and Fosatu, to which it is affiliated, have in the meanwhile intensified their drive for a consumer boycott of Colgate products

On Tuesday, a Colgate worker representative called for support of the boycott at a June 16 memorial meeting in Pretoria

And there may be further pressure on colgate from surrounding companies in the Boksburg area - where employers are understood to be concerned about the prospect of sympathy strike-action.

watersrand since 1912 - and if the incidence rate remains constant over a period of years, incidence thereafter will depend almost entirely on the numbers of working miners.(140) All these variables having been accounted for, it was calculated that by 1929 the incidence rate was one third of what it had been in the period 1912 to 1916.(141)

The figures for 1928 to 1929 (and those for the years immediately preceding this period) showed that the average incidence and prevalence of silicosis per annum had dropped considerably since 1903 to 1912, during which time prevalence had remained virtually unchanged. This was

Workers at Colgate vote 'yes' for strike

Star 19/6/81

(183) (62) (152) (140A)

By Drew Forrest

After the first legal strike ballot held among black workers in South Africa, employees at Colgate Palmolive, in Boksburg voted over-whelmingly in favour of strike action.

A spokesman for the Chemical Workers Industrial Union (CWIU) said 90 percent of eligible workers at Colgate voted "yes" to strike action, with only four voting against.

Whether workers will now proceed to a legal strike hinges on a union report-back and planning meeting scheduled for Saturday. It is understood that there have been negotiations between the CWIU and Colgate management, and these will be discussed at the meeting.

The successful ballot is the latest development in a protracted wrangle at Colgate over union recognition. The union is demanding plant-level negotiation on wages and working conditions, while management has insisted they will bargain on these only at industrial council level.

A conciliation board meeting called to resolve the dispute ended in deadlock, entitling the unions to hold a strike ballot and stage a legal strike after 30 days if the majority of its Colgate members voted for it. The 30-day period ends on June 20.

If a legal strike is staged, it will be the second by black workers in South African labour history. Workers at Armourplate Safety Glass in Springs held a partially successful legal strike five years ago, under the Black Labour Relations Regulation Act. This did not involve a formal ballot.

cent, but proportionally contributed more cases of simple silicosis

cases - than either of the other two groups. No change in incidence rates was anticipated for the next few years because of these differing groups - and these and other concomitant variables.(142)

Doctors, however, were concerned by the change in the general nature of secondary stage silicosis. They found that the alteration from ante-primary and primary stage silicosis to the secondary stage was far more rapid than it had been in the past. Also in the secondary stage there were far more cases of silicosis together with pulmonary tuberculosis than had been before, and that these cases and mortality far exceeded in number those cases of uncomplicated silicosis in the secondary stage. The increase in incidence of coexistent pulmonary tuberculosis was attributed to the fact that over 70 per cent of miners were South African born

and had been drawn from rural centres. Thus local miners, unlike the older generation of overseas miners, had not acquired an urban immunity to pulmonary tuberculosis.(143)

It is this problem of the susceptibility of rural dwellers to tuberculosis when entering industrialised or urban environments that must be borne in mind in investigating the incidence and prevalence of silicosis amongst Africans on the Witwatersrand, particularly if it coexists with silicosis in the advanced or complicated stages. It has been shown that tuberculosis was not known in Africa prior to the advent of the European and Asian settlers, but once it had become distributed it

virulent than amongst Whites, causing a high mortality rate.

utive point appears to have been the mining
read to the countryside on the return of African
ural Afrikaners, the Africans did not have the
immunity in youth; and it may have been even
Africans than the Afrikaners. Moreover in the
d the view, confirmed by 1960, that a silicotic
average life expectancy of less than two years.(145)

1929, on those occasions when silicosis amongst
it was found, in many instances, to be predominant-
ndary stage form, in which it was coexistant with
this reason that some attention must be paid to
lity of lung diseases amongst Africans, particularly
onary form.

n the mines were not given before the Anglo-Boer
rom the beginning of 1902 that figures for
had to be compiled and reported to the Department
st returns for 1902 to 1903 showed an excessively
sease for black miners. The figures for 1903
were just as alarming to Milner. In July 1903 alone, 615 miners out of an average black labour force of 66 961 – which would represent 110,71 per thousand per annum – died from disease. The average death rate from disease for the first half of the year was 61,96 per thousand, and for the second half 80,36.(147) The mortality rate for these years was later described by the Coloured Labour Compound Commission, appointed by Milner in July 1904 to investigate and suggest improvements in the living and working conditions for Africans, as 'abnormally' high, and was partly ascribed to the unusual climatic conditions and the very cold winters experienced.(148) Even before the appointment of this commission, on Milner's request, the Chamber of Mines and the Department of Native Affairs agreed that a Committee of Doctors, including L.G. Irvine and D. Macaulay, should investigate and report on

became involved, interested and enthusiastic and grasped the subject so well that we felt that some of them could perform the task that the sisters were doing competently, if they were properly trained.

The MEDICAL ASSISTANTS (or NURSING AIDES) have long been the backbone of the medical service in Rhodesia. They have a basis of seven years of schooling and three years of basic nursing training in hospitals (usually in mission hospitals). Generally they provide basic pr
minimal health-care services, dispensing anal
biotics and treatment for minor ailments. A
course was designed to upgrade some of the
enabling them to run clinics in the way that
done previously. This introduced a new cate
nurses (running clinics on their own). The
would continue to assist the sisters and doct
The Grade A nurses are trained to. inform an
people about family planning; prescribe oral
and Depo Provera; monitor the use of these
any complications within their competence and
ate referrals. They are actually trained to
examinations and recognise the normal from th
they are not trained to insert intrauterine d

During 1977:- 60 state-registered nurses, 44 Grade A and 113 medical assistants B Grade were trained.

In Rhodesia the FAMILY PLANNING FACILITIES are provided by the Ministry of Health, local government authorities, African councils, missions, commerce and industry, and the Family

Planning/.....

Planning Association, and they number 620. Attendances for 1977 to 1978 were 497 962.

Recently seven rural clinic centres have been established - most of them in the war-torn area. One of these has a permanent nurse and the balance are served by peripatetic staff who visit on a 3-weekly roster.

In Rhodesia the method acceptance is as follows:

Depo Provera	73%
Oral Contraceptives	24%
IUD and others	3%

One/....

Deal brushes away Colgate strike fears

167

185, 10m

23/6/81

By STEVEN FRIEDMAN

Labour Reporter

A UNION recognition dispute at Colgate-Palmolive has been settled — with important implications for all workers and employers

A joint statement last night by Colgate and the Fosatu-affiliated Chemical Workers Industrial Union (CWIU) said the company has agreed in principle to recognise the union's right to negotiate directly on wages and conditions at Colgate's Boksburg plant

In return, the union agreed to call off its consumer boycott against the company and to abandon plans for a legal strike at the plant

Colgate has abandoned its demand that the union seek admission to an official industrial council before being recognised and the two parties will now negotiate for a recognition agreement

The settlement ends a dispute which sparked a consumer boycott and threatened to lead to the second legal strike by black workers in the country's labour history

It may have far-reaching implications because it will be seen as vindication of the view that employers should bargain directly with unions rather than go through industrial councils

This is the policy of the Federation of SA Trade Unions to which the CWIU is affiliated, and other predominantly black union bodies A few employers also back this view

It has, however, been a major bone of contention between unions and many employers who believe unionism should be channelled through the official system

The Colgate settlement should strengthen the position of those who argue that unions should have direct negotiating rights with employers

Last night's statement says Colgate informed the union last Friday that it accepted in principle the union's right to negotiate pay and work conditions at plant level as long as the union agreed to abandon the boycott and stop the strike

By removing the cause of deadlock' Colgate had provided a platform for further negotiation on the practical implementation of the company's offer

In return, normal labour relations are expected at the plant

Steps were underway to re-enter negotiations for a detailed recognition agreement the statement said, and the union welcomed Colgate's acceptance of the principle of in plant bargaining and would instruct its members and other Fosatu unions to stop the boycott

Star 23/6/81

183 [illegible] [illegible] [illegible]

Dispute ends as Colgate accedes to union demands

The long and bitter row over union recognition at Colgate-Palmolive in Boksburg has been settled, with the company acceding to union demands for plant-level bargaining on wages and working conditions.

This breakthrough for the Fosatu-affiliated Chemical Workers Industrial Union (CWIU) was announced in a joint statement yesterday. The company has also agreed to drop its demand that the union seek admission to the Industrial Council for the Chemical Industry.

According to the statement, the company told the CWIU last Friday that it "agreed in principle to recognise the right of the union to negotiate wages and conditions of employment on an in-plant basis"

In return, the union has agreed to call off the consumer boycott of Colgate products, launched last month, and cancel the threatened legal strike by its Colgate members.

The parties will now move to negotiate a detailed recognition agreement.

Colgate's about-face on the issue of plant-level negotiations follows a union campaign lasting more than a year

Last month statutory conciliation board proceedings activated to settle the dispute broke down, empowering the union to hold a strike-ballot and stage a legal strike at Colgate within 30 days.

Workers voted overwhelmingly for strike action in a ballot last week and could have legally withdrawn their labour yesterday. However, they decided to stay their action after hearing of the company's offer at a report-back meeting at the weekend.

Colgate's undertaking is a crucial step forward for the CWIU and the Federation of SA Trade Unions, to which it is affiliated. The latter has repeatedly stressed the need for plant-based negotiations on wages and working conditions with representative unions.

RAND DAILY MAIL, Thursday, June 25, 1981 17

RDM 25/6/81

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Lead drags Chloride's pre-tax profit down

By JOHN MULCAHY

THE volatile and highly speculative lead market caused a 27% fall in Chloride Holdings pre-tax profit for the year ended March 30, while the news on the UK parent is even worse, with substantial losses and a 10% reduction in unit sales.

The UK company turned a pre-tax profit of £18 700 000 last year into a loss of £13 500 000 for the latest accounting period, a turnaround of £32 200 000 The dividend has been passed

The South African company's pre-tax profit fell to R3 344 000 from R4 598 000, in spite of an 8% rise in sales to R42 201 000 from R39 065 000, and taxed profit was 23% lower at R2 422 000 compared with R3 164 000 last year. Increased decentralisation assistance to the Berlin Smelter reduced the effective tax rate to 28%

Earnings a share dipped to 53,8c a share from 70,3c, but the final dividend has been maintained at 19c a share, giving an unchanged total for the year of 30c

The dividend cover has dropped to 1,79 times from 2,34, and financial director Mr Gerry Zander explains that Chloride has no funding problems at the moment, with gearing down to about 13%

There is no major capital expenditure planned, other than the normal replacement expenditure

A statement from the directors notes that profits decreased because the continued fall in the price of lead, the major battery cost element, reduced margins on disproportionately high sales to the automotive original equipment market

There has also been intensified competition in the automotive and industrial replacement markets

The original automotive battery market has particularly tight margins, and is regarded by battery manufacturers as a means to maintaining market share in the replacement market

The directors say early indications are that there has been some improvement in margins and sales volumes are holding up "Provided these conditions continue we can expect profits to improve in the current year"

A statement from the holding company says the strong pound, high interest rates, rising costs and falling demand in many areas of the business, together with a significant slide in the lead price resulted in a substantial loss for the year

It says short-term prospects are overshadowed by uncertainties of recovery from the recession and the current year is likely to be difficult

"However, the more cost-effective organisation resulting from changes now being made will put the group in a stronger position to benefit from the upturn in demand when it comes"

The most affected area was the UK, where decline in demand for automotive batteries continued, the total market falling by a further 12% during the year, while the position was aggravated by substantially lower selling prices

The deepening recession resulted in lower sales of industrial products, and particularly motive power batteries, where the market dropped by 25% compared with the previous year

In the US, automotive sales volume was maintained in spite of a significant drop in original equipment demand and intense competition, which eroded margins

The statement says that in contrast to poor performances in Europe and the US, overseas operations again produced good results, with profit only slightly lower than the previous year

"Tighter cash control held net borrowings at the year end to only £1 800 000 higher at £94 400 000, but lower lead helped to the extent of £8 000 000"

Chloride (UK) yesterday announced plans for a £17 300 000 rights issue of convertible preference shares to reinforce its capital base

COMMENT. The warning of a slump in Chloride's fortunes was issued at the interim stage, when in spite of chairman Mr Ken Hodgson's forecast of an improvement pre-tax profits fell by 30%.

The continued decline in lead prices directly affected revenue, as contracts are calculated on a formula based on the lead price. Chloride carries around five months of lead stocks at any given time, and much of the stock was bought at far higher prices than that ruling at the end of the year.

It has been suggested that prices on the original automotive equipment side should be improved if battery manufacturers are to survive, but this will require some form of agreement among all the manufacturers, and the big motor companies are in a position to dictate prices.

Chloride has had a particularly difficult time in staving off the cut-price efforts of new entrants in the industrial market, and has managed to maintain market share, but at the expense of margins.

The company remains vulnerable to the vagaries of the lead market and the highly competitive marketing situation, and any rating of the share must take these factors into account.

In the light of the parent company's dismal results, speculation earlier this year that Chloride (SA) was the target in a takeover attempt seems even further from fact, as the parent will need any profitable contribution to help offset unfavourable prospects in the UK

Based on yesterday's closing price of 475c, the shares yield an historic 6%.

TABLE 6

subject to the members' latest Tax Assessment.

being/.......

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being presented to Hospital authorities.

ii) 100% of Nursing home charges at rate of R5,00 per day and 60 days in one year.

Theatre Fees: 100% of with a maximum of R25,00 per operation

aternity expenses: (i) R100 in respect of normal confinement after at east 40 weeks of contributing to the fund.

i) Caesarian section: additional expenses up to maximum of R30,00.

rescribed medicines: - 75% of cost of medicines and drugs. annual limit of 80,00.

00% of cost of physiotherapy prescribed by doctor. 75% of cost of ther auxiliary services.

ental services 75% of fees in respect of extractions and supply of entures. Maximum limit of R80,00 per family, per annum.

iropractors. Maximum of 10 vists.

ptical fees: A refraction fee of R3,50 plus 80% of cost of lenses and R5,00 f cost of frames. Dependents are limited to a refraction fee of R3,50 aximum annual limit of R30,00 per family per year.

urgical appliances: In orthopaedic cases, the cost of surgical appliances ith a maximum of R7,50 per appliance.

ministration costs.

out 10% of contributions go to the administration of the fund. The ue cost of administration is about 12½%. The difference is made up by come from the council's general funds.

l these three funds have contributions of a rand or over and fairly tensive benefits. This is particularly marked when compared to the dical benefit funds. One of the three funds provides for sick pay nefits under its medical aid scheme. This is more common in medical nefit schemes. All three funds are for skilled workers only. Two of e three funds make provision for the employer to obtain voluntary member ship making the appropriate contribution. This would seem to put the ployers at a considerable advantage, considering the difference in wage tes between employers and workers, albeit skilled workers

edical Benefit Schemes.

ght of the 29 benefit schemes were already established before 945. The first industrial council medical aid fund was established n 1953.

edical benefit schemes cover the majority of workers in industries where ndustrial councils medical assistance schemes have been established.

See/.......

SALDRU/SAMST

CONFERENCE ON THE ECONOMICS OF HEALTH CARE IN SOUTHERN AFRICA

SEPTEMBER 1978

INDUSTRIAL COUNCIL MEDICAL AID AND MEDICAL BENEFIT SCHEMES IN SOUTH AFRICA

Star 25/6/81

(183)

Drop in Chloride profits

Despite an increase in turnover to R42-million from R39-million, Chloride records a drop in pre-tax profit of 27 percent for the year ended March 1981.

The fall was attributed to the continued drop in the price of lead — the major battery-cost element — reduced margins on disproportionately high sales to the automative original-equipment market and intensified severe price competition in the automative and industrial replacement markets

Earnings a share were down to 53,8c from 70,3c Total dividend payment for the year remained at last year's level of 30c a share.

The London Bureau of The Star reports that the Chloride Group announced poor figures and passed no dividend

Some analysts believe the group might sell some overseas operations, especially those outside the US and Europe — **Ann Crotty.**

TABLE 2 Illustrates responses by the 1975 graduates to the question.

"HOW WELL DOES EACH OF THE FOLLOWING DESCRIBE THE MEDICAL PROFESSION ?"

This data was used to derive the ranks illustrated in Table 1.

A Profession which :-	VERY GOOD DESCRIPTION	FAIR DESCRIPTION	POOR DESCRIPTION
a) has high standing in the community	55.10	42.86	2.04
b) is of service to the community	69.39	29.59	1.02
c) is secure	51.02	36.73	12.24
d) is lucrative	22.68	58.76	18.56
e) resists change	28.57	42.86	28.57
f) offers the opportunity to help individuals directly	39.80	50.00	10.20
g) requires harder work than other professions	28.57	50.00	21.43
h) is more orientated towards satisfying its own needs than those of the community	11.22	39.80	47.96

TABLE 3. Lists the characteristics required for making a good physician, in order of importance.

1 Recognition of the limits of his knowledge and abilities

2 Ability to think logically

3 Integrity

4 Accuracy in collecting clinical data

5 Ability to define and solve problems

6 Thoroughness in collecting clinical data

7 Dedication to his job

8 Enjoyment of his job

-

STAR 25/6/81

183

Plastics strike settled

A three-day strike by about 220 black workers at the Gundle Plastics plant in Germiston was settled yesterday.

The entire dayshift — about 170 workers — walked off the job on Monday in protest against the dismissal of a colleague. They were followed by the nightshift later.

A spokesman for the Metal and Allied Workers Union said negotiations with the company began on Tuesday morning and were successfully concluded yesterday.

Management had agreed to reinstate the dismissed man and the workforce would be returning.

The union would be approaching management to discuss recognition, he added.

[illegible] personality

17 A good memory

18 Extensive knowledge of medical facts

19 Manipulative skill

20 Good appearance

21 Knowledge of the physical sciences

22 Knowledge of social science

23 Ability to carry out research

that the phrase "is more orientated towards satisfying its own needs, than those of the community" was a very poor description of the medical profession. These two extreme opinions when analysed, resulted in ranks No. 1 and No. 8 respectively in Table 1. Employing the same methodology, students were asked, "how important each of 23 characteristics was, in making a good physician". Each characteristic was followed by the options "very important", "fairly important", "of minor importance" and "not at all important". Responses were ranked from the most to the least important as illustrated in Table 3. The top 10 characteristics were.

a) Recognition of the limits of his knowledge and abilities
b) Ability to think logically
c) Integrity
d) Accuracy in collection of clinical data
e) Ability to define and solve problems
f) Thoroughness in collecting clinical data
g) Dedication to his job
h) Enjoyment of his job
i) An enquiring mind
j) Readiness to assume responsibility.

When students were presented with the same characteristics, but were asked how important each was, in order to succeed at medical school, the answers were markedly different (Table 4). Finally, when asked "During the clinical course how well do you think the following characteristics of students were assessed ?', it was apparent that many of the criteria considered in making a good physician were poorly assessed (Table 5).

Tables 6 and 7 illustrate the responses and ranked responses of 155 IVth year students who were presented with 14 statements and asked

to comment, firstly "How well does this medical school equip you for each of the following vocational needs" and secondly "How well SHOULD this medical school equip you for each of the following vocational needs". Analysis of this data revealed a significant degree of negative correlation (P= 0.05).

When asked. "how do you plan to use your medical qualification", 25% of the IVth year sample chose general practice, 30% specialisation, 4% research and teaching, 6% community medicine, 35% were undecided an

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DISCUSSION

Our study
a medical
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was that of a negative correlation associated with the goals and objectives of the medical school. Thus students felt they SHOULD be best equipped to

1) Provide care for all people in S.A.
2) Be aware of their own personality and how this affects doctor/patient relationships

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Star 25/6/81

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Fosatu warns of further disputes

The Federation of SA Trade Unions (Fosatu) has warned that there are likely to be further disputes of the type which erupted at Colgate Palmolive in Boksburg

"The question of where negotiations take place is clearly the next battle in terms of union recognition," it said yesterday

On Monday it was announced that Colgate had yielded to demands by the Chemical Workers Industrial Union — a Fosatu affiliate — for negotiations on wages and working conditions at plant level

The company had insisted that negotiations on these should be restricted to the Industrial Council, and a 14 month-long recognition dispute culminated in a consumer boycott of Colgate products and a threatened legal strike — called off as part of the settlement

"Managements and the State have agreed that black unions exist and should be negotiated with," the statement said "However, they are still attempting to decide unilaterally where such negotiations should take place"

Fosatu unions would decide on the basis of their own experience which forums would allow them to bargain effectively and from strength

(239) U.G.31, 1922, Table 7.

(240) Van der Horst, S.T., Native Labour in South Africa (London, 1971), p.206.

(241) Du Toit et al, op. cit., p.19.

(242) Horrell, M, and Horner, D., (eds.), A Survey of Race Relations in South Africa (Johannesburg, 1974), pp.241-242.

(243) Department of Statistics based on statistics of the Department of Mines.

(244) Copies of Financial Mail for relevant years, quoting press releases of COM.

(245) Ibid.

(246) MPA, 1978.

(247) Presidential Address of E.W.P. Van den Bosch, 88th A.G.M. of COM, 27 June 1978.

(248) Financial Mail, 18 Aug. 1978, pp.596-597.

(249) Ibid, p.597.

(249a) RMBOD, 1973-1974, p.5.

(250) National Research Institute for Occupational Diseases (NRIOD) 5th Annual Report, p.17.

(251) Ibid., Foreword.

(252) RMBOD, 1973-1974, 1974-1975, 1975-1976, Table XVI. See also NRIOD, 1975 and 1976, for difficulty in establishing numbers of mining population.

(253) NRIOD, 4th Annual Report 1974, p.6, Table 6.

(254) Ibid., Table 6.

(255) Ibid., 1975 and 1976, p.8.

(256) RMBOD, 1973-1974, p.3.

(257) Ibid., 1975-1976, p.3.

(258) Ibid., 1973-1974, 1974-1975, 1975-1976, 1976-1977, Tables XV.

(259) Ibi

(260) Ib

(261) I

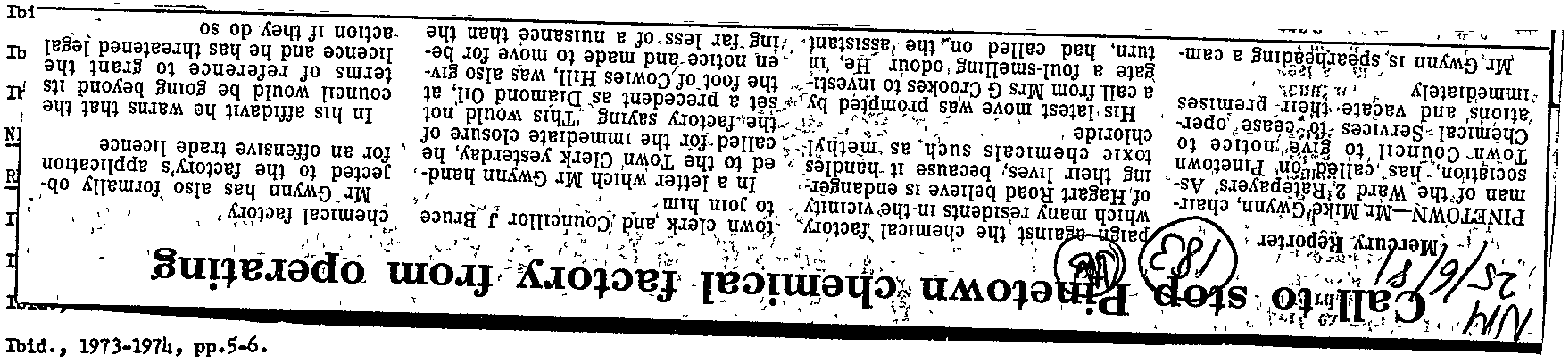
(262) N

(263) R

(264) I

(265) I

(266) I



NM 25/6/81

183

Call to stop Pinetown chemical factory from operating

Mercury Reporter

PINETOWN—Mr Mike Gwynn, chairman of the Ward 2 Ratepayers' Association, has called on Pinetown Town Council to give notice to Chemical Services to cease operations and vacate their premises immediately

Mr Gwynn is spearheading a campaign against the chemical factory which many residents in the vicinity of Hagart Road believe is endangering their lives, because it handles toxic chemicals such as methyl chloride

His latest move was prompted by a call from Mrs G Crookes to investigate a foul-smelling odour He, in turn, had called on the assistant town clerk and Councillor J Bruce to join him

In a letter which Mr Gwynn handed to the Town Clerk yesterday, he called for the immediate closure of the factory saying 'This would not set a precedent as Diamond Oil, at the foot of Cowies Hill, was also given notice and made to move for being far less of a nuisance than the chemical factory'

Mr Gwynn has also formally objected to the factory's application for an offensive trade licence

In his affidavit he warns that the council would be going beyond its terms of reference to grant the licence and he has threatened legal action if they do so

(267) Ibid., 1973-1974, pp.5-6.

(268) Ibid., 1973-1974, 1974-1975, p.3 and p.3.

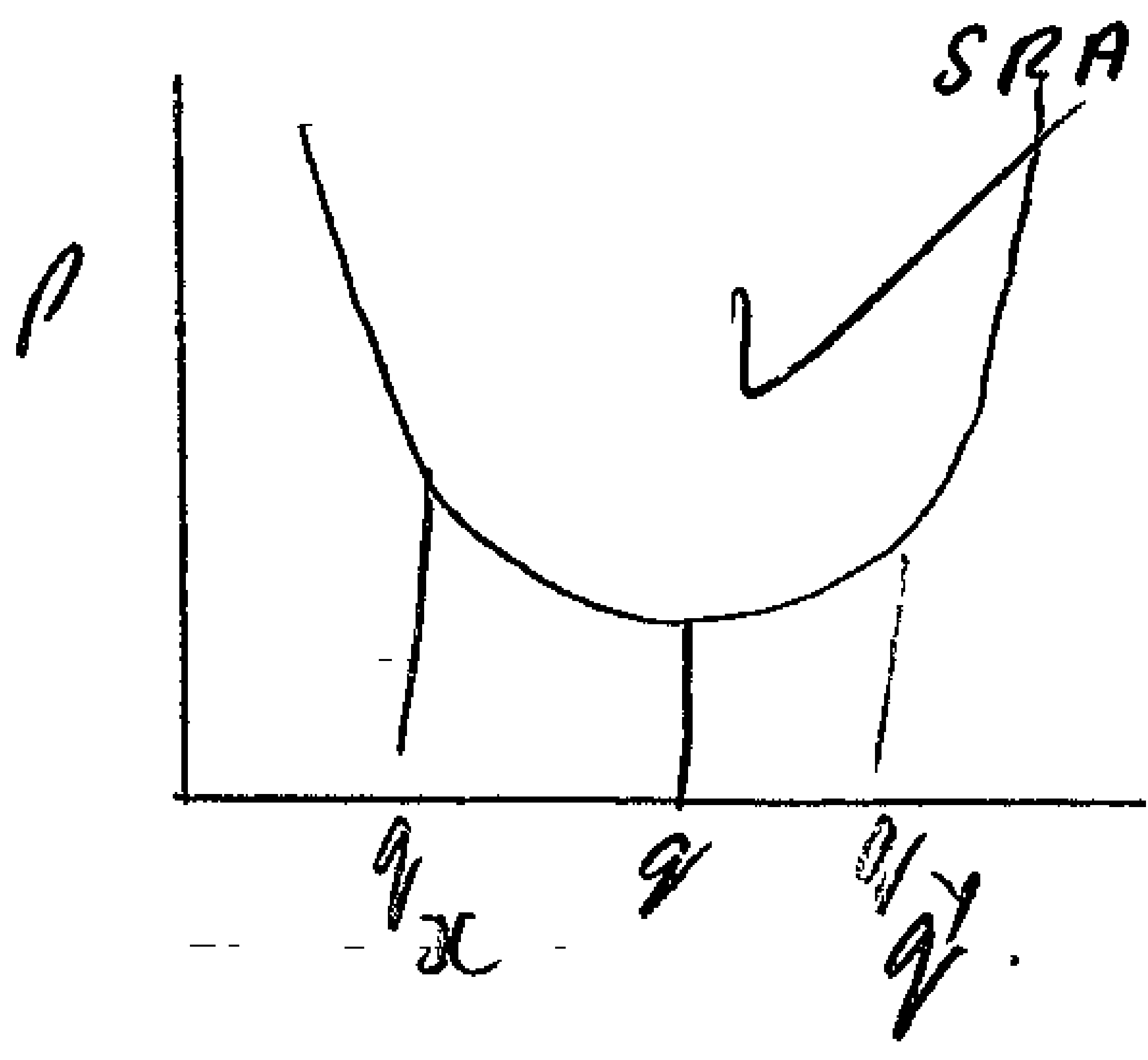
(269) NRIOD, 1975 and 1976, Foreword and p.11.

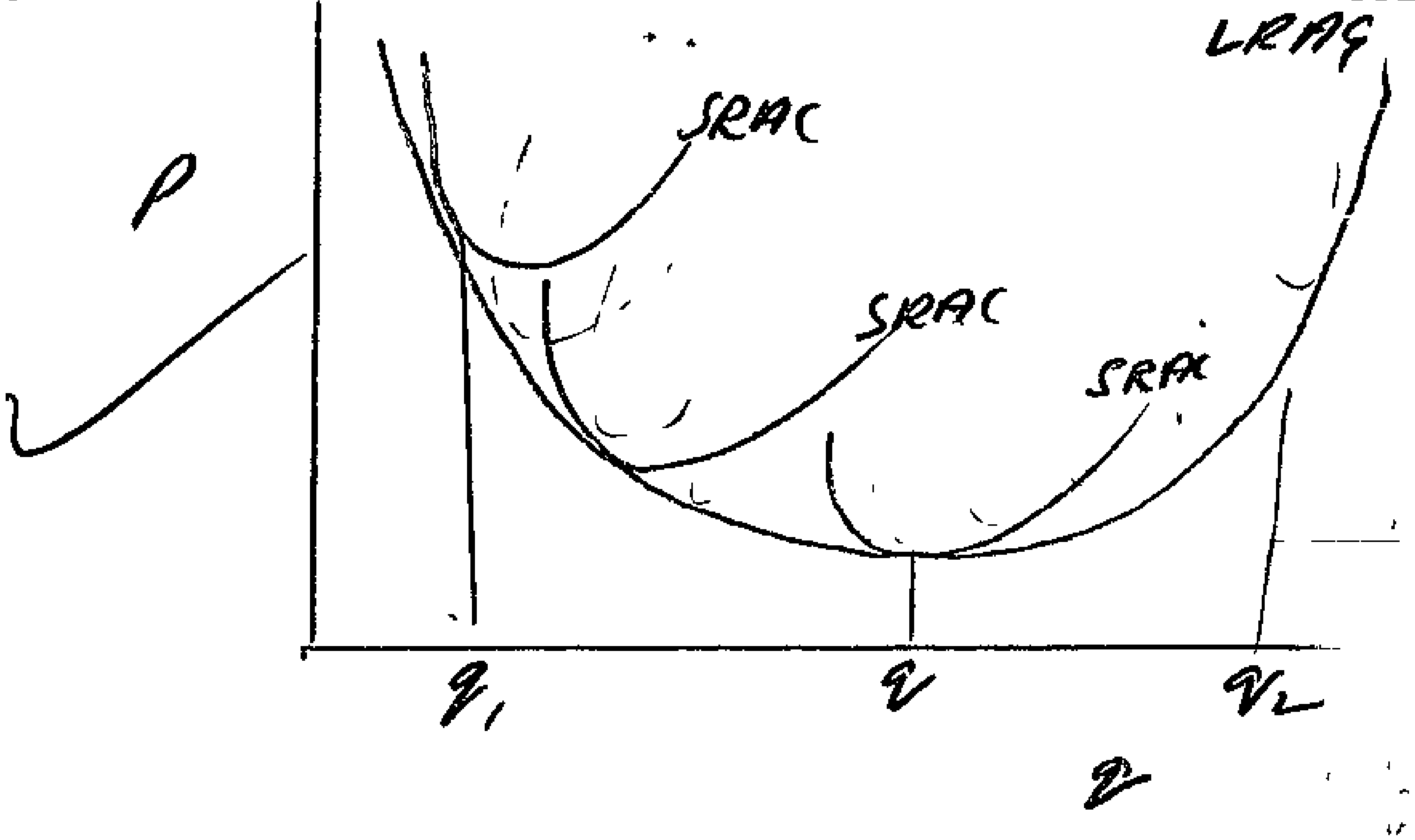
(270) Ibid., 1974, p. 8, 1975 and 1976, p.12

I would like to thank the following people for their help:

Dr M.Hurwitz, Dr L.Irwig, Dr Pullinger, Dr N.Saxe, Mrs A. Ratcliffe, Professor I. Webster and Professor S. Zwi.

Question 9b-(a)





SRAC:

This is caused b at least one factor being held con are allowed to vary. Poin timum point at q re are increasing e scale and at q_y there ng economies of scale. At cheapest point to p ce when AC is at int. It is the point of "least cost".

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COLGATE SQUEEZED

FM 26/6/81

The dispute between between Colgate Palmolive (CP) and the Fosatu-affiliated Chemical Industrial Workers Union (CIWU) has been settled.

However, there are signs that "fraternal" pressure by international unions played a part in causing CP to agree to negotiations at plant level — instead of within the Industrial Council set-up

Before settlement the union was ready to call the first "legal" black strike of the new labour dispensation.

L.R.AC.

Here I will explain what the L.R.AC is and how the S.R.A.C relates to it.

The L.R.A.C method here means that all factors are allowed to vary. All the S.R.AC go to make up

(183)

COLGATE DISPUTE HIGHLIGHTS THE BATTLE FOR POWER ON THE FACTORY FLOOR AND THE INDUSTRIAL COUNCIL CONTROVERSY

KOM 26/6/81 (152)

THE BATTLE OF BOKSBURG

Boksburg may be a breeding ground for heavyweight boxers — but it is an unlikely venue for heavyweight labour disputes. Nevertheless, a union recognition dispute at Colgate-Palmolive's Boksburg plant, which was settled this week, has prompted intense employer and union interest. Labour Reporter STEVEN FRIEDMAN reports.

AT A UNION meeting in Benoni, workers are pledging to boycott Colgate-Palmolive products The speeches differ but the message is the same "If Colgate workers win we all win If they lose, we all lose

Meanwhile, at Colgate s headquarters in Boksburg, a management man says "We re constantly getting calls from other companies and other industries There s no doubt everybody s watching what goes on here "

And indeed, the 14-month labour dispute at Colgate-Palmolive's Boksburg plant, which was settled this week, remains a talking-point among workers and employers

Not surprisingly — for it centred on an issue which directly affects every company and union Should employers agree to negotiate directly with black unions in their plants or should they insist that issues like pay and work conditions be negotiated at official industrial councils?

Colgate s agreement to negotiate directly is expected to step up union demands for direct bargaining and challenge some employers pro-industrial council stand The dispute has also proved something of a test for consumer boycotts, the Government s dispute-settling machinery, and overseas codes of labour conduct

It all started when Colgate refused a recognition demand by the Fosatu-affiliated Chemical Workers' Industrial Union (CWIU) — which claimed majority membership at the plant — because the union wasn t registered

CWIU had applied for registration but had not yet received it and it accused Colgate of ' hiding behind Government policy ' and of violating the Rev Leon Sullivan s labour code for US companies operating here

Colgate was rated as one of Sullivan s model employers" Fosatu thus cited the dispute as evidence that the code was a "camouflage for companies

When Mr Sullivan visited South Africa last year, he was drawn into the dispute and, after meeting CWIU representatives, said the code obliged employers to recognise representative unions whether registered or not

Whether that had an effect is unclear but Colgate did agree to recognise the union

It said however, that it would only do so it CWIU agreed to negotiate on wages and work conditions at an industrial council Dealings with the union at the plant itself would be restricted to shop-floor grievances

CWIU said Colgate was trying to turn it into a 'tame" union

It based this in part on the fact that the councils set only minimum, not actual, pay CWIU said it refused to agree to bargain on rates which had little to do with what its members were really being paid

The union also pointed to the fact that the council agreement covered only 20-odd Colgate workers and behind its objection lay a widely-held antagonism towards the official industrial councils by black workers and their unions

Colgate replied that, it wage bargaining did not take place industry-wide, it would be unable to compete with companies who did not bargain with unions and could thus get away with lower rates

It said it was management s prerogative to set actual wage rates and appealed to CWIU to join an enlarged council which would cover all workers

To enforce its demand, the union chose a two-pronged strategy It decided to encourage a consumer boycott of Colgate products and to attempt a legal strike at the company — only the second-ever by black workers

The legal strike involved applying for a Conciliation Board which failed to resolve the dispute CWIU then had to observe a 30-day "cooling-off" period and win a strike ballot — which it did, winning a 98% "yes" vote

As the legal strike date approached, the union and Fosatu pressed ahead with the boycott plan, concentrating on mobilising workers in Fosatu unions but also canvassing community and trader support

Whether the boycott hurt Colgate is unclear The company says it didn t, while some sources say Colgate s sales were still growing, but were not meeting company projections

Others claim traders were refusing to stock Colgate products and that trucks were returning to the company with their stocks unsold

What is clear is that Colgate operates in a competitive market in which any threat to sales can be serious that black traders had boycotted its products before — in a purely commercial dispute — and that the company must have been worried about the threat of a boycott

As a multinational with an easily-recognisable consumer product to sell it is vulnerable to both boycotts and international union action

What is also clear is that workers in other East Rand factories as well as black community organisations, were rallying behind the boycott

Stickers supporting it began turning up in unexpected places and workers began arriving at work with boycott stickers plastered on their overalls — an indication, also, that unionism seems to be taking root on the East Rand

The sight of workers openly backing the boycott is believed to have had an effect on other East Rand employers, with some fearing that a legal strike at Colgate could spill over into strikes in their own factories

However, the great showdown never came On the last working day before the strike was due, Colgate told CWIU it accepted in principle its right to negotiate on wages and work conditions directly and dropped its demand that the union agree to join an industrial council before it could win recognition

It agreed to negotiate on the details of a recognition agreement if the union called off the boycott and dropped strike threats CWIU readily agreed and Fosatu hailed the settlement as an important ' worker victory"

Many employers agreed, describing Colgate's decision as a backdown

Explanations for Colgate s change in attitude vary Some point to the boycott and threatened strike Others cite the fact that international unions were committing themselves to pressuring Colgate's parent company

And a management source says Colgate originally enjoyed the backing of other employers who saw the dispute as something of a test case

But during the week of the strike ballot, this backing ebbed and Colgate was told it was on its own, he says

Colgate says it merely recognised the reality of the situation It became evident that CWIU would not go the industrial council route So Colgate accepted the practicalities of the situation and agreed to negotiate directly

However one chooses to describe it, it is obvious that the company decided to renounce its previous position

Fosatu says this is a victory for the principle that workers should be allowed to decide how they will bargain with management and predicts more disputes on the same issue

At the very least, the fact that Fosatu and East Rand workers see the settlement as a victory will prompt new demands for plant-level bargaining

One obvious implication of the dispute is that a union made use of the Government s much-maligned strike machinery and found that the threat of a legal strike helped it to enforce demands

Does this mean that the machinery works after all, that the threat of a legal strike can force negotiations and prevent confrontation? Does it mean that unions will make more use of the machinery as Mr Fanie Botha is constantly urging them to do?

No, and perhaps yes The machinery remains cumbersome — CWIU had to wait for the appointment of a Conciliation Board and then had to restrain its members from striking for 30 days

The workers did wait — but then the Colgate dispute was not about an issue which required a speedy settlement

Workers may well not have waited it the dispute had been about pay, retrenchments or an 'unfair dismissal

Secondly, many workers can't strike legally as most Colgate workers could

If workers are covered by an industrial council agreement which is in force or by a Wage Board agreement which came into force less than a year ago, they may not strike legally

In the first case, a legal strike can only occur if an agreement has lapsed and the registered unions on the council refuse to renew it In the second, workers are in the hands of an official body, the Wage Board whose decisions are not reached by negotiation

Some workers, like bus drivers and food workers, cannot strike legally at all because their industries are regarded as "essential services'

The fact that a strike is legal does not prevent employers from firing strikers

So the legal strike right is still severely limited and, while some black unions will make more use of the official machinery in support of demands like union recognition, it will continue to be bypassed in most cases

But the key issue raised by the dispute is that of industrial councils, which have been cornerstones of the official bargaining system since 1924

They are composed of employer associations and registered unions who negotiate agreements on minimum wages and work conditions Their agreements are submitted to the Government and become legally binding once they are published in the Government Gazette

The Government has the right to reject an agreement and ask the parties to renegotiate it It has done this — in one case officials felt the minimums laid down for blacks were too low — but the practice is extremely rare

Industrial council agreements are monitored by agents appointed by the councils and most councils run benefit funds, training schemes, etc

Black worker and union suspicion of the councils runs high and extends even to some unions who have opted for registration

In short, they believe that, while the councils may have guaranteed industrial peace in the days in which they catered for non-black skilled workers only, they are totally inadequate for black worker needs

There are as many criticisms

They are seen as unrepresentative — bodies where whites have for decades made decisions about blacks, as undemocratic, because unions have the same number of votes on them regardless of their membership, as bureaucratic and cumbersome, the council agents coming in for particular criticism

The fact that they negotiate minimum, not actual, wages is a key criticism which was heard particularly at Colgate If employers are prepared to set actual wages which differ from the industrial council agreements, they should do so through bargaining rather than unilaterally, the unions argue

One of the most important criticisms, however, is that the councils take bargaining off the factory-floor, where strikes begin, and into an administrative machine far removed from the realities of factory life

Most industrial councils, say the critics take on an administrative life of their own in which the representatives spend 11 months of the year administering an agreement, and at most one month negotiating on work problems

Unionists have little time to maintain strong links with their constituencies and pay little attention to what is going on at the grass roots They are too busy administering the pension fund, training fund and the like

On most of the bigger councils, workers do not negotiate with employers

Instead, professional negotiators hired by employer associations bargain with union general secretaries — professional negotiators hired by the unions

These negotiators are obviously responsible to their constituencies, but it is quite possible for an employer whose entire workforce belongs to a union never to bargain with that union at all

And most councils are too large to settle problems in individual plants, some say

Unionists thus claim that those employers who say they will bargain at the councils only are in effect saying that they don't want to bargain at all and the unions therefore demand individual agreements with companies which can, if necessary, be enforced in the civil courts

Many employers do seek to use the councils to avoid bargaining But supporters of the councils cite a host of other reasons for their views

The argument that industry-wide bargaining ensures that wages are uniform features prominently But employers who back the councils cite other arguments

The agreements are backed by the force of criminal law and offenders can be prosecuted While most employers do pay above the minimum, there are "numerous" prosecutions of those who don't

If the council is representative enough, its agreements can be extended to cover non-parties who are often "among the worst employers

Agents may be unsympathetic to black workers but the unions have an equal say in their appointment and a strong black union presence on the councils could lead to a very different sort of agent

In addition, the agreements can at times be monitored by joint union-employer inspections of premises rather than by the agents

Finally, supporters say the councils are much more flexible than the critics say — it s untrue that they can t resolve disputes quickly "

Many supporters of the councils concede that they will have to change substantially before they are adequate to black needs

But they insist that much of the criticism is focussed on the councils as they *are*, without real black participation rather than as they could be if black unions agreed to join them

Supporters of the councils also argue that incidents like the Colgate dispute may divert bargaining away from industrial councils in industries which have weak or non-existent councils but that they will not do so in those which already have a strong council

Nevertheless, the stark fact is that most independent black unions are not content to bargain through the councils Some reject them out of hand, others say they must be supplemented by individual, recognition agreements

In addition, some representative unions will not register — a stance which disqualifies them from bargaining on councils

It is equally clear that a wide range of labour experts believe that the industrial councils in their present form are simply not up to their task

Unless councils enjoy the confidence of black unions, employers will have to reach their own accomodation with the unions, rather than rely on official machinery

As one management man put it this week I can understand Colgate wanting to take a stand But it chose the wrong issue — particularly while the Government's own labour intentions are still unclear

"What is surprising is not that it agreed to negotiate directly — but that it took it fourteen months to do so '

Ram

Talks may follow strike

183

27/7/78

By STEVEN FRIEDMAN
Labour Reporter

A STRIKE this week at the Johannesburg firm of Gundle Plastics is likely to be followed by recognition talks between the company and a black trade union.

The dispute has been settled and informed sources say the prospects of a recognition agreement following the the talks are "high".

In another development yesterday, Richards Bay was hit by new labour unrest when workers at Richards Bay Minerals struck over a union recognition dispute

The strike has not been settled and about 500 of the company's 900-odd black workers are involved, according to Mr Matthews Oliphant, general secretary of the National Federation of Black Workers

Management comment could not be obtained yesterday

Trade unions say they are making rapid progress in the Richards Bay area and that it could become a centre of union action

At Gundle Plastics, a strike this week by about 200 workers over the dismissal of a colleague ended in a settlement when management agreed that the man could return to work on Monday

The company's works director, Mr Bill Goldin, said Gundle had agreed to take the man back on condition workers agreed to return and that he apologised "for the behaviour which had led to his dismissal"

The black Metal and Allied Workers Union claims to represent a majority of the company's workers and is planning to approach management with a request for recognition

Labour sources are confident that the company will agree to recognise MAWU

Mr Goldin said yesterday that Gundle had not been approached by the union But he added "We would obviously be prepared to listen courteously to any approach"

The company wants the union to provide proof that it was representative of the workers

At ~~Richards Bay~~ Minerals, Mr Oliphant said his federation had approached management earlier this week with a request for recognition

Management had asked for a list of union members at the plant as proof that the union was representative, but work- They feared victimisation and asked for a secret ballot instead Management turned this down and workers took matters into their own hands," Mr Oliphant said.

APPENDIX III. "Non-government Institutions"

INSTITUTION CATEGORY	Total No.	Whites	No. catering for Coloureds	Blacks	Indian
1. South African National Council for Mental Health	-	cf. above			
2. Private Hospitals and Nursing Homes for psychiatric patients	9	9	-	-	-
3. Child Guidance Clinics	16	11 (remaining 3 for "all races".)			2
4. School Psychological Clinics	60	59	1	-	-
5. Clinic Schools	4	4	-	-	-
6. Special Schools of the Provincial Education Departments	41	41	-	-	-
7. Special Classes	?	?	285	17	?
8. Private Remedial Schools	8	8			
9. Crisis Intervention					
...ties	31	15	3	9	-
		(remaining 4 for "mixed" races)			
14. Facilities for the Infirm Aged	49	41	6	-	2
15. Facilities for the Cerebral Palsied	26	17	2	6	-
		(remainder for Blacks & Coloureds)			

(Reference: SANC for MH: Mental Health Facilities - RSA 1977.)

./...

Louis Luyt slams Sasol's plans for fertiliser plant

S. Express 28/6/81

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~~260~~

SASOL, South Africa's coal-from-oil giant, has announced it is to build a new R56-million fertiliser plant at Secunda

And yesterday, the decision was slammed by Triomf fertiliser magnate Mr Louis Luyt who said it ran contrary to the Government's system of free enterprise

The new plant will produce fertilisers at consumer level and will compete directly with established giants such as Triomf and Fedmis — which obtain much of their raw material from Sasol

IT IS CONTRARY TO FREE MARKET POLICY, HE SAYS

By KITT KATZIN and ARNOLD DAVID

"But make no mistake," said Mr Luyt, "I will meet the challenge squarely."

He said however he was surprised the Government had allowed Sasol to establish the new plant and believed the decision cut across the spirit of remarks made by Prime Minister Mr P W Botha to a group of businessmen last year that the Government should understand economic growth was the responsibility of private enterprise

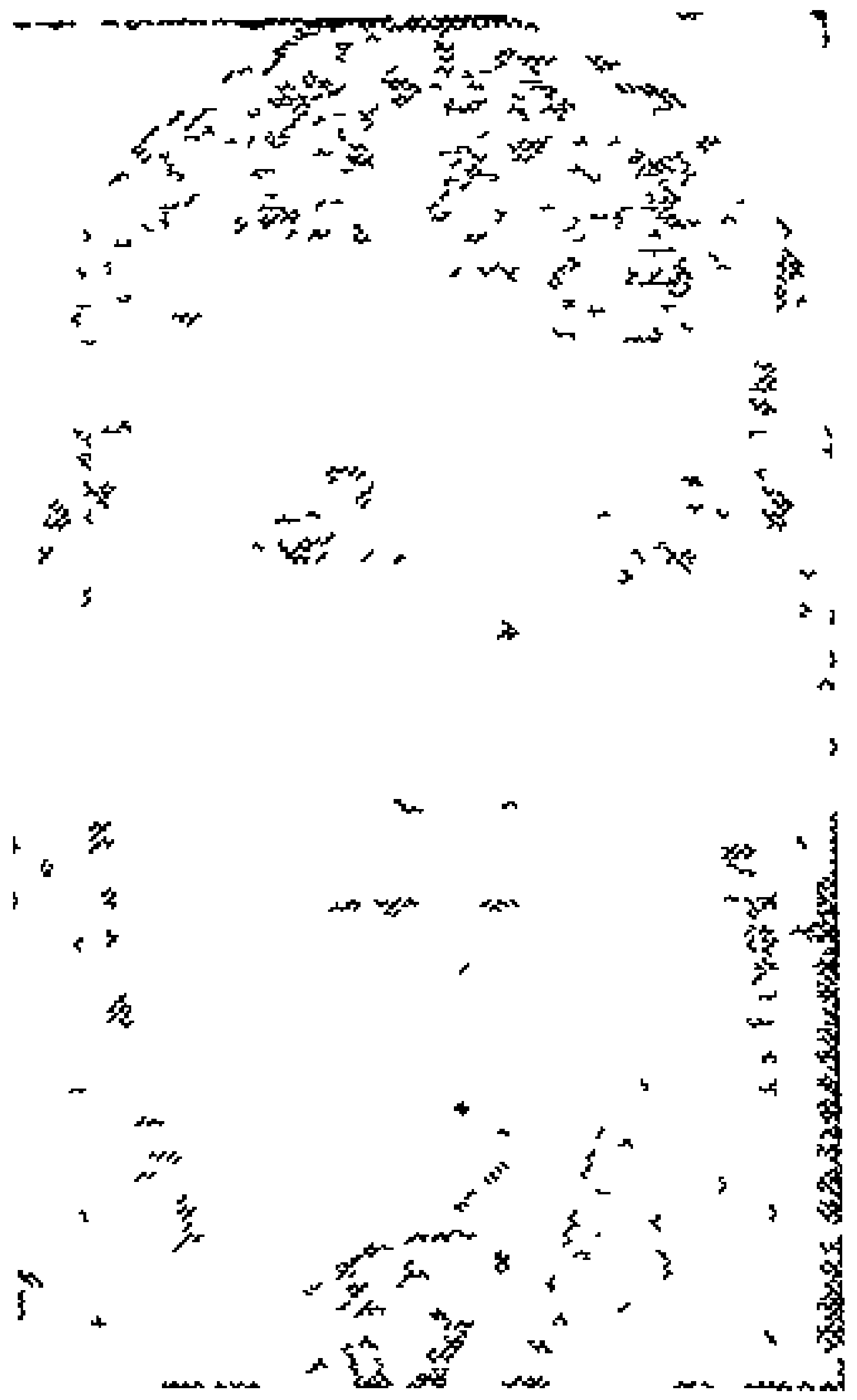
Mr Luyt whose Triomf empire has an annual turnover of R600-million and assets of R400-million emphasised that he welcomed competition in the free market especially at a time such as this when demand is outstripping production

He did not however believe it was healthy business practice to expect industrialists to compete directly with the Government

Sasol's new plant will be administered by Sasol Fertilisers Secunda

According to its announcement Sasol is taking this step "to safeguard the large investments already made in the Sasol group for the production of ammonia and in the interests of fertiliser consumers"

The announcement also implied that the fertiliser industry as it is now needs some competition



○ Louis Luyt new competition

The new factory to be built at a cost of R56-million at today's prices — a price which does not include the cost of infratructure — will be funded from internal cash flow and will produce a range of fertilisers, including nitric acid, ammonium nitrate, limestone ammonium nitrate and NPK (nitrogen phosphate and potassium) mixtures

Most of these are already being produced by Sasol at Sasolburg

According to the announcement, products from this (Sasolburg) plant will be marketed directly to the farmer by the marketing organisation of the new company in the closest co-operation with the co-operatives

As in the past Sasol will continue to supply contractual volumes of fertiliser to other distributors

Sasol claims its entry into the market would lead to healthier and more competitive conditions in the industry

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former times, when it was common for private doctors to visit the sick on the farms and perform inoculations there, other illnesses could more readily have come to light. In recent years, visiting of 'state' patients has ceased. Even with two doctors in Tiersdorp, they appeared to be too busy to do much routine visiting; clearly now extra manpower (not necessarily a doctor) would be required for surveillance. Education for blacks on home health care would also help in the present situation.

. / ...

INTRODUCTION

The aim of this paper is to indicate the method by which South African health expenditure is financed. Expenditure on health care in South Africa is controlled largely through direct expenditure by the Department of Health and a complicated system of subsidies paid by the central Government to the provincial and local authorities.

State resources have always been complemented by the resources of the private sector, through welfare organisations, sponsorship of medical research by the private sector and medical benefits to employees by firms.

Section 1 deals with the overall financing of health services in South Africa, i.e. the State's contribution to the health care system, indicating the method by which allocations are made to various levels of government. Section 2 deals with the contribution of the private sector. This is to some extent an artificial distinction since, for example, both sectors provide hospitalisation facilities. Therefore certain areas of the health care system will be dealt with jointly to give perspective.

SECTION 1

Health expenditure is organised by a number of votes in Parliament. Moneys allocated to the Department of Health are used to subsidise local authorities and to run state institutions such as mental hospitals, although the bulk of these funds are for preventative medicine. State expenditure on health services in the homelands is included in a separate vote - that for the Department of Plural Relations and Development and the South African Bantu Trust. Furthermore, money is allocated by the Treasury to subsidise provincial health services.

The total health expenditure by the State from 1975/76 to 1977/78 on the above services is shown in Table 1 below. The table indicates the absolute expenditure by the State as well as the percentage changes in expenditure over the past three years. It indicates that in 1977/78 provincial subsidies accounted for roughly 75% of total current health expenditure.

TABLE 1

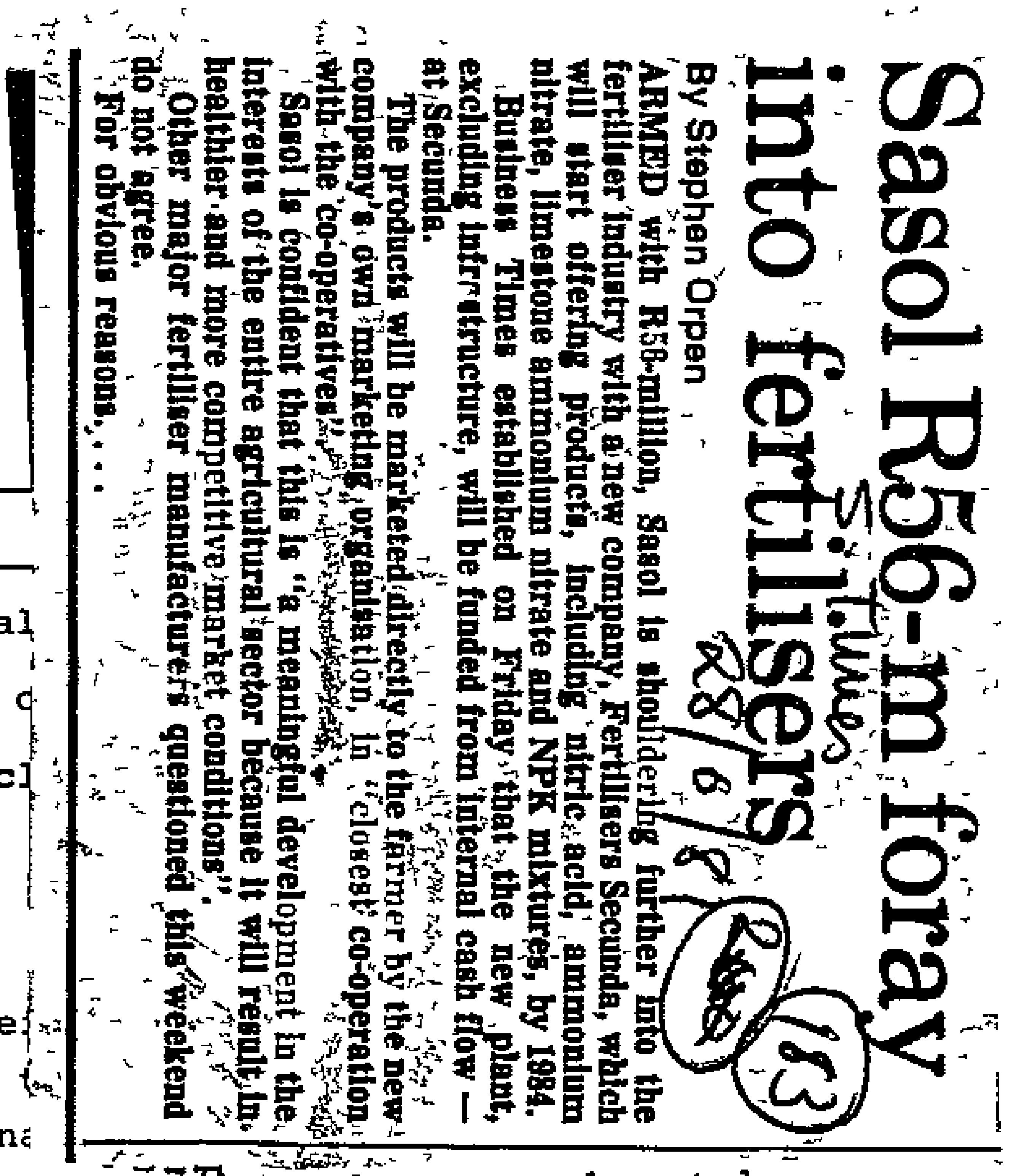
STATE HEALTH EXPENDITURE IN SOUTH AFRICA
1975/76 - 1977/78 (R MILLIONS) (Current prices)

		1975/ 1976	1977/ 1978	% Change	1975/ 1976	1977/ 1978	% Change
Dept. of Health Vote	W	44,9	54,7	+21,8			
	B	67,4	82,1	+21,8	0,38	0,4	5,2
(a) Homelands		9,2	26,1		2,4	2,3	
(b) S.A.Bantu Trust		55,2	[illegible]		[illegible]	[illegible]	
Subtotal (a) + (b)		64,4					
Prov. Subsidies Cape	W	61,7					
	B	119,8					
Natal	W	16,6					
	B	52,1					
O.F.S.	W	19,0					
	B	20,0					
Tvl.	W	82,4					
	B	70,4					
Grand Total		618,7					

(Inclusive of Municipal

Source: Department c

(W = WHITE; B = BLACK (incl



Sasol R56-m foray into fertilisers

S. Times 28/6/8

183

By Stephen Orpen

ARMED with R56-million, Sasol is shouldering further into the fertiliser industry with a new company, Fertilisers Secunda, which will start offering products, including nitric acid, ammonium nitrate, limestone ammonium nitrate and NPK mixtures, by 1984.

Business Times established on Friday that the new plant, excluding infrrstructure, will be funded from internal cash flow — at Secunda.

The products will be marketed directly to the farmer by the new company's own marketing organisation, in "closest co-operation with the co-operatives".

Sasol is confident that this is "a meaningful development in the interests of the entire agricultural sector because it will result in healthier and more competitive market conditions".

Other major fertiliser manufacturers questioned this weekend do not agree.

For obvious reasons. . . .

1.1 Department of Health

The Department of Health rece votes - the Health vote, and vote. This is used to fina cipalities) the provision of tuberculosis, leprosy and mental hospitals as well as district medical and nursing services and medical poor relief. It is also responsible for ancillary services such as State laboratories, the control of infectious diseases and environmental control. The expenditure shown in Table 1 also includes the subsidy paid to the South African Medical Research Council.

Decision on Pretoria's synfuel plans soon

S. Times 28/9/81

183

METHANOL APPEARS TO HAVE THE EDGE

By Tony Hudson

THE future of the synthetic fuel industry in South Africa is soon to be decided by the Minister of Mineral and Energy Affairs, Mr F W de Klerk

Last February he gave potential producers from 12 to 18 months to submit guidelines for the development of an alchohol-fuel industry The time limit expires at the end of next month

After all proposals have been submitted the Government will study them and rule on what taxes and duties will be applicable Alcohol fuels will have uniform excise and other duties as presently applied to Sasol and will in practice have a 4c-a-litre advantage over fuel derived from imported crude oil

In addition, the Government may give further duty reductions to licensed producers for the contribution to the replacement of diesel fuel only

In recent months a number of schemes have been revealed These include

- A joint Anglovaal/Caltex study on oil from coal
- The reproduction of a diesel substitute from plant oils
- Intensive research programmes for the production of ethanol from cassava by Sentrachem
- Sentrachem's plans for a multi-million ethanol plant in BophuthaTswana
- A R400-million methanol project to be run jointly by AECI, Anglo American Coal and Shell SA

While it would appear that the Government has tentatively plumped for methanol, ethanol still has its supporters, including the giant Sentrachem, which has made extensive studies of the subject

Among its arguments, Sentrachem has said that three large ethanol plants could be established in the homelands for around R450-million, providing jobs for up to 150 000 people

Latest to join the fray is the South African Cane Growers Association at its annual meeting in Durban recently

Mr John Chance, vice-president of the association, says "The factor that offers most scope to enable the industry to continue improving its overall efficiency would be for the Government to adjust its fiscal incentives so as to make the production of ethanol from sugar cane economically viable

"This would provide a huge new market for sugar cane and allow large-scale expansion Unit costs in the industry could be reduced and this would enable it to offset some of the effects of inflation "

Mr Chance pointed out that such a move would open up vast employment prospects in the industry, provide development opportunities for the homelands and reduce dependence on imported oil supplies and non-renewable coal reserves

He says that the Government seems wedded only to the oil-from-coal route

"For some reason or other," he says, "there appears to be a conspiracy against ethanol production, and I cannot understand why this is

"Facts are twisted and nonsense is sometimes spoken so as to denigrate the production of ethanol As an example, Sasol and others are often quoted as saying that their synfuel production is the better option because synfuel plants are highly capital-intensive and the bulk of their assets are fixed

"They say that, even with inflation, cost factors like coal and wages comprise only a small percentage of total costs It is pointed out, on the other hand, that the costs of sugar cane tend to rise with inflation

"This argument is completely fallacious," says Mr Chance "The truth is that high capital cost, in that it is represented by depreciation, also rises from year to year with inflation in the same manner as any other cost

"I do admit, however, that to choose the capital-intensive option becomes easier when one has access to unlimited capital provided by the Government at low interest rates

12. Small production groups as opposed to community projects.

I have come to the conclusion that projects based on the productive activity of a smaller group (for example chicken-rearing co-operatives, communal gardens and sewing groups) are much more likely to inspire involvement than those where people's committment is dependant on their seeing themselves as part of a wider community (for example creches, clinics and community centres).[57]

In a small production unit members join because they want returns e.g. cash from their activity. The benefits of belonging are clear and direct Thus one fairly often finds that in the same village where nobody is participating in planned "community projects", people have got involved in production groups.

In Ipoti area, for example, a clinic sister devised some projects to try to improve the situation of the many extremely poor families, most of whom have undernourished children.

One project was a community creche where the children were to be fed a balanced diet mainly from the creche garden, getting most of their protein from soya beans. The mothers would see from the improved health of their children that they could produce good food from their gardens, even if they have no cattle and very little money. Other projects were to explain to mothers ways in which they could "grow" money from their very limited resources, and help them set these up. The projects were the communal garden, the vegetable bulk-buying and hawking scheme, a grass-mat making project and various others. People who wanted to could use their profits from these activities to slowly build up enough "down payment" to be able to participate in a scheme whereby the government subsidises the purchase of good milk cows.

Whereas the creche project has been going very badly[58] the women's groups have had considerable success in

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attracting members, especially amongst the very poorest people
whom the project is aimed at. Membership in the communal gar-
den, grass mat making an
creasing steadily and me
small amounts, at most R
their extreme poverty, m
group have not managed t
to R5.00 and R10.00. Th
group towards making and
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Association, Zisizeni H
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establishing the projec

Another project there i
rooms at the clinic for
also rooms for the clin
again there has been support from some people, but not enough
to raise sufficient money to build the rooms.

It appeared (though from only one visit) that the most successful projects at Dlebe are small producer groups engaged in some entrepreneurial activity, eg., a Blacksmith group, a block-making group and one engaged in agriculture.

Talks with Minister on fertiliser plant

RDM 29/6/81

183 ~~260~~

By SUE ROBERTSON

THE Minister of Trade, Industry and Tourism, Dr Dawie de Villiers, will arrange discussions between Sasol and members of the fertiliser industry early this week following Sasol's announcement that it is to build a fertiliser plant at Secunda

The new company — to be called Sasol Fertilisers Secunda (Pty) — will compete directly with established fertiliser distributors who are supplied with fertiliser products from Sasol

Sasol's managing director, Mr J A Stegmann, has confirmed the talks would take place between the Minister, Sasol and fertiliser companies this week

He said yesterday that because of the national importance of the fertiliser industry, there was a "definite understanding" between Sasol and the Minister that "expansion should be undertaken in the least disruptive manner"

He assured fertiliser distributors that Sasol would adher to contractual commitments to supply ammonia and other nitrogenous fertiliser products

Fertiliser magnate Mr Louis Luyt yesterday declined to comment on Sasol's announcements yesterday

He was quoted, however, by Sapa as saying he did not believe it was a healthy practice to expect industrialists to compete directly with the Government

A newspaper yesterday quoted Mr Luyt as saying he welcomed the new development

(183) 29/6/81

INSIDE MAIL

Part of the old Tzaneen power station, which will produce "dirt cheap" steam for the company's production plant Insets show SAEF's chief backer, ~~Mr Ken Buckerfield,~~ left, and his partner, Mr Ken Ottignon

(183) (38)

RDM 29/6/81

WHAT A BREW!

MAKE FUEL AND MILLIONS OUT OF SAWDUST, CLAIM THE BACKERS. AN OFFER YOU CAN'T REFUSE? WELL, THE SCIENTISTS ARE SCEPTICAL . . .

By DAVID CARTE, Deputy Financial Editor

WOULD you like to buy shares in a company that will earn untold millions making ethanol from sawdust by a new process?

This proposition is being put to prospective investors all over the country by share hawkers raising capital for SA Ethanol Fuels Ltd

The company is unlisted with little capital and its backers are not well-known pillars of the financial and industrial community It has published no prospectus or meaningful balance sheet

The backers of SA Ethanol Fuels are telling prospective share buyers the venture needs a one-off capital investment of only R2 800 000

On their cost and revenue estimates, once it is in full production, making 120-million litres of ethanol a year it will earn an operating profit of between R20-million and R40-million a year

But scientists operating in the field of ethanol fuels say they will be amazed if the company can achieve what it is attempting They say it will be a world first

Shares in the company are being sold in terms of Section 141 of the Companies Act

This means the proceeds of shares sold belong, not to the company, but to a holding company, called Ethanol Investments (Pty) This is wholly owned by the chief backer of the scheme, Mr Ken Buckerfield of Johannesburg

Mr Buckerfield is aware that legally the proceeds of shares sold are his but he insists that, apart from a 10% commission he is charging to raise capital, all funds so far received — about R400 000 — have gone into development of the company

Funds are loaned interest free to the public company

Mr Buckerfield acknowledges that selling the shares under Section 141 puts him in a strong position over minority shareholders, but he says the idea was his and he risked a lot of his own money on the scheme This entitles him to a commission and to a premium on the shares being sold

Section 141 of the Companies Act also allows the company to sell shares without publishing a prospectus giving detailed information about the company, its intentions and its directors

All the company has published is a statement giving the minimum information required in terms of Section 141 (1) of the Companies Act

The balance sheet in this statement reveals shareholders' funds of less than R4 000 and the income statement shows a loss of R12 418 in the six months to August 1980

Mr Buckerfield tells potential investors these figures are "hopelessly outdated" and that the balance sheet now looks far more substantial He says a balance sheet for the period to end February will be out in a fortnight and the statement will soon be updated

He says he started the venture with "nothing but a promise" and, for this reason, a prospectus would have been a waste of time

Mr Buckerfield's main partner is Mr Bob Ottignon of Tzaneen, formerly of Durban He developed the technology

Mr Buckerfield bought the company from Mr Ottignon and took over its financial affairs after Mr Ottignon was found guilty by a Durban court of three contraventions of the Companies Act in December, 1980

Mr Buckerfield's holding company has 80% of SAEF but intends to reduce this to 51% through the sale of shares

Asked about his background, Mr Buckerfield said he had been involved in engineering, specifically in steam production and boilers for a long time, even when he was in the Navy More recently he had been in "financial consulting"

He confirmed that he had once been a share salesman for Principal Mining, a controversial unlisted company that has accepted shareholders' funds for years and never paid a dividend

Chemical engineers working in the field told me that the production of ethanol economically by fermenting the cellulose in sawdust has so far not been achieved by many universities, research institutes and multi-billion rand chemical corporations all over the world

Many have tried, they said, as once this is achieved, any organic waste, from grass to weeds and pine needles, could be fermented to make cheap fuel It has been done in laboratories but not economically in large-scale plants

"I've had professors say it cannot be done," Mr Buckerfield told me, "but we have done it in our pilot plant in Tzaneen By December or February next year we'll be in production, making 30-million litres of ethanol a year"

Messrs Buckerfield and Ottignon play down the extent of the technological breakthrough, saying it is a variation of the "Schuller Burgess" process developed by the Germans in the Second World War, and that companies such as Sentrachem and Huletts at Triangle, Zimbabwe, are already doing it

But experts say the Germans were not producing ethanol economically from cellulose, and Sentrachem's and Huletts' ethanol is sugar-based Sucrose and molasses ferment easily but are far more expensive feedstocks than sawdust

To produce the ethanol, Mr Ottignon reckons, will cost 9c a litre, excluding head office costs They have been offered 30,1c a litre by an oil company for the product

This means that when they are producing 120-million litres a year, they will make an operating profit before head office expenses, of R45 150 000

They say Phase 1 of their plant will be ready by December this year or February 1982 to produce ethanol at a rate of 30-million litres a year

On their cost and revenue estimates, this will make an operating profit of more than R6-million a year

Phase 1 will finance further expansion of the plant until it can produce 120-million litres a year This means SA Ethanol Fuels needs only R2 800 000 of capital

Mr Buckerfield gives a more conservative estimate of profit than Mr Ottignon He expects to make 10c a litre, suggesting the pilot plant will make R3 100 000 a year and the completed operation about R21-million a year

And ethanol, a petrol additive, is not all they can make from sawdust They say they can make pyrolitic oil a strategically more important diesel substitute, from sawdust as well

But this product still has to be tested before it can be sold as a fuel

Mr Buckerfield employs about 10" salesmen to sell shares They seek out wealthy individuals from company share registers and other sources

Prospects, many of them professional people and farmers, are approached by telephone and invited to hear more at the company's offices in Medical Centre, Johannesburg

Nearly every week prospective investors are flown up to Tzaneen to inspect the company's pilot plant and production plant under construction

One of the secrets of the company's expected success, the backers say, is that making ethanol or pyrolitic oil requires vast amounts of energy, and SAEF will be getting this dirt cheap

It has bought two old power stations, one at Tzaneen and the other at Pietersburg, "for a song" These will be adapted and sawdust-fuelled Sawdust costs R5 a ton delivered at the site and they have access to more than a million tons, which will last 10 years

With a group of prospects, I recently visited the plant It comprises the pilot plant, which is essentially several large interconnected stainless steel vessels, some heated from below by pine fires

Sieved sawdust, water and acid goes in one end and, the directors assured me, ethanol emerges at the other

But I did not see ethanol coming directly out of the plant I saw only a bottle full in the lab There are also two small experimental pressure ovens, one a digestor and the other an oven for the extraction of pyrolitic oil I was assured both were working and shown certain dirty, evil smelling liquids to prove it

Alongside the pilot plant is the old Tzaneen power station, which will produce steam for the production plant

With inside walls half demolished, it looks in a state of hideous disrepair, but there are dozens of men working on it, welding and checking the plate work and converting it to burn sawdust, instead of coal Silver paint has been

The pilot plant in Tzaneen sawdust water and acid goes in one end and, the directors assure, ethanol emerges at the other

lavishly applied

Mr Buckerfield says SAEF has a staff of 176 blacks and 14 whites It will eventually employ 500 blacks and 120 whites The site is certainly a busy one

"You'd be amazed if you knew how far we've come with the power plant," says Mr Buckerfield "Technical people who saw it before and after can't get over what we have achieved

Mr Buckerfield and Mr Ottignon showed us a heap of sawdust and pointed out where the Pietersburg power station, now being dismantled, would be erected and where digestors, fermenting tanks, storage tanks and a spray drier would eventually be located

The Tzaneen power station, which, they had bought for very little, they said, would cost R10-million to replace Mr Buckerfield showed me an insurance company's replacement valuation to confirm this They said the rail siding on to the site was worth R200 000

Mr Buckerfield said although it would cost only R2 800 000 for Phase 1 to come into production, shareholders were being asked to pay R3 a share, as they had to pay the full replacement cost of the plant

Altogether 8-million shares would be issued but this did not mean the company would be capitalised at R24-million because early investors had obtained shares more cheaply

Mr Buckerfield showed me a letter from an oil company offering to buy the company's ethanol at 30,1c a litre duty free at Tzaneen, as well as a telex from Japanese principals offering to buy all the company can make

"There is no marketing problem," he said

He also showed me a letter from a Government department saying it had no objection to SAEF making ethanol, so long as it paid the excise duty

Mr Buckerfield showed me houses being built at Tzaneen, saying these were for the company's white staff

Altogether 18 houses and 80 townhouses with an "Olympic size" pool and two tennis courts overlooking the Fanie Botha Dam were being built, he said They would cost R3-million — more than the Phase 1 plant

He said housing had to be provided to get high quality staff to live in Tzaneen He said shareholders would not be financing the houses He would, and SAEF staff would pay rent

Mr Buckerfield said he could not show me a balance sheet, as it would be ready in a fortnight

A scientist in the field told me that "in theory" SAEF's technology could work Ethanol had been produced from cellulose in a laboratory but not commercially

Even if SAEF's pilot plant did work, he said, he felt the technical problems of the production plant were being underestimated

"This kind of plant is subject to corrosion and all sorts of technical problems It needs a big, expensive staff to keep it operating and I know from bitter experience there can be crippling teething troubles It's certainly no easy matter for backyard chemists"

Mr Buckerfield is undeterred

"For a long time they have said it couldn't be done Others in the field are just too cautious They expect Government guarantees of profit before they start

"Remember, this is how Louis Luyt started and look where he is today We intend to prove all our critics wrong, just as he did"

Huge oil firm profits —estimates

Argus 29/6/81 ~~249~~ 183 ~~38~~

Financial Staff

PROFITS of hundreds of millions of rands a year are being made by oil companies in South Africa, according to unofficial estimates.

Accurate figures of sales and profits are not known because international oil companies take a major slice of the market but refuse to disclose profits from South African operations.

But two locally owned companies, Trek and Sasol, have reported impressive profits

Trek's profit jumped by 63 percent to R10,6-million after paying tax last year. From this it boosted its dividend payout to shareholders by 66 percent. Sales were worth R309-million, a rise of 23 percent.

Trek is spending R20-million to improve its 323 service stations.

SASOL

The Sasol oil-from-coal giant netted profits of R121-million from sales of R1 331-million in its last financial year.

Sasol is committed to spending R5 800-million to build the Sasol 2 and 3 projects which will give a huge boost to output and sales

Commenting on Sasol's profits, the managing director, Mr J A Stegmann, said in Cape Town earlier this month· 'One has to accept a relatively lower profit potential in early years and a relatively relatively higher profit potential in later years, more than compensating for any initial profit loss.

Star. 29/6/81 ~~260~~ 183

Minister enters Sasol fertiliser row

The Minister of Trade, Industry and Tourism, Dr Dawie de Villiers, is stepping into the storm brewing over Sasol's announcement that it will build a R56-m fertiliser plant at Secunda. . .

The announcement by Sasol brought immediate reaction from fertiliser king Mr Louis Luyt, head of Triomf Fertilisers, who said it ran contrary to the Government's free-enterprise policy.

The new plant will compete directly with Triomf and Fedmid and other private fertiliser companies, which draw much of their raw material from Sasol.

Mr Luyt said he did not think it was healthy business practice for private industrialists to have to compete directly with Government enterprises.

Dr de Villiers has now called a meeting this week with Sasol and other members of the fertiliser industry, the managing director of Sasol, Mr J A Steggmann, announced yesterday.

Mr Steggmann said there was an understanding between Sasol and the Minister that, because the fertiliser industry is of such national importance, expansion should be undertaken in the least disruptive manner.

Mr Steggman said: "To remove any possible misunderstanding, Sasol would like to stress once again contractual commitments to supply ammonia and other nitrogenous fertiliser to other distributors will naturally be strictly adhered to."

Sasol's announcement said the decision to build the plant at Secunda was to protect the big investments the Sasol group has already made in production of ammonia and to protect the interests of consumers.

A company, Sasol Fertilisers Secunda, would be formed to produce a range of fertilisers including nitric acid, ammonium nitrate, limestone ammonium nitrate and NPK mixtures, Sasol was already producing most of these at Sasolburg, said the statement.

The Secunda plant would cost R56-million at current prices, excluding infrastructure, and would be funded from internal cash flow.

The seconda products would be marketed directly to the farmer by the company's marketing organisation working closely with co-operatives.

A contractor had been appointed to proceed with the first phase and it was expected that the first products would be available early in 1984, the statement said. — Sapa.

Many of these posts may fall empty, so that preventive work in urban townships could also dwindle. With increasing disorganization in the townships, more disease is to be expected. influenza, pneumonia, TB, measles, gastro-enteritis and mal-

Resistance to bacteria

Because of the high default rate of TB patients strains of TB can be expected to develop which are resistant to known treatments. Thus mortality from TB could increase to extremely serious levels especially in ho elands where it is erdemic and where

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A question of power

Star 29/6/81 183 ~~162~~ ~~152~~ ~~140~~

The settlement of the dispute at the Colgate-Palmolive plant in Boksburg marks a new phase in the black trade-union drive for recognition. Drew Forrest reports . . .

"The question of where negotiations take place is clearly the next battle in terms of recognition ... we are likely to see more struggles of this nature in the future"

This warning by the Federation of SA Trade Unions (Fosatu) follows the settlement last week of a 14-month wrangle between one of its affiliates, the Chemical Workers Industrial Union (CWIU) and Colgate-Palmolive in Boksburg

The dispute centred on union recognition, but not of the traditional kind. Apart from an early and quickly retracted statement that it was Colgate policy world-wide not to deal with unions, the company did not set its face totally against the CWIU

What it did was to refuse the union full bargaining rights at factory level, and to insist on the Industrial Council for the Transvaal Chemical Manufacturing Industry as the only forum for negotiations on wages and working conditions

The company's stance, which it has now abandoned, was by no means untypical Industrial Councils — in which registered unions and employer bodies reach legally binding agreements covering whole industries — are the lynchpin of the established labour relations system, and are strongly favoured by the mass of employers

Their view is that a centralised bargaining forum removes disputed issues from the heat and direct pressure of the shop-floor, making for a "de-personalised, professional and rational" basis for negotiation, as Colgate management put it to the CWIU

Employers fear also that plant-level wage bargaining allows union to "play off" companies against one another, thus forcing up wages through a sort of "ratchet effect."

For Fosatu, the basic demand is for plant-based bargaining Its affiliates do not reject industry-wide bargaining out of hand, but say they will embark on it only when they are ready to do so.

At present, they feel they are too small to hold their own against the highly organised employer bodies in most industrial councils, and argue that there is an imbalance of power which tells against emergent unions without a national base or structure

"The black unions are being forced into a national bargaining situation when they are nowhere near representative nationally," said one Fosatu figure.

A second tier of bargaining is needed, Fosatu says, because Industrial Council minimum wage-rates, which "fall to the lowest common denominator of the weakest union and the least profitable employer," are far too low.

But in the last analysis, the debate over levels of bargaining boils down to a question of power. Employers wish to retain control over what they see as their enterprises, while the unions are seeking to roll back management prerogative over the conditions in which their members must work.

The prospects for further conflict on this issue will to some extent be limited by considerations of strategy

As a multinational company, Colgate was vulnerable to pressure through the Sullivan code of conduct, and from unions and other groups in Britain, Spain and United States

And the consumer cott of Colgate produ called by Fosatu and CWIU was potentia very damaging, bo because the detergent a toiletries markets are competitive and becau African consumers are prominent in them.

Fosatu considers its b gest headache to be t giant metal industi where the tightly orga ised Steel and Enginee ing Industries Federati of SA (Seifsa) has e joined its members not recognise any union whi fights shy of the Indu trial Council.

With this industry and in allied industri like building and pape where the Seifsa guid lines have strong influenc — overseas pressure an the boycott weapon woul not be as effective

Further industrial con flict of some form on th issue of plant-level bargaining seems, however, ine vitable

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pressure than urban doctors ard will probably continue

as before. It also seems likely that the majority of black doctors graduating will continue to move ultimately into private practice.

The black communities are continually becoming more conscious of the need for general knowledge on health matters, including nutrition, gynaecology and first aid.

1. There should be as much decentralisation as possible, to cope with existing and future deficiencies in transport facilities.
2. Areas should become as self-sufficient as possible, in the capacity for maintaining preventive services as well as in curative medicine and surgery. There should be as wide as possible diffusion of skills, not only to equip nurses to work

APPENDIX 3.

CLINIC COMMITTEE.

In 1977 a clinic committee was established at Ipoti in Umhlaba which has since been closed down. The problems in setting up and the reasons why it was closed down are typical. For the short period that it existed, the functions of the committee were as follows:

a) To advertise the clinic by going to families with sick people and convincing them that the clinic would help them. (Apparently within a few months more people understood about the clinic, and were coming than ever before.)

b) Let the nurses know the people's needs.

c) When the nurses had problems at the clinic to do with lack of resources they were to discuss them with the Area Health Board. When a particular issue came up for discussion (for example, that the water supply was dirty) it was the duty of the committee to hold meetings in each sub-headman's area to discuss the problem.

d) To raise money; the money was used for:

- i) hiring an ambulance or paying a car owner's petrol when people needed to get to hospital in an emergency.
- ii) To pay the clinic sister's costs when she went to outlying areas to visit urgent cases.
- iii) To pay the clinic fee of 20c for really destitute people.
- iv) To give milk powder on credit to really destitute people.

e) The committee also fulfilled a social function. For example, two sisters were fighting and the one bit off her sister's lip and punctured her ear-drum. This girl then walked several miles to the clinic by herself and then collapsed. The mother who had witnessed the fight, did not help the younger child to get to the clinic, the fight had been caused by the husband of the older sister raping the younger sister. The area is far from the police and nobody would have interfered. However the clinic committee

called a "trial" where they fined the mother and the rapist, and said that if they did not accept this they would send somebody into town to report them to the police.

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be on all clinic committees)
being sold from the clinic.
It seems however that the rea
jealousy of the sister who started the committee and power politics in the hospital hierarchy.

When the hospital's decision was made public, a series of meetings was held in each area and the decision was taken to call the committee "The Area Health Committee" as opposed to "Clinic Committee" and that it should be answerable to the Tribal Authorities.

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PG looking for 20% growth

Deputy-Financial Editor

PLATE Glass is looking for earnings growth of about 20% this year, says the chairman, Mr Morris Lubner, in his annual report.

Mr Lubner expects Plate Glass's earnings to grow at roughly the same rate as the economy

He forecasts 4% real growth and 16% inflation for 1981, cautioning that an average growth rate of 4% for the year implies a much lower growth rate at the end of the year, because the economy was growing at a faster rate at the beginning of the period

"In the circumstances, we cannot expect to match the growth achievements of the past two years and consider the buget figures to be valid and acceptable"

If PG achieves its forecasts, earnings will be 243c and if the payout ratio stays at 45%, the dividend 109c.

PG aims to earn 21% before interest and tax on total assets

Chief Executive, Mr Ronnie Lubner, said that although it was an excellent trading period, the 1981 year was difficult for management as the group underwent reorganisation

The glass division, called Glass International, contributed 44,7% of profit, of which 38,8% was earned in SA PG is to double its mirror capacity at a cost of R1-million

Sales of safety glass rose 40% The windscreen plant reached capacity and PG is to spend R5-million on the Rosslyn plant, which will be operating in October.

The Zimbabwe, Malawi and Botswana operations performed well and are expected to do likewise this year The British and American operations are expected to improve

NM 1/7/81

[illegible] 183 [illegible]

Chemical workers back at jobs

Mercury Reporter

THE 400 workers from S A Tioxide (Pty) Ltd who had refused to work since Friday started again yesterday after an agreement had been reached between union officials and management

The workers from this Umbogintwini firm downed tools following management's refusal to dismiss the personnel officer — against whom they had registered several complaints

Mr J G Sommerville the managing director of S A Tioxide, said after negotiations with officials of the Chemical Workers' Industrial Union that they had come to an agreement

He would not say whether the agreement involved a possible dismissal of the personnel officer

Union officials could not be reached yesterday

Sasol fertilizer plan slammed

RDM 2/7/81

183

By DAVID CARTE
Deputy Financial Editor

HOW can Sasol ask for a petrol price increase and then spend R60-million on a fertiliser plant that nobody needs?

This was the response of a top fertiliser man to Sasol's plan to build a fertiliser plant to use its own ammonia by-product

According to the critic, who would not be named, the new plant "will not add one ton of extra fertiliser capacity to the local market"

He said not even Sasol really needed the plant, as it could already sell all the ammonia and fertiliser by-products it could make at Secunda to existing fertiliser makers

The new plant, he said, would merely exacerbate a shortage of ammonia and force competitors of Sasol, who were currently buying ammonia from Sasol, to import ammonia in future

The critic said the fertiliser industry, with four contenders competing already, was competitive enough without Sasol further crowding it

Sasol managing director, Mr Joe Stegmann, was not available for comment yesterday but a spokesman said Sasol would reply to these criticisms in due course

Sasol reserved the option of going into fertiliser in its pre-listing statement nearly two years ago

While all its production is currently being bought by local fertiliser makers, Sasol's large investment in ammonia supply would be vulnerable if at some future date foreign suppliers dumped ammonia on the local market at prices below Sasol's production costs

The big fertiliser makers, AECI and therefore Triomf as well as Fedmis have their own ammonia plants

Several fertiliser industry representatives have criticised the scheme and the Minister of Industries, Commerce and Tourism, Dr Dawid de Villiers has met representatives of Sasol and the fertiliser industry.

Mr Louis Luyt of Triomf has been the most outspoken critic of the scheme although in one newspaper, he is quoted as welcoming it and in a recent annual report he also said he would welcome competition in the capital-intensive, low-margin fertiliser business

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QUANTITY SURVEYING (Continued)

<u>Bell-John Prize</u>
For the best all-round student in any year of study.

P C Key

<u>The Committee of the Western Cape Chapter of Quantity Surveyors' Prize</u>
For the student obtaining the highest marks in Professional Practice.

P R Swift

<u>LTA Prizes</u>
For the best student in each of the courses of Building Economics I, II and III in the third, fourth & fifth years respectively.

I : N D G Sessions

II : A R Low Keen

III: No award

<u>S A Brick Association Prizes</u>
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URBAN & REGIONAL PLANNING

shown

end

Sasol slams its feriliser plan critics

RDM
3/7/81

By DAVID CARTE
Deputy Financial Editor

183

SASOL has hit back at critics of its plans to make fertiliser, saying its R56-million fertiliser plant will make the industry more competitive and this will not be welcomed by existing fertiliser companies.

In a hard-hitting official statement released yesterday, Sasol asked if objections to its plan were valid "or whether vested interests in the fertiliser industry are trying to prevent greater competition in this industry"

Sasol points out that the Competition Board recently found that "healthy and sufficient competition did not exist in the industry" and that "the Market Sharing Agreement between the major participants was undesirable and should not be permitted indefinitely"

"It is self-evident", said the statement, "that a more competitive situation would be created by the entry of Sasol into the fertiliser market, which would be in the interest of the agricultural sector, but that this would not be welcomed by the existing marketers"

"The strong opposition to Sasol's plans is therefore understandable It remains an open question whether these reactions are intended to serve the interests of the existing members of the fertiliser industry or of the agricultural sector"

Sasol says "it is completely mischievous to state that Sasol should not be in the fertiliser industry and such pronouncements can only have as an objective the elimination of further competition within the industry"

"It is to say the least mischievous to suggest that the proposed increase in the petrol price is in any way linked to the financing of this project"

The proposed petrol price increase, says Sasol, is a "completely separate matter" Sasol says the State's investment in Sasol will not be increased by the new venture

The statement says its venture has been welcomed by organised agriculture and the co-operative movement, "since it will lead to increased competition in the fertiliser industry"

Sasol argues that it has been involved in fertiliser since its inception in the mid-1950s

It points out that it was a founder member of the Fertiliser Society of SA and has made a substantial contribution, financially and otherwise to the promotion of the aims of this association

To objections that State funds were being used to compete with private sector fertiliser makers, Sasol says it is "in all respects a company in the private sector and is listed on the Johannesburg Stock Exchange

Sasol quotes an extract from its pre-listing prospectus which reads "The State decided that the assurance may be given that the companies in the Sasol group will operate as companies in the private sector and that any State control applicable to the Sasol group will not be more restrictive than in other sectors of industry"

The company says its plant at Secunda will not add to ammonia production and therefore does not compete with plans of other fertiliser makers to expand their ammonia production

At no stage has Sasol considered increasing ammonia production at the expense of liquid fuels

After the new fertiliser factory opens at Secunda, Sasol will still have surplus ammonia

Sasol intends to bring into better balance its processing capacity with its feedstock capacity, just as others in the industry are doing This was to protect its shareholders against excessive dependence on competitors for the sale or supply of its raw materials

Sasol says it will fully meet its contractual commitments to supply ammonia and its derivatives from Sasol 1 and 2 to other members of the industry

When Sasol 3 is completed there will be surplus fertiliser products available over and above Sasol Fertilisers' needs and these will be available to other producers

The new fertiliser plant will be financed by Sasol itself

It says it is unjustified to suggest that Sasol should use its profits to subsidise the price of petrol

Sasol says its import protection of less than 15% or $5 a barrel is modest and its ability to compete against imported crude oil despite this limited protection was "a notable achievement"

Sasol insists that its business is not limited exclusively to the production of fuels It also mines coal, produces and distributes gas refining of oil markets petroleum products and chemicals, including fertilisers

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CT 3/7/81 (183)

Chloride growth slows

JOHANNESBURG — Chloride Holdings SA Ltd's main markets are expected to grow this year, but at a slower rate, the chairman, Mr Kenneth Hodgson, said in the annual report

He said, however, replacement sales in the automotive industry, which traditionally lag the new vehicle market by about two years, as well as the launch of a new miners' cap lamp offer grounds for optimism

In the year ended March 31 pre-tax profit fell to R3,34m from R4,60m the previous year Earnings per share declined to 53,8c from 70,3, while dividends were unchanged at 30c — Reuter

Haggie negotiating equal share in Chloride

CT 4/7/81

By DAVID CARTE

JOHANNESBURG — Haggie Ltd the fast expanding cable, wire, engineering and metals group, is negotiating an equal partnership in Chloride SA with Chloride UK, say Barclays and Standard merchant banks

If a deal is clinched, Haggie and Chloride UK will be 50-50 partners in the country's biggest battery maker and minorities will be taken out, Haggie chief executive, Mr Richard Savage, told me yesterday

This means Chloride will disappear from the lists of the JSE

Mr Savage, said the main attraction for Haggie in Chloride was its involvement in energy and that its problems in recent times have been related to Chloride's involvement in and dependence on lead

Haggie subsidiary, McKechnie, held through Macdem, he said, had experience, expertise and contacts in most metals that would be very useful to Chloride

Another obvious attraction is that Chloride, like Haggie — which is owned 35% each by Anglo and Gencor — does much of its business with the mining industry

Mr Savage said Haggie and Chloride UK were basically agreeable to the deal and the major question mark overhanging it now was Reserve Bank permission He said an announcement would be made on Wednesday

Chloride UK would obviously want to remit as much as possible of the proceeds in commercial rands The rule is that it can remit post January 1975 distributable reserves in commercial rands by way of a dividend

Mr Savage said Chloride would not have been suspended but "when we saw the price starting to move, we had to act"

Mr Savage said after four big acquisitions in the past four years, Haggie was unlikely to do more deals in the near future He said the company was not inordinately acquisitive by nature

In the past four years we have deliberately broadened the base of the company Previously we were too dependent on cables and the mines Samuel Osborn, the CW Wire, Macdem and Chloride acquisitions will change all that

'Once this deal is consummated, we shall settle down and streamline the enlarged organization"

He said there was "masses of room for development' in Macdem and Chloride

Mr Savage confirmed that Haggie was benefiting not only by its new acquisitions at the moment but particularly by the softer rand

This made its exports more competitive and more profitable and imports were rendered less competitive Engineering subsidiary, Samuel Osborn, he said, was 'coming up tops"

● The share moved from 455c to 520c in three days before suspension This calls for an investigation and some action from the JSE for a change

The company's recent history and a lot of speculation in the share in the past six months make a valuation on fundamentals difficult for an outsider

The suspension price is 9,7 times earnings and gives a dividend yield of 3,6%, so was clearly partly speculative

And last year's figures depressed by a plunging lead price, are not "typical"

With lead prices hardening, growth expected in the mining and motor markets and a promising new miners' cap battery about to contribute to profits, the company was looking for earnings and dividend growth in the current year

After the 23,5% earnings decline of last year, it would be disappointing if Chloride did not at least equal 1980 s earnings of 70,3c in the current year The suspension price is 7,4 times this figure

A graph reflects that Chloride has reached a high of 750c in the past three years but 475c has been roughly a mean level

Because all the minorities are sought, a good premium should be paid to minorities One might hope for 600c — a 26% premium on the "normal" price of about 475c

Fertiliser criticism: Sasol hits back

Star 4/7/81

183

~~260~~

By David Bamber

Sasol has reacted strongly to criticism from the fertiliser industry arising from its decision to build a fertiliser plant at Secunda and to market fertiliser directly to farmers

Sasol points out that the Competitions Board had carried out an in-depth study of the fertiliser industry and found that healthy and sufficient competition did not exist in the industry

It also said the market sharing agreement between the major participants was undesirable and should not be permitted to continue indefinitely

Sasol says notice of termination of the agreement had been given

"It is self-evident that a more competitive situation would be created by the entry of Sasol into the fertiliser market, which would be in the interest of the agricultural sector but that this would not be welcomed by the existing marketers," Sasol says

It adds that the strong opposition to its plans was therefore understandable

But it remained an open question whether these reactions were intended to serve the interests of the existing members of the fertiliser industry or those of the agricultural sector

Sasol notes that its involvement in the fertiliser industry dated to the mid-1950s, that it was a founder member of the Fertiliser Society of South Africa and had made a substantial contribution, financially and otherwise, to the aims and the promotion of this association.

Sasol says it was not only a listed company on the Johannesburg Stock Exchange but was in all respects a company within the private sector

"It is thus completely mischievous to state that Sasol should not be in the fertiliser industry and such pronouncements can only have as objective the elimination of further competition within the industry," it says

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ARCHITECTURE
(Continued)

Mrs. Thornton White Prize
For the best work in first year.

Miss M F J Sandilands

S A Brick Association Prize
For the student who has made best use of bricks in his design work.

J G Kirkm

R Stubbs

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structure

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BUILDING

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Fertiliser men are afraid says the SAAU

RDM 4/7/81

(183)

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By SIMON WILLSON
Industrial Reporter

ESTABLISHED fertiliser producers objected to Sasol's entry into the fertiliser market only because they were "afraid of the competition", Mr Piet Swart, director of the South African Agricultural Union (SAAU) said yesterday.

But AECI, while not mentioning Sasol by name, heated up the controversy surrounding Sasol's move by making thinly-veiled, critical references to Sasol's access to Government money and said any competition involved was not "on a fair basis"

Welcoming Sasol's announcement this week of its intention to operate a R56-million fertiliser plant, Mr Swart said it was most satisfactory that there would, as a result, be more competition in the fertiliser industry.

"Sasol is absolutely right to integrate vertically and use its raw materials in this way

"Everybody's screaming about free enterprise and competition, but as soon as they get it, they don't want it."

Mr Swart said Sasol was making "a material contribution" to increasing the amount of ammonia on the South African market.

"Sasol 3 will be coming into operation soon and there are already contracts about the supply of ammonia from Sasol's 1 and 2, so there will eventually be extra ammonia available"

The mere fact that Sasol was starting fertiliser production would not lead to increased demand for fertiliser, he said

"Whether Sasol enters the market or whether it doesn't will not make any difference to the fact that South Africa will still have to import ammonia in the meantime"

The executive director for agriculture at AECI, Mr Chris von Solms, implied yesterday, without mentioning Sasol specifically, that competition in the South African fertiliser industry would not be fair after the entry of Sasol as a manufacturer

"AECI is prepared to meet any competition if such competition is on a fair basis," Mr Von Solms said

"However, it does not consider competition with organisations which have access to loans at more favourable terms than those available to private enterprise, as well as to grants, to be fair competition."

Sentrachem, Triomf and Omnia Fertiliser declined comment on the controversy.

A Sasol spokesman yesterday said it was interesting that some of the early criticism from the established fertiliser companies of Sasol's move had been anonymous.

"It is loud and clear that the established industries are trying to keep Sasol out of the market

"But it is significant that the farmer's mouthpiece, Landbou Weekblad, has welcomed Sasol's entry into the fertiliser market

"There will be a shortage of ammonia in South Africa whatever happens; ammonia is being imported at the moment Sasol's entry into the fertiliser market will promote healthy competition," the Sasol spokesman said

RDM 4/7/81

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Haggie makes a move for half of Chloride in SA

By DAVID CARTE
Deputy Financial Editor

HAGGIE Ltd, the fast-expanding cable, wire, engineering and metals group, is negotiating an equal partnership in Chloride SA with Chloride UK, say Barclays and Standard merchant banks

If a deal is clinched, Haggie and Chloride UK will be 50-50 partners in the country's biggest battery maker and minorities will be taken out, Haggie chief executive, Mr Richard Savage told me yesterday

This means Chloride will disappear from the lists of the JSE

It also means a measure of disinvestment from SA by Chloride UK, whose holding will be reduced from 70% to 50%

Mr Savage said the main attraction for Haggie in Chloride was its involvement in energy and that its problems in recent times have been related to Chloride's involvement in and dependence on lead

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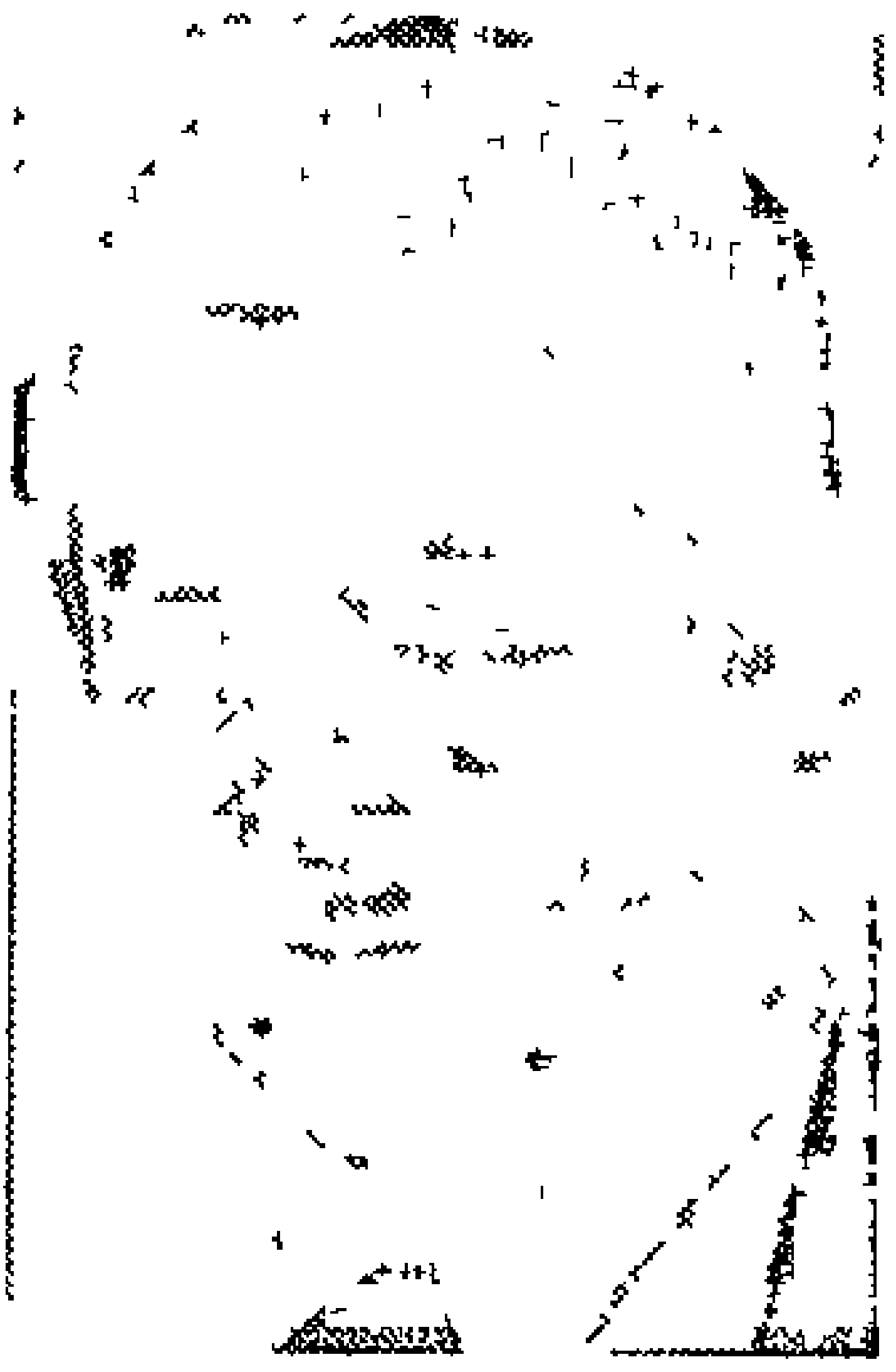

Mr Richard Savage
. . . Haggie MD

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Mr Savage said after four big acquisitions in the past four years, Haggie was unlikely to do more deals in the near future He said the company was not inordinately acquisitive by nature

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COMMENT The share moved from 455c to 520c in three days before suspension This calls for an investigation and some action from the JSE for a change

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QUANTITY
SURVEYING
(Continued)

Bell-John Prize

For the best all-round student in any year of study.

P C Key

The Committee of the Western Cape Chapter of Quantity Surveyors' Prize

For the student obtaining the highest marks in Professional Practice.

P R Swift

LTA Prizes

For the best student in each of the courses of Building Economics I, II and III in the third, fourth & fifth years respectively.

Doctor slams medicine 'swindle'

S. Tribune 5/7/81

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CISKEI MINISTER SAYS PYRAMID COMPANY WILL BE BANNED

THOUSANDS of desperately ill and dying people may be being ripped off through the sale of bogus medicines.

And now medical practitioner turned politician Dr B. Maku has said he wants to stop the abuse in the soon-to-be-independent Ciskei, where he is Minister of Health.

The company to incur his wrath is the Kempton Park-based Golden Chemical Products, headed by Brian Murray, which he accused in the Ciskei Legislative Assembly of unmitigated swindling through the sale of spurious substances and palpably dishonest merchandise.

Dr Maku said the company's products would be

Tribune Reporter

banned after independence and warned pedlars of the goods to "wind up their perfidous practices."

A Sunday Tribune investigation showed there were scores of agents throughout the country for this pyramid company, which is netting thousands of rands through its products, which it claims.

- Can cure asthma, TB and other lung disorders through its vitamin tablets.
- Can cure a stroke or paralysis through its vitamin tablets
- Can heal sores and can control skin disorders through a substance called Care, which is also used to control insects and as a household cleanser. It can also be used for toothache and earache and costs R6,98 an undiluted litre
- Can regulate weight through its protein supplements, which come in powder form and look like icecream when mixed with water.

None of the products is sold in chemists or shops but entirely through its agents, who have ranks according to the quantity of good they order each month. An area distributor must take R1 720 worth of goods; a direct distributor goes on to R2 000; and a general distributor R4 000.

I spoke to a general distributor — one of the 120 agents who went on a company perk last year to Tel Aviv for a nine-day lecture course on how to market the company's products

"I was invited to a meeting and became interested in the products and started off with goods valued at R1 720, which took about two weeks to sell, and later went up until I became a general distributor," says the woman who works in a bank during the day and sells her goods in the township of Mdantsane near East London at night

How does her merchandise work?

'I tell you, our stuff is real good Take Care, for instanse It heals sores, which disappear in about a week It can be used for toothache and earache"

She admits that their vitamins for polio takes a bit of time

"When people suffer from polio for a long time, it can take up to six months but our vitamin tablets for things like coughs and asthma work in no time"

She also says the slimming course must be taken religiously to work and costs R21 95 a kilogram. 'You dilute this protein powder with water and have it at lunch-time and for breakfast, but for dinner you have a solid meal I've seen it work for people who use it according to instructions But it can also be used for people convalescing who require additional nutrition beside their meal. It is supplementary It depends entirely on the person, like all other slimming stuff"

She said the cleansing product was "super" and was used extensively in hospitals

Mr Murray, managing director of Golden Chemical Products at Kempton Park, told the Tribune he was aware of Mr Maku's statements in the Legislative Assembly but would not comment

Detergent plant for Durban

S Times 5/7/81

67

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By John Spira

SHELL SA has started planning and design work on a R15-million new plant at Reunion, Durban, to produce high-quality biodegradeable detergent intermediates — the main ingredient used in the manufacture of liquid and powder washing detergents

According to David Barrett, managing director of Shell's chemical division, the plant will have an initial capacity of 25 000 tons a year when it comes on stream in 1983

He says "The plant will use the latest Shell technology to convert higher olefins feedstock into a range of high linearity alkyl benzene intermediates for the manufacture of biodegradeable detergents

"The plant is being designed to meet the local environmental requirements and washing conditions as well as the requirements of Shell's international customers"

Shell companies are the world's largest producers and marketers of detergent intermediates with manufacturing plants in Europe, Australia, the US and, with associates, Japan

R300 000 plastics plant for AECI

RDM 9/7/81

(183)

Industrial Reporter

BANKING on increased synthetics demand from the motor industry next year, AECI subsidiary Tebbe Polymers has commissioned a R300 000 polyurethane plant at its Edenvale works.

Construction started last December and was scheduled for completion in May, but equipment supply delays and manpower shortages delayed commissioning until this month Production is to start in about two weeks

Existing uses of the polyurethane material is in the mining and footwear industries, but Tebbe managing director Mr Brendt Becker says the real target of the new plant is the motor industry.

"In its existing uses polyurethane use is growing by about 10% a year, but we expect this rate to increase to about 30% in the 1982-85 period when the local motor industry follows overseas trends towards using more synthetics to keep prices down," Mr Becker says

The plant's initial production capacity will be 700 tons a year.

Fertiliser . . .

Star investigation

3 general 183

Sta 9/7/81

Since the 1950s agriculture has increased in productivity faster than any other sector in South Africa. But present dreams of abundance may turn into nightmares for industries and State bodies caught napping in the race to supply sufficient fertiliser for the future.

HANNES FERGUSON, The Star's farming correspondent, examines the present state of the fertiliser industry.

TRIOMF

A growing demand...

Thar's mountains of food in our future . but it will take mountains of fertiliser to grow it

Those who think milk is pumped from a well, have for so long lamented the inefficiency of farming, that they have missed the point

Since the 1950s, agriculture has increased its productivity faster than any other sector The transformation of farming into a modern, businesslike industry will not be complete however until the full potential of our soil has been realised

When this happens South Africa's maize crop may top the 30-million ton mark, more than double the figure of our present super-crop of 14-million tons

The Department of Agriculture, the co-ops and the farmers themselves are doing their utmost to realise a dream of abundance But the dream could turn into a nightmare for industries and State bodies caught napping.

Most of our soil is deficient in minerals Farmers are fast improving their soil, with financial help from the co-ops But better soil and larger crops means fertiliser requirements will mount too

Soil needs nitrogen (N) phosphorus (P) and potash (K). Nitrogen makes for vigorous plant growth, phosphorus allows the growth of the seed — grain or otherwise — and potash is as necessary as a dozen or so other trace minerals.

South Africa's soil mainly lacks phosphorus Soil must also not be too acid otherwise phosphorus will not reach plant roots

The co-ops have now embarked on a soil improvement scheme by trying to build up the soil's phosphorus content After that, more and more nitrogen will be applied

On top of this, each crop will be planted with sufficient N, P and K to ensure a good yield — if the weather plays the game

During 1979/80 and 1980/81 the total volume of fertilisers sold increased by 14 and 15 percent respectively Sales of nitrogen fertiliser have reached a growth point of 18 percent a year

Large orders are still to come Total sales of the nitrogen source, ammonia, topped 850 000 tons in 1980/81, but in 1985 1 350 000 tons will be needed

Can the fertiliser industry supply the country's needs?

Fedmis
FEDERALE KUNSMIS BEPERK

Will our needs be met?

The escalating demand for fertiliser may be compared to a wall of water coming down a swollen spruit. In the face of the torrent, the fertiliser industry seems strangely comfortable and unconcerned.

Phosphorus rock is being mined by Foskor in the Phalaborwa district. The two main fertiliser companies, Triomf and Fedmis (Sentrachem) have large plants to phosphoric acid, then into process it, first into dry granulated superphosphate fertiliser.

At present, South Africa already has a phosphate shortfall of between 5 and 10 percent of the market. The estimated time it takes to build a new plant is five years.

The crunch, however, comes with nitrogen. It is snatched from the air or from petrol-from-coal processes by huge plants burning coal or oil. Nitrogen is used in ammonia form (NH3).

Sasol has a large ammonia plant as an annexe to its fuel-from-coal process. It sells its ammonia to Triomf, Fedmis and Omnia. The fourth fertiliser company, Bomus, has to import its ammonia.

African Explosives and Chemical Industries has a large ammonia plant and controls about two-thirds of the market.

Triomf, one of the two large fertiliser firms, is building an ammonia plant at Richards Bay.

Still, South Africa is short of 170 000 tons of ammonia a year, or 20 percent of the market. With the expected increase in demand and the time required for building a new plant, the shortage will be a whopping 500 000 tons in 1985, from a total requirement of 1 350 000 tons.

Potash (K) must be imported in its entirety.

All this will make South Africa dangerously dependent on the whims of foreign countries. It means underutilisation of resources and fewer jobs.

Fedmis (Sentrachem), the second largest fertiliser company, holds a franchise to produce large additional quantities of ammonia by means of a projected R600-million installation Little tangible progress has been seen however since 1979, when the franchise was agreed to during a chemical planning conference.

Others in the industry are becoming impatient. "Get it built or get out," said the chairman of a smaller fertiliser company.

Apart from the fertiliser quantity crisis, a quality crisis seems imminent.

Existing plants are mostly geared to the production of conventional citric-acid soluble fertilisers. Newcomers to the market claim both the process and product obsolete and say water-soluble fertiliser is preferable It rains water, not citric-acid, they say.

The di-ammonia-phosphate fertilisers used in other countries are more modern.

Both Bonus and Triomf plan to produce DAP.

Another quality dispute arises from the claim that blending separately granulated N, P and K is superior to the old process of mixing the ingredients and granulating them together.

Bonus fertiliser wants to produce N, P and K fertiliser separately and have the mixture custom blended by co-ops. This will save storage and handling costs.

Shortages loom already

Hiding behind price control

Instead of competing, fertiliser companies relied on umbrellas, safety nets and shark nets to survive, the managing director of a smaller firm has said The industry would become truly moribund if it were not shaken up

The State was the dispenser of umbrellas, the largest being price control, he said.

Fertiliser price control has been in force for many years. It was intended to protect the consumer — the farmer — from profiteering by the ferti[illegible] co

But agricultural unions have claimed this worked largely the other way around. Price determinations were based on broad financial accounts, instead of detailed costing figures obtained from uniform integrated cost and financial accounts.

Farmers have felt some resentment at the measure of profit allowed the fertiliser industry, which by far exceeds farming profits.

Strange anomalies in fertiliser costing have been pointed out.

In the case of Foskor, which supplies phosphate rock to the manufacturers of fertiliser proper, prices were determined to include profits on by-products.

The production of phosphate rock for the local fertiliser industry carries almost no profit.

In the case of the fertiliser factories, however, profits made on exported phosphoric acid were not taken into account when fertiliser prices were determined. Fertiliser firms were allowed their current profit margin on fertiliser plus the export profit on phosphoric acid.

In the end, the situation was partly rectified by letting Foskor share in the profits on phosphoric acid.

Import duties represented another State umbrella, he said

A safety net was the market sharing agreement between Triomf and Fedmis. Here the joint market share of 84 percent was divided in the ratio of 44 to 40

After the Competition Board declared the agreement undesirable it was officially ended.

The agreement by which Sasol sold its ammonia directly to Triomf, Fedmis (Sentrachem) and Omnia, was described as another safety catch

Entry into the fertiliser market must have appeared tantalisingly attractive to Sasol. Forward integration would have meant control over its own ammonia market, and a share of the easy profit.

The SA Agricultural Union has, understandably, warmly applauded Sasol's action Sasol's stake in the fertiliser industry could provide the co-ops with some leverage for bargaining.

If forward integration will be the sauce for the Sasol goose, backward integration will do the same for the co-op gander.

FM 10/7/81

BLACK HOUSING

Leasehold fails

~~125~~ 183

Government wants employers to help provide housing for black workers Many employers are willing, but run straight into red tape — provided by Pretoria

Take the Catch-22 situation encountered by Colgate Palmolive Three years ago CP undertook the development of a R500 000 housing project The company was allocated a parcel of land by the East Rand Administration Board (Erab) in Vosloosrus township, where most of CP's employees live The company intended to build 64 improved 51/9 and 51/6 units at a cost of about R8 000 each and believed the scheme would soon get off the ground However, three years later, the company is at square one and Vosloosrus has still not been surveyed

According to group personnel director, Derek Magid, "We have had the full co-operation of the Erab, so presumably logjams lie elsewhere " In other words, someone higher up in government is stalling

Bureaucratic delays have been compounded by escalating building costs Housing originally planned is now beyond the means of the intended recipients, and CP has been forced to revise its plans to offer employees assistance in purchasing existing township houses for R1 500 each, rather than building the improved versions

This is in line with a suggestion made this week by Dr Frans Cronje, chairman of the SA Permanent Building Society, that government sell off existing township houses

With only 1 000 leasehold titles registered in the country to date, and most of them in Soweto and the Vaal triangle, there is no doubt that government's 99-year leasehold scheme is a flop One administration board official tells the *FM* that "the housing crisis is reaching such crisis proportions that it could be the cause of major riots and serious urban unrest "

This is not surprising Two million houses are required for blacks in the next 18 years — an impossible task unless government eases the private sector's path by finding and eradicating bottlenecks or, better still, considers the restoration of freehold rights for blacks

FM 10/7/81

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FERTILISER COMPETITION

Sasol hits back at critics of its plans to make fertiliser, saying its R56m fertiliser plant will make the industry more competitive

SA DRUGGISTS (183)

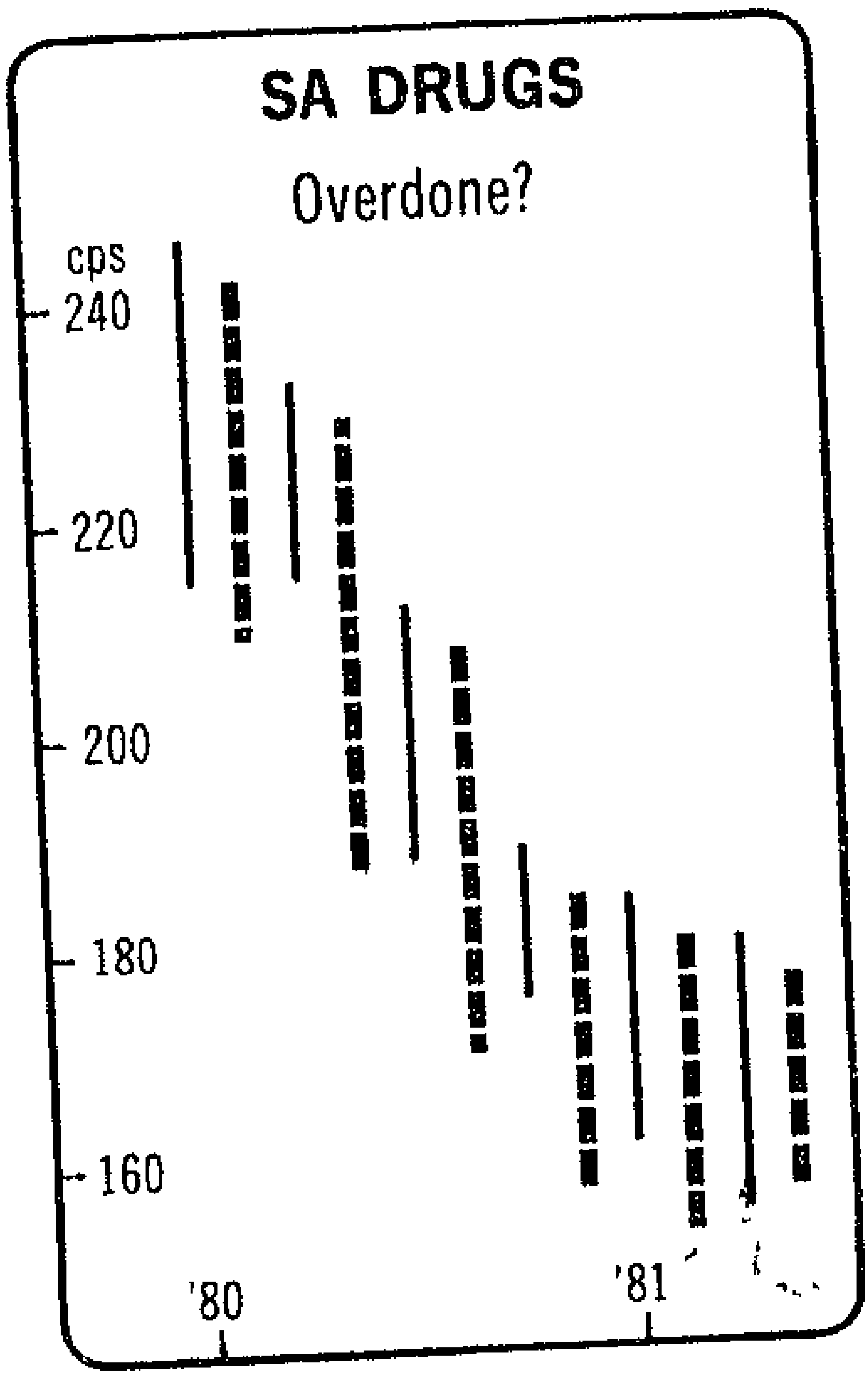
No highs

FM 10/7/81

Activities: *Manufactures and distributes pharmaceutical products and manufactures surgical and medical equipment Also distributes photographic equipment*
Chairman *J H Smit*
Capital structure: *29,1m ordinaries of 25c, and 1,4m 5,5% cum prefs of R2 Market capitalisation R42,8m*
Financial *Year to March 31 1981 Borrowings long- and medium-term, R24,0m, net short-term, R19,1m Debt equity ratio 103,3% Current ratio 1,6 Group cash flow R12,8m Capital commitments R1,5m*
Share market: *Price 147c (1980-81 high, 250c, low, 140c, trading volume last quarter, 311 000 shares) Yields 21,4% on earnings, 9,5% on dividend Cover 2,2 PE ratio 4,7*

SA Druggists had an unspectacular year to March 31 1981 However, this could change particularly with the recent disposal of unprofitable activities The company operates in a sector less susceptible to economic swings

Margins improved in financial 1981, reflected by the 21,7% increase in pre-tax profit to R14,0m (R11,5m) and the 16% rise in turnover The contributions made by subsidiaries Labethica and Medispo, were major influences in the widening of margins


SA DRUGS

Overdone?

	'77	*'79	'80	'81
Return on cap (%)	18 0	†19 2	19,3	21 4
Turnover (Rm)	117 4	152 5	198 2	229 5
Pre-tax profit (Rm)	7 4	9 9	11 5	14 0
Gross margin (%)	8 5	8 9	8 0	8 3
Earnings (c)	20 1	36 8	26 9	31 5
Dividends (c)	10 5	17 5	13 0	14 0
Net asset value (c)	120	107	117	133

* 19 months to March 31 † annualised

Labethica suffered technical problems at its solution plant which was closed when it was discovered that the intravenous solutions manufactured were not sterile The production unit has now recovered and re-established its product in the market

Medispo produces and markets hypodermic needles, syringes and intravenous fluid administration sets This company has since being restored to capacity production during the year, secured some major contracts

The pharmaceutical divisions increased their contribution to total profit to 90% (85%) Because of the closing of certain operations in the medical and hospital supply field, contributions from non-pharmaceutical divisions dropped to 10% (15 0%)

Losses totalling R460 000 resulted from the closing of a number of operations This included the physiotherapy division, Gradvol Glass, manufacturer of laboratory glassware, Alan Cornish manufacturer of anaesthetic equipment, and SMI Aid, the hospital gas piping subsidiary

Gearing is still high though reduced to 103% (125%) Long-term loans total R24m having virtually remained unchanged compared with the previous year Net short-term borrowings dropped slightly to R19 1m (R22 1m)

Although capex seems low at R1,5m, the group has rental commitments until the year 2002 The total R53m commitment is for sale and lease back agreements on land and buildings previously owned In addition, the group is committed to buying the properties for R9 2m at the end of the lease term of 20 years

The sale of fixed properties under lease-back agreements and the disposal of unprofitable-operations, helped strengthen the ratio of shareholders' funds to total assets from 30% to 35% This is still below the group target of 40%, without revaluation, by March 1984 Group policy is to keep the ratio of borrowings, including guarantees, to shareholders' funds at below 125%

The major medicinal farming concern was moved from the Lowveld to the north-eastern Transvaal and the full potential of the new location should be realised from November this year, the directors say. In the Fine Chemicals division, new products will come on stream during the current year and should add to turnover and profit in the year to end-1982

At 147c the historical dividend yield is 9 5%, indicating some market wariness But, providing the dividend cover of 2,2 times does not increase and the tax rate remains at the current 33% (30%), earnings growth should improve

Earnings this year could total 37c which would allow a 16 5c payout That gives a prospective yield of 11,2% which seems fair considering the market and this company's past performance

Cathi Warriner

PLASTICS FM 10/7/81

New offering

(183)

An AECI subsidiary, Tebbe Polymers, is to open a R300 000 thermoplastic polyurethane (TPU) plant this month at its Edenvale works The installation is said to be the first unit of its type in the southern hemisphere

According to MD Brendt Becker, increased demand from the mining and footwear industries for TPU for specialised applications warrants a continuous, automated production facility to supplement imports

The new plant has been specifically designed to accommodate a number of thermoplastic grades in short volume runs Becker says the big achievement is technical changes from one grade of polyurethane to another can be made within minutes "There's a minimum of downtime during changes," he claims

Becker believes the plant — with a capacity of 700 t/year — will be the fifth of its type in the world

Six of the seven raw materials required are manufactured locally by Tebbe One ingredient, Diisocyanates, is still imported because costly production makes local manufacture unviable

Plant capacity can be upped to 1 300 t/year with minor modifications Says Becker· "We'll be able to supply all the country's requirements with our initial production and provide a surplus for export "

He is reluctant to disclose export targets or the quantities earmarked for export But he says "there is potential for exports to South American mines

Taiwan is another potential target

Polyurethanes have applications in a variety of end uses adhesives for bonding difficult and dissimilar surfaces, resins for durable paints, flexible foams for bedding and upholstery, and semi-rigid integral skin foams for steering wheels, dashboards and arm rests

Becker expects the present real annual growth rate of 10% to escalate to 30% if the motor industry makes greater use of TPU for bumpers, grills and hydraulic hosing

So far Pretoria has not been asked to apply protective duties But precedents set in other sectors suggest that the request won't be long in coming

Star 14/7/81

Dispute at Colgate flares afresh

~~152~~ 183 ~~62~~

By Drew Forrest

The entire workforce at the Colgate - Palmolive plant in Boksburg — about 250 workers — downed tools this morning, barely three weeks after the industrial dispute there appeared to be settled

Urgent talks were in progress this morning, involving Colgate management, the Chemical Workers Industrial Union (CWIU), which represents the workers, and the Federation of SA Trade Unions to which the CWIU is affiliated

Last month the company agreed "in principle" to negotiate wages and working conditions with the union at plant level, after insisting for more than a year that it would do this only at industrial council level

Its about face followed a threatened legal strike and a consumer boycott of Colgate products by the CWIU and Fosatu

It is believed that negotiations on a recognition agreement have since reached a stalemate A source close to the plant claimed that management was seeking through the agreement to rule out any further strike or boycott action, and to re-introduce "in disguised form" a liaison committee system

The parties are believed to have resorted to conciliation board proceedings last week but without success

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QUANTITY SURVEYING (Continued)

Bell-John Prize

For the best all-round student in any year of study.

P C Key

The Committee of the Western Cape Chapter of Quantity Surveyors' Prize

For the student obtaining the highest marks in Professional Practice.

P R Swift

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of Building Economics I,

in the third, fourth &

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URBAN & REGIONAL PLANNING

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Sowetan
15/7/81
183 ~~52~~ ~~1804~~ ~~62~~

Colgate workers walk out

MORE than 500 employees at Colgate-Palmolive in Boksburg yesterday downed tools, claiming that although management had said it would recognise the Chemical Workers' Industrial Union (CWIU), it still refuses to let the union function properly.

By SELLO RABOTHATA

The union had earlier threatened to call for a strike among its members and to launch a boycott of the company's products A meeting held between Colgate-Palmolive and CWIU officials later averted the action after management agreed to recognise the union

A spokesman for the workers said yesterday that they had decided to go on strike after they had asked to see one of the directors and were told he was not in — although his car was seen in its usual parking place on the premises

The spokesman said It seems the company only agreed to recognise the union to make sure we do not go on strike Last month we had a ballot vote and agreed to go on strike if the company does not recognise the union and they quickly came to a settlement because the company could have lost a lot of money and the public would have boycotted their products

Now, although the union is said to be recognised, we still don't feel its representation It is as good as being a white elephant Management does not give it the necessary flexibility

Colgate-Palmolive had agreed in principle to recognise the union's rights to negotiate wages and employment conditions on behalf of its members on an in-plant basis The agreement was conditional upon the provision by the union of a written undertaking to call off strike threats and the consumer boycott

Some of the workers at Colgate-Palmolive leaving the premises yesterday.

Colgate workers return

Sowetan 16/7/81

1A 183 Man 612

WORKERS at Colgate-Palmolive yesterday decided to call off their strike after management urged them to return to work by tomorrow or be regarded as having terminated their employment

The decision to return to work was reached after worker representatives met with management and agreed to having further talks next week The dispute arose after management was accused of applying "delaying tactics" in the recognition of the Chemical Workers Industrial Union

Some of the workers who were on strike at Colgate-Palmolive.

QUANTITY SURVEYING

(Continued)

Bell-John Prize

For the best all-round student in any year of study.

P C Key

The Committee of the Western Cape Chapter of Quantity Surveyors' Prize

For the student obtaining the highest marks in Professional Practice.

P R Swift

LTA Prizes

For the best student in each of the courses of Building Economics I, II and III in the third, fourth & fifth years respectively.

I : N D G Sessions

II : A R Low Keen

III: No award

S A Brick Association Prizes

For the best student in the subject of Building Construction.

C W von During

For the second best student in the subject of Building Construction.

K Strong

URBAN & REGIONAL PLANNING

Student Planners Award

For the student who has shown greatest promise at the end of the first year.

M P Morkel

8101 16/2/81

183

Strikers vote to go back

About 250 workers at Colgate-Palmolive have voted to end their two-day strike and return to work today

A spokesman for the Fosatu-affiliated Chemical Workers Industrial Union said the decision was reached after a general meeting at the plant, led by shop stewards

The root cause of the strike was the workers' concern at what they saw as slow progress in negotiations at Colgate over union recognition

Management warned yesterday that unless they returned to work by tomorrow they would be fired

250 strikers return but 1 500 walk out

RDM 16/7/81 (~~140~~) (~~15~~) (183) (~~189~~) (~~57~~)

By STEVEN FRIEDMAN
Labour Reporter

ABOUT 1 500 black workers at Hendler and Hendler, Boksburg went on strike yesterday over wage demands

But 250 workers on strike from the nearby Colgate-Palmolive plant have agreed to return to work today pending further recognition negotiations between the Chemical Industrial Workers Union (CIWU) and management

The Colgate workers struck on Tuesday, claiming that progress in the negotiations had not been quick enough

At Hendler and Hendler, workers struck at lunchtime yesterday after a demand for a wage increase over and above that contained in the industry's industrial agreement had been turned down the company's managing director, Mr Solly Hendler, said last night

Mr Hendler hoped workers would return today, but this appeared unlikely

He added that he had told workers he was not prepared to grant an additional increase, despite the strike

The company recently held a referendum to test union support in which the Fosatu affiliated Metal and Allied Workers Union won 90% of the vote

It is understood that management was negotiating with union shop stewards

Colgate said yesterday it had held talks with CIWU and expected workers to return today

A union spokesman confirmed that workers had agreed to call off their strike but had demanded definite progress by Tuesday or there could be more action

CIWU and Colgate were recently involved in a bitter union recognition dispute which attracted widespread employer and worker interest

The union called a consumer boycott of Colgate products and threatened to embark on the country's second legal strike by black workers if management did not agree to negotiate on wages and conditions

Recently Colgate agreed in principle to do this However, both sides agreed that the actual recognition negotiations would take place after the calling off of the boycott and threatened strike and would be channelled through a conciliation board

Last week, a conciliation board meeting between the two parties failed to produce an agreement

On Tuesday, Colgate warned that workers who did not return to work today would be fired

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QUANTITY SURVEYING
(Continued)

Bell-John Prize

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For the second best student in the subject of Building Construction.

CHLORIDE FM 17/7/81

Change of control?

183

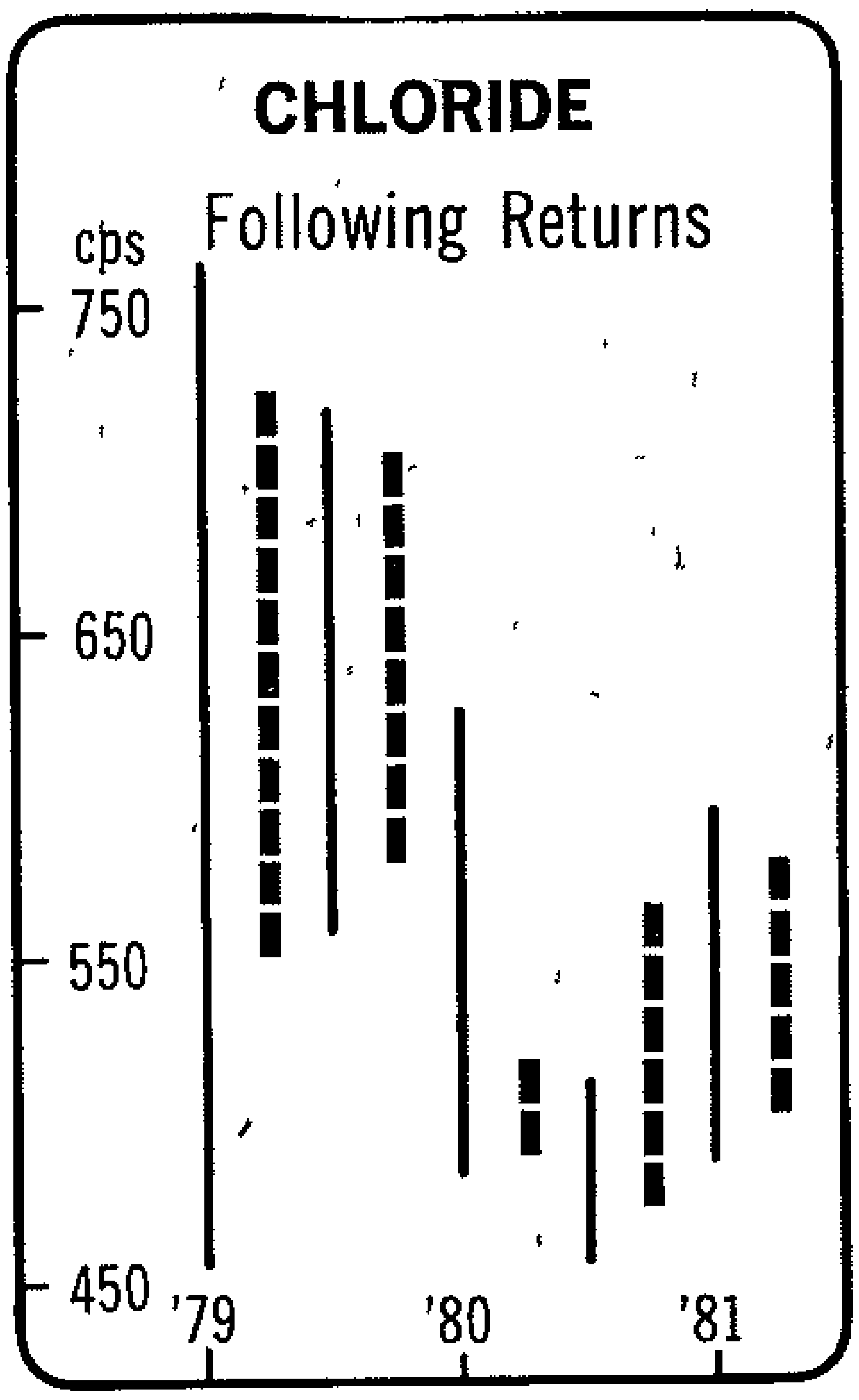
Activities: *Largest manufacturer of rechargeable batteries in SA, marketed under trade names Exide, Oldham, Chloride Also manufactures and distributes battery-related systems Chloride UK holds 70% of the equity*
Chairman: *K R T Hodgson, managing director S D R Searle*
Capital structure: *4,5m ordinaries of 50c Market capitalisation R23,4m*
Financial. *Year to March 31 1981 Borrowings long- and medium-term, R589 000, net short-term, R2,4m Debt equity ratio 16,7% Current ratio 2,2 Net cash flow R2,6m Capital commitments R699 000*
Share market: *Price 520c (1980-81 high, 700c, low, 430c, trading volume last quarter, 213 000 shares) Yields 10,6% on earnings, 5,8% on dividend Cover 1,8 PE ratio 9,5*

	'78	'79	'80	'81
Return on cap (%)	21,7	19,0	22,3	17,0
Turnover (Rm)	30,3	33 4	39 1	42 2
Trading profit (Rm)	3 9	3,9	5,1	3,7
Gross margin (%)	12,9	11,1	12,9	8 8
Earnings (c)	57 2	51,3	69,6	54,9
Dividends (c)	23	26	30	30
Net asset value (c)	296	331	371	395

Chloride's disappointing results for the year to end-March, and recent negotiations between Chloride (UK) and Haggie, make it difficult to estimate the value Haggie is likely to place on Chloride (SA) Haggie wants 50% of Chloride But Chloride's erratic earnings record over the past five years will not give the parent company much bargaining strength

Despite a 27% drop in pre-tax profit to R3,3m (R4,6m), the share rose, on speculation of talks with Haggie, to a high of 590c before slumping back to 520c At this pre-suspension price the PE is 9,5 and the share yields 5,8% on dividend

Haggie's proposal to jointly own the company together with the UK parent does improve Chloride's prospects What is certain, however, is that, though the company seemed to have everything going for it in financial 1981, it was not able to take advantage of the favourable sales conditions



The major reason for the 21% drop in earnings was the steady decline in the LME lead price last year Chloride's contract sales prices are linked to the LME price and, as the company started financial 1981 with a large stock position, it was caught with high-cost stocks at a time when contracted battery selling prices were declining

Whether this could have been avoided is debatable but it probably explains the dismal earnings record over the past five years Compound earnings growth since 1977 is 0,5% — pathetic by all standards

The company relies on being able to accurately predict the volatile lead price But the poor return on capital employed — which dropped from 22,5% to 17% in financial 1981 — indicates that the assets are under-utilised Obviously Haggie sees potential in being able to improve productivity

Higher motor vehicle sales and a wider industrial base have increased potential in the replacement market Also, the tie-up with Haggie could provide extra benefits in the mining supplies market Even without Haggie, earnings could reach 70c This could mean a payout of around 35c and if the offer is pitched at 600c a share the prospective yield is 5,8%

Chloride UK is strapped for cash and Haggie has needed diversification for some time, so there is strong motivation on both sides Also, Haggie's management style suggests it will not be content to sit with 50% for too long

Until price details are revealed, it is difficult to assess where minorities stand But the deal may prove to be an ideal opportunity for minority shareholders to bale out

Chris Wilson

RDM 17/7/81

Strike goes on as more join

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Labour Reporter

THE strike by workers at Hendler and Hendler in Boksburg is continuing and has spread to the company's night shift — bringing to 1 800 the number on strike

Meanwhile, a stoppage lasting a day-and-a half by about 500 workers at Buffalo Salt in Industria was settled yesterday as management agreed to pay workers a R10 a week increase after talks with the Fosatu-affiliated Sweet, Food and Allied Workers' Union

And at Colgate's Boksburg plant, the company confirmed that its 250 workers returned to work as expected and said in a statement that negotiations on union recognition would continue through an official conciliation board

Colgate expressed its "regret" that the strike had caused "further delay in the Conciliation Board proceedings"

At Hendler and Hendler a management spokesman said workers were still on strike and confirmed that the night shift had joined the strikers

He estimated that 1 800 workers were on strike and said the company had negotiated with the Metal and Allied Workers' Union on the dispute yesterday

Workers are demanding an increase over and above that granted to them in the metal industries' industrial agreement In lengthy negotiations with MAWU yesterday, the company reiterated its refusal to grant an additional raise

A MAWU spokesman said workers had decided to collect their pay today and to return on Monday They were demanding a 50c an hour rise, but were willing that the company deduct from this the amount it had already paid in in accordance with the industrial council agreement, he said

He said workers would return on Monday and expected to meet the company's board of directors

At Buffalo Salt, a management spokesman said workers who struck on Wednesday agreed to return yesterday after management had agreed to their demand for a R10 a week raise, which he described as "massive"

The cost of this increase would have to be passed on to the companies which Buffalo supplied

He denied reports that the company had called the police and Department of Manpower officials

"I don't know who called them We begged them to leave as their presence could not help a settlement "

Mrs Maggie Magubane, general secretary of the Sweet, Food and Allied Workers' Union, said she had been asked to intervene in the dispute by members at the plant The union represents a small number of Buffalo workers

Management had been prepared to meet her and had been "pleased by our role in the settlement"

She said workers had refused to deal with Manpower officials

Star 17/7/81

183

Conciliation procedures at Colgate

Labour Reporter

Conciliation board procedures have been set in motion and talks will resume between Colgate and the Chemical Workers' Industrial Union next Tuesday

Workers at the Boksburg plant went on strike this week complaining that management was slow in initiating in-plant negotiations

DISMISSAL

The 250 workers were given until today to return to work or face dismissal The morning shift resumed work today

In a statement Colgate said it did not consider it necessary to hold parallel talks at the plant when talks were being held at conciliation board level

Conciliation board talks scheduled for yesterday were postponed until next week because management felt it was wrong to hold negotiations when workers were on strike, the statement said

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ARCHITECTURE
(Continued)

Mrs. Thornton White Prize
For the best work in first year.

Miss M F J Sandilands

S A Brick Association Prize
For the student who has made best use of bricks in his design work.

J G Kirkman

R Stubbs Award
For the best project in structure and design.

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BUILDING

National Development Fund for the Building Industry
Book Prizes
For the best student in each year of study of the degree course.

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Firm urged to open factory in Ciskei

DD 21/7/81

~~185~~

183

EAST LONDON — A call to the Johnson and Johnson toiletries manufacturing company operating here to open a factory in the Ciskei was made yesterday by the Ciskei Minister of Health and Welfare, Dr B Maku

Dr Maku made the call during a visit to the company factory at Dawn yesterday

With him were the Ciskei Minister of Education, Chief D M Jongilanga, the Secretary for Education, Mr O S Bomela, the Secretary for Health and Welfare, Dr P Pistorius, the president of the Ciskei Nursing Association, Mrs Joyce Salayi, and the Ciskei's deputy chief nursing officer, Mrs J Sishuba

After commending the company for paying good wages to Ciskeians, Dr Maku said it would be interesting to have a branch of the firm at Bisho (the new Ciskei capital) because it would symbolise "what patience and human trust can bring about"

He said the Ciskei Chief Minister, Chief L L Sebe — who said he was sorry not to have been there with him — had given an open invitation to the company to discuss future plans in the Ciskei

Dr Maku called on the company to adopt an agricultural scheme in the Ciskei "and settle, say about 50 people in our already planned Keiskamma scheme"

He said such farmers would produce 2 000 litres of milk a day and make it possible to provide people with one meal a day — DDR

SNO 23/7/81

AECI in whopping 43,5% lift

183

AECI, South Africa's biggest chemical group, lifted its net income attributable to ordinary shareholders by a whopping 43,5 percent in the six months to June 30 and has declared an interim dividend of 24c (18c)

Turnover shot up 26 percent from R551,2-million to R693,2-million and benefiting from better margins in increased local sales, pretax profit leapt 43 percent to R122,1-million (R85,3-million).

After deducting tax of R37,1-million (R27,8-million) net income amounted to R85-million compared with R57,5-million in the same period a year earlier

Net income attributable to ordinary shareholders rise from R54-million to R77,5-million leading to earnings soaring from 24c to 36,2c.

These excellent results were achieved despite "abnormally high" production problems at the company's ammonia plant and major shutdowns at Coalplex

Mr Marvyn said all AECI's sectors had contributed to the rise in profits and noted that recently acquired Chemical Holdings had added some R32-million to sales

The results include exports totalling R27,8-million (R37,1-million and a R15,5-million (R17,8-million) dividend received from Triomf Fertilizer in respect of that company's 1980 financial year

Capital expenditure during the six months amounted to R55-million and Mr Marvyn said that AECI would spend about R100-million in the remainder of the year.

The group has progressed well with its methanol-from-coal project undertaken jointly with Amcoal and Shell and Mr Marvyn, says a major European diesel engine manufactuier will shortly arrive in South Africa to conclude an agreement with the three companies.

— **David Bamber.**

Chemical Holdings up R5-m

Star 23/9/81

279

183

By Mervyn Harris

Chemical Holdings boosted attributable profit for a 12-month period to more than R5-million for the first time after a 36 percent jump in profits to R2,58-million in the half year to June

An interim dividend of 20c has been declared against the final of 18c in the same period last year

The results cover the second six months of an 18-month accounting period to December 31 1981 to bring the year-end in line with that of 56 percent controlling shareholder AECI

Earnings a share were up from 41,4c to 47,6c in the period under review and sales rose from R31,5-million to R31,7-million.

The minor increase in sales was because of the de-consolidation of foreign subsidiaries The directors say, however, that the overall market's sluggishness will require a good performance by the company to improve upon the second half

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Second Year (Bronze Medal)

Miss G C Littlewort

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Miss N C Davidson

Fourth Year (Gold Medal)

P M Salmon
T J Cumming
D P Weeks
J H Rens
B F McCleland

Professor nzies Prize
Aw of final
ex best male
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AECI thumps Coalplex problems with 39% growth

RDM 23/7/81

(183)

By DAVID CARTE

MULTI-MILLION rand production problems at Coalplex and the ammonia plants could not prevent AECI from achieving 39% earnings growth in the six months to June. The forecast is better things to come in the second half

In spite of production problems and an excellent comparative period in 1980, South Africa's biggest chemical group lifted sales 26% to R693 200 000, pre-tax profit 43% to R122 100 000 and taxed attributable profit 43,5% to R77 500 000 in the first half

Earnings a share soared 38,7% to 50,2c (1980 36,2c) and the interim dividend has been raised 33% to 24c (18c)

The results include a R15 500 000 (R7 800 000) dividend from Triomf Without this, taxed attributable profit would still have grown 34%

The managing director, Mr Denys Marvin, told a news conference yesterday that production problems on the ammonia plants and a major maintenance shutdown at Coalplex had knocked first-half profit by several millions

These were unlikely to recur, he said

In addition, the Coalplex shutdown had obviated a routine biennial maintenance shutdown scheduled for September Profits in the second half always tended to be better

Mr Marvyn was confident that second-half growth would be at least as impressive as in the first, even though AECI foresaw a lower rate of economic growth

The directors say in their interim report that domestic sales volumes were 18% better with all sectors contributing Half of this increase was attributable to acquisitions — mainly Chemical Holdings, which added R32-million to sales

The group says its major R300-million expansion programmes to increase low density polyethylene, carbide, explosives and polyester filament yarn are all on schedule

The first of three new polyester spinning machines is in production and the other two come on stream this year The other plants are all planned to start in the first half of 1982

Mr Marvyn said AECI spent R55-million on capital expenditure in the first half and would spend another R100-million in the second half. In spite of the group's plans to spend R300-million in three years, he expected debt to remain at about 25% of equity thanks to strong cash flow

All projects would be financed out of retained earnings and borrowings and would offer a discounted cash flow of 20% a year

The group has long-range plans to spend about R2 000-million, much of it aimed at replacing the R900-million of chemical imports a year

Mr Marvyn said the raising of cover from 2 to 2,1 was not necessarily the beginning of a trend to greater cover Because AECI's earnings were so conservatively stated, he believed cover to be partly academic Cover would depend on circumstances and, particularly interest rates, at any given time The interim dividend was also no guide to group policy

AECI puts tax savings from investment allowances in a special reserve, so these do not influence earnings Nevertheless, the group tax rate came off from 32,6% to 30,4% in the half-year

Mr Marvyn said this was thanks to training and export allowances, but the AECI tax rate would not tend to change much over time

The group's exports declined to R27 800 000 (R30 500 000), largely because of more buoyant SA demand Switching sales from export to domestic markets tended to fatten margins

Mr Marvyn said AECI's investigation with Amcoal and Shell of a methanol-from-coal project was "on course" He said the prize was diesel replacement The work done so far was promising and a "major European diesel engine manufacturer", had indicated surprise at progress and interest in the plan

Some new projects included a R160-million soda-ash, salt and magnesia plant in the Northern Cape and a R25-million cyanide plant on the Reef

On Sasol's plans to make fertiliser, Mr Marvyn said AECI did not mind competing "provided we compete on an equal basis"

He thought Triomf's prospects had brightened recently with the weaker rand and an improved supply and demand situation in world phosphoric acid markets

Higher interest rates could cause some retailers to destock and this could hurt sales, but he believed most of any such destocking had already taken place The mines' explosives stocks were generally stable, so AECI was not vulnerable here

Mr Marvyn said that while economic growth was likely to slow, it would remain positive and the chemical industry tended to outperform gross domestic product He was extremely confident for the group in the long term

COMMENT. With so much going for it, the group looks set fair for at least 35% earnings and dividend growth for the year. This suggests lifo-based earnings of 110c and a dividend of 60c This puts the share at 840c on the most attractive minimal prospective yield of 7,2%.

Chemhold beats R5m earnings for first time

(183)

RDM 23/7/81

By DAVID CARTE

CHEMICAL Holdings earned more than R5-million for the first time in the year to June 30, but it warns that it will have to run hard in the next six months to equal results for the same period in 1980.

The company is reporting for an 18-month period to bring its yearend into line with that of its new parent, AECI.

Chemhold's second interim report for the year to June shows sales rose 16% to R66 953 000, pre-tax profit 47,5% to R9 676 000 and taxed attributable profit 70% to R5 475 000

The number of shares in issue rose 21% to 5 423 000, so earnings a share increased 40% to 101c (72c)

A second interim dividend of 20c has been declared, making 40c for the year — a 36% improvement on last year's 29,5c

The directors say that in comparing the 20c dividend with last year's 18c, it should be borne in mind that last year's was a final and not an interim dividend

The group deconsolidated its foreign subsidiaries from July 1, 1980, and mainly for this reason, figures for the six months to the end of June are a good deal less impressive than those for the year.

With foreign interests deconsolidated, sales in the half-year rose only 0,6% to R31 785 000, pre-tax profit 12% to R4 407 000 and taxed attributable profit 36% to R2 580 000 Earnings a share were 47,6c, against 41,4c

"It is evident," the directors warn, "that the overall market's sluggishness will require a good performance by the company in order to improve upon the second six-month period of 1980, when the level of market activity was extraordinary"

The formulated chemical division more than doubled its contribution and the manufacturing sector performed "admirably"

The Chemserve Technical Products division had a "difficult and somewhat disappointing" six months and failed for the first time in many years to meet its budgets.

Chemintal was sold during the year as it was moving away from Chemhold's traditional type of business The sale will have only a minor effect on earnings and net assets

The directors forecast a final dividend of at least 25c a share, which will give cover of 2,25. This they consider adequate becauser of the company's liquidity

Because of the complex and diverse nature of the group, it has not yet switched to the lifo method of stock valuation, but it is possible that lifo could be adopted by certain subsidiaries this year

OUTPUT OF PLASTICS UP 12 pc

Argus 24/7/81

183

THE value of plastics products made in South Africa last year rose by almost 12 percent to R427-million, reports the Plastics Federation.

Business is still buoyant and 78 percent of plastics companies say the volume of sales last quarter was higher than a year ago.

The federation commissioned the Stellenbosch Bureau for Economic Research to make a survey of the industry and this has found two major bottlenecks — a lack of skilled labour and prices continuing to increase.

Most companies report rises in value of production and of orders received. But they expect a slight slowdown in the current quarter and probably a sharper slowdown towards the year-end.

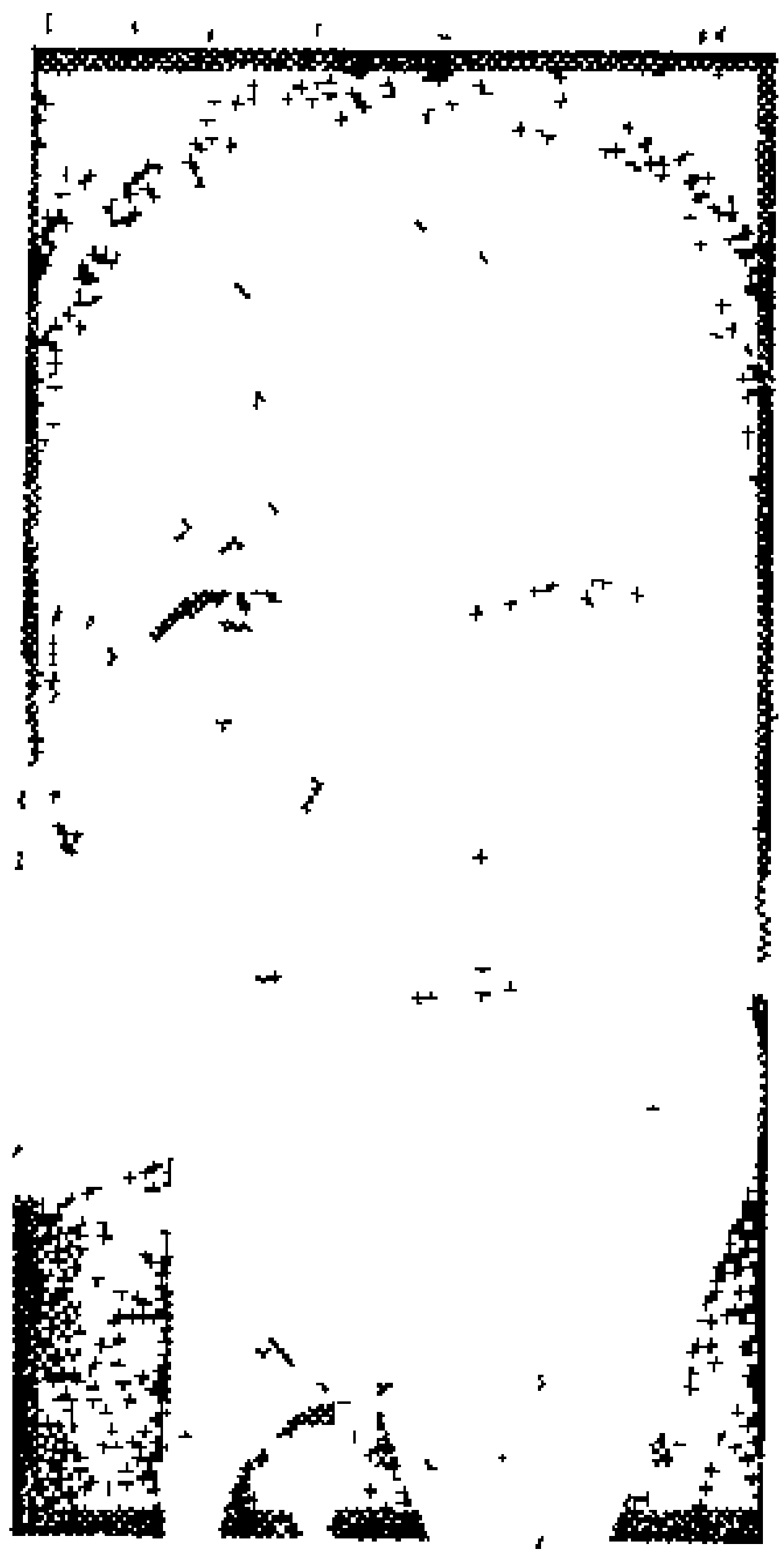
STOCKS TOO LOW

Most judge stocks of finished goods too low in relation to expected demand, however, and some overstocking of raw materials related to planned production.

Twenty-eight percent report additions to production capacity in the second quarter while another 33 percent plan extensions to capacity.

Almost 40 percent employed more workers than a year ago and 23 percent report longer working hours.

Labour costs a unit of production rose sharply, says the bureau. Eighty percent report a rise in overall unit cost of production and 72 percent increased selling prices.



MR OTTO SCHOLTZ, formerly chief executive finance and management services, has been appointed a director of Atlantis Diesel Engines (Pty), responsible for the same functions.

Chrysler makes profit

WASHINGTON — The Chrysler Corporation has reported its first profit in more than two years — 11,6-million dollars (R10,9-million) in the second quarter of this year. — Sapa-Reuter

Star 24/7/81

183 ~~249~~

Everite turnover 35% more while dividend soars by 79%

An improvement in turnover of 35 percent of group profit after tax before LIFO adjustments of 65 percent, and a 79 percent increase in the dividend are reported by Everite for the year to June 30.

Comment to the statement says the group has adopted the LIFO method of stock valuation which reduced pre-taxed profits by R2,8-million and the tax liability by R1,2-million. The statement says that there will be a resultant increase in cash flow of R1,2-million.

Actual turnover was R142-million (1980: R105-million). Group profit after tax was R17-million (R10,3-million) before LIFO net profit attributable rose from R10,2-million to R15,3-million after LIFO and the dividend was fixed at 50c (28c).

Taxation was substantially up at R13,5-million against R7,7-million for 1980.

Earnings a share increased from 62,5c to 102,8c estimated on the previous stock evaluation basis and at 93 on the LIFO basis.

The statement says that activity in those divisions serving the building industry continued at a high level and all of these divisions made a contribution to profit. — Sapa.

Plastics split over foreign entries at trade show

RDM 27/7/81

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By SIMON WILLSON

THE PLASTICS Federation of South Africa says it will boycott an international plastics and rubber exhibition in Johannesburg next year because the exhibition is "not in the interests" of the plastics industry.

But the organisers of the exhibition, Trade Fairs and Promotions, claim the federation's boycott is the result of pressure from the Plastics Machinery Supplier's Association (Samplas)

Samplas, the organisers say, controls 80% of the SA plastics machinery market and opposed the exhibition when it found out that imported plastics machinery would be on show.

Trade Fairs says the president of the Plastics Federation's council, Mr Roger Cockram, is also chairman of Samplas

The dispute has blossomed into a full-scale row with Samplas members withdrawing advertising from Thomson Publications, of which Trade Fairs and Promotions is a subsidiary

It is the first time in the four-year history of the federation that it has boycotted a plastics exhibition in the R1 000-million-a-year South African plastics industry

Late last year Trade Fairs asked the federation to support the exhibition — to be called Plastelast '82 and staged at Milner Park in July next year — and, according to Trade Fairs managing director, Mr John Thomson, the federation agreed at first

But in January this year the federation declined to support the exhibition

"What tends to happen at this sort of exhibition is that people think there is a lot of money to be made in the plastics industry because the technology is 'new'," Mr Cockram said

"These exhibitions tend to draw in people who are not normally involved in the plastics industry and only want to make quick money"

The exhibitions attracted low-priced imported machines at the expense of machines produced by majors in the plastics machinery industry, he said

"It is being made into a show for any Tom, Dick or Harry, including the Taiwanese

"This is not to the advantage of the plastics consumer A low-priced machine is low-priced because it has not got the same standard of workmanship"

A statement from the federation in its newsletter said an exhibition "for which machinery is imported, demonstrated and actively sold creates undesirable subdivision of the plastics industry which adversely affects the profitability and growth by creation of unplanned overcapacity"

Mr Thomson says "We believe this objection comes from Samplas which has 11 members (of the federation) and controls 80% of the plastics machinery market

"Their objection is that the stuff demonstrated at the exhibition is imported All Samplas' machinery is imported

"It is significant — and we have proof — that Samplas agreed to support the exhibition if we banned all machinery from the show They went on to state that if we did not ban machinery from the show they would withdraw their not inconsiderable advertising support from Thomson magazines."

The federation newsletter gives a second reason for the boycott of the exhibition "An industrial exhibition does not attract the users of plastics products but, rather the manufacturing public, and it therefore has no, or very little, effect on expanding the market for plastics products"

To this second objection Mr Thomson also takes exception

"At no stage has the federation asked us for our plans to advertise and promote the exhibition which, significantly, is aimed at exactly the sector they do not expect to attend"

Trade Fairs says it will go ahead with the exhibition in spite of the federation's opposition It says 20 European companies and 30 from Taiwan have inquired about exhibiting

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URBAN
REGIO
PLANN

III: No award

II : A R Low Keen

I : N D G Sessions

fifth years respectively.

II and III in the third, fourth &

the courses of Building Economics I,

For the best student in each of

LTA Prizes

P R Swift

Professional Practice.

the highest marks in

For the student obtaining

Surveyors' Prize

Cape Chapter of Quantity

The Committee of the Western

P C Key

(Continued)

in any year of study.

For the best all-round student

SURVEYING

Bell-John Prize

QUANTITY

In all Industrial Council Medical Schemes, Management committees are formed. There is equal representation and participation of registered trade unions and employers' associations on these. African worker representatives cannot participate in the decision-making process of the committees. It would be possible to bring in these representatives at a sub-committee level. However, it is doubtful whether this is frequently done (8)

The medical schemes established under industrial council jurisdiction as already mentioned are exempt from complying with the Medical Schemes Act. They fall under the Industrial Conciliation Act. The only obligation they have to the Medical Schemes fund is to furnish information annually in respect of their finances and expenditure.

The medical schemes are required to be an improvement on the basic h provisions laid down in the Factories Act and Shops and Offices Act. There is often ambiguity as regards this, however. For example, recent memorandum recommending the establishment of a sick benefit s in the Iron and Steel industry, the workers complained that the new agreement gave a longer period of leave than the main agreement for industry, but didn't include a comparison with the Unemployment Ins fund which also extends sick pay. It is thus not always clear the health provisions have, in fact, improved. 69% of Whites, Coloured and Indian workers who fall under industrial council jurisdiction are covered by a medical scheme. Only 8% of Africans to whom these agreements are extended are covered.(9) (See Table 3)

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TABLE 3

MEMBERSHIP BY RACE OF MEDICAL AID AND MEDICAL BENEFIT SCHEMES ADMINISTERED BY INDUSTRIAL COUNCILS

	Whites	Col.	Asians	Africans	Total
No. of workers covered by all I. C's (1971)	218 686	192 915	61 486	537 475	10 10 562
No. of workers with medical aid coverage in terms of [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible] councils who have medical aid had extended scheme to all workers in those industries	178 450	94 158	15 059	420 659	708 326
No. of workers who could have been covered if those I.C's who have medical benefit had extended scheme to all workers in those industries.	10 792	77 701	31 305	47 885	167 683
No. of workers covered by I.C's who have no medical scheme.	62 192	76 006	23 342	496 458	651 998
% of workers covered by I.C's which operate medical aid	81%	43%	46%	Negligible	
% of workers covered by I.C's which operate a medical benefit.	99%	98%	99%	84%	

GENE

Star 29/7/81

(183)

Huge loss in plastics plant blaze

By Lynne Cornfield, East Rand Bureau

A grass fire spread into a plastics factory in Brakpan yesterday causing damage of about R500 000.

Part of the Evol Poly-flow factory was destroyed as well as substantial stocks.

Flames leapt about 22 m in the air and a pall of black smoke could be seen from Alberton.

Several Brakpan firemen were slightly burnt in the 2½-hour fight to extinguish the fire

EXPLOSION

While the men were trying to control the flames, a massive explosion rocked the premises. The cause of the explosion has not yet been determined.

The blaze started after a grass fire near the factory's fence reached some finished polypropylene pipes and rapidly spread to the factory. Firemen were able to save most of the factory.

A company spokesman declined to comment.

Chemical plant 'must be closed'

NM 30/7/81

183

Mercury Reporter

THE Borough of Pinetown has been sent an attorney's letter, backed by an 11-page Senior Counsel's opinion, calling for the immediate closure of Chemical Services in Hagart Road

The letter, on behalf of Mr Mike Gwynn 'and others', claims that the factory's activities exceed the limitations of a light industrial area and calls on the Pinetown Town Council to enforce the town-planning scheme

The attorneys, Wartski and Greenberg, enclosed a copy of the opinion of Mr Andrew Wilson, SC, in which he argued that the activities of the company constituted a chemical works in the general sense, and that the local authority was empowered to obtain an interdict preventing its continued activity.

Mr Gwynn is the chairman of the Ward 2 Ratepayers' Association and is spearheading a campaign to stop the chemical factory from operating in the light industrial area which adjoins a residential area

He and others in the area say that, at worst, they fear for their lives, having to live so close to dangerous chemicals and, at best, that their health is being impaired by the regular emission of smoke and smells from the factory

Mr Gwynn is paying the legal fees personally and yesterday he condemned the council for leaving it 'to the man in the street to pay up in order to protect his rights and that of others'.

He said 'I pay exorbitant rates and the town officials have just had a 20 percent increase, so why can't the council start bearing some of the expenses?'

A recent licence hearing at which Chemical Services applied for an 'offensive trade' licence was adjourned, until a date still to be set, for the Licensing Board to decide whether it had the jurisdiction to consider the application.

Representing three of the objectors, Mr Lionel Wartski had argued that the factory was a chemical works and in terms of the Town Planning Scheme the board was not permitted to grant special consent for this type of activity in a light industrial area

The applicant's attorney claimed that Chemical Services was not a chemical works

Meanwhile, several councillors are reported to be extremely angry that the Town Planner had submitted a letter to the Licensing Board saying the council had no objection to the Chemical Services application. The matter had never come up for council discussion and the councillors had called for it to appear on the next agenda

It was not discussed at Tuesday's open council meeting but the Mayor of Pinetown, Mrs Pauline Strydom, said it could come up at a committee meeting next week

She confirmed that several councillors had grave doubts as to whether the company had a right to operate in a light industrial area.

She said: 'We want industry and we need industry, but we do have to consider the health of our residents.'

OMNIA (183)

Complex markets

FM 31/7/81

Activities: *Investment holding company with interests in fertiliser and agricultural subsidiaries*
Chairman. *R K J Winkler,*
Capital structure: *14,9m ordinaries of 50c Market capitalisation R23,1m*
Financial: *Year to December 31 1980 Borrowings long- and medium-term, R968 000, Net cash R1,8m Debt equity ratio 14,1% Current ratio 1,0 Net cash flow R1,2m Capital commitments R180 000*
Share market *Price 155c (1980-81 high, 205c, low, 60c, trading volume last quarter, 507 000 shares) Yields *15,5% on earnings, *5,2% on dividend Cover 3,0 PE ratio *6,5*

Omnia Holdings, listed in October 1980 via a reverse takeover of Peter Gain's Columbus shell, reported a taxed attributable profit of R853 000 for the year to end-December Although Omnia gained control only three months before the year-end, the timing of the takeover meant the holding company was entitled to a final dividend from 52%-owned subsidiary, Omnia Group

	†'80
Return on cap (%)	*72,3
Turnover (Rm)	19 2
Pre-tax profit (Rm)	2,8
Gross margin (%)	15 1
Earnings (c)	6,0
Dividends (c)	2
Net asset value (c)	39,5

* Annualised † Three months to December 30

This income enabled Omhold to declare its first dividend of 2c last year

The new structure of the group is complicated Omhold has a 52,6% direct interest in Omnia Group and all the equity in German African Finance Corporation — an investment holding company whose principal asset is 35,2% of Omnia Group Omnia Group, in turn, owns 87% of Omnia Fertilizer — the main operating subsidiary within the group

There are, however, anomalies in the domestic fertiliser market which complicate the outlook for the current year Certain products — mainly nitrogenous products — used in fertiliser manufacture are subject to import control restrictions But, at the same time, government allows low-priced imports, permitting foreign competitors to increase market share Because of these restrictions, Omnia attempted to reach an agreement last year with Sasol whereby the company would gain greater access to Sasol's nitrogen production In return, Sasol would acquire a minority interest in the group

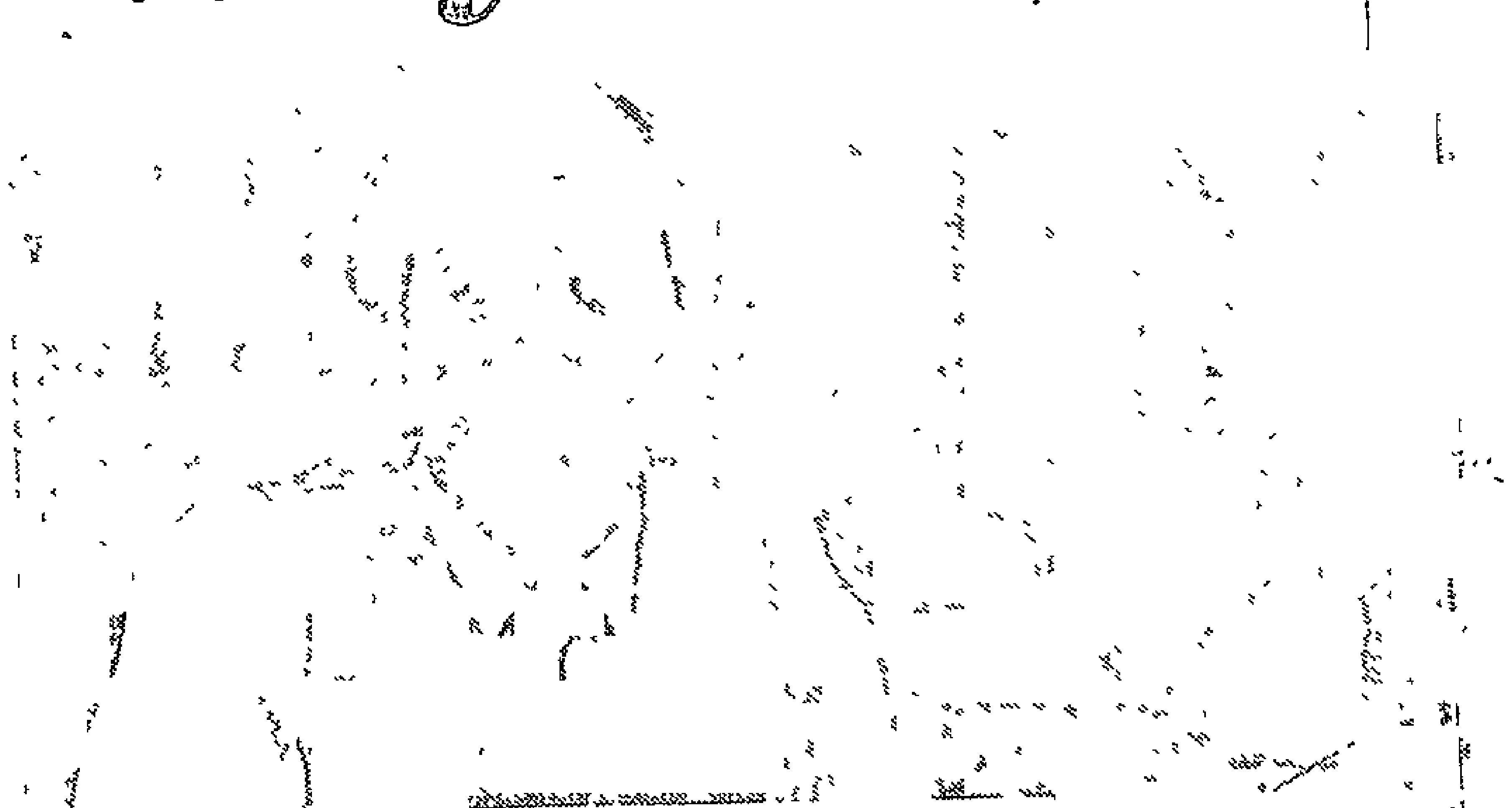
The attempt failed The company is now virtually forced to establish a R40m nitric acid plant in Sasolburg, it is planned to come on stream in 1983 The directors say funding the project may necessitate an increase in share capital

In a recent development, however, it has been announced that Sasol is considering establishing a marketing organisation to distribute fertiliser direct to farmers This could hit manufacturers badly and further complicate conditions in the fertiliser market

At 155c, the annualised historical dividend yield is 5 2% — not particularly attractive and fully valued if a line is taken through the sector which yields an average 5 4%

Chris Wilson

'Why we recognised a 'militant' trade union'



Should employers ignore Government urgings and recognise unregistered trade unions? Chloride (SA) is one of several companies which have done so — and it has recognised a union which most companies see as dangerously "militant". Labour Reporter STEVEN FRIEDMAN reports on a talk by the company's personnel director, Mr Theo Heffer, in which he explains why and how it ~~took this step~~

RDM 3/8/81

183

WHEN the unregistered South African Allied Workers Union (Saawu) came on the scene in East London last year, accompanied by a wave of strikes, most employers blanched and prepared for a no-holds-barred battle

Saawu a community-based union, grew dramatically in a few months Most employers branded it "militant' and "confrontationist" and were perturbed by its overtly anti-apartheid stance

They determined to resist it, and were encouraged by local officials and later Manpower Minister Mr Fanie Botha who urged employers at a private meeting to 'hold out' against the union

But one company decided on a different course Last November, battery manufacturers Chloride (SA) announced that it had recognised Saawu

Some employers in the area accused Chloride of breaking ranks" and the company's decision was hardly popular in management circles

But Chloride is no longer alone Three other companies have recognised the union and several more agreements are on the way

In a recent talk to employers, Chloride's personnel director, Mr Theo Heffer, told the story of how and why the company came to recognise Saawu

Extracts from the talk have now been published by Wits University's Graduate School of Business Administration It says Chloride's story "shows an alternative to confrontation"

Survey

Mr Heffer begins by recalling a survey conducted by the company at its Benoni, East London and Berlin plants in June, 1979

This revealed that neither management nor workers were aware of any union attempts to recruit workers and that workers said they didn't know whether they wanted to be represented by a union or an in-plant committe

Only months later Chloride was approached at one factory by a union claiming to represent more than 60% of workers and Mr Heffer argues that workers who are questioned by management often fear victimisation

But the survey also revealed that workers did not feel their liaison committee was achieving anything "

Says Mr Heffer "I believe any honest manager should admit that liaison committees were used as an alternative to unions the attitude that 'our employees have committees therefore we don't need unions' is shortsighted "

To place obstacles in the way of workers choosing the representation they want leads to their adopting a militant attitude and could mean companies will have to deal with precisely the kind of union they were trying to avoid

While the committee system "can form part of a healthy industrial relations structure a chance seems to have been missed and there is not much hope of a general and willing acceptance of the system among blacks"

Trust

But Mr Heffer stresses the importance of building up trust and adds that Saawu were willing to consider in-plant committees as long as they were not meant to frustrate unions

"And the union we were dealing ~~with is~~ freely considered to be one of the most 'militant' black unions "

Chloride was also influenced by other factors around June, 1979

'We were aware of an ever-increasing awareness of their rights and power among blacks That's important Do not assume that because you do not have an overt conflict situation that blacks are not thinking about their grievances "

The company also recognised that an increasing proportion of its workforce would be black and that, as workers acquired better education and training, they were unlikely to remain "subservient and docile"

Chloride therefore begun an awareness programme among top management "to concentrate on fundamental principles in regard to trade unionism"

It began to develop a policy aimed at "maintaining industrial peace"

But it recognised that this could not be achieved through eliminating conflict Chloride accepts that conflict is inherent in management-worker relations and believes that this conflict "can become a constructive force"

Flowing from the company's approach were three principles

That management had th "responsibility and right to manage the business", that it recognised the right of workers to choose whatever form of representation they desired, and that it believed that sound and fair labour relations depended on involving workers "through their chosen representatives in those decision which affect their lives at work"

On the first point, Mr Heffer says Chloride rejects the view that management's "right to manage" means unilateral decision-making

On the second " We asked ourselves, 'Do we mean it for real? ' and accepted fully an affirmative answer We mad our attitude known *before* we were approached by a trade union "

The company also made clear its willingness to accept any representatives chosen by workers "whatever their background or reputed background"

Adds Mr Heffer "It is not for us to prescribe to employee organisations what views they should hold

"Are there really any non-political unions? Or is a union that wants to preserve the status quo less political than one that wants to change it?"

Chloride also concentrated on training committee members an developing committee powers stressing that it was a consultation, not a negotiation, body

In April, 1980, Chloride's East London workers asked for a union to replace the liaison committee Following "an unusual lull", Saawu approached the company formally for recognition in June

Request

"We had a policy and set a date to discuss their request " But "We knew little about the union and what we were told bad new

Chloride asked Saawu how many workers it represented and the union said 60% Management thought this figure too high — some employers believed that only 5% belonged to Saawu — and asked the union to prove its claim

It did — union records showed it had 70% membership at the plant'

Debate

Talks then continued with Saawu over issues like paid-up membership over a period, the union's constitution and a structure for recognition — and there was debate within management on an acceptable membership figure for recognition

But in the interim the committee had ceased to function Saawu "met our every requirement and discussion was constructive " Chloride "decided to go to the workers who had waited patiently through the discussion period "

On November 5 workers were asked in a referendum monitored by both parties whether they wanted Saawu to represent them — 95,2% voted "yes"

The agreement was signed on November 11 and in it both parties declared their commitment to "industrial justice and peace as well as to 'profitability, growth and stability'

It was an uncomplicated agreement which acknowledged that the process would develop over time as both sides established their rights and duties

It provided for the election of a five-member Workers Central Executive and four shop stewards The executive may call in union officials whenever they wish and officials are brought in when negotiation is at issue

In practice union officials tend to leave in-plant issues to the committee

Mr Heffer says Chloride did not try to hide its approach from the authorities It believed it had "nothing to hide "

They were "not always pleased with us, but we reassured them that we were not trying to undermine the government and we had many useful discussions"

Since the agreement matters have developed 'well" Mr Heffer ascribes this partly to the existence of a detailed company labour policy before Saawu's approach and the clear indication to workers that unionism would be allowed

"We were told that Saawu's policy was one of confrontation-

Well, I must say we have not come across it yet '

The committee has been restructured in consultation with Saawu and in line with the agreement, a job evaluation system has been introduced after talks with union representatives and wages were negotiated with Saawu

Mr Heffer says Chloride would have preferred a non-negotiated wage rise this year after introducing its new system, but Saawu chose to negotiate it

"Bargaining lasted two days in place of the anticipated few hours but we reached a satisfactory agreement including a plan for productivity improvements."

Disputes

A comprehensive bargaining and disputes procedure is to be negotiated

Delicate issues have arisen since the agreement was signed — 53 men were retrenched, but the union was able to negotiate an improved settlement for laid-off workers Since then some have been taken back in consultation with Saawu

Reviewing Chloride's move in the context of turbulence in East London, Mr Heffer says "The situation is delicate, a large number of strikes have occurred and some are still on but so far none at our plant

"We do not believe we are immune from strikes, we simply don't want to cause them"

He adds "To refuse to deal with a representative union, even if it is not registered, would to my mind fly in the face of reality "

Banning or failing to recognise unions is futile And "it is in our opinion immoral to use tricks like threatening strikers with lists of people unemployed you can't do that and get away with it in the long term"

Strategy

Mr Heffer refers to attempts to form a common employer strategy to unions and to some guidelines being offered employers by consultants, which he brands as "invitations to strike action"

He believes it is dangerous to encourage employers to join together to crush a particular union "Such collusion is wrong, whether between different employers, between employers and the authorities or even between both of these and favoured unions"

And he advises employers to remember that unions like Saawu work on democratic principles, going back to workers if they feel they have no mandate for decisions Elected shop-stewards are key union figures

Saawu thus rejected automatic stop-order facilities, and preferred to collect union dues by hand, believing this would maintain contact with members

Employers have asked whether Chloride would have been able to "go as far as we have" if it had been covered by an industrial council agreement

Mr Heffer replies that nothing prevents employers and unions from bargaining better conditions than those contained in council agreements

Summing up, Mr Heffer says Chloride's decision to recognise Saawu was "a beginning, not an end "

He adds "When you embark on this kind of social experiment you are giving away some power That's hard to accept at first "

But he stresses the importance of "mutual trust" and says " I do not underestimate the hard work involved nor the degree of patience and understanding, but the rewards can be incalculable"

> 'We do not believe we are immune from strikes — we simply don't want to cause them'

Fire destroys EL mattress factory

DP 17/8/81 ~~184~~ 183

EAST LONDON — Fire destroyed a foam rubber goods factory here last night

It took five units of the East London Municipal Fire Department about an hour to douse the blaze at Transkei Mattress Manufacturers in Jagger Street

Three firemen stood watch over the gutted building late last night The cause of the fire had not been established

One of the owners of the firm which has a branch in Umtata, Mr L R Moodie, said he was bewildered by the fire — their second in two years

"I had just arrived in Kei Road at about 6 30 when I got a telephone call that our factory was burning By the time I got back it was completely destroyed," he said.

Mr Moodie said it was difficult to assess the damage now but in the last fire, damage to the Department of Community Development-owned building was about R50 000. Stock loss was about R15 000

"I would put it at about R25 000 loss to us with machinery," Mr Moodie said.

The firm produced foam mattresses and pillows and had a staff of 15 — DDR

RAND DAILY MAIL, Thursday, August 6, 1981 3

More labour trouble on East Rand

RDM 1/9/81 133

By RIAAN DE VILLIERS

HUNDREDS of workers downed tools, at least 100 were told they had lost their jobs, and a union organiser was questioned by the Security Police in renewed incidents of labour unrest on the East Rand

And Dr Bernie Fanaroff, organiser of the Fosatu-affiliated Metal and Allied Workers' Union (Mawu), claimed yesterday he had been assaulted at one of the strike-hit plants, Auto Industrial in Isando

About 100 striking workers at Gundle Plastics, near Germiston, lost their jobs yesterday after ignoring a management ultimatum to return to work

Mawu members have been involved in both stoppages

Dr Fanaroff said yesterday workers at Auto Industrial had decided to ask for a wage increase of 50c on Tuesday The managing director, Mr Dean Fragale, later addressed workers and told them he was not prepared to discuss wage increases with them

"He then told them if they did not like their wages, they should leave, which they did," Dr Fanaroff said

Yesterday morning, he and another union organiser were let onto the company's premises while workers were gathered outside. Shortly afterwards, Dr Fanaroff said, he was "manhandled and slapped" and also threatened with further physical violence He is considering laying charges

Two shop stewards were fired. Other workers were told they could return but only selected workers would be taken back, he said

Police stood by as union officials reported back to workers gathered outside The workers then dispersed

Dr Fanaroff said he was then invited to go to the Kempton Park Police Station, where he was questioned by Security Policemen about the current strike wave on the East Rand

A police spokesman said Dr Fanaroff had been "invited" to have a discussion with two Security Policemen and he emphasised that he had not been detained or arrested

Spokesmen for Auto Industrial were unavailable for comment

The management of Gundle Plastics said in a statement a section of the factory's workers walked off their jobs yesterday morning

Management was not informed about the reason for the stoppage, and therefore approached the workers and called for spokesmen

When none came forth after repeated requests, workers were asked to return to work or to leave the premises, in which case they would be terminating their services with the company

The workers then left the premises and dispersed

The stoppage did not involve all workers and several departments were still functioning, the statement said

A union spokesman said it would approach management for talks today

Workers down tools in E Rand labour unrest

CT 6/8/81 [illegible] [illegible] 180 MAWU 183

Own Correspondent

JOHANNESBURG — Hundreds of workers have downed tools in renewed incidents of labour unrest on the East Rand

And yesterday afternoon, Dr Bernie Fanaroff, organizer of the Fosatu-affiliated Metal and Allied Workers' Union (Mawu), claimed he had been assaulted in the yard of one of the strike-hit plants, Auto Industrial in Isando

He said he had been "manhandled and slapped" and threatened with further physical violence

I am considering laying charges following the incident and will take legal advice on the matter," he said

Dr Fanaroff was also questioned by two security policemen about the current wave of industrial unrest in the area yesterday morning

About 100 striking workers at Gundle Plastics near Germiston lost their jobs yesterday morning after ignoring a management ultimatum to return to work

Mawu members have been involved in both stoppages

Dr Fanaroff said yesterday workers at Auto Industrial had decided to ask for a wage increase of 50 cents an hour during a lunch-hour meeting on Tuesday

According to Dr Fanaroff, the managing director, Mr Dean Fragale, later addressed workers and told them he was not prepared to discuss wage increases with them

"He then told them if they did not like their wages they should leave — which they did" he said

Dr Fanaroff said he had learned about the strike on Tuesday night Yesterday morning, he and another union organizer were let into the company's premises while workers gathered outside

Shortly afterwards, Dr Fanaroff said he was "manhandled and slapped" and also threatened with further physical violence

Later, union shop stewards gathered at the gate were repeatedly told they were "baboons", he said.

Two shop stewards were fired Other workers were told they could return but would be let in one by one, and that only selected workers would be taken back, he said

Police stood by as union officials reported back to workers gathered outside The workers then dispersed

Dr Fanaroff said he was then invited to go to the Kempton Park police station, where he was questioned by security policemen about the current strike wave on the East Rand

A police spokesman later confirmed that discussions had taken place He said Dr Fanaroff had been "invited" to have a discussion with two security branch men and he emphasized that he had not been detained or arrested

Spokesmen for Auto Industrial were not available for comment

In a statement issued yesterday, the management of Gundle Plastics said a section of the factory's workers walked off their jobs yesterday morning

Management was not informed as to the reason for the stoppage, and therefore approached the workers and called for spokesmen

When none came forth after repeated requests, workers were asked to return to work or to leave the premises in which case they would be terminating their services with the company

The workers then left the premises and dispersed

The stoppage did not involve all workers and several departments were still functioning, the statement said

A union spokesman said it would approach management for talks today.

Recently, workers at Gundle Plastics struck for two days after the dismissal of a worker The dispute ended, when he was taken back

The union has been negotiating with the firm on recognition

● Meanwhile, the management of Henred Fruehauf has agreed to reinstate two workers whose recent suspension led to a strike at the plant, union sources said yesterday

This came after an inquiry into the circumstances which led to their suspension, in terms of an undertaking given to workers at the time of the strike

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Rules.

(1) A logical IF statement cannot refer to itself For example, the following statement is illegal

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   10 IF(A.AND.B) GO TO 10
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(2) Because execution of the statement proceeds in two parts, the same variable may appear in both the logical expression e and the statement s For example

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      IF(A.GT.B.OR.A.LT.C) A=B+C
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(3) Caution must be exercised involves the

Ex

(1)

Prescribed Books:

Yeats : Selected Poetry, ed.A.N.Jeffares (Pan)
Eliot · Collected Poems 1919-1962 (Faber)
. Men Who March Away: Poems of World War I. (Chatto/Windus)
Lucie-Smith,E(ed): British Poetry Since 1945 (Penguin)
Eastman . Norton Anthology of Poetry (Norton)

Recommended Reading:

Unterecker,J : A Reader's Guide to W B Yeats(Thames/Hudson)
Williamson,G . A Reader's Guide to T.S. Eliot (Thames/Hudson)
Skelton,R(ed). Poetry of the Thirties (Penguin)
Lawrence,D H Selected Poems, ed.K Sagar (Penguin)
Press,John . A Map of Modern English Verse (OUP)p/b

Note· Students who also take Modern British Poetry may prefer to buy T.S.Eliot: The Complete Poems and Plays,(Faber) p/b.

26 CONTEMPORARY BRITISH POETRY Wed. 3.15 p.m.

Lecturer . Dr. I E. Glenn

An introduction to contemporary British Poetry, with special emphasis on the work of Seamus Heaney, Ted Hughes, and Philip Larkin.

Prescribed Books

Lucie-Smith, E D.(ed) : British Poetry Since 1945 (Penguin)
Heaney,Seamus . Selected Poems 1945-1975 (Faber)
Hughes, Ted · Selected Poems 1957-1967 (Faber)

Larkin, Philip · High Windows (Faber) p b
: orth Ship Faber) p b

B. LANGUAGE AND MEDIEVAL OPTIONS

10. * LANGUAGE AND ATTITUDES

10A: Thurs.11.15 a m.
10B: Thurs. 2.15 p.m.

Lecturer: Ms. K. McCormick

In this course we shall be ex language in terms of (1) the range of functions of the lan a country relative to one ano speakers are perceived as a r dialect, register, jargon, fo

We shall look at studies done those findings to what is obs especially with regard to the

Prescribed Books:

Pride, J B and Holmes, J.(eds
Trudgill, P · Sociolinguis
(the latter book should be re

11 * THE ARTHURIAN LEGEND

Lecturer: Mrs. R. Boyall

This course xplores the ori in history and in literature detailed assessment of the f material in the Middle Ages, tradition of courtly love. under consideration include the relationship between Lan between Tristan and Isolde, supernatural elements of the concludes with examination o the legend those of Tennyson example), seen particularly social and moral attitudes.

Prescribed Books:

Vinaver, E ed · The Works o
Tennyson · Idylls of t

Recommended Reading

White, T H · The Once and Future King Fontana)
White, T.H : The Book of Merlyn Fontana)
Twain, Mark . A Connecticut Yankee in King Arthur's Court (Penguin or Signet)

Sowetan 7/8/81 (183)

Gundle Plastics strikers fired

MORE than a 100 workers were fired at an East Rand factory after they had gone on strike apparently over a dispute with a company official this week

The strike at Gundle Plastics is the second to hit the factory in two months The first was in June and lasted for two days

The workers were fired after they had ignored an ultimatum by management to return to work Most of the strikers are members of the Metal and Allied Workers Union (MAWU)

The workers were yesterday reported to have held a meeting near the factory over which police kept a close watch

At the meeting the workers were said to have agreed not to return to work today Production has been affected at the large plastics factory since the strike began on Wednesday

Workers on the night shift have also joined in the strike thus rendering themselves unemployed according to the company's ultimatum issued earlier to the other strikers MAWU officials yesterday held a meeting with the workers

Grobbelaar in joint bid for Calan

21/8/81 RDM 20/8/81 183

Financial Editor

A TAKEOVER bid is being made for Calan by a consortium including the chairman and managing director, Mr Peter Grobbelaar

It was also announced last night that the company increased earnings by 37% in the year to June 30

A final dividend for the year has not yet been declared and the payment might form part of the takeover deal, assuming it goes through

The bid is being made by Finansbank, Federated Insurance, Sanlam and a private company owned by Mr Grobbelaar and two of his fellow-directors, Mr Ron Tollemache and Mr Lou Wipplinger

Calan is a manufacturing group with interests in particular in plastics, rubber, lighting and electrical equipment

The pre-tax profit rose by 85% to R20 980 000 from R11 300 000 in the year to June 30

There was, however, a sharp rise in tax — from 28,6% to 35,2% — as capital expenditure eased

The result, after a higher payment to minorities and after a slight increase in the issued ordinary capital, was that earnings a share rose from 100c to 137c

An interim dividend of 13c (11c) has already been declared

Turnover for 1980-81 was R240-million, 31% higher than in the previous year

COMMENT. Calan's shares are spread fairly widely and no group has formal control.

However, I believe that among them Finansbank, Federated Insurance, Sanlam and Mr Grobbelaar and his associates hold about 27% of the company.

In this context that is probably effective control and it seems certain that the takeover offer will go through.

At this stage though, Mr Grobbelaar will say only: "We expect details of the acquisition to be completed in the next three to four weeks and if a transaction arises from the consortium's approach, shareholders may receive the (final) dividend as part of the proceeds of the sale of their shares."

Calan was priced at 500c on the Johannesburg Stock Exchange yesterday which puts the historic earnings yield at an attractive 27,4%

It is also well up on the group's original forecast.

Mr Grobbelaar cautiously predicted earnings of 115c for last year in the 1980 report.

The total dividend in 1979-80 was 40c and if this were pushed up, as it could be, to 50c for 1980-81 the dividend yield would be 10%.

Until the details of the takeover offer are made there is nothing shareholders can do but sit and wait.

The suggestion that the final dividend might be incorporated into any offer would have tax advantages.

Calan has had a good record over the years although its investment rating seemed to slip a little last year.

There will certainly be a lot of interest in discovering just what Mr Grobbelaar and the other members of the consortium have in mind for the group.

3. Signing on (connecting) to the computer

- * Turn the POWER switch ON and allow a 30 second warm-up for the blinking cursor to appear.
- * Press SHIFT with CAPS to allow upper and lower case characters at the terminal.
- * Press CTRL with A to connect the terminal to the computer.
- * Enter your USERID/PASSWORD followed by a carriage return:

eg.
```
>demo/zip
```

- * Enter the @RUN command then RETURN.

eg.
```
>@run,/n wp,a1300-c400,wp
```

where a1300-c400 should be replaced by your own account number.

- * Enter the @CTS command:

```
>@cts,nq wp.
```

In both the above comma be replaced by a 1-6 character name of your uent sessions the chosen name must always be use

- * If the q option was not command then enter the ASSUME ASCII command and lower case to be transmitted to the compu

```
->assume asci
```

3.1. Changing a password

Your password is the n ng your account against unauthorised use; thus it regularly as follows:

```
->@@passwd ol
```

where 'old' is the current w' is what it will be changed to.

Star 14/8/87

Strikers at Gundle are paid off

183

40A

Labour Reporter

About 100 workers who struck at the Gundle Plastics factory in Bedfordview last week have been paid off.

The entire day shift laid down their tools last week — apparently because of a dispute with a company official. When they refused to return to work they were told they had "terminated their employment."

Gundle's factory director Mr Bill Golden said production was well under way again and they were employing new workers. None of the day shift strikers would be rehired and those from the night shift involved in the strike would be rehired selectively.

● At the Auto Industrial firm in Kempton Park, where there was also a dispute last week, a Mawu Union spokesman said about 90 workers had been dismissed. The dispute centred on wage demands.

AECI'S DYNAMITE CHALLENGE

FM 14/8/81

183

[redacted]

Another chapter was added this week to the saga of AECI s challenge to the validity of Du Pont s patent for its water gel explosive Tovex (*Business* March 27 1981) in the Court of the Commissioner of Patents in Pretoria Mr Justice O'Donovan is acting as Commissioner

What might be at stake in these proceedings is nothing less than that part of the SA explosives market presently supplied by nitroglycerine-based explosives – essentially dynamite Du Pont and its SA licensee for Tovex National Process Industries – a subsidiary of Oliver Hill s Hanhill Industries –, have been engaged in a long-term effort to supplant dynamite in the SA mining industry

Their efforts have been based on the alleged superiority of the Tovex water-gel explosive in regard to safety and other properties In 1978 Hill won the right to have Tovex tested and tests have since been conducted on several mines

Proceedings have also been instituted before the Competition Board whose report on restrictive practices in the supply and distribution of explosives and accessories should be tabled in Parliament early next year

AECI has countered partly by developing its own range of water-gel explosives under the name of Sinex of which the latest variant is Sinex 960

Regarding the very important patents issue AECI applied to the Patents Court in April 1977 for the revocation of the Du Pont patent over Tovex on the grounds of ' obviousness and inutility

Du Pont then applied to amend the patent and AECI opposed the proposed amendment on two grounds The first was that the amendment had not been made in good time The second was that the patent even as amended, still suffered from its original defects

AECI has lost one point in regard to a Du Pont ' Patent of Addition relating to emulsion explosives manufactured elsewhere in the world but not in SA In a 1980 judgment ,AECI s application to prevent amendment of the patent for emulsion explosives was refused But the main issues concerning the Tovex patent are still undecided

At the latest hearing on Tuesday August 11 AECI made an initial application for leave to lead oral evidence After hearing argument Mr Justice O Donovan reserved judgment Only after judgment on this very important point has been given, will it be possible to adjudicate the substantive issues

R1 500-m TO BE SPENT ON EXPANSIONS OVER THREE TO FOUR YEARS

Chemical growth will slash imports

S. Times 16/8/81 (83)

By Andrew McNulty

NEW expansions now coming on stream in the chemical industry, or due in three to four years, will reduce the country's chemical import bill by 30%.

These expansions, costing R1 500-million to develop, would have cut the 1980 bill by at least R430-million

The cost of importing about 80 chemicals last year was R1 500-million, and R1 800-million was spent on chemicals and plastics, including synthetic fibres

The import bill for 1981 will probably be about the same as a result of price increases and growth in demand, but the inflation-adjusted chemical imports bill is now declining

The new ventures will also increase foreign-exchange earnings from exports by about R150-million by 1985 — a 50% rise on current earnings of R300-million

These are the conclusions of an analysis of the industry by Terry le Roux, consulting techno-economist

He notes also that chemicals (excluding naphtha) as a proportion of total merchandise imports (excluding oil and arms) are dropping sharply

During 1980 the proportion fell from more than 12% to about 9,5%, after rising from 8% in 1975

By the end of 1981, the figure is likely to be below 9% again

However, a cloud now hangs over the profitability, at least in the early stages, of some of the new ventures

The main reason is that prices of most oil-based petrochemicals have fallen significantly in the past 18 months, which, combined with slack demand from industrial countries, has resulted in imports presenting a growing threat to locally manufactured chemicals

"Prices of imports are artificially low The difficult task for local producers is to take into account the cyclical nature of overseas economies and chemical prices, and time their expansions to come on stream at the most favourable times," Mr Le Roux says

Much of the expansion of the local chemical industry — based to a great extent on coal-based petrochemicals — has become possible because rising prices overseas of imported prime feedstocks tend to reduce the minimum size of economically feasible plants

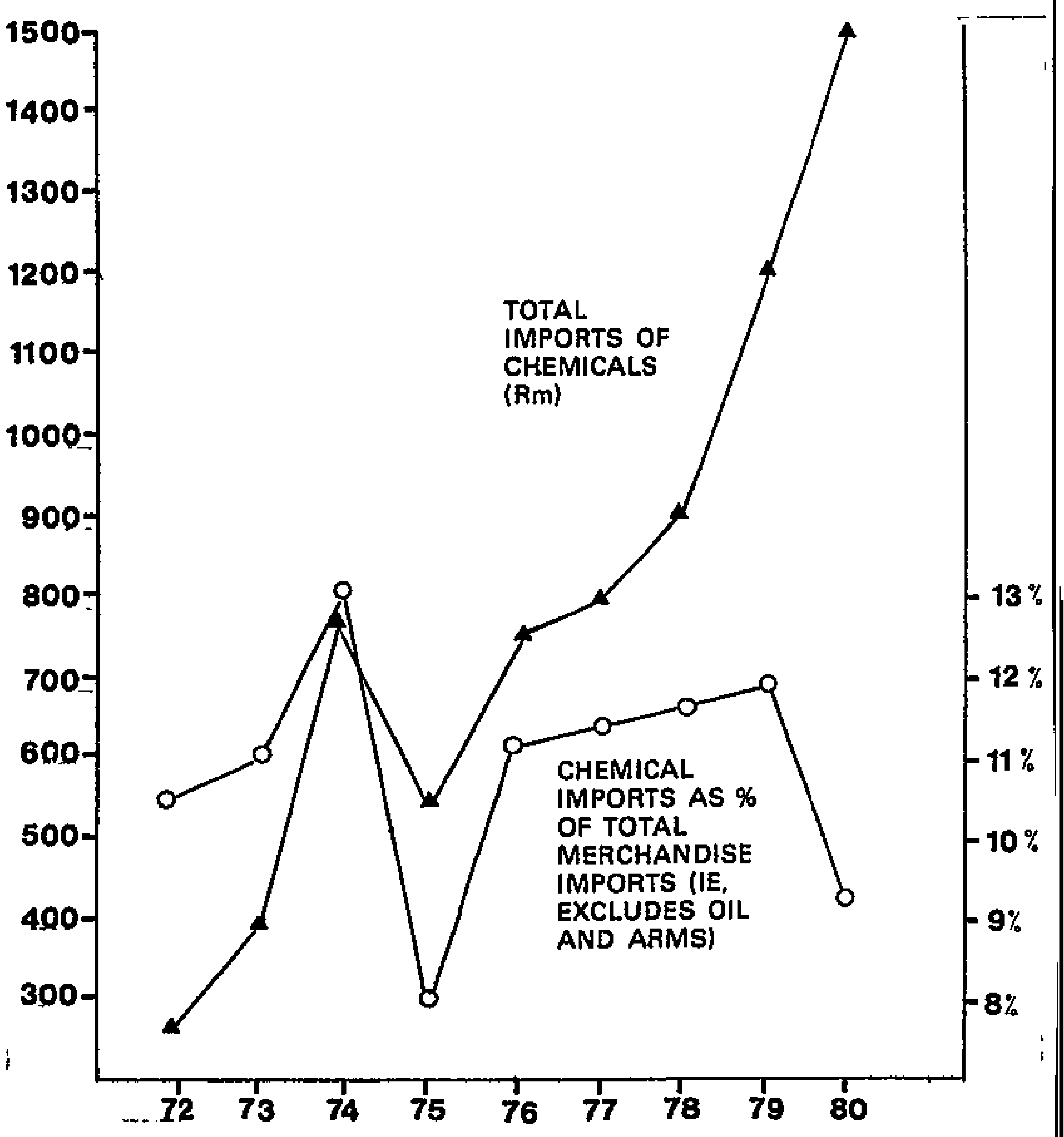
In some cases, a combination of slow economic activity and weaker petro-chemical prices have made exports of finished products, which are important if efficient levels of production are to be maintained, look less promising

Although not yet announced, at least two planned expansions are known to have been shelved with the aim of improving the timing of the products' entry on to world markets

But Johan van der Walt, general manager of Sentrachem, comments "The oversupply of oil has probably surprised most people, but it is a very temporary situation and the only way we see oil and petrochemical prices moving in the long run is up.

"Demand in export markets has slackened, but this is cyclical, and many of the new projects will be on stream only in two to three years

"There may be a few special cases, but generally we see no slackening or deferring of investment in the industry In fact, the rate of investment is likely to rise even further in the next five years."



Graph shows cost of chemicals has risen steeply since 1977, but percentage of total merchandise imports is declining

Even the growing crunch on liquidity is unlikely to diminish the investment rate — most prospective new ventures are on the planning boards of organisations sufficiently big and profitable to find the finance they need.

Mr Le Roux calculates that capital investments totalling R1 500-million have been — or almost certainly will be — committed to the following list of new expansion projects

Most result in import replacement

These exclude the new Sasol plant and new synthetic fuel plants that are likely to be announced

- Karbochem's R300-million synthetic-rubber plant to be based on coal-based acetylene
- AECI's R75-million, 75 000 ton/year, linear low-density polythene plant
- Development by AECI of a 55 000 ton/year ethylene oxide plant and a 35 000 ton/year ethylene gylcol plant
- Expansions to Styrochem's polystyrene plant, Safripol's high-density polythene and polypropylene plants, Karbochem's detergent alkylate plant and Shell's alkylate plant, all either announced or under consideration

- A new 15 000 ton/year polyol plant already announced by AECI, and a soda ash plant with a capacity of at least 300 000 tons a year which AECI has under consideration
- In the fertiliser industry, Fedmis is considering developing an ammonia and nitrogenous fertiliser plant that could produce upwards of 300 000 tons a year of ammonia, Sasol is almost sure to go ahead with a fertiliser complex, Triomf has announced it is to build a diammonium phosphate plant, and Swaziland Chemical Industries is to expand its ammonium nitrate capacity
- The AECI group company, SA Nylon Spinners, is planning a 35 000 ton/year acrylic fibre plant
- AECI is expanding its explosives production plants at a cost of R80-million

There are additional projects labelled sensitive or confidential that are also likely to come to fruition and would cost an additional R200-million to R300-million

Star 21/8/87

Union may sign deal

183

A

Labour Reporter

A recognition agreement between Colgate-Palmolive of Boksburg and the Fosatu-affiliated Chemical Workers' Industrial Union is likely to be signed in Johannesburg today.

It is understood that the agreement will include procedures for future negotiations and grievances.

Colgate workers struck in July after talks broke down between the CWIU and management over the union's demands for wage negotiations.

183

FM 21/8/81

CHEMICALS

Does Sasol fight fair?

Terry le Roux is a consulting techno-economist whose special field is the petroleum and chemicals industries.

The chemical companies, AECI and Sentrachem, see Sasol as a serious threat to their dominant position in the industry They accuse Sasol of having prices that are way out of line with international prices, despite having a so-called cheap feedstock

Both companies have not only threatened to make their own feedstocks, but are spending considerable sums on evaluating and researching alternatives

The main argument the chemical companies use to justify their strong objection to Sasol's plans to integrate into the production of chemicals, and possibly even plastics, is that Sasol has had access to "cheap finance" and as soon as the plants at Secunda come on stream, massive cash flows will accrue to Sasol from the investment allowances and depreciation of the government-financed plants

The private sector companies would be naive to think that Sasol should remain a company that makes fuels and co-product petrochemical feedstocks like ammonia, ethylene, propylene, butadiene and acetone

Almost a fifth of the 50 biggest international chemical companies are subsidiaries of oil companies All realised that the by-products of naphtha, refinery gas, heavy fuel oil and catalytic reformate could be converted into profitable petrochemical feedstocks, which in turn could be used to make high value chemicals, plastics and fibres

The situation in a Sasol-type complex is not fully comparable with that in a conventional oil refinery Sasol does have by-product refinery gas (mainly methane), but this can be reformed back to the products of coal gasification (carbon monoxide and hydrogen) and there is very little by-product naphtha

On the other hand, Sasol does have ethylene, propylene, butenes and a number of oxygenated solvents as co-products with their synfuels It is these co-products that Sasol is currently selling to the local chemical industry and some are being exported'

AECI and Sentrachem are dependent on these petrochemicals for the production of a wide range of chemicals and plastics — and in the short term they are unlikely to make them The SA chemical industry still has plenty of scope left for additional investment and much of this will require the petrochemicals that could be available from Sasol

The chemical companies would be naive to think that Sasol will remain a supplier of fuels and feedstocks Sasol is here to stav and the oil and chemical companies cannot wish it away because its presence (or plans) clash with their own

What about the vexing issue of cheap finance? Sasol claims it does not have access to "cheap finance" because when the current government "stake" in Sasol is sold to the public, government will get back more than it put in and its capital appreciation will be the "return on the original investment" Sasol, in turn, is naive to propose that this is not "cheap finance" No private sector company has access to this type of money Sasol does not have to suffer the same economic hardships as a private company because it does not have the massive regular interest and redemption burden

"Funny money" I understand to be the net effect on a company's internal cash flow resulting from the initial investment and depreciation allowances when a capital-intensive project is commissioned Depending on the time in the tax year that a company commissions its plant, as much as 55% of the total investment capital can be added to the internal cash flow

As one chemical company executive put it "For the next five years or so Sasol will have funds for downstream investment that look as big as telephone numbers "

There is no denying that the man in the street has financed a substantial part of Sasols 2 and 3 and Sasol will benefit from the investment and depreciation allowances So the funds generated in this way will most probably make a major contribution to the funding of Sasol's investment in the production of fertilisers, chemicals and possibly even plastics

As Sasol becomes part of the free enterprise system through public participation in the company, it has greater incentive to invest in projects that are more profitable than the manufacture and marketing of fuels One chemical company cynic commented "In a way, Sasol can do more harm to the free enterprise companies than if it had remained a true public sector company By using its internally-generated funds (funny money), it is not playing the game by the rules we play it "

Sasol (and this must include Sasols 2 and 3) can never be a fully free enterprise company until at least the majority of its shares are held by the public and its loans are serviced on the same sort of basis as private sector loans Though it will be some time before this is achieved, it is gratifying to note that the Government seems keen to make Sasol a free enterprise company But until then, government should take steps to ensure that the public's money is not used against itself

One of the notable features of the SA chemical industry is that there is a concentration of economic power in AECI (primarily) and Sentrachem (to a lesser extent) It is therefore understandable that they should be concerned at the prospect of competition from Sasol I have tried to show that, to a certain extent, this concern is justified, though the sooner they learn to co-operate with Sasol, the better it will be for the industry Sasol cannot be expected to remain a supplier of chemical feedstocks only

The decision by the Government to create a brobdingnag in Sasol by financing Sasols 2 and 3 is supported by practically all South Africans — including the oil and chemical companies

Sasol was created by an Act of Parliament, financed by parliamentary grants and loans from the Strategic Oil Fund and given the goal of reducing SA's crude oil imports at a profit

For the next five years at least, Sasol is neither fish nor fowl — at least in private sector terms' I am proposing that, through Sasol, the SA chemical industry has a great future, provided over-capacity is not created through Sasol's forward integration and the backward integration into feedstocks by AECI and Sentrachem

The question is how the three companies can compete in the true spirit of free enterprise and create a strong and healthy chemical industry

Steps (b) and (c) are repeated until the comparison of x_2 with x_1 is satisfied.

EXHIBITIONS (183)

Plastic explosion

FM 21/5/82

A bitter confrontation has developed between trade fair and promotions (TFP) and the SA Plastic Machinery Suppliers Association (Samplas) over the Plastelast '82 trade exhibition.

The Samplas argument is that Plastelast '82 will allow foreign importers with no base in SA to exhibit. This, it claims, will result in fragmentation of the converting industry because machinery will be sold at give-away prices with no service or back up. SA importers, the argument goes, will lose their collective buying power.

The counter view is that Samplas represents the majority of importers and is therefore a cartel which protects the interest of its members by controlling the supply of machinery into SA.

The Plastics Federation of SA now states that it will not support Plastelast '82.

The 11 Samplas members import mostly German equipment, and TFP claims that good equipment from the US, UK, France and the Republic of China is not being made available to local converters.

However, Roger Cockram, chairman of Samplas and president of the Plastics Federation, tells the FM there is no fight. Samplas, he says, is not taking part simply because the exhibition will not benefit local industry.

He also denies allegations of a cartel, saying such statements are inflammatory.

Members of the industry disagree. Maisey Plastics' Richard Maisey alleges Cockram is using the federation to put pressure on TFP. His company, he says, supports the exhibition. He adds: "It looks like Samplas wants to control a lucrative SA market through an agreement between its members to sell at fixed prices and fixed mark-ups."

Karl Schulte, MD of K W Schulte (a machine importer), says Plastelast '82 may not be in the interests of Samplas or his company, but that it is certainly in the interests of the industry.

Says Schulte: "As a machine supplier, it would be beneficial to keep competitors out, but this precludes progress and is unethical."

Cockram, however, says the problem is that local exhibitions tend to attract foreign suppliers who have no investment interest in SA, that they supply equipment which competes on price alone, and which has to be sold to avoid high return-freight costs.

He claims that "this denies sales to local agents who have invested deeply and causes competition which will further fragment the converting industry at a time when returns are still very low."

John Thompson, MD of TFP, says that Samplas views Nationalist Chinese imports as the largest single threat to its members. At a meeting between the two parties, Samplas had requested TFP to slap an immediate ban on Nationalist Chinese participation.

The request was refused, despite a threat by Samplas that its members would cancel advertising with Thomson Publications of which TFP is a subsidiary. Subsequently they did so.

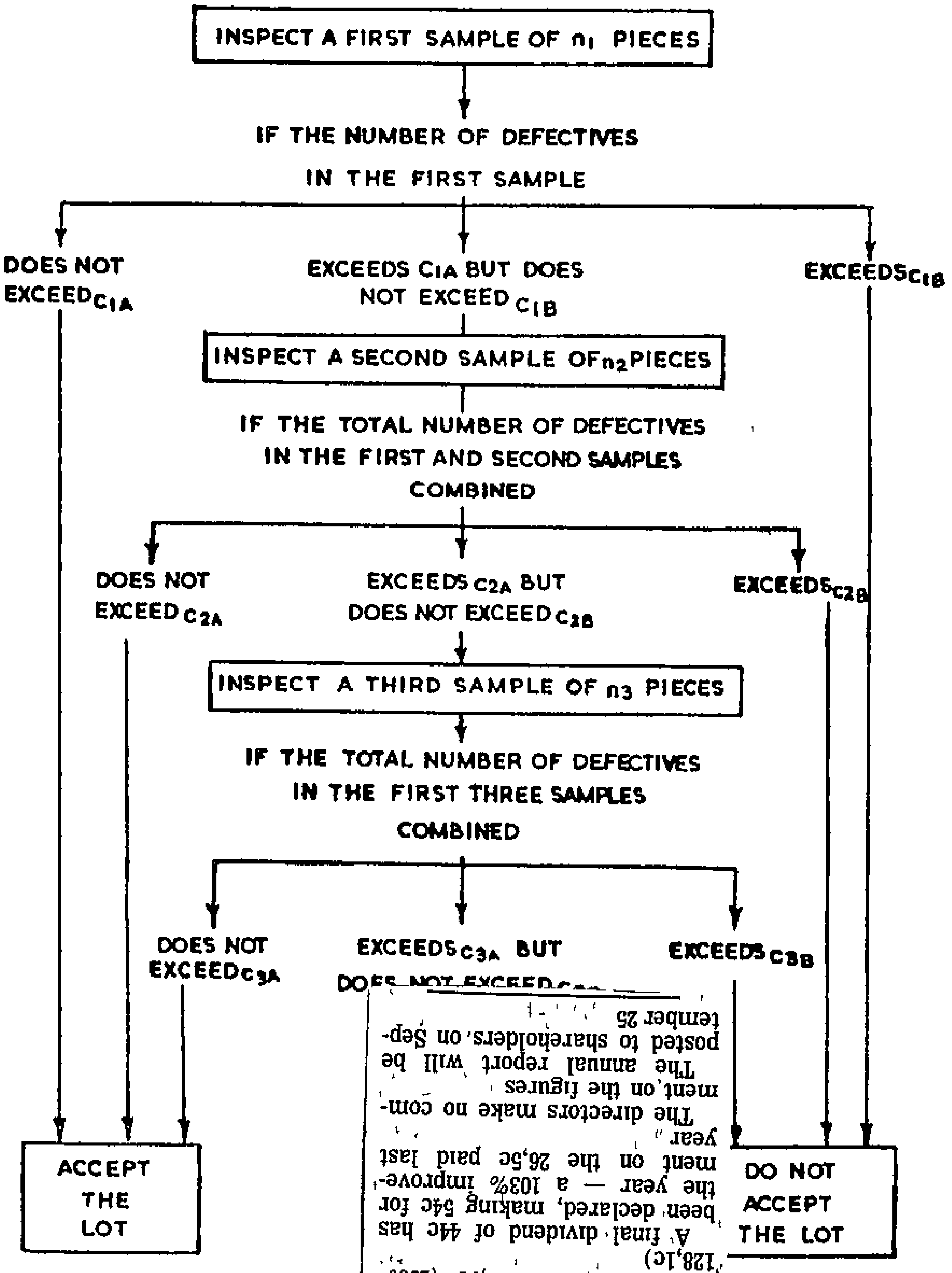
Says Thompson: "SA converters need to see new equipment available from countries other than those represented by Samplas members."

Not surprisingly, local industry prefers to make up its own mind and has already taken 40% of the exhibition space. TFP has also sold space to Nationalist China and other overseas manufacturers.

Interestingly, the last exhibition of this nature, held in 1974, was organised by Samplas.

10.9.6.3 *MULTIPLE SAMPLING PLANS*

Multiple sample plans are a logical extension of double sample plans in which the decision to accept or reject a lot can be put off in doubtful instances until a number of samples have been drawn. They are illustrated schematically in the diagram below.



MULTIPL

Nat Chem double

RDM 24/8/81 ~~247~~ 183

Deputy Financial Editor

NATAL Chemical Syndicate doubled earnings and its dividend in the year to June

Pre-tax profit soared 69% to R3 824 000 The lifo provision after tax this year was a positive item of R99 000 against a minus of R170 000 last year, putting taxed attributable profit 99% ahead at R2 540 000

Earnings a share after lifo rose in line to 254,9c (1980 128,1c)

A final dividend of 44c has been declared, making 54c for the year — a 103% improvement on the 26,5c paid last year

The directors make no comment on the figures

The annual report will be posted to shareholders on September 25

Plastics showing 'healthy growth'

(183)

A quarterly opinion survey released by the Plastics Federation says the industry is in a "healthy growth phase" with no signs of levelling off.

The survey, conducted by the Bureau of Economic Research at Stellenbosch University, indicated that during the second quarter of 1981 the industry was running at more than 90 percent of manufacturing capacity and more than nine tenths of survey respondents reported higher sales turnover compared to the 1980 second quarter.

Production volumes and orders received were at higher levels and industry sectors reporting "particular buoyancy" were construction, packaging and agriculture.

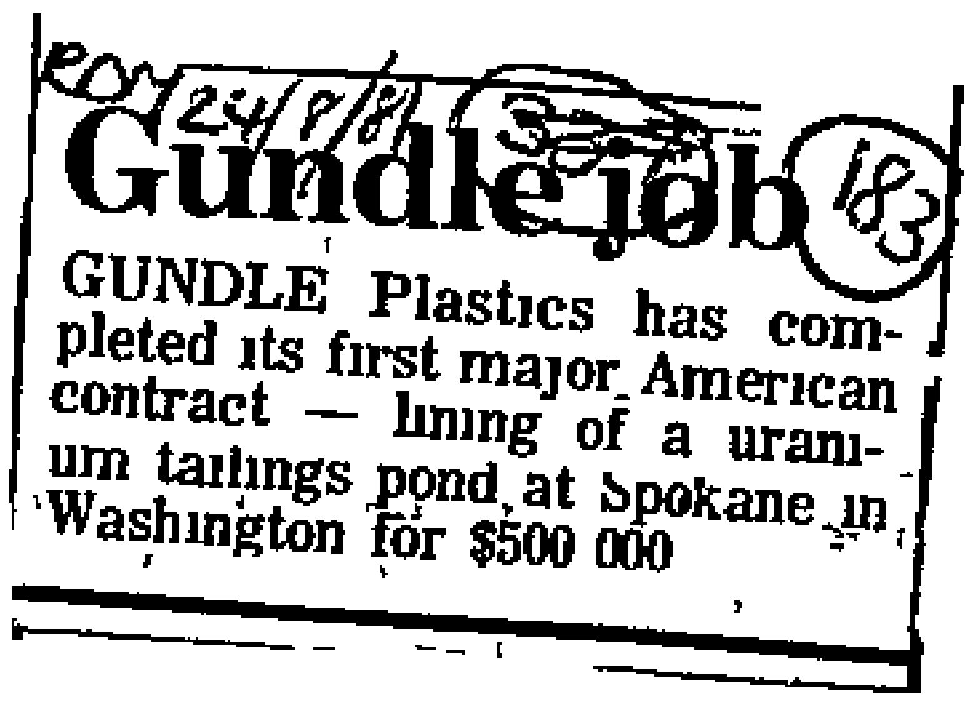
HAMPERED

Investment to boost manufacturing capacity continued, the survey said. Capacity was expanded by 28 percent of those surveyed during the second quarter of this year and 30 percent of respondents expected to expand during the third quarter.

However, lack of skilled labour was hampering growth and adding to production costs.

The Plastic Federation's executive director, Mr Willem Jonker, said the industry was inclined to slow down in the middle of the year with business picking up later.

He said that if seasonal variations were ignored the plastic industry would probably show "an even better performance" in the second half of the current year compared to the previous corresponding period. — Patrick McLoughlin.



RDM 24/8/81

183

Gundle job

GUNDLE Plastics has completed its first major American contract — lining of a uranium tailings pond at Spokane in Washington for $500 000 set-off against the loan. If the loan liability is assumed by a new shareholder he cannot benefit from the set-off and a dividend even out of profits deemed to have been distributed on the making of a loan and thus subjected to tax, will attract tax in the hands of the new shareholder, a form of double taxation for which there would be no relief. The problem would also arise if a shareholder with such a debit loan ceased to be a shareholder while continuing to owe money to the company.

To sum up there are many problems with the interpretation of s8B as it stands. If it is to be interpreted contra fiscum as I believe would be correct it seems easy to circumvent. In the light of the thinking of the court in the Glen Anil case (supra) however, it might be found that the contra fiscum rule does not apply and that the section should be given a wide interpretation so as to minimise the avoidance the legislature sought to attack. It seems that as the Revenue authorities gain experience in administering this section they may wish to propose amendments. Based on the analyses set out above there are areas where clarity could be obtained as a result of appropriate amendment.

S10 25/8/81

(783) (2449)

Chemical syndicate's good year

Own Correspondent

DURBAN — The Natal Chemical Syndicate doubled taxed profit in the year ended June 30, pushing it up to an impressive R2,54-million.

The Pinetown-based manufacturer of wattle extract, synthetic resins and plastic products far exceeded the modest forecast made last year.

The preliminary results show that at June 30 the group earned pre-tax profit of R3,82-million (R2,25-million) Tax came to R1,34-million (R0,8-million) and taxed profit, after allowing for Lifo adjustments and minority interests, was R2,54-million (R1,27-million).

Attributable earnings a share came to 244,92c (145,16c).

Agreement ends Colgate strike

Star 25/8/81

~~271~~ 1839 ~~52~~ ~~1404~~

Labour Reporter

The signing of a recognition agreement between the management of Colgate Palmolive in Boksburg and the Chemical Workers Industrial Union (CWIU) has marked an end to several months of protracted dispute

The agreement which was signed in Johannesburg last week, also makes provision for grievance and disciplinary procedures between the parties as well as shop steward elections

The dispute started over the issue of in plant negotiations which were demanded by the CWIU while Colgate stuck to its decision to discuss wage issues only at the Industrial Council level

There was initially a threat of legal strike action by Colgate workers and there was later an illegal strike in July when workers complained that negotiations had bogged down

The Star Friday August 28 1981   29

Triomf veils foreign trading

Star 28/8/81

183

By David Bamber

When the Triomf group decides to put up the shutters, it does so tightly that not even a glimmer of light has a chance of escaping.

This was apparent yesterday when Mr J J Becker, managing director of Triomf Fertilizer Investments (Triomf), announced that due to "the extent, importance and sensitivity of Triomf Fertilizer's foreign commercial activities" the results of Triomf would no longer be consolidated with those of Triomf Fertilizer

The investment company will sell 1,1 percent of its stake in Triomf Fertilizer to LLG Group Investments thereby reducing Triomf's shareholding in the trading company to 49,9 percent.

The profit on the sale of the shares amounts to just over R1-million.

To avoid undistributed profits tax, Triomf declared an interim dividend of 15c during the first six months of last year but as it is the company's policy to declare only one dividend a year (the final), and in view of the change in structure, only a final dividend will be declared in future.

Efforts by reporters to obtain comment on the current state of the fertiliser market were all met by an apologetic refusal — the directors had made their decision

Replying to a question on possible shareholder dissatisfaction over the decision, Mr Becker noted that as it was the policy of Triomf Fertilizer to distribute all of its earnings, there would be little effect on Triomf earnings.

He noted that it had been announced that the dividend for the current year would be at least equal to the total payout of 45c of last year

Triomf's trading profit for the six months to June 30 was slightly lower than in the same period a year ago at R49 000 (R51 000).

After deducting a provision for tax of R28 000 (nil) and adding profit from the sale of the Triomf Fertilizer shares, profit attributable to shareholders amounted to R1,1-million.

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3. USING THE UNIVAC 1100/81 SYSTEM

3.1. POWERING ON THE TERMINAL

Power on. If the terminal refuses to comply check if it is plugged in and switched on at the wallplug.

3.2. LOGGING IN TO THE COMPUTER

3.2.1. VDU's.

There are two types of VDU configurations. The Standard type and the STN type.

1. To make contact with the computer:

(i) on the Standard type of terminal, type in

U1106n

terminal

arked CTRL

/XX (RSI)

on you can

Closed

Triomf behind cl doors

Rdm 28/8/81

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183

Operating arm deconsolidated

By DAVID CARTE

TRIOMF Fertiliser Investments has hidden its operating company, Triomf Fertiliser (Pty), from the public eye by deconsolidating it.

TFI has sold 1,1% of its shares in Triomf (Pty) to Mr Louis Luyt's LLG Investments, reducing its own stake to below 50%. This will enable it to reveal only dividends received from the fertiliser manufacturing company.

Details of income and the balance sheet of the operating company will no longer be disclosed.

Triomf says it has taken the step "because of the extent, importance and sensitivity of Triomf Fertiliser Pty Ltd's foreign-commercial activities"

The 1,1% stake in the operating company was sold for R1 800 000, an extraordinary capital profit of little more than R1-million

As a result of the move, Triomf's interim report has become meaningless The company reports a taxed attributable profit in the six months to June of R28 000 compared with R51 000, representing income from sources other than fertiliser

Mr J J Becker, the managing director of Triomf, said the operating company had been deconsolidated as Triomf "could only lose when it stood full frontal"

He said overseas phosphoric acid buyers became upset if high profits were attributed to high phosphoric-acid prices

Similarly, SA farmers became upset and accused Tiomf of profiteering and causing food price inflation if they heard that domestic fertiliser profits were good

Mr Becker said the company would no longer give details on fertiliser or phosphoric-acid sales volumes

Mr Becker announced yesterday that extensions costing between R25-million and R30-million were to be made to Triomf's Richards Bay plant. These would broaden the company's range of products and enable the further processing of raw phosphoric acid into other products, such as di-ammonium phosphate

Mr Luyt said in a statement that neither he nor Triomf was responsible for the construction of the much-discussed effluent pipeline at Richards Bay. Triomf had merely been invited to participate

A new development which could influence a decision in this direction, he said, was the possible processing of the waste gypsum for the manufacture of cement by a consortium.

This could enable the retrieving of sulphur, cutting Triomf's imports of this expensive raw material by 80%. The retrieval of fluorine for use in the aluminium industry was also being investigated

Mr Luyt says Triomf is ready to terminate its bilateral marketing agreement immediately "if the other party agrees"

Mr Becker said Triomf was now less alarmed than initially at Sasol's plans to make fertiliser. Triomf would be least affected among fertilser makers

COMMENT: If the dividend is maintained at 45c, the share offers a 15% yield at the current price of 300c. That may look attractive on the face of it, but Mr Luyt has failed to deliver before.

Triomf's unusual step into the darkness will not be welcomed by the market, which never has relished corporate secrecy, particularly on behalf of highly geared, highly cyclical companies with chequered pasts. I would expect a further retreat

FERTILISER FM 28|8|81

Growing pains

(183)

The fertiliser industry is griping over "inadequate' new duties on imports except for potassium and ammonia which are rated separately Gazetted on July 17, the duties are 15% *ad valorem* duty on fob value

AECI executive director responsible for agriculture, Chris von Solms wants a revision "This tariff is too low It should be at least double," he says

SA is a net importer of ammonia-based products used in fertiliser AECI produces an estimated 550 000 t a year of ammonia, Fedmis 80 000 t, Sasol 220 000 t — leaving an overall annual shortfall of 70 000 t-80 000 t which has to be imported

The *FM* understands imports will cost roughly R50m this year

Von Solms fears the duties will dissuade local producers from investing capital in the local industry

Although permits are still required for imports, fertiliser manufacturers are uncertain about government's future policy There have been persistent threats to do away with import controls

Says one industry spokesman "Without knowing what government policy on imports is, industry is unlikely to make heavy capital investments in plant to supply SA s total needs

The Fertiliser Society is at present negotiation with government on tariffs

Sentrachem proposes to build an ammonia plant with 500 000 t yearly output to come on stream in 1984 Estimated capex is R600m-R700m But the project could be delayed until 1986 because of the government's policy on imports

Overseas ammonia production is based on natural gas Prices are substantially lower than in SA where ammonia is produced from coal Von Solms points out that a coal-based ammonia plant costs roughly three times that of a natural gas based plant

The problem, he says, is to achieve a low-priced fertiliser from high priced local strategic sources 'We have to think of our longer term needs Demand for raw materials has grown so substantially that from an export situation in 1977 we have become importers of ammonia-based raw materials To redress the balance would require substantial investments in plant

Industry wants returns substantially higher than the 15% currently allowed on depreciated capital It s totally inadequate says Von Solms

Phenol firm expands

S. Times 30/8/81

(183)

By Andrew McNulty

A BENONI-based chemical company, H A Falchem (SA), is investing about R3,5-million on doubling its capacity and expanding its product ranges.

The company is already a leading producer of phenol-based binding systems for use in the R500-million foundry sector.

During 1982 it plans to start production of moulding powders for the phenoplastics industry, which at present are mainly imported

The managing director, Chris Lasch, says that development plans include a R2-million factory building at Alrode, Alberton, and plant and equipment worth another R1,5-million.

Production capacity will be increased initially from the present 200 tons a month of phenolic resins to about 400 tons a month, a first stage in raising the company's capacity to the largest in the country.

Production of phenolic powders — used as a moulding agent in household and electrical goods — is due to start by mid-1982, aimed at winning about 20% of the local market and 40% in three years.

Mr Lasch says that Falchem's total sales of binder systems have grown from R37 000 to R4-million in the past five years and that they are budgeting for about R6-million next year.

A West German company, Huttenes-Albertus, a leading European manufacturer of phenolic resins, holds 49% of Falchem's equity.

Star 1/9/81

183

Eddels goes to Maingard

The Maingard consortium has acquired control of cash shell Eddels Holdings which will be the vehicle for a listing of firms specialising in agricultural chemicals and other equipment

The consortium has bought 67 percent of Eddels ordinary shares, for R2,2-million and will make an offer to minority shareholders of not less than 187,5c a share.

The listing of Eddels will be transferred to the cash-assets sector when application will be made to transfer the listing to the chemical sector.

The seven companies Eddels has bought for R8,7-million are collectively known as the TFO Companies They are Triomf Farmers' Organisation, Agro Serve, Panorama Chemicals, World Trading, Buildex, Port Natal Printing and Publishing, and Thomson Handen

Turnover of the TFO Companies was in excess of R50-million in the financial year to December 1980

The companies operate independently and, in certain aspects, in competition with one another. Their merger under Eddels will eliminate the competition and lead to considerable synergistic benefits with a positive contribution to the future profits of the group.

Earnings to February 28 1982 will amount to not less than 40c an Eddels share and it will be policy to distribute about half of after-tax profits each year

The dividend for the finanical year to February should not be less than 20c.

Eddels will change its name to aFrm-ag. — Mervyn Harris.

Major loan

WASHINGTON — The World Bank will lend 51-million dollars (about R48-million) to the Ivory Coast for an urban transportation development project in Abidjan

Afrox shares in Dowson sold

Star 2/9/81

183

By David Bamber

African Oxygen has sold its mining, railway and engineering-contracts divisions in Dowson and Dobson to Coalequip for R20-million

In a joint announcement Afrox and Coalequip said, "Disposal of these assets of Downson & Dobson will have no material effect on the earnings a share of Afrox."

Stockbrokers generally agreed with this statement. They noted that these sections had been a drag on Afrox who could put the R20 million (equal only to the net asset values of these divisions) to far better use elsewhere.

Payment will be over a three-year period and dealers are expecting this income to be used for expansion projects by Afrox.

The divisions retained by Downson & Dobson include the manufacturing of pipes and irrigation, consumer products and marine electronics.

From the Coalequip point of view, the deal is probably also a good one. The jointly Boart International/General Mining Union Corporation owned company is a leading supplier to the coalmining industry.

The divisions being bought from Dowson & Dobson will therefore be completely "at home" in their new surroundings.

Coalequip's close association with the mining industry should also be able to inject some new life into these activities.

About 900 Dowson

About 900 Dowson & fected by the sale. They move to the Coalequip group.

DD 2/9/81 (183)

Why militant trade union was recognised by East London company

right of workers to choose whatever form of representation they desired

● and that it believed sound and fair labour relations depended on involving workers "through their chosen representatives in those decisions which affect their lives at work'

On the first point Mr Heffer said Chloride rejected the view that management's "right to manage" meant unilateral decision-making

On the second we asked ourselves 'do we mean it for real?' and accepted fully an affirmative answer We made our attitude known before we were approached by a trade union "

The company also made clear its willingness to accept any representatives chosen by workers 'whatever their background or reputed background

Chloride concentrated on training committee members and developing committee powers stressing that it was a consultation, not a negotiation body

In April 1980 Chloride's East London workers asked for a union to replace the liaison committee Following "an uneasy lull", Saawu approached the company formally for recognition in June

We had a policy and set a date to discuss their request'

Chloride asked Saawu how many workers it represented and the union said 60 per cent Management thought this figure too high — some employers believed that only five per cent belonged to Saawu — and asked the union to prove its claim

It did Union records showed it had 70 per cent membership at the plant'

Talks then continued with Saawu over issues like paid-up membership over a period the union's constitution and a structure for recognition — and there was debate within management on an acceptable membership figure for recognition

But in the interim the committee had ceased to function

Saawu "met out every requirement and discussion was constructive" Chloride "decided to go to the workers who had waited patiently through the discussion period "

On November 5 1980 workers were asked in a referendum monitored by both parties whether they wanted Saawu to represent them and 95 2 per cent voted "yes

The agreement was signed on November 11 and in it both parties declared their commitment to "industrial justice and peace as well as to profitability growth and stability

It was an uncomplicated agreement which acknowledged that the process would develop as both sides established their rights and duties

It provided for the election of a five-member workers' central executive and four shop stewards The executive may call in union officials whenever it wishes and officials are brought in when negotiation is at issue

In practice union officials tend to leave in-plant issues to the committee according to Mr Heffer

Chloride did not try to hide its approach from the authorities

They were "not always pleased with us but we reassured them that we were not trying to undermine the government and we had many useful discussions " said Mr Heffer

Since the agreement matters have developed 'well' Mr Heffer ascribed this partly to the existence of a detailed company labour policy before Saawu's approach and the clear indication to workers that unionism would be allowed

"We were told that Saawu's policy was one of confrontation Well I must say we have not come across it yet "

The committee has been restructured in consultation with Saawu and in line with the agreement, a job evaluation system has been introduced after talks with union representatives and wages were negotiated with Saawu

Mr Heffer said Chloride would have preferred a non-negotiated wage rise this year after introducing its new system, but Saawu chose to negotiate it

"Bargaining lasted two days in place of the anticipated few hours but we reached a satisfactory agreement including a plan for productivity improvements "

A comprehensive bargaining and disputes procedure is now to be negotiated

Delicate issues have arisen since the agreement was signed — 53 men were retrenched — but the union was able to negotiate an improved settlement for laid-off workers Since then some have been taken back in consultation with Saawu

Reviewing Chloride's move in the context of turbulence in East London Mr Heffer said "The situation is delicate a large number of strikes have occurred and some are still on but so far none at our plant

"We do not believe we are immune from strikes we simply don't want to cause them "

He added "To refuse to deal with a representative union, even if it is not registered would to my mind fly in the face of reality "

Mr Heffer said he believed it was dangerous to encourage employers to join together to crush a particular union

"Such collusion is wrong whether between different employers, between employers and the authorities or even between both of these and favoured unions'

Mr Heffer saw Chloride's decision to recognise Saawu as "a beginning not an end "

He added 'When you embark on this kind of social experiment you are giving away some power That's hard to accept at first'

But he stressed the importance of "mutual trust and said "I do not underestimate the hard work involved nor the degree of patience and understanding but the rewards can be incalculable " — DDR

P.T.O

In November last year an East London-based battery manufacturing industry, Chloride (SA), became the first local company to recognise the unregistered South African Allied Workers' Union

In a recent talk to employers, reported by Witwatersrand University's Graduate School of Business Administration, Chloride's personnel director, Mr Theo Heffer, explained how his company came to recognise Saawu

Mr Heffer said a survey had been conducted by the company at its Benoni East London and Berlin plants in June, 1979

This survey revealed that neither management nor workers were aware of any union attempts to recruit workers and that workers said they didn't know whether they wanted to be represented by a union or by an in-plant committee

Later Chloride was approached at one factory by a union claiming to represent more than 60 per cent of workers

The survey had already revealed that workers did not feel their liaison committee, used as an alternative to a union, was achieving anything

The company learned that Saawu was willing to consider in-plant committees, however, as long as they were not meant to frustrate unions

Chloride was also influenced by other factors around June, 1979, according to Mr Heffer

"We were aware of an ever-increasing awareness of their rights and power among blacks

"That's important Do not assume that because you do not have an overt conflict situation that blacks are not thinking about their grievances"

The company recognised that an increasing proportion of its workforce would be black and that, as workers acquired better education and training they were unlikely to remain "subservient and docile"

Chloride therefore began an awareness programme among top management, "to concentrate on fundamental principles in regard to trade unionism"

It began to develop a policy aimed at "maintaining industrial peace"

Flowing from the company's approach were three principles

- That management had the "responsibility and right to manage the business"
- that it recognised the

S. Tribune 6/9/81 (183) (~~196~~)

R350m start to 'vast' new industry

Finance Reporter

SENTRACHEM's new R350 million plan to produce general purpose rubbers, being built by its Karbochem Division at Newcastle, will enable Sentrachem to produce more rubber than South Africa currently uses

It will, together with the rubber being produced by Karbochem at Sasolburg, give Sentrachem 123 000 tons of marketable rubber. The total rubber consumption in South Africa is between 106 000 and 110 000 tons

Dave Marlow, managing director of Sentrachem, says that Karbochem's Newcastle plant, which has been code-named Afprene while it is being built, is the only plant of its kind in the world

Construction is going ahead according to schedule and commissioning should start before the middle of next year

Once fully operational, it will be able to produce 45 000 tons of PIR rubber and 36 000 tons of S-SBR and PBR rubber a year.

It will also produce 45 000 tons of Isoprene a year, which is a raw material for PIR and for which there is a vast export market

S-SBR is similar to the emulsion styrene butadiene rubber produced by Karbochem at Sasolburg which is already running at more than 90 percent capacity

The PBR to be produced is a direct replacement for the PBR at present being imported into South Africa at a cost of about R15 million a year

The PIR will be able to replace natural rubber in most applications However, since the properties of a natural product and its synthetic equivalent are never quite the same it is not anticipated that Karbochem's production of PIR will fully substitute imported natural rubber

Marlow says that a 75 percent replacement is envisaged for the medium term. At present, about 50 000 tons of natural rubber a year is imported

Marlow says that in a case of real emergency, Karbochem's production of rubber could make South Africa self sufficient

PIR he says, is one of the most sought-after rubbers and it is expected that the first outputs from Newcastle will be earmarked for export

Karbochem (Newcastle) will be able to produce PIR at below the world price because "we take coal and go through specific steps to make Isoprene.

"Elsewhere they have to have a high concentration of petrol-chemical plants close to each other before they can make Isoprene commercially"

Marlow, who sees the Afprene project as the start of a vast chemical industry for Newcastle, says that an application has already been made for tariff protection for the PIR to be produced.

He has applied for a 25 percent ad valorem increase in duty on imported natural rubber, or the application of a minimum level FOB price of R1 430 plus 25 percent.

The effect of this would be to raise the price of tyres by between 5 and 10 percent.

There would be little or no justification to raise the price of ordinary car tyres, because 80 percent of their composition is already synthetic

The big increases would come about in the large tyres — truck tyres and heavy tyres for earthmoving equipment — in which large quantities of natural rubber are used.

Marlow said Sentrachem was now in the second of the three phases normally experienced when establishing an import-substitution operation.

The first phase was the criticism phase, when many advocated continued import of the substance and criticised plans to make it locally.

"The second phase is one where everyone is lobbying for position, where they (the users) are objecting to our trying to get tariff protection and are trying to get any duty that may be applied as low as possible," Marlow said

Plastic plant on line by year end

S. Express

6/9/81

183

By ARNOLD DAVID

THE low pressure linear low density polyethylene (LLDPE) plant being built by chemical giant AECI at its Midland factory near Sasolburg at a cost of R75-million is due to come on stream towards the end of this year

Soon after its completion a second similar plant will be built at the same cost in today's money but, according to AECI's public relations officer, Robbie Vermont, no target date has yet been set for commencement.

The plant, now nearing completion, is the first to be built outside the US, where Union Carbide has built some

Each of the plants will have a capacity of 75 000 tons a year The first plant's production should be sufficient for local demand and most of the second plant's production will probably find its way into the export market

LLDPE is used for making plastic bags — anything from shopping bags through refuse bags to heavy industrial-type bags — and has the advantage that it can be drawn thinner than conventional low-density polyethylene (LDP), from which most plastic bags are now made

The new product will erode the market for LDP, built up largely by AECI, as well as some of the high-density polyethylene market at present held largely by Safripol.

UNIVERSITY OF CAPE TOWN

DEPARTMENT OF ACCOUNTING

TAXATION AND ESTATE DUTY II - 1981

COURSE OUTLINE/READING LIST 3rd & 4th QUARTER

LECTURE DATE	LECTURE NO.	TOPIC	THE INCOME TAX ACT	MEYEROWITZ	ILLUSTRATIVE EXAMPLES	TUTORIALS
10 August	17	Source	s.1 'gross income' definition paras. (gA),(k),(n); s.9, s.10(1)(w),s.22A(2),s.24A(3	Chapter 7	-	10.4 10.6
		Double Tax Agreements	s.108 and peruse double ta agreements noted below wit emphasis on articles liste United Kingdom Art.1,3,4,6 9,10,11,14,22. United States Art.IV,V,VI, Germany Art.4,7,8,9,12,20. Switzerland Art.X,XI,XII, XXII.			
17 August	18	U.P.T. (including foreign companies)	ss.48 - 53, 28bis, 37A			
24 August	19	Tax Planning Foreign Companies/ Foreign Transactions - S.W.A. Income - Walvis Bay Residents - N.R.S.T. - N.R.T.I. - Foreign Exchange - U.K. Imputation System	S.1 definition of 'South A Company' 'Republic', 'territory'; definition of 'permanent establishment' in various DTA's ; ss.28bis,37A,30,31,24B.	1637, Chapters 25,25A, 548J - K, 847B.	Imputation System	8.9

Star 7/9/81 [illegible] 183 [illegible] [illegible] 889

Union scores two clear victories

The Fosatu-affiliated Metal and Allied Workers Union (Mawu) has taken another important step forward by winning clear victories in referendums aimed at testing its support at two East Rand firms.

Of the 324 votes cast by workers at Chloride Batteries in Benoni more than 70 percent favoured representation by the union, according to an Mawu spokesman.

The company had tested the paid-up membership of the union and had agreed to begin recognition talks, he said.

Chloride, a British-based multinational, has already recognised the rival SA Allied Workers Union (Saawu) after referendums at two of its Eastern Cape plants.

And at the Boksburg-based Light Castings, 66 out of 88 workers gave their votes to Mawu in a referendum.

SUCCESSES

The union has had a steady run of successes this year on the East Rand, where it boasts half its national membership.

Mawu recently signed a formal recognition agreement with Henred Fruehauf Trailers and has won referendums at three other companies — Hendler and Hendler, Vaal Metal Pressings, both in Boksburg and Stonestreet and Handsen, in Elandsfontein.

Star
9/9/81

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Sentrachem profit up 53 percent

By Patrick McLoughlin

Sentrachem, South Africa's second biggest chemical group, has boosted pre-taxed profits 53 percent — from R77,2-million to R118,2-million — in the year to June and chairman Mr J H Smit has forecast that earnings will grow at the same rate in the current financial year.

Jubilant directors have declared a final dividend of 23c, hoisting total payout a share to 40c. This is up from 33c paid last year and represents a 21 percent increase.

In other rosy results, group sales leaped 55 percent, from R430,2-million to R666,8-million and attributable earnings went from R47,5-million to R73,6-million — an improvement of 54,9 percent

Mr J H Smit commented. "As far as prospects for 1981-2 are concerned, it is expected that earnings a share will increase at about the same rate as during 1980-81"

Earnings a share amounted to 82,2c, which represents a 24 percent or 16c per share boost on the previous year.

Directors said the earnings a share increase, less than half the increase rates of the other results, was due to a dilution as a result of the shares issued to Gencor at the time of the merger with Fedmis, the large fertiliser company which was acquired in January 1980.

The EPS figure was calculated on attributable profits after charging net inflation depreciation against revenue and deferring a portion of the tax benefits accruing from investment allowances

Before taking account of these factors, earnings would have been 102,9c a share in 1981 and 78,4c for the previous year.

Sentrachem's annual figures include Fedmis results for 12 months while comparative data for last year include Fedmis for only six months, a spokesman said.

The buoyant results do not include two extraordinary items. These are the R1,4-million which arose from a change in the basis of calculating deferred tax in some foreign subsidiaries where legislation and accounting practice changed and the previous year's retained earnings of R388 000 from "certain unlisted investments" whose assets were taken over by Sentrachem on July 1 last year.

Sentrachem is currently trading on the Johannesburg Stock Exchange at around 670c. The share has a dividend yield of six percent on the new payout with a price earnings ratio of 8,1.

Against this is AECI's — Sentrachem's main rival — yield of 5,4 percent and PE of 9,9.

The only shadow to be cast on the generally bright results was the indifferent profitability of Coalplex and the company believes that it is still not getting the sort of return it regards as adequate.

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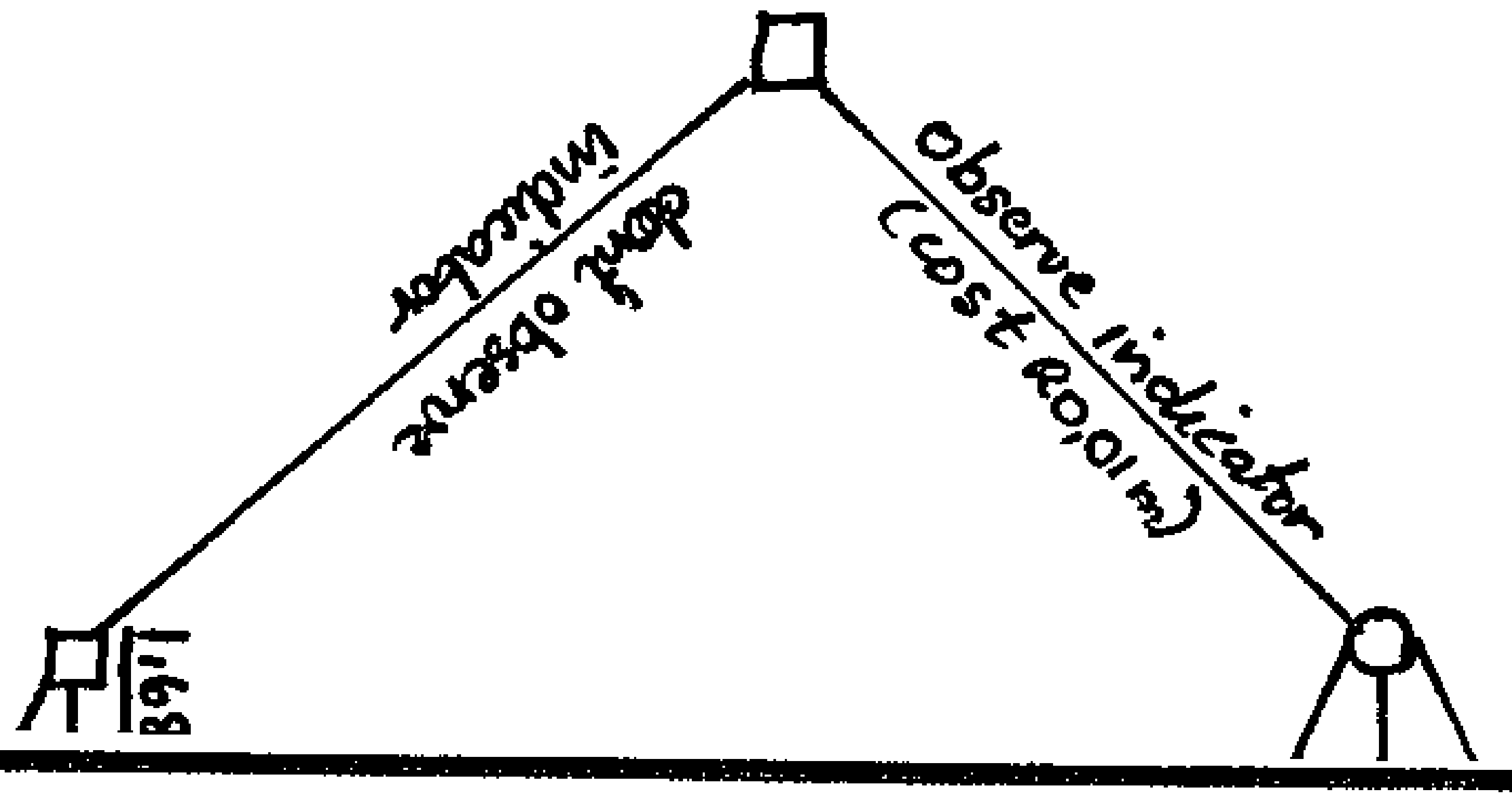

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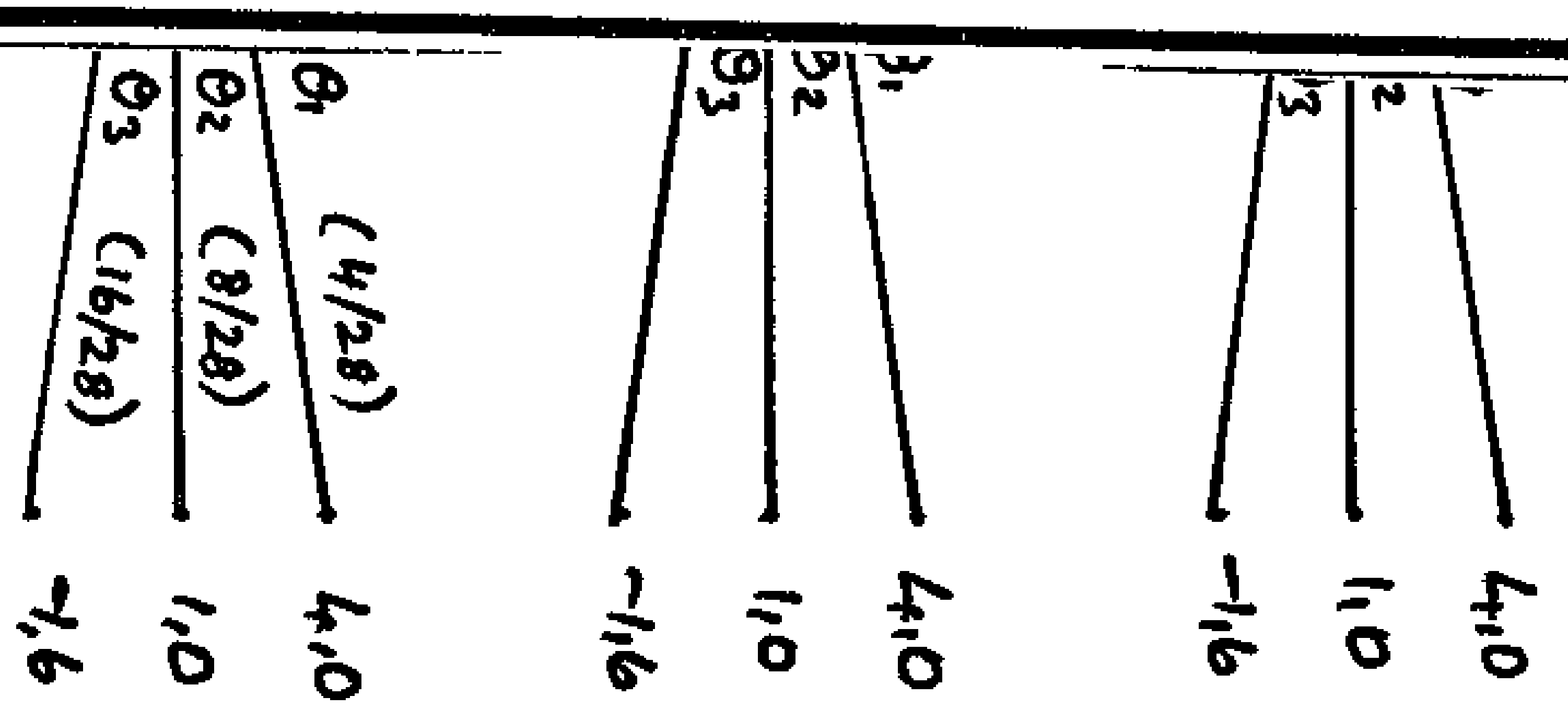

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DD 1/9/81 183

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EAST LONDON — A R3 million ethanol plant, which will be used to produce "gasohol" when combined with petrol, is being planned as an extension to the Langeberg canning factory here, according to a report in a Cape Town business journal.

The Cape Business News quotes the technical director of Langeberg, Mr Jan Lombaard, as saying the ethanol development will be an extension to the existing canning factory

The report says the plant will have a capacity of three million litres of ethanol a year and will generate about R1 million a year at full production

Apart from the ethanol, which will be a by-product of pineapples at the cannery, the new plant will produce 3 500 tons of animal feed to provide a further revenue source worth about R250 000 a year

An additional estimated revenue of R250 000 will be generated by the production of carbon dioxide gas

Mr Lombaard is reported by the magazine to have said the working costs of the plant will be about R[illegible]00 000 a year

Attempts to contact Mr Lombaard to confirm the report were unsuccessful yesterday and local executives of Langeberg were not prepared to comment

The business journal report said ethanol produced at the Langeberg plant would be marketed as a mixer with petrol to produce gasohol which is already being sold on the Reef in conjunction with an unnamed oil company

The report stated that to streamline production, maize would also be used to produce the ethanol during the pineapple off-season when pineapple waste is in short supply

The magazine says the viability studies for the project are at an advanced stage, covering not only production but also finance and marketing

Reacting to the news yesterday, the Mayor Mr [illegible], said that he was "absolutely delighted" to hear of the plans

"We are expecting a lot to happen here shortly and this is an exciting announcement and I see it as a forerunner to what lies ahead," Mr [illegible] said

"It augurs well for the future and any display of confidence by existing companies is welcomed and we will support and assist in this kind of development as far as is possible" — DDR

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Mass detentions hit EL factory

EAST LONDON — A spokesman for an East London firm yesterday expressed concern at disruption caused by the detention of 205 trade union members by the Ciskei police on Sunday night

Several other firms which are said by the unions to employ the detainees could not ascertain whether any of their employees were involved.

Mr Wayne Monro, the personnel manager of Johnson and Johnson, said he was concerned with the disruption the detentions had caused at his factory

"We are currently endeavouring to establish which Johnson and Johnson employees are involved, what charges are to be brought against them and when they are to be charged

"With regard to pay, we will treat each individual case on its merits. Generally, however, we will pay employees who are being detained without charges being brought against them

"We will, however, be obliged to employ temporary labour for as long as necessary and until the situation is resolved."

A spokesman for Chloride SA said the company did not wish to prejudge the situation and if any of those involved were charged and found guilty they would be treated the same as any other offenders. He was uncertain of what the company policy was with regard to pay for workers detained without trial

A spokesman for Car Distributors Assembly (CDA) said that by agreement with the National Union of Motor and Rubber Workers, workers at the plant were paid according to the time worked. He said it was an academic question as to whether detained workers would be paid because he did not know of any detainees from his firm — DDP

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Alt orities require interest to be expensed in the year of occurrence, there is nothing to stop this interest charge being capitalised for financial reporting purposes, and then written off (depreciated) over the life of the asset in accordance with the enterprise's depreciation policy. This practice will result in a timing difference, and as such, a deferred tax liability will arise for the amount of this interest capitalised. If the asset were not amortised, then capitalising the interest would create a permanent difference, and no deferred tax liability would arise.

Were interest to be imputed to equity funds as discussed in Chapter 5, there would be no deduction for income tax purposes. The cost of any equity funds would be 100% of the pre-tax cost, as opposed to after-tax cost of debt being only (1-tax rate) of pre-tax cost.

Farming counters sluggish Coalplex

Senchem lifts earnings 24%

RDM 9/9/81

(183)

By DAVID CARTE

A GOOD agricultural season outweighed indifferent profitability at Coalplex to lift Sentrachem to a 53% pre-tax profit jump in the year to June.

South Africa's second biggest chemical group hoisted sales 55% to R667-million, pre-tax profit 53% to R118-million and taxed attributable profit 55% to R74-million

Because of the greater number of shares in issue since the Fedmis acquisition, earnings were 24% better at 82,2c after additional depreciation and deferring tax benefits on investments

A final dividend of 23c has been declared, making 40c for the year — an improvement of 21% on the 33c paid last year

Had it not been for additional depreciation and deferred tax, earnings a share would have been 102,9c — 31% better than the comparable figure of 78,4c The additional provisions are made to allow for inflation

The chairman, Mr J H Smit, forecasts that earnings will grow at about the same rate in the current year

At the interim, taxed attributable profit was 83% ahead, but because the weighting of additional shares then was heavier, earnings a share were only 16% ahead

It would thus appear that there was a slowdown at the taxed attributable level in the second half, but this was more than compensated for by the lighter dilution factor

The managing director, Mr David Marlow, told me the first two months of the current year had gone well and he was confident the chairman's forecast would be met

Fedmis had had an excellent year and looked set for another good season after widespread early spring rains He was not unduly perturbed at the prospect of economic slowdown

"This business is fairly steady We don't have wild swings in demand and business across the board is still going at a fair pace"

Mr Marlow said Coalplex was still not achieving the kind of return that Sentrachem regarded as acceptable

It was still exporting a large part of production into weak international PVC markets He believed the position would improve as SA demand took up more of total production and overseas demand and prices slowly improved But improvement would be gradual

Asked whether the rise in the capital cost of Sentrachem's synthetic rubber plant from a budgeted R123-million to R350-million would hurt long-term profitability, he said it would not

The rubber plant was financed by suspensive sale just in time to qualify for tax benefits outlawed by the Minister of Finance in his August budget

Sentrachem's R400-million, 500 000 ton-a-year ammonia plant, scheduled to come on stream in 1985, would be financed differently in a manner still to be decided

Mr Marlow said he regarded Sentrachem's staff as its greatest asset The group had been a successful recruiter of high-calibre personnnel and this would stand it in good stead

He said there was no further news on the proposed Springbok Flats oil-from-coal project

COMMENT: It may be the size of its capex programme. It may be that conditions are looking more competitive in fertiliser, but Sentrachem's rating relative to AECI, its chief rival, has slipped recently.

At 670c, the share yields 6% on the new dividend and stands on a PE of 8,1 This compares with AECI's current yield of 5,4% and PE of 9,9

DD 10/9/81 [illegible] SAT 183

Card: ethanol plant augurs well for future

EAST LONDON — The idea of an ethanol plant in the region was nothing new, but it was "very pleasing" to learn that the Langeberg Co-operative was actively planning a plant

This was said yesterday by the city council's Industrial Affairs portfolio chairman, Mr Donald Card

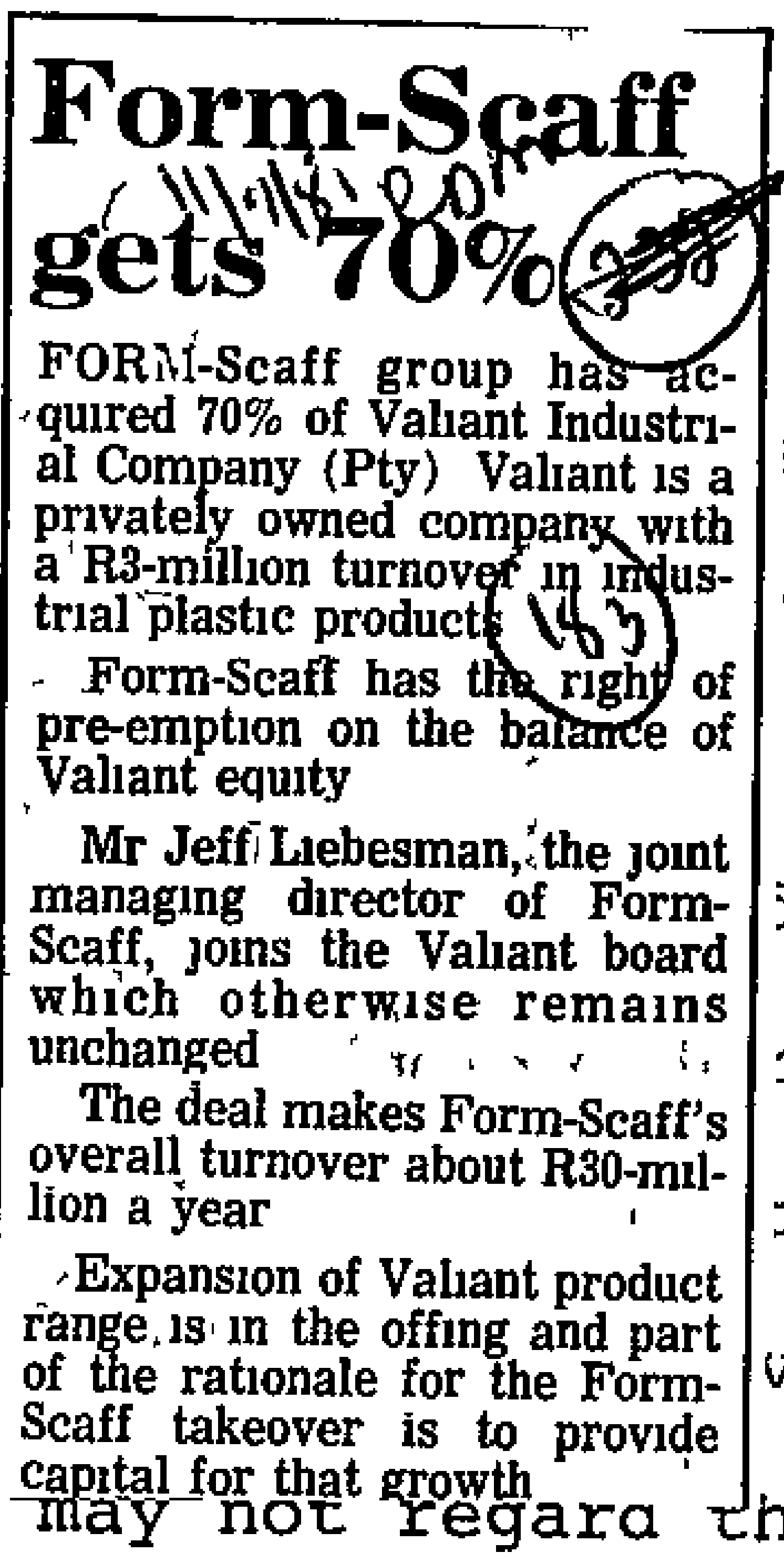
"The idea has been mooted before and I am very pleased to hear that Langeberg is looking into it," he said

"Any development for East London is great and this is a particularly pleasing development

"It should be noted that many of our existing industries are now expanding or completing expansions and I think this is a remarkable feature of our industrial development

"We have major expansions underway at SATV, the Frame Group, CDA and now Langeberg

"This shows that our local industry has confidence for the future," Mr Card said — DDR



Form-Scaff gets 70%

FORM-Scaff group has acquired 70% of Valiant Industrial Company (Pty) Valiant is a privately owned company with a R3-million turnover in industrial plastic products

Form-Scaff has the right of pre-emption on the balance of Valiant equity

Mr Jeff Liebesman, the joint managing director of Form-Scaff, joins the Valiant board which otherwise remains unchanged

The deal makes Form-Scaff's overall turnover about R30-million a year

Expansion of Valiant product range is in the offing and part of the rationale for the Form-Scaff takeover is to provide capital for that growth

parties. It is fe sons who have funds,
and make them avail prise's use, will not
do so unless they e on these funds.[5]
All capital theref l this cost should be
recorded. The ow rise are treated simi-
larly to creditors is felt that because
some of the owners vestments for relatively
short periods, they may not regard themselves as owners, and like other investors, will want to assess the performance and financial condition of an enterprise in relation to other enterprises and other kinds of investments.[6] It has been expressed that fair comparisons can only be made if recognition is given to all the economic costs incurred by enterprises as distinct entities.

Therefore, according to the entity theory, or what may also be called a distinct managerial view[7] as distinguished from the proprietary point of view, the returns to all equity holders are costs, and the total of these implicit and explicit returns would be the interest cost for the period.

I would also like to add that there are those who feel that acceptance of either the proprietary or entity theory of ownership equity is not fundamental to the issue of imputing equity interest, and that one may accept the one theory without accepting the proposed treatment of the interest charge that supplements it.[8]

September 15, 1981 3

C 15/9/81 183

Ethanol: Firm to decide

Industrial Reporter

A DECISION on plans for a R3-million ethanol plant for the production of gasohol at East London is to be taken by Langeberg Co-op at a board meeting on December 1st

Confirming this yesterday, the group's technical director, Mr Jan Lombaard, said he hoped the board would approve the project at that time

Envisaged capacity of the plant, an extension to the existing cannery in the city, is three million litres of ethanol a year, basically from pineapple wastes, but also from maize during the pineapple off-season It would also produce about 3 500 tons of animal feed and carbon dioxide gas

The ethanol would be marketed as a mixer with petrol to produce gasohol

Viability studies for the project are well advanced

Sentrachem takes over seed company

Sta 15/9/81 (183) [illegible]

Through the acquisition by Fedmis of a controlling interest in a local seed company, Saffola, from Seedtec International of California, the Sentrachem group has announced expansion of its agricultural interests in the production of agricultural seed

A Press release says Saffola can be considered a pioneer in the development of hybrid sorghum and hybrid sunflower seed in South Africa and holds the major share of these sectors of the local seed market."

Saffola's main production areas are Western Transvaal, Northern Free State and the Eastern Highveld as well as the irrigation areas of Northern Transvaal.

Its R4,5-million seed processing plant and farm is located at Kaalfontein near Kempton Park. — Sapa.

Fedmis buys Sarfola

183

Financial Reporter

FEDMIS, a Sentrachem subsidiary, has bought control of Sarfola, SA's second biggest agricultural seed distributor for an undisclosed sum.

ROM

15/9/81

The seller was Seedtec International of California.

Sentrachem says "Saffola can be considered a pioneer in the development of hybdrid sorghum and hybrid sunflower seed in South Africa and holds the major share of these sectors of the local seed market"

Saffola's main production areas are the western Transvaal, northern Free State, the eastern Highveld, as well as the irrigation areas of Northern Transvaal.

Its R4 500 000 seed processng plant and farm is located at Kaalfontein near Kempton Park.

JSE protests at Triomf results clamp

RDM 13/9/81

183

THE Johannesburg Stock Exchange has protested at Triomf's hiding of its operating company by deconsolidation.

In an attempt to persuade the company to change its mind, or at least to keep aspects of the fertiliser company visible, the JSE is to meet Triomf's managing director, Mr J J Bekker.

By DAVID CARTE

Triomf Fertilizer Investments (TFI), the listed company, recently sold 1% of its shares in the unlisted fertiliser factory, Triomf Fertilizer (Pty).

This reduced the listed company's stake in the operating company from 50% to 49%. Now the top company no longer needs to publish an income statement or balance sheet of the operating company.

It has declared its intention of giving no further information on fertiliser or phosphoric-acid sales, profits or the balance sheet to shareholders.

Triomf says it took this highly unusual step because it was the only fertiliser company standing "full frontal", revealing all about its assets and profits

It says it took flak from farmers when its domestic fertiliser profits were high and equal criticism from foreign phosphoric-acid buyers when profits on exports were high

In future, shareholders in Triomf will see only dividend income from the fertiliser factory in the income statement and the balance sheet will reflect only an investment at cost.

Mr Douglas Gair, manager of the listings committee, said the JSE hoped to persuade Triomf to continue passing on as much information as possible to shareholders. He hoped to be able to persuade the company at least to equity account its holding in the bottom company.

Triomf's move to deconsolidate was sanctioned at a general meeting of the company in April and Business Mail carried a short announcement.

"At that stage it had not been spelled out that the intention was to clamp down on information and there was little reaction to the move.

At least one large shareholder was not present at the meeting when, he says, the resolution was "steamrollered" through. He intends to take the matter further

The holder says Triomf's sudden clampdown on information has caused the downrating of the share. He complains that he is locked in, unable to sell without depressing the share price further.

The current share price of 315c compares with a high of 500c.

AECI, which holds 49% of the operating company, has no comment on the matter, but I believe from sources close to the company there is unhappiness about the move. AECI has a direct holding in the bottom company, so will not lack for information.

Although none would be quoted, brokers, merchant bankers and institutional investors questioned on the subject, roundly criticised it

They believed the clampdown on information about the fertiliser company made Triomf worth less overnight.

"The cover-up came just when investors started worrying about declining phosphoric-acid prices and the effect on profits of the strong rand," said a broker, "so it was particularly badly timed

"Why did the company not take the step last year when its riches really were so embarrassing?"

"Bearing in mind that Triomf falls due for tax this year and therefore needs to increase taxed profit to equal pre-tax profit last year, the move could be misconstrued as a means to hide declining fortunes."

The interim report was rendered meaningless by the deconsolidation and the interim dividend of 15c was passed, the company said, because it had decided to pay only one dividend a year

Triomf's chairman, Mr Louis Luyt, said in the recent interim report that last year's 45c dividend was safe

But putting Triomf under wraps clearly precipitated some fears for the dividend, especially since the interim was not paid

One large shareholder told me he was "not confident" that the dividend would be maintained, but a director of an associate company of Triomf said the dividend was indeed safe

Apart from the Mine Officials and Mine Employees Pension funds, which between them hold 2-million shares, there are few substantial institutional shareholders in Triomf.

But this did not stop uninvolved institutions from criticising Triomf's move

Triomf's action, said the head of investments of one of SA's largest institutions, had set a precedent that could be abused by other companies that might find it convenient to "go underground"

Several observers doubted that the London or New York stock exchanges would have permitted the action

Triomf's managinf director, Mr J J Bekker, said I was the only person upset about the move, which was done "solely in the interests of the Triomf shareholders"

This is not the first time Triomf has acted eccentrically with regard to its listed company.

In August 1977, when the profit and liquidity situation was not looking too pretty, the company tried to delist its shares from the stock exchange without an offer or reference to minorities.

A howl of outrage from all quarters and some persuasive talking by the JSE prevented the move.

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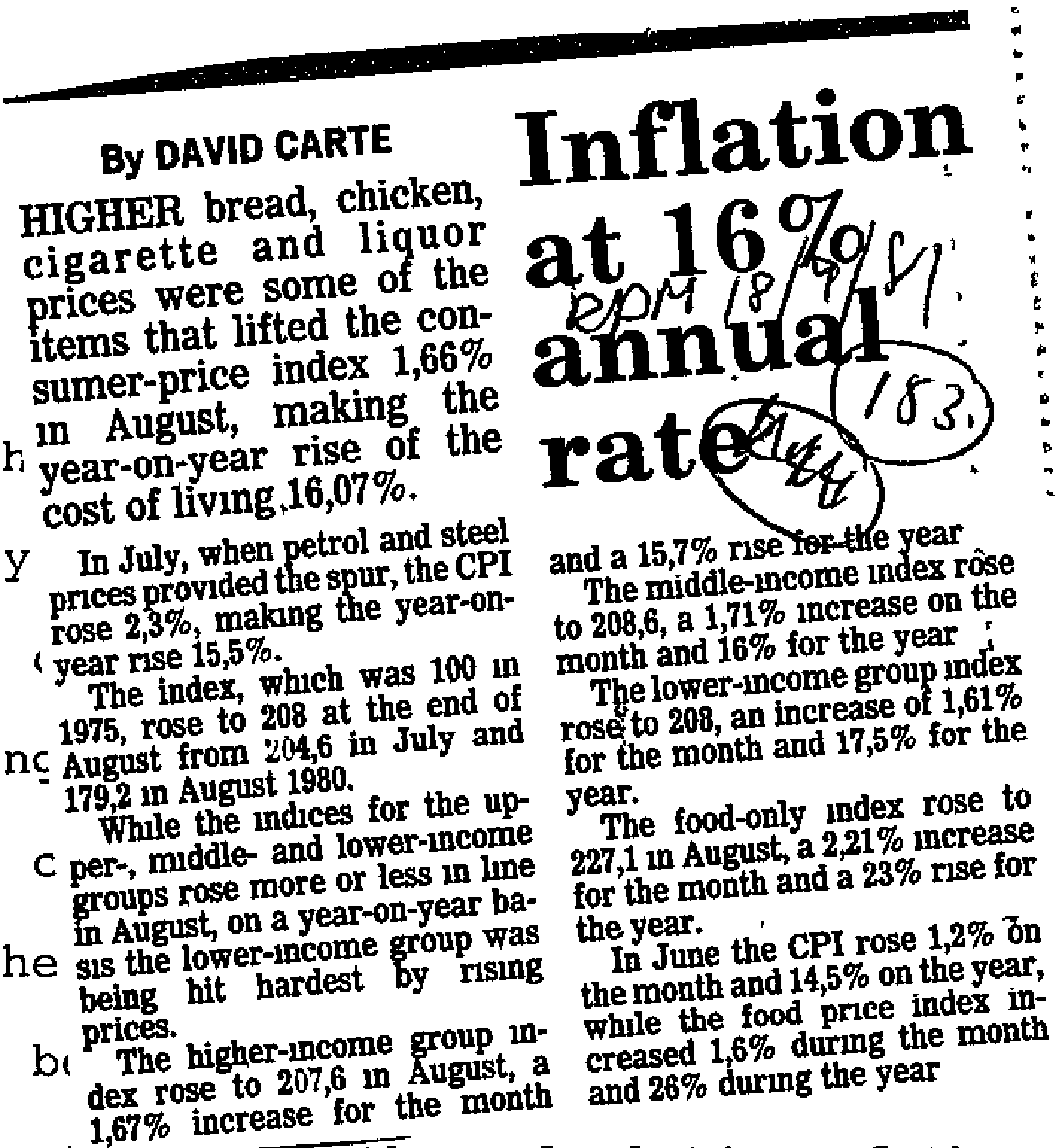

By DAVID CARTE

Inflation at 16% annual rate

RDM 18/9/81

183

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HIGHER bread, chicken, cigarette and liquor prices were some of the items that lifted the consumer-price index 1,66% in August, making the year-on-year rise of the cost of living 16,07%.

In July, when petrol and steel prices provided the spur, the CPI rose 2,3%, making the year-on-year rise 15,5%.

The index, which was 100 in 1975, rose to 208 at the end of August from 204,6 in July and 179,2 in August 1980.

While the indices for the upper-, middle- and lower-income groups rose more or less in line in August, on a year-on-year basis the lower-income group was being hit hardest by rising prices.

The higher-income group index rose to 207,6 in August, a 1,67% increase for the month and a 15,7% rise for the year

The middle-income index rose to 208,6, a 1,71% increase on the month and 16% for the year

The lower-income group index rose to 208, an increase of 1,61% for the month and 17,5% for the year.

The food-only index rose to 227,1 in August, a 2,21% increase for the month and a 23% rise for the year.

In June the CPI rose 1,2% on the month and 14,5% on the year, while the food price index increased 1,6% during the month and 26% during the year

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Whinney contend that the calculation of the minority interest should be based on the net income shown in the separate financial statements of the subsidiaries.[56] It is submitted that this is the best treatment of the minority interests.

4.8.3 Unconsolidated Subsidiaries

A parent company and its unconsolidated subsidiary may be viewed as a single entity for financing purposes. For this reason, I feel the entire amount of profit resulting from inter-company financing should be eliminated, and therefore not be eligible for capitalisation, when reports are drawn up in conformity with the Companies Act of 1973, or when the subsidiary is accounted for on the equity method.

4.8.4 Associated Companies

When accounting for associate companies on the Cost Method, there is no problem because the investor company only recognizes profits as they accrue in the form of dividends.

S. Express 20/4/8 183

Plastics to boost skills

Business Reporter

THE Plastics Federation is holding a crash training programme to alleviate the shortage of skills in the plastics industry

A recent survey revealed that the biggest need for training lies at operator and artisan levels.

The federation, through its subcommittee, the National Council for Plastics Education, has designed six-week courses which are practically orientated and suited to the needs of trainees in terms of timing and immediate on-the-job application

Trainees will attend lectures one day a week and sit for a one day exam.

S. Times
20/9/81

~~62~~ ~~42a~~ 183

R12-m fertilizer plant contract

By John Spira

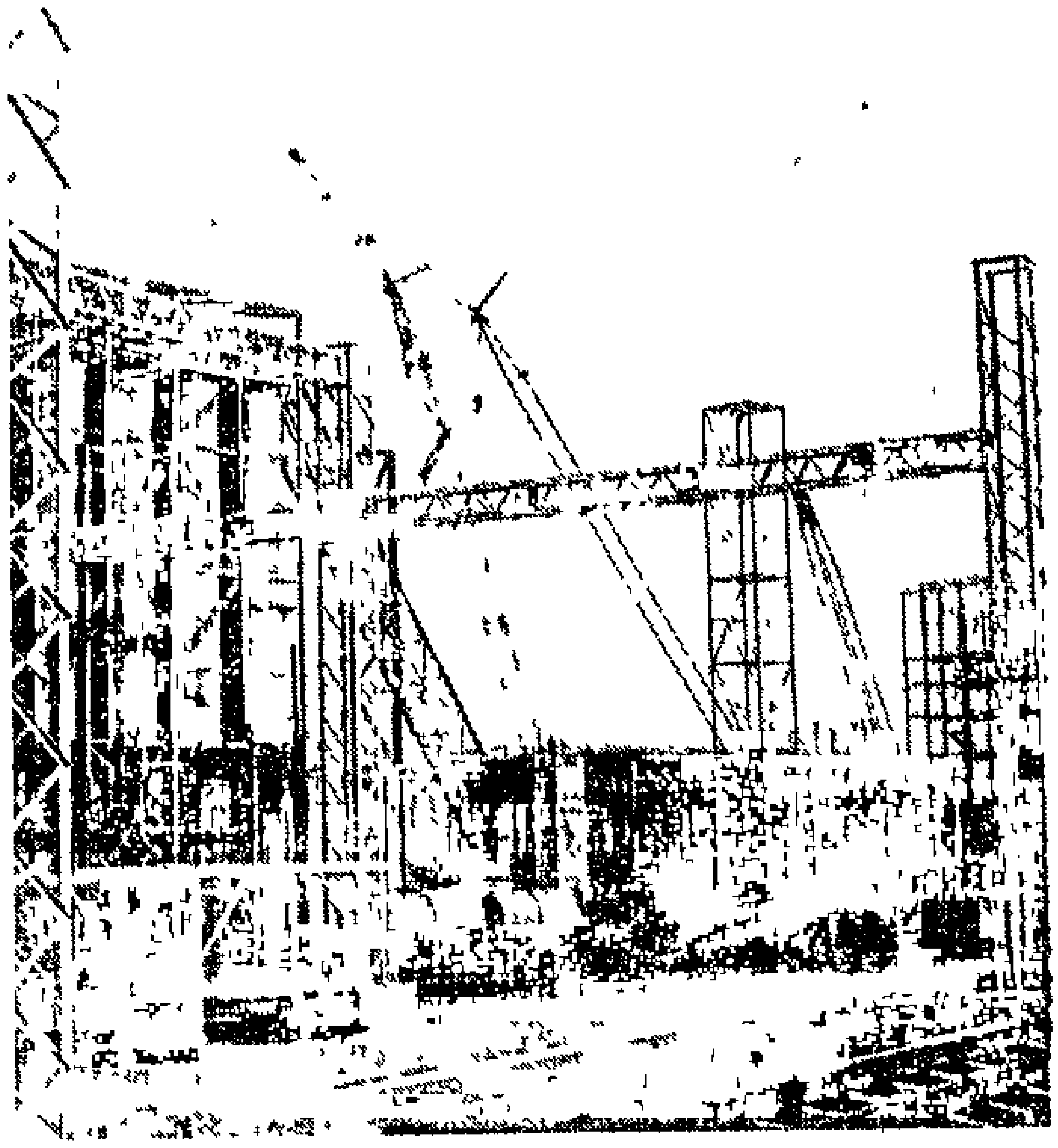
MITCHELL Cotts, in conjunction with an American group, has been awarded a R12-million contract

The DM Weatherly Company, of Atlanta, engineers and builders of process plants serving the fertilizer industry, and Mitchell Cotts Projects SA, a company in the engineering division of the Mitchell Cotts group, are to build a granulation plant at Triomf Fertilizer's Richards Bay factory

The plant is designed to produce 100t per hour of high concentration NPK fertilizers, di-ammonium phosphate and mono-ammonium phosphate

A feature of the plant is the detailed attention paid to pollution control — a necessary consideration imposed by strict US regulations and reinforced by local South African requirements

Production will commence in December 1982



New growth centre at Newcastle

CT 25/9/81

183

A GIANT new growth centre for the chemical industry in South Africa is being established at Newcastle in Natal

The managing director of Sentrachem, Mr D J Marlow, said that the new facility of Karbochem, a division of Sentrachem, will make South Africa virtually independent of rubber imports

The saving in foreign currency could amount to as much as R60m a year in 1984 while a further contribution in foreign currency can be earned on the export market The saving in foreign currency could even reach R150m a year in 1988

According to Mr Marlow, the erection of Karbochem's Afprene complex is the first step of a much larger chemical industry for Newcastle

He said it was a feature of the chemical industry that the erection of one plant results in other projects being integrated backward or forward to produce raw materials for such a plant or to process its intermediate products into end products

The Afprene complex is a case in point It consists of a chain of plants, the first of which is the acetylene plant which will produce one of the major raw materials from coal

A second plant will produce isoprene, the basic building block for the production of synthetic rubber, from acetylene and acetone

A third unit will produce solution styrene butadiene rubber, polybutadiene rubber and polyisoprene rubber

A fourth unit will prepare the necessary catalysts for the process

Mr Marlow said that the erection of the complex was progressing well and that it would be commissioned in phases next year

The solution styrene butadiene rubber and the polybutadiene rubber section will be in production before the middle of 1982 and the polyisoprene rubber section within the following few months

According to Mr Marlow it was decided to erect the Afprene project at Newcastle for various reasons, one of the reasons being the availability of anthracite

Second, Newcastle is located midway between the Witwatersrand, Durban and Richards Bay which is strategic in view of further development

A third reason is the positive attitude of the local authority and fourth, the development of the Afprene complex is in line with the government's policy for industrial development in the border areas

Sasolburg was an alternative, but since Sentrachem's involvement there almost exceeds that of Sasol, it became desirable to establish a new growth centre

Sentrachem's interests at Sasolburg are two Fedmis factories, Karbochem (Sasolburg) division, Safripol and the group's Coalplex interest

The complex will consume 50 percent more electricity than East London

Altogether 500 000 m^3 of earth had to be moved and compacted Eleven thousand tons of steel will be used and more than 800 job opportunities will be provided — 50 percent black and 50 percent white.

R4m additional disposable income will become available in Newcastle and 2 500 job opportunities are provided during the erection of the complex

25/7/81

RDM

(183)

Berzack's profit — 'high cover'

By SUSAN DALLAS

BERZACK Brothers Holdings, the textile machine, plastic and electric cable suppliers attributes its record 94% surge in pre-tax profit in the year to June 1981 to its policy of high dividend cover.

Taxed profit was 91% higher at R9 857 000 from R5 156 000 in 1980 while pre-tax profit almost doubled to R16 007 000

On earnings a share of 824,3c (1980 431c), the total dividend payment of 55c (29c) reached an all-time high of 15 after being above 14,7 since 1978

In the annual report, the chairman Mr Maurice Berzack said the board was convinced the "extraordinary growth in the profits, size and asset base of the group, together with its resultant vast untapped borrowing power, would not have been possible without its policy of high dividend cover"

Two properties for use by the plastics division were bought without mortgage finance thanks to the "substantial ploughback of earnings over the past years and the resultant liquidity".

"The board sees scope for further self-financed expansion leading to continued high growth rates and therefore intends to continue with its proven and stated policy of generating growth from internal financing"

According to the report, the group has prepared for a downturn in the economy and expects its profitability will not be affected

A shortage of trained technical staff is said to have hampered the clothing industry from taking full advantage of a flood of orders for machinery

A significant profit is expected from the electric cable division in the current year thanks to a predicted increase in demand.

The company repaid mortgage bonds on its property interests rather than face the increase in mortgage interest rates.

A confirming house business, Bivec Confirming which was formed towards the end of the financial year, achieved a break-even position despite only trading for three months

SMa 29/9/81

Senchem profits up 51%

~~349~~

183

Sentrachem reports audited group profit after taxation, but before charging an extraordinary item — of R77 785 000 for the year to June 30 compared with R51 263 000 the previous financial year, an increase of 51,7 percent.

After deducting net income attributable to outside shareholders of subsidiaries of R1 885 000 (1980, R1 460 000) and preference dividends of R2 300 000 (unchanged), earnings attributable to ordinary shareholders of Sentrachem before the extraordinary item amounted to R73 600 000 (R47 503 000).

Extraordinary item — retained earnings of former unlisted investments and reversal of deferred tax in certain foreign subsidiaries — amounted to a further R1 819 000, leaving a total attributable of R75 419 000.

FERTILISERS

183

The acid test

FM 2/10/81

Triomf is taking steps to offset slackening phosacid exports It is spending R30m — not R12m as some reports have had it — on a new granulation plant at Richards Bay This will help check the current build-up of phosphate rock and sulphur inventories

The plant, scheduled to come on stream in December 1982, will produce 100 t/hour high-concentration NPK fertilisers, di-ammonium phosphate (DAP) and mono-ammonium phosphate for local and export markets.

There is also a DAP oversupply situation worldwide, but both Triomf and Fedmis are scoring on the SA domestic market where strong fertiliser demand this year offset current losses on exports

Last week's pow-wow in New York of The Fertiliser Institute (TFI) confirmed the gloomy 1982 outlook for phosacid and fertiliser sales

For example, Brazilian imports of fertilisers and related raw materials in the first half of this year are said to be only 75% of the tonnage imported during the same period of 1980

May 1981 phosphoric acid imports totalled 50 258 t against May 1980's 116 416 t During January/May 1981, imports of 311 946 t were substantially down on the 571 072 t during the comparable period last year

SA industry sources say Triomf and Fedmis phosacid exports nosedived this year (*Business*, August 21) Some estimates put sales down 30%-60% this year and prices are said to be well below the 1980 average of $450/t c & f Triomf, in line with its new finger-on-lips policy, won't even discuss it

S. Tribune
4/10/81

183

TRIOMF TO GET R12-MILLION PLANT

Finance Reporter

THE design stage has been reached in a R12-million development project at Richards Bay for the construction of a granulation plant for Triomf Fertiliser.

The project is being undertaken by American fertiliser experts, D M. Weatherly of Atlanta with Mitchell Cotts Projects.

The American manager arrived a week ago. The plant, designed to produce 100 tons an hour of high concentration NPK fertilisers, should be complete in December next year.

RDM 5.10.81 ~~152~~ 183 ~~139~~

Triomf plant strike could hit farmers

By STEVEN FRIEDMAN

ALL 500 black workers at Triomf Fertiliser's Chloorkop plant outside Kempton Park have been on strike since Friday — a development which threatens financial losses to Eastern Transvaal farmers.

But a Sunday newspaper reported yesterday that management at the plant was largely maintaining deliveries to farmers by loading fertiliser on to trucks themselves.

The report also said that Triomf's chairman, Mr Louis Luyt, had indicated that he was prepared to personally assist with the delivery of fertiliser to farmers.

Wage rates

The strike comes at a time when fertiliser is greatly in demand among farmers, particularly in the Eastern Transvaal, after the recent rains and breaks in deliveries could cost them thousands of rand

A worker source told the Rand Daily Mail yesterday that the strikers were demanding pay increases because they believed that present wage rates were not sufficient in the light of rises in the cost of living.

He said that the two issues which had immediately sparked the strike were worker dissatisfaction with the administration of a social club to which they have to contribute money, and dissatisfaction with their September wage pay-out

"The workers do not know where the money for the social club goes and they are unhappy with the way the club is run There is also dissatisfaction because workers who received their September pay only got paid in notes This meant that workers who had previously been paid a particular amount only got this to the nearest

EV Post 3/4/81

~~152~~ 183 ~~160.4~~

Pupils to help during strike

Post Correspondent

JOHANNESBURG — Schoolboys will be used to help at the Triomf fertiliser plant at Chloorkop outside Johannesburg where some 500 black workers have gone on strike

A spokesman for Triomf Mr Jaap Griesel said the strike was illegal and disorderly and described the workers demands for a 35% pay increase as 'absurd' as wage increases totalling 18% had already been granted this year

The strike started last Friday when 150 black workers failed to start their 2pm shift Others downed tools and more than 500 skilled and unskilled workers are now involved

Mr Griesel said production had been maintained because senior management had pitched in and taken over strikers jobs and the company would start employing holidaying schoolboys from today to help load transport vehicles

Star. 5/10/81 ~~(152) (142) (110A) (189)~~ (183) ~~(180) (30D) (139)~~

Strikers back—but not all at work

Labour Reporter

There were two wildcat strikes at Car Distributor Assemblies ~~in East London when~~ workers returned to their jobs after last week's strike

A company spokesman said 280 workers in the truck assembly plant gathered in the canteen today instead of working Another 50 workers in the car body shop were on a "glow slow"

The workers in the canteen were demanding the reinstatement of a man whose dismissal last week led to a strike of 2 600 black workers

Work in the rest of the plant was normal today.

The managing director, Mr Leo Borman, said today disciplinary hearings were suspended pending an official management meeting with the trade union involved, the National Union of Motor Assembly and Rubber Workers

No spokesman for the union could be contacted this morning.

The Mercedes plant strike began last week over staff dismissals The management warned the strikers to return to work today and the NUMARW also appealed for a return to work

At the Telephone Manufacturers of South Africa (Temsa) plant in Springs, only about 100 out of 1 400 strikers reported for work early this morning The strike began late last week in protest against the dismissal of three workers.

They have been given until the end of today to return to work or they will have been seen to have dismissed themselves, a Temsa spokesman said

Production was still continuing as about 2 000 workers had not gone on strike

At Triomf's Chloorkon fertiliser plant in Kempton Park about 500 workers went on strike over wage demands on Friday

And at four Huletts sugar mills in Natal — Amatikulu, Darnall, Mount Edgecombe and Felixton — about 2 000 workers continued their stayaway over pension demands

Strikes still hit Natal, East Cape

Argus 6/10/81

152 189 300 183 192 61 139 193 182 1407

Argus Correspondent

JOHANNESBURG —Thousands of workers continued to strike today in Natal and the Eastern Cape and firms on the East Rand took on workers after dismissals of about 2 000 yesterday.

A weeklong strike by more than 2 000 sugar workers at four of Huletts' five plants in Natal showed no signs of abating

Plants at Amatikulu, Darnall, Mount Edgecombe and Felixton were shut as management considered recommendations by the Industrial Council sub-committee on a controversial pension fund scheme.

Amid growing frustration and impatience on both sides, the Chamber of Commerce has advocated a delay of at least three years in implementation of draft proposals in the pension scheme

DOWNED TOOLS

About 200 workers of the SA Bottling Company in Port Elizabeth downed tools today

They said the company had appointed coloured workers in the place of four blacks dismissed last week during a dispute which led to a work stoppage

The dispute was about wages and working conditions

About 600 black and coloured workers at Car Distributors Assembly in East London ignored a union call for a full return to work today, a CDA spokesman said

WILDCAT

The plant, which employs 3 300, has been hit by wildcat strikes since last week

The strike by 800 at Johnson Tiles in Olifantsfontein, near Pretoria, continued over a dispute involving worker dismissals

At the Telephone Manufacturers of South Africa (Temsa) plant in Springs, about 1 000 workers were told they had 'dismissed themselves' by not reporting to work

Only 140 workers met the deadline and the company today began taking on a new work force

TRIOMF

Yesterday about 500 workers at Triomf's fertiliser factory in Kempton Park were dismissed after refusing to meet back-to-work deadlines, and the firm was taking on new workers

CHEMICALS (153) FM 6/11/81

Shake-up in sight

The SA chemical industry is due to be shakn up by the downstream entry of a new giant, Sasol

It has for years produced relatively small quantities of chemicals from Sasol 1 But with the two new, much bigger Sasols coming on stream, it is destined to become a major producer

The industry is now dominated by two giants, AECI and Sentrachem They have for the most part avoided direct competition with one another by producing for different markets This delicate balance could soon be upset

Now that Sasol 2 has been commissioned Sasol's sales of non-fuel chemicals alone should top R300m this year And when Sasol 3 comes on full stream in 1988 the figure ould reach at least R600m in today's money or more than R1 billion at adjusted prices

It could thus be bigger than Sentrachem, which had sales of R430m last year but maller than AECI which sold R1 003m of non-explosive chemical products in the same period

Established primarily to produce liquid uel from coal, Sasol must also, of necessity, produce vast quantities of chemicals as co-products of its fuels

Many of these can be, or are being, produced by Sentrachem and AECI, which need many of them as feedstocks for their own hemical products

Sasol has many options on the final form in which it sells its chemicals and its decisions on how to dispose of them will have major repercussions on the industry

Sasol Marketing executive director Andre Bedeker says Our marketing decisions will be made purely on commercial considerations

So local chemical companies can expect no preferential treatment and if Sasol decides to further process these feedstocks itself, they would end up competing with it in their own traditional markets

They may thus have to shelve many of their own expansion programmes until Sasol's plans are known

Having Sasol as a supplier could in some cases, cause as much grief as having it as a competitor For if its prices are not acceptable to a local company Sasol has the option of selling the product in other forms, in some cases exporting it, or even re-forming it into fuel products

It is known, for example that Sentrachem is jibbing at Sasol's price for acetone, which it needs for its synthetic rubber production

Sentrachem may battle to get alternate supplies, but Sasol could sell it on the international market or use it for its own downstream products

AECI may have to delay completion of the second unit of its ultra-modern linear low density polyethylene (LLDPE) plant while awaiting a Sasol decision on the production of the main feedstock, ethylene It is to continue producing ethylene from expensive, imported naphtha on old plant at Sasolburg instead of making full use of production capacity for cheaper, coal-based ethylene at Secunda

'We would like to export our surplus polyethylene,' says AECI's plastics division manager, Mike Sander "but this would not be possible due to the high price of ethylene made from naphtha

This could be just the begining of his problems, for Sasol could one day be a competitor to AECI and Sentrachem in the polyethylene market It is capable of producing vast quantities of ethylene, and can therefore control the price of this major feedstock to its own advantage

The details so far given on the way it intends to operate in the fertiliser market in competition with its present customers, give a clue to how Sasol may enter the chemical market

Newly-appointed MD of Sasol Fertiliser Secunda (SFS), Albie de Waal, an ex-Triomf man says the company has contracts to supply the industry with ammonia until the late Eighties The contracts cover most of the fertiliser product from Sasols One and Two but nothing from Sasol Three

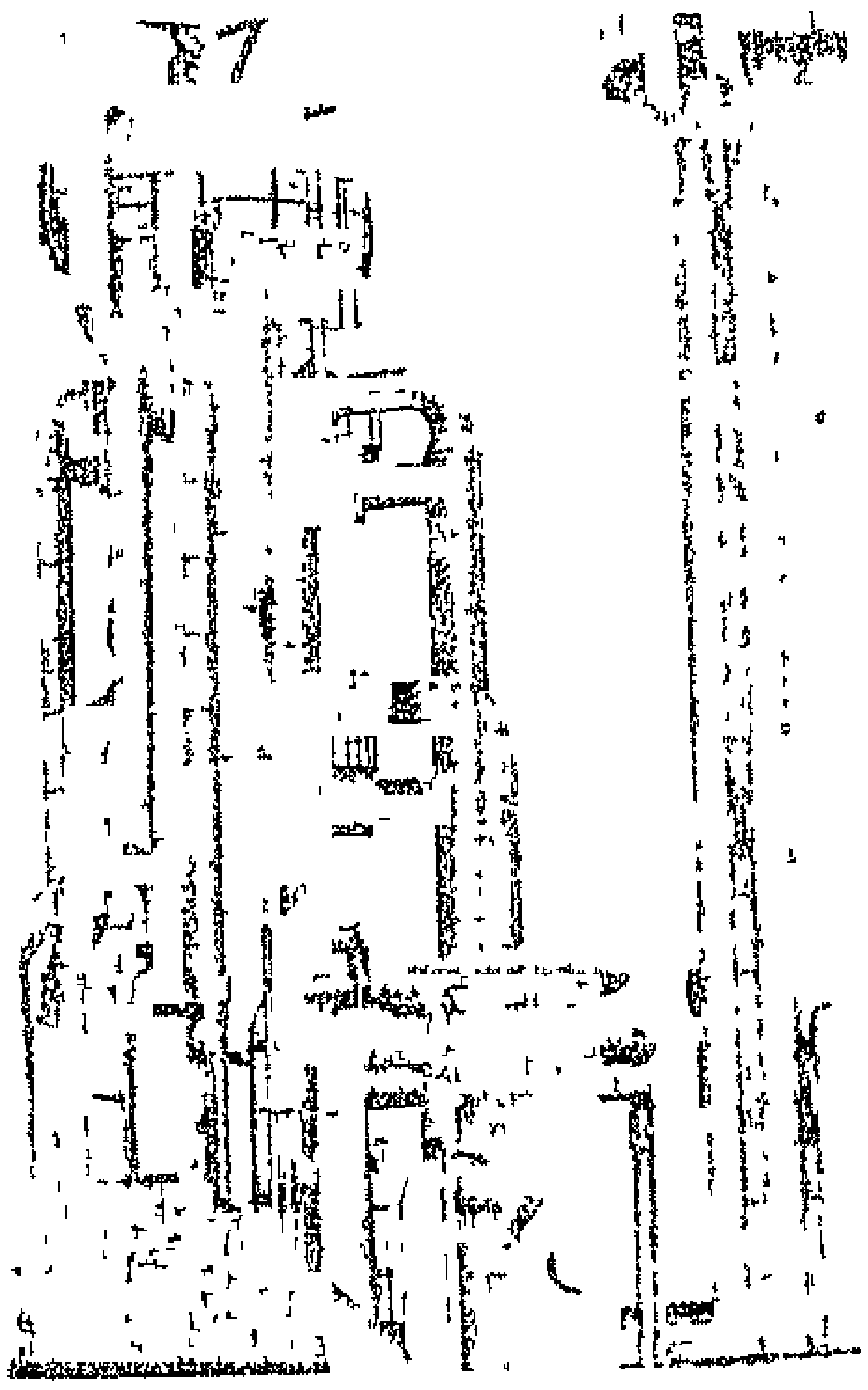
By the end of the decade he will thus be able to decide exactly how much ammonia he will allow his competitors This decision could force them into large scale imports and it will certainly affect Fedmis expensive decision on its own R400m ammonia plant

However De Waal says this will make no difference to total ammonia imports as Sasol will produce only 25% of the country's needs

At present more than half Sasol's chemical sales are accounted for by the so-called olefins such as ethylene propylene and butadiene Ammonia products fall into the second-biggest product group, with sales about one third of the olefins This is followed by waxes solvents and the so-called black products which include tar acids

The breakdown could be radically different in a few years, says Bedeker

Techno-economist Terry Le Roux believes that the best way to accommodate the Sasol giant in the industry is for it to form joint ventures with other companies which already have an interface with the market '



Sasol plant producing more than fuel

(183)

CT 6/10/81

Nearly 7 000 stop work as strikes increase

~~193~~ ~~143~~ ~~182~~ ~~173~~

~~152~~ ~~186~~ ~~300~~ ~~139~~ ~~140A~~ ~~186~~

Own Correspondent

JOHANNESBURG — Nearly 7 000 workers were on strike yesterday as the wave of stoppages which hit industry last week continued and, in some cases, escalated

A strike at three Huletts mills in Natal spread to a fourth mill and, about 2 000 workers are now on strike, according to the company

At Springs' biggest non-mining employer, Telephone Manufacturers of SA, only 140 of the 1 600 strikers returned yesterday and the rest have been fired

An Olifantsfontein firm, Johnson Tiles, which employs more than 800 workers, was hit by its second strike in a fortnight yesterday, according to union sources, and Triomf Fertilizers fired its entire black workforce of 500 after they ignored a management appeal to return to work

Workers for CDA in East London, the manufacturers of Mercedes Benz, returned in response to a union call but new unrest flared later in the day and between 1 500 and 1 800 workers joined a new strike

At Huletts, the strike at three mills spread to the Felixston mill and only one is now unaffected The strikes have been sparked by proposed legislation to "freeze" employee pension-fund contributions until retirement

Talks hope

A company spokesman said hopes for a settlement were pinned on talks at the industry's industrial council between managements and the National Union of Sugar Manufacturing and Refining Employees

At TMSA, which closed its plant on Friday after a strike by about 1 600 black workers over the sacking of three workers, a management statement said about 1 500 workers had been fired after they failed to return Workers who returned this morning would be considered for re-employment

A spokesman for Fosatu's Metal and Allied Workers' Union said the company had refused a union request to negotiate on the dispute and that workers were refusing to return until the three were reinstated

"They still regard themselves as company employees and they want Mawu to negotiate on their behalf he added

Management confirmed it refused to negotiate with Mawu "As these people had already been dismissed for not working, they were no longer employees and had no interest in the matter' the spokesman said

'Anti-union'

At Johnson Tiles the general secretary of the Building, Construction and Allied Workers' Union, Mr Frank Mohlala said workers had downed tools "because they were angered by consistent dismissals of unions' representatives'

Some management men had 'adopted a consistently anti-union attitude, threatening union members and sacking worker representatives'

At Triomf's Chloorkop plant, where workers have been on strike since Friday, a company statement said worker representatives were told yesterday morning that management would discuss their grievances if workers returned by 1 o'clock

The company had made transport available for the 500 workers "but they did not react and were discharged"

Dispatches to farmers had been resumed with the assistance of 'more than 100 white schoolboys" and co-operatives and farmers had also offered help

Sa 6/10/81

Car plant halted by new strike

~~182~~ ~~152~~ ~~137~~ ~~142~~ ~~182~~ ~~182~~ ~~186~~ ~~303~~ 183 ~~183~~

Labour Reporter

The big CDA car plant in East London was hit today by yet another wildcat strike which saw close to 3 000 workers downing tools

Production was at a standstill Today's strike was one of a number which started over disputes with management over worker dismissals

The 414 hourly-paid workers at the commercial vehicles plant were told they had been dismissed, and 971 other hourly-paid workers were warned to return to duty tomorrow or face dismissal.

Another 1 100 workers at the passenger plant were told to return by Thursday or face dismissal

The strike scene also spread to Port Elizabeth today where about 200 workers at the SA Bottling Company plant went out on strike over the issue of dismissals.

Management would not comment on the unrest which reportedly involved the Macwusa-linked General Workers Union of South Africa

At Boksburg Foundry about 200 workers were still on strike today and have been warned by management to return by the end of the day or be paid off

At the four Huletts sugar mills in Natal about 2 000 workers were still on strike over pension grievances.

The Telephone Manufacturers of South Africa (Temsa) plant in Springs was taking on a new workforce following yesterday's dismissal of about 1 000 workers for joining in last week's sympathy strike. Only 140 workers were retained from the original workforce.

The strike at Johnson Tiles at Olifantsfontein also continued today over the issue of worker dismissals. At Triomf's Chloorkop fertiliser plant at Kempton Park about 500 contract workers were dismissed yesterday after refusing to meet management's return-to-work deadline.

The Triomf dispute centred around wage demands

Wildcat strikes hit car plant

Argus 5/10/81 ~~1400~~ ~~[illegible]~~ ~~[illegible]~~ ~~131~~ 183

Argus Bureau

PORT ELIZABETH. — Wildcat strikes by 330 workers disrupted the troubled plant of Car Distributor Assemblies (CDA) in East London today

Most of the 2 600 workers at the large Mercedes plant, who went on strike last week over staff dismissals, returned today after they had been warned to return to their jobs as management was reviewing the cases and hearing appeals

The Fosatu-affiliated National Union of Motor Assembly and Rubber Workers (Numerwosa) had also called on workers to return to work today

But a spokesman for the company said from Johannesburg that 280 workers of a section of the truck assembly plant gathered in the canteen today after clocking in Another 50 workers in the car body shop were on a 'go slow' strike

The Argus correspondent in Johannesburg reports that at the Telephone Manufacturers of South Africa (Temsa) plant in Springs only about 100 out of 1 400 striking workers had reported for work early this morning

Workers stopped work at the plant late last week in protest against the dismissal of three of their colleagues

At Triomf's Chloorkop fertiliser plant in Kempton about 500 workers went on strike over wage demands on Friday

2 900 back as EL firm reverses its decision

Star 7/10/81

~~192~~ ~~152~~ ~~1404~~ ~~300~~ ~~186~~

~~173~~ ~~192~~ 183 ~~187~~ ~~129~~

By Tony Davis
Labour Reporter

Countrywide strikes today appeared to be abating as nearly 2 900 strikers returned to work at the large CDA motor plant in East London and disputes elsewhere were resolved

Management at CDA reversed its decision to dismiss 414 hourly-paid workers and its back-to-work deadlines and this morning most workers were back.

Talks between CDA and the Fosatu-affiliated National Union of Motor Assembly and Rubber Workers were being held to resolve the dispute which arose after several workers were dismissed last week

Officials in the Huletts group, whose four Natal sugar mills are closed by 2 000 workers striking over pension grievances, were hopeful that the dispute would be resolved this week.

There were brief flare-up at two Boksburg firms yesterday — Stamcor and L F Metter — involving wages and staff dismissals.

At Stamcor a work stoppage over pay demands was settled and management said there had been no dismissals over the issue.

At the metal firm about 150 workers were involved in a brief strike which was resolved when management reinstated a dismissed worker.

About 160 workers at the Boksburg Foundry returned to work today after a dispute over the promotion of a shop steward. The worker was allegedly assaulted by four others as a result of his promotion, according to sources.

The four were subsequently dismissed.

At Telephone Manufacturers of SA in Springs and at Triomf's Chloorkop fertiliser plant, managements continued to take on new workers following the dismissal of about 2 000 employees at both firms this week.

There was also a brief stoppage at the Johannesburg manufacturing firm of Bowthorpe-Hellermann-Deutsch this morning over the issue of pay increases. Management said the issue had been resolved.

About 200 workers were involved in a dispute over dismissals at the SA Bottling Company plant in Port Elizabeth yesterday.

And at Johnson Tiles in Olifantsfontein several hundred workers were dismissed after striking over "victimisation" of union members.

Star 7/10/81

183

Labour unrest on East Rand

By Drew Forrest

The Cusa-affiliated SA Chemical Workers Union has entered the fray at the Triomf Fertiliser plant in Chloorkop and is seeking talks with management on the fate of 500 Triomf workers sacked this week after a two-day strike.

More labour unrest has erupted on the East Rand with a strike by about 70 members of the Fosatu Worker Project at Stone Platt Electrical in Boksburg. According to a Fosatu spokesman, they are demanding a R14 weekly wage increase.

At Boksburg foundry 170 workers have decided to continue their strike until management agrees to take them all back. A Metal and Allied Workers Union spokesman said the company had offered to take back all the strikers except four men accused of assaulting a fellow worker.

The strike began on Monday.

At the Telephone Manufacturers of SA plant in Springs most of the 1 500 workers dismissed on Monday after a three-day strike are still refusing to reapply for their jobs or collect their pay, according to a Fosatu spokesman.

Plant at standstill as 2 600 go on strike

RDM 7 10 81

183

MERCEDES Benz manufacturer CDA's East London plant was brought to a virtual standstill yesterday by its third strike in less than a week and management threatened to sack the 2 600 workers if they did not return.

Two new strikes were reported on the East Rand and the strike by 2 000 workers in protest at the Government's proposed pension Bill, which has closed four Huletts sugar mills, continued as labour unrest hit three provinces

By STEVEN FRIEDMAN

Johnson Tiles in Olifantsfontein fired nearly 300 workers as a strike at the plant continued and Triomf's Chloorkop fertiliser plant, where 500 strikers were fired on Monday, was still relying on schoolboy help to keep deliveries running and unionists claimed workers were being forced to collect their pay

Springs's biggest non-mining employer, Telephone Manufacturers of SA, which fired 1 500 strikers on Monday yesterday reported only 60 applications for re-employment

A new strike was reported yesterday at Boksburg North electrical company Stone-Stamcor, where about 70 workers downed tools in support of pay demands

And a representative of the Federation of South African Trade Unions said the company's management was refusing to negotiate with Fosatu

A company spokesman confirmed the strike but refused to comment further

And worker sources reported a strike by about 150 at another Boksburg metal factory, L and F Metter, in protest against dismissals

A company spokesman said the strike had lasted "only two hours" and had been settled Not all 150 workers were involved, he said

At CDA the plant came to a virtual standstill again as workers, who had returned to work yesterday morning in response to a call by Fosatu's National Union of Motor Assembly and Rubber Workers, walked out again before lunchtime

A company statement said workers who did not report today would be replaced by others tomorrow Recruitment of new workers to replace those who did not return would begin on Thursday morning it said

NUMARW's general secretary, Mr Fred Sauls, said that the union had advised workers to return because only two of the five dismissals which sparked the strikes had not been resolved

"But management has said they will not investigate cases which the police are also investigating and workers are demanding that the fired workers be reinstated before they resume work

"We believe this has nothing to do with it and we call on management to process the dismissals and thus end the dispute '

A company spokesman said that one of the cases was no longer under police investigation and could now be resolved and that CDA had asked police to speed up the other But we cannot pre-empt a police investigation", he said

At Huletts, the National Union of Sugar Refining and Manufacturing Employees was due to report back to workers today on attempts to resolve the dispute at the industry's industrial council

At Triomf, a spokesman for the Council of Unions of South Africa's (Cusa) SA Chemical Workers Union, which claims majority membership at the plant, alleged that company officials were 'forcibly bussing workers to the plant and making them collect their pay '

"They will then presumably be sent back to the homelands," he said

Recruiting

A company spokesman said Triomf was recruiting new labour, but that it was still relying on white schoolboys to help it load fertiliser and expected to do so until the end of the week

At TMSA, a company spokesman said 200 of the company's 1 600 black workers were back and that 60 had asked for re-employment Despite the sackings, it is understood that management is hoping that strikers would seek re-employment.

A Fosatu spokesman said workers were still refusing to return until their demand that three sacked colleagues be reinstated was met.

At Johnson Tiles, where workers struck in protest at dismissals which they saw as "victimisation" of shop stewards of Cusa's Building, Construction and Allied Workers Union, the strike entered its second day yesterday

Union general-secretary Mr Frank Mohlala said all the nearly 800 black workers were involved and that they were refusing to return until their demands were met that a union shop-steward be reinstated and that two foreman accused of being hostile to the union be sacked

The company's managing director, Mr Keith Dixon, said, however, that only about 300 workers were involved and that they had been fired

He denied union allegations that its members were victimised 'Only one man has been dismissed — for reasons unconnected with union work We are not anti-union and will deal with any reasonably representative union," he said

While supervisors may have made anti-union statements, these were not company policy, Mr Dixon said.

LABOUR

Row over handling of Triomf strike

Star 8/10/81

183 ~~152~~ ~~148~~

By Drew Forrest

A row has erupted over the management handling of the two-day strike at Triomf Fertilisers in Chloorkop where about 500 workers were dismissed on Tuesday

In an open letter to the group's executive chairman, Mr Louis Luyt, the South African Chemical Workers Union criticises what it describes as the "crude and reprehensible" approach of management to the dispute

SACWU general secretary Mr Dan Tau alleged in the letter that after workers had been dismissed police and armed company personnel visited their hostel in Thembisa "Under extreme duress," he claims, the workers boarded trucks and were taken to the factory under police escort to collect their pay

Mr Tau wrote that some workers were re-employed while the rest were placed under the supervision of armed management representatives After being taken back to the hostel, he says, the latter group of workers were given 10 minutes to pack their belongings before eviction

The allegations were yesterday strongly denied by Triomf general manger Mr J J Becker "Police were there but that is their prerogative," he said

He said workers had returned to the plant of their own free will and more than 300 had been re-engaged

Answering union charges that management had refused to deal with SACWU, Mr Becker said it was company policy to talk to unions representing its employees but "in this case the union no longer has members at the plant."

CT 8/10/81

~~152~~ 183 ~~173~~

300 fired men get jobs back

Own Correspondent

JOHANNESBURG — Fired strikers at the Triomf Fertilizer plant at Chloorkop were this week forced by armed company officials to return to work or to leave their hostels and return to the homelands, the SA Chemical Workers Union claimed yesterday

Mr J J Bekker, a Triomf general manager yesterday dismissed the allegations He confirmed that company officials, who had visited workers at their hostel in Tembisa, had been armed but said they had been supplied with guns for their own protection only

About 500 workers were fired from the plant for taking part in a wage strike this week A company statement yesterday said that "more than 300' of them had been re-employed by the company and that work was back to normal

Visited

The SACWU's general secretary, Mr Dan Tau, said yesterday that the workers who are all contract workers, were visited at the Tembisa hostel this week by armed company officials

"They were then forced on to company lorries and taken to the plant where some of them were forced to collect their pay

'They were divided into two groups and the one was told to start working again while the other was taken back to the hostel and told to pack their bags and leave They were told to go to the station and return to the homelands

"At no stage were they given any choice as to whether they wanted to work or go The company decided that for them"

Mr Tau claimed that the SACWU represented a majority of the fired men but that management had refused to negotiate with the union

The general secretary of the Council of Unions of SA, Mr Piroshaw Camay, said later that, as contract workers, the strikers could not remain in the area for more than 72 hours after they were fired

"Time is running out for them and we fear they will be bundled off to the homelands'

Mr Bekker yesterday described the SACWU's claims as "a lot of nonsense" He said workers had returned to the plant voluntarily on Tuesday and had gathered outside the gate Management had begun talking to them

'Appointment'

"A union man then arrived He was told that we would not talk to him because he did not have an appointment and because he did not represent any of our workers as all their supposed members had been dismissed"

Workers had then left the plant Company officials had gone to the Tembisa hostel to ask workers whether they wanted to come back

'They all eagerly said they did They were never forced to Although the officials had guns, this was to protect them only" Mr Bekker said

When workers arrived at the factory, they were given the option of being re-employed or leaving the company "Once again, there was no compulsion More than 300 asked to be re employed and they are working normally"

Mr Bekker said that the hostel was run by the local black administration board rather than Triomf but that workers who lost their jobs were not legally entitled to live there

GENERAL NEWS

2 000 Natal sugar workers end strike over pensions

Star 8/10/81

~~186~~ ~~182~~ 183

~~152~~ ~~186~~ ~~189~~ ~~300~~ ~~192~~ ~~190A~~

Labour Reporter

About 2 000 workers ended their strikes at four Huletts sugar mills in Natal today after reaching agreement with management on pension contributions

The workforces at Darnall, Amatikulu, Mount Edgecombe and Felixton went on strike a week ago with workers demanding immediate pension payouts

But in a settlement reached this week management agreed to suspend temporarily any further pension deductions from pay cheques and to continue negotiating worker demands for refunding pension contributions

The Huletts refinery near Durban was hit by a brief work stoppage yesterday, also over pension demands

Talks continued today at East London's large CDA car plant where 3 300 workers have been involved in a number of work stoppages.

An appeal board, established to discuss worker dismissals which sparked off the strike, yesterday examined several cases The board was temporarily suspended pending review of two other dismissals

The Epol firm in East London was hit by a one-day pension strike yesterday when about 235 workers downed tools.

Another East London firm, TFM, which handles motor products, had a work stoppage after about 50 workers downed tools in sympathy with seven of their colleagues who had been dismissed, reportedly for being unproductive.

At the Telephone Manufacturers of SA (Temsa) in Springs and at Triomf's Kempton Park fertiliser plant, managements continued today to recruit new workforces after more than 2 000 workers had been dismissed

● See Page 9 for more labour news.

‘Force’ was used on fired workers

THE SA Chemical Workers’ Union claimed yesterday that fired strikers at the Triomf Fertiliser plant at Chloorkop were “forced” by armed company officials this week to return to work or to leave their hostels and return to the homelands. RDM 7 10 81 ~~152~~ ~~445~~

Labour Reporter

183

Mr J J Bekker, a Triomf general manager, yesterday dismissed the allegations, saying officials had been supplied with guns for their own protection when they went to a hostel in Tembisa

About 500 workers were fired from the plant for taking part in a wage strike this week A company statement yesterday said that “more than 300” had been re-employed and that work was back to normal.

The SACWU’s general secretary Mr Dan Tau, said company officials “forced” workers on to lorries and took them to the plant where some of them were forced to collect their pay”

“They were divided into two groups and the one was told to start working again while the other was taken back to the hostel and told to pack their bags and leave They were told to go to the station and return to the homelands

“At no stage were they given any choice as to whether they wanted to work or go”

Mr Bekker yesterday described SACWU’s claims as “a lot of nonsense”

Company officials had gone to the Tembisa hostel to ask workers whether they wanted to come back

When workers arrived at the factory, they were given the option of being re-employed or leaving the company

SASOL

FM [illegible]

Facing a cost squeeze

Activities Produce liquid fuel, [illegible] oils and petrochemicals [illegible] from both coal and crude oil [illegible] and has [illegible] to 70[illegible] of the capacity of National Petroleum Refiners (Natref)
Chairman D P de Villiers; managing director J A Stegmann
Capital structure 375m ordinaries. Market capitalisation R1 508m
Financial Year to June 7 1981 Borrowings long- and medium-term [illegible] Net cash R1,81m. Debt equity ratio 8,7%. Current ratio 1,6. Group cash flow R191m. Capital commitments R[illegible]
Share market Price 402c (1980-81 high 403c, low 330c). Trading volume last quarter 2,4m shares). Yields 11,0% on earnings 5,0% on dividend. Cover [illegible] PE ratio 9,1

	78	79	'80	81
Return on cap (%)	[illegible]5 6	25 3	25 0	30 1
Turnover (Rm)	[illegible]	97[illegible]	1 331	1 462
Pre tax profit (Rm)	115	146	208	[illegible]
Gross margin (%)	14 6	16 7	16 4	19 [illegible]
Earnings (c)	19 4	22 1	32 4	41 4
Dividends (c)	2 6	2 6	15 5	0
Net asset value (c)	—	152	177	20[illegible]

Note Comparative figures for 1978 and 1979 are based on the accounts of Sasol 1. The group was constituted in its present form with effect from the 1980 financial year. All per share data has been related to the present issued capital of 375m shares

It is unusual for a company to actually invite competition in its main sphere of activity, but that, in effect, is exactly what Sasol is doing. In his annual statement chairman David de Villiers [illegible] other [illegible] groups to embark on [illegible] fuel processes [illegible] and predicts soon [illegible] that the need of reducing SA's dependence on imported oil [illegible] likely [illegible] second half of the decade.

For Sasol's part, it expects to be fully occupied for the next few years in bringing the two Secunda facilities to full potential. This will require the elimination of bottlenecks, which will inevitably become apparent as production increases.

Consequently, says De Villiers, the group will not be in a position to contemplate a start on Sasol 4 before the late Eighties. The implication is that such a facility would be unlikely to come into production before the end of the decade.

De Villiers believes that other groups should benefit in the same way as Sasol in terms of State financing until their synfuel projects become profitable. He points out that the long lead times in construction are often a stumbling block in getting such projects off the ground and that State assistance should therefore go beyond mere tariff protection.

Meanwhile, the build-up of production at Sasol 2 is continuing apace and normal full production is expected to be achieved during the course of 1982 — in line with the original schedule. This suggests that the prospectus statement that Sasol will probably acquire the remaining 50% of this facility from the IDC in 1984 still holds good.

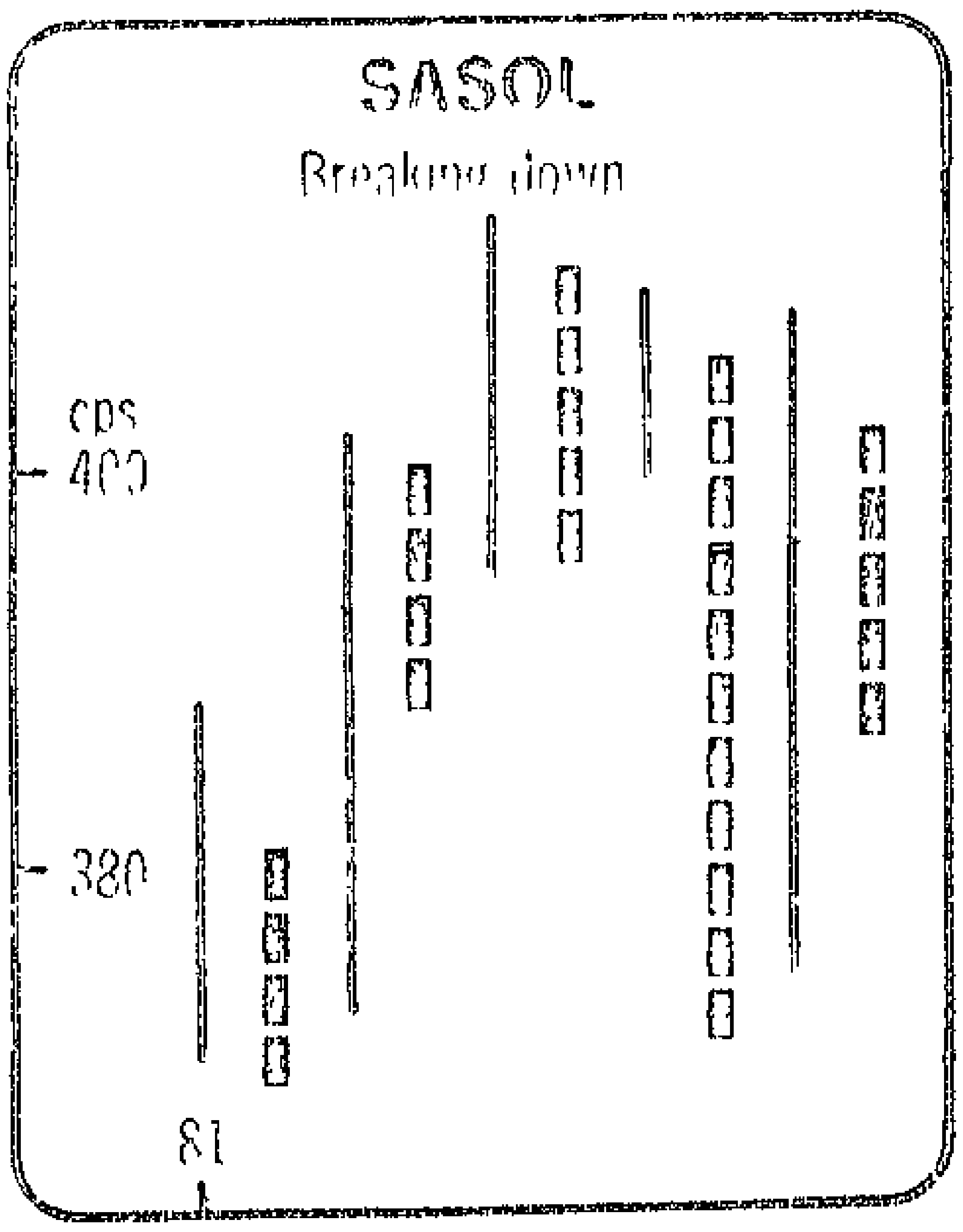
Of more immediate interest to Sasol, however, is that Sasol 2 is expected to pay its first dividend at the end of the current financial year. This, and the continued increase in coal sales to Sasol 2 and 3 (which contributed R12,7m to pre-tax profits last year), are seen at this stage as being the main profit growth points for the listed company.

In the case of Sasol 3, gas production is scheduled to commence early in 1982, to be followed by oil during the second half of that year. Full production (and presumably a maiden dividend) is expected during the 1984-1985 financial year. The prospectus gave a possible takeover date for the other half of this facility as 1986.

The profit outlook for the current year, based on management's views, seems to be sluggish, although it should be remembered that their forecasts have proved consistently conservative from the outset. On the other hand, profits to date have exceeded expectations mainly because of increases in world oil prices, which automatically reflect in group selling prices.

With the oil market in its present state, however, [illegible] the more [illegible] outlook for this year [illegible] that [illegible] cost [illegible] the profit contribution from the [illegible] crude-based [illegible] of Sasol 1 will further [illegible] relatively [illegible] this was [illegible] last year [illegible] profit [illegible] from 40c [illegible] although this was [illegible] the S3 prospectus forecast.

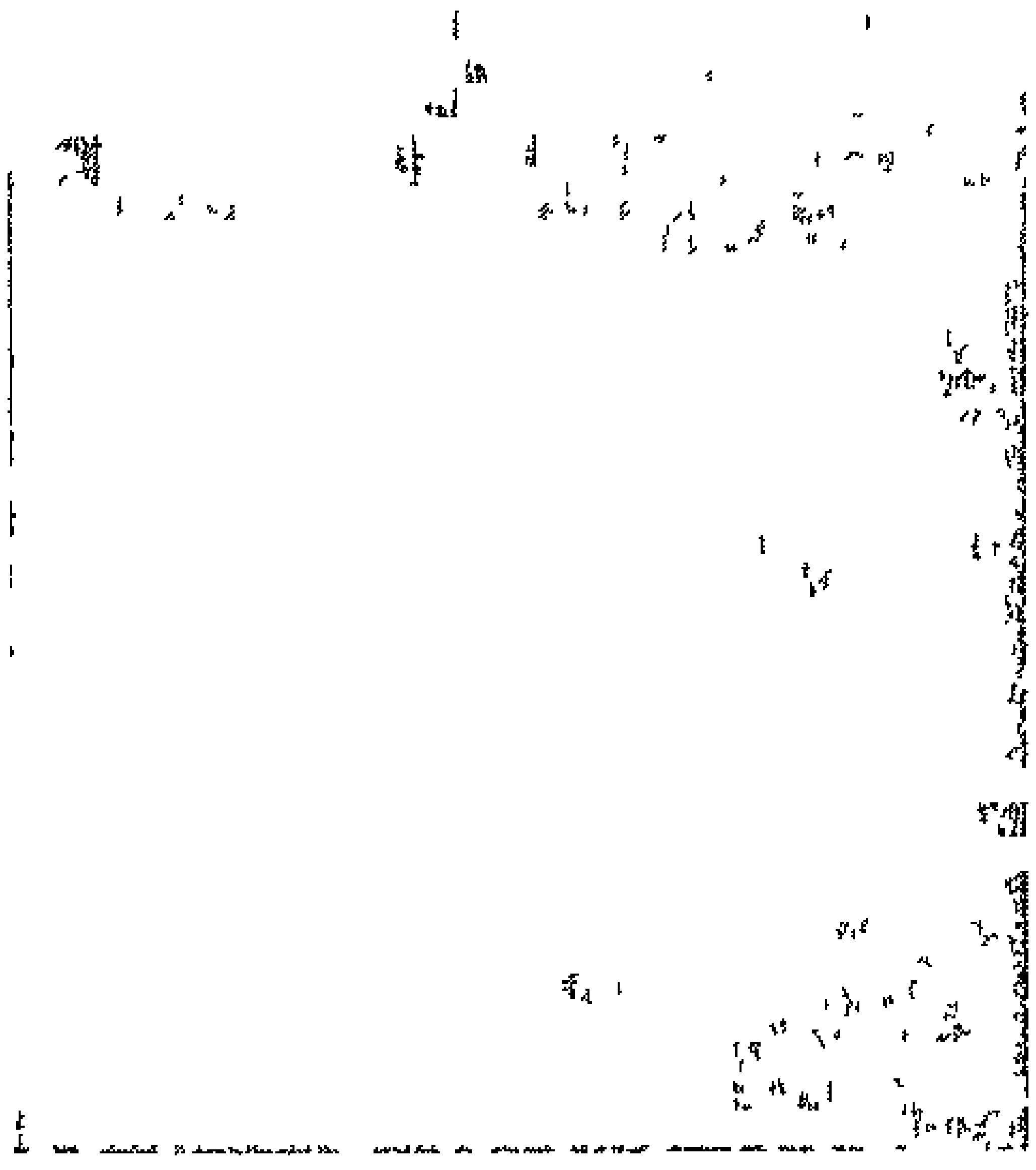
[illegible] profits [illegible] this year [illegible] the extent to which Sasol 2 [illegible] and income from additional coal



sales exceed the shortfall from crude oil-naphtha activities. This is difficult to predict with any accuracy, but the 19% improvement achieved during the second half of the year, after a 62% gain in the first six months, might be a pointer.

At this stage, therefore, I would look to a dividend total of 21c (20c), yielding a prospective 6,0% at the present market price of 402c. This makes the share somewhat expensive on short-term considerations, although there is no question that Sasol should be part of long-term portfolios.

[illegible] Thompson



Sasol . more competition would be healthy

Cusa takes a stand for workers

Sowetan 183

By SELLO RABOTHATA

THE Council of Unions of South Africa (CUSA) has issued a statement against the dismissal of 800 workers at Johnson Tiles in Olifantsfontein and Triomf Fertilisers in Chloorkop.

The statement said it was evident that after the dismissals by management at both Triomf and Johnson Tiles that there was a blatant disregard for black trade unions "The facts are as follows," says the statement

- In both companies managements were aware that the SA Chemical Workers' Union and the Building, Construction and Allied Workers' Union were organising workers
- Management was also aware that the unions represented the majority of the workers
- Workers' grievances were brought to the attention of management by workers, these grievances were ignored by management
- Workers then took matters into their own hands and went on a work stoppage to focus attention on their grievances.
- Instead of seeking resolutions to these grievances,

a) either by negotiating with workers, or

b) by approaching the unions management in both instances gave ultimatums to the workers to return to work or consider themselves fired

"Union officials were escorted off the Triomf premises by members of the police force when they arrived by appointment to speak to management In the case of the Triomf company, personnel together with members of the police force escorted workers back to the company premises to collect their pay

"Workers were then divided into two groups and those chosen to work were sent back onto their shift and the remainder were then divided into language groups These workers were then escorted back to the hostels, given ten minutes to get their belongings together and then escorted off the hostel premises "

It is clear to us, said the statement, that management at Triomf avoided dealing with the union, that plant managers and head office refused to speak to the union, that they took vicious advantage of the migrant labour situation and that they may have infringed labour law by employing white schoolboys as scab labour

"While at no time was life and property in danger the role the police played was prominent No matter what the exhortation, about labour dispensation, very little has changed in South Africa "

S. times 11/10/87 (183)

Xactics strikes again

By Elizabeth Rouse

FAST-growing Xactics, the Cape Town-based plastics manufacturer, has bought Time Plastics, a plastic-bottle manufacturer in Spartan, for R1,7-million, Xactics chairman Hymie Meyerson announced yesterday

The acquisition brings Xactics into the Johannesburg market of polyethylene, polyprop and printed containers, and complements the group's existing PVC plant in Johannesburg

Mr Meyerson says that another acquisition is in the pipeline to "help capture the PVC container market on a national basis" He claims that this will make Xactics one of the largest plastic-bottle manufacturers in the world

Time Plastics will add 3c to 4c to Xactics earnings, Mr Meyerson estimates

The acquisition places Xactics in a position to achieve earnings and dividend expectations from the market

Earnings were 9,1c in the six months to August and a 3c interim was declared The market expects year-end earnings of over 22c (16,6c last year) and a dividend total of 9c (3,5c)

NATAL CHEMICAL (183)

Need for expansion

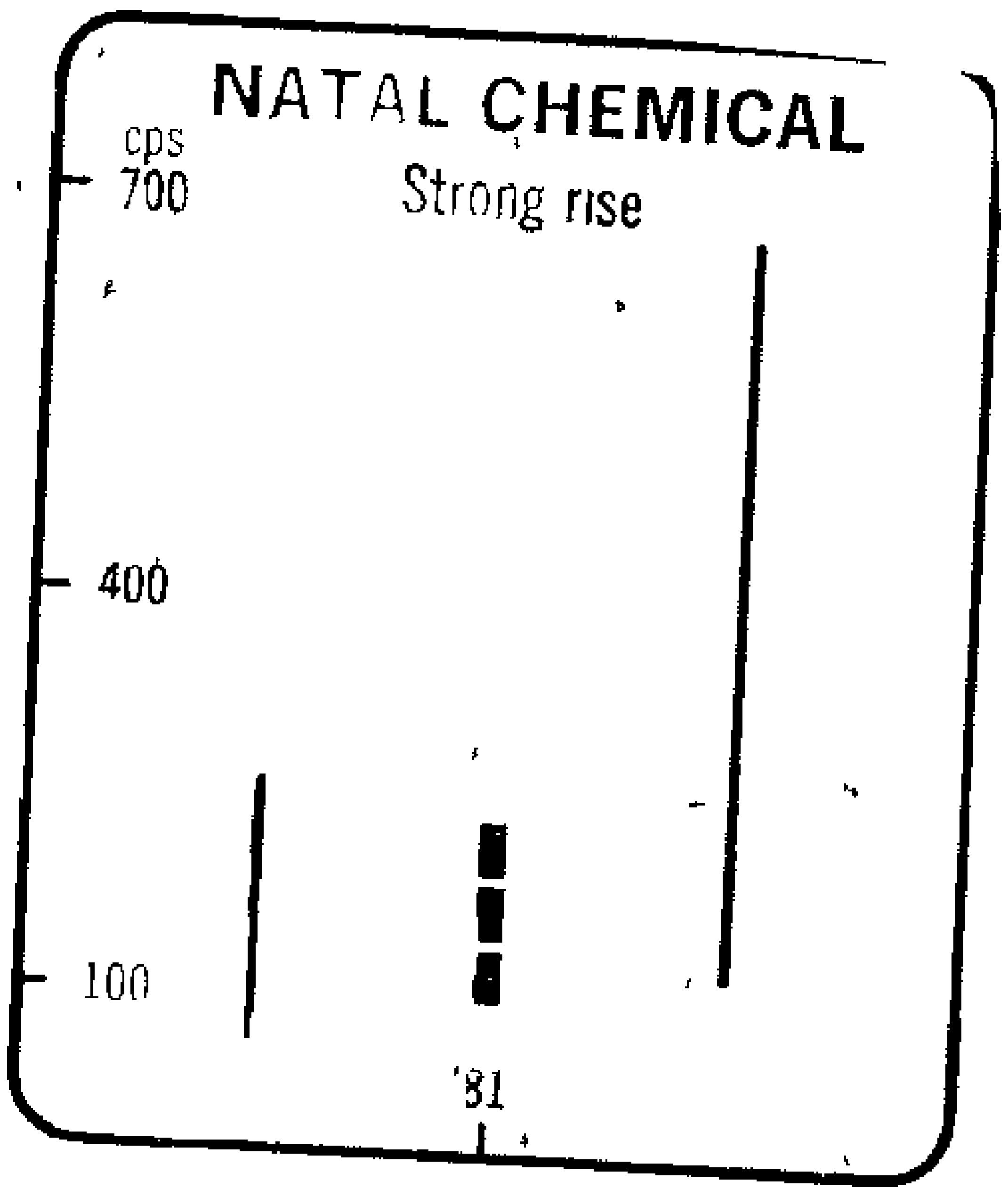
NATCHEM FM 13|11|81

Activities *Wattle extraction, synthetic resins and plastic products manufacture Industrial Investment holds 64%*
Chairman *A I M Hepburn*
Capital structure: *996 500 ordinaries of 50c Market capitalisation R6,8m*
Financial: *Year to June 31 1981 Borrowings long- and medium-term, R86 500, Net cash R388 000 Debt equity ratio 0,7% Current ratio 3,1 Group cash flow R3,1m' Capital commitments R2,8m*
Share market *Price 680c (1980-81 high, 680c, low, 490c, trading volume last quarter, 200 shares) Yields 36,0% on earnings, 7,9% on dividend Cover 4,5 PE ratio 2,8*

	'78	'79	'80	'81
Return on cap (%)	12,9	14,4	18,2	29,6
Turnover (Rm)	16 5	18,7	23,5	27,8
Pre-tax profit (Rm)	0,9	1,4	1 8	3,9
Gross margin (%)	6,3	7,6	8,0	14,0
Earnings (c)	81	97	117	245
Dividends (c)	18	23	26,5	54
Net asset value (c)	704	806	964	1 25↑

IND INV

Capital structure· *506 620 ordinaries of R1,50, 81 460 6% cum prefs of R2 Market capitalisation R15,8m*
Financial· *Year to June 31 1981 Borrowings long- and medium-term, R1,8m Net cash R1,4m Debt equity ratio 12,2% Current ratio 2,4 Group cash flow R5,7m Capital commitments R5,7m*



Share market: *Price 3 110c (1980-81 high, 3 200c, low, 1 500c, trading volume last quarter, 680 shares) Yields 23,7% on earnings, 4,5% on dividend Cover 5,3 PE ratio 4,2*

	'78	'79	'80	'81
Return on cap (%)	10,7	12,1	13,8	17,8
Turnover (Rm)	30,4	35,0	44,3	52,8
Pre-tax profit (Rm)	2,4	3 4	4,8	7,3
Gross margin (%)	8,9	10,6	11 4	14,5
Earnings (c)	249	313	398	738
Dividends (c)	75	82,5	108,5	140
Net asset value (R)	32	39	53	62

The most salient feature of Natchem's accounts is chairman Ian Hepburn's statement that, unless additional investment opportunities are found, earnings this year are unlikely to show a material increase on 1981

The concern is based largely on the long-term downtrend in the wattle operations Hepburn says worldwide demand has been dropping by around 2% a year and the recession overseas is aggravating the trend Up to 90% of the company's production is exported

There is, however, some light at the end of the tunnel, Hepburn says, and there is no real prospect of divestment The operations are profitable, he says, though the return on investment is not high

Consequently, the company is relying increasingly on NCS Plastics where an additional R1m resin plant is due to come on stream this year Hepburn says expansion or acquisition, if it takes place, is likely to be centred in chemical conversion techniques He says he sees the company as being at the end of its first development stage, but warns that unless it can find a new product range, growth in returns will be no more than in line with the national economy.

Certainly, the company is well placed for expansion Cash flow is strong and liquidity ratios are high In fact, Hepburn says he considers the company to be undergeared and over-liquid at the moment And even with the relative lack of profitability in the wattle division, the overall return on capital is very healthy at almost 30%, while gross margins have risen strongly

For investors it is perhaps a pity that the company is financially so strong as there is little likelihood of there being an equity issue to finance growth Consequently it will remain difficult for investors to get hold of shares to take advantage of the attractive dividend yield

The same goes for holding company Industrial Investment which is financially probably even stronger with good trading prospects as its subsidiaries such as Buffalo Timbers are brought round Buffalo in particular is doing very well indeed after a sticky patch and a capital injection Hepburn says

The holding company traded less than 700 shares over the last three months Hepburn will say only that family interests control "more than 50%" of the company but adds that there are a fair number of shareholders in the market

Dividends in Natchem have risen at a compound rate of 40% a year since 1977, though Ind Inv's payout has been curtailed by a steadily rising cover policy The holding company's cover on a "normal" basis has climbed from 3 times to 5 3 times since 1977 though on a current cost basis it is now 3 8 times against 2 4 times in 1979

Hepburn admits this is ultra-conservative and says that, considering the balance between lifo current cost accounting and development finance requirements, cover should fall to between 2 7 and 3 times on a CCA basis this year In the report he forecasts a dividend from Ind Inv of 165c and believes that this is not over-conservative Certainly, such an increase is well under the longer-term earnings growth rate

If Natchem's dividend growth is in line with the national economy, as Hepburn warns, the more tradeable share in the group would offer a prospective yield of nearly 9 6% at 680c The share offers some income attractions if available on the market, but a move away from the traditional operating areas is essential for a longer-term hold

Scott Hawker

Melmoth workers fined after work stoppage meeting

14/10/81

183

Mercury Reporter

POLICE arrested 75 workers at the Melmoth plant of the Natal Tanning Extract Company yesterday as the number of men involved in the work stoppage, which started at the weekend grew to more than 1 000

Brig M J Meyer, Divisional Commissioner of Northern Natal, reported that 75 of the company's employees had been arrested at the plant yesterday morning 'for holding an unlawful meeting'

The men had appeared in court and had been fined R100 (or three months' imprisonment), he said

Comply

Mr A J Maphalala, organiser of the National Federation of Workers, said yesterday that workers had downed tools in a demand for better pay and working conditions

These included a minimum wage of R8 a day for labourers, R12 a day for men employed in the workshop and R125 a week for drivers

Mr H W Zeller, managing director of the Natal Tanning Extract Group, said that management had been able to comply with some working condition demands but would not agree to the increases

Mr Maphalala said that because the workers were classified as farm labourers, trade union rights were not extended to them and they were therefore not members of the National Federation of Workers

Brig Meyer also reported that 58 employees at United Transport Zululand in Empangeni had stopped work Management could not be contacted

In Durban negotiations continued yesterday between Grindrod Cotts Stevedoring management and worker representatives following Monday's work stoppage

Mr F Ross, the company's director of manpower, said yesterday discussions on the issue of pension fund contributions were taking place

Mr Sam Kikine, general secretary of the South African Allied Workers Union, said wage increases and recognition of an affiliated union were also being discussed

Resumed

Mr S Strydom, manager at Ridge View quarry in Cato Manor, said all workers had resumed their duties following Monday's work stoppage

At the Huletts aluminium plant in Pietermaritzburg only a few of about 100 workers who resigned on Monday after a dispute with management over the Government's proposed pension legislation returned to the plant to collect their wages yesterday

NM 15/10/81

Pensions still creating problems in industry

183

Mercury Reporter

IN SPITE of the Government's decision to defer their Preservation of Pension Rights Bill until 1985, the pension issue is still causing unrest among workers in Natal industry

The Huletts Aluminium plant in Pietermaritzburg was shut down yesterday by what management called a 'partial work stoppage' involving 300 employees' following the resignation on Monday of 130 hourly-paid workers

According to Mr Frank Ferguson of Huletts, the men resigned 'in order to obtain payment of their pension fund contributions as they were concerned over the proposed pension legislation

Mr Ferguson said a reason for the stoppage was the reinstatement of the workers who had resigned on Monday

'In this connection employees were informed that those who left the company's employment on Monday would be reinstated on repayment of their pension contributions which were paid to them at that time', he said

Mr Ferguson said intimidation and coercion had taken place, and it was evident that many of the men on strike 'wished only to continue work in the usual manner'

Afternoon and night shifts were cancelled because a bus carrying some of the company's employees was stoned

In Durban workers at Grindrod Cotts Stevedoring returned to work yesterday after the management decided to repay their pension fund contributions

Stoppage follows firing at EL firm

DD
16/16/81 (183) ~~62~~

EAST LONDON — A large section of the workforce at Johnson and Johnson downed tools yesterday afternoon in sympathy with a fellow worker who had been dismissed

Mr Wayne Munro, the personnel manager of Johnson and Johnson, said in a statement "Endeavours by management to implement procedures which allow workers the opportunity to appeal against any management disciplinary action have been unsuccessful"

Management met yesterday evening with officials of the South African Allied Workers Union (Saawu), the union which represents the majority of workers at the firm and was recognised by management earlier this year.

Mr Munro said that, following this meeting, management had given the union the opportunity of further discussing the issue at national executive level

"In terms of the agreement between management and the union, negotiations regarding the dispute will not proceed until workers are back at work," he said. "Management is making every effort to resolve the issue"

Attempts to contact a Saawu representative for comment last night following the meeting proved unsuccessful

It is not known at this stage how many workers are involved in the stoppage or whether they will be returning to work this morning — DDR

New chemical plant will supply SADF

CT 16/10/81 (183)

Staff Reporter

A NEW chemical factory at Krantzkop near Wellington, which will supply the SADF with rockets and explosives for bombs was officially opened by the Prime Minister, Mr P W Botha, yesterday

The factory is owned by Somchem, the main contractor for explosives and propellants in the Armscor group

A spokesman for Somchem said at yesterday's opening ceremony that two countries had "assisted" South Africa in setting up certain of the manufacturing processes employed, but he did not name the countries concerned.


The new chemical plant at Krantzkop that was opened yesterday by the Prime Minister, Mr P W Botha

Construction of the new manufacturing plant was necessitated by the rapid expansion of production capacity at Somchem's Somerset West plant, to the point where no further expansion there was possible

In order to fulfill the increasing requirements of the SADF for Somchem's products, the company was forced to consider building a second factory, and the Krantzkop site, 20km north of Wellington, was chosen

Construction began in April 1979, and on November 4 last year — exactly three years after the United Nations imposed its arms embargo against South Africa — Krantzkop's administrative staff moved into their new offices on the site

The manufacturing plant incorporates the latest technology, and one of the processes employed is functional in only two other countries The TNT manufacturing section, 'normally one of the messiest", according to a spokesman for Somechem, is "so clean you could eat your proverbial breakfast off the floor"

Somchem has embarked on a project to preserve the natural fauna and flora on the terrain, and is consulting with the Department of Nature Conservation in order to protect the rare species of flora found in the area.

A variety of game is also found near the factory, and Somchem plans to introduce more species

● Somchem originated in 1962 as a subsection of AECI when an agreement was signed with the government whereby AECI would establish a factory for local production of explosives and propellants for military purposes

In 1971 Somchem was registered as a full subsidiary of Armscor, and today Somchem manufactures a wide range of propellants, explosives and rockets required by the SADF

PM praises arms industry

CT 16/10/81

182

~~260~~ ~~258~~

THE spin-offs and benefits South Africa derived from its arms industry were much bigger than originally anticipated the Prime Minister, Mr P W Botha, said yesterday

Opening a new explosives factory at Krantzkop near Wellington, Mr Botha said one of the most important benefits to South Africa had been that R3 800 million in defence spending had stayed in the country

"The armaments industry also provided a tremendous stimulus for technological development in South Africa

"Due to armaments contracts, the electronics industry for example, developed at a much faster rate than ever would have been the case if progress was dependent on commercial markets alone"

This had been true also of many other technologies contained in the wide spectrum for armaments, he said

"It is a fact that South Africans now have the opportunity to study and develop in certain fields of technology that did not exist a few years ago and would not have been created, if it was not for the armaments industry," he said

Forefront

Armscor, because it had to maintain its lead in weapon research and development, would for many years remain in the forefront of technology and provide opportunities to young South Africans which no other industry could possibly provide

"One of the most obvious and important benefits is the fact that over the past five years R3 800m allocated in the defence budget for armaments was spent inside the country Due to the Armscor policy that the maximum use should be made of private industry, by far the biggest part of this significant sum, flowed smoothly through to the private sector

Bottling plant back to normal production

Ev Post 16/10/81

183

By GRANT AUBIN

THE SA Bottling plant was back to normal production today and the firm was building up to a full labour force Mr P H Gutsche managing director said today

In a management statement on the situation at the plant where 250 workers struck two weeks ago, Mr Gutsche said he was anticipating some of the workers would return and would be engaged on merit

Strikes at SA Bottling began on September 25 when all weekly paid workers and two salary-paid workers walked off the job

After discussions with management the strikers returned to work and were paid for the full day while on strike

On October 6 workers once again went on strike

"There were many reluctant strikers, but they followed after being intimidated by a group of instigators," he said

The strikers gave their reason as the employment of five coloured workers standing in for absent employees

It was alleged that they were paid at a higher rate

"This is totally incorrect, as they were paid at the normal rate" said Mr Gutsche

Strikers also alleged that they were being used to train the coloured workers who would then replace them This was also denied by Mr Gutsche

In his absence overseas, workers were given an ultimatum to return to work or be fired

Meanwhile 80 to 100 of the 180 workers who were out on strike at Motorvia in Uitenhage, returned to work yesterday A spokesman said Bloemfontein-based convoy drivers were expected back on Monday

About 200 strikers at Imperial Cold Storage at Aloes also returned to work yesterday

In East London striking workers at Johnson and Johnson decided at a mass meeting today not to return to work until a dismissed worker was re instated

The workers downed tools yesterday in protest against the dismissal of the worker

The companys' personnel director, Mr Wayne Munro was today unable to say how many were involved in the strike, but a spokesman for the South African Allied Workers Union (Saawu) said more than 600 workers were involved and production was at a standstill

The striking workers held a meeting with SAAWU officials this morning

RDM 16/10/81

Gundle aims for R100m

183

SOUTH Africa's plastics pioneer, Mr Clifford Gundle, has restructured his group and aims to take turnover from this year's R35-million to R100-million by 1985

There will be a new holding company, Gundle Industries

He says 'It will consist of a tightly knit head office, with the previous operating divisions now set up as totally autonomous companies with their own managing directors

"This will enable our various management teams to take full advantage of their own entrepreneurial abilities which will make a major contribution to the growth of our organisation "

The three key executives in the new head office are Mr Clifford Gundle, chairman, Mr E A Davids, group managing director; and Mr J J Hewitt, group marketing director

The main operating company will still be Gundle Plastics (Pty) The other companies are Gundle Cupboard Systems, Gundle Coatings, Gundle Lining Systems, and Gundle Mining Supplies

A company has been set up in the area of colour compounding and raw material supplies for the plastics industry under the title Gundle Polymers

Sacking sparks strike at EL firm

17 12 81

Labour Reporter

ABOUT 600 workers at the East London factory of Johnson and Johnson, one of the city's major employers, went on strike yesterday over an alleged "unfair dismissal"

The company is one of the few in East London to recognise the unregistered SA Allied Workers Union and the strike has prompted intense interest in the area By late yesterday, no immediate end to the dispute seemed likely

Meanwhile, in Durban the strike by about 200 workers at Huletts Aluminium — one of several to hit Natal employers this week — has entered its third day Workers are demanding that their pension contributions be refunded

The strike at Johnson and Johnson was sparked by the dismissal of a woman worker

Agreement

Management alleges she stole toilet rolls from the company The worker denies the charge and workers see the sacking as an "unfair dismissal"

The company's industrial relations director, Mr Wayne Munro, said yesterday that the company had told workers it would negotiate with Saawu on the dismissal — but only after the strikers returned to work

This, he said, was provided for in the recognition agreement between the company and Saawu

Mr Munro also said Johnson and Johnson had attempted to persuade workers to make use of the appeal and grievances procedures provided for in the agreement, rather than resorting to strike action, but that this had been unsuccessful,

Saawu's vice-president, Mr Sisa Njikelana, said workers were refusing to return to work until the fired worker was reinstated

A report-back meeting would be held over the weekend to tell strikers of management's offer to negotiate once they returned, "but I am pessimistic about the outcome"

Procedures

Mr Njikelana confirmed that there were grievance procedures in the agreement which had not been followed "Workers accept these procedures and are prepared to stand by them", he said

But he alleged that management had not followed procedures laid down in the agreement by not informing workers of its own disciplinary code

"This is the fifth time a worker has been fired without the union committee being informed The committee warned management that this was creating tension," Mr Njikelana said

DD 17/10/81

183

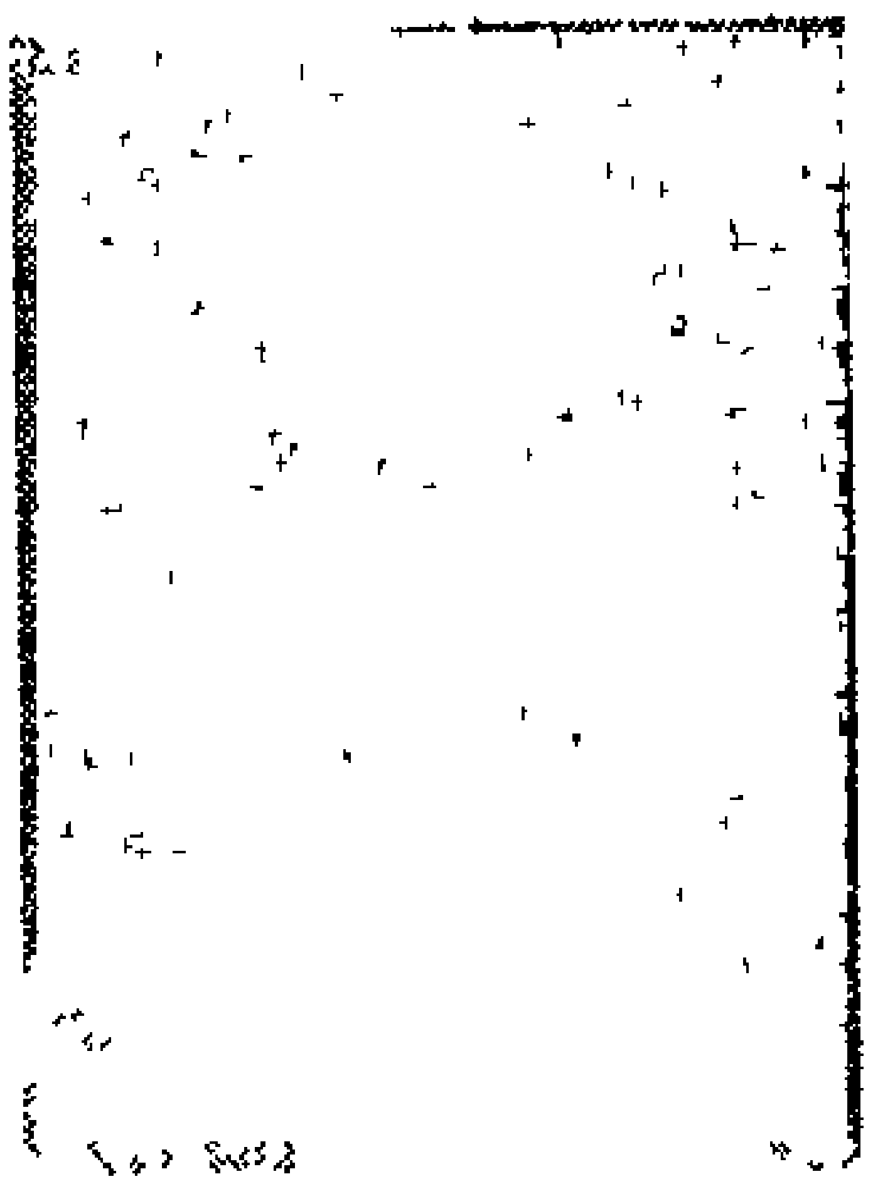
EL workers vote to continue strike

EAST LONDON — The entire black workforce at Johnson and Johnson continued their strike yesterday over the dismissal of a fellow worker.

At a mass meeting in the morning about 650 workers resolved to continue their strike until management agreed to reinstate Mrs Eunice Tempi, who they said had been subject to victimisation

The workers said Mrs Tempi, who denied being guilty of any offence, had been fired in connection with the alleged theft of two toilet rolls She said she had been working at the firm for 11 years before she was fired on Monday.

Mr Wayne Munro, the personnel director of Johnson and Johnson, said if Mrs Tempi or the workers were unhappy at her treatment, procedures were "open for us to investigate the matter in detail and resolve it in a fair and equitable manner"



MRS TEMPI . . . dispute over her dismissal.

Following a meeting between management and officials of the South African Allied Workers Union (Saawu), which is recognised by the company, management agreed to institute an appeal committee to investigate the case with the proviso that the workers return on Monday morning.

Mr Sisa Njikelana, the vice-president of Saawu, said the union would convey the matter to the workers, who are to hold another meeting on Sunday, but said the union could not decide for them whether they should return

"We believe in mass-participatory democracy," he said, "which means the workers and not the union officials dictate what action is to be taken"

Mr Njikelana said there had been a string of dismissals over the past few months which had caused concern to workers in the way they had been implemented "It is disappointing when you speak to people for months and months and still get this kind of treatment"

Mr Munro said his company was totally committed to resolving the dispute in a just way — DDR

Aluminium firm workers will be fired unless they return today

NM 19\10\81

193

Pietermaritzburg Bureau

WORKERS at the Huletts aluminium plant in Pietermaritzburg who stopped work last week over a pension fund dispute have been warned that they will be dismissed if they do not report for duty today

According to a company spokesman the men were warned that they were participating in an illegal strike on Friday afternoon after a stoppage occurred following the resignation of about 130 hourly paid workers who demanded the refund of their pension contributions

The spokesman said the workers had been told that if they did not return to work by the first shift today, 'it would be taken as notice of resignation

Trouble at the Edendale Road plant began about two weeks ago when workers voiced their dissatisfaction at the proposed Government pension legislation and demanded refunds

About 130 subsequently resigned and left, and a work stoppage began

'Employee representatives were informed that a major concern of the company was that employees should be able to retire with a pension adequate for their needs To provide for this both employers and employees contribute to a pension fund

'In addition, offers were made to reinstate the employees concerned on repayment of their pension contributions and plans were put forward to help ensure the safety of employees and their families, but no real progress was made in meetings with employee representatives ' said the spokesman, who alleged many workers were being intimidated into staying away

'As a consequence, the company has reluctantly advised those on strike that failure to return by today will be taken as their resignation he said

Sowetan 19/10/81 (183)

Johnson strike continues

THE entire black workforce at Johnson and Johnson continued their strike on Friday over the dismissal of a fellow worker.

At a mass meeting in the morning, about 650 workers resolved to continue their strike until management agreed to reinstate Mrs Eunice Tempi, who they say has been subjected to victimisation

The workers said Mrs Tempi, who denied being guilty of any offence, had been fired in connection with the alleged theft of two toilet rolls She said she had been working at the firm for 11 years before she was fired on Monday last week

Mr Wayne Munro, the personnel director of Johnson and Johnson, said if Mrs Tempi or the workers were unhappy at her treatment, procedures were "open for us to investigate the matter in detail and resolve it in a fair and equitable manner"

Following a meeting between management and officialls of the South African Allied Workers Union, which is recognised by the comapny, management agreed to institute an appeal committee to investigate the case with the provision that the workers return today

Mr Sisa Njikelana, the vice-president of Saawu, said the union would convey the matter to the workers, who held another meeting yesterday, but said the union could not decide for them whether they should return

"We believe in mass participatory democracy, which means that officials, workers, and not the union officials, dictate what action is to be taken."

Mr Njikelana added there had been a string of dismissals over the past few months that had caused concern to workers in the way they had been implemented "It is disappointing when you speak to people for months and months and still get this kind of treatment"

Mr Munro said his company was totally committed to resolving the dispute in a just way — Sapa.

Star 19/10/81

183 ~~12a~~ ~~149~~ ~~187~~ ~~300~~ ~~1140-41~~

600 stay out in sacked-woman row

By Drew Forrest

The strike by nearly 600 workers at the large East London plant of Johnson and Johnson went into its third day today as representatives of the unregistered SA Allied Workers' Union met management in another bid to break the deadlock.

The company is one of only two in East London to have signed a formal recognition agreement with SAAWU, and the strike is seen as a key test of its labour relations policies.

At a meeting in East London yesterday, the strikers decided not to go back until management reinstated a woman worker whose dismissal for theft sparked the stoppage last week.

The company has offered to negotiate with SAAWU on the dismissal, but has said that in terms of the agreement it will only do so after a general return to work

In Maritzburg some of the 200 workers who struck last Wednesday at the Huletts Aluminium plant were back on shift this morning in response to a management return-to-work deadline

The workers are demanding repayment of their pension fund contributions and the reinstatement of 130 colleagues who resigned last week to reclaim their pension money, and have not been taken back

A company spokesman said half the morning shift of 300 were at work, and other workers were meeting in the car park with officials of the Metal and Allied Workers' Union to decide on a 'course of action

183

NM 600 workers quit in labour dispute

20|10|81 [illegible] 152 114CA 135 114SA

Pietermaritzburg Bureau

ABOUT one third of Huletts Aluminium's 1 800-strong Pietermaritzburg work force elected to resign yesterday after a company ultimatum

Workers who were on strike last week were warned on Friday that their strike was illegal, and that failing to return to work by 6 p m yesterday would be taken as notice of their resignation

'Between 600 and 650 of the strikers elected to collect their pension fund contributions, back pay and other benefits, yesterday morning and so left the company's employ,' Mr Frank Fergusson, publicity manager for the company said last night

'Production is now at normal levels and the company will be advertising to fill the vacant posts,' Mr Fergusson said

Mr Geoff Schriner of the Fosatu affiliated Metal and Allied Workers Union, who have not been recognised by Huletts, said he did not believe it was necessary to refuse to re-employ the workers who had resigned in order to collect their pension fund contributions

'There are numerous ways in which Huletts could resolve this issue There are a number of companies that have already refunded their workers' pension contributions without problems,' he said

Star 20/10/81 183 ~~23~~

Gundle bound for Chile

Gundle Plastics, specialists in plastic palletising and packaging is to take part again in the annual Fifsa show in Chile this month

"This is one of the top trade fairs in South America, and the South African pavilion where we will be exhibiting, has more than doubled in size since last year," says Gundle spokesman Mr Richard Lyall

DD. 20/10/81 (183)

Strike talks end in deadlock

EAST LONDON — There were no signs yesterday of an end to the deadlock between the South African Allied Workers Union (Saawu) and the management of Johnson and Johnson as almost the entire black workforce remained out on strike at the firm

At a mass meeting on Sunday the workers resolved to continue the strike until the company agreed to re-instate a cleaner who was fired for allegedly stealing two toilet rolls, but management has said it cannot re-consider the case until all the workers are back at work.

A meeting between officials of Saawu and management ended in deadlock yesterday Following this Mr Richard Cook, the managing director, issued a statement saying Saawu had rejected a proposal that workers return so that the causes of the strike could be more fully investigated

"In line with the procedures negotiated in the recognition agreement, the grievance of Mrs Eunice Tempi was to be heard, providing the workers had returned to work," he said

Mr Cook said he was disappointed that two of the fundamental principles of the recognition agreement had been ignored He said the union had not gone through all the agreed procedures before resorting to strike action and the strike had been extended rather than workers returning as soon as possible so that negotiations could continue

Mr Cook appealed to the workers to reconsider and return to work as soon as possible "We remain committed to solving the dispute in a just and equitable way," he said

Mr Sisa Njikelana, the vice-president of Saawu, said the workers had directed the union to reject management's proposal "The workers are leading this struggle and the union leadership is backing them up"

Mr Njikelana said management had been warned of an impending situation of this nature but had continued to allow certain action to be taken against employees

He said the workers would be meeting again this morning to discuss what action to take — DDR

Star 20/10/81 ~~(22)(20)~~(189)(186)(39)~~(104)~~(183)~~(45A)~~

500 strikers lose their jobs

About 500 workers in Maritzburg lost their jobs yesterday after a four-day strike over the pension issue at Huletts Aluminium.

A company spokesman said only about 200 workers had heeded a management return-to work deadline. The others had "elected to resign in order to withdraw their pension contributions" and the company was restaffing

At another Huletts subsidiary, the Durnall Sugar Mill, about 300 workers who struck on Friday were back at work today after a management ultimatum

Mr Ron Phillips, a spokesman for the group, said the workers had demanded the dismissal of two security guards who did not take part in the recent pensions strike at the mill.

Commenting on yesterday's events at Huletts Aluminium, an organiser for Fosatu's Metal and Allied Workers' Union said the company "had set a sad precedent" in Maritzburg by not allowing workers to withdraw their pension money

He said that workers would continue to fight for their jobs

"They have rejected managements offer of selective and individual re employment" he said, "and have decided to organise the community to prevent scabbing"

In East London, the four-day strike by more than 600 workers at Johnson and Johnson seemed no nearer settlement after talks between management and SA Allied Workers' Union officials broke down yesterday

According to a SAAWU spokesman, workers were still rejecting a company offer to consider the reinstatement of a dismissed colleague after a general return to work

Johnson and Johnson is one of two East London companies to have formally recognised SAAWU and its managing director, Mr Richard Cook, expressed disappointment that the recognition agreement had been 'disregarded"

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some co-ordination.

DO 20/10/81 (183)

Chloride dominate market

In the early part of 1980 Chloride completed the installation of new air filtration equipment at its lead-smelter in Berlin on the outskirts of East London

This is an indication of the continuing interest the Chloride group has in the development and growth of its plants in the Eastern Cape.

But while Chloride has the greatest market share and market share growth in South Africa (31 per cent last year alone), the strategy of concentrating on products and areas in which they have the greatest knowlege and expertise has made the Chloride group the leading manufacturers of rechargeable batteries in the Western world

The lead-smelter at Berlin, together with factories at East London and Benoni, have behind them the international group's 90-year pioneering experience in battery and component design

This experience has not only produced exceptionally high quality automotive batteries, but has given rise to market and technological leadership in the whole business of batteries and related systems

These vary from a vast range of batteries that are the driving force behind fork lift trucks, railway platform tractors and milk delivery vehicles, to fire alarm equipment, smoke detectors, emergency lighting and in large underground ore scoops and carriers

Their standby power systems have been indispensable in such vital services as hospital operating theatres, computer installations and air traffic control towers throughout the world

The strategic importance of Chloride's policy of product innovation, for example, in the mining industry is difficult to overestimate

Of specific interest to South Africa has been Chloride's "world-first" production of a maintenance-free miners' cap lamp accumulator which not only gives a light output six times greater than the conventional lamp, but also retains power longer between charges, as well as being lighter and stronger than conventional units

As part of Chloride's investigation into entirely new battery types, they are concentrating on a revolutionary battery using sodium and sulphur

While still in the development stage, the potential is there and, if successful, could be the battery the world has been waiting for

On the labour front, Chloride has pursued policies geared to the upgrading of the living standards of all employees

Chloride is aware of the responsibility of its 1 400 employees to provide a stable environment and of the national importance of maintaining industrial peace

In 1980 at the East London factory and Berlin smelter, Chloride made history by being the first company in South Africa to recognise an independent unregistered trad union

Thus, on all levels, Chloride clearly are determined as well as successful at keeping their company in the forefront of their business

This has been achieved in a most positive way — through top class management, a skilled and informed workforce, high quality products and service anf a continuing commitment to the research and development of batteries, systems and applications

CT
20/10/81

152 183

900 still on strike

PORT ELIZABETH — Altogether, about 900 workers are still on strike at Johnson and Johnson in East London and SA Bottling in Port Elizabeth

In spite of an ultimatum by management, about 650 workers at the Johnson and Johnson factory continued their strike yesterday over the sacking of a woman worker who allegedly stole two rolls of toilet paper

The workers demanded the woman be re-engaged The company's personnel manager, Mr Wayne Munro, said he would do "everything possible" to find a fair solution to the dispute.

At SA Bottling, where about 250 workers have been on strike since October 6, and have since lost their jobs, management said yesterday that it was prepared to re-employ some of the strikers on merit

The managing director of SA Bottling, Mr P H Gutsche, said they were obliged — because of distrubition commitments — to take on new workers in the place of some of the strikers — Sapa

Hundreds sacked at Huletts

ABOUT 500 Huletts Aluminium workers were paid off yesterday after they insisted on having their pension fund contributions refunded to them.

Sowetan 21/10/81

LABOUR BEAT

And in Durban more than 200 workers at the Henkel Chemical works at Prospecton have gone out on strike in support of pay demands and pension negotiations.

The events at Huletts followed the issuing of an ultimatum by the company on Friday, in which 300 workers were told they were on an "illegal strike" and that they should either return to work at 6 am on Monday, or lose their jobs.

Workers at Henkel Chemical Works said they had downed tools during the morning tea break on Monday because discussions about wage increases and the possibility of paying out pension scheme contributions had been under way with representatives of management and the chemical workers' industrial union for some months without resolving anything.

They were subsequently told in writing that the strike was illegal.

Meanwhile negotiations aimed at settling a wage dispute at the Appletiser factory near Grabouw continued yesterday between management and representatives of the workers and the Food and Canning Workers' Union

Workers at the factory have been on strike since Friday, demanding a minimum of R1,50 an hour as opposed to 96 cents

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offered by management.

In East London the dispute leading to a strike of 600 workers of Johnson and Johnson plant is also still deadlocked The South African Allied Workers' Union reported to the striking workers yesterday that the management still refuses to re-instate a Mrs Eunice Tempi whose dismissal led to the walkout on Thursday.

A spokesman for the union said that management had offered to institute an appeal committee to investigate the dismissal provided the workers returned, but such a committee was not acceptable to the union or the workers as it would be biased.

In Port Elizabeth 59 workers appeared in the Magistrate's Court on Monday under the Riotous Assemblies Act following strikes at two post office yards and at the SA Bottling Company. All were remanded until October 29.

Another 24 also arrested last week appeared at the end of last week under the same Act.

In both disputes workers were dismissed — 180 at the post office and 250 at SA Bottling.

The 83 men were arrested for alleged intimidation of workers during the strikes.

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DD 21/10/87

EL strikers threaten to contact US head office

EAST LONDON — Mr Richard Cook, managing director of the strike-hit firm Johnson and Johnson, yesterday turned down a call by the workers' committee at the factory to involve himself in negotiations

About 650 workers, who continued the strike yesterday over the demand that management reinstate a cleaner who was fired for allegedly stealing toilet rolls, held a mass meeting in the morning

They demanded that Mr Cook meet with the top official of Saawu, the national president, Mr Thozamile Gqweta, who is at present in Durban They said there was no way dissussions on the deadlocked issue could proceed unless top management became involved

The workers resolved that if this meeting did not materialise they would contact the head office of the company in the US and inform management there of the situation at the plant

They also resolved that if Johnson and Johnson management "remained intransigent" the company should start preparing holiday pay and bonuses and shut down the factory until next year

Mr Cook said Saawu was already negotiating with a team that represented the views of the board of directors and the board was personally represented by the personnel director, Mr Wayne Munro

He said "Based on what has been reviewed by the parties concerned to date I see no reason to change the negotiating pattern

"The union should understand that the recognition agreement provides adequate channels for the resolution of disputes and these are open today provided employees return to work"

Officials of the union have criticised the company for sticking to technicalities in the recognition agreement and avoiding the main issue They said management did not appear to realise the depth of sympathy for the dismissed cleaner felt by the workers who would not abandon her by returning to work before she was re-instated

The company has said that in terms of long-term policy theft, no matter how petty, is an offence punishable by immediate dismissal — DDR

BD

21/10/87

500 workers paid off

183

PIETERMARITZBURG — About 500 Huletts aluminium workers have been ~~paid off after~~ they insisted on having their pension fund contributions refunded to them

The workers resolved to "fight for the right to get their jobs back", and not to accept re-employment unless "all the workers are reinstated"

They also resolved to prevent other people from filling what they still regard as their rightful positions

Meanwhile, more than 200 workers at the Henkel chemical works at Prospecton have gone out on strike in support of pay demands and pension negotiations

Management staff were not available for comment, but workers said production was virtually at a halt despite white staff operating the plant on a reduced level

In Grabouw about 200 workers at the Appletiser factory are sa~~id to be~~ on strike over a wage dispute, but factory management is keeping silent on the issue

According to the food and canning workers' union, worker representatives met management on Monday but no agreement over new wage rates was reached

A Port Elizabeth correspondent reports that 400 workers, almost the entire workforce, downed tools at the Felton ~~foam rubber~~ factory in Korsten yesterday morning after demanding their pension contributions

Workers interviewed said they wanted to resign from the pension scheme, but said they were told by management yesterday that they would have to resign before the money would be paid out

At about 1 pm workers left the factory's premises after an ultimatum from management to resume work in five minutes, or leave

At that stage an official of the Motor Assemblers' and Components Workers' Union was still negotiating with management on the workers' demands — SAPA

LABOUR

660 out in new worker unrest

~~182~~

Star 21/10/81 ~~152~~ ~~300~~ 183 ~~140A~~ ~~137~~ ~~189~~

By Drew Forrest

In the latest outbreak of pensions-related labour unrest, more than 600 workers at factories in Port Elizabeth and Durban were on strike yesterday

Management at Henkel (SA) in Prospecton, outside Durban, has warned 260 strikers who have demanded the immediate repayment of their pension contributions that unless they are back at work today they face dismissal

The strike at the detergent company began on Monday Management has been dealing with Fosatu's Chemical Workers' Industrial Union which is informally recognised at the plant

At the Port Elizabeth plant of Feltex Foam and Automotive Products the ~~400 workers~~ who downed tools yesterday in a pensions dispute returned to work this morning pending talks between management and the Motor Assemblers and Component Workers' Union (Macwusa)

More labour unrest has been reported from the East Rand where the Boksburg-based General Tyre subsidiary, Pigott, Maskew and Company is restaffing after last Friday's strike over wages by its entire 450 strong black workforce

The company recently recognised the Chemical Workers' Industrial Union The managing director, Mr Vic Pretorius, accused union members of "striking during negotiations, and in breach of the recognised agreement"

He said the workers had resigned" by failing to meet a management return-to-work deadline

According to a CWIU spokeman, the workers struck in rejection of management's final offer of a productivity bonus They wanted a 50c an hour flat-rate wage increase, she said

Our Cape Town correspondent reports that about 200 workers at the Appletiser factory near Grabouw, in the western Cape, have been on strike since Friday

The workers, represented by the Food and Canning Workers' Union, are demanding a minimum hourly wage of R1 50

Deadline set

Ev Post 22/10/81

for striking

~~[illegible]~~ 183 14~~[illegible]~~

workers

By SANDRA SMITH

EAST LONDON — In a full page advertisement in an East London newspaper today striking Johnson and Johnson workers were given an ultimatum to return to work by tomorrow or lose their jobs

The advertisement was addressed "to all Johnson & Johnson employees" and signed by the company's managing director, Mr Richard Cook

The entire black workforce at Johnson & Johnson walked out on Thursday last week after the dismissal of a woman employee who allegedly stole two toilet rolls

The workers refused to return until the woman was reinstated

Management's stand so far has been to agree to the setting up of an appeal committee to investigate the case — on condition that the workers return

The advertisement said

Recently we have been criticised for 'unfair dismissal' We have released employees only for just cause "

Long-standing company policy demanded that those who stole company property were ' released" from service

The South African Allied Workers' Union "with whom we had negotiated a recognition agreement over the past 18 months, has an important role to play as one of the links between workers and management, and it is disappointing at this early stage to experience serious conflict where conflict should not exist "

The agreement with the union prohibited a work stoppage until all procedures had been followed

The management of Johnson & Johnson would abide by the agreement procedure and accept any decision which resulted from its correct application

'We cannot make progress on any issue as long as our employees refuse to come to work — a requirement in the agreement " the advertisement said

Many of our employees have years of service behind them — they have skills which will be hard to replace

"It takes time and money to recruit and train new people, but if necessary this is what we will have to do

"We cannot hold jobs open indefinitely We, therefore sincerely trust that our employees will return to work by Friday, October 23

"If this does not happen, we will, regrettably have to assume that they have resigned and alternative plans will be made'

A spokesman for SAAWU said the workers were meeting this morning and the ultimatum to return to work by tomorrow would be discussed

Star 22/10/81

650 strikers get dismissal warning

183 14

The week-long dispute at the Johnson and Johnson factory in East London approached a climax today when management warned the 650 workers on strike that they will be dismissed if they do not return to work tomorrow

In discussions yesterday, the management also warned that unless there was a return to work, the recognition agreement with the SA Allied Workers Union (SAAWU) would be "null and void," according to a union spokesman

The agreement is one of only two reached between SAAWU and East London companies

In a statement published in the East London Press today, Johnson and Johnson's managing director, Mr Richard Cook, said that if the workers were not back tomorrow "we will regrettably have to assume that they have resigned, and alternative plans will be made"

REINSTATEMENT

The workers struck last Thursday in protest against the dismissal of a cleaner, allegedly for stealing two toilet rolls They have since insisted that they will not man their posts until she is reinstated

In his statement, Mr Cook said the recognition agreement with SAAWU "prohibits work stoppages until all procedures have been followed."

"We cannot make progress on any issue as long as our employees refuse to come to work — a requirement also included in the agreement"

A SAAWU spokesman this morning accused the company of "clinging to technicalities"

CONTRIBUTIONS

Meanwhile, 260 workers are back at work at Henkel (SA) in Prospecton near Durban after their two day strike over a demand for the immediate repayment of pension contributions.

And at the Motorvia car ferrying firm in Uitenhage, where 100 drivers struck a fortnight ago, management has agreed after talks, to recognise Fosatu's Transport and General Workers Union

DD 22/10/81 (183)

Johnson & Johnson

22/10/1981
Daily Dispatch

TO ALL JOHNSON & JOHNSON EMPLOYEES

We are experiencing a serious industrial dispute — the first since this Company was formed over fifty years ag
I feel it is important that we fully understand the principles involved.

Over the years the Company has provided good wages, good working conditions, family and community benefits, and w believe our people have opportunity and challenge, as well as a sense of security in their jobs.

We are fortunate to have many long-serving, loyal and hard-working employees today, and over the years they hav achieved excellent results. We are proud of them.

Our sales have grown substantially over the past years, and today over 1 200 people earn their living at Johnson & Johnson. We have set high standards for our employees, and in the main these have been met. We have always expecte our employees to have a keen sense of responsibility towards their Company.

Recently, however, we have been criticised for 'unfair dismissals'. We have released employees only for just cause Long-standing Company Policy demands that we release those who steal Company property, regardless of the value, and we will not employ workers who are found sleeping at their work-place as their action may well threaten the safety of others.

Our Company is growing and its management becomes more complex. The Union — SAAWU — with whom we had negotiated a recognition agreement over the past 18 months, has an important role to play as one of the links between worker and Management, and it is disappointing at this early stage to experience serious conflict where conflict should not exist.

The Agreement with the Union prohibits a work stoppage until all procedures have been followed. Any employee who feels he or she has been unfairly treated may appeal through defined levels within the Company, and if still not satisfied, the case will be heard by an independent person who has been accepted by both parties as the final mediator. This is the correct and agreed procedure. The Management at Johnson & Johnson will abide by it, and will accept any decision which results from its correct application. This is as it should be, but we cannot make progress on any issue as long as our employees refuse to come to work — a requirement included in the Agreement.

We have a business to run. We have a responsibility to our customers who need our products, and I am sure that many of those who are absent today and losing their wages as a result, would like to return to work and get on with the job. We hope they will.

Many of our employees have years of service behind them — they have skills which will be hard to replace. It takes time and money to recruit and train new people, but if necessary this is what we will have to do. We cannot hold jobs open indefinitely. We therefore sincerely trust that our employees will return to work by Friday, October 23. If this does not happen we will, regrettably, have to assume that they have resigned and alternative plans will be made.

Richard L. Cook
MANAGING DIRECTOR

21st October, 1981.

DD 22/10/81

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No end in sight to EL strike

EAST LONDON — No end to the deadlock between management at Johnson and Johnson and the South African Allied Workers Union (Saawu) was in sight yesterday as about 650 black workers at the firm remained out on strike

The workers, who have been on strike since last Thursday, have refused to return to work until management reinstates a cleaner who was fired for allegedly stealing toilet rolls

Management has said that in terms of the recognition agreement signed between them and the union they cannot negotiate the case of the dismissed employee until all the workers are back at work. — DDR

East London tense as strike deadlock stays

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By STEVEN FRIEDMAN

THE five-day-old strike by about 600 workers at Johnson and Johnson's East London plant remained deadlocked yesterday, while a three-day strike on the pension issue at the Henkel plant in Durban ended

This week has seen another outbreak of strikes in various parts of the country on pension and other issues The labour situation in East London is reportedly tense and there have been calls by individual workers for strike action over a variety of issues, chiefly the impending Ciskei independence

At Johnson and Johnson, our East London correspondent reports that no end was in sight yesterday to the deadlock over the dismissal of a woman worker for allegedly stealing toilet rolls

Johnson and Johnson is one of only two East London companies to have signed a formal recognition agreement with the unregistered SA Allied Workers Union and both sides have accused the other of not adhering to the terms of the agreement

At a meeting this week, workers called for the company's chairman to negotiate directly on the dispute with Saawu's president, Mr Thozamile Gqweta, and said the plant should close until the end of the year if the company did not agree

But the company has replied it will continue to channel negotiations through its personnel director, Mr Wayne Munro

Untimatum

The company has said strikers should return to work before negotiations on the dismissal begin, while workers say they will return only once the woman has been reinstated

At the Henkel plant in Durban, 260 striking workers ended a three-day strike in response to a management ultimatum

Sapa reports that a spokesman for the Federation of South African Trade Unions' Chemical Workers Industrial Union, which has been negotiating with management on worker demands, described the outcome as "unsatisfactory"

He said the union had made three proposals aimed at ending the dispute — sparked by the Government's proposed Pension Bill — "and management rejected them all"

~~1407~~

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~~151~~

Huletts plant pension fund dispute resolved

22/10/81

22/10/81

~~152~~ 183

Mercury Reporter

HULETTS Aluminium plant in Pietermaritzburg has offered to allow certain workers who resigned on Monday to retire early, so that they can enjoy the annual benefits of their pensions rather than receiving only their pension fund contributions

Mr Frank Fergusson of Huletts said yesterday that some of the 500 workers who resigned on Monday following the work stoppage, during which demands were made for the immediate withdrawal of pension fund contributions, would be allowed the same pension benefits that they would have received if they had reached retirement age

Workers falling into this category are those who have worked for at least 15 years and who are over 60

Mr Fergusson said these men would be given a 'technical early retirement', on condition that they repaid the pension money they received when they resigned on Monday

A spokesman for the Metal and Allied Workers' Union said yesterday that Huletts management had indicated to workers that they could re-apply for their jobs, but if re-employed they would lose their extra week's leave, service bonus and they would have to rejoin the company's pension fund.

The spokesman said the workers who had resigned from their jobs last week would all re-apply this morning, in spite of a statement from management saying that workers who had resigned would only be selectively re-employed

More than 650 workers have resigned from the Pietermaritzburg plant in the last week in order to withdraw their pension fund contributions

Mr Fergusson said only about 250 of the 900 men who went on strike had returned to work Recruitment for the vacant positions was under way, he said

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Henkel staff back at work after row over payments

Mercury Reporter

WORKERS at the Henkel plant in Prospecton returned to their jobs yesterday after the strike which began on Monday, according to an official for the Fosatu Affiliated Chemical Workers' Industrial Union

Workers were on strike demanding the immediate repayment of their pension fund contributions

Management issued a short statement saying 'discussions regarding the pension issue had not been finalised, and no further comment could be made'

Ev Post 23/10/81

New EL strike as 2 plants go back to work

By SANDRA SMITH

EAST LONDON — A strike broke out at Dunlop Flooring here today but workers at the toiletry factory of Johnson & Johnson and at the dispute-ridden Car Distributors Assembly (CDA) returned today

In a statement, the general manager of Dunlop Flooring, Mr N Yeadon, said members of the workers' liaison committee approached the firm's management yesterday and asked for employees' pension contributions to be paid out

After the company's policy was explained to the workers, they left the factory, "thereby terminating their employment with us", Mr Yeadon said

Recruitment, including selective re-employment, would begin next Wednesday, he said

At the troubled CDA plant, which builds the range of Mercedes-Benz vehicles marketed in South Africa, 321 workers in the stores returned to work after being addressed by shop stewards of the National Union of Motor and Rubber Workers of South Africa (Numarwosa)

It is the second time this month a work stoppage has occurred at the factory

A company spokesman, Mr Richard Wagner, said 250 workers stopped work yesterday afternoon after demanding the re-instatement of a man who was dismissed

The workers clocked in this morning, but only agreed to start work after it was decided that union representatives would discuss the issue with members of management

Striking Johnson & Johnson workers decided this morning to return to work today

The company's managing director Mr Richard Cox, yesterday gave the workers an ultimatum to return to work today, or lose their jobs

After a meeting, between management representatives and officials of the South African Allied Workers Union (Saawu) yesterday, the union said it would recommend that the workers return to their jobs today

Star 23/10/81 ~~199~~ ~~300~~ ~~162~~ ~~124~~ 183 ~~187~~ 188 ~~482~~

600 EL workers suspend their strike

By Drew Forrest

More than 600 workers at Johnson and Johnson in East London agreed yesterday to suspend their week-long strike pending negotiations between management and the SA Allied Workers Union

But the mass of workers were still meeting with SAAWU officials outside the plant today

They were deciding whether to meet a management deadline for a return to work today or to go back only after the weekend

The strike was sparked off last week by the dismissal of a cleaner, Miss Eunice Nomcebo Tempi allegedly for stealing two toilet rolls

Workers refused to return before her reinstatement.

The company refused to re-examine her case until the workers went back.

Sapa reports that at yesterday's mass meeting SAAWU officials, including its president, Mr Thozamile Gqweta, recommended a return to work

Sandock Austral a Durban ship building firm was hit by a one day pensions-related strike on Wednesday

The Star's Durban Correspondent estimates that between 700 and 900 workers struck in demand for the repayment of pension contributions

● A dispute at the Appletiser plant in Grabouw ended on Wednesday with a wage increase.

SENTRACHEM

Powerful mix

(183)

FM 23/10/81

Activities: *Chemicals manufacturer, producing fertilisers, plastics, industrial chemicals, rubber, foodstuffs and mining chemicals Owns 40% of Coalplex on an asset-sharing basis with AECI*

Chairman: *J H Smit, deputy chairman F J H le Riche, managing director D J Marlow*

Capital structure: *85,5m ordinaries of R1, 20m 11,5c dividend red prefs of 10c Market capitalisation R568,6m*

Financial: *Year to June 30 1981 Borrowings long- and medium-term, R69,3m, net short-term, R21,6m Debt equity ratio 28% Current ratio 1,8 Group cash flow R102,2m Capital commitments R427m*

Share market: *Price 665c (1980-81 high, 925c, low, 625c, trading volume last quarter, 590 000 shares) Yields' 12,0% on earnings, 6,0% on dividend Cover 2 PE ratio 8,3*

The effects of the Fedmis acquisition are now fully incorporated in Sentrachem's results This should help offset softer product demand this year while the company is in the middle of a strong expansionary phase

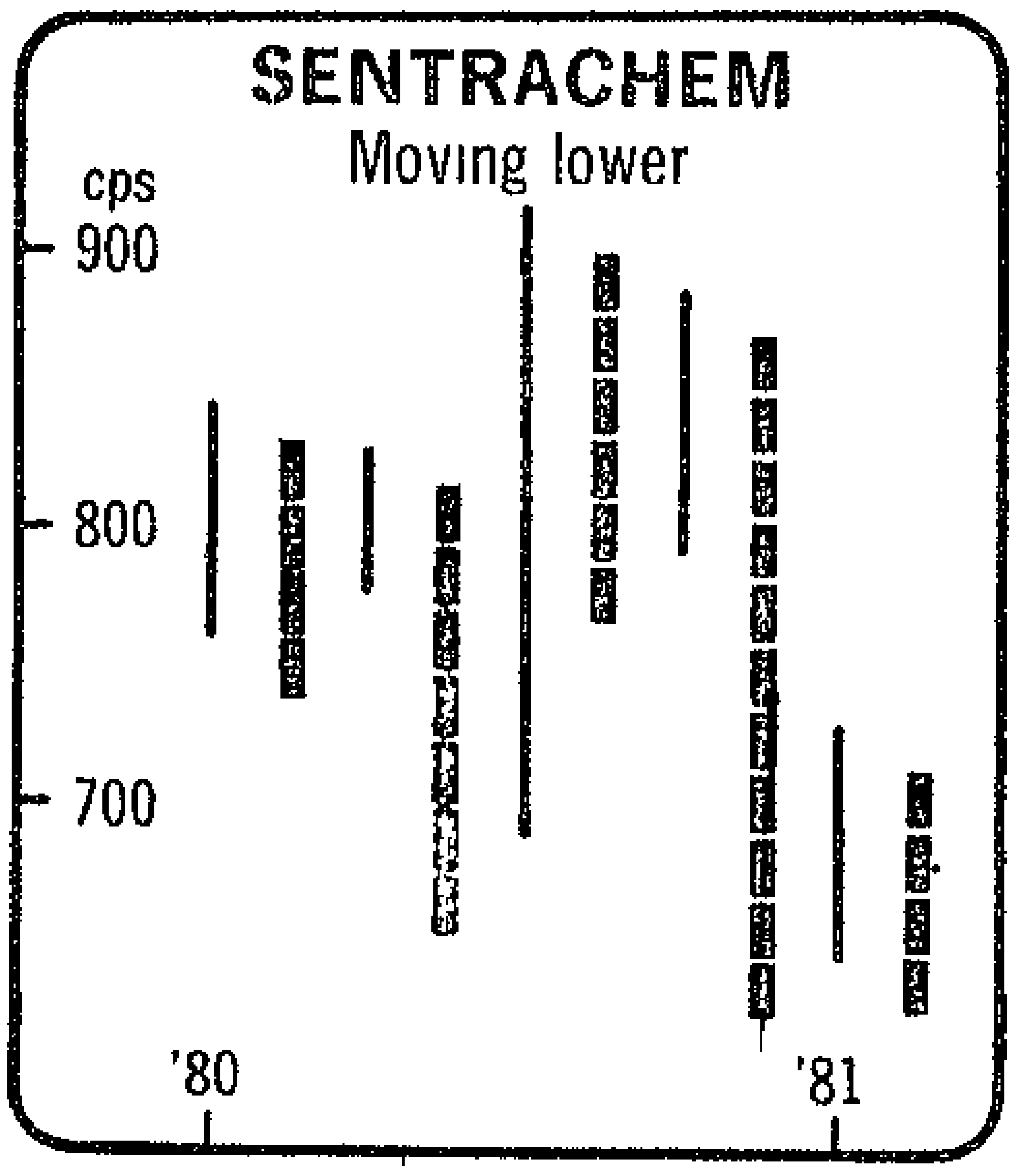
Sentrachem's largest single capital project at the moment is Karbochem's Af

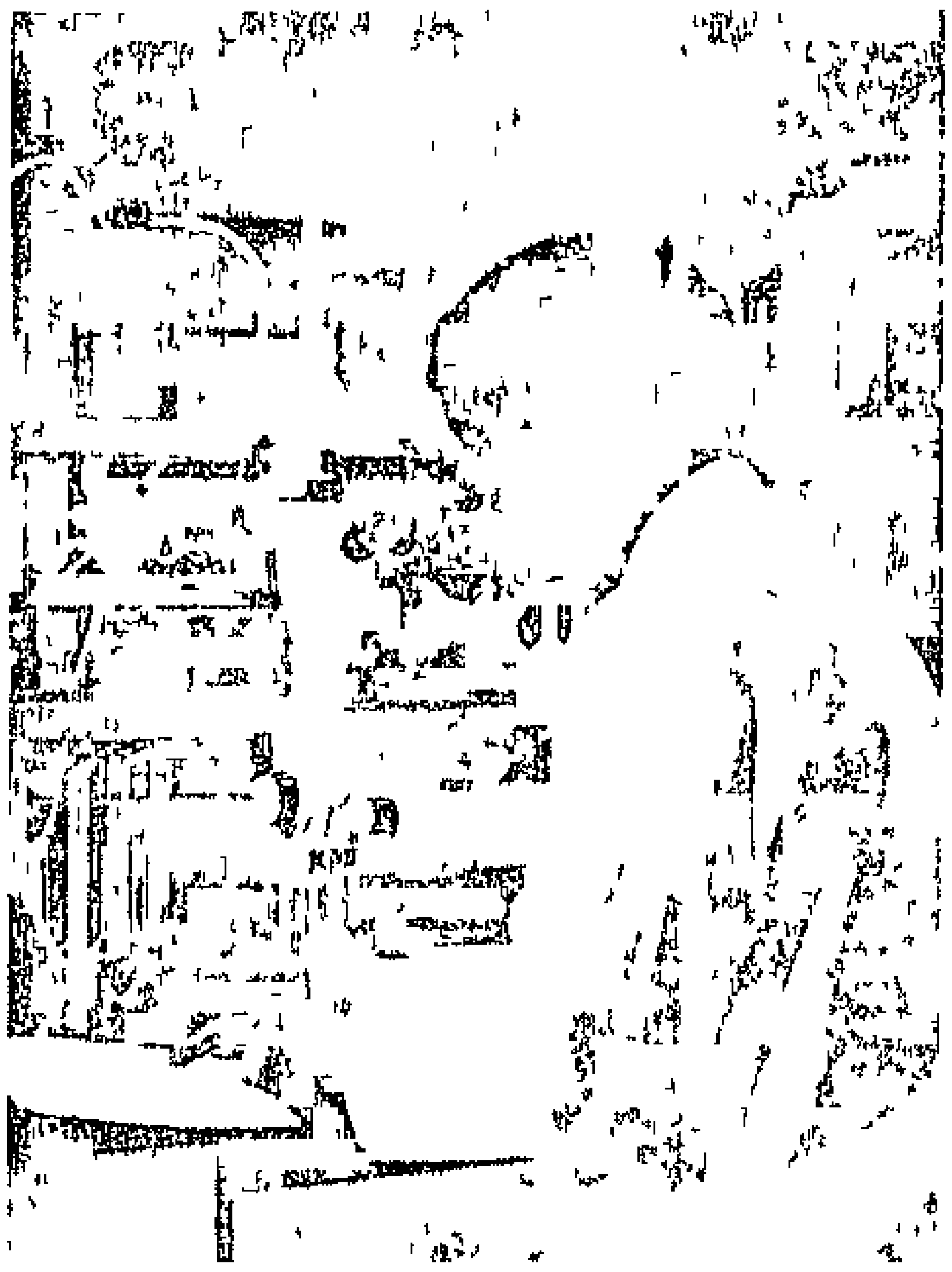
Chairman [illegible] says Sentrachem's 28% debt equity ratio leaves an adequate margin for immediate financing requirements, including the Afprene project Last year's 28% gearing compares with 37% in 1980 and is sharply lower than the 100%-plus level in 1977 The debt cut-back is in part another result of the Fedmis takeover and underlines the group's enormous scope for growth

Another aspect of the group's gearing has been a rescheduling of debt to include more long-term borrowings Last year, long-term debt amounted to R69m compared with R59m in 1980, while short-term liabilities have dropped from R68m to R42m

A firm decision on the Fedmis ammonia plant would obviously require extra funds but, spread over the next four years or so, should not be a constraint Cash flow alone exceeded R100m last year

Last year management moved further to bolster the balance sheet by "divisionalising" the company — assets of former operating subsidiaries were sold to Sentrachem and divisions have been established Smit says this will not affect the decentralised management style of the group but will strengthen the accounts and improve future cash flows





Sentrachem brewing a potent formula

The Afprene scheme will not affect profit detrimentally this year, he says Further ahead, the first few years of operation will tend to depress the earnings growth curve, but tax allowances will reduce its impact on the bottom line The plant is expected to substantially replace imported natural rubber during the next few years

Smit adds that, though the project will not mean a reduction in dividends it may hold the rate of growth in payout to a level closer to the inflation rate

The ammonia project is scheduled for commission after completion of the rubber plant to prevent a double restraint on profitability Smit still believes that though the two major projects under construction will be "a little difficult to digest initially,' their contribution to future growth will be "substantial "

A number of other smaller projects are aimed at meeting demand in other divisions A new fertiliser granulation plant is due to come on stream at Sasolburg in the next few months, for instance

In addition, a new terminal should be in operation at Richards Bay by end-1982 to cater for ammonia imports, easing raw material bottlenecks for agricultural products

Local demand for PVC should show a good increase this year, the directors say, and expansion at Styrochem will enhance production capacities and product marketability Various other plant expansion and modernisation schemes in the NCP division are due to be completed this year as well

Additional capacity has also been installed in the industrial and mining chemicals and foodstuffs divisions, where good growth is expected

Overall, Smit says, the removal of the earnings dilution caused by the share-based acquisition of Fedmis should counteract the slower rate of growth expected this year As a result he sees the rate of earnings growth virtually unchanged this year

This would put earnings a share at 98c this year and with unchanged cover, which is likely a dividend of 49c At 665c the share therefore offers a prospective yield of 7,4% Sentrachem's historic dividend yield of 6,0% compares with AECI's 5,1% The possibility of restrictions on dividend growth in the medium-term plays a major part in this rating

Scott Hawker

Saawu advises strikers to go back today

DD 23/10/81

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EAST LONDON — The South African Allied Workers' Union (Saawu) is to recommend to the 650 Johnson and Johnson workers who have been on strike since last week that they return to work today

This follows a call by the managing director of Johnson and Johnson, Mr Richard Cook, contained in a full page advertisment in the Daily Dispatch yesterday, to return to their jobs or they would have "dismissed themselves" and a resolution by the workers at a mass meeting that they would be prepared to suspend the strike pending negotiations between management and the union.

The strike was sparked last week by the dismissal of a cleaner for the alleged theft of toilet rolls and workers had refused to return until she had been reinstated Management had refused to re-examine her case until the workers returned

Following a meeting between management and union officials yesterday, Mr Thozamile Gqweta, the president of Saawu, said the union would be recommending at a mass meeting this morning that they go back to their jobs.

Mr Gqweta stressed that the final decision lay with the workers and that the union could only advise them on what action to take

In yesterday's advertisment management

- Said the company had done its utmost to look after its workers and was "proud of its many long-serving, loyal and hard-working employees who over the years had achieved excellent results"
- Denied there had been unfair dismissals, saying employees had only been "released for just cause"
- Said the recognition agreement between management and Saawu prohibited a work stoppage until all procedures had been followed
- Said there could be no progress on any issue as long as workers refused to return
- Called on all workers to return by today, failing which the company would "have to assume they have resigned"

At the meeting yesterday workers resolved to compromise on two points They said they would be prepared to suspend the strike pending negotiations between management and the union, provided these negotiations did not last more than two days, and would be prepared to resume work "in the absence of Miss Nonceba Eunice Tempi who must wait inside the premises while her case is being considered"

However, the workers resolved that they would only return on Monday and not today in protest against the company "dictating terms to the workers — and even more so through the Daily Dispatch which is not a party to the agreement and as such cannot be used as a means of communication between itself and the workers"

They contended that management had undermined the status and rights of the union as a mouthpiece and representative of the workers by not allowing them to report back to the workers first

This was last night denied by Mr Cook who said he had not dictated terms to the workers through improper means but merely passed on a message to the company's striking workers requesting a return to work.

Mr Gqweta said the case of the dismissed workers should not be viewed in isolation but be seen in conjunction with previous dismissals at the factory for which management had failed to give satisfactory reasons

He said in all the cases management had not adhered to the disiplinary procedures agreed upon by the union and the company

Commenting last night on the union's decision to recommend a return to work, Mr Wayne Munro, the personnel director of the company, said "This is very positive and what we have been encouraging for a long time" — DDR

Strikers back — others fired

Star 24/10/81 ~~53~~ ~~145A~~ 183 ~~140~~ ~~192~~

By Drew Forrest

Five busloads of workers turned up at the gates of the Johnson and Johnson factory in East London yesterday as the week-long strike by its 600-strong workforce drew to a close

But at another East London company, Dunlop Flooring, about 500 workers were fired yesterday after striking in demand for the repayment of pensions contributions

Accusing Dunlop of 'utter intransigence,' the vice-president of the SA Allied Workers Union, Mr Sisa Njikelana said management had refused to meet either union officials or a worker delegation

In a statement, the Dunlop general manager, Mr Nigel Yeadon, said the workers had "elected to leave the factory' on Thursday, "thereby terminating their employment "

He added that recruitment, including selective re-employment, would take place next week

Yesterday's decision by Johnson and Johnson workers came after a mass meeting in which the SAAWU president, Mr Thozamile Gqweta advised an immediate return to work in keeping with a management deadline

The workers had earlier decided to resume work pending negotiations between management and the SAAWU on the case of a company employee whose dismissal for the alleged theft of two toilet rolls triggered the strike

At that stage they said they would go back only after the weekend

A SAAWU spokesman stressed that the strike had been "suspended" pending talks — which will begin on Monday and which workers have stipulated should last no more than two days

They have also insisted that the dismissed worker be allowed to wait inside the factory while her case is reviewed

Johnson and Johnson is one of only two East London companies to have formally recognised the SAAWU, and the strike has aroused intense interest among the city's employers

Meanwhile, about 250 workers from the giant Car Distributors Assembly plant in East London resumed work yesterday after a brief work-stoppage to protest against the dismissal of a colleague

Management is negotiating on the issue with Fosatu's National Union of Motor Assembly and Rubber Workers

nik tabled an amendment to the Fundraising Act effectively stifling the judgment

While legislation passed in 1978 gave the Minister authority to refuse permission to raise funds the amendment removed the right of an organisation to appeal against his decision

Opposition parties in Parliament attacked Dr Munnik for disregarding the legal principle of the right of appeal and claimed that the amendment made a mockery of the courts

A prominent Johannesburg labour lawyer, reacting to yesterday's proclamation said "The legislation, and the Minister's cynical use of it, represents the most blatant flouting of the rules of natural justice

'It is all but impossible for a sophisticated trade union movement to develop in this country when it is prevented from becoming financially sound by ministerial decree," he added

A senior Fosatu official told The Star that the federation condemned this "outrageous and also futile attempt" to prevent unions from stabilising and growing

"We will be consulting our affiliates and considering what steps to take in due course," he said

Another labour lawyer said the prohibition in the gazette was 'yet another example of the Government being unwilling to accept decisions made in the courts"

DD 24/10/81

173

650 strikers agree to go back to work

EAST LONDON — About 650 workers at the Johnson and Johnson plant here elected to end their week-long strike and returned to work yesterday

The strike was sparked by the dismissal of a cleaner for the alleged theft of toilet rolls

An appeals committee comprising three members from management and three members from the South African Allied Workers Union (Saawu) is to be constituted to review the case of the dismissed worker on Monday

The decision by the workers to return follows a recommendation by Saawu that they go back and a call by the company for them to return by yesterday failing which they would have dismissed themselves

Mr Richard Cook, the managing director of the company, said yesterday he was pleased at the decision by the workers to return and said he was hoping for a fair resolution of the dispute — DDR

200 workers rehired

Mercury Reporter 24/12/81 183

HULETTS Aluminium in Pietermaritzburg has rehired about 200 workers who resigned last week in order to withdraw their pension fund contributions and according to Mr Frank Fergusson of Huletts they probably will rehire more workers next week

Mr Fergusson said the workers who re applied would be chosen on a selective basis, 'according to who the production managers want'

About 650 workers resigned from Huletts Aluminium last week in order to withdraw their pension fund contributions

The workers will not have to repay the lump sum of pension money they withdrew last week — but they will lose certain benefits including an extra week's leave which some workers were eligible for before they resigned

EL car plant strikers return

E/Post 26/10/81

183

Post Reporter

THE giant, East London motor manufacturing plant Car Distributor Assemblies returned to normal today with its 3 300 workers back at their posts after a series of strikes over the past fortnight

According to a 'spokesman for the firm 258 black and coloured workers from the stores and cut-and-sew sections, involved in a wildcat strike on two days last week were among those who clocked in today

"In the interests of industrial peace the company made no move to bar them from their places of work or to recruit new workers to fill their places" he said

The firm assembles the South African range of Mercedes Benz vehicles

At the Johnson and Johnson factory hit by strikes after a woman was dismissed for alleged theft, the situation has returned to normal Officials of the SA Allied Workers Union were negotiating with management, a spokesman for the union said today

In Port Elizabeth, at the firm of SA Bottling the managing director Mr P R Gutsche said the factory was back to full employment except for a limited" number of key positions

RDD 27/10/81

183

Fired strikers get jobs back

EAST LONDON — CDA workers regarded as dismissed on Friday for participating in a wildcat strike clocked in for work yesterday morning

A management spokesman said that in the interests of industrial peace the company had made no move to bar the 258 workers from their places of work or to recruit new workers to fill their places The workers, who were from the stores and cut and sew departments, downed tools on Thursday and again on Friday last week demanding the reinstatement of a probationary worker who was not confirmed to the permanent staff and was paid off

Meanwhile, about 450 Dunlop Flooring workers elected yesterday morning not to collect their pay following their dismissal from the company on Thursday after a dispute over the pensions issue

At the meeting the workers resolved that they would not apply for re-employment on Wednesday, the date set by management for recruitment

The workers are to forward a letter to the company works manager demanding their unconditional reinstatement, the return of their pension contributions and the right to be represented by the union of their choice, in this case the South African Allied Workers Union (Saawu)

About 800 members of Saawu, the African Food and Canning Workers Union and the General Workers Union pledged solidarity support for the Dunlop workers at a mass meeting on Sunday

Production was back to normal at Johnson and Johnson yesterday and discussions between Saawu and management were continuing

However, it is understood that the dispute which first sparked the week-long strike — the dismissal of a cleaner for alleged theft — has not been resolved yet — DDR

Cable factory deadlock goes on

Argus 28/10/81

~~152~~ ~~300~~ ~~146~~ 183 ~~196~~ ~~1650~~ ~~189~~

Argus Bureau

PORT ELIZABETH. — The deadlock between management and workers at the Aberdare Cable Factory, where about 150 workers have been on strike, is continuing.

The workers, who downed tools late on Monday, are refusing to work because of the dismissal of a colleague, it is believed.

A spokesman for the General Workers' Union, to which workers are affiliated said they would meet today to discuss the issue

A spokesman for Aberdare Cables said management would not comment on the strike

PENSIONS

In East London, Dunlop Flooring today began recruiting staff to replace 500 workers who dismissed themselves last week when they struck after demanding that their pensions contributions be paid out.

The dismissed workers, who are represented by the South Africa Allied Workers' Union, met today to discuss the issue, but there was no decision on what action they would take.

The general manager of the company, Mr N Yeadon, had told the workers it was company policy that all workers belong to the pension scheme

WELL KNOWN

'The only way an employee can obtain a refund is to resign. This our employees know,' he said

A spokesman for the company confirmed that new labour was being hired

Meanwhile, negotiations are continuing between SAAWU and Johnson and Johnson management over the dismissal of a cleaner who allegedly stole toilet rolls

RE-EXAMINED

Mr Wayne Munro, personnel director of the company said negotiations were continuing

About 650 workers went on strike last week in sympathy with the cleaner They suspended the strike on Friday after an agreement with management that the cleaner's case would be re-examined

RDM 28/10/81 (152) (186) (300) (183) (445A)

EL negotiations continue

EAST LONDON — Negotiations between the South African Allied Workers' Union (Saawu) and the Johnson and Johnson management, following the strike at the plant last week, are continuing

Neither management nor the union would issue a statement yesterday

Production at the plant was normal

About 650 workers went on strike last week over the dismissal of a cleaner who was alleged to have stolen toilet rolls

At Dunlop Flooring, where about 500 workers went on strike on Thursday, demanding their pension contributions back; Mr N Yeadon, general manager of the company, said yesterday membership of the company's pension fund was a condition of employment

He said all employees were informed, on being interviewed for employment, of this condition

"The only way an employee can obtain a refund is to resign. This our employees know".

He said some operators at the factory had taken action to terminate their services in order to recover their pension contributions

Dunlop workers are to meet this morning to decide on what action to take following management's decision to start recruiting new workers to fill their places from today — DDR

Another pension strike in Durban

RDM 27 10 81

183

Labour Reporter

A STRIKE by 1 000 workers at Defy's Durban plant who are demanding the refund of their pension money entered its second day yesterday — and another pension strike in the city has been reported

The chief stumbling block in attempts to settle the Defy strike is the metal industries' pension fund, whose rules do not allow workers to withdraw contributions until they die or retire

Unionists say that this stipulation has been a key factor in other disputes around the country

Defy's general manager in the major appliances section, Mr R B Collie, said late yesterday that the company was continuing to meet workers in an attempt to settle the dispute

Sapa reports that Defy also held discussions with the Department of Manpower on ways of settling the dispute

SAAWU

Mr Collie also said management was last night due to meet Mr Sam Kikine, general secretary of the SA Allied Workers' Union (SAAWU), which claims to represent Defy workers "We are prepared to hear what he has to say," he said

According to Mr Collie, management cannot accede to workers' demands for a refund because the metal industries fund, started in 1978, does not allow it

"The only condition under which employees can withdraw contributions from that fund is if they resign or die It is an industry-wide fund administered by a management board and it not under our control," he said

Meanwhile, Sapa reports that about 40 workers at Ensor Plastics at Prospecton, an industrial area of Durban, struck yesterday over similar pensions demands

A spokesman for the firm, Mr C L Woods, said it was very unlikely that the striking workers would be paid out the pension contributions they were demanding

LABOUR

Pensions strikes: another 1000 out

Star 29/10/81

183

By Tony Davis
Labour Reporter

Pension unrest erupted again this week in Durban as about 1 000 workers at the Defy plant in Jacobs downed tools and demanded immediate payment of their pension contributions.

The work stoppage at Defy began on Tuesday when both shifts refused to work and management tried to reassure workers about the pension scheme.

Talks among management, the black works committee and Manpower Department officials were held yesterday.

Workers were warned that in terms of the metal industry's pension fund they were not entitled to payouts of their contributions even if they resigned

The general secretary of the South African Allied Workers' Union (Saawu), Mr Sam Kikine, said the workers were unwilling to alter their demands on the pension issue Saawu officials visited the plant on Tuesday to discuss the dispute with management

At the Ensor Plastics factory in Durban, about 140 workers went on strike on Tuesday, demanding payouts

They were warned by management to return to work yesterday morning but refused to do so and were dismissed

Ensor's personnel manager, Mr Geoff Woods, said workers would be selectively rehired from today

At four Game furniture stores in Durban about 170 workers were still out on strike after a dispute earlier this month over union recognition of the Commercial, Catering and Allied Workers' Union

The workers were demanding reinstatement as well as a commitment from management to negotiate Only about 15 of the original workforce had returned to work, a union spokesman said

The workforce of about 400 at Aberdare Cables in Port Elizabeth continued its strike this week in protest over the dismissal of a colleague Workers walked out on Tuesday and at a meeting yesterday said they would stay out until their colleague was unconditionally reinstated according to a spokesman for the Motor Assembly and Component Workers' Union.

At Dunlop Flooring in East London, where about 500 workers went on strike over pension demands, management yesterday began recruiting a new workforce. The workers were represented by Saawu

DD 29/10/81 (~~186~~) (~~152~~) (~~145A~~) (183) (~~196~~) (300)

Milling workers end go-slow

EAST LONDON — A go-slow strike over wages at the KSM milling plant here came to an end yesterday with partial agreement between management and workers

There were no further developments in the two disputes between South African Allied Workers' Union (Saawu) members and Dunlop Flooring and Johnson and Johnson

The Managing Director of KSM, Mr Gordon Minkley, said yesterday that work at the plant was back to normal after two days of a go-slow strike

He said the company had negotiated with Saawu and the striking workers over a "number of issues" and that although some of the issues still had to be resolved, the workers had agreed to resume normal production

He did not reveal what was discussed, but said that the dispute had nothing to do with the transferability of pensions.

However, Mr Sisa Njikelana of Saawu, who confirmed that the workers had "suspended their action", said the dispute was mainly over wages

Mr Njikelana also said there was no change in the dispute between Saawu and Johnson and Johnson, where about 650 workers went on strike following the dismissal of a cleaner who allegedly stole toilet rolls

The workers returned to work, but negotiations between Saawu and J and J management continued

"We are still talking," Mr Njikelana said

At Dunlop Flooring, where about 500 workers, most of them Saawu members, struck over the transferability of pensions demanding the return of their pension contributions, and were dismissed, new workers were still being recruited yesterday

The management at the factory would not issue a statement yesterday, saying they would telex the Daily Dispatch if there were any further developments

Mr Njikelana said that as far as he knew the factory was still recruiting labour to replace the workers who had been fired — DDR

Fertiliser pact to be dissolved

8Re 29/10/81

183

No further steps were deemed necessary for the implementation of the Competition Board's recommendation regarding the sharing agreement between Triomf and Fedmis fertiliser companies, Dr Dawie de Villiers, Minister of Industries, Commerce and Tourism, said in Pretoria.

In a statement, Dr de Villiers said the Competition Board had found that the market-sharing agreement between Triomf and Fedmis was to the detriment of consumers and the economy in general.

It had come to the conclusion that the agreement was not in the public interest and should be terminated when Fedmis became self-sufficient in respect of its nitrogen requirements, Dr de Villiers said.

But Triomf had already indicated in 1980, prior to the tabling in Parliament of the board's report, that it had notified Fedmis of its intention to terminate the market-sharing agreement on December 31, 1983.

"No further steps are therefore necessary by me for the implementation of the board's recommendations," Dr De Villiers said.

In addition, the Competition Board had found that the financial interests held in Triomf by agricultural Co-operatives constitued a restrictive practice in terms of the Competition Act which was not in the public interest.

Since the board had started its investigation, however, Co-operatives had disposed of their interests in Triomf and the board had no need to make recommendations in this respect.—Sapa

DD 30/10/81 183 140A 12

Strike: Saawu talks continue

EAST LONDON — Negotiations between the South African Allied Workers Union (Saawu) and the management of Johnson and Johnson continued yesterday following the week-long strike of workers over the dismissal of a cleaner

Neither Saawu nor the company were prepared to issue a statement yesterday other than to say the issue which led to the strike had not yet been resolved

At Dunlop Flooring, where about 500 workers were fired last week after striking in demand for the return of their pension contributions, attempts to establish from management how the recruitment of new workers was progressing proved unsuccessful — DDR

RAND DAILY MAIL, Friday, O

Pension rows keep two Natal strikes going

RDM 30/10/81

~~187~~ 183 ~~137~~

THE Defy Industries plant near Durban remained shut for the third day yesterday as 900 striking workers remained deadlocked with management over disputes on the refund of pension contributions

And at the nearby Reckitt and Colman factory in Mobeni, about 400 workers struck for a second day in support of demands for a refund on their pension contribution, sources said

While the new wave of strikes over the controversial pensions issue again threatens to endanger labour relations in Natal, there was however, no sign of unrest at either plant

Mr Ron Collie, general manager of major appliances at Defy, said the factory remained at a standstill during negotiations with worker representatives

"We have no power to change the provisions laid down in the regulations governing pension funds, nor do we have the option of transferring these contributions to a trust fund, as was the case at some other factories," Mr Collie said

"The SA Allied Workers' Union (Saawu) has approached us and talks are continuing Our policy is to maintain dialogue and to avoid confrontation," Mr Collie said

Sources at Reckitts said about 400 workers who downed tools on Wednesday continued strike action yesterday in support of demands for a refund of pension contributions

At Ensor Plastics in Prospecton, police were called to disperse about 150 striking workers protesting over pension refunds

The firm's accountant, Mr C L Woods, said the workers were asked to collect their pay and if they had not returned to work by yesterday they would have to consider themselves dismissed

"Workers are coming in dribs and drabs, and so far we have re-employed about 35," Mr Woods said — Sapa

LABOUR

Star 30/10/81

~~189~~ ~~182~~ ~~145A~~ ~~200~~ 183 183

Firm hit by pension row

~~321~~ ~~182~~ ~~139~~ ~~266~~

By Tony Davis
Labour Reporter

There was no production again yesterday at the Defy Industries plant in Durban as about 1 000 workers continued their pension strike

The black workforce downed tools on Tuesday, demanding pay out of pension contributions They were told that under pension fund conditions their contributions would be held until they turned 65

There is a possibility that management may negotiate with the Fosatu-affiliated Metal and Allied Workers Union and the South African Allied Workers Union (Saawu).

Talks have been held with a works committee, and Defy's managing director, Mr Ron Collie, said there might be future meetings with the unions to resolve the dispute.

Talks were held again yesterday at the Johnson and Johnson plant in East London where workers are demanding reinstatement of a sacked colleague

The pension unrest had also spread to another Durban firm — Reckitt and Colman, where 400 were reportedly on strike.

Ensor Plastics in Durban started to engage a new workforce after about 140 workers were dismissed after refusing to work until they received their pension contributions

At the Aberdare Cable plant in Port Elizabeth about 400 workers were warned to return to work or face dismissal They are demanding that a recently dismissed colleague be reinstated.

Also in Port Elizabeth, yesterday the case against 59 former workers was postponed until next month They were appearing in court a second time under the Riotous Assemblies Act.

Plevans pays 25% more at 25c

RDM 30/10/81

183

Financial Editor

PLASCON-Evans Paints increased net taxed profit by 20% to R15 346 000 in the year to September 30 against R12 679 000 in the previous year.

The final dividend has been raised from 15c to 19c to make a total of 25c — 25% up on the 20c in 1980-81

Earnings a share were 55,7c (46,5c) so the dividend cover of 2,23 is a slight reduction

Turnover showed a 22% improvement from R163-million to R199-million

Plevans makes, distributes and retails a wide range of paints — it is South Africa's largest manufacturer in this field — and specialised coatings It also has interests in printing inks

The company is a part of the Barlows group

A statement accompanying the results says that, as warned in the annual report, "the results of Plascon's subsidiary in Zimbabwe have not been consolidated this year and only dividends have been brought to account"

It points out, however, that the previous year's results have been restated to enable a fairer comparison to be made

"Clearly revenue from Zimbabwe will be considerably reduced, but shareholders will have to wait until the annual report is published (on or about November 21) to establish the full impact.

"The company has also been engaged in a substantial capital expenditure programme to expand and modernise facilities"

COMMENT. **The Plevans share price — 290c yesterday — has been something of a laggard on the booming Johannesburg Stock Exchange.**

With a 15c drop on Wednesday it is just below its level at the beginning of the year.

That is a fair reflection of the battle by Plevans to show much real growth — that is, above the inflation rate.

The historic dividend yield is 7,6%, which is not especially attractive in the light of the immediate declining outlook for the economy.

Ahead of the annual report the shares do not look worth chasing higher

Sev 31/10/81

~~152~~ 27 ~~300~~ ~~1457~~ 183

1400 get 'work or sack' ultimatum

By Tony Davis
Labour Reporter

Monday is "D-Day" for about 1 400 workers at two factories in Durban — unless they return to work they will be dismissed

The black workforce of 1 000 at the Defy plant in Jacobs, Durban, stopped work earlier this week after demanding the return of their pension contributions.

But after three lost days of production Defy has warned them to return to their jobs on Monday or face dismissal

Defy's general manager, Mr Ron Collie, said pension fund contributions were preserved until 65.

HALTED

He said talks were being held with unions, and representations would be made to Seifsa about the workers' demands.

Production of goods such as airconditioning units, electric stoves and ovens has been halted by the pension dispute

Reckitt and Colman's eight factories at Mobeni were hit on Wednesday by work stoppages by about 400 workers who have also demanded pension pay-outs.

Managing director Mr D Dunsire, said the workers mistrusted pending Government pension legislation and under pension fund' rules they could only obtain their contributions by resigning.

ARRESTS

Less than half the workforce were still at their jobs yesterday and police had arrested some "intimidators," Mr Dunsire said Workers had been given until Monday to return

There apparently is no major union presence at the complex, although the South African Allied Workers Union (Saawu) has some members

Johnson and Johnson management in East London is meeting Saawu officials in a dispute over a worker's dismissal. Workers involved in a pension dispute at Huletts Aluminium in Maritzburg are reported to have been dismissed.

DD 31/10/81 (183) ([illegible])

J and J launches R8m expansion plan

EAST LONDON — Johnson and Johnson has launched a major three-phase expansion programme in East London at a cost of at least R8,5 million

Releasing details of the expansions, on which construction is already underway, Mr Richard Cook, the managing director of the company, said the programme included

- A manufacturing plant, to employ over 100 people, and raw material store at Dawn,
- A combined finished goods and bulk raw material warehouse at Wilsonia, employing about 100 people,
- Further extension to the manufacturing facilities at Dawn

Mr Cook said the manufacturing plant at Dawn would be 2 230 sq m and the raw material store would be 3 700 sq m The cost of this expansion would be in the region of R2 million and it is scheduled for completion in March, 1982

The plant is to manufacture disposable nappies and feminine hygiene products, as well as disposable patient care products for hospital use

Phase two — the finished goods and raw material warehouse — is being constructed on a 5 ha site at Wilsonia and is to have a total covered floor area of 16 000 sq m

This additional new site will be equipped with its own covered rail siding and high storage racking system

This phase of the programme will be fully operational by the end of 1983 at a cost of R6,5 million

The extension to the manufacturing facilities at Dawn will be approximately 2 200 sq m and is planned for completion by the end of 1983

Mr Cook said that in the expansions the company was demonstrating its confidence in the future of this part of the world

He is optimistic that the government will fulfil its pledge to lend support and encouragement to "those industries which elect to invest in the Border area, providing much-needed employment at this critical time" — DDR

Picture page 2

Argus 3/11/81

183

October 'one of the worst months' in labour field

Argus Correspondent

JOHANNESBURG — October was one of the worst months for labour relations in South Africa in many years. More than 20 000 workers were involved in disputes affecting over 40 firms and hundreds of workers were taken to court.

Hardest hit by the unrest was Durban with more than a dozen disputes and the East Rand, Port Elizabeth and East London were also hit.

There was no one cause for the strikes and work stoppages, though worker agitation against new pension legislation next year sparked many of the disputes in the Eastern Cape and Natal.

Workers fear that Government pension fund legislation will effectively freeze their contributions and mistrust any official dealings with the funds.

Union officials deny management claims that workers do not understand pension funds. "They do understand them and they don't want any part of it," one official said.

There are several other factors contributing to the unrest. These include:

- Worker dismissals such as that at the CDA car assembly plant in East London, where there were several closures when workers protested against a number of disciplinary actions taken by management.
- The mass of new labour legislation, much of it from the Wiehahn Commission reports and accompanying government White papers.
- Workers 'flexing their muscles' and realising the strength of trade unionism — only allowed to black workers in 1979.
- Workers ofen demand the immediate reinstatement of dismissed colleagues and in cases where both unions and managements have sat down to form appeal boards there have been settlements.

Labour experts say managements are at fault for neglecting to inform union representatives in the plant of disciplinary action in advance.

MASS DISMISSALS

A number of the disputes on the East Rand saw mass worker dismissals, although managements sometimes state workers have 'dismissed themselves' by refusing to work. But unionists say that workers have a right to withhold their labour and accuse companies of lock-outs.

At the Telephone Manufacturers of SA in Springs, 1 600 workers lost their jobs — and at Triomf in Kempton Park 500. Similar dismissals were also made in the Eastern Cape.

Manpower officials blame workers for being too willing at times to resort to the 'strike weapon' when there are grievances.

PROCEDURES

Managements have accused unions of having failed to follow recognised procedures for disputes.

Several hundred workers have appeared in courts for their alleged roles in disputes.

Unrest at the SA Bottling Company plant and the post office in Port Elizabeth resulted in a number of workers being charged under the Riotous Assemblies Act.

And in the Ciskei where 183 workers were arrested by the homeland's security police, their court appearance was postponed until later this month.

MILITANCY

One union spokesman said much of the militancy during labour unrest came directly from the work place where workers were unhappy about conditions.

The union was then often called in after the strike or work stoppage had already taken place, he said.

During October a number of companies were hit by repeated closures.

In the case of the Huletts group in Natal four of their sugar factories were shut in September because of pension unrest, but they were hit again last month when about 2 000 workers at Darnall, Mount Edgecombe, Felixton and Amatikulu downed tools.

Darnall workers even went out a second time last month.

Huletts Refineries and Huletts Aluminium were also hit in Natal.

Management in cases of pension unrest have told workers they must resign to collect their contributions and in firms covered by the Metal Industry Pension Fund the contributions are preserved until the age of 65.

Productivity pact leads to positive trend

DD 4/11/81

183

~~145A~~

EAST LONDON — A productivity-linked wage agreement between the South African Allied Workers Union (Saawu) and Chloride SA has led to a " positive trend in productivity improvements", according to a joint Saawu-management statement

The statement, which was issued yesterday, said that in order to maintain and build on the achievements to date, permanent productivity teams were to be formed at the shop-floor level, involving both worker representatives and front-line supervision

The managing director of Chloride, which was the first company in East London to recognise the unregistered Saawu, Mr Don Searle, said yesterday he saw this as real and positive evidence that both parties were trying to build up the relationship — "not by the one trying to control or coerce the other, but by recognising each other's independence and acknowledging that each party has responsibilities as well as rights ",

Explaining the origin of the productivity agreement, the statement said "When Saawu and Chloride entered into a recognition agreement a year ago we declared our mutual commitment not only to industrial justice and peace but to productivity and growth

"From the outset we stressed the importance of relationship-building, which means we acknowledge and recognise each other as independent parties who each have a part to play in developing the worker-management relationship, through the continued processes of negotiation, consultation and communication "

The statement said that when the parties met for their first collective bargaining session on wages they reached agreement not only on new rates but also on a scheme for quarterly reviews based on productivity improvements The first wage increase in terms of this scheme had now been granted

There was minimal improvement in the initial stage in the first quarter, the statement said, but a joint task force comprising management and worker representatives was formed in the second quarter to recognise and discuss mutual issues "During this latter period productivity improvements became evident and a very positive trend has been maintained "

"Not only Saawu full-time officials, but the workers' central executive committee at the Chloride factory, have been fully involved in implementing the productivity-linked wage improvement plan together with supervision and management "

Mr Searle said that unless a relationship was based on mutual respect and trust, it was useless to talk of joint commitment to increased productivity The factory manager of Chloride in East London, Mr Ron Bartlett, added "We are particularly pleased with the part played by our front-line supervisors and managers in getting the plan to work and look forward to building on the improving relationship in the factory "

Mr Sisa Njikelana, the vice-president of Saawu, said "We do not think it is necessary to add to the joint statement Labour relations are going through a difficult period and the workers in this area still face a long struggle " — DDR

Thursday, November 5, 1981

RDM 5/11/81 ~~45A~~ ~~187~~ 183 ~~186~~

Wage accord boosts firm's productivity

By STEVEN FRIEDMAN

AN UNUSUAL wage agreement linked to worker productivity between an East London battery company and an unregistered trade union, has boosted productivity at the company substantially

A joint statement by Chloride (SA) and the unregistered SA Allied Workers Union yesterday spelled out the terms of the agreement and the company's managing director, Mr Don Searle, hailed it as an example of how unions and management could co-operate on productivity if there was mutual trust between them

Chloride was the first company in East London to recognise Saawu, which refuses to register with the Government

Most East London employers have resisted recognising the union, which they claim is bent on confrontation

Chloride's co-operation with Saawu on productivity is thus likely to prompt intense interest among employers

The joint statement said that when Chloride and Saawu met to negotiate wages they reached agreement not only on wage rates but on a scheme for quarterly (wage) reviews based on productivity improvements

The first wage increase in terms of the scheme had just been granted

'Task force'

In the first quarter after the agreement was signed productivity improvements had been minimal

However a "joint task force of management and worker representative had then been set up in the second quarter to discuss productivity issues

"During this latter period, productivity improvements became evident and a very positive trend has been maintained," the statement said

It added that when Chloride had recognised Saawu a year ago the two parties had declared our mutual commitment not only to industrial justice and peace but to productivity and growth

We stressed the importance of relationship building, which means we acknowledge and recognise each other as independent parties who each have a part to play in developing the worker management relationship through the continued process of negotiation consultation and communication

Mr Searle said he saw the productivity agreement as real and positive evidence that both parties were trying to build up the relationship

Saawu's vice-president, Mr Sisa Njikalana, said he did not wish to add to the joint statement

"Workers in this area still face a long struggle," he said has a 32% stake and Rhine Ruhr of Germany 17%

Although Hoechst operates in more than 50 countries, this will be only its sixth foreign subsidiary

Uhde has run a local branch office with a staff of about 20 for 15 years, but the new operation will embark on a recruiting drive to employ more than 100 specialists from SA and overseas

Uhde's world executive director, Dr Lothar Jaeschke, says "In the past we brought in experts from Germany to back up our local staff, but now the permanent availability of local expertise has increased considerably "

Another company source says that locals will be employed where costs justify

Uhde starts life in SA with two fat contracts Omnia's R40m fertiliser plant at Sasolburg and Sasol's own R54m fertiliser facility at Secunda It will handle design, procurement and on-site delivery Construction will be carried out by SA contractors yet to be named

The plants will be similar, but Sasol's will be about 25% bigger It will process 450 t of ammonia a day and will be the biggest single-train nitric acid plant built by Uhde

Its next big contract is likely to be the gasification section of the R600m Fedmis ammonia plant — if Fedmis decides to go ahead with the project The decision is apparently imminent

One of the last jobs carried out by the old Uhde branch office is the nearly completed carbide/acetylene plant for Karbochem's synthetic rubber factory at Newcastle

The founding of the SA subsidiary will please those who feel that overseas contractors are making too much use of their own head office staff for work which could be done locally

As one disgruntled local puts it "Government imposes tariffs to protect local manufacturers against imports, but has not protected local plant construction companies against foreigners

"Even in high-technology projects, SA has the capability to provide about 80% of the man hours required for detailed engineering specifications, drawing office work, procurement and general project management The rest, which consists of basic process technology, must come from overseas "

A further gripe is that Sasol did not allow locals to tender for its fertiliser plant, instead it negotiated directly with Uhde However, there could be strings attached to the deal because Uhde has other technology of interest to Sasol

Sasol's coal gasifiers, an essential part of its oil-from-coal process, are supplied by another German giant, Lurgi But it will soon be experimenting with a coal fines gasifier from Westinghouse, US, and could well wish to investigate Uhde's gasification technology

☐ Meanwhile, Sasol is making final senior appointments to its fertiliser company, Sasol Fertilisers Secunda Albie de Waal, once of Triomf, is MD, and Dr At Stander, MD of Sasols 2 and 3 and a director of Sasol Technology, is bound to be another appointment Andre du Toit, ex-MD of Omnia, is tipped for the chairman's slot

PLANT CONSTRUCTION

Going local

183

FM 27/11/83

Pressure for more "local content" of br
power in the design of chemical plants pr
ably forced Germany's chemical plant c
struction giant, Hoechst, to establish a lo
company this week

Hoechst's wholly-owned chemical pl
design and construction company Uhde,
a 51% stake in the new company of the sa
name Local mining supply company Del

A sick man's demo over 'discrimination'

ARGUS 1/12/81 123

A FORMER bulk lorry driver suffering from respiratory infection today took his seven-year feud with a petroleum company to the streets and staged a one-man placard demonstration outside BP Centre

Mr Jacobus Vos, 32, of Mitchell's Plain, accused the company of 'practical discrimination' and rejected its claims that it was 'an equal opportunity company.'

SUFFERING

He carried placards reading 'Due to practical discrimination in BP I lost my health'; 'If I were a so called white, this would not happen to me Please explain equal opportunity My children suffer', and 'I am a victim of discrimination — Ek is die prooi van diskriminasie'

Mr Vos, accompanied by his four-year-old daughter Leandré, said that in 1974 he was driving a BP bulk lorry from Grabouw to Cape Town when, near Somerset West, the manifold gasket blew and something went wrong with the extractor pump

Gases and a dense, black powder were emitted into the cabin and when I reached the BP depot in Cape Town I had breathed in a lot of this without noticing,' Mr Vos said

'I immediately began suffering from respiratory infection and regularly fell ill as a result'

His first complaint against the company was that they 'took no notice' when he complained, he alleged

His own doctor regularly booked him off because of his illness, but the company told him to 'get away' from his own doctor and to see a company doctor

MAKING TEA

At the depot he was threatened with the sack several times, he said, and a great deal of correspondence passed to and fro about his problems

The long drawn out process in which he had found himself involved private specialists and repeated attempts by him to focus the company's attention on his plight, but it had no effect

'Finally they offered me a job at head office and when I got here I saw I had to help with the tea

'I have seen many white drivers who suffered disabling injuries at the depots and they were given good clerical work right there Why must I come and make tea'

Mr Vos has now been placed on medical retirement and receives about R425 a month in pension

But he says 'Had I continued in my work I would now have earned R250 a month more — as well as about R200 in overtime'

He has three other children, aged one, eight and 11

Mr Vos said the object of his demonstration today was to make the public aware of real practices inside a company that publically subscribed to enlightened employment policies and to draw attention to his plight

In an envelope he had the documents concerning his problem

Mr M J Schonegevel, general manager (group services) of BP, denied in a statement today that the company had discriminated against Mr Vos

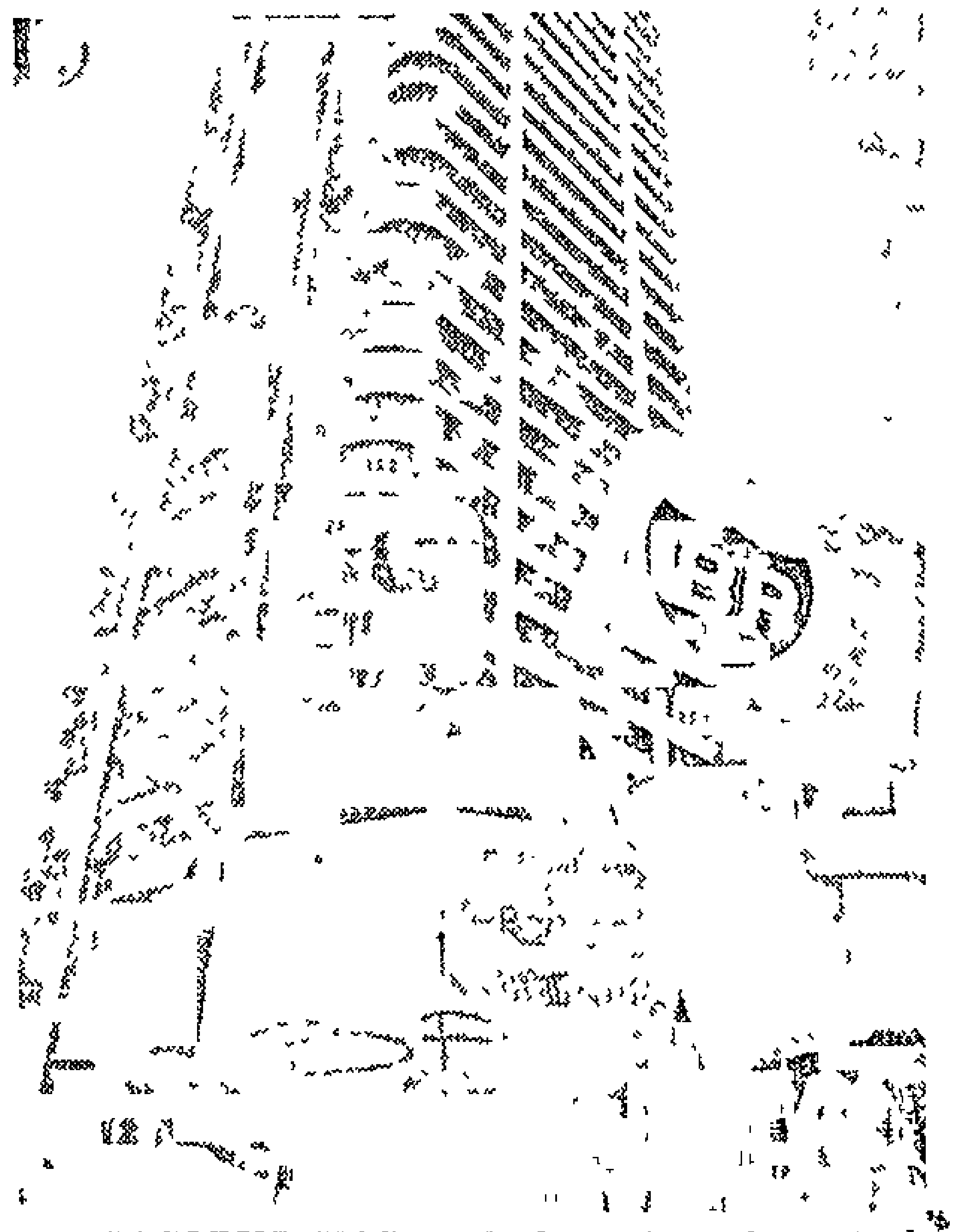
SYMPATHETIC

Mr Vos's case was handled sympathetically and in the same manner as any similar case would have been,' the statement said

'Mr Vos was given the opportunity to see specialists at the company's expense in an attempt to help cure any illness Eventually, he was given various options regarding alternative employment within the company, which did not confine him to the option of working as a tea-kitchen attendant

'He elected to take retirement on medical grounds

'We reaffirm our business practice and philosophy of non discrimination and equal opportunity among our employees We believe we have a history of honesty and integrity in dealing with all our employees'



MR JACOBUS VOS with his placards outside BP Centre today

ARGUS 2/12/81 83

Protester 'treated fairly', says BP

MR JACOBUS VOS, who yesterday claimed he was a victim of discrimination by his employers, BP Southern Africa, had in fact been treated 'sympathetically and fairly'

After Mr Vos made the matter public yesterday, the company broke normal policy regarding confidentiality of personnel matters and made voluminous correspondence between the company and Mr Vos available to The Argus

Mr Vos staged a one-man placard demonstration yesterday alleging that the company had discriminated against him after he becmae ill

In 1974, while driving a bulk delivery lorry to Cape Town from Grabouw, the manifold gasket blew and poisonous gas was emitted into the cabin

He breathed in a dense black powder for more than an hour, he said, and thereafter suffered from respiratory infection

Correspondence between Mr Vos and BP available to The Argus yesterday showed that

● The company paid all medical expenses Mr Vos incurred because of his condition, instead of the usual percentage of the costs

Mr Vos was offered a job as a packed lorry driver which would have been less strenuous Mr Vos accepted the offer but did not report at the depot

● The company offered him the chance to take on positions as storeman, librarian, services assistant, mail delivery driver or an administrative position

● Mr Vos suffered no loss of pay as a result of the incident He received the same salary as bulk lorry drivers plus overtime pay in lieu of lost hours

● The company later again offered him a position as mail delivery driver and gave him an option to retire on an ill-health ex gratia pension of R350 a month, plus a life insurance policy of R12 870 and also offered to continue paying his medical expenses

Mr Vos accepted the pension offer in October last year

After the demonstration yesterday B P Southern Africa denied it had discriminated against Mr Vos

A statement issued by the general manager group services, Mr M J Schonegevel said the company did not discriminate in its personnel policies

'Mr Vos's case was handled sympathetically and in the same manner as any other similar case would have been,' the statement said

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CAPE TIMES 2/12/81

50 stop work in pay dispute

Staff Reporter

ABOUT 50 British Petroleum workers who downed tools yesterday morning because of wage grievances and working conditions, returned to work soon after lunch time

The employees were mainly drivers depot hands and lorry guards at BP's packed products warehouse in Milnerton and at the marine lubricants warehouse in Table Bay harbour

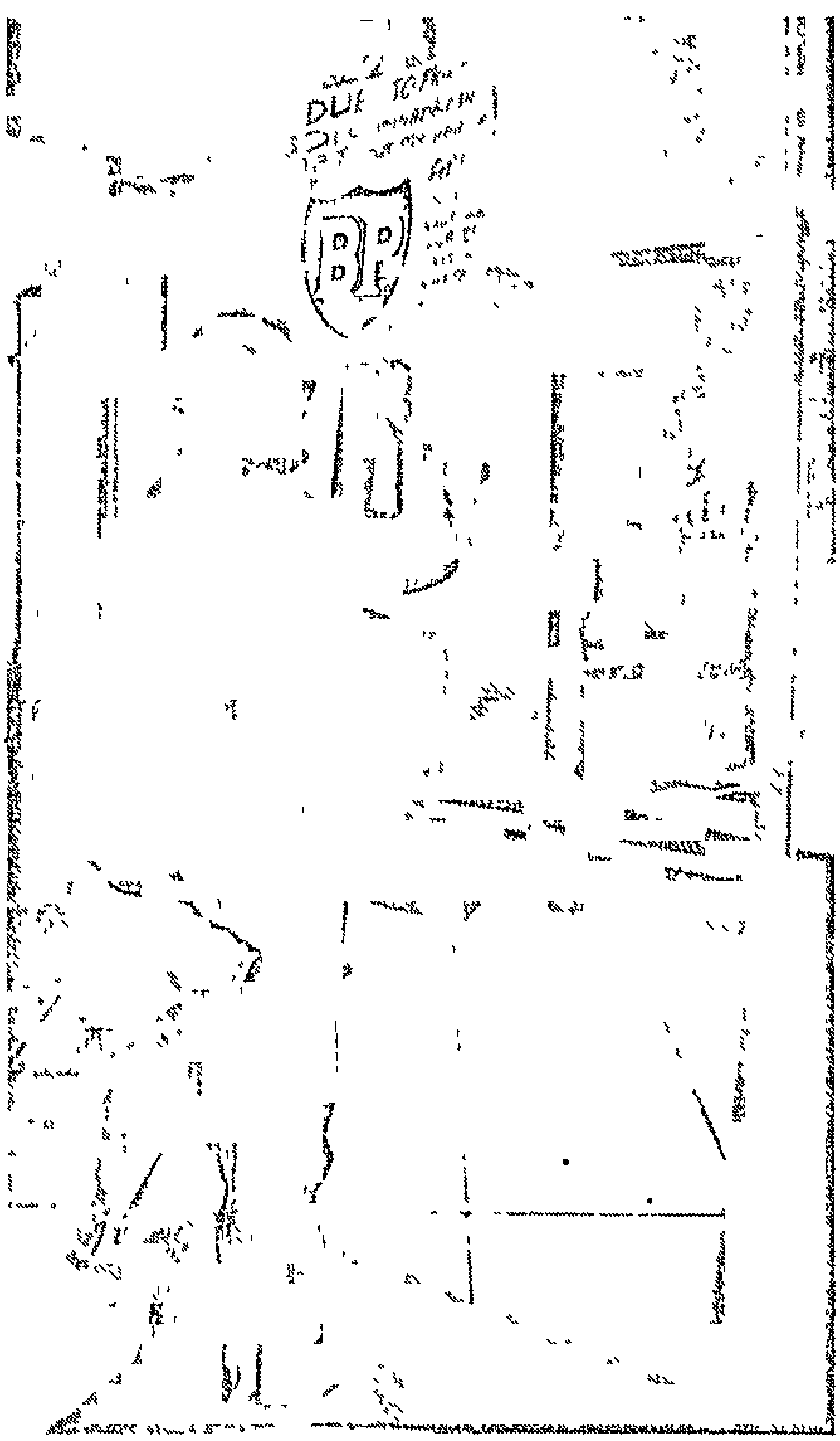
A workers' spokesman said they had recently approached management for wage increases but these were refused

"We work very hard Food prices are going up and we can't cope anymore

Two senior company executives later visited the Milnerton depot and asked the workers to elect 10 representatives to discuss the issue They refused demanding to be addressed collectively

STUDY METHOD

PLANNING AND TIME A



Hugged by his five-year-old daughter Leandre, Mr Jacobus Vos yesterday staged a one-man placard demonstration outside the BP Centre to protest against 'practical discrimination" by the company

CAPE TIMES 2/12/81

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Father, daughter in lone City demo

Staff Reporter

A MITCHELLS PLAIN father of four, who contracted a respiratory ailment while driving a faulty petrol tanker, yesterday staged a placard demonstration outside the BP Centre to highlight his plight and draw attention to the company's 'practical discrimination"

Accompanied by his five-year-old daughter, Leandre, Mr Jacobus Vos, 32 stood outside BP's headquarters yesterday with a placard which read 'I am a victim of discrimination Due to practical discrimination, I have lost my health'

He became ill in 1974 when his truck blew an exhaust manifold gasket while driving from Grabouw to Cape Town The truck's extractor fan malfunctioned and Mr Vos breathed in gases which were emitted into the cab. He started suffering from a respiratory infection and became ill regularly after that

Mr Vos said BP "took no notice' when he became ill and insisted that he visit a company doctor He claimed that he was threatened with dismissal several times although he had tried to draw the company's attention to his illness

The company later offered him a job at BP Centre but when he discovered that he had to help make tea he refused the job and was later placed on medical retirement with a pension of about R425 a month

Mr Vos said yesterday BP claimed to be an 'equal opportunity company' with enlightened employment practices but this had not been his experience.

Mr M J Schonegevel BP's general manager (group services) for Southern Africa yesterday denied that the company discriminated in its personnel policies and said Mr Vos's case had been treated "sympathetically

He said in a statement that Mr Vos had been given the opportunity of visiting specialists at the company's expense

"Eventually he was given various options regarding alternative employment in the company which did not confine him to working as a tea-/kitchen attendant. He elected to take retirement on medical grounds," Mr Schonegevel said

He said BP re-affirmed its "business practice and philosophy of non-discrimination and equal opportunity among our employees"

Demo: Man turned down jobs

C. Times 3/12/81

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Staff Reporter

THE feud between a major petroleum company and a former employee who claims he was discriminated against, went a step further yesterday with BP Southern Africa making correspondence between the the man and the company available to the Cape Times

Mr Jacobus Vos, 32, a former bulk lorry driver, has accused the company of "practical discrimination , and has been demonstrating outside their Foreshore offices for the past two days

He says he caught a respiratory infection after the BP truck he was driving leaked poisonous gases and dense black powder into the cabin

Correspondence showed that following a doctor's report — which confirmed that Mr Vos was suffering from a lung disease — the company had offered him alternative posts at his current salary

They also agreed to pay all medical costs incurred by Mr Vos because of the illness

Mr Vos was later offered a job as a packed lorry driver under more favourable conditions He accepted the post but did not report for the job

He took on a post of services assistant at BP's head office, but left because he said he had to help make tea

The general manager (group services) of BP Southern Africa, Mr M J Schonegevel, yesterday denied that Mr Vos was given this task "Because of his health condition he would not have been in contact with food," he said

The company then offered him a post as a mail delivery driver, and gave him the option of retiring on an ill-health pension Mr Vos accepted the R389 monthly pension, plus payments for leave pay, overtime, and a disturbance allowance

Mr Vos, whose pension is now R125, resumed his demonstration outside the BP centre yesterday

● Mr Schonegevel said Tuesday's work stoppage by 50 workers at the BP Southern Africa Cape Town terminal and docks had not been connected to the demonstration by Mr Vos

"The stoppage was related to pay levels Following discussion with management the employees returned to work on Tuesday afternoon," he said

A worker spokesman said no pay agreement had been reached, and they would be holding further meetings to discuss the issue

PLASCON-EVANS

Good value

(183)

FM 4/12/81

Activities: *Manufactures, distributes and retails a wide range of paints and specialised coatings Subsidiaries manufacture inks Barlow Rand holds 80% of the equity*

Chairman: *S Rudner, managing director J O Dixon*

Capital structure. *27 3m ordinaries of 10c 200 000 5,5% cum prefs of R2, 100 000 6% 2nd cum prefs of R2 Market capitalisation R75,1m*

Financial *Year to September 30 1981 Borrowings net short-term, R6,7m Debt equity ratio 19 6% Current ratio 1,7 Group cash flow R17,5m*

Share market: *Price 275c (1980-81 high, 360c, low, 220c, trading volume last quarter, 211 000 shares) Yields 20,3% on earnings, 9,1% on dividend Cover 2,2 PE ratio 4,9*

Plevans could turn in slightly slower dividend growth in the current year as the market cools down but at 275c the share is be below this time last year and offers good income value

Chairman Sol Rudner says there are already some signs of a slight downturn in the consumer paint market but he adds that the industrial market is still busy These two sectors contribute roughly equal amounts to profit

One of the effects of the slowdown, according to Rudner, could be a further trimming of operating margins which last year eased from 13,1% to 12,7% in part because of the deconsolidation of the Zimbabwe operation The lower profitability, however will be offset by higher turnover and Rudner expects the group to achieve earnings growth in real terms

This year should see a few new project come on stream, including the emulsio resin plant at Luipaarsdvlei and buildin enlargements at Chamdor Inmont the in manufacturing subsidiary, appears to b trading well and is expanding in the Re market through a new plant in Alberton du to be finished by mid-1982 Further exter sions are also being made in the automotiv paint plant in Port Elizabeth

The expansion will cost up to R4m th year, with the Alberton plant needing further R3m in financial 1983 Though th company's gearing is low and its extern financing capability is strong Rudner sa the programme will be funded internall Last year cash flow was R17,5m (R9,1m)

Gearing was reduced in part by the elim nation of a R231 000 long-term debt, thou

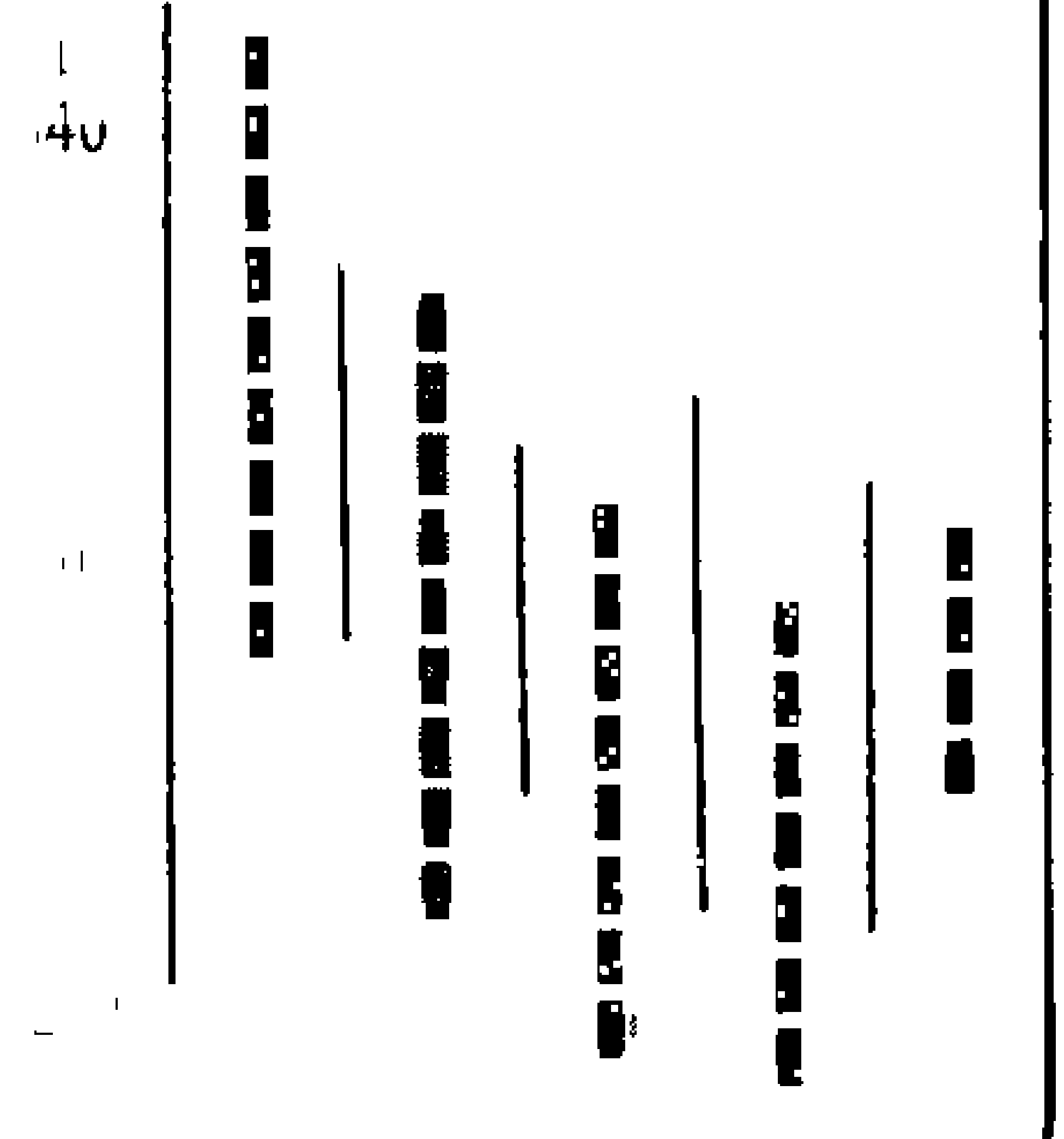
short-term debt was barely changed Elsewhere, the balance sheet looks sound, with stocks rising right in line with sales, a current ratio of 1,7 and interest and leasing charges barely scratching the surface of pre-tax profit

Plevan's performance over the past year could be seen as sluggish, given the strength of the housing and infrastructural markets, and it is perhaps for this reason that the share yields an historic 9,1% Of course, being held 80% by Barlow, there is little opportunity for the man in the street to get his hands on the shares, but there is good long-term income potential if he does

This year, given the expected slowdown, dividends should reach 30c (25c) for a prospective dividend yield of 10,9% and a forward-looking PE of only 4,1 The share is a good buy if it becomes available *Scott Hawker*

PLASCON-EVANS

Turning up



	78	79	80	81
Return on cap (%)	31,0	39,0	36,7	36,3
Turnover (Rm)	100,5	131,7	156,6	179,5
Pre tax profit (Rm)	11,1	17,0	20,8	25,0
Gross margin (%)	11,7	13,1	13,1	12,7
Earnings (c)	23,6	33,4	46,9	55,8
Dividends (c)	12	15	20	25
Net asset value (c)	115	147	174	201

DATES TO REMEMBER

Last day to register for dividends

Friday December 11 Bonuskor 6c Lucem 7,5c, Marlin 8c Placor 15 5c, Plate Glass 42c, Sterns 10c, Stew Ll 22 5c Un Steel 9c

Monday December 7 Masonite, Std Wool (Natal)

Tuesday December 8 Contex (Durban) Fr Alex (S) Marlin (S), Nat Cons (Durban), Natal Canvas (Durban) SA Wool (Durban), Tex Mill (Bulawayo)

Wednesday December 9 Edworks (PE)

Thursday December 10 Access (S), Frascon, Frasers, Picprop (Cape Town), Wilbrik (Bulawayo)

Friday December 11 Anchusa (Cape Town), Press Sup (Cape Town)

All meetings are in Johannesburg unless otherwise stated

S = Special meeting

183 FM 4/12/81. 215

PLASTICS

Forcing free enterprise

The plastics industry is about to receive a dose of government's new-style free enterprise philosophy — and AECI and Sentrachem, the two giants which dominate it, are doing some nail biting

They may have to cut prices drastically if the Board of Trade and Industry (BTI) does not agree to the high import tariffs they have requested

Up to now they have been protected by import control But to promote competition and conform with the Gatt agreement, government is lifting import control and has asked manufacturers to apply for tariffs instead

To their embarrassment, AECI and Sentrachem must now convince the BTI that they cannot compete with imports unless they are protected by some of the highest tariffs applied for in recent times

They range from 45% on high density polythene and polypropylene imports, to 100% on PVC

The R230m Coalplex plant, jointly-owned by AECI and Sentrachem on a 60/40 basis, produces PVC via the capital and labour intensive coal route

US plants produce PVC from cheap, price-controlled natural gas, and the recession is forcing them to dump their product on world markets

AECI and Sentrachem had originally planned to build PVC plants at Richards Bay to run on feedstocks supplied by a large petroleum refinery nearby The entire project was cancelled after the oil crisis, and they started Coalplex instead They claim it has made minimal profits since coming on stream in 1978

Plastic bottles . . problems for the locals?

Some other plastics are made from ethylene produced by Sasol Manufacturers complain their product is made uncompetitive by Sasol's high ethylene prices

Government's treatment of Gencor's strategic truck gearbox project (*Business* September 11) suggests it no longer goes to any lengths to protect a local industry

Gencor invested on the understanding that it would get the protection it asked for and have a guaranteed monopoly It received only a fraction of the protection requested, and government has now indicated it may allow in a competitor

A BTI policy document declares that normally protection of not more than 25% on intermediate goods and 35% on final consumer goods "could possibly be justified"

Plastics are intermediate products and the lowest tariffs applied for are significantly higher than the level laid down for consumer goods

The Plastics Converters Association (PCA) is pressuring the BTI to limit the tariffs to 20% on all plastic lines

Converters say their industry would grow if they had cheaper plastic, and point to the fact that packaging giant Nampak has shown lack of confidence in the future of plastic by investing in a new glass bottle factory

Manufacturers retort that plastics usage in SA is high even by the standards of the developed world SA consumes 9 kg of plastic a year for every $1 000 gdp The figures for the EEC and the US are 8 kg and 10 kg If the requested protection is not given, they say, their R800m investment in plastic manufacturing plant could be in jeopardy

Even if high levels of protection are given, consumer prices of plastic products are not likely to rise

For import control has always kept out cheap plastics from abroad And the Department of Industries is investigating the accounts of plastics manufacturers to make sure they do not exploit their protected position

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The effectiveness of Care-Groups dealing mainly with the control of trachoma
can best be evaluated when determining at regular intervals the intensity
of the disease in small children. This is done at the beginning of every
school year, where the new intake is examined. We have found that there
... good correlation between the intensity indices of the

4/...

Personal and environmental hygiene is promoted by encouraging the use of
individual face cloths and water, digging of rubbish pits and the erection
of pit latrines. Repeat visits are made at intervals to check if instruc-
tions are follow
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3. <u>EFFECTIVENESS</u>

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Other evaluat
to the findings in these two settlements

The map shows that geographical distribu
size and their general rating by the mot
are kept waiting due to lack of motivato

From observations made over the last 2 y
general factors which influence the qual

Table

Both Chabane and Mbokota are very large
members. Both are under the same chief
Care-Group in Chabane is the only one wi
social elite of the village is big enoug
some key persons are interfering with th
collapse of this group.

Mbokota has started well, in spite of the handicaps mentioned
summer's heavy rains have forced the resettlement of a portion of the village
to a safer area. The whole community was disrupted by the events and Care-
Group activity came practically to a standstill.

Table

N. Mercury
5/12/81

185

AECI dismisses 600 workers after strike

Mercury Reporter

ABOUT 600 workers from the Umbogintwini plant of African Explosives and Chemicals Industries (AECI) were dismissed yesterday after a work stoppage in support of pension demands

The factory manager, Mr Donald Inggs, said that about 600 day-shift workers refused to start work yesterday morning

He said they had demanded that they be paid out their pension contributions without having to resign

'I do not really understand the reason for the workers' demands in the light of the scrapping of the pensions Bill,' he said

No penalty

'Besides this we have repeatedly told workers that, should the Bill come into operation, they would be able to resign without penalty in order to get their contributions'

Mr Inggs said they had told workers that if they did not return to work by 1 p m they would be dismissed

The workers did not return to work and late yesterday afternoon Mr Inggs said 'It looked as though the afternoon shift has also joined the work stoppage'

He said that should the night shift join in, the stoppage would involve all the workers at the plant — about 1 400

Mr Inggs said the plant had not closed down because of the stoppage and was still operating on a skeleton staff

A statement from the factory's personnel department said AECI 'will open a recruiting office on Monday' Former employees would be considered for re-employment

Yesterday's work stoppage had been completely spontaneous and no unions had been involved, a spokesman for the workers said

He said the reason for the pension demand was 'fear that the Government would still seize our pension money'

He said 'We have repeatedly approached management demanding repayment of our pension contributions, but received no response'

Therefore the workers had decided to down tools and would not work at all this weekend

The spokesman said workers would return on Monday 'to see what management had to say'

It has been a month since Natal industries have been hit by a work stoppage over pensions

'No

SAN TRIB
6/12/81

183

'Kaffir-dog resign or we will kill you'

CHILLING THREAT TO REEF TRADE UNIONIST

By DAVID NIDDRIE

A SINISTER racist group has threatened to murder a top Reef trade unionist unless he resigns his job.

It delivered its first chilling message three weeks ago — scrawled across the back of unionist Dusty Ngwane's clock-in card at the Colgate-Palmolive factory in Boksburg where he is employed

The messages — punctuated with racist slogans — were signed "A S.W S.A.", in apparent reference to "Action Save White South Africa", a Pretoria-based right-wing coalition.

ASWSA's founder, former defence force surgeon-general, Lieutenant General C Cockroft, has angrily denied any link to the death threats "and I'll boot out anyone from our organisation if they have"

As vice-president of the Chemical Industrial Workers' Union (CIWU), union branch chairman at Colgate and Colgate's shop stewards' committee chairman, Mr Ngwane first entered the spotlight in July with the launching of a nationwide boycott of all Colgate products in support of Colgate workers

The boycott was called off after three weeks — on the eve of a planned strike by black Colgate workers — when Colgate management agreed to negotiate wages and working conditions directly with the union under a recognition agreement.

On the night of Monday, November 16, when Mr Ngwane was clocking in to the toilet articles department at Colgate, he found scrawled across the back of his clock-in card, the words "Kaffir dog" The message was unsigned

He reported the matter to his superiors, but the next day workers entered the department to find two messages daubed on the walls Both read "Dusty is a kaffir dog"

On the third day, a CIWU spokesman told the Tribune, Mr Ngwane was about to clock in when he found a note stapled to his card and signed ASWSA for the first time.

"On Friday," the union spokesman said, "yet another message was found on the machine" This time the noxious note, again signed ASWSA read "Dusty, do not forget our promise Black dog we will meet soon We will watch you from tomorrow morning, because you don't do what you are told."

"Mr Ngwane then wrote to Colgate's managing director, Mr G W Nocker, about the threats," the spokesman said

After consultations between management and the shop stewards' committee Mr Ngwane informed the police of the threats

A police spokesman confirmed they were investigating the threats

Mr Ngwane was unwilling to talk to the Tribune, but the union spokesman said "he is not scared by threats"

And in Pretoria General Cockroft said "Action Save White South Africa is not militant and does nothing illegal. We are a co-ordinating committee for conservative white political organiations, parties and individuals We are concerned Christians

"If I find any of our members have been involved in anything like this, I'll have his head — or leave the organisation myself"

The organisation's founding committee is made up of delegates from most of the right wing parties in South Africa, including the Herstigte Nasionale Party, the Afrikaanse Weerstandbeweging, and even the National Party itself, of which General Cockroft is a card carrying member

Few can equal quality...

F.M. 11/12/81 ~~200~~ ~~217~~ 183

Chairman's Review

Phosphate development Corp. Ltd.

Historic Summary

The Corporation celebrates its thirtieth anniversary this year and it is therefore appropriate to review the development of the Corporation and the role it has played in South Africa s economy

Like all European countries, South Africa experienced a shortage of phosphate rock after the Second World War The position improved marginally during the late 40 s but with the outbreak of the Korean War in 1950 the supply position deteriorated, and the prospect for future supplies caused much concern

At that time Morocco was the main world wide distributor of phosphate rock, and South Africa was virtually entirely dependent on this source for its agricultural industry

In March 1951, Mr D J R van Wyk the then chief of the Chemical Services Division of the Department of Agriculture and Controller of Fertilizers, stressed the seriousness of the fertilizer situation and recommended that the mineral claims of Dr Hans Merensky at Phalaborwa be investigated as a first step in establishing a domestic phosphate industry

At the request of Dr Eric Louw, then Minister of Economic Affairs, Iscor acted as trustee for the proposed phosphate company, Iscor acquired 315 base mineral claims from Dr Hans Merensky, and 1 810 base mineral claims from the Palabora Phosphate and Vermiculite Company, On August 18, 1951 the Phosphate Development Corporation was registered as a Company with a share capital of R2 million granted by the State through the Industrial Development Corporation,

The early years required great perseverance and pioneering skills. A mine had to be established in an isolated and dry area of the bushveld where no infrastructure existed, and construction commenced in 1953 Each item of material and equipment had to be transported over impossible roads It took an entire day to journey to Pietersburg only 210 kilometres away! Water had to be pumped many kilometers from the Olifants River and the Corporation purchased a second hand electric power generating plant from Rhodesia to supply its own power

In spite of many problems and setbacks the establishment of Foskor continued and on August 27, 1955 the then Prime Minister, Adv J.G. Strijdom, officially commissioned the plant

The first commercial consignment of phosphate rock was despatched to African Explosives & Chemical Industries Ltd during October 1955

This was transported in lorries over dirt roads to Mica Station, 50 kilometres from Phalaborwa

The transportation of goods by road to and from Mica created a major cost burden and it was decided to negotiate with the S A Railways for the extension of a branch line from Hoedspruit, The Administration undertook to provide this branch line on condition that Foskor made good all operational losses to the S A Railways

The first train entered Phalaborwa Station on February 22, 1963

For several years the railway line operated at a loss, but traffic to and from Phalaborwa increased, especially when the Palabora Mining Company (PMC) started producing copper Today the annual gross income to the Railways on this line from traffic to and from Foskor alone, amounts to R35 million,

Due to the inhospitable region and the hot conditions, housing facilities received top priority from the beginning Temporary dwellings were initially erected on site, but the Corporation made an early start with the planning and development of the [illegible] of Phalaborwa The first house was completed in July 1954 The Corporation developed four town extensions before the local authority undertook this responsibility

Today Phalaborwa with 14 000 inhabitants is regarded as a model town

Initially fertilizer producers encountered problems with the processing of Foskor phosphate rock Credit is due to the scientists and technicians of Foskor who found a solution to the metallurgical problems related to the unique ore body Through perseverance in research the quality of the product was so improved that by 1957 it was totally acceptable Few producers in the world today can equal the quality of the phosphate rock produced by Foskor

Continued research led to the development of methods for the successful processing of pyroxenite as well as foskorite ores

Extensions to the original plant were then commenced On August 7, 1965 the enlarged plant was officially opened at a ceremony performed by the then State President, Mr C R Swart

In 1969 the Corporation realised its original object by supplying the entire requirements of phosphate rock for South Africa In 1970 another milestone was reached when production exceeded one million tons per annum

Thereafter larger expansion programmes were embarked upon, resulting in a current plant capacity of 3 5 million tons of phosphate rock per annum Approximately 50% of the total production is utilised in the local market, while the balance is used in the production of phosphoric acid for export purposes and for direct export

It gives me great pleasure to be able to relate the success story of Foskor I have personally been privileged to be associated with this great company for the last 20 years

I would like to take this opportunity of paying tribute to the three previous Chairmen of the Board

Dr Frans du Toit had the unenviable task of creating Foskor Even after Foskor was established he had to face much criticism Heavy financial losses were incurred for the first five years It was in these early years that Frans du Toit slowly but surely placed the Corporation on a firm footing It was with much pride that he was able to announce in his Chairman's Review for 1959 that for the first time after eight years of operation, the Corporation had a profit of R107 020

In 1961, Dr du Toit was succeeded by Dr Hendrik van Eck who was also intimately involved in the initial establishment of Foskor He knew how near South Africa came to food shortages during the Second World War, and appreciated how vital Foskor was to future agriculture in South Africa

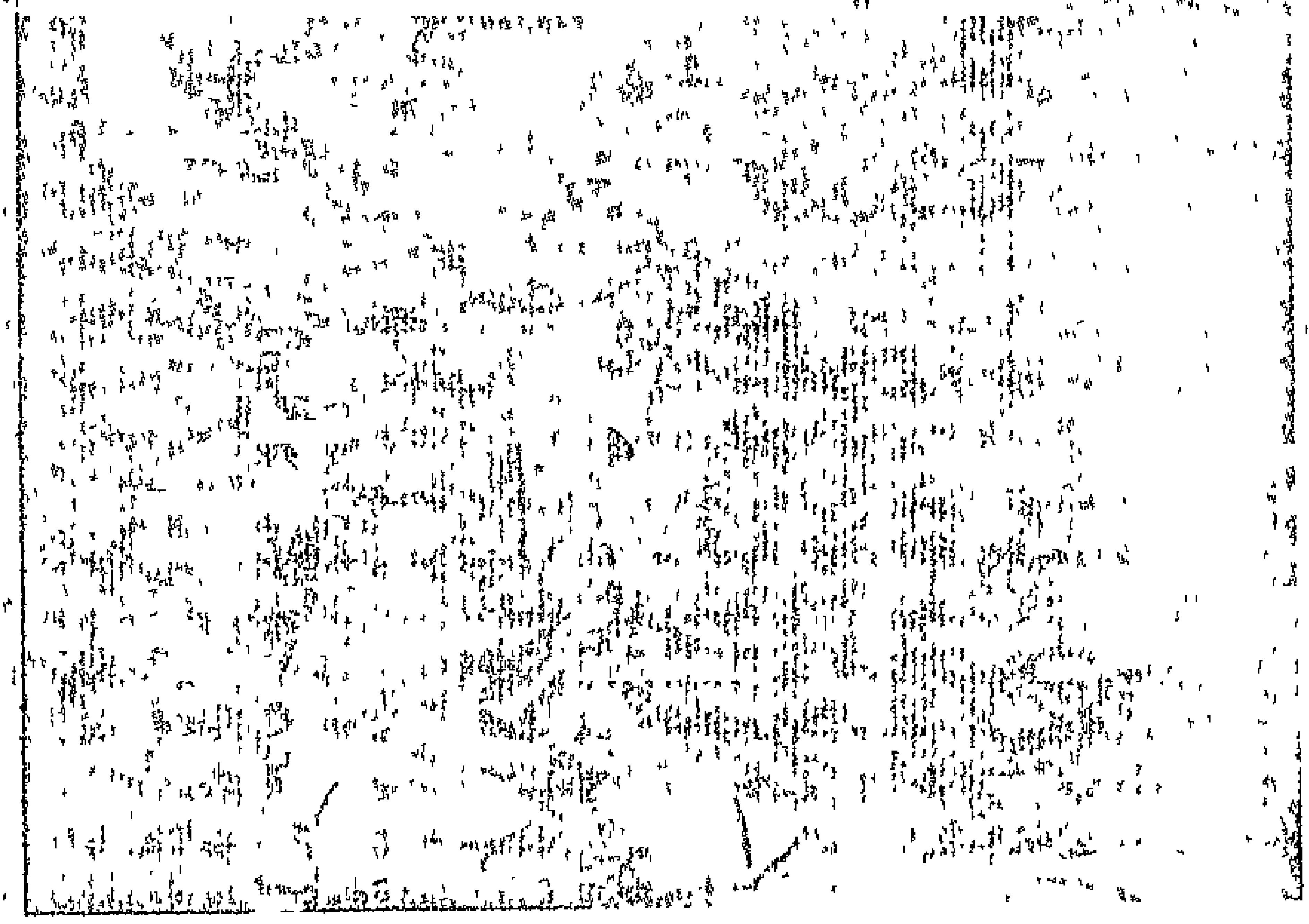
In 1970 Dr Etienne Rousseau became Chairman The same talents and efficiency with which he established SASOL were dedicated to Foskor, and in the short span of four years he helped to develop Foskor Regretfully, due to many other duties he relinquished his Chairmanship of Foskor, but he will always be remembered for his sterling contribution

I would like to pay especial tribute to former directors, and in particular those who helped in the early difficult years.

Their contribution to the success of Foskor should not be underestimated

To the present directors my sincere thanks for their loyalty, their knowledge and perception which has been fundamental to the development of Foskor I am sure that they too share pride in the achievements of this Corporation

I would now like to mention the employees of this Corporation who, irrespective of their position, are the real backbone of Foskor Many have served more than 25 years in the Company and to each and every one I wish to express the thanks and appreciation of the directors and myself


Dr J P Kearney

Price constant for third year

Domestic Phosphate Rock Sales
Phosphate rock is produced from ore obtained from three sources, i e pyroxenite mined by the Corporation, foskorite and pyroxenite mined by PMC and stockpiled under agreement on the Corporation s claim areas and also phosphate bearing tailings pumped in slurry form from PMC to the plant Over the past two financial years the contribution by the different sources to the total production was as follows

	1979/80	1980/81
Pyroxenite mined by the Corporation	4%	—
Foskorite ex PMC	39%	48%
Phosphate bearing tailings ex PMC	57%	52%
	100%	100%

The production of phosphate rock from the PMC tailings carries no cost in respect of mining, loading, crushing and milling whilst materials from the other two sources do carry these costs. For the year under review production cost in respect of foskorite ore, for instance, was 108% higher than that for the PMC tailings, which product is reserved for the domestic market

The tempo of production of phosphate rock from PMC tailings is determined by the amount of tailings available, the phosphate content thereof and the mineralogical composition of the tailings These factors are related to PMC s mining programme which is adjusted according to their copper production, and therefore not within the control of the Corporation Notwithstanding the unpredictability of this situation the PMC tailings remain an advantageous source of raw material

It remains the policy of the Corporation to utilise the cheapest source of raw material for the domestic market, *thus keeping the domestic price as low and stable as possible*

Production tonnage from PMC tailings was 16% lower for the past year compared with the previous year, as both the tonnage of tailings received and the phosphate content were substantially lower This factor, together with an increase of 14 6% in domestic sales resulted in the domestic demand exceeding the PMC tailings production by 11%. A more expensive source of raw material had to be utilised therefore, with a resultant increase in production costs, and the net income on phosphate rock sales for domestic use decreased by 24%

Due to good results achieved in the previous year an amount of R2 million had been placed in reserve for production cost stabilisation in order to make provision for future possible adverse conditions Thus *the controlled price for phosphate rock in the domestic market remained constant for the third consecutive year* and in view of general price escalation this is indeed an achievement! In fact in real terms there has been a decrease in price

Export Market
The net income from phosphate rock sold for conversion in the phosphoric acid market has decreased appreciably compared to the previous financial year This decrease was the result of an over-supply of phosphoric acid on the world market which affected South African exporters of phosphoric acid This situation was mainly due to the collapse of the Brazilian market, and export restrictions to Russia imposed by the previous administration in the USA Approximately 68% of previous South African exports were sold in Brazil

The decrease in phosphate rock from Foskor used in phosphoric acid exports amounted to 424 000 tons, or 28% less than the previous year and 799 000 tons or 43% less than the forecast provided by the consumers at the beginning of the year for 1980/81

In an effort to assist the phosphoric acid exporters Triomf and Fedmis the rock sold to them by Foskor was based on a price covering Foskor production costs only For the year 1981 a loss is expected to result as neither Fedmis nor Triomf has been able to process the estimated tonnage of rock Unfortunately Fedmis increased the capacity of its phosphoric acid plant by 50% and these extensions were completed during November 1980

The latest predictions for phosphoric acid exports show no improvement within the foreseeable future

It is of the utmost importance that the Corporation controls its exposure to such a volatile market and to meet this situation the Corporation is at present actively involved in the creation of an export market for surplus phosphate rock This will not in any way compete with phosphoric acid in the export market as the phosphate rock will replace the high quality Kola rock marketed by Russia in Europe which is expensive and erratic in supply

Apart from Russia the Corporation is the only producer in the world able to offer volcanic apatite phosphate rock Because of its low organic matter content the Foskor rock is especially suitable for the manufacture of speciality phosphates and for nitro phosphate fertilizer a product made mainly in Europe and Japan

The Corporation intends to reserve 250 000 tons of phosphate rock per annum for the development of the export market This can be achieved without prejudicing present commitments to the domestic market or the phosphoric acid exporters

By-products
The production of copper and baddeleyite from foskorite ore is incidental and varies appreciably from year to year In production planning only the phosphate content is considered and the copper and baddeleyite content is secondary For example, the copper content of the ore over the past two financial years amounted to 0 25% and 0,19% respectively The net income derived from copper production compared with the previous year showed a decline of 51% of which 70% is attributable to the lower copper content of the ore, and 30% to the decrease in the average copper price based on the London Metal Exchange

Better prices were obtained for baddeleyite concentrate although production results are subject to the same fluctuations

It remains the policy of the Corporation to utilise the income derived from copper and baddeleyite sales expressly for the expansion of phosphate rock production for the advantage of the domestic market

Productivity
The table below illustrates the degree to which price increases were effectively controlled as reflected in the unit cost of phosphate rock produced over the past five years

	Contribution to total costs	Actual price increase	Effective cost increase (decreases) as reflected in the cost of phosphate rock
Salaries and wages	24%	47%	12%
Reagents	23%	19%	17%
Maintenance costs	13%	66%	38%
Rods	5%	198%	18%
Power	9%	69%	25%
Fuel	4%	194%	33%
Water	1%	12%	(26%)
Coal	1%	63%	(12%)
Incoming grit	1%	49%	(42%)

During this period of five years the actual selling price of phosphate rock for domestic use increased by only 22%, and in real terms it has in fact decreased by 26%, a remarkable achievement This is attributable to the fact that the Corporation has curtailed cost increases by means of increased productivity loss control and continued research for more efficient production methods (Refer to graph)

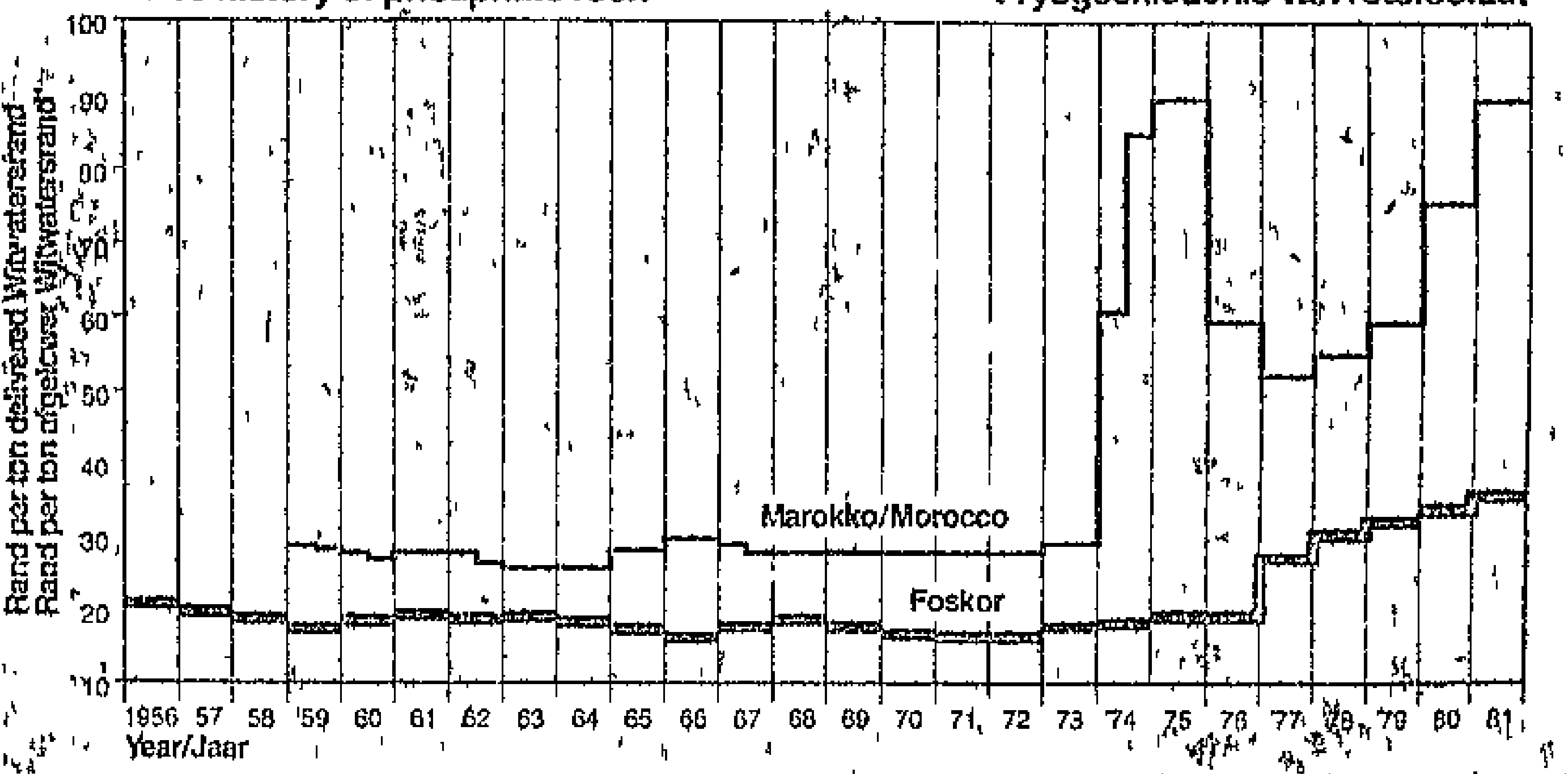
Furthermore, a mobile gyratory crusher with a capacity of 2 700 tons per hour, eliminating the use of haul trucks, has recently been brought into operation. The use of this crusher, with a height equal to a six storey building and a mass of approximately 900 tons, offers important advantages Not only will a saving on further capital equipment be possible, but an appreciable saving in diesel fuel and mining costs will also result.

A new beneficiation process for pyroxenite ore, the Corporation s largest source of ore, is presently being developed. This process will eliminate the use of water, chemical reagents and energy for drying, resulting in appreciable cost benefits Various overseas patents have been registered and a large scale pilot plant will come into operation towards the end of the year

A new agreement with PMC was dealt with in the previous annual report This ensures that the Corporation will participate in the expansion of the PMC mine, whereby the supply of phosphate enriched tailings will be extended by five years Advantages will also result from the lower mining costs in respect of foskorite and pyroxenite ores due to greater tonnages of ore being mined by PMC The Corporation is also investigating a trolley system whereby tractive power for haul trucks will partially be converted from diesel to electrical power

The Corporation received the National Institute for Productivity s highest award for 1980, for exceptional achievement in the increase of productivity

Price history of phosphate rock **Prysgeskiedenis van rotsfosfaat**



*Higher rail tariffs increased delivered prices during 1980 and 1981 *The price free on rail Phalaborwa has remained constant since 1979

ial Mail December 11 1981

New process developed

Financial

Because of factors outlined in the previous paragraphs the consolidated net income after tax decreased from R24 1 million in the previous year to R13,7 million for the year under review

In order to comply with the requirements for price determination purposes, an amount of R633 000 in respect of the 1979/80 financial year and R913 000 in respect of the 1980/81 financial year has been transferred from net income to a reserve for the replacement of machinery and equipment Financing of plant extensions resulted in loans during the year under review increasing by R19 million

Production and Sales

Production and sales in respect of the various products were as follows

	1979/80	1980/81	Increase (Decrease)
	Ton	Ton	%
(a) Phosphate rock			
Ore processed	19 103 000	18 141 000	(5)
Production	3 259 000	2 992 000	(8)
Sales			
Domestic use	1 509 000	1 729 000	15
Export purposes	1 494 000	1 070 000	(28)
Total	3 003 000	2 799 000	(7)
(b) Copper			
Production	13 948	8 319	(40)
Sales	13 885	8 763	(37)
(c) Baddeleyite			
Production	6 071	5 530	(9)
Sales	5 483	5 053	(8)

Research and development

As a result of successful research during the past year, 50% of the imported flotation reagent, acacia gum, was replaced by locally obtained guar gum Relatively few reagents are now being imported, and research for local substitutes is continuing.

A new process for the beneficiation of phosphate from fine PMC tailings has been developed on pilot plant scale, with good results A feasibility study for the production of 500 000 tons of phosphate rock from this source has been completed and as soon as negotiations with PMC reach finality, the erection of a production plant will be planned

In accordance with an agreement entered into last year with PMC large tonnages of ore from the pyroxenite/foskorite contact zone will be placed at the Corporation s disposal This ore does not react favourably to the present flotation processes and an extensive research project has been launched to develop new metallurgical processes

Projects

The contractors concerned with a rationalisation programme of R23 million encountered serious problems in fulfilling their obligations in the specified time due to the acute shortage of supervisory personnel and trained workers This delayed completion of the projects for six months

Housing

A programme for providing housing for black employees was satisfactorily maintained in Namakgale in the neighbouring state of Lebowa and all employees have now been resettled there Approximately R1 5 million per annum has been spent on the project over the past three years A project involving a further R1 2 million for housing of black single employees is presently being undertaken

A building programme in Phalaborwa for the erection of 73 houses for white employees has been completed, bringing the total number of houses for employees at Phalaborwa to 606 A further 29 houses are presently being erected

Safety achievements

The Corporation maintained its leading position in the field of industrial safety during the past year by winning three awards from the National Occupational Safety Association

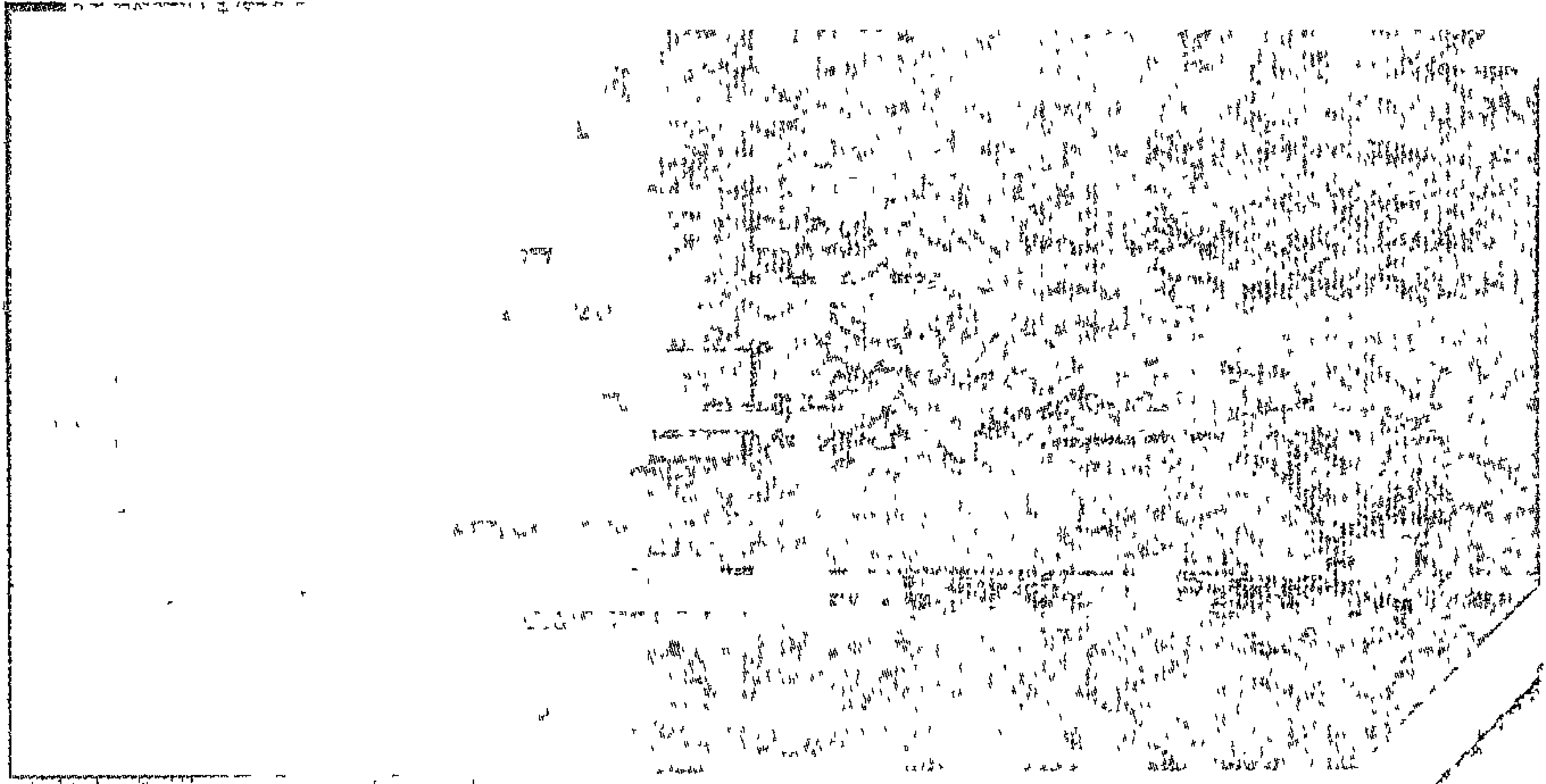
Through the continued efforts of our employees, the Corporation was presented with

— The highest award, i e the Noscar, for the 8th year in succession,

— a special award as runner-up of the Terry Trophy for 6 980 802 man-hours worked without a disabling injury and

— a special award as runner-up of the Terry Trophy for the best performance improvement

I would like to congratulate the personnel on these achievements, and express a special word of appreciation to the National Occupational Safety Association and the Government Mining Engineer and his personnel for their special contribution to these results



The mobile gyratory crusher which was commissioned in 1981

Contributions by other organisations

I would like to express my thanks and appreciation to the undermentioned organisations

— the South African Railways for the exceptional co-operation of its officials;

— the Phalaborwa Water Board,

— Palabora Mining Company for its excellent co-operation during the year,

— the Electricity Supply Commission for its efforts to maintain its power supplies under sometimes difficult conditions

Directors

Messrs J J Kitshoff and J A J Pickard retired as directors of the Corporation on 31 October 1980 and 13 August 1981 respectively and I would like to take this opportunity of expressing my sincere thanks and appreciation for the service rendered by them I would like to welcome Mr P F Theron who was appointed with effect from 1 November 1980

General

On behalf of the Board of Directors, I wish to express a special word of thanks to the Managing Director, Mr T G J Pistorius and to the management and personnel for their excellent efforts and loyal service during the year under review

Sv Julie lyst see Sg 7978

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No R 2843 31 Desember 1981

PRYSBEHEER

MAKSIMUM PRYSE VAN KUNSMIS

Ek, Elias George de Beer, Pryskontroleur, bepaal hierby, ingevolge artikel 4 van die Wet op Prysbeheer 1964 (Wet 25 van 1964), met ingang van 1 Januarie 1982 soos volg

1 Ten opsigte van kunsmis en kunsmismengsels—

(1) waar die totale hoeveelheid wat verkoop word, 500 kg of meer is, is die maksimum pryse die prys per 1 000 kg wat in die Bylaes hiervan aangegee word,

(2) waar die hoeveelheid wat verkoop word, minder as 500 kg maar nie minder as 50 kg is nie, staan die maksimum pryse in verhouding tot die pryse per 1 000 kg wat in die Bylaes hiervan aangegee word, plus 'n bedrag bereken teen 'n tarief van hoogstens R1,10 per 1 000 kg,

(3) (a) waar aankope op kontantvoorwaardes regstreeks van kunsmisvervaardigers gemaak word vir versending vanuit die kunsmisfabrieke gedurende die ondergenoemde maande, is die maksimum pryse dié in subregulasie (1) of subregulasie (2) (nl dié wat van toepassing is) min die volgende korting, mits bestellings vir sodanige aflewerings nie later nie as die eerste dag van die betrokke maande geplaas en deur die kunsmisvervaardigers vir versending voor die einde van daardie maand aanvaar is

Maand waarin versend	Korting op maksimum pryse		
	Sentrale gebied	Suidelike gebied	Oostelike gebied
	%	%	%
Januarie	10,50	6,00	—
Februarie	9,50	4,50	—
Maart	8,50	—	—
April	7,50	—	7,50
Mei	6,50	—	6,50
Junie	4,50	—	4,50
Julie	3,00	—	3,00

(b) waar aankope op kredietvoorwaardes deur koöperatiewe verenigings gemaak word vir versending na die Sentrale Gebied vanuit die kunsmisfabriek gedurende die ondergenoemde maande is die maksimum pryse dié in subregulasie (1) of subregulasie (2) (nl dié wat van toepassing is) min die volgende korting, mits betaling vir sodanige aankope nie later as 25 Julie 1982 geskied nie

Maand waarin versend	*Korting op maksimum pryse*
	%
Januarie	3,50
Februarie	3,00
Maart	2,50
April	2,00

(c) *Sentrale Gebied* is die hele Republiek uitgesonderd die Suidelike en Oostelike Gebiede,

Suidelike Gebied is die gebied suid van en insluitend die landdrosdistrikte Namakwaland (Springbok), Calvinia, Williston, Carnarvon, Victoria-Wes, Richmond, De Aar, Philipstown, Hanover, Noupoort, Middelburg, Maraisburg (Hofmeyr), Cradock, Bedford, Adelaide, Fort Beaufort, Stockenstroom (Seymour), Albany en Bathurst,

Oostelike Gebied is die provinsie Natal asook daardie gedeelte van die landdrosdistrik Piet Retief wat as die Pongolabesproeiingskema bekend staan maar uitgesonderd die landdrosdistrikte Paulpietersburg, Vryheid, Utrecht, Newcastle, Dannhauser, Glencoe, Dundee, Kliprivier, Bergville, Estcourt, Weenen, Umvoti en Kranskop;

No R 2843 31 December 1981

PRICE CONTROL

MAXIMUM PRICES OF FERTILIZER

I, Elias George de Beer, Price Controller, do hereby prescribe in terms of section 4 of the Price Control Act, 1964 (Act 25 of 1964), with effect from 1 January 1982 as follows

1 In respect of fertilizers and fertilizer mixtures—

(1) where the total quantity sold is 500 kg or more the maximum prices are the prices per 1 000 kg specified in the Schedules hereto,

(2) where the quantity sold is less than 500 kg but not less than 50 kg the maximum prices are proportionate to the prices per 1 000 kg specified in the Schedules hereto plus an amount calculated at a rate not exceeding R1,10 per 1 000 kg,

(3) (a) where purchases on cash terms are made direct from fertilizer manufacturers for dispatch ex factory during the undermentioned months, the maximum prices are those specified in subregulation (1) or subregulation (2) (whichever may be applicable) less the following rebates, provided that orders for such deliveries are placed not later than the first day of the month concerned and are accepted by the fertilizer manufacturers for dispatch before the end of that month

Month in which dispatched	Rebate of maximum prices		
	Central area	Southern area	Eastern area
	%	%	%
January	10,50	6,00	—
February	9,50	4,50	—
March	8,50	—	—
April	7,50	—	7,50
May	6,50	—	6,50
June	4,50	—	4,50
July	3,00	—	3,00

(b) where purchases on credit terms are made by co-operative societies for dispatch to the Central Area from fertilizer factories during the undermentioned months, the maximum prices are those specified in subregulation (1) or subregulation (2) (whichever may be applicable) less the following rebates, provided that payments for such sales are made not later than 25 July 1982

Month in which dispatched	*Rebate on maximum prices*
	%
January	3,50
February	3 00
March	2,50
April	2,00

(c) *Central Area* is the whole of the Republic excluding the Southern and Eastern Areas,

Southern Area is the area south of and including the Magisterial Districts of Namaqualand (Springbok), Calvinia, Williston, Carnarvon, Victoria West, Richmond, De Aar, Philipstown, Hanover, Noupoort, Middelburg, Maraisburg (Hofmeyr), Cradock, Bedford, Adelaide, Fort Beaufort, Stockenstroom (Seymore), Albany and Bathurst,

Eastern Area is the Province of Natal as well as that portion of the Piet Retief Magisterial District known as the Pongola Irrigation scheme but excluding the Magisterial Districts of Paulpietersburg, Vryheid, Utrecht, New Castle, Dannhauser, Glencoe, Dundee, Klip River, Bergville, Estcourt, Weenen, Umvoti and Kranskop, Maart 1963, soos gewysig by Goewermentskennisgewings R 1418 van 13 September 1963, R. 634 van 23 April 1971, R 1525 van 25 Augustus 1972, R. 521 van 5 April 1973, R. 348 van 8 Maart 1974, R. 512 van 1 April 1977, R. 2231 van 10 November 1978, R. 296 van 23 Februarie 1979, R 283 van 15 Februarie 1980, R. 2405 van 28 November 1980 en R. 1253 van 19 Junie 1981.

2. Paragraaf 61G van die Statuut word hierby gewysig deur die graad "Bacalaureus in Geneeskunde . . . B.M." te vervang deur die graad "Baccalaureus in Geneeskunde en Baccalaureus in Chirurgie . . . M.B , Ch.B.".

DEPARTEMENT VAN NYWERHEIDSWESE, HANDEL EN TOERISME

No. R. 2844 31 Desember 1981

WET OP DIE HANDHAWING EN BEVORDERING VAN MEDEDINGING, 1979

FARMASEUTIESE PRODUKTE

Ek, Dawid Jacobus de Villiers, Minister van Nywerheidswese, Handel en Toerisme, verklaar hierby kragtens artikel 14 (1) (c) van die Wet op die Handhawing en Bevordering van Mededinging, 1979 (Wet 96 van 1979), die beperkende praktyke in die Bylae hierby beskryf, onwettig en gelas die persone daarin vermeld om die stappe te doen soos uiteengesit.

D. J. DE VILLIERS, Minister van Nywerheidswese, Handel en Toerisme

BYLAE

1. In hierdie kennisgewing, tensy uit die samehang anders blyk, beteken—

"farmaseutiese produkte" medisyne soos omskryf in die Wet op die Beheer van Medisyne en Verwante Stowwe, 1965 (Wet 101 van 1965), en ook skoonheidsmiddels soos omskryf in die Wet op Voedingsmiddels, Skoonheidsmiddels en Ontsmettingsmiddels, 1972 (Wet 54 van 1972), in soverre die hantering en verskaffing van die gemelde medisyne en skoonheidsmiddels deel vorm van die normale besigheidsaktiwiteite van groothandel- en kleinhandelsaptekers.

2. Die beperkende praktyke wat hierby onwettig verklaar word, is enige ooreenkoms, reeling, verstandhouding, besigheidspraktyk of handelsmetode of enige handeling of toestand waardeur—

(a) vervaardigers van farmaseutiese produkte op enige wyse, regstreeks of onregstreeks, saamwerk ten einde eenvormige pryse of voorwaardes vir die verskaffing van farmaseutiese produkte aan enige tenderkoper, vas te stel;

(b) 'n kleinhandelsapteker verplig word om sy benodigdhede van farmaseutiese produkte vir herverkoop van 'n spesifieke groothandelsverskaffer van farmaseutiese produkte aan te koop, maar uitgesonderd in die geval van 'n groothandelsverskaffer wat finansiële bystand aan 'n kleinhandelsapteker verleen, in welke geval dié groothandelsverskaffer kan vereis dat die kleinhandelsapteker hoogstens 50 persent in waarde van die kleinhandelsapteker se benodigdhede van farmaseutiese produkte vir herverkoop van sodanige groothandelsverskaffer moet aankoop gedurende die tydperk waartydens die finansiële bystand verleen word;

(c) 'n vervaardiger of verskaffer van farmaseutiese produkte weier om sodanige produkte aan 'n groothandelsverskaffer van farmaseutiese produkte te verskaf op grond daarvan dat sodanige groothandelsverskaffer—

(i) nie sodanig deur enige vereniging van vervaardigers of distribueerders van farmaseutiese produkte erken word, nie; of

amended by Government Notices R 1418 of 13 September 1963, R 634 of 23 April 1971, R. 1525 of 25 August 1972, R. 521 of 5 April 1973, R. 348 of 8 March 1974, R 512 of 1 April 1977, R 2231 of 10 November 1978, R 296 of 23 February 1979, R. 283 of 15 February 1980, R 2405 of 28 November 1980 and R 1253 of 19 June 1981

2. Paragraph 61G of the Statute is hereby amended by the substitution for the degree "Bachelor of Medicine B M " of the degree "Bachelor of Medicine and Bachelor of Surgery . . . M.B , Ch.B."

DEPARTMENT OF INDUSTRIES, COMMERCE AND TOURISM

No. R. 2844 183 31 December 198

MAINTENANCE AND PROMOTION OF COMPETITION ACT, 1979

PHARMACEUTICAL PRODUCTS

I, Dawid Jacobus de Villiers, Minister of Indus Commerce and Tourism, in terms of section 14 (1) (c) of Maintenance and Promotion of Competition Act, 1979 (A 96 of 1979), hereby declare the restrictive practi described in the Schedule hereto to be unlawful and re the persons therein mentioned to take the action set o

D. J DE VILLIERS, Minister of Industries, Commerce a Tourism.

SCHEDULE

In this notice, unless the context otherwise ind

"pharmaceutical products" means medicines as d in the Medicines and Related Substances Control Act, (Act 101 of 1965), and furthermore means cosme defined in the Foodstuffs, Cosmetics and Disinfe 1972 (Act 54 of 1972), in so far as the handling and of the said medicines and cosmetics form part of the business activities of wholesale and retail pharmacists

2. The restrictive practices which are hereby d be unlawful are any agreement, arrangement, under ing, business practice or method of trading or any situation whereby—

(a) manufacturers of pharmaceutical products way, directly or indirectly, co-operate in order to uniform prices or conditions for the supply of pharma tical products to any tender buyer;

(b) a retail pharmacist is obliged to p requirements of pharmaceutical products for re a particular wholesale supplier of pharmac ducts, except in the case of a wholesale supp renders financial assistance to a retail pharma which case the said wholesale supplier may re retail pharmacist to purchase not more than 50 value of the retail pharmacist's requirements o ceutical products for resale from such wholesa during the period in which such financial rendered;

(c) a manufacturer or supplier of pharma ducts refuses to supply such products to a wh plier of pharmaceutical products on the groun wholesale supplier—

(i) is not recognised as such by any manufacturers or distributors of pharmaceutica or

MANUFACTURING — Chemicals + Prod.

1982

JAN. — DEC.

([illegible]) (183) (~~107~~) Jan 1982

Dimbaza site for cord plant

AN agreement has been signed between the American-based International Stretch Products Company and the Ciskeian National Development Corporation (CNDC) for the establishment of a R1,6 million operation in Dimbaza, Ciskei

Mr Martin Cohen chairman of the American company, attended the signing and commented that his company had invested in Ciskei because it was considered a stable and sound investment area

The Dimbaza factory, which will manufacture braided polypropylene cord and macramé products, will operate under the name of Ocean State Cordage Mills (Pty) Ltd

The 1 500m² factory building is rapidly nearing completion and production of the polypropylene cord should begin in late next month or early January

The cord operation is expected to reach full production in seven months It will then manufacture about 11 600kg a week

The macramé plant will take about three months to come on stream When both operations are at full capacity, the company will employ about 370 Ciskeians

The Chief Minister of Ciskei, Dr L L Sebe, said the establishment of this company was a significant achievement for Ciskei

"Ten of the 33 industries already established in Dimbaza have overseas interests or are owned by overseas concerns," he said

He said the CNDC is currently investigating 22 applications from industrialists who wish to invest in Ciskei, 12 of them from abroad

"During the past year, foreign investors have shown a tremendous interest in Ciskei as a potential investment area," Dr Sebe said

He concluded by saying that the interest was due primarily to the attractive concessions offered, the enthusiastic workforce and the lack of excessive pollution control measures which stifled industrial development

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'Rubber' exports held [illegible]

Sunday Tribune 3/1/83

Finance Reporter

THE recession in most of the Western world's major economies has caused Sentrachem to defer its plans to export substitutes for natural rubber from its 1.350 million Karbochem rubber from isoprene plant, due to come on stream this year

Dave Marlow, Sentrachem's managing director, said in August the first tons of polyisoprene (PIR) rubber that would be produced would be exported

However, this week, Daan Malan, Karbochem's managing director, said he did not forecast any significant exports.

"A number of overseas plants are selling at rock bottom prices, merely to keep going and [illegible] have been forced to cut down."

Karbochem, he said, would now only start investigating export possibilities in the middle of this this year when, he hopes, the economies in the rest of the world will start reviving

Malan said that this has not delayed anything in the development of the employment to about 460 whites and 400 black this year

Production of plant which will offer styrene-butaden-rubber (SBR) and poly-butaden-rubber (PBR) is due to start before the middle of this year

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Star 4/1/82

Minister digs in against fertiliser industry

Farming Correspondent

After a confrontation with the fertiliser industry, the State has fixed the new fertiliser prices at a level about 10 percent higher than last year.

The prices for 1982 were gazetted on December 31. Some fertilisers, such as phosphates, have increased by only 7 percent. Urea is up 8 percent, most mixtures by about 10 percent and potash 14 percent.

Maize farmers say that the increase will further weaken the position on the world grain-market. More than 5-million tons of maize had to be exported this season at a loss of about R300-million.

Sources in the Department of Agriculture said that the fertiliser industry had asked for an average price increase of more than 15 percent.

When the new price had been calculated by the Price Controller, the Minister of Agriculture and Fisheries, Mr du Plessis, flatly refused to accept the request.

The fertiliser prices were then recalculated on the basis of an average of slightly less than a 10 percent increase.

The Minister was reportedly guided by prevailing world prices as well as the recent report of the committee of inquiry into the fertiliser industry.

Firm claims R37m after blast at factory

Cape Times 22/1/82 (183)

Staff Reporter

FEDMIS has filed an insurance claim of R37-million following the explosion at its Milnerton fertilizer factory on January 5

The managing director of Fedmis controlling company, Mr Dave Marlow, said it was insured against loss of profits and physical damage caused by the blast The first instalment of the claim had already been paid

It was intended to restart the plant as soon as possible, but no indication was given as to when this would be. Imports had been arranged to supply the firm's clients and steps were being taken to keep production losses to a minimum

Fedmis manufactured about 250 tons of ammonia daily at the plant which employs some 360 workers

PLASTICS (183) FM 22/1/82

Paying for protection

A plastics price hike — the second in five months — will come into effect on February 1 This puts the cost of the local product among the highest in the world, thanks largely to Sasol and the world recession

Although international prices have plummeted, AECI and Sentrachem, SA's two polymer plastic producers, have upped prices by more than R300/t on polyethylene and polypropylene since October — the same increase which followed the oil crises of 1973 and 1979

Main cause is an increase in basic plastics feedstocks, ethylene and propylene, produced by Sasol Manufacturers claim these materials now account for 65% of total production costs of plastic polymers against 30% in 1973 They say further that Sasol's prices to them have risen by 24%/year since 1977 while their own prices have risen by only 15%/year over the same period Sasol counters that its prices have risen by only 19%/year

Sasol blames its increases on the 30% devaluation of the rand against the dollar during 1981. It claims this has raised the cost of naphtha, a petro-chemical from which it manufactures these feedstocks Some is bought from local oil refineries at dollar prices and some is imported

Sasol fixes its rate every quarter in arrears This means that plastics producers have to plan on estimates of Sasol's prices to them If they underestimate, as they did last quarter, they must recover their losses by charging more in the next quarter

Polystyrene and PVC prices are also up The latest prices will range between R1 610/t for PVC, to R1 860/t for high density polyethylene (HDPE) According to a Johannesburg importer, delivered prices of the equivalent imports to the Reef including shipping, railage and a 20% customs duty, are between R900/t and R1 150/t

However, Sentrachem disputes these statistics It claims that the true figure for imported HDPE, for example, is closer to R1 598/ton

Plastics convertors, who use these materials to make products such as mouldings and carrier bags, cannot take advantage of the present depressed world market, because import controls force them to buy local

The convertors believe that Sasol should bear a greater share of the increased naphtha costs

For a start, they say, Sasol should phase out its aging crackers at Sasolburg which produce propylene and ethylene from naphtha, and switch to the relatively cheaper production process via the coal route at Sasols 2 and 3 They also complain that Sasol should have bought more naphtha from SA oil refineries, but did not do so because it was expecting to produce healthy quantities of ethylene at Sasol 2

Apparently, teething problems at Sasol 2 have drastically reduced that plant's output of ethylene from an expected 60% of local industry requirements to about 33% And this must have forced unexpectedly large naphtha imports

Sasol confirms the plant was producing at this level, but expects a higher output during 1982 It denies, however, that output is substantially lower than anticipated Furthermore, it is not phasing out the naphtha crackers which, it says, will still be producing about half of the country's requirements by 1985

The end of the plastics price spiral is thus not yet in sight

Senchem cancels R630m project

Fertiliser price clamp blamed

26/1/82 (183) RDM

SENTRACHEM has scrapped its plan to build a R630-million ammonia plant. Mr David Marlow, the giant chemical group's managing director, said yesterday that the Government's decision to lift fertiliser prices this month by only 10% was the main cause for the decision

Sentrachem and the other fertiliser producers are believed to have demanded an 18% increase

Financial Reporter

The Price Controller is said to have recommended a 15% rise, but the Cabinet insisted on a 10% maximum A 15% increase would apparently have satisfied Sentrachem over the ammonia project

Mr Marlow said "The 1982 prices of fertilisers are at a level considerably lower than that required to provide the industry with its long-established rate of return"

Because of "the resultant lack of assurance regarding the future profitability of this very substantial investment, Sentrachem has informed the Government that it will not proceed with the large ammonia project"

Mr Marlow said cancellation of the project arose solely out of the price decision and was not caused by the downswing in the economy

The plant was mooted in April, 1980 Fedmis became a wholly owned Sentrachem subsidiary in 1979

In the Sentrachem annual report only last October, the chairman, Dr J H Smit, said "Fedmis has reached an advanced stage in assessing the viability of a new 1 500 ton per day ammonia plant based on newly developed coal gasification technology Extensive tests on this process are currently being carried out in Europe and the USA using South Africa coal

"The capital cost based on mid-1985 commissioning has been provisionally estimated at R630-million

"Good progress continues to be made with the ammonia project which has received the blessing of the Government

"By its very nature this project should make an earlier contribution to profits than expected because of the present substantial shortfall in local ammonia production"

AECI is the largest ammonia producer in South Africa A spokesman said last night that the group would have to decide whether it would be profitable to make additional expansions to make up for the Sentrachem cancellation

Sentrachem would otherwise need to import ammonia It is already importing limestone ammonium nitrate because an explosion caused R37-million rand damage at its Milnerton plant at the beginning of this month

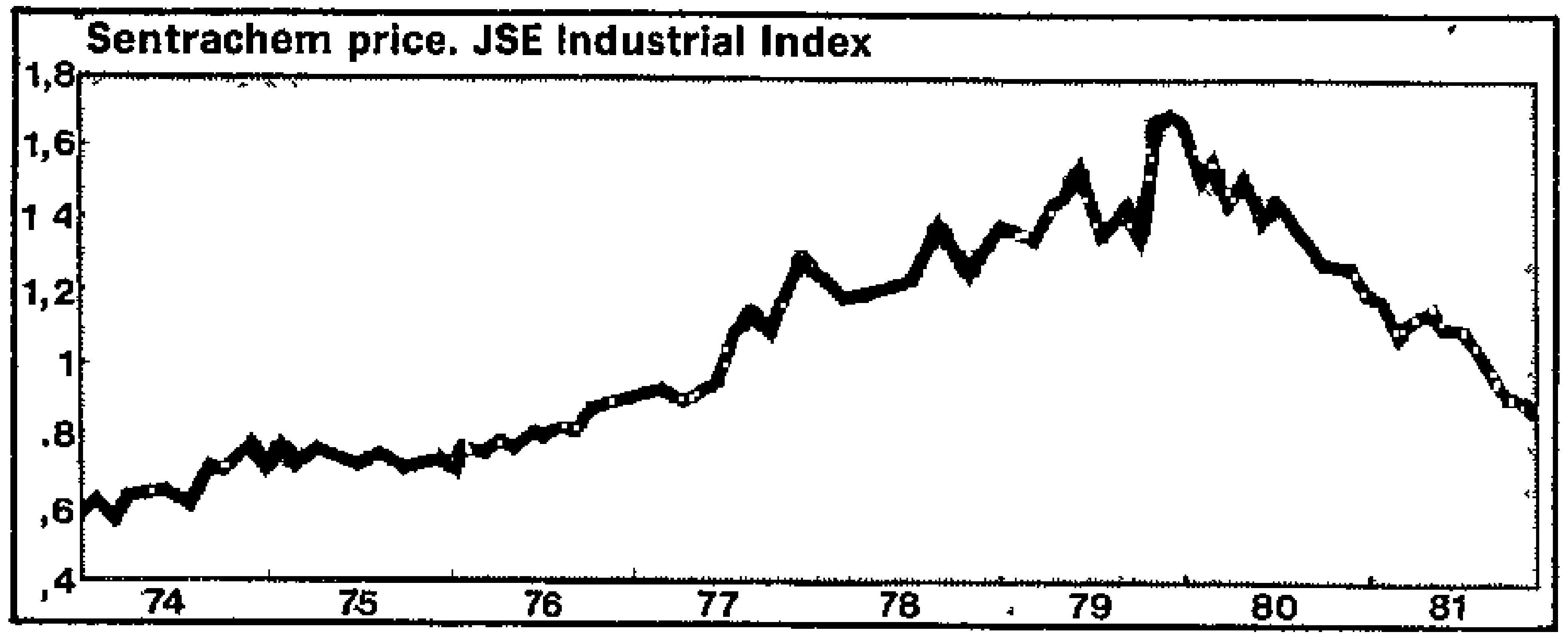
It was originally intended that construction of the Sentrachem plant would begin last year, but testing delayed the date

Sentrachem was to have undertaken the project with one or more partners, but their identities and the extent of their participation were never disclosed Indeed, the company had not even decided on a site for the plant

The ammonia plant was one of several multi-million-rand projects in which Sentrachem became involved in recent years

The capital cost of its Newcastle synthetic rubber plant rose from an initial estimate of R123-million to R350-million

Another disappointment has been the lack of a go-ahead on the Gencor, Trans-Natal and Sentrachem Springbok Flats oil-from-coal scheme This scheme was widely regarded as the main rationale for Sentrachem's takeout of Fedmis minorities



How the Sentrachem share rating has slipped relative to the industrial market after the let-downs of recent months.

Even though management is adamant there will be no loss of profit, the R37-million explosion at Milnerton did nothing to help Sentrachem's market rating Its rating relative to the market has plunged in recent months

While most industrial blue chips are near all-time highs, Sentrachem's share price has slumped from a 1981 high of 790c to yesterday's closing price of 530c

A broker said the latest announcement would probably have little effect on the price because investor confidence in the stock was already depressed

Mr Marlow said abandonment of the ammonia project allowed the company to invest its resources in more profitable directions Details would be released later

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Jobs threatened at wrecked plant

CAPE TIMES 28/1/82

By **GORDON KLING**

HUNDREDS of jobs are in jeopardy both at the Fedmis fertilizer plant in Milnerton, which was extensively damaged by a massive explosion recently, and at companies providing associated services

The threat of unemployment comes not from the blast itself but from possible changes in production plans following government limitations on fertilizer price increases

Confirming this yesterday in an interview from Johannesburg, the managing director of the factory's parent company, Mr David Marlow, said the price restrictions could lead to a change of heart in plans to reconstruct the ammonia plant at the Fedmis factory which was at the centre of the blast damage

The Fedmis parent company, Sentrachem, this week scrapped plans to build a new R630 million ammonia plant following the government's decision to allow only a 10 percent increase in the price of fertilizer this month The producers are understood to have demanded a rise of 18 percent

Mr Marlow yesterday said the company had to look at all the possibilities following the explosion at Milnerton The company had previously announced that it was working as quickly as possible towards restoration of the damaged plant, but it was still in the process of de-

⇨⇨⇨⇨ To page 2 A

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ciding what had to be done and how long it would take ✓

It was now conceivable that the group might not go ahead with rebuilding the ammonia section This would mean the loss of about 500 jobs when workers employed out of the factory in distribution and other ancilliary services were taken into account

The group believed it was highly unlikely that the government would reconsider its decision on fertilizer prices, but it was still too early to say when a decision would be taken on the future of the Fedmis plant

In the meantime all employees were being retained at the plant although a large part of it was inoperable

"Under these circumstances one looks after one's people," Mr Marlow said Many of the employees were highly skilled and some would be needed in whatever restoration was undertaken

SENTRACHEM ~~27~~ (183) FM 29/1/82

What price controls?

The Cabinet's decision to allow only a 10% rise in the fertiliser price is a most bizarre exercise in economic logic It is one that will ultimately have far-reaching consequences not only for the farmer, but for the country as a whole

The inescapable consequence is going to be sharp increases in the cost of fertiliser in the years ahead And as fertilisers are a major cost factor in agricultural production, this will reverberate either into food shortages or higher food prices

This sort of arbitrary decision is precisely what was at the root of the catastrophe in Poland, which Lord Carrington describes as "a colossal man-made disaster" It happened in ancient Rome and in medieval France The consequences were always the same

Indeed, it almost goes without saying that if producers are denied enough return on their investments in one market, they will seek adequate return in another. The commodity which they would have produced (in this case fertiliser) will then soon be in short supply

When that happens, demand invariably exceeds supply, creating an inflationary groundswell This can be broken only after a substantial price increase to encourage production once more.

In an industry such as fertilisers, there will be a considerable time lag before production increases, even after the price is allowed to rise sufficiently. This is because additional fertiliser production capacity is expensive and requires a relatively high degree of technology

It is one of those industries in which the relationship of price to output is very important if shortages, or sharp price adjustments, are to be avoided. The greatest equilibrium between output and demand is reached when price is determined by a free market

In SA this is, of course, not the case The next best thing, however, is for the price to be determined on the basis of demonstrated production costs That is how the fertiliser price is usually set here

Normally, the Price Controller in the Department of Industry examines the potential output of the fertiliser industry towards the end of each year After a thorough analysis, he allows producers a 15% return on depreciated assets, plus a modest allowance for plant replacement costs, and thus determines what the fertiliser price for the year ahead will be

The Price Controller, Dougie de Beer, is a thorough man of considerable experience in this difficult field Experience must have taught him that a price which is too high creates a surplus, which is often embarrassing if it has to be exported at a loss Conversely, one that is too low discourages production, requiring a price hike in the following year That certainly will not endear him to the farming lobby, which is influential

This year he recommended a 15% price increase after the fertiliser producers had asked for 18% His detailed report goes to a Cabinet sub-committee, which nevertheless persuaded the Cabinet to lob 5% off, allowing only a 10% rise, which in real terms means the price will fall

It did this with full knowledge of the costs producers face and the fact that the fertiliser industry is operating at full capacity. To continue to do so, fertiliser manufacturers will have to import 100 000 t of ammonia — 17% of local production — this year.

The inescapable conclusion is that the Cabinet is misguidedly trying to protect the farmers It is aware of the serious longer-term consequences for others, especially the consumer, but eventually hardly less so for the farmer The reason, therefore, must be purely for immediate political gain

Retribution was swift Sentrachem scrapped a R630m ammonia plant because a 10% fertiliser price rise will not give an adequate return on its investment With that, 300 additional jobs went down the drain

AECI and Sasol, the other large suppliers to the fertiliser market, are hardly likely to step in to fill the breach after a price increase that size Indeed, Sasol is partly dependent on revenue from this by-product source

But the distortion does not end there Fertiliser producers enjoy a 15% protective duty on imports So the taxpayer has to chip in to keep going a fertiliser industry from which the Cabinet is withholding an economic return, let alone encouragement to seek self-sufficiency

What is strange, too, is that the policy of the Department of Finance in recent years has been to release assets to the private sector The ultimate aim, of course, is to improve the efficiency of domestic markets

Even the Price Controller himself has instigated a great deal of price de-regulation and attempted to improve the mechanism by which, in administering prices, he tries to simulate markets

Of course, we do not know what the Minister concerned, Dawie de Villiers, said to the Cabinet on the fertiliser price If he did not roundly condemn this exercise in Jaruzelski economics, we need a new Minister

PLASTICS FM 29/1/82

Gloves off

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Long-concealed differences in the chemical industry have surfaced since the announcement of the recent plastics price increases And Sasol has hit back at plastics producers who blamed the high cost of its feedstocks as a major cause of their recent price hikes (*Business* January 28)

Sasol's ethylene price during the last quarter of 1981 was only about R250/t higher than West European prices says a company spokesman The price of polyethylene, the plastic produced from this feedstock by AECI and Sentrachem, was about R620/t higher

"Sasol Two ethylene is coal-based," said the spokesman, "and the price is equal to the north west European ethylene price plus half the ocean freight cost of polyethylene This amounts to negative protection, and currently yields a price which is only about R108/t or 16% higher

"This is an achievement, particularly in view of the fact that the capital investment to produce chemicals from coal is considerably higher than that required to produce the same products from crude oil."

During the same quarter, he says the price of Sasol propylene was about R108/t higher than in Europe, while the price of polypropylene plastic, which is produced by Sentrachem, was about R570/t

Sasol adds that between August 1974 and November 1981 its ethylene prices increased by R665/t while polyethylene prices went up by R960/t

These figures are difficult to square with the assertion by plastics producers that feedstocks from Sasol now account for 65% of their total production costs as opposed to 30% in 1973

Sentrachem MD Dave Marlow says it is unrealistic for Sasol to compare local plastics prices with those overseas "European plastics producers lost R2 billion last year This is equivalent to losing R180 on each ton of plastics they sell, so they are not even covering their costs"

In its turn, Sasol points out that European feedstock producers are also having a thin time and are likely to be supplying their customers at rock-bottom prices

Taking another crack at AECI and Sentrachem, which jointly run the Coalplex PVC complex, Sasol says "The Sasol 2 ethylene price compares very favourably with the price of chemicals produced locally from coal by other companies — products such as ammonia, methanol and PVC These prices are far higher (between 50%-100%) than the corresponding prices in Europe"

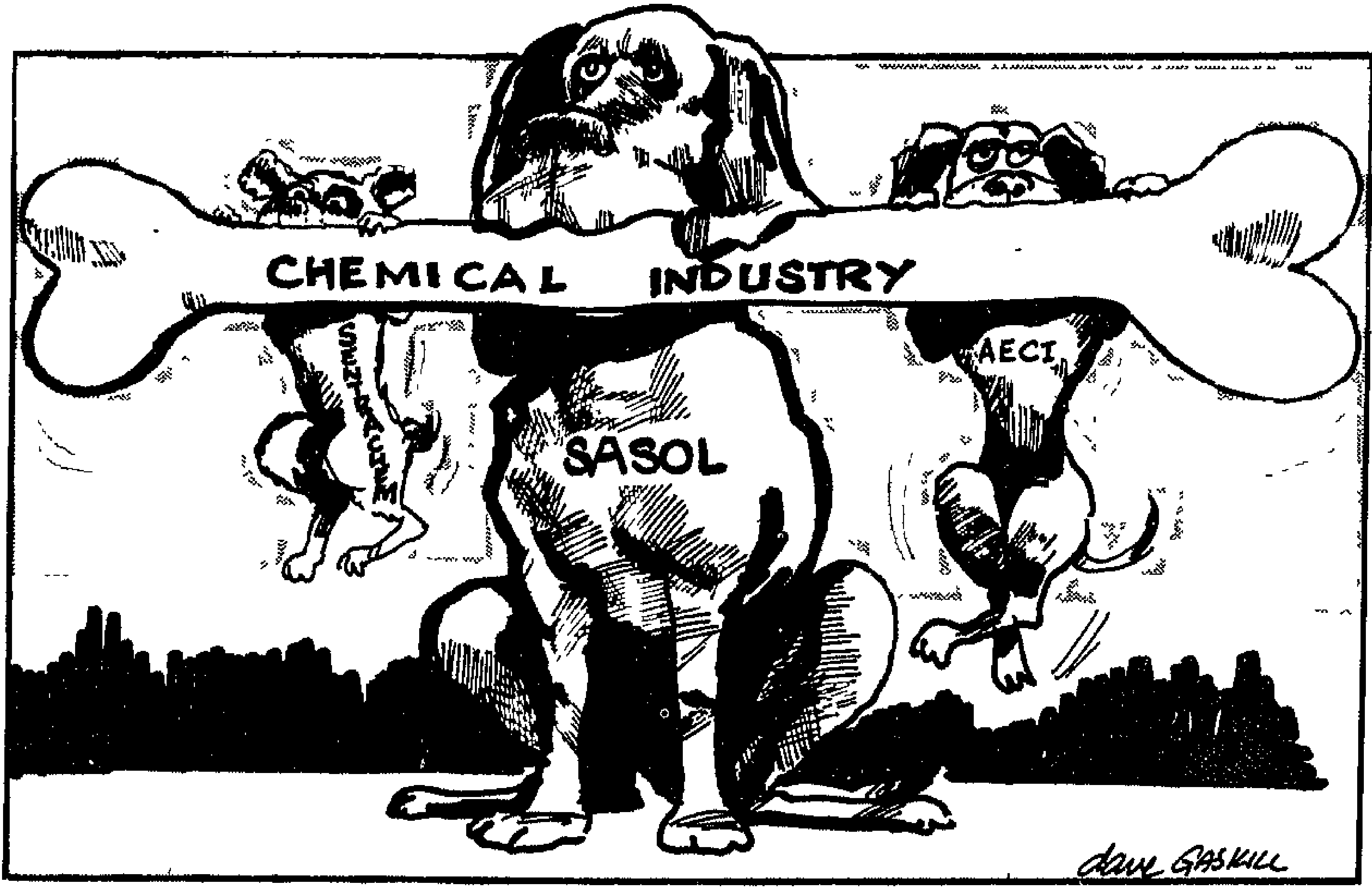
AECI's plastics manager Mike Sander apparently fails to see why Sasol bothers to compare its prices with European prices For he claims that they are much higher than prices in North America and the Middle East where ethylene is produced from cheap natural gas

Through the furore, plastics converters still do not understand why they should not be allowed to exploit the present world glut by importing their plastics more cheaply from abroad

Provided the rand does not decline further against the US dollar, Sasol foresees the ethylene price stabilising in 1982, because it expects a progressively greater proportion of the total ethylene demand to be supplied by its more efficient process at Sasol 2

Gathering storm in chemical industry

(183) S. Times 31/1/82



By Andrew McNulty

THE petrochemical giant Sasol has confirmed its intention of diversifying on purely commercial grounds in the chemical industry to compete with other private-sector companies in any suitable area.

Ferocious competition is looming in the industry, which has for decades been dominated by two private-sector giants, AECI and Sentrachem, with Sasol serving mainly as a benign supplier of feedstocks.

There is a risk of creation of over-capacity during the battle — though Sasol believes that this will be avoided (as shown by the Coalplex plant) because it would be in none of the parties' interests

As a result — and for other reasons — the industry in future could have difficulty in maintaining its customary return on investments

This raises question marks over the capital-intensive chemical industry's growth plans and whether the ultimate benefits to South Africa of import replacement and self-sufficiency will be achieved to the fullest extent.

The industry — which employs 81 000 people — currently has plans for new capital projects and expansions costing R5 800-million

"Chemical companies could well become more selective in their investment decisions," says Janse Uys, a general manager of Sasol

Further evidence that all is not rosy in this apparently booming sector is provided by this week's announcement that Sentrachem has ditched plans to erect a R630-million ammonia plant (R750-million including downstream units), thereby exacerbating an existing shortage of certain ammonia-derived products such as nitrogen

The reason given for the cancellation of Sentrachem's ammonia plans was the grossly inadequate 10% increase in the price of fertiliser granted by the Government — after Sentrachem had asked for 18% and the Price Controller recommended 15%

Other hurdles facing the chemical industry include

- Fast-escalating costs of new chemical production plants

This is dramatically illustrated by Sentrachem's Afprene (synthetic rubber) plant at Newcastle — originally expected to cost R123-million, but the final price was R350-million

- The influence of overseas chemical producers, many of which are in dire straits, squeezed by economic recession, over-capacities and soaring costs

Local producers fear growing competition from imports

- Sasol's conversion to a private-sector enterprise in 1979 and the enormous growth of its chemical-manufacturing operations have helped change the entire structure of the industry

Traditionally "down-

● To Page 3

Triomf market tie-up?

By John Spira

MARKET speculation that Triomf could soon emerge as Sasol's direct marketing arm for fertiliser has been given added credence by Sasol's confirmation to Business Times that it intends to contest fiercely the chemical industry.

Spokesmen for both companies declined to comment on the speculation but refused to deny that talks between the two groups had taken place

Sasol has already committed itself to an entry into the fertiliser market and has revealed its desire to tie up in one way or another with an existing fertiliser company via its recent abortive nego

A Sasol-Triomf deal would make a good deal of sense for both groups

If a marketing arrangement materialises, Sasol would benefit from Triomf's dominant position in the local fertiliser industry and from its prominence in the international phosphoric acid market

From the Triomf viewpoint, a Sasol link could assist in securing supplies of ammonia and in raising finance eventually to expand its Richards Bay phosphoric acid plant.

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CWIU begins talks

THE Chemical Workers' Industrial Union (CWIU) yesterday began major wage negotiations with Colgate-Palmolive in Boksburg, in what is seen as a major breakthrough for workers, as the company had earlier refused to negotiate directly with the union.

By SELLO RABOTHATA

The CWIU is affiliated to the Federation of South African Trade Unions (Fosatu), which helped the union win the right to negotiate wages and working conditions directly with the company

The wage proposal was sent to the company early in December and includes requests for

- An increase of R1 per hour for all hourly paid employees Colgate's present minimum is R1,70 per hour, but workers who have recently been employed and are on probation confirmed that on acceptance of the job the company offered them R1,40 per hour
- A cost of living allowance to be paid after six months, calculated according to the rate of inflation
- A service allowance of R1,50 a week for every completed year of service
- The changing of working hours so that the Sunday night shift and Saturday morning shift are eliminated
- To negotiate the rules of the Colgate Pension Fund before June
- An undertaking by the company that no redundancy is anticipated and that if redundancy does arise retrenchments will be negotiated with the union
- An annual bonus of one month's salary At present the company does not pay the bonus to any worker whose services have been terminated or who has resigned before the December holidays

Colgate-Palmolive apparently have a tendency to employ a lot of workers and that towards the end of the year all surplus staff are retrenched and do not get the bonus

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Workers back on the job after strike

Star 4/2/82

By Tony Davis, Labour Reporter

The strike-hit Corobrik plants at Primrose and Bedfordview yesterday took back half the dismissed workers and started recruiting to fill the other vacancies.

About 500 workers were dismissed at the plants this week after striking over the issue of recognition for the Glass and Allied Workers' Union.

Corobrik management said the workers had "discharged themselves" by refusing to return to work.

Half the workforce in the two plants had returned to work without any loss of benefits and the remaining half would be paid out, according to Corobrik's managing director, Mr E C Rutherford.

He said workers would be recruited for the remaining jobs this week and dismissed workers could reapply.

The dispute saw talks between management and the union break down and union officials reject what they called "prerequisites" for recognition.

These included union membership in the industrial council registration status and a willingness to hold joint talks with the National Union of Brick and Allied Workers.

Glass and Allied has described this body as an "in company" union.

Glass and Allied's president Mr Ronald Mofokeng said the union would organise the new workforce and prove to management that its membership was representative.

He said the union would continue to try to negotiate with Corobrik despite the dismissals.

LABOUR BRIEFS

RECOGNITION

More than 1 000 workers were involved in a strike yesterday over a recognition dispute at a Heriotdale furniture firm.

Workers at the Krost Brothers plant downed tools and many left work during the day while talks were being held with management.

The Fosatu-affiliated Metal and Allied Workers' Union (Mawu) which claims to represent a majority of workers at the plant held talks about the recognition demand.

Union shop stewards had apparently called for the dismissal of the existing works committee at the plant and management countered with a call for new elections to be held.

A Krost spokesman said the workers were expected back on the job this morning and they had agreed with Mawu to negotiate towards a recognition agreement.

Wage negotiations between the management of Colgate-Palmolive and Fosatu's Chemical Workers' Industrial Union started this week.

The company's Boksburg plant was the scene last year of a major dispute after the union demanded that Colgate negotiate wages at plant level and not at the industrial council for the industry.

DEMANDS

Proposals being advanced by the union in the talks include increases of R1 an hour for hourly paid workers, a cost of living and service allowance, a one-month annual bonus, doing away with Saturday morning and Sunday night shifts, advance notice of any retrenchments and negotiations on the pension fund.

A Barlow Rand subsidiary, Nampack Recycling Industries in Edenvale, was hit by a one-day dispute over wages on Tuesday.

Workers had reported objections to recent wage increases and had demanded an increase of R1 an hour.

A spokesman for the Fosatu-affiliated Paper Wood and Allied Workers' Union which represents many of the workers said management had agreed to hold wage talks later this month.

FINANCES

The Vaal branch of the Engineering and Allied Workers' Union has called a special meeting of the branches on Sunday to discuss last year's finances.

The union's general secretary, Mr Calvin Nkabinde, said that at the annual general meeting in January questions had been raised about the Vaal branch's financial situation.

The planned meeting would help to resolve this problem, he said.

R2m project as Bostik sticks to PE

(183) E. Post 6/2/82

By Fred Roffey

Business Editor

PORT ELIZABETH gets a boost as an industrial centre with the news that the Bostik plant in Port Elizabeth has launched a R2 million expansion programme

It includes a new plant building costing almost R1,2 million, plant and equipment totalling about R750 000, and the creation of more than 50 new jobs at the company's Neave plant

The contract for the building of the new double-storey building complex was signed this week by the chief executive of Bostik in South Africa, Mr Dennis Macdonald, and Mr Hector Minott, managing director of the contracting company, Murray and Roberts Contractors (EP) (Pty) Ltd

Also present at the signing was Mr Walter Jaeger, vice-president, manufacturing, of the Emhart Corporation in the United States, the parent company of the worldwide Bostik group

Bostik is a major supplier of sound-deadening components to the South African motor industry and also has an important consumer division which showed impressive growth last year

Mr Macdonald said his company had faith not only in the long-term prospects of the South African motor industry, but also in the importance and continued development of industry in the Eastern Cape

"This is a major expansion programme for Bostik in the Eastern Cape and the decision to go ahead with it was made only after very careful consideration, which included our long-term prospects in the Eastern Cape," he said.

"We are confident we have an excellent future in this part of South Africa"

He pointed out that in addition to increasing the company's investment in plant, materials and human resources in the Port Elizabeth region, the new plant was expected to save more than R1,5 million in foreign exchange in the first year of operation

He expected the new building to be completed within six months, after which the new plant would be installed

"It should be in production during the last quarter of 1982," said Mr Macdonald

Mr Jaeger, who was on his first visit to South Africa, said the R1,2 million building contract represented an overseas investment in South Africa

"We have every confidence in the South African economy," he said

"It is always nice to be part of a growth situation while the economies of many other countries are turning the other way

"We are very pleased with the market support our products receive in South Africa, which is shown in our need to increase production"

One of the latest products developed at the Bostik factory in Port Elizabeth is the Gasket Maker — a tough rubbery compound which the company claims will replace conventional gaskets made of cork, felt, paper and asbestos

Bostik expects it to be a boon for the South African motor industry

Likely merger in fertilisers could bring monopoly

Star 9/2/82

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By
Patrick McLoughlin

A near monopoly of the fertiliser industry would be the direct result of the proposed merger between the industry's dominant forces — Fedmis and Triomf

Sentrachem, which took over Fedmis in the 1979-80 financial year, and Triomf have made a brief announcement that negotiations are taking place "with a view to a merger comprising the Fedmis division of Sentrachem and Triomf"

The statement added, "As soon as it has been decided whether such a merger will take place a further announcement will be made but, in the meantime, shareholders of both companies are advised to exercise caution in their dealings in the shares of the companies"

The only other fertiliser producer is Omnia, relatively small beside Sentrachem and Fedmis, producing about 10 percent of domestic fertiliser output

The off-the-cuff reaction of one analyst on the Johannesburg Stock Exchange was that such a merger — if allowed to take place by the Government — "made sense" and the rationalisation was a good thing

Triomf has a market-sharing agreement with Fedmis which assures it 55 percent of all sales of fertiliser made by these companies.

Triomf's executive chairman, Mr L Luyt, said in his 1981 annual report however that notice had been served by Triomf on Fedmis of termination of the so-called bilateral agreement between the producers

"This agreement, which came into being in 1971 as a continuation of a previous agreement within the industry and which was aimed at rationalising certain aspects of production and marketing, has often been the subject of criticism by various investigating committees of the Government and certain other institutions and has been considered as being conducive to monopoly formation," Mr Luyt wrote

He said that cancellation of the agreement must thus be seen as a "voluntary gesture' within the industry in support of Government policy towards a freer and more competitive economy.

About turn

The merger negotiations, reportedly at an advanced stage, thus seem to indicate that Mr Luyt has done an about turn in his policy towards the fertiliser industry.

One comment by industry observers is that if the merger goes ahead it will mean a near monopoly for the two giants until the Sasol III project — which could produce about 260 000 tons of ammonia a year — goes into production

A planned project by Sentrachem to construct a R630 million ammonia factory — ammonia is an essential raw material in the manufacture of fertiliser — was shelved, some say because the producers were not happy with the Government's price increases for the inland market.

This decision not to go ahead with the plant could result in the importing of up to 150 000 tons of ammonia a year.

CAPE TIMES 10/2/82 (183)

Govt to investigate fertilizer merger plan

Political Staff

THE government has ordered an investigation into the proposed merger of the country's two fertilizer giants — Triomf and Sentrachem

The multi-million rand deal, which would give the proposed new combine a 90 percent slice of the fertilizer market, has set the business world buzzing

However, the Minister of Industries, Commerce and Tourism, Dr Dawie de Villiers, announced yesterday that there was to be an investigation into the acceptability of the deal

Mr Harry Schwarz, chief Opposition spokesman on finance, welcomed the inquiry and said the concentration of economic power had not worked to the benefit of the consumer

Dr De Villiers said "The government is concerned about the formation of power groups and I have requested the Competition Board to advise me in terms of the Maintenance and Promotion of Comptition Act about the desirability or otherwise of such a merger"

Mr Schwarz said he welcomed the investigation but thought the minister should investigate the whole process of concentrating economic power in the country

"There is an ever-increasing concentration of economic power which has been shown by recent Stock Exchange activity regarding the retail trade," said Mr Schwarz

"None of this concentration of power has resulted in any benefit for the consumer," said Mr Schwarz who added that there were indications that there would be more of this type of activity soon

(183) ~~252~~ Mercury 11/2/82

Fedmis, Triomf see Competition Board about merger

Business

Mercury Correspondent

JOHANNESBURG— Both Triomf and Fedmis have consulted the the Competition Board about their proposed merger which would make 83 percent of South African fertilisers, the head of the board, Dr Dawid Mouton, said

He explained that the Competition Board cannot give approval for such a merger but can advise

'With the information at our disposal, we did not see any likelihood of an investigation,' Dr Mouton said

It now appears that there will be an investigation

The Minister of Industries, Commerce and Tourism, Dr Dawie de Villiers, announced in Parliament on Tuesday that he would ask the board to investigate the proposed merger between Triomf and Fedmis

Even if the board approves the merger, negotiations could be protracted and an announcement of terms could take some time, spokesmen for the companies warned

Price rises

A spokesman for Triomf said the merger was necessary for the long-term survival of both companies in the light of Government's harder line on fertiliser price increases

Refusal by Government to permit more than a 10 percent fertiliser price increase less than a month ago led Fedmis to scrap plans for a R630-million ammonia plant The industry had asked for an 18 percent increase

Both companies have been in trouble recently and a merger could alleviate their problems

Both are losing huge sums on phosphoric acid exports because of a world glut and have depended on local fertiliser profits to stay viable

Fedmis recently suffered an explosion at its Milnerton ammonia plant that caused R37-million of damage and placed a question mark over the plant's ever operating again

In addition, Fedmis's parent company, Sentrachem, has run into a huge capital cost overruns on its synthetic rubber plant,

Very substantial synergies exist in the two similar companies and a merger would bring huge cost savings — especially if the immense duplication in the nation-wide marketing arms of the two companies could be eliminated

No monopoly

Sources close to the negotiating companies were confident the merger would be approved by the Competition Board

They said, with three or four other companies sharing 17 percent of the industry and Sasol due to enter the market in about 1985, there was no true monopoly to which the board could object

People in the fertiliser industry said Sasol was unlikely to object to the merger The bigger the market share of Triomf-Fedmis when Sasol comes on stream, the better for Sasol, they said, as it is easier to make inroads into one big market share than two smaller ones

Sasol has said it will enter fertilisers in an orderly fashion without disrupting the market It will continue to honour long term ammonia supply contracts with its competitors

But judging by the alarm and the heat generated by Sasol's entering the market, most industry sources expect a battle once Sasol comes on stream and believe the current merger anticipates this

One well-placed observer said the 'merger' was really a take-over of Fedmis by Triomf Fedmis, he said, was in a weaker negotiating position than Triomf

He said that in addition to phosphoric acid problems and the question mark over the damaged Milnerton plant, Fedmis had management shortcomings More important, it no longer had an ammonia facility and ammonia was a crucial feedstock.

This lack of an ammonia facility could put Fedmis in a spot when Sasol's supply contracts expire Triomf, he pointed out, also had no ammonia capacity but AECI, with a 49 percent holding in Triomf, would be a willing supplier

Demand for ammonia already outstrips supply and is growing at about 7 percent a year Now that the Fedmis plant has been scrapped, the shortfall could mean 30 percent of the country's ammonia will be imported by 1986

Some speculators suggested AECI might build the ammonia plant that Fedmis scrapped, as AECI has deeper financial and management resources

Sasol

AECI makes 580 000 tons of ammonia a year and Sasol aims at 260 000 tons by 1985 Fedmis was making 90 000 tons a year at its blast-levelled Milnerton plant

Demand for ammonia last year was 1 000 000 tons and there was a 150 000- ton shortfall, which had to be imported Now the Fedmis plant is out of operation, the shortfall will have risen to 230 000 tons a year

The S A Agricultural Union, which represents farmers all over S A, said it would pronounce on the merger if and when it actually took place and once the terms were announced

Its main concerns were an adequate supply of fertiliser at realistic prices, a spokesman said

COATES FM 12/2/82 (183)

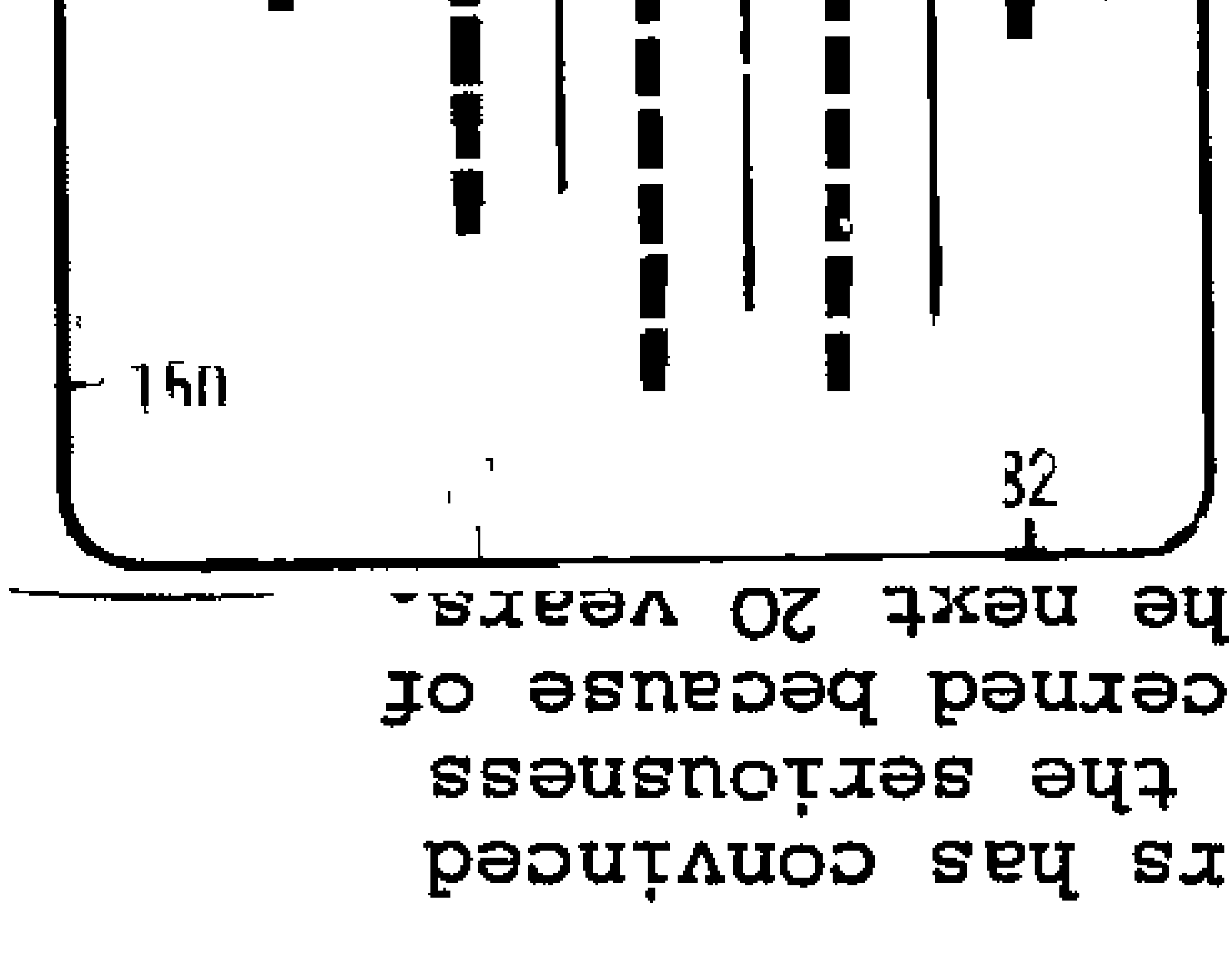
Further growth ahead

Activities: *Manufactures and sells 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 R6,6m*
Financial: *Year to 31 October 1981 Borrowings long- and medium-term, R1,3m Net short-term, R3,1m Debt equity ratio. 44,8% Current ratio 1,6 Group cash flow R1,9m Capital commitments R51 000*
Share market: *Price 195c (1981-82 high, 205c, low, 145c, trading volume last quarter, 8 400 shares) Yields 21,8% on earnings, 9,2% on dividend Cover 2 4 PE ratio 4,6*

	'78	'79	'80	'81
Return on cap (%)	23 1	15,0	18 4	19,8
Turnover (Rm)	14 8	15 9	20 3	27 8
Pre-tax profit (Rm)	1,9	1 4	2 0	2 5
Gross margin (%)	13 6	9 4	11 0	10 3
Earnings (c)	33,1	23,0	41,3	42 6
Dividends (c)	13	13	16	18
Net asset value (c)	219	231	251	289

Coates' sales for the past year surpassed chairman Neal Chapman's conservative forecast at the previous year-end which indicated a "moderate real increase in sales" In fact, turnover rose 36,8% from R20,4m to R27,8m though pre-tax profit increased by a lesser amount from R2m to R2,6m

However, a sharp rise in the tax rate from 31,7% or R637 000 to the full 42% or R1,1m, cut the rise in taxed earnings to a meagre 9,7% Extraordinary items — a surplus on the sale of shares in the Zimbabwe company to the UK parent — pushed the rise in bottom-line earnings to 27% from R1,4m to R1,7m


COATES
Wide swings


Printing .. less demand but fully utilised

The lower 1980 tax rate resulted from allowances arising from installation of a new resin plant, commissioned at the end of the 1980 financial year Chapman says the facilities were full right through the year and plans have been finalised for additional plant to be installed

The new equipment should be operating by the end of the current financial year, so Coates could be in a good position to take advantage of rising demand as the current economic slowdown bottoms out The new plant could also help keep the Receiver s share of profit down to a minimum in the 1983 financial year

The full utilisation of existing plant reflects in the return on capital which rose from 18,4% to a moderately respectable 19,8% over the year Operating margins, however, were squeezed, presumably by rising material costs, from 11% to 10,3%

The tax rate is usually somewhat above normal because of the company's provision of additional non-allowable depreciation charges to keep up with replacement costs In addition to normal depreciation, an extra R124 000 was charged against profit in 1981, compared with R83 000 the previous year

This year looks like being a little tighter for the company, with a substantially lower rate of growth in gross domestic product, according to Chapman, and inflation set to remain at present levels Key raw material prices are also on the increase, he adds

However, the group is liquid and well placed to ride out the economic slowdown even though demand for inks by magazines and newspapers is likely to be considerably lower as advertising falls away Cash flow is strong at R1,9m, though no mention is made of the cost of further expansion at the resin plant The capital commitments figure in the annual statements is only R51 000, but this could easily be exceeded if major new plant is on order

Nevertheless, gearing is modest at 45% (40%) and additional borrowings could easily be taken up — though clearly not at the same cost as the existing paper Last year the average cost of borrowings was only 7,6% and if Coates were to take up additional loans this year to finance the expansion programme the interest/leasing cover of just over 7 times at the pre-tax profit level would be reduced sharply for a while

Also, the 68% UK holding obviously places some restriction on the borrowing powers available to Coates in SA

Profitability could be perked up this year by the newly-formed graphic arts division which, according to Chapman, has secured several important agencies Its growth is expected to keep pace with the economy in real terms, he says, adding that profitability should show a moderate improvement over last year

Though the tax rate could be trimmed by the further expansion in the resins division this year, growth at the bottom line is unlikely to be too exciting The company has no reason, likewise, to trim dividend cover — which slipped last year from 2,6 to 2,4 times — as it obviously uses the fairly high retentions as a form of inflation accounting as well as to fund expansion because of the restrictions on borrowings

With this in mind, an earnings target of up to 50c should be in sight and a dividend of 20c would therefore be possible At 195c, the quietly-traded share thus stands on a prospective yield of 10,3% which offers reasonable but unexciting income prospects

Dirk Hartford

Your investigation of the City's water affairs has convinced
you that public attention should be drawn to the seriousness
of the situation. You are particularly concerned because of
the projections for water consumption over the next 20 years.
The City Council h
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The press release
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Railways) into Montrose center, to
to the west and south lie arable

FERTILISER

183

Low-price woes

FM 12/2/82

Government's decision to hand fertiliser producers a price increase of only 11% when they asked for 18% has had some awkward repercussions

The latest is the merger bid by the two main producers, Sentrachem's Fedmis and AECI's and Louis Luyt's Triomf Government cannot be pleased with this after having accepted a report by the Competition Board which slated the market sharing agreement they previously worked to

But the companies apparently believe their future survival dictates the move

"If your income is curtailed by price control you must take steps to reduce the loss," says an industry insider, "in this case through rationalisation."

But Industries Minister Dr Dawie de Villiers says, "The government is concerned about the formation of economic concentrations so I have therefore requested the Competition Board to advise me on the terms of any proposed merger"

One source says that on railage alone, the two could save about R4/t by rationalising their distribution and procurement networks

They could also close the Fedmis phosacid facility, as there is capacity to spare at Triomf's plant since world markets plunged

Consequently Fedmis and Triomf will probably try to convince the Competition Board that they want a marriage of convenience to benefit the public and help keep down costs to the country's farmers

The combined market share of the two companies is now 84% But by 1987 it should fall to about 55%, due mainly to the entry of Sasol into the fertiliser market and the expected growth of smaller companies

The two parties are still locked in negotiation over the terms of their deal and one of the biggest issues at stake is the role of Louis Luyt in the new setup he is said to be interested in nothing less than a controlling voice

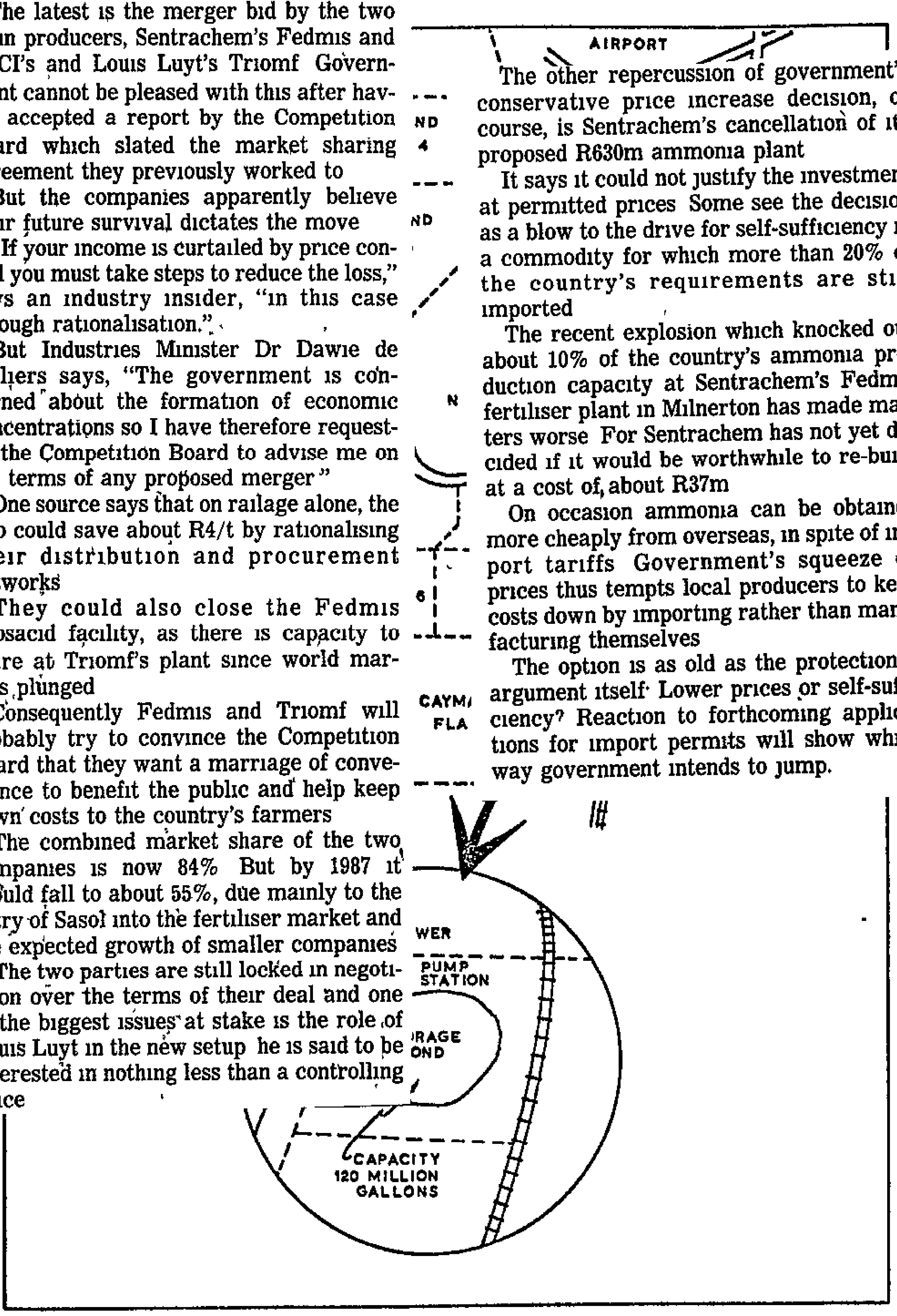
The other repercussion of government's conservative price increase decision, of course, is Sentrachem's cancellation of its proposed R630m ammonia plant

It says it could not justify the investment at permitted prices Some see the decision as a blow to the drive for self-sufficiency in a commodity for which more than 20% of the country's requirements are still imported

The recent explosion which knocked out about 10% of the country's ammonia production capacity at Sentrachem's Fedmis fertiliser plant in Milnerton has made matters worse For Sentrachem has not yet decided if it would be worthwhile to re-build at a cost of about R37m

On occasion ammonia can be obtained more cheaply from overseas, in spite of import tariffs Government's squeeze on prices thus tempts local producers to keep costs down by importing rather than manufacturing themselves

The option is as old as the protectionist argument itself Lower prices or self-sufficiency? Reaction to forthcoming applications for import permits will show which way government intends to jump.



Map of City of Montrose, Ohio
plus detail of Zone S-17

You calculate the maximum stormwater run-off for the land in its present condition. (Stormwater is rainwater that must be drained from the land quickly to prevent flooding of low-lying areas and basements. Maximum stormwater run-off is the largest amount of water likely to occur; it is calculated on past records of maximum precipitation accumulated from the heaviest rainstorms.) Using the Rational Formula, you calculate that a 21 foot diameter culvert would be required to handle the heaviest peaks.

(~~233~~)(183) S Express 14/2/82

LUYT'S CLIMB TO THE TOP OF THE HEAP

LOUIS LUYT, executive chairman of Triomf Fertiliser Investments, looks set to become king of South Africa's R700-million sales fertiliser industry following last week's proposed merger of Triomf and Fedmis — if the deal goes through

According to a source close to Triomf, Luyt "will definitely be in control" of the new grouping but it appears even at this early stage that negotiations have run into snags

The proposed merger has been referred to the Competition Board for an investigation into the rationale and desirability of building a superpower group in the vitally important fertiliser industry

However, this result is expected to be a mere formality since the upheaval in the industry was induced by the Government's refusal to grant more than a 10% increase in prices recently

If negotiations are not running smoothly now it is likely that a tremendous power struggle is taking place in the boardrooms of Triomf, Fedmis and perhaps AECI (which has a 49% interest in Triomf)

Luyt is not the most popular man in the industry and one observer suggested that AECI might be trying to use current circumstances to oust Luyt in return for his lack of co-operation in the past

At the same time it is believed that Fedmis would be far from willing to take a back seat in any new combine which will control about 83% of the industry

By JOHN GILMORE

Of this slice Triomf controls about 54% and Fedmis 46%, so on the face of it Luyt is in a strong negotiating position, provided he has the unswerving support of AECI.

Background to the Proposed merger is that with prices being held down by the Government and competition from Sasol becoming a reality Triomf and Fedmis could look forward to declining profitability

Both also suffer from ae fundamental weakness — they do not control the supply of their basic raw material, ammonia

Triomf is dependant on AECI while Sentrachem has recently scrapped plans for a R630-million ammonia plant.

If, and when, Triomf and Fedmis come together they should be in a stronger position to increase profits.

There are powerful arguments for a merger before profitability is severely affected — but it remains to be seen whether the conflict of strong personalities and boardroom politics can be resolved.

Dear Ms Blower

Many thanks for your recent enquiry concerning our Power Saver Instaflow Shower - the most advanced on the market today.

We regret that we are unable to forward to you our colour brochure but owing to demand we are awaiting new stock. In the meantime however, I have asked our local shower consultant to call on you to give you some idea as to what we can offer and give details of our product.

Our system incorporates a power saver control which is unique to Instaflow Showers. Full power for showers when ambient water temperatures are at their coldest, half power to halve the cost of warm weather showering. In these days of soaring inflation, with yet another increase in electricity charges, it means real worthwhile savings are possible in fuel bills.

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(K)

Industrial Week

183

The raw facts on plastic

16/2/82

From Page 1

forms of indigenous material such as steel, paper and glass Today plastics are not competitive in these areas because there have been removals of restriction on imports on the traditional products It is essential the same thing takes place in the plastic industry to take us through the next five years," says Crosby

Crosby says the packaging industry has reached a mature stage

"We must sit down as an industry, forget the petty squabbling and say to ourselves, 'are we facing a crisis in the industry?' I personally think we are"

Crosby suggests the industry take advantage of the low raw material prices overseas but to the benefit of the industry

"We can also use the protection tariffs to our advantage but the industry should control this and not the Government"

But Sakkie de Villiers representing the Coalplex division of Sentrachem says there are abnormal conditions in the price of raw materials overseas

"In Europe due to the world recession there is an overcapacity of plastics and in the US the price of natural gas is controlled at $2 a gigajoule This is influencing the world price and making the price of plastic much lower than it was a year ago"

"Sentrachem could not compete against unlimited imports of raw materials The price of natural gas is to be increased in America to about $9 a gigajoule When this happens SA will be competitive with overseas prices," says de Villiers

At the Industrial Week's "Meet the Press" representatives from every facet of the plastic industry were questioned by Thomson's editors Present at the meeting were Cor Faling from Infokom, Willem Jonker from the Plastic Federation of SA, Bill Golden from Gundle Plastics, H Lassen from Plastomark, Arthur Buhrlen from Metal Box Dennis Crosby from Nampak, Sakkie de Villiers from Sentrachem and Roger Cockram, president of the Plastics Federation Representatives from the two largest raw material producers - Sasol and AECI did not attend though invited

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183 Industrial Week 16/2/82

The raw facts on plastic

By Hugh Poulter

THE R2000-m South African plastic industry is pricing itself out of the market

Due to Government imposed import control, the high cost of locally produced raw materials and the future possibility of protection tariffs, the locally made finished plastic products are not competitive with overseas prices

"If the price of our raw materials was anywhere near the international price the plastic industry in South Africa could make a killing on the world market, not just for the industry but for the country as a whole," says Bill Golden, director of Gundle Plastics, speaking at Industrial Week's "Meet the Press" on the plastic industry last week

"Growth within the plastic industry would be staggering if our raw materials were cheaper, we must tighten up at home, we need more efficiency and to take advantage of our natural resources If we could do that by 1985 we could be established as a force to be reckoned with on the international market," says Golden

Dennis Crosby from Nampak says there is a swing away from plastic products in the packaging industry with companies turning back to steel, paper and glass

"We are facing severe competition from other

To Page 2

E.Post 17/2/82

~~232~~ 183

Farmers welcome fertiliser merger stoppage

PRETORIA — The SA Agricultural Union welcomed the announcement that Fedmis and Triomf had decided to discontinue the consolidation of their fertiliser interests, the president of the union, Mr Jaap Wilkens, said yesterday

In a statement in Pretoria, he said the proposed merger, "which could give rise to a monopolistic situation", would have had serious effects on the agricultural sector and therefore had to be opposed

Sentrachem's decision not to erect another nitrogen plant could also have serious implications for the agricultural sector in the long term, and the SAAU would make a submission to the Government about this "as soon as possible"

The union had also insisted that the Minister of Industries, Commerce and Tourism should "immediately make available" to the union the Pretorius Committee Report on the price structure of the fertiliser industry

"This will enable the union to make the necessary decisions on this strategic matter if it has all the available information at its disposal," he said — Sapa

PROBLEMS

Although all members of staff will endeavour
are encouraged to take your problems to the p
directly concerned:

Problem:	Cc
Related to specific course/reading/ essay	Yc
Related to courses in general and/or their structure	Re or
Late submission of essay or missed test	Fl ca fi
Missed University examination) University examination timetable) clashes) Requests for supplementary University) examination)	Ex Br
An issue which you wish to have brought to the Department's attention)	Cl
Difficulty in coping with your studies)	Ac Rc

CONTACTABILITY

It sometimes occurs that the Department need
during vacations, or in order to convey to th
peal to the Flexibility Committee. You are t
form the Department whenever you change your

LECTURES AND EXAMINA

Although attendance is not compulsory, stude
to attend all lectures. Evaluation of stude
combination of class tests, assignments, ess
nations.

The mid-year and year-end University examina
University Administration, and any problems
with respect to these should be taken to the
Bremner Building, without delay.

READING

While the Department will try wherever possible to facilitate reading by placing texts in the short loan section of Leslie Library and distributing selected prescribed articles, you are strongly advised to make the fullest possible use of the Library. It would stand you in good stead to attend an orientation course conducted during the first

3 die in third blast at factory

Cape Times 1/2/82 (3)

Own Correspondent

10.1.4

a) Mr and Mrs Beefy of 9 Paddock Close, Plumstead 7300 purchased from Rassemblit Ltd of Parow Industria, a three-piece suit of the type that is despatched as packages of component parts that are to be assembled by the purchaser. On unpacking, Mr Beefy was pleased to find that all the instructions were clear and easy to carry out. In less than an hour he had completed assembly; the suite looked in every way as good as the one they had seen in the showroom.

Three days later, when Mr and Mrs Beefy had been sitting on the settee for about two hours watching television, the sponge-rubber seat suddenly gave way and they fell through. As soon as he had freed himself from the resulting uncomfortable and ludicrous position, Mr Beefy examined the settee to see if he had made some error of assembly. It was,however, only too clear what had occurred. The seat was supported on 18 ashwood slats about 15 cm wide, joined at their ends by strips of webbing so that they formed a ladder shape. On assembly, these were stretched along the settee, the ends of each slat resting on two angle bars which ran the length of the settee, one at the front and one at the back. These slats were now slightly bent and it was apparent that the combined weight of Mr and Mrs Beefy (who were well built but not enormous) had curved the slats so much that their ends could slip off the angle bars. It looked as if the seat would always collapse when they both sat on it for any length of time.

Mr Beefy reasoned that either there was a serious design fault (the settee would take only a limited load) or there was something wrong with the slats supplied. Although he was not unaware of the comic side of his predicament, he decided he must face writing to the firm and explaining what had happened.

WRITE MR BEEFY'S LETTER

b) Rassemblit Ltd had in fact begun to suspect that one con-
signm ad been below standard and slats
made flexible, because one or two letters
of co ad already been re-
ceive no way of finding
out w e from that parti-
cular was:

i) Mr it set of slats.

ii) The iginal slats supplied
to

iii) Mr of the use of his
set y expense.

THE FI TS OWN. HAVING
DECIDE IN ACCORDANCE
WITH T FIRM'S REPLY TO
MR BEE

RDM 19/2/82 (183)

R180 fine for swearing at cop

A SPRINGS man had to fork out R180 for the "privilege" of using those well-known four-letter words

By JOHAN BUYS

When Mr Leon van der Berg, a 27-year-old fitter, was given a ticket for not having third party and licence discs on his van, it was the last straw.

He sailed into the inspector, Mr Sakkie Hattingh, with four-letter invectives well-known to seasoned swearers, calling Mr Hattingh and all the traffic officers what amounted to the equivalent of a bunch of absolute fools.

Mr Hattingh took exception, and laid a charge against Mr Van den Berg, who had to answer for his foul language in a Springs traffic court.

Mr Van den Bergh admitted to the magistrate, Mr P D Nel, he had "unlawfully and intentionally insulted Mr Hattingh, and had injured him in his honour"

Mr Nel fined Mr Van den Berg R180 or 90 days

183 FM 19/2/82

ABORTING CROSS-FERTILISATION

One reason for the breakdown in talks between Sentrachem and Triomf on merging their fertiliser interests is said to have been personality clashes between the parties concerned.

Consensus is that Louis Luyt would have liked to have headed the new operation. With Triomf holding 60% of the fertiliser market, compared to less than 40% for Fedmis, he must have felt in a position to call the shots.

Triomf's ready access to raw materials from SA's biggest ammonia producer AECI would obviously strengthen Sentrachem's fertiliser production.

Triomf chairman Louis Luyt talks to the *FM*

FM **Did you resort to merger talks in an attempt to rationalise production costs after government turned down the Fertiliser Society's application for an 18% increase in prices this year?**

Luyt This was the real reason we got together The benefits resulting from rationalising cross railing, personnel, inventories and stockists would have compensated to some extent for the 5% we didn't get on the price increase Our clout as far as buying power of raw materials overseas was concerned would have been considerable had we merged

Why did the talks break down?

I'm not prepared to comment on the reasons for the breakdown but it's a pity that it happened It would have been a marvellous deal if it had gone through Obviously, if the talks reopen it would be a new ball game

Did you foresee government opposition to the merger in terms of restrictive trade practises?

Not at all The rumour is that government approved the proposed deal

Do you think that traditional competitors AECI (which holds 49% of Triomf equity) and Sentrachem would have co-existed comfortably under one umbrella organisation?

Only the fertiliser interests were involved They could have killed each other in the market place on other products, but Sentrachem stood to lose nothing as far as fertiliser interests were concerned

Now that Sentrachem has decided not to go ahead with its ammonia plant, will Triomf build its own plant?

Certainly not Triomf has all its requirements of raw materials It doesn't need to build an ammonia plant

Will the Maize Board's decision to import 200 000 t of fertiliser as a barter for surplus maize affect Triomf adversely?

Triomf will be least affected of all And importing 200 000 t over two years will have little effect on the 3,5m t/year industry I want to commend the board for its actions The only reservation I have is that when we do barter it would be to our advantage if we bartered for raw materials such as sulphur and potash that we don't have instead of the urea, limestone, ammonium nitrate and diammonium phosphate which we do

183

~~24~~

Govt inquiry into 3 AECI blasts

Star 19/2/82

By Andrew Walker and Rob Davis

A Government-appointed commission of inquiry will be held into the blasts at the Modderfontein dynamite factory.

Three blasts ripped through the massive factory in the space of 24 hours The latest — at 2 45 pm yesterday — left eight workers dead and 21 injured, three of them seriously.

The explosion severely damaged the number one factory, which has been closed.

On Wednesday a man was killed and six were injured in two explosions in the refuse acid station and pipeline at Modderfontein, the world's largest manufacturing plant for commercial dynamite

INSPECTOR

A spokesman for AECI, owners of the factory, told The Star today (Fri) the cause of the blasts was still not known

An investigation would be mounted by the Government's chief inspector of explosives, he said Following this, probably in two or three weeks, a commission of inquiry would be appointed.

AECI says full production at the number one factory will probably be restored in about two weeks.

But the spokesman added the mining industry would not go short of explosives as adequate stores were maintained and production at Somerset West and in undamaged sections of the Modderfontein plant would continue.

INSTANTLY

Six of the eight men killed in yesterday's blast died instantly Two died later in the Modderfontein Hospital

The explosion left a gaping hole in the ground where two acid tanks had been

It occurred while the eight victims were investigating the cause of the two earlier explosions, which took place at 6.20 pm on Wednesday.

All 21 men who were injured yesterday were admitted to the Modderfontein Hospital None was critically injured, and most were said to be receiving treatment for cuts and

To Page 3, Col 11

Star 19/2/82 ~~183~~ 183

State to investigate explosions

[illegible]

shock They were also under observation after being exposed to gases, said AECI

The whites killed in yesterday's blast were Mr Trevor ter Morshuizen (41), production manager, fuse, Mr Jan Hofmeyer (32) section manager, production; Mr Gert de Lange (53), senior process supervisor, Mr John Ruddick (47), senior technical officer, Mr Brian Olckers (33), shift process foreman, Mr Petrus Muller (35), process operator.

The names of the two blacks killed have not yet been released as next-of kin have still to be contacted

Relatives of the killed spoke today of the horror which the blasts brought to the East Rand Many Modderfontein workers live in the area and their families heard the blasts with trepidation.

"We heard Brian (Mr Brian Olckers) was dead at about 6 pm" said his mother, Mrs Martha Beach, this morning She was comforting her daughter-in law, Mrs Patsy Olckers, and her grandchildren Craig (16), Dianne (13) and Vanessa (4)

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Modderfontein blast news clamp

Cape Times [illegible] /85

Own Correspondent

JOHANNESBURG — An almost total clamp on information about Thursday's blast at the giant Modderfontein dynamite factory came into force yesterday.

Spokesmen for AECI, the company which owns the factory, refused to allow any pictures to be taken. The area was a national key point, they said.

Meanwhile, a government-appointed commission of inquiry has been set up into the blasts — two of which occurred on Wednesday. It will be conducted by the Chief Inspector of Explosives.

The wife of one of the six whites killed in the blast — the third explosion in two days — said she had been told "by high authority" not to speak to the press or allow any pictures of her husband to be published.

An AECI statement said the five white men who were among 21 people injured in Thursday's blast were discharged from hospital yesterday.

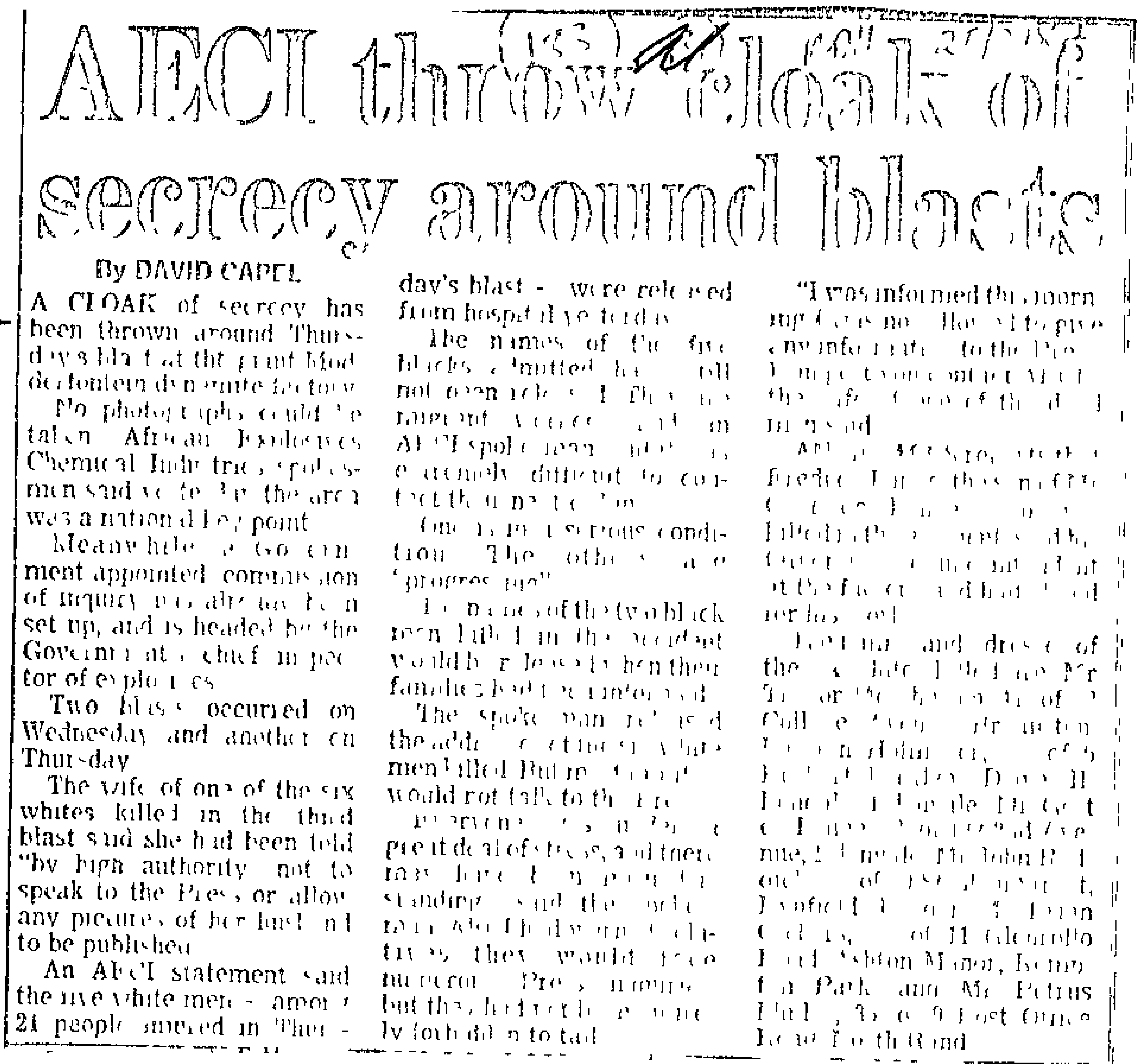
"The names of the five blacks admitted to hospital have still not been released. The [illegible], and an AECI spokesman said it was difficult to contact the next-of-kin.

"One of the five was in a serious condition while the others were progressing."

The names of the two black men killed would be released when their next-of-kin had been informed.

An AECI spokesman released the names of the six white men killed, but most families would not talk to the press.

9.2.4



AECI throw cloak of secrecy around blasts

By DAVID CAPEL

A CLOAK of secrecy has been thrown around Thursday's blast at the giant Modderfontein dynamite factory.

No photographs could be taken. African Explosives Chemical Industries spokesmen said yesterday the area was a national key point.

Meanwhile a Government appointed commission of inquiry has already been set up, and is headed by the Government's chief inspector of explosives.

Two blasts occurred on Wednesday and another on Thursday.

The wife of one of the six whites killed in the third blast said she had been told "by high authority" not to speak to the Press or allow any pictures of her husband to be published.

An AECI statement said the five white men — among 21 people injured in Thursday's blast — were released from hospital yesterday.

The names of the five blacks admitted have still not been released. [illegible] AECI spokesman [illegible] extremely difficult to contact [illegible]

One is in a serious condition. The others are "progressing".

The names of the two black men killed in the accident would be released when their families had been contacted.

The spokesman refused the addresses of the six white men killed. [illegible] would not talk to the Press.

[illegible] great deal of stress, and there may have been [illegible] standing," said the spokesman. [illegible] relatives, they would face numerous Press enquiries, but they had [illegible] forbidden to talk.

"I was informed this morning [illegible] not allowed to give any information to the Press. [illegible]

[illegible]

Names and addresses of the six white men killed [illegible] Mr Petrus [illegible] Post Office Road [illegible]

to try and restore in them a just appreciation of their obligations as men and soldiers.

In World War I, I had a dear friend and former schoolmate who lost his nerve in an exactly analogous manner, and who after years of mental anguish, committed suicide.

Both my friend and the medical men with whom I discussed his case assured me that had he been roundly checked at the time of his first misbehavior, he would have been restored to a normal state.

Naturally, this memory actuated me when I inaptly tried to apply the remedies suggested. After each incident I stated to officers with me that I felt I had probably saved an immortal soul.

Very respectfully,
(*Signed*) G. S. PATTON, JR.
Lieut. General, U. S. Army

General D. D. Eisenhower
Headquarters AFHQ
APO #512 - U.S. Army

When General Patton gave me a copy of this letter he lay back on the bed in his field-trailer and said, "What does that sound like to you?"

"It sounds to me like only half of the story," I said.

So, first, let's see what actually happened.

Private Charles H. Kuhl (in civilian life a carpet layer from South Bend, Indiana), ASN 35536908, L Company, 26th Infantry, 1st Division, was admitted to the 3rd Battalion, 26th Infantry aid station in Sicily on August 2, 1943, at 2:10 P.M.

He had been in the Army eight months and with the 1st Division about thirty days.

A diagnosis of "Exhaustion" was made at the station by Lieutenant H. L. Sanger, Medical Corps, and Kuhl was evacuated to C Company, 1st Medical Battalion, well to the rear of the fighting.

There a note was made on his medical tag stating that he had been admitted to this place three times during the Sicilian campaign.

He was evacuated to the clearing company by Captain J. D. Broom, M.C., put in "quarters" and given sodium amytal, one capsule night and morning, on the prescription of Captain N. S. Nedell, M.C.

ICI takes 20% in Farm-Ag

21/7/83

S Times

183

IMPERIAL Chemical Industries, the UK giant with a market capitalisation of R3 700-million, has, via its wholly-owned South African subsidiary, acquired a 20% stake in Farm-Ag.

Farm Ag is the Natal based agricultural chemical company which made its debut on the Johannesburg Stock Exchange in December 1981 via a reverse takeover of Eddels.

The deal is seen as a valuable display of confidence in South Africa in general and in Farm Ag in particular.

Although the companies concerned have declined to place a price tag on the deal, Farm Ag's current market capitalisation suggests that ICI will have paid in the region of R3 million for its shares.

However the actual cost to ICI will have been some 25% less than this figure because, [illegible] payment was made [illegible] the financial [illegible].

[illegible] behind ICI's acquisition [illegible] with the distribution sector of the industry [illegible] Ag [illegible] [illegible] fundamental opportunities to

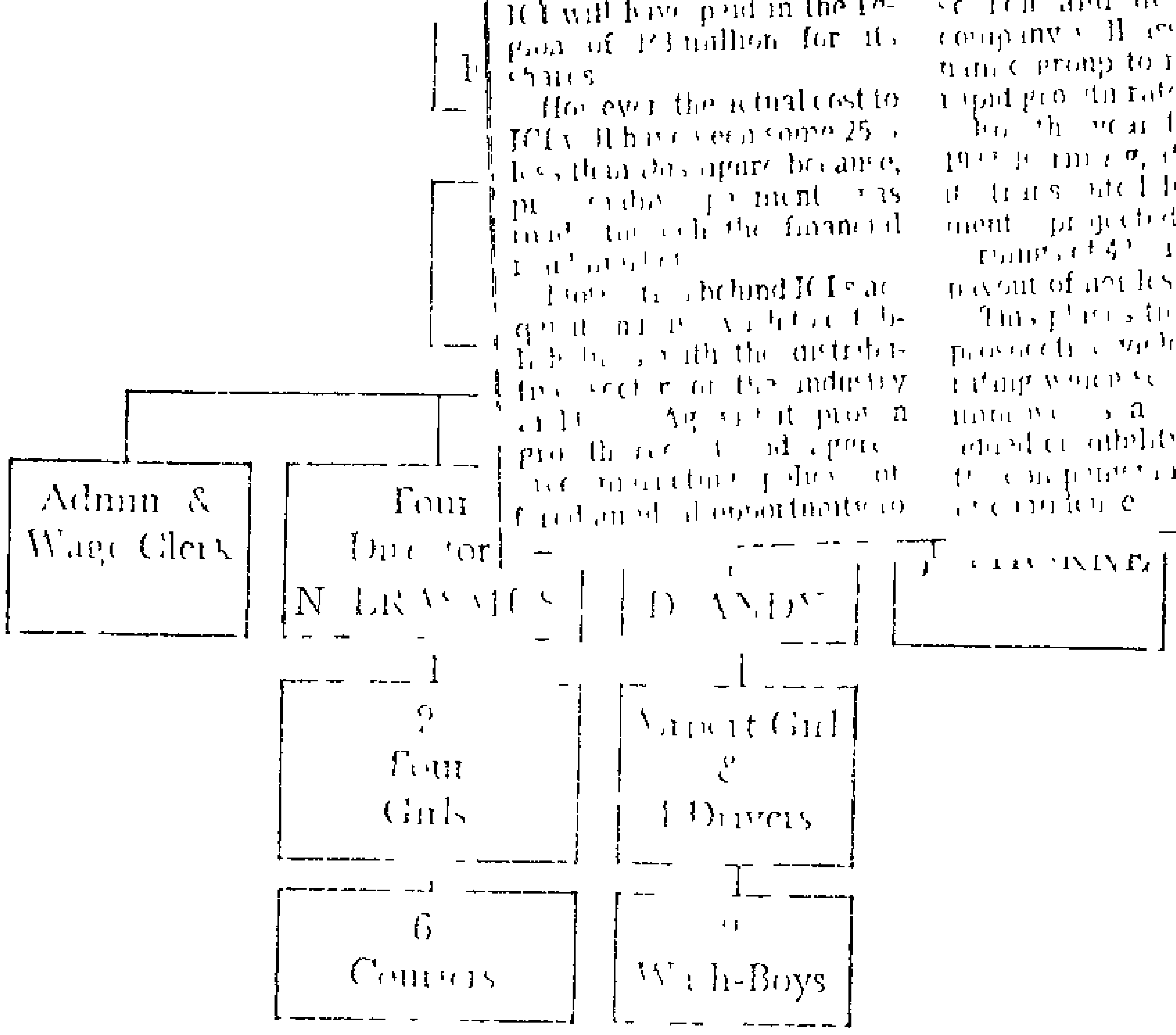
By John Spira

achieve this objective.

The advantages to Farm-Ag are clear [illegible] with a multinational research and development company will assist this dynamic group to maintain its rapid growth rate.

For the year to February 1983 Farm-Ag, at the time of its [illegible] listing statement, projected minimum [illegible] 4 [illegible] 20.

This [illegible] world of 5 [illegible] [illegible] ICI [illegible] confidence.



the system could not be improved upon, possibly it would give Ball some good ideas

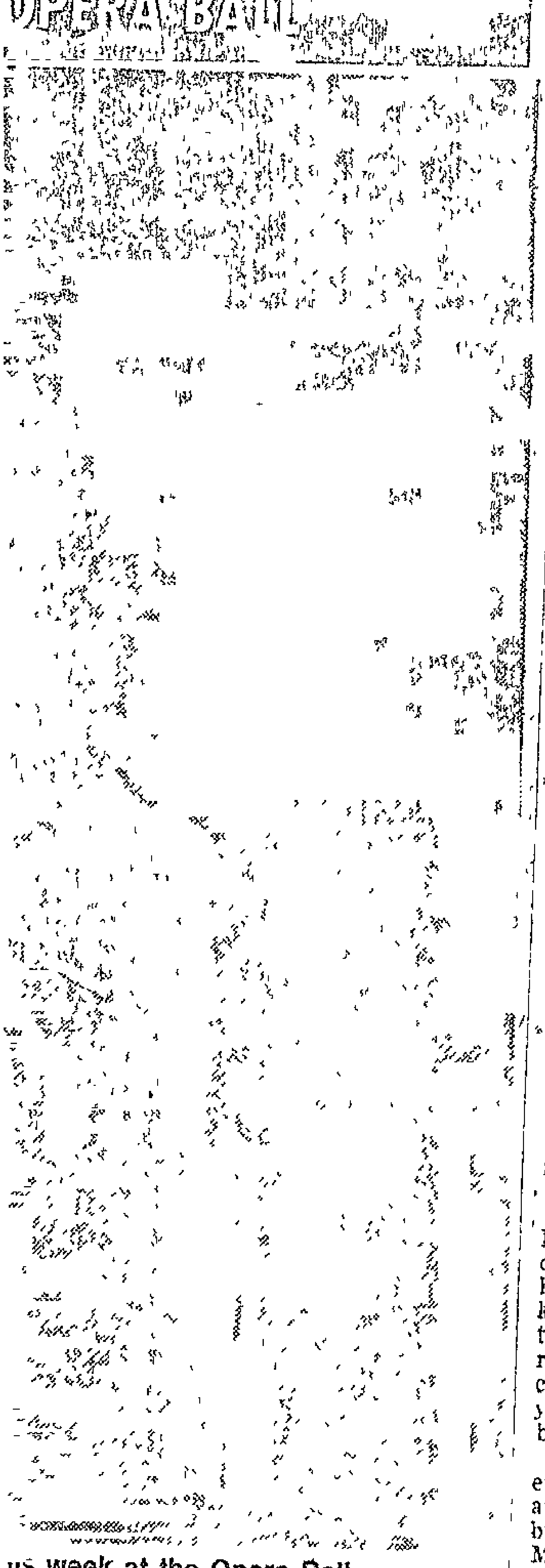
The next evening, Ball was in Johnson's office with the same complaint It was finally agreed that Jeoff Thorne would again drop sales and man the reception counter

The following day Ball came to Johnson with a problem which involved a tour due to take place in two weeks' time

Ball 'Frank, Johannesburg is getting us into a mess with this tour It's a prestige account from the States which we've just taken over from our competitors This is the very first tour they are taking with us and Johannesburg hasn't informed us yet what the tour consists of and which couriers are going to be involved Since the tour is so important they want the very best couriers, Fred and Allan from Johannesburg to fly down here to meet the tour with Stan and Percy from our couriers But now Stan is on another tour and won't be able to make it There must be five Mercedes and we only have

183 ~~181~~ S. Tribune 21/2/82

OPERA BALL



is week at the Opera Ball

DEATH FACTORY WON SAFETY AWARDS

Tribune Reporter

THE Modderfontein explosives factory where three blasts in 24 hours killed nine people and injured 28 others was the winner of National Occupational Safety awards in 1980 and 1981.

The African Explosive and Chemical Industries AECI plant at Modderfontein the world's largest commercial dynamite manufacturing plant, was regarded by the National Occupational Safety Association (NOSA) as one of the most safety conscious in South Africa

On Wednesday an explosion in the refuse acid station and another in the pipeline caused the death of one man and seriously injured six others.

The following day — less than 24 hours later — an explosion destroved two underground acid tanks and left a gaping hole in the ground, killing a further eight employees, and injuring 21

The men killed in Thursday's blast were investigating the first two explosions

A representative of Nosa said the Modderfontein factory had become one of the keenest participants in their campaign to reduce industrial accidents and in four years had virtually become a model plant.

Since 1978 an all-out effort to increase safety awareness was started by the plant's ex-Manager, Ken Horsley, and inside two years had achieved the association's five star rating The following year the plant won a national safety award

A representative of Nosa said the factory was an example to other factory managements

"They rose from a three-star safety operation to a five star in less than two years and received the association's safety award the following year — an award given to the most safety conscious factory in each region and awarded to one winner nationally every year.

"AECI won two Noscas in a row," said the spokesman for Nosa

He added that the work done by the Modderfontein plants was very good and the plant's injury rate was a tenth of the world injury rate

"Despite the lives lost the blasts will be regarded as a challenge They will get to the bottom of it all and will most probably come up with a new safety scheme at the end of the investigation," he said

Six of the eight men killed on Thursday were conducting an investigation into the previous day's explosions

Yesterday the entire acid refuse system of pipes and tanks were systematically destroyed by a series of controlled blasts to eliminate any further trouble from them

An AECI spokesman said a new system would be built within the next two weeks

● Sapa reports that five employees, all blacks, were still in hospital yesterday with injuries from the week's accident. One was still in a serious condition

S. Times
21/2/82

Hoechst in huge expansion

IN A major diversification, the R350-million chemical company, Hoechst South Africa, is to enter consumer markets for the first time.

It is launching an offensive into the large self-medication and cosmetics markets next month.

Up-market, famous-name products well established in Europe will become available in South Africa for the first time, says Hoechst managing director Arno Baltzer

By Andrew McNulty

Announcing the plans to Business Times, Mr Baltzer said they are aimed at strengthening the company's growth prospects ahead of growing competition expected in the South African chemical industry

The expansion of Sasol's chemical activities, galloping capital costs and imports are all threatening to reduce profitability in the chemical sector (Business Times, January 31)

In the local market Hoechst — the fourth largest in the SA chemical industry after AECI, Sasol and Sentrachem — has traditionally been a supplier of feedstocks and industrial or agricultural chemicals

Hoechst SA is a wholly-owned subsidiary of the German-based Hoechst group, which with annual sales of R16 250-million is one of the top two chemical groups in the world

Cosmetics marketed by the Group's companies in Europe include Balenciaga and Madame Rochas perfumes, Jade, Foster Grant, Marbert and Mouson

In the self-medication field, names such as Lutsini could be available to Hoechst SA

The self-medication market is estimated at R180-million to R200-million, with a real term annual growth potential of about 20%

The cosmetics market could be as high as R300-million and the growth prospect "looks good", says Mr Baltzer

"We expect this type of operation to be less sensitive to economic fluctuations and to help smooth troughs in the market"

The new consumer-related divisions, he says, are planned to achieve sales of about R45-million in its initial phase—in about two to three years

As the company's total turnover is projected to grow to about R450-million within two years, the consumer division will contribute at least 10% of sales by 1984 — and more later

Mr Baltzer says that there will be little need for capital investment on manufacuring capacity for the consumer products at this stage but larger scale local manufacture is likely later

The company overall, however, expects to spend some R150-million on new capital investments by 1987, after committing R50-million in the past 14 months

This will be financed largely by "comfortable cash reserves created over the years"

Hoechst's abilities, through the international group, with its huge resources in technology, research and diverse expertise will allow the company to select — and dominate — market segments where it has a relative advantage

"Our strategy in general is to develop smaller, high technology and, frequently, more viable plants in areas where we will have an edge on competitors," says Mr Baltzer

This should allow Hoechst to dominate specialised, in some cases innovative, sectors of the markets, but will also help lessen pressures in other highly competitive areas where there is a threat of creation of over-capacities

RDM 22/2/82 ~~182~~ 183

Soft drinks galore, but where are the Cokes?

By PAT SIDLEY

THE middle of a long, dry summer heat-wave — and not a Coca Cola in sight

Almost every other kind of soft drink could be found in the fridges of corner cafes, including that other cola, but no trace of Coke

The only hint was a note from Coke on my corner cafe's fridge explaining that shortages of raw materials had prevented normal deliveries — and an irate addition by the proprietor which said "Sorry Coke let us down again"

The only way of obtaining any Coke at all, the proprietor said, would be by queueing at the Benrose factory to fetch it in his own bakkie

Why, Coke was asked, has this terrible situation come about?

Speaking as the president of the SA Federation of Soft Drink Manufacturers, the Coca-Cola company spokesman, Mr Hennie Viljoen, said the trouble was not confined to Coke alone but spread throughout the soft drink industry

I would not, he claimed, even find a Pepsi in town But I had found a Pepsi, and bought it, I told him

Pepsi, delighted that its sales team had succeeded in providing me with the product, nevertheless confirmed the shortage and the reasons given by Mr Viljoen

Carbon dioxide was in short supply as a result of the Fedmis factory explosion in the Western Cape earlier this year

All manufacturers were being rationed to 15% less than their normal requirements and Transvaal carbon dioxide was being sent to the Western Cape to alleviate their acute shortage

Normally in February soft drink manufacturers expected a downturn in demand but the heatwave had created an unexpected surge in demand with which they could not keep pace

In addition, glass and metal containers were in short supply

To complicate matters, although Mr Viljoen did not believe it had anything to do with the shortage, some of Coke's distribution workers had been involved in an industrial dispute

A spokesman for Metal Box, which produces metal cans for Coke, said his firm had experienced difficulty in supplying over the Christmas season but was back in full supply now

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ACCOUNTING A

SOLUTION TO: GL5

(1) Premiums Treated as Business Expense

01, Jan 1: Insurance Expense 300
Bank 300
being payment of premium

Dec 31: Income Statement 300
Insurance Expense 300
being closing entry

Years 02 and 03 - same as 01

04, Jan 1: Insurance Expense 300
Bank 300

Jan 2: Debtor (Insurance Company) 24 000
Income from Life Policy 24 000
being accrual of proceeds receivable

Jan 2: Income from Life Policy 24 000
Income Statement 24 000
being closing entry

(2) Prei

Dec 300

01, 300

Jan 24 000

Jan 300

23/2/82

(183)

Fedmis to rebuild Cape ammonia plant

RDM

By PAT SIDLEY

THE FEDMIS ammonia plant at Milnerton, Cape, which was extensively damaged in an explosion early this year, is to be rebuilt as soon as possible to alleviate an ammonia shortage

Sentrachem is not prepared to disclose estimates of the cost of rebuilding the plant which produced 100 000 tons of ammonia a year

The cause of the explosion is now known, but declining to disclose details, Sentrachem's managing director, Mr D J Marlow, said that when the plant was rebuilt the possibility of a recurrence would be excluded

A spokesman for the company said yesterday that delays in making the decision, leading to speculation that Fedmis would not rebuild, were related to insurance claims

The insurance companies had not completed an investigation of the damage

Mr Marlow said "We are fully covered for all claims that exist in terms of our policy"

The insurance claim was provisionally assessed at R37-million, according to an advertisement placed in the Rand Daily Mail shortly after the explosion

"Sentrachem is covered by insurance for such events in respect of both physical damage and resultant loss of profits

"The first payment in this regard has already been made by our panel of insurers .", the advertisement said

Mr Marlow said yesterday his group was "implementing several measures to alleviate the ammonia shortage which threatens agriculture"

Arrangements were being made to ensure agriculture's requirements would be supplied This involved the import of ammonia, enabling the Milnerton plant to continue with the production of fertiliser

"Over the medium term, agriculture would be ensured of its ammonia requirements because of the initiative taken by Sentrachem to erect a 300 000 tons per annum ammonia import terminal at Richards Bay

"Construction of the terminal was well under way and the first shipment of ammonia could be offloaded during the second quarter of next year"

The measures did not affect Sentrachem's decision to shelve its R630-million ammonia project

ACCOUNTING A

SOLUTION TO: GL5

(1) Premiums Treated as Business Expense

01, Jan 1:	Insurance Expense Bank being payment of premium	300	 300
Dec 31:	Income Statement Insurance Expense being closing entry	300	 300

Years 02 and 03 - same as 01

04, Jan 1:	Insurance Expense Bank	300	 300
Jan 2:	Debtor (Insurance Company) Income from Life Policy being accrual of [illegible] receivable	24 000	 24 000
Jan 2:	Income f Income being cl	24 000	 24 000
Jan 2:	Income S Insurai being cl	300	 300
Jan 31:	Bank Debtor being rec		 24 000

(2) Premiums Treated as a

01, Jan 1:	Life Polic Bank		 300
Dec 31:	Income Stat Life Poli (Surrender v therefore n		 300

Continued/ ....

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Natal Chem interim up

ROH 26/2/82

Financial Reporter

NATAL Chemical Syndicate increased taxed attributable profit, after lifo depreciation provisons, to R1 494 000 in the six months to December 31 from R1 053 000 in the first half of the previous year.

The interim dividend has been raised from 10c to 20c, but the directors say this is to reduce the disparity between interim and final payments

The total dividend last year was 54c

Earnings a share, after the lifo adjustment, were up from 105,7c to 149,9c Excluding lifo the rise was from 109,5c to 158,8c

Turnover increased from R14 098 000 to R15 578 000

Natal Chemical makes wattle extract, synthetic resins and plastic products It also has share and property investments

The directors say "The results of the wattle extract division have improved due to the fact that extract manufacturers are now receiving a greater proportion to total extract proceeds

"The prevailing interest rates on funds invested have also contributed towards the improved results

"We now anticipate the group's results for the current year being better than those of the previous year"

(2) Premiums Treated as an Asset - Cont'd:

Year 02 - same as year 01

03, Jan 1:	Life Policy	300	
	Bank		300
Dec 31:	Income Statement	60	
	Life Policy		60
	Policy written down to surrender value (See Note 1 below)		
04, Jan 1:	Life Policy	300	
	Bank		300
Jan 2:	Debtor (Insurance Company)	24 000	
	Life Policy		540
	Income from Life Policy		23 460
	being accrual of proceeds receivable		
Jan 2:	Income from Life Policy	23 460	
	Income Statement		23 460
	being closing entry		
Jan 31:	Bank	24 000	
	Debtor		24 000
	being receipt of proceeds		

Note 1:

At the end of year 03, the life policy would be reflected on the partnership balance sheet as a non-current asset at its surrender value of R240.

Note 2:

The death of a p … hip as legal and
accounting entit … statement would have
to be drawn up f … partner so as to
ascertain the co … roceeds from the life
policy would be … NOT credited direct
to the partners'

GENERAL NEWS

Dismissals cause half-day strike

About 200 workers stopped work at the Lever Brothers plant in Boksburg on Thursday over the dismissal of several colleagues

The stoppage lasted for half the day and workers returned to their jobs in the afternoon

The general secretary of the Food, Beverage Workers Union, Mr Skakes Sikhakhane, said the dismissals would be taken up with management in the near future

A spokesman for the Unilever group said the dispute would be resolved in terms of the procedure agreed by the two parties last November

Star 27/1/82

Solution to (

Blasting open the explosives market

(183) S Times 28/2/82

By Andrew McNulty

THE R250-million explosives market — dominated by AECI — could soon be thrown wide open

AECI has for decades been almost the sole supplier to this market as a result of an agreement with the Chamber of Mines, which requires mines that are members of the Chamber — well over 95% of the country's gold, coal and base metal mines — to obtain their explosives from AECI

I understand that the Competitions Board has completed a report on the monopolistic explosives industry and that a copy was sent to the Government this week

At least one interested party is confident that the report may recommend that AECI's hold should be loosened

Hanhill/SCI's Oliver Hill, chairman of National Explosives, has spent some five years battling to penetrate the market with water gel explosives designed by Du Pont, the world's largest chemical company

National Explosives has, so far, achieved annual sales of R6-million

If the explosives market — now worth R250-million and growing at between 10% to 15% annually — is opened to free competition, National Explosives will be aiming for a share of 15% to 20%, which means it could have explosives sales of about R80-million in five years if targets are achieved

Mr Hill is already planning a stronger presence in explosive accessories, and is developing a R2,5-million detonating cord plant

"We would like to get 15% to 20% of the accessories market," he says

The question of a possible break-up of the explosives monopoly raises other interesting questions

For the Government, there may be an attractive opportunity to dissolve a stranglehold by English business on a major industry

An open explosives market may present a tempting new avenue for Sasol as it pursues its aims of diversifying its chemical activities further downstream

An offensive by Sasol into explosives — either alone or in partnership with a company such as National Explosives — could well be on the cards

(2) Premiums Trea

Year 02 – sa

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03, Jan 1: L 0

Dec 31: I 0

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04, Jan 1: L 300

300

Jan 2: I ompany) 24 000

540

olicy 23 460

ceeds receivable

Jan 2: icy 23 460

23 460

Jan 31: 24 000

24 000

ceeds

Note 1:

At the end of y cy would be reflected on the partnership

balance sheet a at its surrender value of R240.

Note 2:

The death of a partner automatically dissolves the partnership as legal and accounting entities. For this reason a partnership income statement would have to be drawn up for the period up to the date of death of the partner so as to ascertain the correct balance on his capital account. The proceeds from the life policy would be shown as income in this income statement and NOT credited direct to the partners' capital accounts.

Takeover transforms Hanhill

S. Times 28/2/82

~~232~~

183

HANHILL, an embryonic giant in the chemical sector with annual sales of about R1,2-million, is about to blossom into an R80-million fertiliser and explosives group.

This is the major implication of the imminent acquisition by Hanhill of Swaziland Chemical Industries (SCI).

A significant producer of fertiliser — holding about 10% of the SA market — and an international trader in ammonia, SCI is 95% owned by entrepreneurs Oliver Hill and John Hahn and their associates and trusts, with the rest held by the Swaziland Industrial Development Corporation.

By Andrew McNulty

If, as expected, necessary approvals are forthcoming, the deal should be completed in April

Details will be announced with the year-end financial statement in a few days, but a major term is that about 32-million new Hanhill shares will be issued, increasing capitalisation to about 35-million shares

Hanhill derives its earnings mainly from leasing of mechanical plant and other equipment to companies in Mr Hill's National Process Industries (NPI) group and from its 25% holding in National Explosives, an NPI company set up to produce and market Du Pont's water gel explosives

SCI is facing a poor fertiliser market in view of slackened demand, unsatisfactory prices and the entry of Sasol looming, but its record has been spectacular, and long-term prospects could be no less bright Developments include:

- In a R15-million expansion, ammonia consumption capacity — used for production of ammonium nitrates, which are used in production of explosives — is being expanded from 28 000t/year to 55 000t by April, to be followed by a R25-million programme to more than double this level by 1983
- A decision is expected by mid-year on a plan to develop a R40-million ammonia plant in Mozambique, using the Pande gas field as a feedstock, that would produce 60 000t/year
- Protracted efforts to break into the explosives industry may soon be resolved successfully (see article on Page .).
- NPI is to spend R10-million on developing a plant to produce Du Pont-developed resin roof bolts for use in coal mines The plant will have an annual capacity of 3 500t and potential sales of R7-million/year.

"When it is running smoothly it will be put into Hanhill," Mr Hill says

He adds that their "ties are getting closer all the time" with Du Pont, the world's largest chemical company.

On its turnover of about R75-million for the year to December 1981, SCI achieved net earnings of R7,5-million to R8-million — a huge leap from the R4,5-million earned by SCI the previous year

I understand that Hanhill's net earnings for 1981 will be about R500 000, so if the merger had taken place at the beginning of last year the Hanhill group would have earned R8-million to R8,5-million.

Largely due to greatly improved fertiliser demand and prices, SCI's sales soared from R5-million in 1977 to some R75-million in 1981

The fertiliser market has slumped, which means that growth in the coming year will be nowhere near as good, but Mr Hill says that they are targetting annual compound earnings growth of "at least 30%" for the Hanhill/SCI group.

Hanhill's share price, about 130c for most of 1981, doubled since the merger with SCI was announced in late November and by Wednesday was back to 215c.

The yield is only 2,4% on the historical 6c dividend (likely to rise to 8c on earnings of 18c for 1981) but with a likely dividend of about 12c in 1982, the prospective yield is an attractive 5,6%

High marks for AECI results

(183) S.Times 28/2/82

By Stephen Orpen

GAINS in profitability seem to have helped blue chip chemical giant AECI achieve laudable results for the year to end-December, as announced late on Friday.

However, the group is now running in choppier waters and more difficult sailing lies ahead, according to the directors.

On turnover up "only" R231-million (18,7%) from R1 237-million to R1 467-million, group net income before tax climbed more than 25% from R202-million to R252-million.

Net income attributable to the ordinaries rose to 157,8c a share (123,4c), earnings on the ords rose 26% to 102,2c (81,3c) and a final dividend of 31c (27c) has been declared.

This makes a total dividend for the year up 22% to 55c (45c) after increasing the cover from 1,8 to 1,9.

Net income before tax was hiked 43% in the first six months of the year with "a better second half expected."

In the event, conditions are proving tougher and "growth was well below the level achieved the previous year."

However: "Apart from the abnormally high incidence of problems on certain major production units referred to in the interim report, plants in general operated at higher levels during the year and profit margins were maintained in aggregate."

Chairman Harry Oppenheimer and chief executive Denys Marvin caution that: "Against the background of the prevailing economic climate, the weakness of the rand and the pressure of cost increases, trading conditions for 1982 are expected to be difficult"

However, the group is well placed to take advantage of any acceleration in the economy'

Net income before tax includes a dividend of R15,5-million (R7,8-million) from Triomf Fertilizer Pty

Domestic sales volume for the year swelled by a modest 9,4%. Gains were achieved in all major sectors, but in line with slower economic activity, growth was down.

Exports rose marginally to R65-million from R62,5-million

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Strike over pensions

11/3/82

ABOUT 200 workers have downed tools at the Prospecton plant of Henkel Chemical Manufacturers near Durban in protest over their pension conditions.

A spokesman for their union said the majority of a work force of about 250, who were unhappy about their compulsory membership of the pension fund, will renegotiate their demands after "12 frustrating months of talks and two days of work stoppages last year" in a further bid to resolve the dispute

The workers are demanding a refund of their pension contributions — an issue they were deadlocked over last year. They have also requested representation on the board of trustees administering the fund as well as a new provident fund to be introduced, while membership should be on a voluntary basis, the spokesman said

He said other grievances raised by the workers were the management's alleged refusal to negotiate over wages At one stage shop stewards were involved in discussions over wages, but management " unilaterally adjusted the wages" he added

"They reneged against an undertaking when they adjusted the wages

Workers were also unhappy about the introduction of a 45-hour shift, which was later abondoned under threat of a supreme court action Their anger arises out of the small take home pay resulting from this new arrangement"

The Fosatu-affiliated Chemical Workers Industrial Union of which the majority of the workers are members, were not involved in negotiations, but hoped to open talks with management

The personnel officer of Henkel Mr M Roussouw, said certain grievances were raised which they were prepared to discuss again with workers representatives "as soon as they returned to work "

The morning and day shift workers were allowed until 11 am yesterday to return to work They chose not to do so and had therefore terminated their employment contract

This also applies to the other shift workers who did not turn up for work Mr Roussouw said — Own Correspondent

Dismissed workers fail to reopen negotiations

Mercury 11/3/82

(183) (152)

Mercury Reporter

ABOUT 200 workers who downed tools at the Prospecton plant of Henkel chemical manufacturers on Tuesday this week in protest over their pension conditions, yesterday failed to reopen negotiations with management, a spokesman for the company said last night

The personnel officer of Henkel Mr M Roussouw, said the workers had 'terminated their services' and it was decided yesterday the workers would be refunded their pension fees

A spokesman for the Fosatu affiliated Chemical Workers' Industrial Union said the workers had gone on strike in protest against their wages and the compulsory membership of their pension fund

The workers also demanded a refund of their pensions

The workers were fired after they went on strike but the union spokesman said union refused to acknowlege the dismissals until management agreed to negotiate

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TELEVISION

Last night's TV

THE most important thing in this country is rugby And the Soul And Brain Crusher is not about to let us forget it.

So, if like me, you got home from the office tired, hungry and looking forward to a bit of cricket on the sports programme after dinner you too, were doomed to disappointment

The continuity announcer gaily announced that there were no less than two international sports in the offing — cricket and rugby

She actually said this on two occasions And then Kim Shippey appeared in all his synthetic golden-haired glory to tell us the same thing.

And to announce in his usual sepulchral tones that we were privileged to see no less than the French vs England rugby match in the Five Nations rugby championships

In true Crusher tradition this was several matches earlier in the series because 'we haven't got the tapes yet' But on Friday you'll see so and so and on Saturday such and such.

Meanwhile I was dazedly considering the mentality that ignores the cricket on our doorstep

Then the organ like tones of our delightful sports host announced that we would see the cricket on *Sportsuitsending* at 10 o'clock or later in the evening

Well so far as I'm concerned we should have got the cricket at the earliest available opportunity There were many schoolkids who are cricket fans who no doubt missed the late showing

It s mind-boggling the way the SABC considers its priorities If it's up to date let it mature Don t for heavens sake show today's events tonight Show them next month or so Better late than never their motto

In *Midweek* we took a look at gold, a health hydro and Chick Corea I'm puzzled by the Crusher's policy concerning free plugs In the health documentary there were several mentions and captions of the name of the health farm and yet I got the impression that it was a vague investigation into the pros and cons of these places that cater for the fat, rich and lazy — at a price.

The second in the two part *Ladies Man* offering fell rather flat apart from one or two good one liners

GARY EICHORN

183

2 The Natal Mercury, Tuesday, March 16, 1982

Work stoppages hit five Natal companies

Mercury Reporter

WORK stoppages were experienced by five companies in Natal yesterday as more than 1 200 workers downed tools in support of their demands

The stoppages follow a wave of strikes on the East Rand which have affected 15 companies over the past two weeks

At Tongaat Milling in Estcourt more than 150 workers continued to refuse to return to work until their demands had been met

An official of the Fosatu- affiliated Sweet Food and Allied Workers Union said the workers downed tools on March 3 following claims of victimisation by a supervisor They returned to work when management agreed to investigate their complaints

According to the official, the workers were given till midday on Thursday to return to work, failing this they were dismissed

Due to meet

The managing director of the company, Mr W O R Gibson could not be contacted late yesterday

The labour officer of the KwaZulu Department of the Interior, Mr Z A Khanyile, yesterday was due to meet both KwaZulu Shoe Company management and the 700 women workers who downed tools last week in support of their demand for reinstatement of a fired shop steward and recognition of their union

The results of the meeting were not known late yesterday The company manager, Mr Peter Bodovines was unavailable for comment

Workers from the Henkel chemical plant at Prospecton near Durban gave Chemical Workers' Industrial Union officials permission to negotiate with management at a meeting early yesterday

The workers, about half the workforce of the plant, demanded firstly that they all be reinstated and then that management agree on their return to work to discuss wage shift and pension grievances

An official of this Fosatu-affiliated union said late yesterday they had managed to get management to agree for the time being not to re-employ new workers while negotiations continued

Mr M Rousouw Henkel's personnel officer said they did not want to put any undue pressure on the present situation while talks continued with the union

Although a number of workers from Turnall Ltd in Jacobs had returned to work by yesterday, a large group of workers met yesterday at the South African Allied Workers Union offices and claimed they had been 'locked out'

About 480 workers had downed tools on Wednesday last week after a 'misunderstanding' between the management and workers who had demanded the recognition of their union

Mr G H Hampshire, works director, said the employees had been invited to return to work on Friday and most of them had accepted the offer None of them had been dismissed, he said

16/3/82

~~140A~~ ~~186~~ 183

Hammarsdale mill workers end stoppage

Mercury Reporter

ABOUT 600 workers from the Progress Knitting Mill at Hammarsdale returned to work yesterday after management agreed to re-employ 80 fellow workers who downed tools at the weekend

The 600 workers downed tools on Tuesday after management had said they would only selectively re-employ the 80 workers

The 80 workers stopped work on Saturday after they had worked five days of 12-hour shifts because of the introduction of a new shift system, and had received R7 extra pay for the overtime

Yesterday morning when the workers arrived at the gates of the factory, a contingent of riot policemen was waiting on the road so they decided to enter the factory gates, according to union sources

Management representatives closed the gates when half the workers had entered the factory grounds and entreated them to return to work

Fired

They told the workers that the other 80 workers had been fired The men still refused to return to work

Management then told workers they would discuss the issue with elected representatives of the workers

A committee of 12 workers met management and a settlement was reached when they agreed to re-employ the 80 workers

Mr P D Jacobson, Progress Knitting Mills' chief executive, said 'the dispute arose out of a misunderstanding concerning a new shift system which was introduced, after discussions with a union representative, which now has been accepted by the workers

'The discharged workers were given the opportunity of re-applying for their jobs on the same conditions as applied previously,' he said

Refused

Meanwhile, at Tongaat Milling in Estcourt the 140 workers who last week downed tools following management's refusal to dismiss a supervisor who, they claim, victimised workers, still refused to return to work yesterday

According to an official of the Fosatu-affiliated Sweet, Food and Allied Workers' Union, they had refused to return because management had agreed only to selective re-employment

The managing director of the company, Mr W O R Gibson, was not available for comment

KwaZulu Shoe Company entered its fourth day of work stoppage after about 700 workers downed tools following the dismissal of a shop steward Workers have demanded recognition of the National Union of Textile Workers (NUTW)

Meeting

The secretary for the KwaZulu Department of the Interior, Mr A M J van Rensburg, said yesterday a meeting between the labour officer of the department, management and workers was still being arranged

At a meeting with union officials this weekend Dr Frank Mdlalose, the KwaZulu Minister of the Interior, agreed to mediate between workers and management

According to union officials management had agreed to meet the KwaZulu labour officer today but without workers This had not been accepted by the department and they still were negotiating with management for workers to be present at the meeting

Mr Obed Zuma, the general secretary of NUTW said union officials had gone yesterday to Johannesburg to discuss the issue with the Canadian ambassador The major shareholders in KwaZulu Shoe Company, Bata, has its head office in Canada

Legal

He also said he would be calling a national executive committee meeting of the NUTW, which represents 13 500 workers countrywide, to discuss the possibility of declaring a legal strike at KwaZulu Shoe Company

At the Henkel chemical plant at Prospecton the company had re-employed only 20 of the 160 dismissed workers, according to union sources

Last Tuesday 200 workers downed tools after a dispute over the company's pension fund A number of workers had been re-employed at the end of the week

Talks between the Chemical Workers' Industrial Union (CWIU) and management in an attempt to get management to rehire all the dismissed workers broke down on Tuesday

Meanwhile, at Colgate-Palmolive in Boksburg, the subject of a four-month strike and a consumer boycott last year, a wage settlement has been reached between management and the Fosatu-affiliated CWIU

According to the settlement, workers will receive a minimum of R1,95 an hour and this will be increased to R2,04 in November

Star 19/3/82

183

Colgate wage dispute is settled

Labour Reporter

A wage settlement has been reached between management of Colgate Palmolive in Boksburg and the Fosatu affiliated Chemical Workers Industrial Union.

The wage negotiations went on for most of February, a consequence of the bitter four month strike at the firm last year.

The February talks were the first negotiations since the recognition agreement was signed last year.

Workers at Colgate Palmolive will receive a minimum of R1,95 an hour in May and this will be increased to a minimum of R2,04 in November.

Other grades of workers will also receive the two stage increases this year.

The union negotiated a five day week.

Mercury 17/3/82

183

Claim that company trying to 'break' union

Mercury Reporter

THE Fosatu-affiliated Chemical Workers Industrial Union, involved in a dispute with Henkel Chemical Manufacturers has claimed that the company is trying to break their strength by refusing to re-employ all the 216 workers dismissed last week

The workers were dismissed from the company's Prospecton plant after downing tools over three issues — dissatisfaction with wages, the company's pension scheme and the introduction of a new shift

A spokesman for the union said yesterday that 163 of the dismissed workers had re-applied for employment

'Management indicated that there were 38 vacancies, but so far only about 23 workers have been re-employed,' the spokesman said

He said the main grievance voiced by workers was the decrease in the differentiation of wages between day workers and shift workers

'Last year the difference in wages between day and shift workers of the same grade was 19 percent Since the introduction of the new nine-hour, 45-hour-a-week shift and the annual increase the differentiation is 10 percent he said

Mr P Rousseau, the personnel manager for Henkel's head office in Johannesburg, said yesterday that the 'whole package had changed, and the 10 percent differentiation was in line with industrial norms

Because new staff had been employed the Prospecton plant's labour force was nearly up to its full quota, he said

Mr Rousseau confirmed the union's claim that all new staff were required to sign a contract agreeing to the new nine-hour shift

VOM

183

New R27-m AECI plant

S. Times

21/3/82

By Stephen Orpen

A R27,3-MILLION new fuse plant is to be built at AECI's new Mankwe explosives factory at Mogwase, BophuthaTswana

This raises the total capital investment in the factory to R60-million

Safety fuse is used in large quantities in mining in South Africa to initiate explosives charges

The new plant will have a capacity of 144-million metres of safety fuse a year and is expected to come on stream in mid-1983

It will enable AECI to meet the needs of the mining industry for the next 10 years

Making the announcement in Johannesburg today, AECI's managing director, Mr Denys Marvin, told Business Times that the fuse would be manufactured using a new technology developed by the company's own research department at Modderfontein

Known as the "wet spun" process, the technology is inherently non-hazardous, and AECI has entered into agreements in regard to the know-how with companies in the US and Canada

The plant will provide employment for 220 unskilled-/semi-skilled and 21 skilled people

Of the total capital expenditure, all but a minimal amount is to be spent locally

AECI has been manufacturing safety fuse for the mining industry at Modderfontein since 1961 and now produces 325-million metres a year

The BophuthaTswana development is part of AECI's decentralisation and rationalisation programme

The first phase of the project — the capped fuse plant — has been commissioned this month and an Anfex blasting explosives plant will start up during April

When the safety fuse plant comes into operation, nearly 1 000 people will be employed at the factory

21/3/87 S. Tribune ~~13~~ 183

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YCOTT THREAT TO STRIKE FIRM

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mer boycott of Henkel products worldwide, if the Durban management refused to bargain with the union and re-instate the workers who were "irresponsibly released".

About 230 workers were fired ten days ago, after they stopped work in protest over

By INGRID STEWART

wage and other conditions of service at the company's Durban plant

According to the CWIU's national president, Mr Abie Ceele, about 75 of the striking workers have been re-employed.

He is among those who have been told there are no jobs for them

Three issues are involved in the Henkel's dispute dissatisfaction with wages, the company's pension scheme and the introduction of a new shift.

The workers were particularly angry about the introduction of a 45-hour-week night shift, which had the effect of decreasing the differentiation of wages between day workers and shift workers

Last year the difference in wages between day and night shift workers of the same grade was 19 percent.

Since the introduction of the new nine-hour, 45-hour-a-week shift, this has been decreased to 10 percent.

A spokesman for the CWIU said the union would consider strategy for a consumer boycott of Henkel products if Wednesday's talks broke down.

Mr Peter Rousseau, personnel manager for Henkel's head office in Johannesburg is reported as saying that the "whole package" at Henkel's had changed and the 10 percent differentiation was "in line with industrial norms".

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Big strides in development of methanol

183 Star 23/3/82

By Pieter de Vos

AECI has made rapid advances in the development of methanol as a substitute for petrol or diesel fuel, Mr Harry Oppenheimer, chairman of the group, announces in the annual report

A pilot plant should be designed by the end of this year following encouraging research results in 1981. "The use of methanol — a field in which AECI has established a leading position — has been pursued vigorously," Mr Oppenheimer says

Blends of up to 15 percent methanol in petrol could now be used with confidence Operation of cars using 100 percent methanol had continued to be satisfactory

The refinement of additives to permit the use of methanol in an essentially conventional diesel engine proceeded well Joint engine trials with a major overseas manufacturer were in progress, using one of the most promising of the additives developed

There was confidence that methanol could be used satisfactorily as a substitute fuel in these various ways but the economics would depend on the policy adopted by the Government on alternative fuels.

Research into a process for the manufacture of organically-based ethanol from agricultural wastes had also been encouraging

The demonstration plant for growth of algae from factory effluent had met expectations

The design was now being refined with a view to larger scale operations High-protein animal feed trials based on the algae produced were also in progress

Oppenheimer warns of tough times

AECI faces a tough year. Trading conditions will be unfavourable and profit margins difficult to maintain, Mr Oppenheimer says in the annual report

Profit would also be adversely affected by higher interest rates, resulting from increased borrowings to finance the capital programme and higher rates prevailing

The recessionary conditions in the US and Europe did not appear to have abated, the general consensus was that inflation would remain at high levels and if account is taken of the continued shortage of skilled manpower, cost pressures were likely to increase

However, the group's financial position remained sound and with the capital programme in hand and under consideration, the group was well placed to take advantage of any acceleration in economic activity

Because of the recessionary conditions in Europe and the US, the nature of much of the competition which the South African industry now had to face was such that large sectors would have little hope of survival without adequate protection

More effective long-term measures should be taken by the authorities as a matter of urgency, Mr Oppenheimer says

D. Dispatch 23/3/82 (183)

Decision on ethanol plant likely soon

EAST LONDON — A R3 million ethanol plant extension to Langeberg's canning factory here is still under consideration

The deputy general manager of the company's technical services division, Mr Henk van Nes, said the project was "still in the air"

"We are still looking at it and we are studying the economics of it," Mr Van Nes said yesterday

"We are very close to a decision"

He said the drop in the price of crude oil had caused the company to look more closely at the project

"Obviously it is not as attractive as when the oil price was high" he said

When the project was first mooted in September last year, the company said the planned plant would produce three million litres of ethanol a year, generating R1 million a year at full production

The ethanol would be produced from pineapples, or maize during the pineapple off-season

The ethanol would be mixed with petrol to provide "gasohol" — which is already sold as motor fuel on the Witwatersrand — DDR

Tough haul ahead for AECI

(183)

By DAVID CARTE

RDM 23/3/82

TRADING conditions for AECI this year are expected to be unfavourable and profit margins will be difficult to maintain, says the chairman, Mr Harry Oppenheimer, in his annual report.

Mr Oppenheimer says the company's "substantially higher interest burden" resulting in part from the chemical giant's expansion plans will also hurt profits

But the group's financial position is sound and AECI is well placed to take advantage of economic acceleration when it comes

He makes no specific earnings forecast for 1982

Mr Oppenheimer reports a sharp slowdown in real sales in 1981 After 19% volume growth in 1980, growth last year slowed to 9,4% This beat the group objective of real sales growth of 7% and volume increases were recorded in all major sectors

In the first half, abnormal production difficulties hampered the Modderfontein No 4 and Umbogintwini ammonia plants In the second half there was another serious breakdown at Umbogintwini

AECI will invest R10 400 000 on Modderfontein No 4 to improve its reliability and performance

The polyester filament yarn expansion at SANS came into operation with minimal teething problems

Projects for 1982 include a low density polyethylene plant at Midland, a calcium carbide furnace at Ballengeich and a third explosives factory at Mogwase, Bophutatswana In addition a R25-million safety fuse plant is to be built there

At the yearend debt was 30% of equity Last December a five- to seven-byear loan of $100-million was raised from a consortium of US banks for general financing

AECI's demonstration plant for growth of algae from factory effluent has met expectations and the design is being refined with a view to large scale operation

High-protein animal 'feed trials are in progress

Expressing disappointment at the attitude of black unions to pension fund preservation, Mr Oppenheimer says the lesson from this is that people of all reaces should be consulted about their needs and aspirations in advance of action on their behalf

Mr Oppenheimer warns against the "so-called free market philosophy" and adds that large sections of SA industry have little hope of survival without adequate tariff protection

Pointing to the balance of payments deficit and the fall of the rand, he says economic conditions have deteriorated markedly recently

"To add the additional dimension of high unemployment, which would surely result from the closure of secondary industry in fields such as footwear manufacture, plastics conversion, weaving, knitting and garment making would not seem to be wise"

The 10% import surcharge will provide some relief, but this is a short-term fiscal measure He pleads for more effective long-term measures to protect efficient industries against disruptive imports

Mr Oppenheimer says AECI can only benefit from the acquisition by Amic of Debincor's 40% stake in AECI

The directors disclose that polymers and derived products were the biggest contributors to AECI's trading profit last year, contributing 33% (32%) of the total Explosives brought in 25% (22%), chlor-alkali and organic chemicals 22% (24%) and agricultural and inorganic chemicals 20% (19%)

In spite of a disappointing 10% ammonia price increase, the agricultural and inorganic chemicals divisions expect to raise profit in the current year because of improved plant performance Return on capital will remain unsatisfactory, however

The directors report that AECI has acknowledged that its explosive supply contracts to the mining industry represent "restrictive practices" as defined by the Competition Board

But AECI has submitted to a board inquiry so that it can be demonstrated that such contracts over 58 years "operate to the benefit of the mining industry and are therefore in the public interest"

The outlook for explosives is "one of continued but slower growth in line with the prevailing economic climate"

Coal mining is again expected to show growth and some improvement in gold and platinum prices is forecast for the year "with a consequent restimulation of these sectors of the mining industry"

Demand for cyanide continues to outstrip supply and AECI will spend R30-million expanding the Midland cyanide plant

In the polymer products division, Coalplex last year operated at a small loss In spite of recession abroad, 40 000 tons of PVC were exported Domestic demand is expected to improve, but export prices are unlikely to harden until international surpluses are absorbed With an additional 70 000 tons of low density polyethylene production available, the group will have surplus bapacity for both major plastic products

AECI paints lifted sales volumes 9% and forecasts improved earnings this year

Chemical Holdings is also looking for improved profit

RDM 23/3/82 (182)

AECI ready to go on methanol fuel

By DAVID CARTE

AECI reports good progress with its investigation into methanol as a fuel and aims to commission its first pilot plant shortly

AECI s chairman, Mr Harry Oppenheimer says in his annual report that the pilot plant has been built and will be based on the Mobil process for conversion of methanol over a zeolite catalyst into ethylene and other hydrocarbons

In addition, research into a process for the manufacture of ethanol from agricultural waste has been encouraging and AECI hopes to design a pilot plant by the end of this year

"While there is confidence that methanol can be used satisfactorily as a substitute fuel the economics will depend on the policy adopted by the Government in regard to alternative fuel

Although crude oil prices may not increase in real terms in the short term Mr Oppenheimer says an average real increase of 2% a year is likely in the longer term

"In any event, South Africa s strategic position is such as to suggest that an indigenous source of feedstock and energy is highly desirable

He reports that blends of up to 15% methanol in petrol can now be used with confidence and that cars have run satisfactorily on 100% methanol

Mr Oppenheimer says the refinement [illegible] additive to permit the [illegible] at [illegible] diesel eng[illegible] has [illegible] well

"Joint engine trials with a major overseas manufacturer are in progress using one of the most promising of the additives developed"

RAND DAILY MAIL, Tuesday, March 23, 1982 3

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Henkel faces trade threat over firings

By STEVEN FRIEDMAN
and CHERYL VAN EYSSEN

A SOUTH African chemical company, Henkel (SA), faces an international boycott of its products if talks between management and Fosatu's Chemical Workers Industrial Union break down tomorrow, according to the union

A company spokesman yesterday refused to comment on the warning until after a meeting to discuss union demands for the reinstatement of 140 workers fired after a strike at Henkel's Durban plant this month

The company initially fired 230 black workers but later re-employed 75, said the union Of the rest, 140 wanted to be re-instated

Previous talks on the reinstatement demand ended in deadlock

Henkel (SA) is owned by the Rembrandt group and a German parent company

A CWIU spokesman said at the weekend the union would call an international consumer boycott of Henkel products if the company refused to give in to union demands

He said the 6-million member International Chemical and Energy Federation had undertaken to urge its members in the West to support the boycott

He said CWIU would demand the workers' re-instatement and that Henkel agreed to negotiate workers' wages and not increase the working week by five hours

CWIU has accused Henkel of unilaterally breaking off wage negotiations and planning to increase shift workers' hours

A Henkel spokesman yesterday confirmed that company officials would meet union representatives tomorrow but would not comment on the company's position "We would rather wait and see what happens at the meeting," he said

He confirmed that some fired strikers had been re-employed and the rest replaced by temporary workers

He said "All new workers are employed on a temporary probation period There is nothing unusual about our replacing dismissed workers with temporary staff "

SOUTHERN AFRICA LABOUR AND DEVELOPMENT RESEARCH UNIT

FACT SHEET NO. 1

REGISTERED INDUSTRIAL COUNCILS IN SOUTH AFRICA

AT AT 31 MAY 1981

INDUSTRIAL COUNCIL

Name

Area of Jurisdiction

Main Agreement

Period

Variations in

TRADE UNION PARTIES

Name

Variations in Scope

EMPLOYER PARTIES

Name

Variations in Scope

Chemical union threatens boycott

25/3/87 Star

183

The trade union involved in last year's bitter Colgate Palmolive dispute — the Fosatu affiliated Chemical Workers' Industrial Union — is on the verge of launching a consumer boycott of another major chemical firm

In a statement the CWIU said it would give Henkel SA in Durban 'a final opportunity to reconsider its position otherwise it would call for a boycott of the company's products from next Saturday

It added that the 6 million-strong International Chemical and Energy Workers Federation (ICEF) had already pledged its support for an international boycott of Henkel products

The boycott threat stems from the recent strike by about 250 workers at the company which manufacturers soap-powder, detergent and glue

According to the union, the company would not reinstate workers dismissed after the strike — which had been "forced" by management's consistent refusal to negotiate on wages and other issues. Management comment could not be obtained

The CWIU launched last year's much-publicised consumer boycott against one of Henkel's competitors, Colgate-Palmolive in Boksburg

Referring to that dispute the CWIU statement said Colgate had agreed to negotiate wages with the union only after the boycott was called

It is understood that the CWIU has also asked the German trade unions to contact Henkel's parent company in Germany.

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PLASTICS FM 26/3/82 (183)

Protection dilemma

Protecting the local plastics industry against cheap competition from abroad is becoming an all-round embarrassment And government now faces the thorny problem of deciding whether to continue with import controls or to impose tariff protection

With international prices at rock bottom, SA plastics and coal-based technology in general are among the most expensive in the world

Government is under pressure from its trading partners in Gatt to phase out the present system of import control and replace it with import tariffs

But even plastics producers admit that tariffs will have to be "ridiculously high" to keep out imports And they are not keen on changing the status quo for fear of provoking an outcry

There are other reasons why they want to keep import control Government does not grant import permits unless local producers confirm that their own plants cannot produce local requirements This ensures that they run at full capacity

With no import control, many plastics users might buy abroad and pay the tariffs This would reduce throughput at local factories and push up prices even further In addition, SA will reach more than self-sufficiency in production of the main plastics types, polyethylene, polypropylene and PVC, by the end of the year

Permits for importing plastics which are made here, are at present granted to the plastics producers themselves and not their customers This gives them additional business worth tens of millions a year which would otherwise have gone to trading companies Without import control they will, for some time, have to compete in a free market for this business

Lifting import controls would also play havoc with the pool used to smooth out price differences between local and imported plastics When plastics producers import (at far lower prices than their own production costs) they sell at the same prices as the local product They retain the additional "profit" from these sales to set off against the steadily increasing prices of locally made plastics With no restrictions on who imports, this arrangement would be almost impossible to administer

There have long been squabbles on price between the plastics converters, who make goods from plastics materials, the plastics producers (AECI, Sentrachem and Coalplex) and Sasol, which supplies some of the feedstocks

For the time being, they have sunk their differences and are drafting a plan to protect the entire industry The plan will be submitted for government approval

Meanwhile, government will have to continue resisting pressures from Gatt to abolish import control

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Harding, Denae Wright and Millicent Mseleku

Picture DANIE COETZER

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27/3/82

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Mr Wilfred Venter: We to

Picture ROBERT TSHABALALA

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RDM 27/3/82

be able to learn from made in other de- and independent in Africa

"It is only foolish people learn from their exper- If people are wise learn from other peo- experience," he said

Namibia would be the last Africa's countries to gain dence

CDM's policy had been to more and more of the of the diamond indus- to the territory from Africa, Mr Oppenhei- said

DM was also financing first state-run multira- secondary school and so far given R5-million to project.

Woman drunk before death

DURBAN — A 59-year-old woman was naked and "horribly drunk" some hours before her husband allegedly stabbed her to death, the Durban Regional Court heard yesterday

Mr Carl Pieter Gildenhuys, 62, has pleaded not guilty before Mr H A Steyn to a charge of culpable homicide arising from the death of Mrs Elizabeth Gildenhuys on January 12

The court was told Mr Gildenhuys' defence was that he was too drunk to know what happened

Mrs Valerie Rae, superviser of Arlington flats where the couple lived, said she had known the couple since September last year, and had often visited their flat

She went to the flat about 9am on January 12 Mr Gildenhuys was in underpants Mrs Gildenhuys was sitting naked in the flat and was "horribly drunk"

Mr Gildenhuys did not appear to be as drunk as his wife He said they had been paid their pensions the day before Both were heavy drinkers, Mrs Rae said

About 1 30pm, Mr Gildenhuys came to her office and asked her to phone an ambulance He told her he had stabbed his wife

Mrs Rae did not really believe him and they went to the flat. She found Mrs Gildenhuys lying on the balcony She was naked except for a nightdress over her shoulders

Mr Gildenhuys showed Mrs Rae a knife and said there had been an argument.

Mrs Rae said he seemed normal and more sober than earlier

She had noticed no ill-feeling, the couple seemed to have a normal, happy relationship

The State pathologist who carried out the post mortem, Dr B J van Straaten, told the court he found two stab wounds, one of which had penetrated Mrs Gildenhuys' left lung

Mr Gildenhuys told the court he and his wife drank heavily the previous evening When they woke on the morning of January 12, they began drinking again

He said he remembered there was an argument, but had no recollection of stabbing his wife.

The case is continuing — Sapa

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further notice

Last night's departure for Bulawavo was still to be 6pm, but there would be a 3½ to 4-hour wait in Bulawavo Return journeys from Johannesburg would also be delayed — Sapa

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Rembrandt refuses request by union

RDM 27/3/82 183 188

By STEVEN FRIEDMAN
Labour Reporter

DR ANTON Rupert's Rembrandt Group this week rejected a request by a union that the group intervene in a dispute at Henkel, which faces a world-wide consumer boycott from today

In a telex message to Fosatu's Chemical Workers' Industrial Union, Dr Rupert's personal assistant, Mr J H Groeneveld, said Rembrandt was not involved in the management of Henkel

The CWIU had called on senior Rembrandt officials to attend talks between it and Henkel on Wednesday because the group had a stake in Henkel

The talks, over the reinstatement of workers fired after a strike at Henkel's Durban plant, ended in deadlock and the union is to call a boycott of the company's products

The 6 000 000-member International Chemical and Energy Workers' Federation has pledged support for the boycott

Mr Groeneveld yesterday released an extract from a telex message to the CWIU responding to its request for senior Rembrandt men to intervene

"I wish to advise that Henkel is not a subsidiary of Rembrandt, which has only an investment interest in Henkel. Rembrandt has no representative on the board of Henkel and does not participate in management of Henkel"

Earlier this week the union said it would implement its boycott unless worker demands were met by today

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Arrest warrant out for SAR sergeant

By MIKE LOUW

A WARRANT for the arrest of a South African Railways policeman was issued by a Johannesburg Regional Court magistrate yesterday

Detective-Sergeant Daniel Gabela, 23, failed to appear before Mr A H Barlow on charges of theft of a vehicle, forgery and driving without a licence

He had pleaded not guilty to all charges at a previous hearing

The State alleges that he stole a van, forged it's Third Party disc and drove it without having a driver's licence

The offences were alleged to have been committed between September and October last year Sergeant Gabela had earlier been allowed R500 bail

Sowetan 27/3/82

183

Henkel worker boycott looms

By SELLO RABOTHATA

THE Chemical Workers' Industrial Union (CWIU) has threatened to call for a boycott of Henkel products with effect from tomorrow if the company fails to reinstate fired workers

The Fosatu Workers News, of which the CWIU is an affiliate, reported that Henkel workers in Durban stopped work on March 9 after Henkel management had unilaterally broken off negotiations with the CWIU Workers at Henkel's Isando plant were considering taking similar action

A statement released by CWIU yesterday said "Henkel soap powder, detergent and glue manufacturers, have refused to reinstate workers who were dismissed during the recent strike in Durban The strike was forced by management's refusal to negotiate with the CWIU on a number of issues including wages and management's attempts to increase the working hours of shift workers

"Henkel's consistent refusal to negotiate reached its logical conclusion when Wednesday's meeting between the CWIU and Henkel ended in deadlock Henkel is known to be expanding its plant, and making inroads into the detergent and soap powder markets at the expense of its competitors The union believes this to be a direct result of its low wages and ruthless labour practices "

230 workers at Henkel had initially gone on strike and 75 of them were reinstated while 140 wanted to be reinstated Henkel is one of the Rembrandt group of companies

RDM 24/3/82

183

Union calls for boycott of Henkel

Mail Correspondent

DURBAN – The Chemical Workers Industrial Union has called for a total boycott from today of all products manufactured by Henkel South Africa

Thousands of pamphlets were distributed in Durban's townships at the weekend calling on the community to support the boycott

The pamphlet said Henkel SA had refused to negotiate working conditions with representatives from CWIU, a Fosatu affiliate

As a result, workers were provoked into downing tools, the pamphlet said

The company had undertaken to negotiate wage increases with the CWIU, but later awarded increases unilaterally, breaking its earlier promise, it was claimed

The company had also refused to pay it workers their pension contribution for 1981

The managing director of Henkel, Mr C Abrams, said yesterday he was not aware of the boycott

He declined to comment

UNIVERSITY OF CAPE TOWN
EXAMINATION ANSWER BOOK

EVERY CANDIDATE MUST enter in column (1) the number of each question answered (in the order in which it has been answered), leave columns (2) and (3) blank

Cape Times 30/3/82 (153)

District Six site not wanted

By MICHAEL ACOTT
Political Correspondent

A MAJOR oil company has requested cancellation of its purchase of a District Six site where it had planned to put up a filling station

Total South Africa (Pty) Ltd bought the 1 896 square-metre site in December 1979 for R60 000 It was the first business organization to take up land in the area from which thousands of coloured people have been moved since it was declared white in 1966

The Minister of Community development, Mr Pen Kotze disclosed yesterday that the company had asked on March 9 this year for the sale to be cancelled and that this request was being considered

Replying to questions tabled by Mr Colin Eglin (PFP Sea Point), Mr Kotze said Total was one of four private organizations which had bought land for a total of R200 317 in District Six Three other sites had been sold to the Department of Community Development for R191 000, while the Technikon had paid R5-million for a campus site

The details led Mr Eglin to repeat his appeal to the Prime Minister, Mr P W Botha, to reverse the Group Areas Act decision and allow coloured people to return to District Six

The Total move showed the reluctance of Cape Town's business community to become involved in a "whites only" District Six, in spite of repeated government invitations, he said

Mr Kotze told Mr Eglin that the Total company's request for cancellation of the sale had to be considered by the Community Development Board and the Treasury because cancellation could be interpreted as amending a contract to the detriment of the State

The other three private sector organizations to purchase land in District Six were M Raw Investments, who bought a site for a bottle store Metier (Pty) Ltd, who planned group housing and an old aged home and the Afrikaanse Christelike Vrouevereeniging who planned a creche and office complex

Date 23/10/79.

Degree/Diploma/Certificate for which you are registered (e g B A , B Sc) CTA

Subject Economics 1B
(to be copied from the heading on the Examination Paper)

Paper No 1
(to be copied from the heading on the Examination Paper)

Examiners' Initials		

NOTE CAREFULLY

1 Enter at the top of each page and in column (1) of the block on this cover the number of the question you are answering
2 Blue or black ink must be used for written answers The use of a ball point pen is acceptable Red or green ink may be used only for underlining, emphasis or for diagrams, for which pencil may also be used
3 Names must be printed on each separate sheet (e g graph paper) where sheets additional to examination book (s) are used

WARNING

1 No books, notes, pieces of paper or other material may be brought into the examination room unless candidates are so instructed
2 Candidates are not to communicate with other candidates or with any person except the invigilator
3 No part of an answer book is to be torn out
4 All answer books must be handed to the commissioner or to an invigilator before leaving the examination

Any dishonesty will render the candidate liable to disqualification and to possible exclusion from the University

Made in South Africa PSL/PD UCT Vervaardig in Suid Afrika

(183) Star 31/3/82

ICEF backing for boycott

By Drew Forrest

The 6 million-strong Geneva-based International Chemical and Energy Workers' Federation (ICEF) has thrown its weight behind the consumer boycott of the local chemical company, Henkel SA.

A spokesman for Fosatu's Chemical Workers' Industrial Union — which launched the boycott — said the ICEF secretary-general, Mr Charles Levinson, had agreed to activate affiliates worldwide in support of the campaign

The boycott, which seeks union negotiating rights and the reinstatement of workers who lost their jobs after the recent strike at Henkel's Durban plant, is already off the ground in Natal

Fosatu shop steward councils met across the country at the weekend to plan action in accordance with the boycott call

In a statement Henkel management accused the union of making "maximum demands and of unwillingness to compromise at a meeting which ended in deadlock last week

It said the boycott action endangered further talks, as well as "lessening the security of current employees"

Total 'withdrew two years ago'

ARGUS 31/3/82

183

TOTAL withdrew from District Six two years ago and the matter of its involvement in the area was dead Total's chairman Mr Alphonzo Hough, said today

Mr Hough was commenting on a statement in Parliament by the Minister of Community Development Mr Pen Kotze that Total asked on March 9 this year for its 1979 purchase of a District Six site to be cancelled

'We withdrew in 1980 in consultation with the coloured community, who are good customers of our firm There have been no further developments since February 1980,' Mr Hough said

'I can't account for the Minister's records Our file was closed two years ago

He said Total had kept its doors open to the coloured community and would do business with them again on their request if certain areas were declared open

Senior officails of the Department of Community Development said today they could not comment on the Minister's statement, which was in a written answer to questions by Mr Colin Eglin (PFP, Sea Point)

Mr Kotze was not available for comment

PLASTICS FM 2/4/82

A giant in the wings

A multinational petrochemical giant is planning a new SA plant which could go a long way to curbing spiralling prices of local plastics

Production capacity would run to about 50 000 t/year of polypropylene plastic, equivalent to the country's present output, and 100 000 t/year of the plastic feedstock ethylene This is two-thirds of present production levels Combined sales would run to about R160m/year

This could force the Sentrachem subsidiary Safripol, a producer of plastics, and Sasol, a producer of plastic feedstocks, to review their prices of these materials which are among the highest in the world It could also help AECI, another plastics producer, by supplying it with feedstocks at a lower price

The new plant is planned as an extension to an existing coastal oil refinery It will convert the refinery products naphtha and refinery gas into ethylene and polypropylene

SA's conventional oil refineries will be saddled with increasing surpluses of naphtha and gas over the next few years These substances are normally used to make petrol and heating fuel, but as more and more of the country's liquid fuel is produced by Sasols Two and Three, demand for petrol from oil refineries will decrease A logical use for the excess naphtha and gas is, therefore, to convert it into plastics which fetch higher prices and for which there is a growing demand

What makes the project more attractive is that it is cheaper to produce plastics from these oil-based chemicals than from coal-based chemicals as tends to be the case in SA This is true of most petrochemical products, ranging from fertiliser to synthetic rubber, in most countries they are derived from crude oil but in SA they come from coal

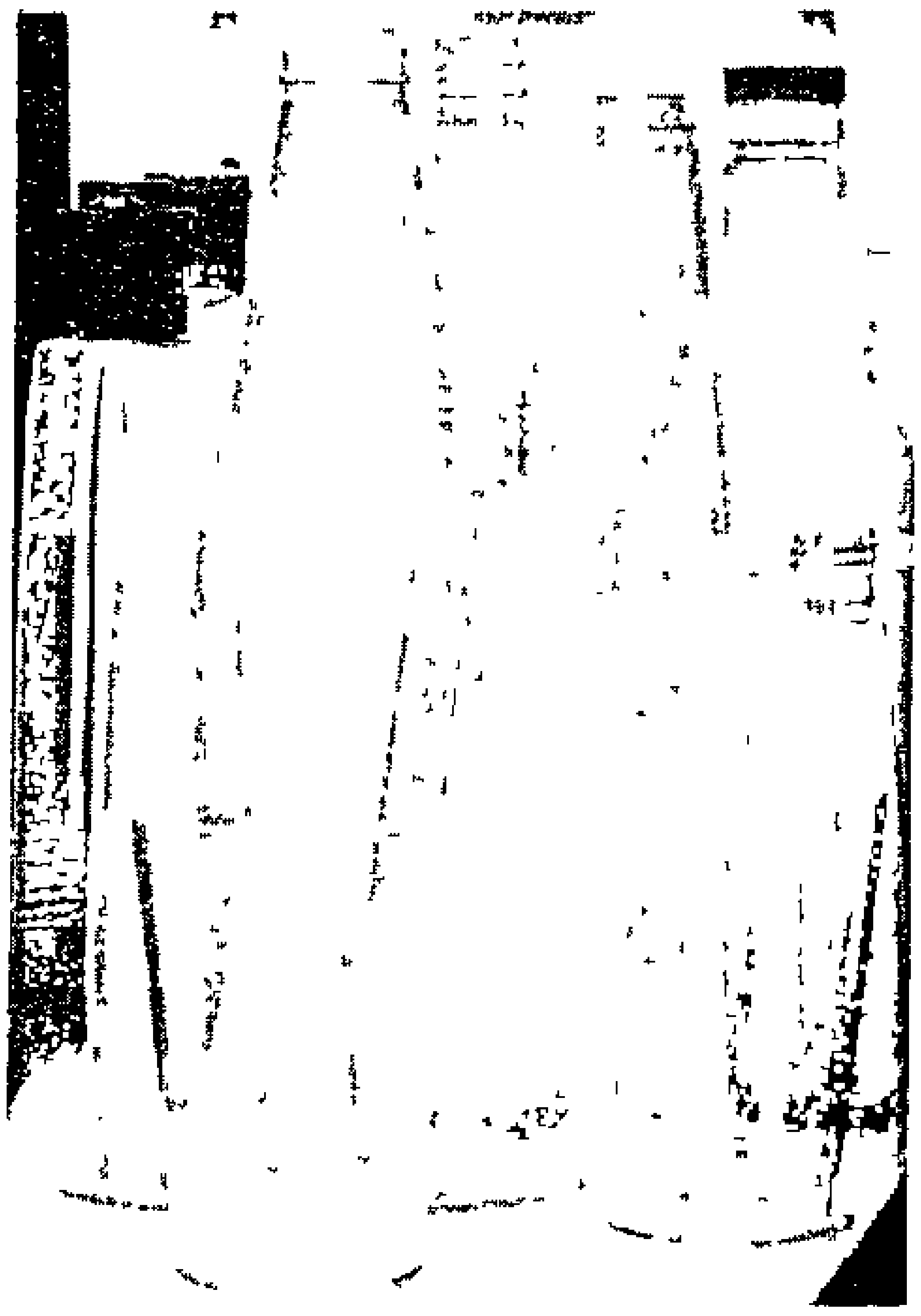
A likely buyer for the ethylene is AECI which would convert it into PVC and polyethylene plastics at Umbogintwini AECI would have to install sizeable plant to process the ethylene, but in the long run the investment could be worthwhile It now pays a high price for its ethylene which is supplied by Sasol, and this is said to be a major cause of the high price of polyethylene

The new plant would probably undercut Sasol while enjoying the advantage of being at the coast This would enable AECI to build the proposed second stage of its linear low-density polyethylene plant near by, thus saving railage costs At present all its polyethylene is made at Sasolburg, close to Sasol supply lines

The new plant would also make polypropylene plastic, which is now made only by Safripol in Sasolburg from Sasol feedstock Again prices could be highly competitive and there is also the rail advantage as one of the biggest users of polypropylene, Romatex is at the coast

Executives involved in the scheme are reluctant to reveal the identity of their company as final board approval is still to come from abroad

The project will also require the approval of government. This might be easily obtained because SA propylene consumption is growing at 12%/year, and more capacity is needed if it is to be supplied from local sources in accordance with prevailing policy



Plastic products ... price spiral to slow?

Giving the green light could help keep down plastics prices But Sasol may object on the grounds that the country's coal-based technology, established for strategic reasons, needs protection against petroleum-based competition which is vulnerable to embargoes

However, some oil men argue that the quantities of oil consumed by the plant will be relatively small, that SA is unlikely to find it more difficult to get oil in the future than it does now, and that barring an Iran-type crisis in the Middle East, prices of crude will rise more slowly than the cost of building more Sasols.

Vienna today The largest single group 29

nı Krzysztof Pomorski's family brought their dog Mr Pomorski

ports for his wife and seven-year old daughter

183 Star 8/4/82

Govt adviser talks to disputing union

By Drew Forrest

In an unprecedented move a top Government labour adviser has been drawn into the dispute between Fosatu's Chemical Workers Industrial Union and the chemical firm of Henkel SA

Professor "Blackie" Swart, chairman of the National Manpower Commission's industrial relations committee, confirmed last night that he is to hold discussions with CWIU officials in Durban today

A delegation from Fosatu's Natal region is meeting Henkel management today in a bid to settle the dispute which has prompted union calls for an international boycott of the company Professor Swart said he would probably attend

The CWIU is seeking negotiating rights at the company as well as the reinstatement of workers fired after the recent strike at Henkel's Durban plant

RDM 8/4/82

Fosatu and Henkel to hold talks today

By **STEVEN FRIEDMAN**
Labour Reporter

THE Natal regional committee of Fosatu is to meet management at the Henkel chemical company in Durban today

The meeting is an attempt to resolve the dispute between Henkel and Fosatu's Chemical Workers Industrial Union over the firing of workers who struck at the plant last month

The CWIU has called a boycott of Henkel products to support its demand for the re-instatement of the workers The boycott call has been supported by the International Chemical and Energy Workers Federation

The workers were fired after striking in support of pay demands, and the union is demanding their re-instatement It has accused the company of "union-bashing"

Henkel says it can only re-employ workers as vacancies arise

A CWIU spokesman said Fosatu's national executive had recommended to the Natal region that it intervene The region had arranged to meet Henkel today

Recently, Henkel issued a statement in which it criticised the union's decision to call a boycott

The company repeated an earlier claim that the union had insisted during negotiations that "their maximum position be met" and had refused to try to find a compromise

183

He says "The board has

Major expansion by chemical group

(183)

S. Time 11/4/82

By Stephen Orpen

THE R500-million-a-year SA foundry industry is to enjoy a shot in the arm via major expansion plans to be implemented by one of its leading suppliers

The HA-Falchem Group, fast-growing manufacturer of chemical resins, has launched a 5-year plan to expand production at its subsidiary, Leghorn Chemical Industries, by 30% a year

Falchem acquired Leghorn's entire equity in 1977

A German associate, Falawerke G.M.B., will provide the advanced R & D required for Leghorn's ambitious expansion programme

Since it began manufacturing in 1976, Falchem has itself pushed up annual sales by 160% and is now one of the three largest suppliers of sandbinder systems to the half billion a year foundry industry

At different times over 30 years large slices of its equity have been held by giants like Anglo-American and Old Mutual

Rembrandt faces threat of boycott

RDM 14/4/82

183

Labour Reporter

THE Federation of SA Trade Unions says it will call an international boycott of Dr Anton Rupert's Rembrandt Group if the dispute between its Chemical Workers Industrial Union and chemical company Henkel is not "resolved speedily"

This decision was taken at Fosatu's weekend congress at Hammanskraal

The CWIU has already launched a consumer boycott against Henkel after it fired more than 200 workers who struck over pay and other demands at its Durban plant Some of the workers have since been re-employed, but the rest have rejected a company offer to give them job priority only when vacancies arise

In another development yesterday, officials of the German union federation, the DGB, saw Henkel management in Durban The DGB officials are in South Africa on a fact-finding mission and have threatened action against Henkel's German parent company

In a statement released yesterday, Fosatu said it was considering extending the boycott to Rembrandt "both locally and internationally" because it owned 50% of Henkel An international boycott of Rembrandt had also been discussed among overseas unions

However, Rembrandt has said that, although it has an "investment interest" in Henkel it is not involved in the company's management and has no seat on its board It therefore insists that it is not involved in the dispute

Fosatu said that the entire national organisation had given support to the boycott

It accuses Henkel of "provoking a strike to smash the union in the plant" Henkel has accused the union of refusing to compromise on its demands and of not "genuinely" seeking a solution to the dispute

2 Vaal men to lead unions

14/4/82 RDM

40A

Labour Reporter

TWO Transvaal trade unionists have been elected president and vice-president of the 95 000 member Federation of SA Trade Unions (Fosatu) — the country's biggest union group

At Fosatu's congress in Hammanskraal at the weekend, the Transvaal chairman, Mr Chris Dlamini, was elected president and Mr Andrew Zulu, the Transvaal-based president of the Metal and Allied Workers Union (Mawu), was elected vice-president.

Fosatu's acting general secretary, Mr Joe Foster, a West-Cape based official of the National Union of Automobile and Allied Workers, was elected general secretary and another West Cape NAAWU man, Mr Nathaniel Gantana, was elected treasurer

Mr Dlamini is a long-serving worker representative who was involved in negotiating the first agreement between an unregistered union and a company in the Transvaal — between Kellogg and the Sweet, Food and Allied Workers Union

He is chairman of the Kellogg shop stewards committee in Springs — one of the most active union committees in the area

Mr Zulu is a Mawu shop steward at the East Rand factory of Stonestreet and Hanson, where he has led negotiations for three years

He has been Mawu's Transvaal branch chairman for three years and is now its national president.

Mr Foster and Mr Gantana are both long-serving West Cape motor unionists who were involved in the dispute between Naawu and Leyland last year

According to a Fosatu Press release, Mr Gantana, a Leyland worker, was "lifted shoulder high by workers and given a hero's welcome" after the dispute

Easter road death toll drops — but still 119 die

By JOUBERT MALHERBE
Pretoria Bureau

THE Easter weekend road death toll is 119

This is 28 less than last Easter and 66 less than predicted by the National Road Safety Council, Mr Chris van der Walt, the council's acting assistant director, said yesterday

He ascribed the drop in road deaths to the successful implementation of Project Perseus — a concerted drive by the NRSC in collaboration with Perseus Computer Services aimed at reducing road deaths over Easter

Last year 147 people died on SA roads over Easter and 454 were seriously injured

Late yesterday afternoon officials from Perseus were still gathering information from their computer and initial indications were that the project had paid off

The project involved using aircraft to monitor the behaviour of motorists on all major routes to and from holiday centres in the country

The planes relayed information concerning traffic patterns to radio stations which, in turn, broadcast instructions to motorists, most of whom seem to have responded positively

The project specifically monitored four routes the Cape Town/Hermanus route; the Port Edward/Durban route, roads in the Pretoria/Witwatersrand/Vereeniging area, and the Pietersburg/Pretoria route.

Mr Van Der Walt said special attention was given to the Pietersburg/Pretoria route

Indications were that fewer people were killed on this route this year than last Easter

Mr Van Der Walt hoped it would be possible to use aircraft again in future, but sponsors would have to be found

Many accidents occurred because motorists simply did not realise they were making errors, he said

Following cars at incorrect distances was a major cause of fatal accidents, he said

"People are often not aware that they are following the vehicle in front so closely"

Other statistics are

- Fatalities in the different provinces Transvaal 44, Free State 31, Cape 25, Natal 19
- Among those who died were. 20 drivers, 38 passengers, 5 motorcyclists, one motorbike passenger, 10 cyclists, and 45 pedestrians
- A total of 282 people seriously injured
- Altogether 266 vehicles were involved in 187 accidents
- Zimbabwe's Easter road death toll so far is 19 — two more than last year's total
- A total of 2 639 motorists were prosecuted in Natal

The Rand Daily Mail Correspondent in Port Elizabeth reports that three Transvaal holidaymakers were rescued by the Plettenberg Bay branch of the National Sea Rescue Institute at the weekend

They ran into difficulties in a 40-knot wind which sprang up on Saturday afternoon

Mr John Flemming and Mr Geoffrey Read, both of Sandton, experienced problems with the main sail of their yacht and were blown 2½km out to sea

Mr Darry Belford, of Johannesburg, who was surfing, was also carried out to sea

Doctors told to report all mala

59

RDM 14/4/82

Mall Reporter

THE director-general of the Department of Health and Welfare has issued an urgent warning to all doctors to advise his department of any malaria cases immediately

Outbreaks of malaria occur annually, usually during March, April and May, according to Dr H P Botha, who emphasises the importance of the required notification in the latest issue of the SA Medical Journal

"A great deal of effort is spent on ongoing malaria surveillance, with teams in the field all year round, spraying huts and finding cases This control activity would be considerably enhanced if doctors adhered strictly to the department's requirements," he writes

He also says that substantial numbers of malaria cases occur outside the usual malaria areas

"There were 59 malaria cases in the southern Transvaal in 1981, yet intervention at the place where the infection was contracted is impossible if the health authorities

Anti-Jew plan 'like Nazism'

Mall Reporter

THE South African Jewish Board of Deputies believes anti-Semitic sentiments of the Afrikaanse Weerstandsbeweging (AWB) are

Baby dies as bus is

Motorists

A pregnant Mrs

Two-ye ban on inquest witness

Mall Reporte

A RURAL develo worker and former ee, Mr Morris Smit was banned yester two years in terms Internal Security A

Security Police serve ning order on Mr S yesterday morning he was in the Jo burg Regional Co the inquest into th in detention of D Aggett.

Mr Smithers was at quest because Mr Bizos, counsel for t gett family, said he tal information ab Aggett's detention

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Boycott threat to Rembrandt

Star 14/4/81 (183)

The giant Rembrandt group is threatened by a local and international consumer boycott as a result of the dispute at the chemical firm, Henkel SA

Fosatu's Chemical Workers' Industrial Union has already called a boycott against Henkel in which Rembrandt has a 50 percent shareholding

At its second national congress at the weekend, Fosatu warned that "its entire national organisation" has been given over to the Henkel boycott

It resolved that unless the dispute was "speedily resolved,' the boycott action would be extended to Rembrandt

The union is seeking negotiating rights at Henkel as well as the reinstatement of workers fired after the recent strike at the company's Durban plant

It is understood that last Friday's meeting between Fosatu and Henkel management, attended by government labour adviser Mr "Blackie" Swart, was inconclusive

(140A)

New men in Fosatu

Star 14/4/81

The new national president of the Federation of SA Trade Unions is a worker from Kellogg in Springs, Mr Chris Dlamini

He was elected at Fosatu's second national congress at the weekend, and replaces Mr Johnny Mke Mr Dlamini is chairman of the Sweet, Food and Allied Workers' Union and chairman of Fosatu's Transvaal region

The 135 delegates at the congress also unanimously confirmed Mr Joe Foster as general secretary of Fosatu

Mr Nathaniel Gantana, chairman of the Western Cape branch of the Metal and Allied Workers' Union, was elected treasurer, and Mr Andrew Zulu, national president of MAWU, was elected national vice-president

Fosatu said the federation "could look forward to its next three years with leaders who between them had 25 years of union experience" the seven made a remand appearance and were sent back to jail for 14 days — (Sapa-Reuter)

183

Henkel dispute

Mercury Reporter

TWO top officials from the 7 000 000 strong Deutschergewerkschaftsbund (DGB), a federation of German Trade Unions, flew into Durban yesterday and held meetings with officials of the Chemical Workers Industrial Union (CWIU) and Henkel management.

Their 'fact finding' visit follows a long-standing dispute between Henkel, a multinational company whose head office is in Germany, and the Fosatu-affiliated CWIU.

The dispute started after about 250 workers at Henkel's Prospecton plant downed tools on March 9 over wages, pensions and the introduction of a new shift.

Mercury 14/4/82

CAPE TIMES 14/4/82

183

#1

Unilever rejects calls to disinvest

Industrial Reporter

ONE OF the world's oldest and biggest transnational companies has publicly rejected criticism of its operations in South Africa

Unilever South Africa says in a statement accompanying a report on its activities, that it rejected accusations that it was engaged in discriminatory employment practices based on race and colour and would not accede to pressures being brought on it to disinvest

The company is the latest of several subsidiaries of major foreign firms to embark on similar defences of maintaining business activities in South Africa

It said it believed it could help to bring about beneficial social change while promoting economic growth and raising standards of living

Labour turnover was extremely low among its semi-skilled and skilled workers, adding to the necessity and desire to advance workers who showed potential

"However, very few blacks advance beyond a rudimentary level of education and consequently the majority cannot easily adapt to higher skills, despite their innate ability in many cases," the report said

There was no discrimination in the company on grounds of race or sex and the minimum wage as of the begining of the year was R313 a month compared with the October Supplemented Living Level, or the wage which was accepted as enabling a family to maintain a comfortable standard of living, of R265,15

Rembrandt boycott hangs in balance

15/4/82 Sowetan

183

THE 94 000-strong Federation of South African Trade Unions (Fosatu) has decided it will call for a boycott of Dr Anton Rupert's Rembrandt Groups if the dispute between its affiliate, the Chemical Workers Industrial Union and a company, Henkel, is not "resolved speedily".

By JOSHUA RABOROKO

In a statement released to The SOWETAN after the union's weekend congress in Hammanskraal, Fosatu says Henkel was intending to 'provoke a strike in order to smash the union in the plant"

The CWIU has already started a consumer boycott against the company after it had sacked about 200 workers and refused to meet their demands at its Durban plant

Informed sources say that some of the workers have been re-employed but that the rest have rejected the company's offer to consider them whenever vacancies are created.

In the statement Fosatu says that it condemns in the "strongest possible terms the provocative behaviour of Henkel which it seems was intent on provoking a strike in order to smash the union in the plant"

"Fosatu notes that the dispute is no longer merely the concern of CWIU and Henkel, but our entire national organisation has now given support to the boycott of Henkel products called over the dispute

"Our national resources and the experience gained in the Colgate dispute will be used to bring about a just resolution to the unfair behaviour of the company

"Congress has also decided that should the issue not be resolved speedily, the boycott will be extended to cover the products of Rembrandt — both locally and internationally — for Rembrandt has a 50 percent holding in Henkel "

In the meantime, informed sources say although Rembrandt has an "investment interest" in Henkel it is not involved in its management and that it has no seat on its board

LECTURER: Ezekiel Mphahlele.

THE first in a series of lectures on Africa — to last throughout the year — will be held at the University of the Witwatersrand in Johannesburg at the weekend.

The meetings have been organised by the Council for Black Education and Research and the South African Committee for Higher Education (Sached). The theme is "Know your continent: Africa."

The series will draw several experts in African history, among them Professor Es'kia Mphahlele, African languages lecturer at Wits University.

All the meetings, which will be held at the university's Room 117, Central Block, will start at 10 am and end at midday.

The fee for registration is R3,00, payable at the offices of the organisers at 1st Floor, Abbey House, Commissioner Street or at 6th Floor, Colstaven Building, 54 Simmonds Street, Johannesburg.

Fosatu makes policy clear

140A Sowetan 15/4/82

THE Federation of South African Trade Unions (Fosatu) adopted three resolutions as its political policies at its second national congress held in Hammanskraal at the weekend.

By SELLO RABOTATHA

In a statement released by the union Fosatu said it believed that all the people of South Africa should participate in the decision-making affairs of the country It also deplored the act whereby citizens of South Africa are stripped of their birth right and declared foreigners in the country of their birth

Fosatu also rejected the homeland policy of the Government and reiterated its support for a democracy based on one-man one-vote and majority rule in South Africa.

Fosatu will not affiliate to any party political organisation but will engage in struggles to secure a better standard of living, social justice and social security and the political emancipation of workers in the community where members of its affiliates lie. In the past five years, corresponding with the firm establishment and growing power of majority unions in the factory in South Africa, significant pressures on these unions to take a political stand have been exerted.

It is in the interest of any worker organisation that the production and distribution of wealth be done in a politically democratic and economically equal way

That the majority of workers in this country are forced to work and live in conditions that are neither politically democratic nor economically equal, resulting in poverty, hardship and social deprivation for most workers

Forsatu therefore resolved to.

- Continue its efforts to organise all workers into one movement in accordance with its policies and principles so that an effective organ for change could be created.
- Participate in campaigns directed towards the establishment of a more just society in such a way that the working class movement was strengthened
- Participate in such campaigns only after thorough discussion with members at grass roots level to ensure that democracy was not merely spoken, but also acted upon
- Participate in such campaigns only where unity of purpose and aim had been achieved by all participants

'Third party' bid to resolve dispute deadlock

[illegible] 183 [illegible] Merc 15/4/82

Mercury Reporter

PROFESSOR Blackie Swart, head of Industrial Relations at Stellenbosch University's School of Business, has been called in as a 'third party' in an attempt to settle the dispute between Henkel management and the Fosatu-affiliated Chemical Workers Industrial Union (CWIU)

The dispute arose after the dismissal of workers who went on strike at the company's Prospecton plant last month over wages, pensions and a new shift system

The union is demanding their re-instatement and have called for a world-wide boycott of Henkel products Henkel has criticised the call for a boycott and said it could re-employ workers only as vacancies occur

Prof Swart said yesterday he had approached the CWIU when he was in Durban on Tuesdav and they had agreed to allow him to draw up a settlement document as a third partv

He said he had had no previous dealings with either of the parties involved in the dispute and had drawn up the document as an outsider

It had been completed and would be forwarded to both Henkel and CWIU, but Prof Swart said he was reluctant to reveal the contents of the settlement documment until both parties had had a chance to discuss it

The CWIU regarded the calling in of Prof Swart as an 'ad hoc' measure in view of the breakdown of negotiations between the union and management, a union official said

Why Henkel is being boycotted

[illegible] 183 Sowetan [illegible] [illegible] 20/4/82

THE row that has erupted between the Fosatu-affiliated Chemical Workers' Industrial Union and the German company Henkel over working conditions at its plant in Durban is likely to have far-reaching consequences.

The union claims the company is trying to break its strength by refusing to re-employ all the 216 workers dismissed earlier.

JOSHUA RABOROKO looks at the background to the labour dispute at Henkel which has led to a boycott of its products.

The workers were dismissed from the company's Prospecton plant after downing tools over three issues — dissatisfaction with wages, the company's pension scheme and the introduction of a new shift

Union sources see the management's attitude to be in total conflict with the European Economic Community code of conduct which has been formulated to monitor all European companies in South Africa.

Pamphlets, stickers and a booklet have been distributed by the union members in protest against the dismissal.

The firm mainly produces soap products, detergents, glues and adhesives.

The union says management's refusal to negotiate in February made it clear to workers that, after four years of frustrating struggle, Henkel was not going to acknowledge their rights as workers to collective bargaining

"At the same time their conditions of employment were being eroded. The company was forcing a decision upon them Should they abandon their claim to collective bargaining rights?"

The union says that on March 9 Henkel's African workers refused to start work and requested management to explain its action to them.

"Up until 11am the company never made any effort to contact the union nor to negotiate with workers, despite requests from workers

"For the remainder of the week the company refused to even discuss the issue with the union Subsequently there have been meetings between the company and the union's delegations At these meetings the company has not wavered in its steady refusal to seriously negotiate

Henkel's products

THESE are products made by HENKEL: Perfix interior crackfiller, Wallpaper Adhesive; Pattex contact adhesive, Ponal, Dixi Sparkle, Country Pride washing powder, X-tra washing powder, White Giant washing powder, Dato, Swift Scourer, Blitz, Launel, Killer-fix glue and Pritt glue.

"This supports our belief that management provoked the strike and never intended to negotiate a settlement "

The union also says non-union scab labour was rapidly employed They were required to sign contracts accepting the lengthened working week of 45 hours, lower overtime pay and reduced shift pay

Later workers decided to end the strike and negotiate their return to work. The company agreed to stop employing scabs, and to reinstate all those who were willing to return to work

They have selectively re-employed 75 of the original 230 who were dismissed, but 140 workers have not been taken back Until they are returning to work the union will advocate a boycott of Henkel's products

"Henkel has taken full advantage of apartheid laws which allow employers to selectively re-employ dismissed workers, and leave a large number unemployed In many countries where Henkel operates this would be illegal," the union says

"They have provoked a strike in order to dismiss the workforce and employed scab non-union labour at worse conditions This too would be illegal in many countries where Henkel operates

"While black workers in South Africa were fighting management's attempts to compel shift workers to accept longer working hours, workers in West Germany were waging a campaign for shorter working hours and highlighting the hazards of shift work "

Henkel's personnel manager, Mr Peter Rousseau, is reported to have said that because new staff had been employed at the plant the labour force there was nearly up to its quota

(183)

E. Post

20/4/82

Production at Leghorn Chemicals to be expanded

THE H A Falchem Group, manufacturer of chemical resins, has launched a five-year plan to expand production at its subsidiary, Leghorn Chemical Industries, by 30% a year.

Falchem acquired Leghorn's entire equity in 1977

A German associate, Falawerke GmbH, will provide all the advanced research and development required for Leghorn's ambitious expansion programme

Since it began manufacturing in 1976, Falchem has itself pushed up annual sales by an average 160% and is now one of the three largest suppliers of sand-binder systems to South Africa's R500-million-a-year foundry industry

With a recent diversification into making bakelite powders, it is budgeting for a turnover of over R5 million in 1982

Comments managing director Mr Chris Lasch "By transferring resins production to a new factory at Alberton this year, there will be space at our old Benoni premises to develop Leghorn's share of a market, worth R1 600 million in 1981 and three times as big as Falchem"

Leghorn is one of the Republic's oldest manufacturers of industrial adhesives, floor surfacings and polishes, as well as a wide range of sanitation chemicals, antiseptics, disinfectants and detergents used in industry

More recently it pioneered the processing of non-petroleum-based engine and hand cleaners for the motor trade

At different times over 30 years large slices of its equity have been held by giants like Anglo American and Old Mutual

"Yet during 12 years its annual turnover has never topped R1 million, despite growing market demand dictated automatically by South Africa's own rate of industrial expansion," says Mr Lasch

"Leghorn's market is structured against boom and bust fluctuations

"The depression of the '70s made no impact on its turnover, mainly because it doesn't sell to the domestic public, while its products are indispensable to the industrial sector"

The company has already earmarked premises for a new factory at Alrode to be built by 1985

"By that time Leghorn will have outgrown its Benoni premises," predicts Mr Lasch

Star 21/4/82 183

Union scores win in Henkel settlement

By Drew Forrest

The industrial dispute at Henkel SA in Durban was settled yesterday after five weeks with the Chemical Workers' Industrial Union winning the reinstatement of about 100 dismissed workers

The settlement means that the international consumer boycott of Henkel goods recently launched will be called off.

A spokesman for the Fosatu-affiliated CWIU said the Henkel management had agreed to:

- **The reinstatement over two weeks of about 100 workers dis**missed and not rehired after the recent strike at Henkel in Durban Workes not placed in their original jobs will receive comparable posts at a comparable wage

- A ballot, jointly supervised by the union and management, in which workers will choose between a working week of 40 or 45 hours The issue of hours was one of the causes of the strike

- A timetable for negotiating a full union recognition agreement

The dispute sparked a flurry of international activity involving Henkel's Dusseldorf-based parent company, the DGB (Germany's giant union co-ordinating body) and the six-million strong International Chemical and Energy Workers Federation which backed the boycott

At its national congress at the weekend Fosatu threatened to extend the boycott to the Rembrandt group, a major shareholder

Management could not be reached for comment last night, but the union spokesman said the agreement was "most satisfactory"

Henkel settle: boycott ended

WOM 21/4/82 183

By STEVEN FRIEDMAN
Labour Reporter

THE dispute between chemical company Henkel and Fosatu's Chemical Industrial Workers Union — which led to the calling of a local and international consumer boycott against the company — has been settled

The two parties signed an agreement last night, in which

- Workers fired after a strike at the company's Durban plant will be reinstated within two weeks,
- A timetable has been set for recognition of CWIU by the company;
- A retrenchment procedure has been negotiated, and,
- A worker ballot, jointly supervised by Henkel and CWIU, will be held on the issue of working hours — one of the issues which sparked the strike

In return, the union has agreed to call off the boycott. The dispute arose after about 230 workers at Henkel's Durban plant struck over wage issues, and in protest at a decision to extend shift workers' hours The workers were sacked Some have since returned

CWIU called the boycott, supported by international unions, to try and get the workers rehired At its recent congress, Fosatu said it would also boycott the Rembrandt Group, which owns part of Fosatu, if the dispute was not settled Henkel had accused the union of refusing negotiate demands, and of calling a boycott before all attempts to resolve the dispute had been exhausted

A CWIU spokesman said last night the union was "satisfied" Management could not be contacted

CWIU said the settlement provides for all fired strikers who have not gone back to the company to be reinstated — without loss of long-service benefits — within two weeks

The two sides will jointly verify which workers should be reinstated, although CWIU estimates that "between 80 and 120" are affected.

The agreement also provides for a retrenchment procedure in which dismissed workers will receive 3 months' notice, retrenchment pay and other safeguards

CWIU says this was prompted by Henkel's decision to transfer some of its operations to the Transvaal later this year, which will mean that some Durban workers will lose their jobs

A timetable for the negotiation of a recognition agreement is included in the settlement So is a stipulation that the union retain its stop order facilities at Henkel

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'Passive' businessmen criticised

By CHRIS FREIMOND
Political Reporter

A top South African businessman last night strongly criticised his colleagues in commerce and industry for a passive attitude towards the detention of trade unionists

Speaking at the annual dinner of the SA Institute of Chartered Accountants in Durban, the chairman of the Premier group, Mr Tony Bloom, said "I have to say that I am absolutely appalled at the lack of courage displayed by the business community in not speaking out on this important issue"

Apart from the human considerations, if the Government was going to detain union leaders without trial and release them after a few months, the business community was in for "a very rough ride indeed," he said.

Business leaders called more frequently for social change these days, but the calls were not nearly frequent enough

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No spares for cars in USSR

MOSCOW — Spare parts for private cars have become almost impossible to find ever since the Soviet auto manufacturing industry streamlined its parts distribution network, Pravda has reported

Mirrors, distributors, windshield wipers, spare plugs and other odds and ends have been in chronic short supply in the Soviet Union for years

Car parts formerly were sold in a network of shops around the capital, but during the past five years all supplies were centralized in large service centers

The aim was the prevent "surplus purchases" by sharp-eyed experts aa entrepreneurs who would snap up all the mirrors or spark plugs as soon as they appeared on sale, then re-sell them for blackmarket prices — UPI

Union warns of unrest as retrenchments begin

21/4/82 WOM 33

By STEVEN FRIEDMAN

MAJOR construction company Genrec has begun retrenching workers at two East Rand plants — retrenchments at a third are possible — and yesterday the Metal and Allied Workers Union said the issue could cause unrest.

And three strikes were reported yesterday — two on the East Rand, and one in Industria

Unionists also claimed another East Rand metal company, L Scott-King in Alrode, had been hit by a stoppage over retrenchments — since resolved — although a company source denied this

At Genrec, MAWU organiser Mr Moses Mayekiso said the company had retrenched at subsidiaries Genpipe and Wadeville Engineering More retrenchments are also possible at Genrec's Power Steel company

MAWU feared unrest because workers were "very angry" about the lay-offs and had been threatening to take action MAWU believed all retrenchments should be negotiated, and the company had agreed to meet the union

Genrec's managing director, Mr Hennie Joubert, confirmed the retrenchments, said lay-offs were "possible" at Power Steel, and said Genrec would meet MAWU — although the company was "not unduly worried", because workers would "only be endangering their own jobs"

Mr Joubert said Genrec had given retrenched workers longer notice than usual, and had delayed dismissals at one company "for far longer than necessary"

Meanwhile, Industria West company Nampak Corrugated Containers — known as Transvaal Box — was hit by a strike yesterday The company said talks were in progress "to establish possible grievances"

MAWU also reported a strike at metal company Screenex in Alrode, near Alberton — about 200 workers are demanding an extra 50c/hour Company spokesman were unavailable

At a small Wadeville plant, Moser Industries, about 60 workers have struck over the dismissal of nine colleagues MAWU says the company refused to negotiate, and sacked the strikers A company spokesman said a "walk-out" had occurred Some workers had been dismissed, but others had returned, he said

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facilities There would be no subsidies for roads, transport or housing A recently-tabled White Paper on the decentralisation plan had confirmed this as a long-term intention

Mr Schwarz said the PFP rejected the idea that, in addition to paying normal taxes, industries would be forced to pay infra-structural development costs without the aid of subsidies

While the PFP supported decentralisation on economic grounds — as well as incentives to attract new industries to decentralised areas — it did not support measures which acted as disintentives to industry in metropolitan areas.

- The chairman of the Decentralisation Board, Mr Duggie de Beer, said in Pretoria yesterday the decentralisation programme had got off to a great start. Some of the country's largest industries were among

22/4/82 ([illegible]) (183) (1464) Sowetan

Henkel workers end strike

THE five-week industrial dispute between the Chemical Workers' Industrial Union and Henkel management in Durban was settled after 100 dismissed workers were reinstated to their positions yesterday.

The settlement means that the national and international boycott of all Henkel products called earlier by the union will come to an end

A spokesman for the Fosatu-affiliate CWIU told **The SOWETAN** that the Henkel management had agreed to meet their demands

Meanwhile the work stoppage by about 350 workers employed by Nampak Corrugated Containers — Transvaal Box — also ended yesterday after workers agreed with management to work while negotiations were carried out

The company's public relations manager, Mr C Meyer, confirmed to **The SOWETAN** that the workers agreed to go back to their posts while the workers' committee discussed the demands with management continue holding talks with the company to put across our view and to cushion the effect of retrenchments," he said

and an expected drop in demand for the months ahead.

183 ~~[illegible]~~ ~~[illegible]~~ LOM

Fosatu welcomes peace at Henkel, issues warning

22/4/82

Labour Reporter

AS THE Federation of SA Trade Unions welcomed the settlement between one of its affiliate unions and the Henkel chemical company, one new strike was reported from Wadeville yesterday

Two other East Rand stoppages also continued, union sources said

But Fosatu tempered its greeting of the Tuesday settlement between Henkel and the Chemical Workers' Industrial Union by warning that it might consider further consumer boycotts against companies

The agreement was reached after a dispute over the firing of strikers in which the union called a consumer boycott against the company — and was supported by international union groups

"This is the second time companies have settled with Fosatu unions in the face of a planned cosumer boycott," Fosatu said in a reference to a boycott CWIU called against Colgate-Palmolive last year The dispute between the two parties was settled

Fosatu said it had made "extensive preparations" for the Henkel boycott. It "did not relish" calling consumer boycotts

On the new strike yesterday, the Metal and Allied Workers Union organiser Mr Moses Mayekiso said about 130 workers at the Wadeville company Fry's Metals had downed tools demanding a R1,50 an hour pay increase

Management had offered workers a 15c an hour increase in bonuses despite incomplete industrial council negotiations The strikers had agreed to return to work after they had been awarded an extra bonus

Mr Mayekiso also said two other strikes — at Screenex of Alrode, near Alberton, and Moser Industries in Wadeville — were still unresolved

Workers at Screenex struck in support of demands for a 50c an hour raise, and those at Moser in protest at the firing of nine workers

"Both companies are insisting they cannot talk to the union because they belong to the Steel and Engineering Industries Federation," he said

MATTER OF FACT

TO CORRECT specific errors of fact, write to the Editor at P O Box 1138, Johannesburg, or telephone the Editor's secretary at 28-1500 between 9am and 5pm on weekdays.

If you have broader complaints about the Rand Daily Mail these can be taken up with the Mail Ombudsman, James McClurg, c/o the Editor's secretary.

POLITICAL comment in this issue by R A Gibson, Benjamin Pogrund Lin Menge newsbills by Mike Stent; headlines and subediting by Paul Holroyd cartoons by David Anderson Dave Gaskill all of 171 Main Street, Johannesburg

Missing girl: mother asks public's help

Mail Reporter

AN ELDORADO Park mother has appealed to the public to help find her daughter who has been missing for three weeks

The girl is 14-year-old Anne Marillier, last seen in the vicinity of her home on April 1 Anne has a light brown complexion, is about 1,53m tall, has brown eyes and black hair, and is slimly built.

Her mother, Mrs Rosemund Marillier, can be contacted at work at telephone number 8387685 or at home at 9451607

Be pati

Mail Reporters

PEOPLE who called at the office of Impact Homes in Johannesburg yesterday were asked by Mr Mark Guthrie to be patient — he was still negotiating for sites in Diepkloof

People who went to Impact Homes two weeks ago to get back the R250 advance management fee they had paid the firm were then told by Mr Guthrie they could take their money, or wait two weeks because he intended taking the Government to court in a bid to get sites

Numerous people have called at the offices of Impact Homes since the Mail published an investigation

Dynamite 'closed shop' is to end

[illegible] [illegible] (183) Star 23/4/82

By David Breier, Chief Reporter

The Government today broke the AECI stranglehold on the R250 million a year explosives industry in South Africa which dates back to the last century

The Competition Board, in its first major finding since it was founded in 1980, published its report on monopolistic practices in the giant explosives industry

It found that restrictive practices caused by three agreements between AECI, the Chamber of Mines, Fedmis and Sasol effectively tied up the supply of explosives and raw materials — and prevented newcomers entering the field

The board recommended that these restrictive practices be declared unlawful and be prohibited

NEGOTIATIONS

The Minister of Commerce, Industries and Tourism, Dr de Villiers, has instructed the board to negotiate the ending of the monopoly with all groups concerned, and has given six weeks' grace for the abolition of restrictive practices

Representations to abolish the monopoly came mainly from National Explosives (Pty) Limited

It sought to break AECI's 90 percent stranglehold on the explosive market

The board found three contracts to be restrictive These were

- The agreement between AECI and the Chamber of Mines whereby for all practical purposes, the sale of all explosives is confined exclusively to AECI and the chamber

The board found that this restriction was clearly calculated to restrict the entry of new producers

- The agreement between AECI, Fedmis and Sasol which restricts Sasol from selling more than a certain quantity of nitrogenous raw materials for explosive purposes from its Sasolburg plant
- The agreement between AECI and Fedmis which restricts Fedmis from manufacturing explosives or raw materials of every description intended for the manufacture of explosives

The board acknowledged the role AECI had played in the development of the explosives industry in South Africa But it was not convinced the achievements were made possible by restricting the entry of newcomers

AECI submitted that the size and complexity of the explosives industry and the manufacture of raw materials was so great that it could develop only through the emergence of a dominant supplier

"OBSOLETE"

Both AECI — controlled effectively through a tie-up of De Beers and Anglo American — and the Chamber of Mines opposed any change of the present system

National Explosives maintained that dynamites made by AECI had become obsolete for safety and health reasons They said it intends to produce modern water-gel explosives under licence from Du Pont of the United States

AECI denied that its explosives were obsolete

● See Page 7

Explosives industry monopoly to go

183

ARGUS 23/4/82

THE Government today set out to break an AECI stranglehold on the R250-million explosives industry in South Africa

The Competition Board found restrictive practices caused by three agreements between AECI the Chamber of Mines, Fedmis and Sasol, which effectively tied up the supply of explosives and raw materials prevented newcomers from entering the field

It recommended that the restrictive practices should be declared unlawful in terms of the Maintenance and Promotion of Competition Act

SIX WEEKS

The Minister of Commerce, Industries and Tourism, Dr Dawie de Villiers, has instructed the board to negotiate the ending of the monopoly with all groups concerned He gave six weeks' grace for the abolition of the restrictive practices

Representations to abolish the monopoly came mainly from National Explosives (Pty) Ltd, a subsidiary of National Process Industries Holdings (Pty) Ltd, quoted on the stock exchange as Hanhill Industries

The board acknowledged the role that AECI had played in the development of the explosives industry and its record of having supplied the country's needs for many years.

It was not convinced that AECI's achievements were made possible by restricting the entry of any newcomer.

AECI had submitted that the size and complexity of the explosives industry as well as the manufacture of raw materials was so great it could only develop through the emergence of a dominant supplier.

Govt accepts explosives monopoly ruling

AECI to mount counter-attack

183

ROH
24/4/82

First time in

A COMPETITIONS Board report which yesterday condemned as unlawful agreements giving AECI a virtual monopoly in the supply of explosives in South Africa has been accepted by the Minister of Industries, Dr Dawie de Villiers.

By HOWARD PREECE

He has given AECI, the Chamber of Mines, Sasol and Fedmis (part of Sentrachem) six weeks in which to decide how to end various restrictive practices

The explosives industry has a turnover of about R280-million a year

AECI has total control of the market apart from production at Palabora Mining, which makes it own requirements, and small sales by Mr Oliver Hill's National Explosives Limited (NEL)

NEL has the Southern African sub-licence for Tovex, Du Pont's water gel explosive

On the Johannesburg Stock Exchange yesterday the share price of Hanhill, which has a 25% stake in NEL, bounded up from 155c to 230c

The Competitions Board finding is a major victory for Mr Hill, who has been battling for four years to get AECI's monopoly agreements with the Chamber of Mines ended

According to the Competitions Board, NEL has only 1% of the existing market

Mr Hill told me yesterday, however, that this figure was actually now up to about 2% in volume terms and higher still by value at about R6-million

He said NEL was already planning to double its capacity and was currently operating at only about half its capacity

Mr Hill's target is to push sales up to R24-million over the next four to five years — which would give NEL close to 20% of the market for "sophisticated" explosives

If he is successful, this would have a major effect on Hanhill's profits

However, NEL can expect a fierce marketing counter-attack by AECI

In a statement last night AECI, which is controlled by De Beers and ICI of Britain, said. "AECI, the world's largest producer of commercial explosives, will enter into negotiations in terms of the recommendations of the Competitions Board firmly believing in the strength of its product range and quality, its proven research and development capacity and its trusted service will enable it to meet any competition

"AECI, also producer of the world's largest range of explosives, has always been able to supply the four requirements of the mining industry since the first contracts with the Chamber of Mines were entered into in 1924

(According to the board those contracts account for 90% of the South African explosives market)

"The contracts have been renewed from time to time voluntarily and willingly by the mining industry and on the basis of cost, quality, research and supply are, in AECI's opinion, to the benefit of the industry and, therefore, to the public as well

"The agreements with Sasol and Fedmis were part of the rationalisation schemes for ammonium nitrate product distribution which produced cost benefits for all parties, including customers, and were also 'arm's length' deals willingly concluded by independent companies "

The Competitions Board found that

● The agreement between AECI and the Chamber of Mines, by restricting competition, has or is calculated to have the effect of preventing or restricting the entry of new producers into the explosives industry, limiting the facilities available for the production or distribution of explosives and preventing or retarding the development or introduction of technical improvements or the expansion of existing markets or the opening up of new markets for explosives

● The triangular agreement among AECI, Fedmis and Sasol, which restricts Sasol from producing at and selling from its Sasolburg plant more than certain quantities of nitrogenous products . constitutes a restrictive practice.

● The agreement between AECI and Fedmis, restricting Fedmis from manufacturing explosives or nitrogenous materials is, therefore, a restrictive practice

183 S Times 25/4/82

Pharmaceutical deal

Industrial Reporter

HOECHST Pharmaceuticals has acquired the entire assets of Caps Industries, the South African subsidiary of Zimbabwe's biggest pharmaceutical group

The deal, believed to have involved more than R1-million, covers all the pharmaceutical and medical products, trade marks and drug registrations belonging to Caps Industries

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SWATF said some of the insurgents had civilian clothing and amounts of cash, and the possibility could not be excluded that they would switch to civilian gear to look for jobs inside SWA/Namibia

Post-mortems performed on two insurgents showed they had been living exclusively off berries, grass and leaves

Security forces following the trail left by the raiders reported the tracks, especially those between the Mangetti block and Tsumeb, were leading northwards — Sapa

UPE to hold three seminars in June

Post Reporter

ONE of three seminars to be held by the University of Port Elizabeth in June will have as its subject "Communication problems between whites and blacks"

According to a public relations official at UPE, Mrs Cecily Cole, the seminars will be held on June 7

The seminar on communication problems has been arranged by the head of the Department of Nguni and Sotho languages, Professor W J Kruger

The head of the Department of Biochemistry, Professor W Oelofsen, will be leading a discussion on the theme "Human beings are controlled by hormones"

The third topic will be "The South African law relating to divorce" and will be presented by the head of the Department of Private Law, Professor Frik van Zyl

Mrs Cole said the idea behind the seminars was to offer the public the opportunity to gain valuable knowledge on subjects they knew little about.

Those who wish to find out more about the seminars can contact Mrs Cole at ☎5311164

Boycott call stickers still distributed

183

28/4/82

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E. Post

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Post Reporter

STICKERS urging a boycott of Henkel SA chemical company products were distributed in factories in Port Elizabeth this week — despite the fact that the dispute which prompted the boycott was resolved last week.

The general secretary of the National Automobile and Allied Workers Union, Mr Freddy Sauls, said stickers calling for the boycott were distributed in Port Elizabeth last week before the dispute between the Chemical Workers Industrial Union and Henkel SA was resolved

Both unions are affiliated to the Federation of SA Trade Unions

Mr Sauls said it was impossible to withdraw the stickers the moment the dispute was resolved, but that shop stewards were notified that the boycott would not take place

Henkels SA's personnel manager, Mr Peter Rossouw, said the agreement reached with the union included a provision that it would be nullified if any action was taken on the boycott of the company's products

"However, one understands that the word might not have got out to everyone," he said

About 300 workers at the Henkel SA plant in Durban went out on strike in March over wages, a pension scheme and the introduction of a new shift They were dismissed and 75 of the workers re-employed

Negotiations between the union and management reached a deadlock, and a third party, Professor B Swart, of the Department of Industrial Relations at Stellenbosch University, was called in to mediate

On April 20, Henkel SA signed an agreement with the Chemical Workers Industrial Union that the dismissed workers would be reinstated over a two-week period

The six million-strong International Chemical and Engineering Federation had backed the Chemical Workers Industrial Union in its call for a boycott of all Henkel SA products.

Jersey appeal for needy

Post Reporter

"SHARE warmth this winter" by donating jerseys to the needy

The Leo Club of St Croix, which aims to collect more than the 7 000 collected in last year's campaign, has appealed for generous support

"Jersey Week" will be held from May 10 to 15 and collection points will be at schools, public libraries and major stores

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28/4/82 E. Post

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home at about 9am on April 14, for Livingstone Hospital Later Mr Madaka returned alone and asked for Siphiwo's tracksuit top

His mother, Mrs Joyce Mthimkulu, was sick with worry.

"At first we had thought he had gone to Fort Beaufort but my wife had just been there and Siphiwo is not there.

"I find it hard to believe he has left the country In fact he was never in favour of leaving the country. He had the chance while he was still a healthy young man I cannot believe he would decide on that when he is now a very sick man," Mr Mthimkulu said

Mr Madaka's bedridden mother last saw her son on April 14 after he bought groceries She lives alone

Mr Mthimkulu said "I have checked with Siphiwo's friends, including members of the Congress of South African Students, and they don't know his whereabouts They too are baffled"

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Shocked son finds mother strangled

Post Correspondent

JOHANNESBURG — A shocked son found his mother strangled to death in a Florida flat yesterday with her second husband, from whom she was separated, lying semi-conscious on a couch close by

The woman was Mrs Trish

EXPLOSIVES FLARE-UP

183 FM 30. 4. 82

Government's directive to AECI to dismantle its explosives supply agreements could bring more business to Sasol and Sentrachem than to National Explosives Limited (NEL), the company most vociferous in its complaints about restrictive practices in the industry

Sentrachem and Sasol are already big producers of ammonia and ammonium nitrate, an intermediate product very close to being explosive It would take little further capex to process the ammonium nitrate into large quantities of Anfo (ammonium nitrate fuel oil) granular explosives products

In fact, Sasol already supplies ammonium nitrate explosive material to Palabora Mines

NEL, on the other hand, has to import its ammonia.

Needless to say, Sasol and Sentrachem are keeping mum on their plans

NEL plans to produce Anfo but is placing its hopes of gaining market share on Tovex, a water-gel explosive developed by Du Pont

Water-gels have only about 20% of the local explosives market and Anfo about 45%.

NEL MD Oliver Hill predicts that ammonium nitrate and Anfo prices will drop when AECI's present agreements have been terminated. The suggestion is that because AECI undertook to buy ammonium nitrate from Sasol and Sentrachem on condition that they kept out of the explosives market, the price it paid must have made it worth their while.

AECI's explosives division director Steve Anderson says ammonium nitrate prices will not come down as the agreements with Sasol and Sentrachem were a rationalisation which conferred benefits on customers as well He adds that prices paid by AECI for ammonium nitrate are the same as paid by fertiliser manufacturers

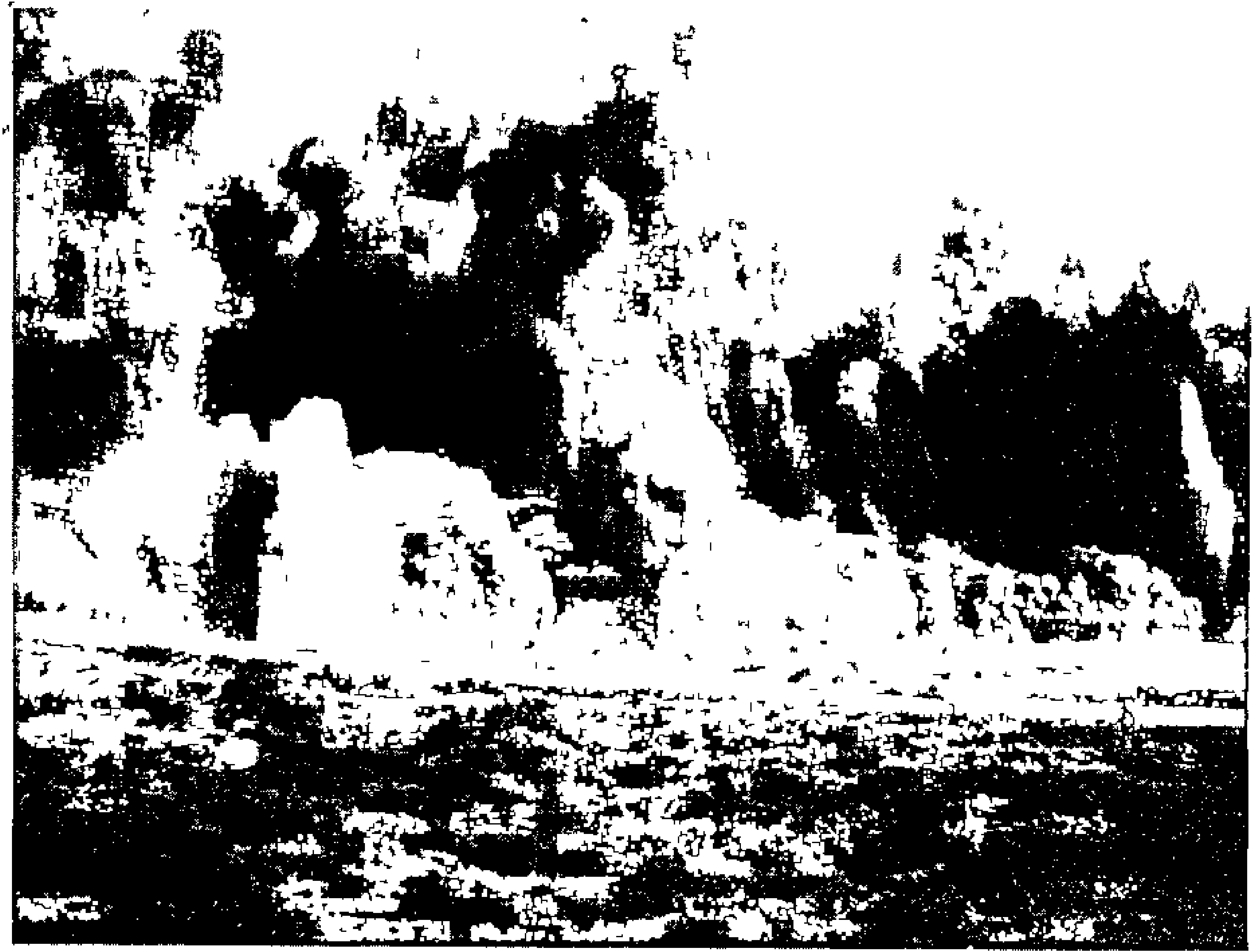
He concedes, however that AECI may consider dropping prices of its explosives "to meet competition," pointing out that under its old agreement with the Chamber of Mines, AECI could not unilaterally adjust prices

Hill says he is planning to produce about 30 000t/year of Tovex and 40 000t/year of bulk Tovex and slurries when present facilities under construction are fully on stream He claims that this should give him a potential share of about 18% of the local market

He is also commissioning plants to produce Detaline plastic fuse, primer cord and detonating relays

He criticises AECI's decision to build a new dynamite factory in the OFS goldfields, saying that this explosive is obsolete and that AECI is the only company in the world which is building a dynamite plant

Anderson replies that SA mining engineers are the best in the world and continue to specify nitroglycerine products such as dynamite for hard rock mining He addds that AECI is carefully considering the timing of the expenditure on this plant in the light of demand forecasts and improvements in efficiency at existing factories, to avoid "pre-expenditure"



AECI-powered blast . . . another supplier in store?

Explosives row blows up

2/5/82 S Times

183

● From Page 1

demonstration of his Tovex water-based explosive to the group's gold mines in the Klerksdorp area next week

In addition, West Rand Consolidated Mines, which held Tovex trials two years ago, is said by Hill to be interested in using the explosive when the time is right.

At the time W R Cons found that Tovex had a variety of advantages over the traditional nitroglycerine explosives, though none of them appeared overwhelming

In particular, the mine found that absenteeism fell sharply from 4% to 1,55% as both day and night shifts claimed they were free of headaches in Tovex-blasted workings

Fragmentation was described as marginally better while less noxious gases were generated Breaking was found to be as good as if not better than the gelignite-dynagel combination used on the mine

The report showed Tovex to be safer to handle, gave better hanging wall control and could result in considerable steel savings

It concluded that "the water-resistant qualities together with the longer shelf life should warrant an application to the Inspector of Mines for longer storage periods underground, thus having fewer deliveries and better shaft utilisation"

AECI however, claimed that it did not fear the entry of competition into the explosives field and in fact welcomed it, and, according to executive director explosives division Steve Anderson, "would be happy to meet it"

While admitting that the agreement with the Chamber of Mines was restrictive, he maintained it was in the public interest since AECI "was interested in a strong mining industry, and we provided a source of supply at a price below that on the international market, with the exception of ammonium nitrate"

Anderson also denied that the agreement had led to a lack of research effort, since AECI could draw upon the worldwide resources of the giant ICI group and AECI itself was spending about R3-million a year on research in South Africa

He pointed out that AECI had been producing a water-based explosive, Syntex, since 1967

Anderson also claimed that AECI as a group always competed in terms of price, quality and service, and admitted that on these grounds, though a final decision has yet to be made, might well be prepared to meet competition from newcomers to the explosives industry head-on.

That, presumably, is one of the aims of the Competition Board.

Explosives rumpus

S-Times 2/5/82

183

TURNOVER of National Explosives, 25% owned by the quoted Hanhill group, is forecast by ebullient chairman Oliver Hill to shoot up by 50% in the current year from R6-million to R9-million following the Competition Board's finding that AECI's explosives agreement with the Chamber of Mines constitutes a restrictive practice

Looking farther ahead, in four or five years Hill expects to corner around 20% of the South African explosives market, currently 93%-controlled by AECI, and estimates that this could give him sales of around R25-million

By Stephen Orpen

In it's last financial year AECI's explosives division notched up sales of R282-million.

Currently this market is divided between slurry, or water-based, explosives, with 20%, nitroglycerine, with 35%, and ammonium nitrate-based explosives with 45%

Obviously Hill cannot set his sales team to work on the prepared list of potential clients until AECI has decided whether to appeal against the board's decision in five weeks or to meet any competition directly, but he told Business Times that he has already had phone calls from interested parties

The mine manager of Stilfontein gold mine, in the General Mining group, has requested Hill to give a

● To Page 3

TRANSVAAL MUSICIANS UNION

Year	Membership					
	African	Asian	Coloured	White	Total	
1970					268	0
1971					217	0
1972					151	0
1973				458	458	x
1974				306	306	x
1975				347	347	x
1976				348	348	x
1977				332	332	x
1978				332	332	$
1979				304	304	$
1980				314	314	$

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E. Post
3/5/82

Fertiliser chief hits out at Govt

Post Correspondent

JOHANNESBURG — The Government has been accused of robbing the fertiliser industry to pay the farmer

The accusation comes from Mr T H Webb, the Fertiliser Society chairman who adds in his chairman's report for 1981 that unrealistic fertiliser price increases set by the Cabinet were not a purely economic decision

"The underlying tones of political interference are perceived and the fertiliser industry resents the attack launched against it to improve the lot of others "

Maize farmers — who use about 75% of all fertiliser locally — and the fertiliser producers have hit out at the Government for having no long-term agricultural planning policy

But the two parties are still at loggerheads over the barter of 208 000 tons of a Rumanian fertiliser component, urea, for maize, which was organised by the Maize Board

The Government is also under pressure from another quarter — organised agriculture — over maize farmers' demands for a price increase of 60% to R185 a ton (net)

Last week the Sunday Express reported that maize farmers were using the tricky political climate caused by the National Party split to demand an increase that would rocket the South African maize price to double the price anywhere else in the world

The price request was made by the National Association of Maize Producers' Organisations (Nampo)

Nampo demanded a R140-million pat on the back from the Government for maintaining exports

Organised agriculture is believed to be furious at the maize farmers' massive price request

Any maize price increase affects the costs of meat, dairy products and poultry because maize comprises as much as 80% of these products' input costs

The Fertiliser Society report has openly confirmed the simmering discontent between fertiliser producers and the Government

In the Fertiliser Society report, Mr Webb said the Cabinet decision to fix unrealistic prices had been made worse by increased costs caused by

- The further weakening of the rand to US 95c, which will add R6,5-million to fertiliser industry import bills,
- Increased railage rates, adding another R2,8-million to the bill,
- The imposition of an import duty, which adds another R6-million to the cost of raw materials

The 10% price increase granted by the Cabinet was completely inadequate and should have been 18,2% if based on the approved Government formula, he said

Because fertiliser is price-controlled, producers will not be able to recover any cost increases from consumers, he said This meant a R69-million subsidy to consumers by fertiliser producers

"In the light of what I have said, it is clear that the Government is adopting a policy of robbing Peter (the fertiliser industry) to pay Paul (the farmer)"

"If subsidies are necessary the taxpayer and not the industry must be called upon to meet the bill," Mr Webb said

Statistics put the average net annual income of the South African farmer at R33 000 But 21 000 farmers earned less than R1 000 a year each, according to the statistics, he said

This was unhealthy and it was doubtful whether the R69-million subsidy would make inefficient farmers more efficient, Mr Webb said

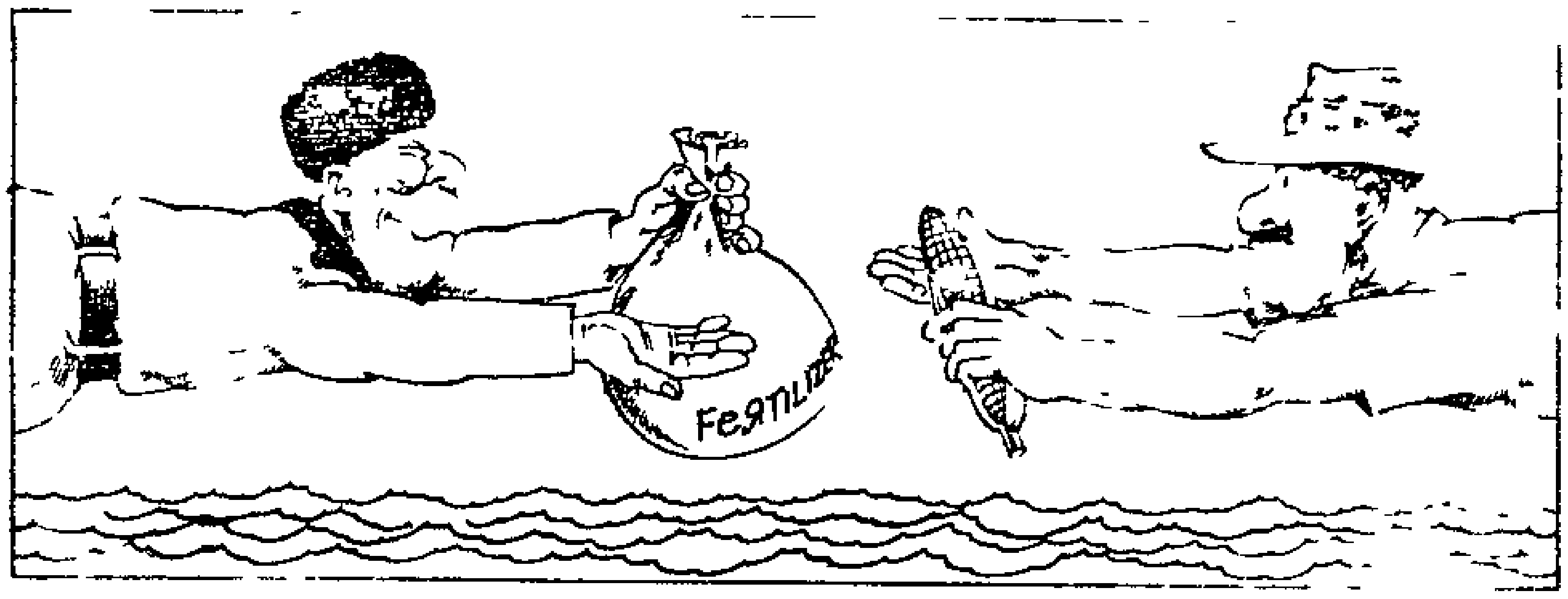
FERTILISERS FM 7/5/82

Growing anger

183

The R800m/year fertiliser industry is up in arms about the Maize Board's maize/fertiliser barter deal structured earlier this year It involves 200 000 t of maize exported from SA in return for a 208 000 t urea import.

At the local urea price of R341,80/t, the deal will effectively cut fertiliser manufacturers sales by R69m over a period of two years — the time it will take to move through the pipeline



This comes on top of the fertiliser price wrangle in which the industry came off second best when government granted only a 10% price increase instead of the 18% requested

Adding insult to injury, the Maize Board and Nampo are believed to be negotiating storage facilities with fertiliser companies Fedmis and Triomf and major urea importer AECI because its own bulk and buffer stock space is inadequate

The *FM* was told storage could be a major problem as the bulk of the urea is likely to be stored for a lengthy period Minister of Agriculture Piet du Plessis admits there is a problem and that "the storage costs are in dispute" Costs to the board of importation, railage and storage are estimated at R18m

If urea is not properly stored, there is a risk that the volatile material can deteriorate "It can turn into a cement block," says an industry spokesman

The fertiliser industry is also aggrieved that its own fertiliser permits will have to be used as the Maize Board was not granted a separate import permit This cuts down its own business activities with no compensation

It has already had to cancel some import orders which have been paid for, and this is bound to upset long-term suppliers Urea shortfalls in the near future will have to be bought from the Maize Board

Local urea demand is an estimated 420 000 t for 1982 The shortfall in terms of local supplies is expected to be in the region of the 60 000 t which AECI was importing on behalf of the industry

Substantial imports must affect its own sales as the board will probably distribute the urea through the co-ops Says an irate industry representative "This import will bite deeply in AECI's available urea situation"

Maize Board GM Hennie Nel says the swop deal was structured with a west European company

But commodity brokers in London believe that although Rumania is listed as the official supplier to the Maize Board, the urea probably comes from Russia One of the world's largest urea producers, Russia has a current oversupply A bulk contract negotiated by the Russians a [illegible] was fixed at $108/t fob

The Russians are keen on barter deals Disastrous crop results have made maize imports essential At the same time, their huge stockpiles of urea make barter attractive as export credits are in short supply

Du Plessis tells the *FM* that if the Maize Board can import urea at a lower price than that negotiated by fertiliser companies on their imports "the price-saving benefit will go into the Maize Board stabilisation fund"

The fertiliser industry is also furious that the Maize Board will score substantially on the deal because the urea is thought to have landed at about R200/t

Nel won't be drawn on the rights and wrongs of the barter deal But there is consensus that the arrangement will damage local industry's interests Nel says the board's priority is to sell maize, a view endorsed by Du Plessis

Plant shelved?

By Colin Bower

(183) S. Times 9/5/82

WIDESPREAD market speculation on the future of AECI's planned R50-million Welkom commercial explosives plant suggests that AECI may be shelving the project

AECI announced its intention to build the plant in January last year

But in the company's recent annual report, it was stated: "In order to avoid pre-investment of capital, careful consideration is being given to the timing of the expenditure, in the light of both the latest demand forecasts and the improvements in efficiencies at existing factories."

At least one authoritative market source has told Business Times that the project, which will have inflated considerably in value over R50-million, has been put into cold storage.

An AECI spokesman says that there is no update on the plant's future following the reference to it in the annual report

THE ARGUS, FRIDAY MAY 14 1982 5

1 killed, 2 hurt in factory blast

Argus 14/5/82

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Argus Correspondent

JOHANNESBURG. — One man died and two men were injured in an explosion at the Modderfontein Dynamite factory near Johannesburg last night bringing to 10 the number of people killed in blasts at the plant this year.

The names of the dead and injured are being withheld until their families have been informed.

The explosion happened at 9.25 pm in the detonating fuse plant in the section of the factory where cotton is wound round the explosive core of detonating fuses.

An AECI spokesman said the two injured men were taken to the plant's hospital. Their condition was not serious.

The spokesman said the explosion happened inside a cubicle with strengthened walls. The detonator core was continuously fed through the wall

"The moment a problem occurs a guillotine cuts the core and seals the cubicle off. In this way the explosion was minimised," explained the spokesman.

On February 17 a man was killed and six were injured in two explosions in the refuse acid station at the factory. Fire broke out at the station immediately after the explosion

A day later eight people died and 21 were injured when a third explosion rocked the AECI plant as a team investigated the previous day's blasts.

The cause of last night's explosion is not yet known.

Chemical & xducts

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Glass Work
National Cement Employees Union
National Union of Brick and Allied Workers
Transport & General Workers Union

Base Metal Industries and Manufacture of Fabricated Metal Products Machinery and Equipment

Amalgamated Engineering Union of South Africa
Amalgamated Society of Woodworkers
Black Allied Workers Union
Electrical and Allied Trade Union of S.A.
Electrical and Allied Workers Union of S.A.
Engineering and Allied Workers Union
Engineering Industrial Workers Union of S.A.
General Workers Union
General Workers Union of South Africa
Iron Moulders Society of South Africa
Metal and Allied Workers Union
Motor Assembly Components Workers Union of South Africa
Motor Industry Employees Union of South Africa
Motor Industry Combined Workers Union
Motor Industry Staff Association
National Union of Engineering, Industrial and Allied Workers
National Union of Motor Assembly & Rubber Workers of S.A.
Radio Television, Electronic and Allied Workers Union
S.A. Boilermakers, Iron and Steelworkers, Shipbuilders and Welders
S.A. Electrical Workers Union
S.A. Iron, Steel and Allied Industries Union
S.A. Tin Workers Union
South African Allied Workers Union (SAAWU)
Steel, Engineering and Allied Workers Union
Transvaal, Radio, Television and Allied Workers Union
United African Motor and Allied Workers Union

CHEMICALS INDUSTRY

Explosive reactions

(185) FN 14/5/82

The Competition Board last month declared that the explosives supply agreement between chemical industry giant AECI and the Chamber of Mines was a "restrictive practice" Though there is still plenty of *toenadering* to be done before the break-up of the contract is *confirmed*, the stock market is already taking a close look at the shares of the companies involved.

The chemicals industry, by its very nature, is concerned with the long-term Any assessment of the investment merits of the shares in the sector must bear this in mind

What is more, the growth of the chemicals sector, because of its import substitution possibilities and because of technological development, has tended to outperform the rest of the economy by as much as 60% a year

The stock market rates the sector highly as a result and the list of shares on the boards contains such stocks as AECI, Sentrachem and international blue-chip oil stock Sasol

For AECI, the explosives business provided an unchanged 19% of group turnover and chipped in 25% (22%) of trading profit in the year to December 31 1981 AECI supplied 98% to 99% of the country's 350 000 t requirements and it was at this massive share that the listed Hanhill, which holds 25% of the unlisted National Explosives, vociferously aimed its protests

Would-be competitor Hanhill is aiming at grabbing between 20% and 25% of the market, from a base of 1% or 2% at present, with its water-based gel explosive Tovex The stock market has shown initial optimism on Hanhill's chances and the share currently offers a 5% historic yield at 160c This also reflects the company's proposed acquisition of fertiliser manufacturer Swaziland Chemical Industries, which is aiming to take up to 10% of the fertiliser market this year.

Hanhill's strategy is to develop still more chemical engineering projects, bring them to profitability and then to inject them into Hanhill itself SCI was developed in this way and National Explosives will follow the same path, according to finance director Peter Howe

Just when NE will be taken into Hanhill is a moot point and will depend on the timing of its breakthrough into the explosives market

Its chances of attaining its targets are difficult to assess Indeed, if AECI is able to alter the decision of the Competition Board on appeal, its chances may be nil And AECI already has massive goodwill with the user mines

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d) Group D

A Bantu Language Higher Grade (mother tongue) (if not presented under Group A)

A Bantu Language Standard Grade selected from Northern Sotho, Southern Sotho, Tsonga, Tswana, Venda, Xhosa and Zulu

German Higher Grade (mother tongue) (if not presented under Group A)

German Higher Grade (third language)

French Higher Grade

Latin Higher Grade

Greek Standard Grade

Hebrew Higher Grade

Italian Standard Grade

Nederlands Standard Grade

Portuguese Standard Grade

Spanish Standard Grade

e) Group E

Art Higher Grade

Art Standard Grade

Biblical Studies Higher Grade

Biblical Studies Standard Grade

Economics Higher Grade

Economics Standard Grade

Geography Higher Grade

Geography Standard Grade

History Higher Grade

History Standard Grade

Music Higher Grade

Music Standard Grade

f) Group F

Additional Mathematics Higher Grade (shall not be offered without Mathematics Higher Grade and shall be offered only by candidates presenting seven subjects).

CHEMICAL SECTOR PERFORMANCE

	1981(80) Pre-tax profit Rm	1981(80) EPS c	1981(80) Dividend c
Sasol (June)	281 8 (207 8)	44 4 (32 4	20 (15 5*)
AECI (Dec)	252 7 (202)	102,2 (81 3)	55 (45)
Sentrachem (June)	118 3 (77 2)	82 2 (66 2)	40 (33)
Chemhold (Dec	9 9*(6 6)	105,5*(73 2	46 7*(29 5
Triomf (Dec)	7 3 (15 8	26,7 (56 9)	30 (45)
Omhold (Dec†)	8 1 (7 8	16 9 (16)	8 (2)
Hanhill (Dec)	0,6 (0 4)	17 9 (11 1	8 (6)

Year-ends in brackets
* Annualised
† Comparatives are pro forma

From now on, however, more rapid expansion of NE is likely and the group's lack of gearing places it well to finance growth The acquisition of SCI through the issue of 35m shares, should improve the capital base and make Hanhill shares more readily available to the small investor

A possible move into ammonium nitrate fuel oil (anfo) explosives could also be on the cards, which would widen the range of explosives the company could offer

For AECI the break-up of the explosives supply picture frankly means little in the short-term Though Hanhill certainly will have some success with Tovex, AECI management does not as yet appear to be too distressed over the developments The group has a powerful image in the market and already has a competitive water-based gel in its Sinex

Again, the acceptance of Tovex in the market will dictate whether explosives become a significantly smaller proportion of AECI's sales and whether the increased competition will trim the division's profitability But the break-up of the agreement has its benefits for AECI as well, meaning for one thing that previously-agreed high stock levels aimed at protecting the mines from shortages need not be so rigorously maintained, freeing capital for other uses

What the explosives ruling will *not* do is change the premier market rating of AECI Neither should it, bearing in mind the broad spread of AECI's interests, its exceptionally powerful financial position and the long-term nature of the industry in which it is involved

At this week's 705c, the share yielded 7,8% This year's earnings growth is bound to be slower than normal — the company is by its nature economy-related — but in the longer-term compound growth rates may be expected to hold up Earnings have grown by an average of 42% a year since 1977 — admittedly a more buoyant half decade than most — and dividends by 32% The group is undergeared so there is obviously room for its large capital expenditure plans to be undertaken without straining investor confidence in dividend prospects

Rather less well-rated than AECI is Sentrachem which, at 460c, yields an historic 9,1% There are a number of reasons for this disparity, some of which are valid and some not so

Fertiliser stakes

Most important, perhaps, is Sentrachem's particularly heavy dependence on the currently depressed fertiliser industry Though AECI has 49% of Triomf, the importance of this stake in the context of AECI as a whole is small in relation to the contribution which Fedmis makes to Sentrachem

In addition to this, the market has also been worried by Sentrachem's recently-announced cancellation of feasibility investigations into a R400m ammonia plant Though the write-off of costs attached to the investigation will have no effect on earnings and the cancellation will eliminate any possible future financial strains, the affair nevertheless bothered some investors

Their concern has been aggravated by rapid cost escalations and rumours of difficulties associated with Sentrachem's other major capital project, the Afprene synthetic rubber manufacturer at subsidiary Karbochem, which has ended up costing over R350m, against original estimates of not much over R100m

In the past, Sentrachem's shares have yielded up to twice AECI in the market Though there may have been some short-term justification for this, from the longer-term view the share is probably fairly rated at its current level

Further out of line with the market is AECI subsidiary Chemical Holdings, the agricultural and industrial chemicals manufacturer At 425c, the counter yields an historic 11,8% but, having fully come under the wing of AECI last year, the share appears to be significantly undervalued Its product range is wide and although its reliance on mining and agricultural chemicals will obviously mean a slower 1982 the longer-term prospects are good

Yielding even more than this but probably deservedly so is Triomf Last year, the fertiliser manufacturer deconsolidated its operating subsidiary Triomf Fertiliser (Pty) and a particularly bad year on top of this meant profits were slashed The fertiliser industry is in for another bad time this year and even on an historic yield of 14,3% the share warrants little enthusiasm

Apart from a couple of other small companies in the sector, like as-yet-unproven fertiliser manufacturer Omnia and Natal Chemical Syndicate, this leaves only the giant Sasol

Since its listing in 1979, the oil-from-coal company has turned a performance above expectations and has continued to be the subject of intense interest from overseas and local investors alike And even at its current historic yield of 6,7%, brokers consider it to be underpriced

The main reason for this neglect, they say, apart from the general lack of interest in oil stocks in world markets at present as a result of soft oil prices, is the possibility of financial constraints on dividends in the future

Sasol has to buy the outstanding 50% of Sasol 2 by 1989 At the same time, the loans taken out to finance its massive expansion have at some stage to be repaid Depending on how the various portions of Sasol's debt are treated — and some are included in the balance sheet as equity at present — the repayments bill could approach R1 billion

No details of these financial commitments are available as yet But they obviously put the share in a slightly different light for the institutional investor, in whose portfolios such a share should belong

Scott Hawker

UNIVERSITY OF CAPE TOWN

DIFFERENTIATED MATRICULATION PRESCRIPTIONS

(As from the examination of November/December 1976)

(SUBJECT TO THE APPROVAL OF THE MINISTER OF NATIONAL EDUCATION)

Definitions:

1. In these prescriptions, unless the context otherwise indicates, any term to which a meaning has been assigned by the Universities Act, 1955, bears that meaning and -

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Star 21/5/82

Abolish controls — maize farmers

By Hannes Fergusson, Farming Correspondent

Maize farmers are demanding the abolition of all price controls on maize as well as those on fertilisers farm chemicals, implements and other farm requisites

The chairman of the National Maize Producers' Organisation, Mr Hennie de Jager, said in Bothaville today that price controls were ruining the maize industry.

South Africa's maize producers could not compete internationally because of price controls, levies and crippling import duties on everything they had to buy in order to produce.

The Government drove maize farmers to despair by forcing them to accept maize prices which were not related to the market and which were way below costs

The only solution was to follow the Government's declared policy of allowing market forces to determine prices, Mr de Jager said

"Let the market determine the maize price But let the market also determine the prices of fertiliser, farm chemicals tractors and implements"

(183) SA Industrial Week

Mystery land buyer named

18/5/82

PETRO-CHEMICAL giant Sentrochem has been identified as the purchaser of the 120 ha industrial site at Vanderbijlpark mentioned in last week's story about the biggest industrial land deal in the history of the Vaal Triangle

Lynn Carlisle writes that disclosures by sources at Vanderbijlpark and Sentrachem confirm that the deal has now been finalised

Sentrachem, who has just cancelled plans to build a R630-million ammonia plant is remaining tight-lipped over its long terms plans in the Vaal Triangle

"We have made the purchase now for it was felt that this is a good time to secure the land

"Sentrachem has not decided what it will do on the new site it's something for the future," says a company spokesman

FM 21/5/82

MAIZE SWOP

Down to details

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Government's decision to allow the fertiliser industry to sell urea acquired in the Maize Board's mystery mealie barter deal has saved the industry some R70m turnover this year, says AECI executive director Chris von Solms

This week, the fertiliser trade, the Maize Board (MB) and Nampo sat down to hammer out the finer details of the controversial ruling given by Industries, Commerce and Tourism Minister Dr Dawie de Villiers last week All three parties are said to be satisfied with the arrangements

But there are some who see no reason why the fertiliser industry should cash in on the MB's coup in swopping 200 000 t of SA maize with a local price of R134/t for 208 000 t of urea, which sells locally for around R341/t They are further incensed that the arrangement will bring them no reduction in fertiliser price this year

However, Von Solms believes the Minister could scarcely have ruled differently

"The SA fertiliser industry exists for strategic reasons," he says "And our costs are high because we have to use coal as a raw material instead of natural gas, which is available free to some fertiliser producers in East European countries

"Our understanding with government has always been that fertiliser prices are fixed to give the industry a 15% return on depreciated investment, but the latest authorised price increase of only 10% will make the industry miss that profit figure by R34m "

Government, he says, tried to soften its price control blow by giving permission to import some urea at rock-bottom world prices and sell at the much higher local price This would have reduced the R34m loss in profit by R8m

"The industry had already made arrangements to produce and import the country's full requirements when the swop deal was announced," says Von Solms "Had we not been involved in it, we would have had the additional expense of storing excess stocks and cutting back production while suffering reduced sales This would have been crippling Far from cashing in, the industry is now only in the same position as it would have been without this transaction "

Yet the arrangement will not be entirely without benefit for maize farmers, even though they will pay the local determined price for the swopped urea In the first place, the fertiliser industry will buy 60 000 t from the MB for cash at the price it would have paid on overseas markets It is believed the MB will make a small profit on this sale

The remaining 148 000 t will be stored and distributed by the industry on behalf of the MB over the next two years as it is required The MB will pay for this service, but Von Solms maintains the fee will only just cover costs The MB will own the material and will benefit substantially when the material is finally sold at determined retail prices

"We are all in favour of deals which cut costs," says Von Solms "But they must be done in co-operation with all concerned It is in our interests to have a viable maize farming community and we therefore support their efforts to establish a maize terminal at Richards Bay which will give better access to world markets "

Fertiliser . . . a just compromise?

DE VILLIERS SPEAKS

As the *FM* went to press, Minister de Villiers issued a statement on the background to the swop The fertiliser industry, he said, had been asked to cancel its own import contracts, costs to be borne by the Maize Board

The board was then given the go-ahead to bring in the urea, at its own risk and on the understanding that the price would be in line with the levels which would have been charged by the fertiliser manufacturers While the importance of the maize industry was recognised, "other large consumers' interests have to be taken into account "

And, with fertiliser manufacturers already operating on margins below the price control formula, De Villiers added that government could not, for the sake of apparently short-term benefits, follow a policy which could disrupt the industry further

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an answer book is to be torn out

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or to an invigilator before leaving the
ion

Any dishonesty will render the candidate liable to disqualification and to possible exclusion from the University

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S. Times 23/5/82

'Bye, bye synfuels'

Compiled by Stephen Orpen and Washington staff

SASOL 4 is out So is the prospect of a private-sector alternative based on the more advanced coal liquefaction process, as mooted by groups like the R5 000-million Gencor colossus Or the maxi-scale methanol-from-coal project as espoused by AECI

That is the word from those concerned this week

They were not saying "never" Naturally, the need will eventually prevail over all else

But the current pressure to conserve ever-scarcer resources in tight and contracting markets, the present high cost of capital and, not least, the world oil glut have forced a rescheduling

South Africa is not alone in the new ball game

A shock as it was, the decision last week by America's multi-billion Exxon Corp suddenly to abandon construction of its $6 000-million Colony Shale Oil Project near Parachute, Colorado, was entirely predictable

Exxon's termination of what was the most ambitious synthetic-fuels project in the United States came just two days after investors had scuttled a $13 000-million venture to extract oil from Canadian tar sands — and together the cancellations were a strong signal that large-scale commercial development of synfuels may be delayed for several years

"It was a bad week," said oil analyst Jeffrey Matthews of the investment firm of Merrill Lynch, to newsmen

"People are saying that this is the death of synfuels, that if Exxon can't do it, who can?"

The answer is probably no one — at least for now

The Colony shale-oil project is only the latest in a string of synfuel projects that have been delayed, mothballed or killed in recent months

Three years ago, when President Jimmy Carter launched his crash synfuel programme at the peak of the energy crisis, the outlook did not seem so bleak

Buoyed by the promise of billions of dollars in Government backing, energy companies rushed to profit from the coming bonanza

But the political and economic climate quickly changed, and the atmosphere of crisis has abated

World oil prices have tumbled and demand has decreased — in part because of the recession and in part because of a continuing switch to cheaper coal

Simultaneously, soaring interest rates and construction costs have introduced a new element of uncertainty to any multi-year, multi-billion-dollar venture — an uncertainty that is compounded by a US Administration that has little enthusiasm for a Government-sponsored synfuel industry

Exxon decided to kill the Colony shale-oil development because of rocketing costs — which the company may have helped produce

When it bought a 60% stake in the venture for $300-million, Exxon's partner, Tosco Corp, had estimated that the Colony project's costs would be $3 100-million

Exxon engineers, however, insisted on upgrading the plant's design, making the output of 47 000 barrels of low-sulphur oil a day more economical

Unfortunately, Exxon did not anticipate the sharp rise in interest and construction costs that pushed the estimated cost of the project to more than $6 000-million, a sum apparently prohibitive for even the world's largest energy corporation

Exxon officials insisted last week that the decision to stop shale-oil development at Colony was only a temporary retreat

Eventually, they say, the economics of the oil market will change

As conventional petroleum reserves are depleted, synfuels will become essential

Nevertheless, some oil-industry veterans remain sceptical

"Oil shale has been right round the corner for 70 years," recalls Blaine Miller, president of Rio Blanco Oil Shale Co, which put a project on hold last year after discovering that the cost of simply building a pilot plant would be far too high

Despite the changing economics, some officials insist that it would be dangerously shortsighted to abandon the national drive towards synthetic fuels

"There will be another disruption in the Middle East," predicts Colorado Governor Richard Lamm

"It's not a matter of if, it's a question of when And when the disruption does come, oil shale will again be centre stage and another oil-shale programme will begin"

But, given the economic uncertainties of oil prices, interest rates and general inflation, such a programme would almost certainly necessitate substantial US Government support

Union Oil is a case in point The company, lone survivor of the shale-oil shakeout, is building a modest 10 000 barrel-a-day plant near the Colony site that will employ a simpler, less expensive synfuel technology to extract oil from shale

And Union has another overwhelming advantage the company has a contract to sell the US Defence Department 20-million barrels of refined diesel and jet fuel over a 10-year period, most of it at a floor price of $42,50 a barrel — slightly above the current world price

But Washington's enthusiasm for synthetic fuels is rapidly diminishing

Recently several Republican and Democratic congressmen introduced a measure that would strip $2 000-million from the Synthetic Fuels Corp, which guarantees loans for private synfuel development, and use the money to subsidise housing loans

Although the move was defeated, SFC's congressional support is fading and its funding will remain a tempting target for congressmen whose pet projects are threatened by budgetary constraints

Despite the bleak outlook, the American Government continues to provide financing for several synfuel projects

The $2 100-million Great Plains coal-gasification plant under construction in North Dakota, for example, still receives Department of Energy financing

And there are still a few private projects under way, including a $300-million electric power plant in Daggett, California, that will use gasified coal as its fuel

But barring yet another major disruption in US energy supplies, Jimmy Carter's dream of creating a 2-million-barrel-a-day synfuel industry by 1992 is dead

Even if oil prices rise dramatically in the years ahead, the need for synfuels could well be obviated by further conservation

In the end, national security considerations may dictate the building of an American synfuel industry, but that decision will be largely political, not economic

And if the United States does commit itself to developing alternative energy sources, US taxpayers will be forced to shoulder a burden that mighty Exxon could not bear

Founder's Monument Committee

*11 Mr K M ANDREW asked the Minister of Internal Affairs

(1) Whether his Department is concerned in (a) the Founder's Monument Committee or (b) a monument or memorial to be erected in Cape Town to commemorate the arrival of Jan van Riebeeck, if so, what is the nature of its concern,

(2) whether any money for this purpose has been (a) donated or (b) loaned by the State, if so, (i) what amount and (ii) when?

The DEPUTY MINISTER OF INTERNAL AFFAIRS

(1) (a) Yes, a former Minister of the Interior appointed a committee to complete the "Gateway to Africa" monument, which committee was later changed to the Founders' Monument Committee

(b) Yes, in so far that the recommendations of the Committee in connection with the monument must be referred to the Government for its final consideration and that the Department merely acts as a link between the province of the Cape of Good Hope and the Government

(2) (a) Yes

(i) A maximum amount of R250 000

(ii) Funds must still be voted

(b) Falls away

Founder's Monument Competition

*12 Mr K M. ANDREW asked the Minister of Internal Affairs

(1) Whether his Department is concerned in the Founder's Monument Competition, if so, what is the nature of its concern,

(2) what is the Government's attitude in regard to the manner in which the competition was (a) organized and (b) advertised,

(3) whether the winning entry has been selected, if not, (a) when and (b) by whom will it be selected, if so, (i) when and (ii) by whom was it selected?

†The DEPUTY MINISTER OF INTERNAL AFFAIRS

(1) No

(2) and (3) Fall away

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Hansard Q Col. 908-910

~~Maize~~ ~~Control Boards~~ **Importation of urea** 26/5/82

*13 Mr D J N MALCOMESS asked the Minister of Industries, Commerce and Tourism

Whether he has given a ruling relating to the importation of urea by the Maize Board, if so, (a) what is the purport of the ruling and (b) what will be the effect of the ruling on the (i) price to the fertilizer distributors, (ii) price to the farmer and (iii) profits of the organizations who will be importing the urea?

The MINISTER OF INDUSTRIES, COMMERCE AND TOURISM·

Yes

(a) The Maize Board was permitted to import 208 000 tons of fertilizer during 1982 in exchange for maize on the following conditions

That the shortfall of 60 000 tons of fertilizer which was foreseen for 1982 and in respect of which import permits had already been granted to the fertilizer industry, be made available for importation by the Maize Board This fertilizer will be taken up by the industry at the same price which was taken into account when the domestic price was determined Cancellation fees in respect of the import contracts which the industry had already concluded, as well as all quality and other risks, are to be borne by the Maize Board

The allegation that the fertilizer industry would make a profit of several million rand from the imports is not correct The benefit of cheaper imports has already been set off when calculating the domestic price for 1982 The benefit or so-called profit has already been passed on to the consumer

That a further 148 000 tons of fertilizer which represents the projected shortfall for 1983 may already this year be imported by the Maize Board The fertilizer industry will be responsible for the handling and distribution of this fertilizer and will, after the fertilizer has been sold remit the nett return to the Maize Board for paying into the stabilization fund However, it will not be possible in 1983 to pass on this benefit to the maize industry to other agricultural sectors on the form of a lower domestic price The 148 000 tons of fertilizer will be sold in 1983 and possibly 1984 at the prices determined for those years Costs and risks of storage will be borne by the Maize Board

(b) (i) In the case of the 60 000 tons of fertilizer the benefit of the cheaper fertilizer has already been taken up in the final price determination to the benefit of all farmers

In respect of the 148 000 tons of fertilizer which will be marketed in 1983 the benefit of a lower import price after all costs have been taken into account will be passed on to the Maize Board

(ii) As has been explained in (b)(i) the price of fertilizer to the farmer will not be affected directly by the import transactions

(iii) According to information supplied by the Maize Board, any profits realized by the Board on the imported fertilizer will be paid into the Board's stabilization fund

360

~~55~~

Hansard Q Col 910 - 911

Koeberg nuclear power station 26/5/82

*14 Mr D J N MALCOMESS asked the Minister of Mineral and Energy Affairs

(1) Whether the security measures at the Koeberg nuclear power station were recently breached by intruders if so (a) in what manner, (b) by how many persons and (c) on how many occasions,

(2) whether security arrangements have since been altered,

(3) what is his attitude in regard to the standard of the security measures in force at the Koeberg nuclear power station at present?

†The MINISTER OF INDUSTRIES COMMERCE AND TOURISM (for the Minister of Mineral and Energy Affairs)

(1) Yes

(a) and (b) On 16 May 1982 an attempt was made by three persons to gain access to a safe in the offices of one of the contractors at the Koeberg power station This contractor's site office is outside the high security zone of the Koeberg plant Two of the persons involved in the attempted theft were employees of the contractor and had permits to be in the contractor's area The third was in possession of a permit belonging to a worker who at that time was apparently on sick leave The attempted theft was foiled by security guards

(c) There has been no previous breach of security

(2) The incident is being fully investigated and improvements will be made if necessary

D. Dispatch 4/6/82

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EL takeover of Ciskei Paints

BY TOM LOUW
Business Editor

EAST LONDON — The long-established local paint firm, Bellgrove and Snell, has bought a majority shareholding in Ciskei Paints as from May 26, 1982 The chairman, Mr M F Whitehead, comments that this acquisition is proof of the company's confidence in the potential growth of the area


MR R. CULLINGWORTH . . responsible for the new subsidiary

Bellgrove and Snell are the oldest paint manufacturdrs in South Africa (they were established in 1892) They will give Ciskei Paints the benefit of long experience and expertise in paint manufacture, particularly in the field of some specialised coatings which have proved to be very popular in recent years

A wide range of products is manufactured by Bellgrove and Snell at present, and the new board says it intends to bring the operation in Dimbaza into line with the East London factory, by extending production facilities, improving quality and widening the range of products manufactured

The intention is that once production is on a sound footing, the sales force will be increased to service customers, both old and new, in Ciskei and surrounding areas

It is a material, and helpful, point that the Government of Ciskei makes it a matter of policy that Ciskeian products must be given preference

The new board of Ciskei Paints will consist of Mr R Cullingworth, who will be responsible for the subsidiary, and Mr Whitehead Both are also directors of Bellgrove and Snell, East London.

UNIONS OPERATING IN 1981 GROUPED ACCORDING TO INDUSTRIAL CLASSIFICATION

Unions have been classified according to the Standard Industrial Classification of All Economic Activities. The full extent of the operation of the following general workers unions has not been established:

National Federation of Workers
Orange-Vaal General
General and Allied

AGRICULTURE, FORESTRY AND FISHING

Black Allied Workers Union
Farmworkers Union
Food and Canning Workers Union
National Certified Fishing Officers As
Orange-Vaal General Workers Union
Trawler and Line Fishermen's Union

MINING AND QUARRYING

Amalgamated Engineering Union of S.A.
Amalgamated Union of Building Trade Wo
Amalgamated Society of Woodworkers of
Black Allied Workers Union
Black Mineworkers Union
Federated Mining Explosives and Chemic
Iron Moulders Society of S.A.
Mine Coloured Staff Association of Sou
Mine Surface Officials Association of
Mine Workers Union
S.A. Boilermakers, Iron and Steel Work
S.A. Electrical Workers Association
S.A. Engine Drivers, Firemens and Oper
S.A. Technical Officials Association
Underground Officials Association of S

Welders Society

MANUFACTURING

Food & Beverages

African Food and Canning Workers Unio
Amalgamated Engineering Union of Sout
Bakery Employees In
Black Allied Worker
Boland Inmaakwerker
Brewery Employees U
Cadbury In-Company
East London Meat Tr
Food and Cannning W
Food, Beverage & Al
General Workers Uni
General Workers Uni
Natal Baking Indust
Natal Sugar Industr
National Milling Wo
National Union of D
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National Union of W
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RAND DAILY MAIL, Saturday, June 5, 1982 183

Price control knocks fertiliser

By STEVE ELLIS

THE change in Government policy towards fertiliser pricing has attracted criticism from the chairman of Omnia Holdings, Dr Joachim Winkler

He says in the annual report that the Government has not adhered to price-control formula and has fixed the prices in an arbitrary manner

As a result, Omnia's profits this year will be detrimentally affected

The industry has been allowed to recover its increased costs only to a limited extent

"In fact, in relation to the price control formula which was applied during the last couple of years, the Government reduced the industry's margin by R32-million "

The expected fall in profitability will be hard to bear because "even in the past, (margins) did not allow for the adequate retention of funds to provide for the replacement of plant and equipment"

Dr Winkler says the change in pricing policy will not only have a profound impact on further investment in the fertiliser industry but will force companies into the radical rationalisation of facilities

He says "The Government also allowed large scale importing of low-priced fertilisers by Swaziland operators "

SA producers could not market the product at such low rates and had to give up substantial market share, and reduce their use of SA manufacturing facilities

"If the Government is not able to stop this procedure, the SA producers who have invested heavily in this industry should also be allowed to import freely on the same terms "

Because of the cheap imports and altered pricing policy, the fertiliser industry, "which is already fighting desperately to operate its export-orientated facilities at full capacity", will experience a drastic drop in profits in 1982

"I believe that by now the Government realises that these developments will eventually lead to steep increases in fertiliser prices when, in the foreseeable future, world market prices no doubt exceed SA prices "

He urges the Government to take corrective steps to re-establish stability and confidence in the industry

This year, all companies in the Omnia group are operating to budget, but because of the fertiliser developments, he is not confident of continued earnings growth

On the bright side, however, "we can look to increased profits after the new facilities in Sasolburg come on stream towards the middle of 1983"

Long-term borrowings in the year under review rose from R968 000 to R1 133 000 — contributing to a 452,7% leap in interest from R127 000 to R702 000

Interest cover sank from 22,8 times in 1981 to 12,5

Stocks were also materially higher at the yearend — 31,1% to R8 024 000 Bank and cash balances fell from R2 584 000 to R362 000, and the group's overdraft jumped from R147 000 to R1 375 000

This is hardly an ideal financial position in the face of high interest rates and tigh trading conditions

Big expansion by AECI

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S. Times 6/6/82

By Andrew McNulty

HIGHER export earnings and new downstream chemical plants are among benefits that will flow from a new R31-million carbide furnace now being commissioned by the chemical giant, AECI

The furnace has been erected in the quick time of 13 months at Ballengeich, Natal, by the AECI subsidiary, Holland Electro Chemical Industries (HECI)

It will have a capacity of 50 000 tons a year, representing a 50% increase of HECI's present total annual carbide output of 100 000 tons

Other than Coalplex production, all used in-house, AECI is the country's sole producer

Already it has led to a decision to erect a R5-million plant to produce acetylene black — used in dry-cell batteries — to be on stream in the second half of 1983, Dr Herbie Keppler, managing director of HECI, tells Business Times

Increased output of carbide resulting from the new Ballangeich furnace will create excess capacity in the short term, to be absorbed by exports, which last year earned about R5-million in foreign exchange and could rise by as much as 50%

Dr Keppler says the carbide plant's production is to be lifted to full capacity as soon as possible

Exports of carbide climbed from 9 000 tons in 1979 to 14 000 tons in 1981, and could be as high as 20 000 tons this year

By 1983, exports could total 22 000 to 23 000 tons, keeping South Africa in a challenging fourth position among world exporters of carbide, behind Rumania, Poland and China

About 45%, or 68 000 tons, of HECI's carbide production is absorbed by local consumers, 20 000 tons going to AECI plants at Umbogintwini, 18 000 tons to Cyanamid for use in mining applications, 20 000 to acetylene bottlers and 10 000 tons to Iscor

The rest is exported or used by HECI in production of carbide-based chemicals

Expanded production of some chemicals will be considered in the next three to four years

The result could be erection of other new plants, costing R10-million to R20-million

Knowhow agreements for acetylene black production are currently being signed up and erection will start in the near future, Dr Keppler says

"We are actively looking at other downstream operations based on acetylene".

The next expansion of carbide production will probably be necessary in 1986"

PROJECTS FM 11/6/82

Plastic pay-off

183

AECI this week commissioned the first half of its new linear low density polyethylene (LLDPE) plant at its Midlands factory near Sasolburg Mike Sander, manager of AECI's plastics division, tells the *FM* the rated capacity will be 75 000 t of LLDPE a year Plant cost was just within the R75m projection

A new low pressure technology licensed from America's Union Carbide will be employed to produce what amounts to a new range of products

AECI's decision to build was influenced by the exceptionally rapid growth in SA demand for polythene - an average of more than 10% a year over the last 10 years Even during the mid-Seventies when real gdp dipped, the polythene market grew by 10%a year Some 70% of SA polythene output goes for packaging, which is being buoyed by the rapid growth of the Black market

The new LLDPE is different chemically from the conventional type of polythene End products are tougher, less deformable and have much better resistance to penetration But LLDPE will not displace conventional polythene completely

The new plant uses ethylene produced by Sasol at Secunda, a source which will be adequate for quite some time The price formula is based on the West European ethylene price This provides only a modest level of protection against ethylene imported from Europe But Sander concedes that there are much cheaper sources of ethylene to be found in the world The Persian Gulf is one

The plant is among the first four of its kind in the world, and the only one to operate on a fully computerised basis The new process requires a much lower pressure — 600 kPa against 200 000 kPa These less exacting operating conditions lead to important reductions in capital and operating costs

Sander says the decision to build a plant using such untried technology was "an act of faith" which has paid off The SA market is an exacting one, because its isolation results in a need for a wide range of product lines, whereas overseas plants can concentrate on only a few lines AECI has already introduced its customers to the new products through imports, and the LLDPE now available locally is regarded as "an advanced version" of these imports

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NOTE CAREFULLY

1 Enter at the top of each page and in column (1) of the block on this cover the number of the question you are answering

2 Blue or black ink must be used for written answers The use of a ball point pen is acceptable Red or green ink may be used only for underlining, emphasis or for diagrams, for which pencil may also be used

3 Names must be printed on each separate sheet (e g graph paper) where sheets additional to examination book(s) are used

4 Do not write in the left hand margin

WARNING

1 No books, notes, pieces of paper or other material may be brought into the examination room unless candidates are so instructed

2 Candidates are not to communicate with other candidates or with any person except the invigilator

3 No part of an answer book is to be torn out

4 All answer books must be handed to the commissioner or to an invigilator before leaving the examination

Any dishonesty will render the candidate liable to disqualification and to possible exclusion from the University

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Workers boycott canteen over pay

(183) Mercury

18/6/82

Mercury Reporter

THE entire black workforce of the Triomf plant at Richards Bay is boycotting the company's canteen in protest at the management's reluctance to negotiate half-yearly wage increases

The action follows the Fosatu-affiliated Chemical Workers Industrial Union calling a dispute with Triomf after they refused to begin wage negotiations as provided for in the recognition agreement signed with the company last year, according to union sources

The firm's factory manager, Mr D J Macleod said yesterday they had had a meeting with the union on June 10 when approached for a mid year wage increase

'Regretfully we refused to give an increase as the fertiliser industry was not yet certain what its profits would be this year in the light of present price developments he said

A spokesman for the union said the workers, in striving towards the household effective level of R350 a month as a step towards Fosatu's living wage demand of R2 an hour, had demanded an increase of R100

He said a letter had been sent to the management informing them of the dispute, declared in terms of the recognition agreement and that an application was being made for a conciliation board

RDM

18/6/82

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2 000 Richards Bay strikers face axe

By STEVEN FRIEDMAN
Labour Correspondent

LABOUR UNREST at three major plants, involving about 2 600 workers, continued to grip Richards Bay yesterday — and workers at two strike-hit plants face ultimatums to return to work today or be fired

At Richards Bay Coal Terminal about 400 dockers have been on strike for three days in reaction to a recent speech on pensions by the Minister of Finance, Mr Owen Horwood

At Alusaf about 1 700 workers continued their two-day strike in support of demands to quit the metal industries' pension fund and for a R2 an hour wage At both plants management says workers must return today or be fired

Workers met yesterday to decide whether to return to work

And at Triomf Fertilisers a canteen boycott by about 550 workers in support of wage demands entered its second day

A Metal and Allied Workers Union organiser, Miss Junerose Nala, said there had been no repetition of Tuesday's incidents in which police allegedly broke up a meeting and several workers were hospitalised

But she said police remained active in the area and claimed they had prevented a meeting taking place at the workers' compound yesterday

Miss Nala also said police were out in force at Alusaf before the strike

The Rand Daily Mail's Durban correspondent reports that police have denied union and worker allegations and say that they are keeping a low profile

At Triomf unionists say the canteen boycott is prompted by management's refusal to negotiate wages with Fosatu's Chemical Industrial Workers Union "as it undertook to do"

A company spokesman confirmed the boycott and added that it was not harming the company

He said the company had negotiated a pay agreement with CWIU in January and had wanted this to last the year But the union signed the agreement for six months only, he said, and demanded the right to re-open talks in mid-year

When it did this, Triomf turned down its proposals "because we don't give mid-year rises and because of the state of the industry," he said

At Richards Bay Coal Terminal, union sources said workers had been given until today to return or be sacked

At Alusaf Miss Nala said a similar ultimatum had been issued to workers She said management had promised to do something about the pensions but had done nothing

Company spokesmen could not be contacted yesterday

But managing director, Mr D E J van Vuuren, has said workers have been told their fears — they will only be able to receive their pension contributions when they retire — are unfounded

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n the US reorganised elegate prof- ly to "certain ntaining tight ntrol, said Dr

result in better c profitability"

est of the year ent on the ex- covery in the group's pro- factors are is time"

rector, Mr the meeting the throes of a veryone in the would have to , nobody would ing

Tiger offer

TIGER Oats is to make an offer to the holders of the 39 000 Morris and Fattis 6% cumulative preference shares it does not already own, according to Union Acceptances

The consideration will be 125 cents in cash for every preference share

The current dividend period in respect of the preference shares commenced on February 1 this year and ends on January 31 1983

Holders of the preference shares will receive a pro-rata portion of this dividend for the period from February 1 1982 up to and including the date on which the consideration will become payable

Rothmans Zimbabwe

HARARE — Rothman's attributable profit in Zimbabwe increased nearly 9% in the year to March 31, acording to audited results released yesterday The company has declared a final dividend of 8 cents a share, bringing the total for the year to 13 cents

R30m factory for Hoechst

(183)

RDM 24/6/82

By STEVE ELLIS

HOECHST SA has begun construction of a R30 million plant at Chamdor Krugersdorp, which will produce fine-grade plastic packaging film

Technically known as biaxially orientated polypropylene (BOPP), it is widely used in food and cigarette packaging

The cellophane substitute was previously imported from Hoechst's Kalle, West Germany, factory

In 1981 R25-million (of 9 500 tons) worth of cellophane and BOPP was imported The Chambor plant will reduce that by 6 500 tons when it comes on stream in 1984

The investment represents part of Hoechst s five-year R150-million capital expenditure programme which began in 1979 — a large portion has already been spent on major projects throughout SA

The managing director Mr A L Baltzer said yesterday that the group's capital investment programme would not be affected by any cyclical downturn in the economy

The plant which will involve the latest high technology developments and know how from Kalle will open up about 150 job opportunities"

It would also produce cast unorientated polypropylene" (UPP) material for twist wrapping used mainly in the confectionary and sweet industries

Both BOPP and cast UPP "offer substantial technical and economic advantages over traditional materials (such as cellophane)"

Whereas cellophane producers use timber as their raw material, Hoechst will use poly-ethylene a Sasol by-product

It is believed that BOPP has a lower energy requirement and that cellophane producers are faced with stringent pollution controls which are costly to adhere to

The output of Hoechst's plant will replace the entire BOPP import

New JSE Committee

THE Johannesburg Stock Exchange has announced names of committee members elected for the next 12 months They are Mr H M Boonzaier, Mr P R A Ferguson, Mr A E A V Forbes, Mr C R Freemantle Mr H L Friedlander, Mr D X Hellmann, Mr G G Huysamer, Mr M C Irish, Mr B B T Janse van Rensburg, Mr I R Jones, Mr R Lurie, Mr A Martin, Mr P G Redman, Mr G L Rosenberg and Mr V B Ruite — Sapa

Maize turnover

THE Central West Co-operative, responsible for a third of South Africa's maize wheat, grain sorghum sunflower and groundnut production, had a record turnover of R1 002 600 000 during the past financial year, the chairman of the co-operative Mr Tobie Loubser announced yesterday

He said the amount reflected a 25% increase on the previous year s figure — Sapa

Heat off buildir

By HAROLD FRID

TOTAL building acti a downswing phase versal will not occu the latter part of economists Snym Martin in the Building Survey pro the Bureau for Econ search (BER) of the bosch University

The business co building industry is bearish with attitud contractors, sub-co merchants and ma ers moving sharply wards a level of pessimism

The opinion surv clear that previous areas in the industry tlenecks in the sup bour and ma started to ease A other end of the sca tition in tendering to get acute

The BER adds not be surprising if, of 1982, tendering will once again sunmed cu proportions"

Statistics of buil passed show that values, plans for buildings have d 10% in the period March 1982 while non-residential have increased by same period

A factor contr the present situa lack of lendable f building societies tion remains ser meaningful relief foreseen in the nea the demand for mains high"

The allocation the National Ho was increased by current building As costs are expe by 12% this year be a real incre sector

But in the money will be infra-structural for controlled vice schemes

Overall costs to stabilise and in costs is now line with the in after having during 1981

Chairman's review

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ams

ion Despite the vital role of nuclear energy, there seems to be little ct for any material improvement in market conditions in the short to n term

ıc acid

Afrıcan producers utilising the sulphur burning process were affected by of sulphur, which remained high in 1981 despite the world economic vn, and also by the depreciation of the rand against the US dollar As id consumed locally is produced from sulphur, acid prices are to remain high during 1982 despite the downturn in demand Ergo ot be affected by this decline, as it has contractual commitments s planned production for the next few years, but it too suffered cost increases and negotiations with Ergo's customers to review l prices were only partly successful

Boland predicts a gloomy year

BOLAND Bank forsees a gloomy year ahead and the chairman, Mr P P B Hugo, says in his annual report that "it will be extremely difficult to maintain the profit level of the past financial year"

He thinks business conditions are going to deteriorate further and does not expect a lower turning point to be reached before well into 1983, while for the current year he is looking for a growth rate of the order of only 1%

Mr Hugo comments that the economy has been in a downward phase since last August and considers the following factors are going to play a major role in future developments

● The price of gold is not likely to recover in the near future, war situations excluded

● The economies of South Africa's major foreign trading partners remain at low levels, and positive changes are not expected before the end of this year Any recovery is expected to have a slow start and a marked increase in South African exports still lies far in the future

● The rate of inflation is going to remain at a high level

● Rates of interest will remain at the present high level and this will have a suppressing effect on fixed investment

● The total agricultural production for 1982 will be lower than that of the previous year and the maize crop, especially, is expected to be much smaller

During the past financial year Boland Bank expanded its total assets from R578 135 000 to R657 210 000 while shareholders interest increased from R32 624 000 to R37 571 000

The bank's net profit after tax rose from R4 628 000 to R5 068 000 leading to an increase in earnings per share from 73,8c to 79,3c and allowing the dividend to be raised from 25c to 28c

Optimist despite fact

By JOHN MULCAHY

LIKE a voice in the wilderness, controversial chartist and gold bug, Dr Clive "Thousand dollars" Roffey has reappeared on

their fingers when the pot boils over"

"I am way out on a limb", Dr Roffey admits "and I am going against the most ardent of the traditional gold bulls who have put out sell

something dras to happen in the cal situation in the US will next six months"

The public jected to all

y of each state"

RDM

24/6/82

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Union move in dispute at Triomf

Mail Correspondent

DURBAN — The Fosatu-affiliated Chemical Workers Industrial Union has applied to the Minister of Manpower for the establishment of a conciliation board following a dispute over wage negotiations at Triomf's Richards Bay factory

In terms of the 1981 Labour Relations Act a legal strike could be called by the union should the conciliation board not settle the dispute

Earlier this month the union held a meeting with the company in an attempt to open half-yearly wage negotiations provided for in their recognition agreement

The company "regretfully" refused to begin negotiations for a wage increase because "the fertiliser industry was not yet certain what its profits would be this year"

Triomf's factory manager, Mr D J Macleod, confirmed that they had been notified of the union's application and that they had filled in the required forms sent to them by the Department of Manpower spate of destructive forces

integrit

RDM 26/6/83

183

Union strikes deal

Labour Correspondent

IN A sequel to a strike and consumer boycott earlier this year the Henkel chemical company and Fosatu's Chemical Workers Industrial Union (CWIU) yesterday signed a recognition agreement granting the union full bargaining rights at the company's Durban plant

There is also provision for possible further agreements between the two parties at other Henkel plants

The agreement follows a lengthy dispute between CWIU and the company which is 50% German-owned The dispute followed a strike and the firing of workers who took part

CWIU called a consumer boycott of Henkel products and German unions also intervened The dispute was finally settled with an arrangement that the workers who were fired would be re-hired and the two sides would negotiate on various issues, including recognition

Wage dispute sequel

Mercury Reporter

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18-3

Mercury 26/4/82

Henkel and union sign agreement

(183)

Mercury 26/6/82

Mercury Reporter

HENKEL, the subject of a month-long dispute earlier this year, have signed a recognition agreement with the Fosatu-affiliated Chemical Workers' Industrial Union (CWIU)

The dispute arose in March following the dismissal of about 250 workers at the company's Prospecton plant who had downed tools over wages, pensions and the new shift system

A CWIU spokesman said the recognition agreement provided for shop steward facilities and recognition, collective bargaining procedures, union officials' access and stop-order facilities

'It also contained an undertaking by the company to consult with the union before making any major changes in work practice and conditions of employment,' he said ler third

● Picture by Dave Hughes

Star 29/6/82

183

Call for board to resolve pay row

Labour Reporter

The refusal of the Triomf management in Richard's Bay to negotiate a half-year increase has led the Chemical Worker's Industrial Union to call for the establishment of a conciliation board

A spokesman for the Fosatu affiliated union said that the Triomf management told the union it would not begin wage negotiations because of the economic situation in the fertiliser industry

The CWIU has a recognition agreement with Triomf, under which wage negotiations are provided.

The union's spokesman confirmed its application for a conciliation board to resolve the dispute Workers at the plant had boycotted the canteen in protest

The union also signed an agreement with the management of Henkel in Durban on Friday which provides for full negotiating rights.

The Henkel group nearly faced a boycott by the CWIU in March after the union had accused the firm of refusing to negotiate with it

The union's bid to gain recognition at the Henkel operations in Johannesburg has been stalled as the firm is moving its Isando plant to Alrode, Alberton.

The CWIU also expects to sign a recognition agreement soon with the management of Dunlop Industrial Products near Benoni.

Did you get the right coal?

Is your anthracite burning with a long, orange flame?

Chances are that it is not anthracite at all, but coal

Several consumers have complained that they have received coal instead of anthracite

KGROUND to the news

(183) Star 1/7/82

Fertiliser industry findings

Inefficient and over-protected

By Jannes Ferguson
Farming Correpondent

The report of the Committee of Inquiry into the Fertiliser Industry is highly critical of the over-protection a local industry enjoys

Its main thrust is that the fertiliser industry relies on Government price control instead of efficient production to show a profit This affects the consumer prices of all food products

It also becomes clear that by price decisions made since the report was handed to him, the Minister of Industry, Dr Dawie de Villiers, has in fact rejected its findings and continued with practices the committee has roundly condemned

The five-man committee was set up in December 1979 under the chairmanship of a well-known business economist, Professor C W I Pistorius of Pretoria University Its other members were Dr A M Pretorius, Mr A B C Nel, Mr T G J Pistorius and Mr F R Tomlison Their final report was completed in November but has not yet been released

The committee found that a monopolistic price structure was made possible by direct Government import control The report supports an earlier recommendation by the Competition Board that import control be phased out and replaced by import duties

The prime object of price control should be to keep the prices of fertiliser down to the level they would have found in conditions of free competition This was not being done, however, and the fertiliser price formula used by the Department of Industries amounted to little more than a cost-plus formula

Price control discouraged cost-conscious management and impeded technical improvements The monopolistic practice made possible by the Price Controller held back innovations in the marketing and distribution spheres

There was a need for costing procedures whereby productivity could be continuously checked, thereby objectively measuring production and marketing efficiency

Standards should be set by annual cost budgets using a productivity measuring procedure This should be made a prerequisite of the granting of any price increase

Profit levels in fertiliser manufacture were already satisfactory and the committee's main recommendation was that price control of fertiliser should be scrapped

AMAZING

Mrs Denise Jenkin, president of the Institute of Cost and Management Accountants, said it was amazing "that such an important industry should have been left to operate without uniform standard costing and industry-wide budgetary control"

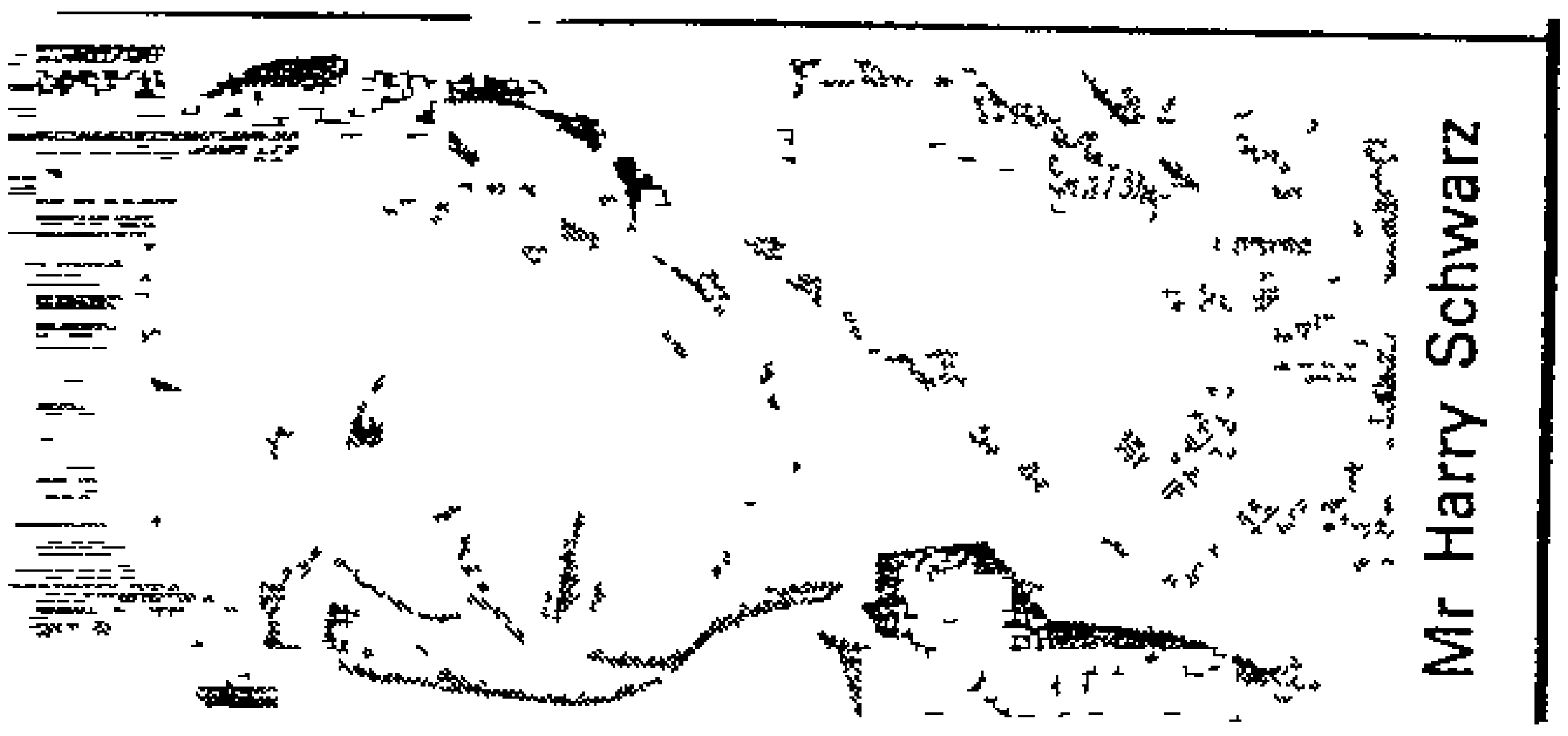
The report had vindicated claims by the farming community that the fertiliser industry did not have adequate cost controls

Agricultural economists have pointed out that recent fertiliser decisions by the Minister on imports and subsidies indicate a rejection of the findings of the expert committee

Schwarz calls for light on oil fraud

Cape Times 10/7/82

183



Mr Harry Schwarz

Own Correspondent

JOHANNESBURG. — The Opposition spokesman on finance, Mr Harry Schwarz, last night called for an official explanation of who footed the bill for a R30-million compensation pay-out following the Salem oil fraud in 1979.

According to a judgment in the British Court of Appeal, Sasol and the Strategic Fuel Fund (SFF) paid R50-million for the Salem's 180 000-ton cargo to "the crooks" — and then another R30-million in compensation to Shell when the fraud was discovered

Shell was the legal owner of the oil, which was fraudulently discharged in Durban in December, 1979

The SFF is a government-owned company involved in oil procurement In his judgment in a matter between Lloyds of London and Shell International, Lord Justice Denning described the SFF as "highly gullible"

Although the R30-million was paid to Shell in April, 1980, South African newspapers were prohibited in terms of the Petroleum Products Act from publishing the amount which had been paid, even though the figure was widely published and broadcast overseas

Mr Schwarz said last night that it was not clear who had paid the R30-million He called on "someone" to explain the situation

Investigation

If the money came from public funds and was "wasteful expenditure", it could be investigated in Parliament by the Sessional Committee on Public Accounts

Up to now there had been no mention of this amount in reports to Parliament by the Auditor-General, he said

He expected the Opposition to raise the matter when Parliament reconvened in January

It was possible, however, that the money was Sasol's and if so it was a matter for the shareholders of the company, Mr Schwarz said

A spokesman for the Minister of Mineral and Energy Affairs, Mr F W de Klerk, said yesterday that the minister would not comment

Still in force

A spokesman for the office of the Director-General of Mineral and Energy Affairs drew attention to an official statement issued in 1980 in which it was stated that the government would make no further comment on the Salem affair He said that statement was still in force

A spokesman for Sasol declined to comment on the matter He said the company was prohibited in terms of the law from commenting

Full story

While the Salem saga was at its height in 1980, South Africans were prevented from knowing many of the facts because of the Petroleum Products Act — even though the full story was being published overseas

The Minister of Industries and Consumer Affairs at the time, Dr Schalk van der Merwe, denied government involvement in the fraud

He said he was aware of certain facts that might concern the matter, but could say no more

(~~1404~~ ~~[illegible]~~) (183) RDM 13/7/82

Union asks Luyt to help in dispute

By STEVEN FRIEDMAN
Labour Correspondent

FOSATU s Chemical Workers Industrial Union wants the Triomf Fertiliser chief, Mr Louis Luyt to intervene personally in a wage dispute between his company's Richards Bay management and the union

A meeting between Triomf and CWIU on the issue ended in deadlock yesterday

The union has already declared a dispute with the company and asked the Department of Manpower to appoint a conciliation board This is the first precursor to a legal strike — there has only been one such strike by black workers in the country's labour history

The dispute has already prompted a boycott of the company's canteen by workers

The union claims Triomf, which recognises CWIU at the plant, has refused to negotiate a mid-year increase

The company denies this, saying it discussed worker demands for the increase with union representatives but told them it could not give any mid-year rise because of the state of the fertiliser industry It is also "not traditional" for the company to give mid-year increases

A CWIU spokesman said that, at a meeting yesterday, Triomf representatives said they could not make workers a wage offer "because they had no mandate from the company to do so"

The union had then asked management to request Dr Luyt, as company chairman, to take part in the talks

"But at the same time they also refused to do that — they said they were paid by the company to negotiate with us and if they called him in they would not be doing what they were paid for," CWIU's spokesman said

He said Triomf "appear to be trying to provoke a confrontation by refusing to negotiate — we are suspicious, because that is exactly what other employers in the area did recently when Richards Bay was hit by pension strikes"

CWIU's spokesman said the union had written to Mr Luyt some weeks ago asking him to intervene in the dispute but had received no reply It had also not yet received a response from the Department of Manpower on its request for a conciliation board Comment from Triomf at Richards Bay could not be obtained

MP hits at secrecy on Salem affair

ARGUS 13/7/82

183

Political Correspondent

AN Opposition spokesman today slammed the Government's decision to clamp down on the publication of further details about the Salem affair, an oil deal in which South Africa was said to have lost 25-million dollars.

The announcement came in a statement by the Minister of Energy Affairs, Mr F W de Klerk, last night

Reacting to Opposition demands for more details the Minister said he had "with alarm" noted statements and comment on the incident

In the interest of South Africa he could not allow any further publication on this matter as the strategic importance of crude oil deliveries to South Africa could still be seriously and detrimentally affected thereby

Mr John Malcomess, MP for Port Elizabeth Central, who is the Progressive Federal Party's chief spokesman on energy matters said today he was not aware of any discussions with the Opposition as the Minister had claimed

REPORTS

He said the attempts at secrecy made no sense when it was considered that reports about the incident had been published throughout the world, but not in South Africa

From the Minister's statement it emerges that both Shell and the South African Crude Oil Purchasing Agency (SFF) were defrauded in the oil deal and that the SFF had to pay about 25-million dollars of the total loss suffered.

Mr Malcomess said this fund got its money from a levy on the price of petrol which came directly from the public's pocket.

Keeping details of the affair under wraps in South Africa, therefore meant that only the South African public who had had to foot the bill was being kept from knowing the facts while both friends and enemies of the Republic could read about it in the overseas Press.

"All this secrecy therefore just does not make sense, "I have no doubt that we could buy oil openly throughout the world were it not for the policies of this Government."

SCHWARZ

Mr Harry Schwarz, the Opposition's chief spokesman on finance, said today that it was clear that there had not been an irregular behaviour by the State or any of its officials. The Opposition had never suggested that there was.

The select committee on public accounts would, however, investigate the matter further. The question of the loss to the State remained.

Mr de Klerk pointed out that the transaction to buy oil from the tanker Salem which was subsequently sunk off the west coast of Africa was concluded during the serious 1979 oil crisis

He denied that Sasol had had any financial interest in the transaction

The "Salem affair" hit the headlines when the oil tanker, Salem, was scuttled amid reports that the bulk of its cargo of crude oil had been sold to South African concerns.

It subsequently featured in a number of investigations, and the sinking of the Salem was raised again last week in a British high court

Minister: No Salem cover-up

CAPE TIMES 13/7/82 (183)

Own Correspondent

Mr Piet du Plessis

JOHANNESBURG — The implication that the South African Government wanted intentionally to conceal fraud in the Salem incident was "malicious and contradictory to the true situation", the Minister of Mineral and Energy Affairs, Mr Piet du Plessis, said in a statement in Pretoria last night

"It is with alarm that I have noted press statements and comment on the Salem incident during the past weekend, and I am compelled to bring the following facts to the public's attention"

Mr Du Plessis said the supply of oil to South Africa remained a sensitive issue and because of conclusive strategic reasons, the State could not allow existing statutory provisions to be ignored

Legal steps were being considered as a result of recent reporting

"It is correct insofar that both Shell and SFF (the South African Crude Oil Purchasing Agency) were defrauded

Opposition told

"The transaction was concluded during the serious 1979 oil crisis when the acquisition of crude oil was problematical world-wide, and especially for South Africa"

The minister denied that Sasol had any financial interest in the transaction

"The implication that the government intentionally wanted to conceal fraud is malicious and contradictory to the true situation"

After the fact of the transaction had become known, the responsible representative of all Opposition parties in Parliament had been jointly informed by the minister in February 1980

They were also informed of the circumstances which made it "most undesirable" for South Africa to disclose any information on any oil transaction, though it could be reported in the overseas press

All Opposition party spokesmen present at the disucssion had displayed "particular understanding" of the situation, and had associated themselves with the proposed handling of the matter

These discussions were held while negotiations between Shell and SFF were taking place about the respective responsibilities of the two parties

➡➡➡➡ To page 2 B

C.T. 13/7/82 (183)

B ⬅⬅⬅⬅ From page 1

injured by the fraud

"At the same time a representative of the Conference of Newspaper Editors was informed of the reason for the government's insistence that notwithstanding publications overseas, it would not be in the interests of the country to allow reporting on the matter in South Africa

The South African press had complied with the government's request

During April 1980 it was agreed by SFF and Shell that SFF would assume responsibility for about 50 percent of the total loss suffered (the net additional cost to SFF was about 25-million dollars), that SFF should retain all delivered oil and that Shell would reserve the right to endeavour to claim remaining losses from the insurers

"My predecessor permitted the release of a statement by Shell overseas regarding this agreement and that it could also be published in the South African press"

The Shell statement was published in South Africa during April 1980 and reads

"Shell International Petroleumn Company and SFF have settled between them their dispute over that part of the cargo of crude oil discharged from the Salem at Durban in late December

'Other claims'

"Shell have, after obtaining advice on their right of recovery under South African law, accepted a substantial sum in full and final settlement of all claims against SFF, and SFF have accepted the release by Shell in respect of all claims to the oil discharged from the Salem in Durban

"Shell intends to pursue other claims in respect of the loss suffered The inquiries into irregularities by third parties are being pursued by police authorities"

The minister said the need for a further statement was forced by recent press reporting

"In the interest of South Africa I cannot allow any further publication on this matter, as the strategic importance of crude oil delivery to South Africa could still be seriously and detrimentally affected"

Union sends appeal to Luyt

14/7/82

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Mercury

Mercury Reporter

THE Fosatu-affiliated Chemical Industrial Workers' Union (CWIU) has appealed to industrial magnate Louis Luyt to intervene in their dispute with Triomf's Richards Bay plant.

The union's appeal follows further talks on Monday with Triomf in an attempt to resolve a dispute intitiated by the company's refusal to negotiate a mid-year wage increase

After Monday's talks deadlocked when Triomf management said they had no mandate to negotiate wage increases, the CWIU telexed Triomf's chairman, Mr Luyt, asking him to intervene, a union spokesman said

Although the union last month applied for the establishment of a conciliation board to investigate the dispute, discussions have been continuing between the two parties

The firm's factory manager, Mr D J Macleod, said they always were prepared to discuss the matter with the union but its position had not changed

'We restated our position yesterday but we seem to be talking at cross purposes,' he said

The union has condemned Triomf's refusal to open wage negotiations

Section B -

15/7/82 (~~182~~) (183)

Triomf workers stage 'demonstration' stoppage

By STEVEN FRIEDMAN
Labour Correspondent

THE wage dispute at Triomf Fertiliser's Richards Bay plant took a new turn yesterday when workers staged a brief "demonstration" work stoppage in support of their pay demands

And in another development the Chemical Workers Industrial Union (CWIU) — which earlier asked Triomf chairman Dr Louis Luyt to intervene in the dispute — said yesterday it had received a reply to its requests from Dr Luyt's office

The reply reiterated Triomf's stance that it was not its practice to give mid-year "interim" increases at the plant

The dispute centres around worker demands for a mid-year increase, which management have rejected

It has already led to a boycott of the company canteen and the union has declared a dispute with Triomf — the first step on the road to a legal strike

Early yesterday morning workers downed tools for about an hour A CWIU spokesman said management had told workers they would be fired if they were not back at work by 7 15 Workers had returned by that time

"The idea was never to hold a long stoppage It was simply a demonstration stoppage to show workers' concern," he said

Management comment could not be obtained yesterday — but later in the day Triomf issued a circular to its workers setting out its view of the stoppage

The circular said management condemned the stoppage and did not regard the fact that no action was taken as a precedent

Those taking part in a stoppage would have "summarily dismissed themselves" and could be fired without notice pay, it warned

All worker grievances, it said, should be chanelled through the grievance procedure agreed between the company and CWIU, which Triomf recognises

According to the union, the circular was dated June 30, but this date had been changed to yesterday's

A CWIU spokesman said he believed this was a result of the fact that workers had earlier voted to strike on June 30, but had later reversed their decision

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ERY CANDIDATE MUST enter in ımn (1) the number of each question wered (in the order in which it has n answered), leave columns (2) and ›lank

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Examiners' Initials		

Date 1/11/78

Degree/Diploma/Certificate for which you are registered (e g B A , B Sc) B Com

Subject Economics II
(to be copied from the heading on the Examination Paper)

Paper No 2
(to be copied from the heading on the Examination Paper)

NOTE CAREFULLY

1 Enter at the top of each page and in column (1) of the block on this cover the number of the question you are answering
2 Blue or black ink must be used for written answers The use of a ball point pen is acceptable Red or green ink may be used only for underlining, emphasis or for diagrams, for which pencil may also be used
3 Names must be printed on each separate sheet (e g graph paper) where sheets additional to examination book(s) are used
4 Do not write in the left hand margin

WARNING

1 No books, notes, pieces of paper or other material may be brought into the examination room unless candidates are so instructed
2 Candidates are not to communicate with other candidates or with any person except the invigilator
3 No part of an answer book is to be torn out
4 All answer books must be handed to the commissioner or to an invigilator before leaving the examination

Any dishonesty will render the candidate liable to disqualification and to possible exclusion from the University

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300 out on strike

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Sowetan 22/7/82

By SELLO RABOTHATA

ABOUT 300 workers at Ferro Plastics and Rubber Industries Limited in Industria, Johannesburg, yesterday downed tools in demand of half-yearly wage increases.

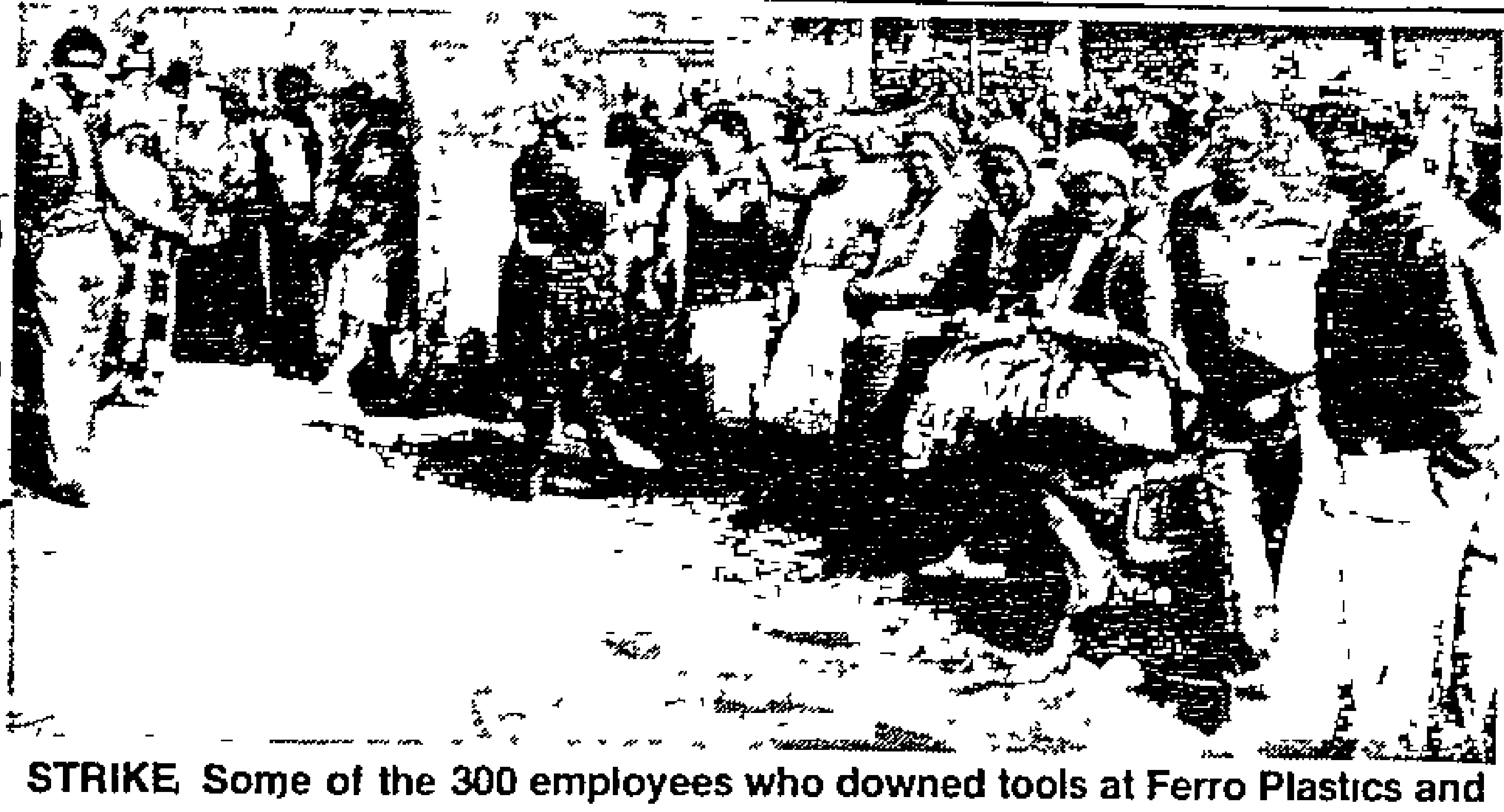
A worker representative said the employees had held a meeting at which they had decided on the action after management had failed to meet their demands

He said "Management told us that the company is not making any profit so we could not be given any increases this year We are not demanding any specific amount, merely what other workers are being given this time of the year, everywhere"

All the workers are represented by the company's liaison committee as they have no union representation

Mr J Ngwenya, industrial relations officer at the company, yesterday confirmed that workers had downed tools

Meanwhile a spokesman for an undisclosed number of workers at Teltron Business Machines in Faraday, Johannesburg, yesterday said that management had told them that if they were not satisfied with the undisclosed increase they had been promised for September 1 they were welcome to resign



STRIKE Some of the 300 employees who downed tools at Ferro Plastics and Rubber Industries yesterday

Pic Robert Magwaza

A SENIOR security
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/7/82 Sowetan

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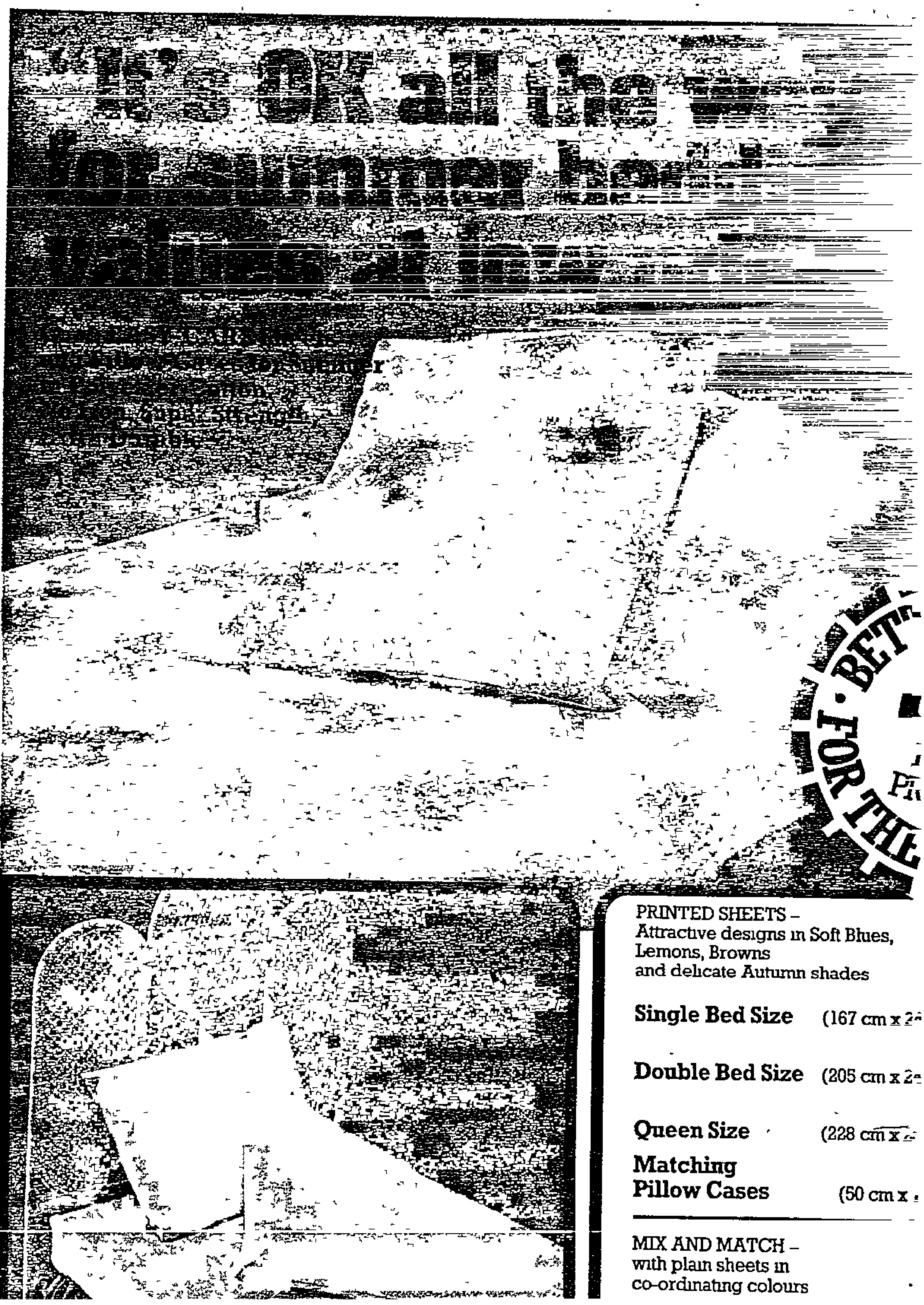

(216) (183)

D. Dispatch 22.7.82

Plastics firm sets up in US

JOHANNESBURG — One of South Africa's leading plastics manufacturers, Gundle Plastics, is busy commissioning a new R11,4 million plant in Houston, Texas

Based on South African technology, the facility will produce up to 8,5 million square metres of plastic sheeting per year

The US plant, which is to be officially opened on September 2, has opened up new markets for Gundle — notably in South America The company has already landed two contracts in Chile

One contract is at the Chuquicamata copper mine and the second involves the use of hyperplastic material at the Mantos Blancos copper mine, in which Anglo American has an interest In this instance material is being supplied direct from South Africa

Another interesting overseas export contract on Gundle's books is for the supply of lining for brine ponds in Israel — SAPA

Interim payment maintained

AECI fends off slowdown

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RDM 22/7/82

By JOHN GILMORE

AECI at this early stage of the economic slowdown is still doing well, is maintaining the interim dividend at 24c and expects to hold the final at 31c even though half-time earnings are down and the year's earnings are likely to be lower

The measure of the business recession is that although turnover in value is 11,8% higher at R775 100 000 against R693 200 000 after the first six months of the year, domestic sales volume is 3% lower than for the corresponding period of 1981

However, the basis of this capital-intensive industry being asset management AECI managed to maintain the trading profit margin "as a result of improved efficiencies, notably at the ammonia plants, and savings in operating costs and overheads"

Trading income improved slightly from R107 600 000 to R120 100 000, but the halved dividend of R7 600 000 from the Triomf Fertilizer associate and doubled interest charges of R9 400 000 meant pre-tax profits barely managed to hold their own at R122 300 000

Profits attributable to shareholders were a different matter and showed a decline of 8,6% at 70 800 000 from R77 500 000, translating into earnings a share of 45,8c against 50,2c This arose from AECI's habit of transferring tax savings from investment allowances to non-distributable reserves In this instance the tax charge dropped as much capex was built into the first half and the transfer shot up accordingly

Tax claimed R21 300 000 (R37 100 000), but investment allowance transfers were made amounting to R28 200 000 (R5 600 000) to give total deductions of R49 500 000 compared with R42 700 000 last year The R6 300 000 accounts for all of the difference at the earnings level Considering that the tax surcharge cost R4 600 000 AECI is about holding its own at the earnings level in trading terms

For the year, the managing director, Mr Denis Marvin, is sufficiently confident to forecast a modest improvement in net trading income But he admits that interest and tax charges will entail lower earnings

Not much help can be expected yet from the three latest plants to be commissioned, the linear low-density polyethylene plant at Sasolburg, the carbide furnace at Ballengeich, and the first phase of the explosives factory in Bophuthatswana

COMMENT: While AECI is pottering along at a reasonable pace, it is short of growth areas for the next year or two It has to keep up a fast capital expenditure programme if it is not to be caught out on the next economic upswing, and at current interest rates this is an expensive exercise

Fortunately, the group is conservatively financed with a debt equity ratio of 30% at the last balance sheet date which means that the second half of the $100-million loan facility with favourable rates can be accommodated without difficulty

Problem areas for AECI are yarn for the textile industry which is rapidly destocking, higher prices for imported raw materials, and Coalplex which made only a modest profit in the first half. A decision on methanol awaits Government initiative, and AECI has until August 6 to decide on the explosives ruling.

Mr Marvin makes no bones of the fact that any South African recovery depends on the US and might not occur until late next year or into 1984. Generally, he "does not take an over-gloomy view for 1983".

At 700c the shares are down from a peak of 1 000c and they yield a propective 7,8%, which I think pays too little regard to short-term prospects

policy by also becoming bigger?

The taxation policy would tend to decrease the multiplier because $m = \frac{1}{mps}$ + as I stated the decrease in taxation results in an increase in investment + saving

∴ By increasing saving will will decrease our multiplier.

[illegible] 8/10

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Mercury 23/7/82

Union wins long struggle

Mercury Reporter

THE longest recognition dispute in recent labour history has ended

The British-owned multinational, Revertex, has recognised the Fosatu-affiliated Chemical Workers Industrial Union at its Jacobs plant.

The four-year battle between the company and the union ended with the signing of an agreement on Tuesday.

This provides for shop steward recognition, union access, wage negotiations and retrenchment procedures

The company has also agreed to a one-year wage agreement giving workers a 20 c an hour increase from July 1

It provides for a further 8 percent increase in December

In a statement the union said its battle at the plant had involved 'support action by unions involved with the parent company' They had been one of the first to expose 'the inadequacies of the E E C code system of company reporting'

It added that it viewed the signing of the agreement as a significant victory.

Revertex's production director, Mr Derek Jones, confirmed the agreement.

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S-Times 8/8/83

Foskor is getting set for 'vast' expansion

By Don Robertson

THE Phosphate Development Corporation (Foskor) plans to increase production of phosphate rock to 6-million tons a year by early 1988 and to assist in putting South Africa back into a leading position as a supplier of phosphoric acid.

In 1980, South Africa was ranked No 2 in the world behind America in the supply of phosphoric acid, with a total output of 430 190 tons

However, due to the collapse of the Brazilian market, which takes about 70% of local production, this position was eroded to No 4 last year, with exports of only 229 601 tons

The No 2 spot has been taken over by Morocco, which supplied 548 169 tons of P^2O^5 to world markets last year, slightly less than America's 878 013 tons

Foskor's expansion plan, which will involve "vast" amounts of capital expenditure, represents a bold move, coming at a time when world production is in oversupply and unlikely to recover for some time

Currently, the group has a production capacity of 3,5-million tons of phosphate rock, but is operating at slightly below this level because of depressed local and world markets

About half of this is converted by the three major fertiliser groups, Triomf, Fedmis and Omnia, into fertiliser, animal feeds and detergents

The rest is exported in the form of phosphoric acid through Richards Bay

The decline in the phosphoric-acid market in the past 18 months has, however, left Foskor with additional capacity, and the company is actively looking for markets for its surplus phosphate rock

Last year, it exported about 100 000 tons of phosphate rock with a 39% P^2O^5 content, and hopes to boost this to about 200 000 tons this year

As part of its long-term expansion plans, it is hoped to achieve a better production balance by supplying about a third of its output for the local market, a third for conversion into phosphoric acid for export and the remainder for export in the form of phosphate rock

The expansion will come largely from the group's own pyroxenite mine and will depend to some extent on the development of a new, dry beneficiation process which is being investigated

This process is a world first and should be proved by the end of next year

Another new process for the beneficiation of phosphate from extra-fine tailings from the nearby Palabora Mining Company has been developed, and, once negotiations are completed, a 500 000-ton-a-year plant will be erected

But, while the company is confident of finding markets for its expanded production towards the end of this decade, the immediate outlook is not that rosy.

Nico Knipscheer, marketing manager of Foskor, does not foresee any improvement in the international fertiliser and phosphate rock market until at least 1985

He points out that, at present, American phosphate mines are operating at about 35% of capacity.

The export price of phosphate rock is currently $49 a ton f.o b. Richards Bay compared with $55 this time last year, but Mr Knipscheer expects this to come down in the near future

However, as most sales are made in dollars, the decline in the rand has more than offset the drop in price The internal price is R24,50 a ton for Phalaborwa

Locally, the fertiliser market has grown by about 5% since last year, but there are no indications yet as to the likely demand from the agricultural sector when the planting season begins with the first rains in September or October

AECI plant at Mankwe means much

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Star 11/8/82

Opening up AECI's R60 million factory at Mogwase in Bophuthatswana meant far more than the starting-up of a plant which made peace-time explosives, President Kgosi Mangope said yesterday.

This project could directly affect the lives of at least 8 000 people, he said at the opening ceremony of the Mankwe factory.

It would provide nearly 1 000 jobs in the development area of Mogwase to feed, on average, a family of eight each, he said.

The first stage in the development of the plant had cost R30 million. The second phase, the establishment of a safety fuse plant, would involve another investment of 30 million.

The factory is the first explosives factory to be opened by AECI since 1908 and comprises a capped-fuse plant with a capacity of 100 million units a year and a plant to manufacture 80,000 tons a year of Anfex explosives

The safety fuse plant is due to come on stream in October next year.

Raw materials are supplied from the company's Modderfontein factory near Johannesburg, currently the largest commercial explosives factory in the world.

BELLVILLE – DURBANVILLE

MONDAYS TO FRIDAYS
MAANDAE TOT VRYDAE

0505	1205
0540	1320
0635 D	1325

SATURDAYS
SATERDAE

0605	1105
0625	1125
	1145
	1205
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	1245
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	1955
	2120

SUNDAYS
SONDAE

0900
1010
1140
1250
1400
1510
1620
1730
1840
1930
2010
2120

F Fridays only / Slegs Vrydae
H From City / Vanaf Stad
M Mondays to Thursdays only / Slegs Maandae tot Donderdae
S Via Eversdal to Durbanville High School / Oor Eversdal na Durbanville Hoërskool

DURBANVILLE – BELLVILLE

MONDAYS TO FRIDAYS
MAANDAE TOT VRYDAE

0540	1130
0615	1240
0645	1355
0655	1405 A
0720	1430
0730 B	1505
0740	1540
0750 B	1615
0755	1630
0800 A	1650 B
0800 D	1650
0815	1710 B
0825	1715
0835	1745
0850	1750
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SATURDAYS
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0640	1140
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SATURDAYS / SATERDAE

0730 From Durbanville to Klipheuwel / Vanaf Durbanville na Klipheuwel
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0810 From Fisantekraal Station to Durbanville / Vanaf Fisantekraalstasie na Durbanville
1230 From Durbanville via Fisantekraal Station to Klipheuwel / Vanaf Durbanville verby Fisantekraalstasie na Klipheuwel.
1305 From Klipheuwel to Durbanville / Vanaf Klipheuwel na Durbanville

183 RDM 18/8/82

AECI warns on protection

Mail Correspondent

NEWCASTLE — If the Government altered protection terms for the chemical industry or changed the system of import tariffs for these products, chemical companies would have to take a close look at expansion plans, said Mr Denys Marvin, managing director of AECI, yesterday

He was opening a R30-million carbide furnace at Ballengeich It was built by an AECI subsidiary, Holland Electro Chemical Industries The 45 000 ton a year plant will bring HECI's carbide production capacity to 150,000 tons

He said there were a flood of "distress-priced chemical products seeking a home from the United States, Europe and the Pacific Basin" and if the government's policies allowed them into SA at "very least the question of building high capital cost chemical plants in South Africa will receive more than usual scrutiny"

The suggestion that to allow imports of 10% by volume of any chemical indicated a "lack of understanding of the economics of chemical manufacture"

Mr Marvin said that frequently the last 10% of production provided the profits to reward shareholders and provide for investment

He believed that it was in the long-term interests, of South Africa to have a profitable chemical industry, but "uncertainty as to the Government's policy towards it must be removed"

The Government's failure to award the fertiliser industry the price increase recommended by one of its own departments was an example The decision "will undoubtedly lessen the prospects of the necessary capacity being installed"

Mr Marvin said SA was short of ammonia which was imported at distressed prices — but what would happen when the imported price went up?

"Is it desirable to use foreign currency unnecessarily with the current adverse balance of payments situation?"

He was optimistic that the Government would, against this background encourage an attitude to assure the chemical industry of its wisdom in investing in major capital projects

Mr Marvin stressed that import control had been an important factor behind the rapid expansion of the chemical industry in the past 20 years It had been necessary because the domestic market was small by world standards and did not benefit from economies of scale

Unit costs were much higher than those for equivalent plants in America, Europe and the Pacific Basin

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Possible fillip for car plants seen in E Cape chemical plan

E·Post 21/8/82

By ANDREW DONALDSON

THE possibility of a chemical industry bolstering the motor industry as a wider base for the East Cape is examined in a document now being studied by a Transvaal-based mining company

Mr Edgar Crews believes the document he has drawn up as chairman of the Colchester Development Company is "the most important document to come out of the Eastern Cape at the moment"

Extensive tests in Hougham Park show the limestone content of the seasand ranges between 30% and 55% calcium carbonate

Subsequent tests have shown the limestone content of sand on Schelmhoek is on average about 35%

Most of the area — of which the Colchester Development Co owns mineral and extensive servitude rights — is covered with moving sand dunes

A further series of tests has shown that a product with a calcium carbonate content in excess of 90% can be recovered

The residue is silica with a small percentage of titanium minerals — zircon, ilmenite and rutile — which can also be recovered

All this, with the availability of desalinated water in the region plus the potential of a shipyard and deep-sea port in Algoa Bay, suggests the possibility that a multitude of chemical industries can be set up in the area

An engineer's memorandum, enclosed with the document, suggests the possible uses of limestone and silica in cement manufacture, foundry sand, sand-limestone products, sand-cement products and glass manufacture.

"Coupled with this is the urgent and imperative necessity for creating more work opportunities in the area," said Mr Crews

"The main problem in the Eastern Cape is black unemployment"

According to Mr Crews there was a need for "deconcentration" in the Eastern Cape and he also pointed out in the document that the Government's decentralisation plan, which materialised at the Good Hope Conferance in Cape Town this year, purported this

The plan classifies areas as follows for the purpose of distinguishing the need for industrial development

- Metropolitan areas where the establishment of areas is most favourable for private enterprise as a result of the existing agglomeration advantages
- Deconcentration points adjacent to the metropolitan areas to which industrial growth could be deconcentrated to lessen the pressures of over-concentration in the metropolitan areas
- Industrial development points where alternative agglomeration advantages could be created to counterbalance the existing metropoles and thus create employment opportunities in the regions concerned
- Other industrial points with less potential to develop as a counterbalance to the existing metropoles and/or where the development needs of the vicinity are not as large as in other areas

The plan envisaged the control of the expansion of only three metropolitan areas

Pretoria-Witwatersrand-Vaal Triangle, Cape Peninsula, and Durban-Pinetown areas

Because the plan stated there were no problems of over-concentration in the Port Elizabeth-Uitenhage area, this must be taken into account when planning any restrictive measures

Whereas the plan described Atlantis in the Cape Peninsula as a deconcentration point, no mention was made of any such point in the Eastern Cape

Subsequently a White Paper dealing with decentralisation was published this year stating "Since no deconcentration point has been identified in the Port Elizabeth-Uitenhage area, it has been decided that this area warrants some positive incentives at this stage"

Railage rebates for incoming traffic — granted in "exceptional cases" by the Decentralisation Board, subsidies for the supply of electricity, the proposed coal export terminal and the proposed ship repair yard are major factors supporting the case for the Coega-Colchester area to be declared a deconcentration area

As so much hangs on the possibility of getting coal to Algoa Bay at an economic price, it is suggested that the various promoters involved in ventures in the Coega-Colchester deconcentration area should come together now and, with the "As so much hangs on the possibility of getting coal to Algoa Bay at an economic price, it is suggested that the various promoters involved in ventures in the Coega-Colchester deconcentration area should come together now and, with the support of the Greater Algoa Bay Association (GABA), make urgent representations to the Decentralisation Board for the Coega-Colchester area to be declared a deconcentration point, provided with the necessary incentives," Mr Crews said

- Mr Crews told Weekend Post that the GABA, which is enthusiastic about the document, has referred it to a Pretoria-based techno-economic consulting firm, Louis Heyl and Associates

"I'm hoping to have discussions with Louis Heyl quite soon " he said

22/8/82

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S. Express ~~3 Maize~~

Anger over a hush-hush deal

SOUTH AFRICAN farmers swopped maize for 200 000 tons of fertiliser from Russia earlier this year — and then refused to give the Government details of the deal.

It gave maize farmers a good bargain and left the Government furiously considering legislation to prevent them withholding such information in future.

The deal was revealed in research done for the Associated Chambers of Commerce.

Initial reports suggested that the fertiliser — urea — came from Rumania. But discussions with Rumanian authorities indicated that the maize was sold to Russia

The National-Maize Producers Organisation members who organised the barter, showed keen business instincts. They bartered one ton of maize for each 1,04 tons of urea valued at R355.

"Other maize export sales are averaging only R116 a ton. The urea will be sold over three seasons — South Africa's normal usage being about 60 000 tons a year," the Assocom report said

"The farmer will pay the present price of R314 a ton for urea. The profit from this deal will be used to reduce the deficit in the maize stabilisation fund — to which farmers contribute to cover export losses

"The fertiliser industry is displeased by the import and has demanded that the urea be distributed through normal channels, rather than farmers' co-operatives

"It would be a great pity if the chance were lost to bring a greater degree of competition into the supply mechanism.

"The Government should free the fertiliser trade immediately from all control: price, import, licensing, provision of subsidies, siting of plant and, probably, the de-nationalisation of PhosKor," the report concluded.

Star

Unionist due in court

(183) **Labour Reporter** 25/8/82

An official of the General Workers' Union of South Africa is to appear in the Pretoria Magistrate's Court tomorrow on a charge of inciting workers to strike

Mr Donsie Khumalo, organiser for Gwusa in the Pretoria area, first appeared in court in June after a strike at Pretoria's Deluxe dry-cleaning firm Gwusa had been involved in organising its members

Mr Khumalo pleaded not guilty to the charge and the case was postponed

The union has also sought a Supreme Court order against the management of Noristan Laboratories in Pretoria to gain recognition rights to organise the 700 workers at the company

Mr Khumalo accused the firm of refusing to deal with the union

P.T.O.

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Star

25/8/87

Johnson plant in EL cuts workers

By Barbara Hart
Own Correspondent

EAST LONDON — Johnson and Johnson in East London is retrenching employees and introducing short-time and work-sharing programmes because of the economic downturn.

Mr Wayne Munro, the personnel director, said he could not say how many workers had been or would be retrenched, because "it is a moving target"

The managing director, Mr Richard Cook, said in a statement that the cuts were being made because of the downturn in the economy, the increase in interest rates, and the weakening of the rand against the United States dollar

"We have introduced alternatives such as short-time and work-sharing, where possible, to avoid redundancies

"We are obviously anxious to ensure job security wherever possible, and are keeping our employees informed on the action the company will be taking to secure its long-term growth and profitability," Mr Cook said

The South African Allied Workers' Union, which is recognised by the company, will discuss the issue today

Staff cuts at EL factory

(183) D. Dispatch 25/8/82

EAST LONDON — Johnson and Johnson, one of the city's major industries, is cutting back on its workforce and is also introducing short time and work sharing programmes

According to a company statement yesterday, the cuts are because of the general downturn in the country's economy, the increase in interest rates and the deterioration of the United States dollar to the rand exchange rate

"Like many companies in today's economic climate we have been forced to take action which will protect the profitability of the company," J and J's managing director, Mr Richard Cook, said

"We have introduced alternatives such as short time and work sharing where possible in order to avoid redundancies but the current economic situation makes this action imperative in certain areas of our business

"We are obviously anxious to ensure job security wherever possible and we are keeping our employees informed on the action the company will be taking to secure its long term growth and profitability"

The company's personnel director, Mr Wayne Munro, said he could not comment on how many employees were affected or who was affected

"It is a changing situation so it is very difficult to fix a number"

The largest trade union recognised by the company, the South African Allied Workers' Union (Saawu), is expected to discuss the issue today — DDR

Having to fly around the bulge of Africa
an estimated additional 6 hours' flying time

payments on a new

183

RDM ~~[illegible]~~ ~~151~~

26/8/82

Chanting Colgate workers protest at increased workload

By STEVEN FRIEDMAN
Labour Correspondent

ABOUT 100 singing and chanting Colgate Palmolive workers marched through the company's Boksburg plant yesterday in protest at the demotion of a colleague and in support of claims that management was doubling the workload in its boilerhouse without hiring new staff

It is believed to be the first time workers have undertaken protest action of this sort in the area

As workers left the plant for lunch, onlookers on one of the East Rand's main roads watched as they marched through the grounds, sang union songs and displayed a poster reading "Boilerhouse Fosatu"

The protest lasted about 20 minutes

Worker leaders wore T-shirts bearing the emblem of Fosatu, the Federation of SA Trade Unions The Chemical Workers' Industrial Union, to which Colgate workers belong and which the company has recognised, is affiliated to Fosatu

Management did not appear to intervene in the march and there were no incidents

In a statement issued after the protest, CWIU members at Colgate accused management of doubling its operations in the boilerhouse and refusing to acknowledge workers' demands that it hire additional staff

They said the grievance had first been raised in April They also charged that a union member had been demoted and his place taken by a non-member

Colgate's industrial relations chief, Mr Derek Magid, said yesterday the protest was "irrelevant and unnecessary' The complaints raised by workers were still going through the grievance procedure negotiated between the company and CWIU

No talks as harbour confrontation looms

Labour Correspondent

A MAJOR confrontation at the Port Elizabeth docks appeared almost inevitable yesterday as the Transport Minister Mr Hendrik Schoeman issued a statement back-tracking on his earlier offer to intervene in the dispute between SA Transport Services and the General Workers Union

Yesterday the GWU issued a statement saying confrontation was now "likely" and warned that the SATS refusal to talk seemed set to "shatter three years of labour peace in the country's harbours"

A statement by Mr Schoeman that he was prepared to intervene gave rise to hopes of averting confrontation and the union cabled him to formally ask him to step in

Yesterday Mr Schoemar claimed he had "made i quite clear from the outse that he would only negotiat with his own personell o their recognised representa tives, namely the SATS' sta associations and not wi any outsiders'

A SATS spokesman co firmed that the stateme meant the railways wou not talk to the union

Yesterday the GWU I back, saying the issue "is n the Minister's appare about-face but SATS's refu to talk to an independ union"

FUEL PROGRAMME

(183) FM 27/8/82

At the crossroads

Government's decision on the the type of fuel to be produced by the country's next major synthetic plant is being delayed The main problem is a lack of engine tests on the various alternatives

A leading contender is methanol blended with an ignition improver developed by AECI But this has been tested in only one truck over a distance of 50 000 km The tests have been encouraging but engine durability over extended periods has still to be established

The mix would be used as a substitute for diesel fuel, but it does not have the same lubricating properties Known as Diesanol, it became a strong contender when AECI's fuel and feedstocks project manager, Dr Colin Schlesinger, announced last week that technical production problems were now largely overcome

Its main competitor is synthetic petrol and diesel made with Sasol, or direct liquifaction technology

Diesanol would be more efficient and cheaper than Sasol diesel if it received government assistance similar to that enjoyed by Sasol, says Schlesinger A diesel engine can be modified to run on Diesanol by a simple adjustment to the fuel injector pump

As one industry source puts it "There is so far not sufficient information on the performance of engines using Diesanol on which to base decisions involving billions of rands What are needed are tests-to-destruction on 500 engines of different types in different conditions "

These tests would be costly and so far neither government nor AECI has devised a suitable programme Part of the reason, no doubt, is the expense

According to Dr Robert Scott, energy planning director in the Department of Mineral and Energy Affairs, a new Sasol-sized plant must be commissioned every five years if the country is to achieve 60% local liquid fuel production by the year 2000 Further delays on the Diesanol test programme could make this target very difficult to achieve

It has been suggested that AECI be given the green light to put up its proposed R1 000m, 2 500t/day Diesanol plant before the tests are completed Hopefully, any problems would be ironed out before it gets into full production

But, as one source puts it "This is like putting a man at the top of a hill in a car with no brakes and telling him he must invent a braking system before he reaches the bottom "

The Diesanol alternative would also cause a distribution and marketing problem, which Scott says is probably greater than the technical challenge of producing it Says he "If a private company begins producing 2 500t of fuel a day, what guarantee is there that vehicle operators will voluntarily stop using diesel fuel and reset their engines to run on Diesanol?"

It would also require separate fuel pumps at filling stations, as it is not compatible with petrol or diesel made from crude oil or by the Sasol process This problem could be by-passed if large fleet operators like bus companies or SATS with centralised fuelling facilities were induced to make the switch It is estimated that SATS could consume the entire output of AECI's plant if it used Diesanol instead of diesel in its 1 400-odd diesel locomotives and 3 500 diesel trucks

An argument in favour of large-scale Diesanol production is that Sasol-type plants work most efficiently when they produce more petrol and less diesel than currently required by the market For many years, there has been a swing away from petrol to diesel which is expected to continue under present circumstances (see chart) Even in times of petrol surplus, diesel shortages could become more severe Diesanol would be one way of making up the shortfall

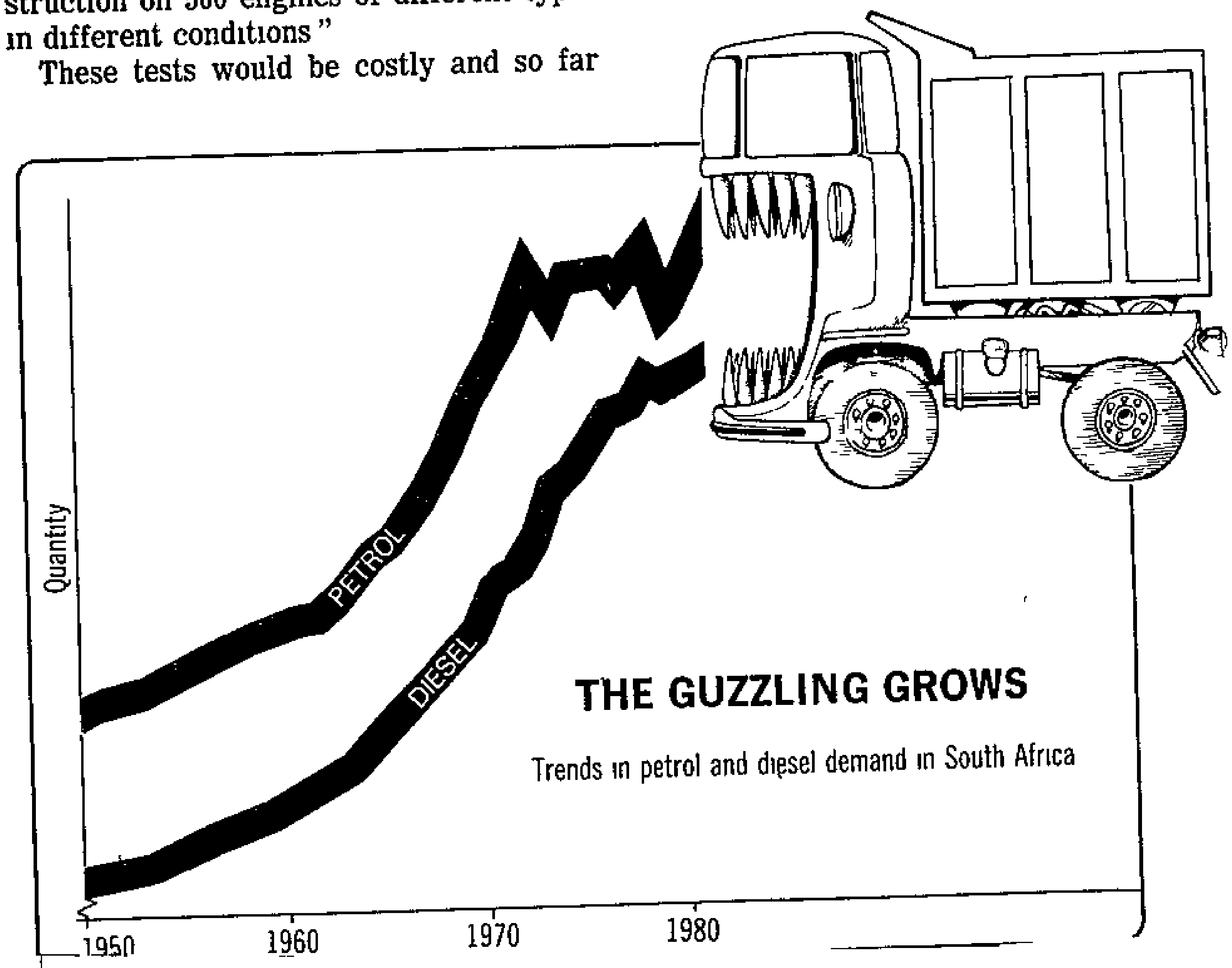
Imbalance

A more logical way to correct this potential imbalance would be to simply change the fuel excise structure which encourages diesel consumption by certain vehicle operators At present the Reef price for diesel to farmers, government departments and passenger carriers is 48,3c/*l*, operators of stationary equipment pay 52,1c/*l*; the general public, which accounts for less than 10% of consumption, pays 64,6c/*l* — the same as petrol

If the privileged diesel consumers were allowed to buy petrol at the same special prices, many might in due course switch to petrol engines, and the government would suffer no loss in excise revenue But this may jeopardise the IDC-backed Atlantis Diesel Engine plant which is already producing at uneconomically low volumes by overseas standards.

Possibly the best way to stretch the limited supplies of diesel is to make "light diesel," an 80 20 diesel/petrol blend So far, government-sponsored tests are giving encouraging results

If they have conclusively positive results it will improve the chances of the next synfuel plant being of the Sasol type, because the potential diesel/petrol imbalance problem will have been largely solved



THE GUZZLING GROWS

Trends in petrol and diesel demand in South Africa

E. Post

27/8/82

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Union why were the cops called in?

MEMBERS of the Chemical Workers' Industrial Union (CWIU) at Colgate-Palmolive in Boksburg yesterday called on the company to account for the presence of Security Police during their protest march on Wednesday

The workers said that when they were taking a petition to management on Wednesday special branch police were seen parked in the visitor's car park

The industrial relations officer for the company, denied any knowledge of their presence

A statement released by the workers said "Management neglected decisions taken at a meeting with worker leaders This caused grave dissatisfaction among workers who then decided to draw up a petition and took it to the personnel department themselves The direct causes involve several minor and two major grievances which are a violation of the recognition agreement entered into by management and the CWIU "

The two major grievances were

- Management doubled its operations in the boiler house but had refused to acknowledge pleas from the boiler attendants to take on additional labour
- A fellow member, who had been operating a plant for the last three years, had been transferred to a lesser position on the grounds that he was nervous This was done in favour of a non-union member

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S. Express
29/8/82

Mystery links of the top Nat MEC candidate

By MARTIN WELZ, Political Correspondent

THE leading Nationalist candidate for the post of MEC in charge of hospital services in the Transvaal, Mr B D T Boshoff, has for several years had mysterious ties with the province's largest supplier of drugs and medical equipment.

Although he says he has left South African Druggists completely, he continues to use the office of Taylor and Horne, an SA Druggists' subsidiary in Pretoria's Medical Centre, as his city calling address

When I called at the office — a depot for dental supplies — this week, the manageress, a Mrs Viviers, told me that Mr Boshoff called at the office every day to use the telephone and collect messages

"He is in SA Druggists top management and is involved in several of their companies," she said

Mr Boshoff, MPC for Sunnyside, is the leading National Party candidate to succeed Dr Servaas Latsky as MEC in charge of hospital services

Dr Latsky resigned the post when he was expelled from the National Party earlier this month

The party's provincial caucus will meet this week to elect his successor

The mystery of Mr Boshoff's relationship with SA Druggists emerged this week in the course of an extraordinary investigation that went as follows

Told that Mr Boshoff worked as a public relations officer for the drug group, I telephoned SA Druggists' branch office in Pretoria and asked to speak to Mr Boshoff

"He has a town office," the telephonist answered, immediately giving me the number

"Is he a manager or director?" I asked

"I don't know," she replied, "he comes here only two or three times a year I think he is a shareholder"

I dialled the number given but it was no longer operative From the telephone directory, I traced the address where the number had operated until recently

It was a closed office on the second floor of the Medical Centre

On the ground floor was Taylor and Horne, the SA Druggists subsidiary

The woman attendant at Taylor and Horne told me Mr Boshoff was out but would be back at noon She spoke of his "senior" position in SA Druggists

I called SA Druggists in Pretoria again, where the general manager, Mr Johan Deysel, said emphatically that he did not employ Mr Boshoff, did not know him and that he certainly was not on SA Druggists' board or management

A young Mr Martin Boshoff had worked for him as a salesman but had left some months ago

I was then referred to SA Druggists' headquarters in Johannesburg for confirmation

Then I telphoned Mr Boshoff to ask if he was still with SA Druggists

"Not since they sold all the companies I was involved in last year," he said.

I called SA Druggists' headquarters in Johannesburg The group commercial manager, Mr Lou Morris, said SA Druggists had never had a Mr Boshoff in their employ

Pressed to say if he knew another Mr Boshoff, Mr Morris recalled that SA Druggists did employ an older Mr Boshoff

"His job is a little difficult to describe — he is involved in the Government

"We used him from time to time to make contact in Government departments and the administration when we wanted to describe goods for which we had put in a tender," Mr Morris said

S A INDUSTRIAL WEEK
31 August 1982

Mammoth rubber plant on stream

(183) Industrial Week 31/8/82

By Hugh Poulter

KARBOCHEM's new R350-million Afprene synthetic rubber plant at Newcastle has been hailed "as the future Sasol of the South African chemical industry," by Sentrachem's top management.

Sentrachem MD, Dave Marlow, told Industrial Week "In ten years' time this plant will be a goldmine "

Designed to be self sufficient, the poly-isoprene plant will be able to replace 80 % of SA's natural rubber needs by 1988

Karbochem claims that by then the project will save more than R200-million a year in foreign exchange

The Afprene plant is the only plant in the world where three types of synthetic rubber are produced in the same complex

It is also the biggest synthetic rubber plant in the Free World using coal as its primary raw material

European

Production processes are based on European technology and are integrated with the production of calcium carbide from local anthracite and lime

The calcium carbide is used to generate acetylene which is converted into isoprene which is turned to poly-isoprene rubber

The plant houses the largest carbide furnace in SA, which uses 60 kW of power and was designed to use South African anthracite as a feedstock

The furnace is completely closed allowing the furnace gas to be collected and utilised elsewhere in the process

With a nominal capacity of 50 000 t a year the isoprene plant uses acetylene generated from carbide, together with acetone obtained from Sasol, as its major raw materials

Power used on site is three times more than that used at Newcastle, running at about 80mVa, which cost R15-million a year at present prices

Marlow said he was concerned at the rapid rate at which power costs are escalating In SA but said the increasing cost of power would not affect the price of Afprene rubber

But Marlow, echoing the words of AECI MD Denys Marvin, again warned the Government that it would have to come to a definite decision on its plans for protecting SA's chemical industry or there would be no further investment in the industry

Import duty

In July the Government's Board of Trade and Industries announced a 25 % import duty on polybutadiene and styrene butadiene but will make recommendations on the level of duty protection on polyisoprene soon

Workers resign en bloc from Sacu

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2/9/82

Sowetan

ABOUT 117 workers at Propan Litwort, in Wadeville near Germiston, have resigned from the South African Chemical Union (Sacu), "because the union is doing nothing for us".

A spokesman for the workers yesterday told The SOWETAN that the workers intended to join the Chemical Workers' Industrial Union, an affiliate of the Federation of South African Trade Unions (Fosatu).

He said the reasons for their resignations were that the union had done nothing for its members concerning wage increases or the unfair dismissal of colleagues.

Another company, Super Rose, in Isando, which the workers say is a sister company to Propan, is also involved in the same issue. Workers from this plant have also handed in their resignations to Sacu and have approached the Cwiu.

The workers have also signed a petition informing management of their decision. They also asked for the cancellation of the union's stop order. This was done because "we do not see what the money is doing for us because we are not represented in any way."

Mr Johannes Dladla, national organiser of Sacu, sounded surprised when asked for a comment: "No one has come up to say he is resigning. We have also not received any petition from the workers. We would also expect them to resign individually because they joined as individuals not as a group."

10/9/82 RDM (183)

No chance for GWU — Schoeman

Labour Correspondent

THE Minister of Transport Affairs, Mr Hendrik Schoeman, yesterday issued a tough statement which appeared to shatter all hopes of a successful settlement of the simmering dispute in Port Elizabeth harbour

His statement came as private stevedoring employers continued efforts to avoid a strike by stevedores in sympathy with their fellow-members of the General Workers' Union. GWU men employed by SA Transport Services were fired last week

Yesterday the stevedores agreed to postpone planned sympathy action, due to begin today, while talks continued

But Mr Schoeman's statement, in which he said SATS would never recognise an "outside union", appeared to have torpedoed settlement hopes. The statement criticised employers who had commented on the dispute and implied SATS might intervene in a stevedores' strike, even though the stevedores are not employed by it

Mr Schoeman said that in Port Elizabeth some SATS workers had joined "an outside trade union" even though "there is a registered trade union recognised by SATS which can represent them"

He said it was "undesirable" for a union to have members both within and outside the public service — as the GWU does — and SATS had therefore recognised only unions "within its sphere of influence"

New chemical union wins rights for shop stewards

Labour Correspondent

EMPLOYERS and an emerging trade union in the Transvaal chemical industry have negotiated an official industrial council agreement which grants rights to union shop stewards for the first time

The agreement brings to an end the first negotiations in which the SA Chemical Workers Union (SACWU) has been involved and also raises minimum pay by 50%, the highest rise in many years

It was negotiated between the Transvaal Chemical Manufacturers' Association the SACWU, and the (white and coloured) Chemical Workers' Union

SACWU general secretary Mr Dan Tau yesterday hailed the agreement as "proof of our view that if a union is strong enough it can win gains for its members on an industrial council'

In a joint statement yesterday the unions and the employers' association said the agreement, which will come into effect when it is gazetted, provides for among other things

- Raising minimum pay from R43 to R65 a week, an effective increase of 50% The minimum will be raised by 10% on July 1 next year
- Reducing the wage difference between the highest and lowest paid workers from 10 to 1 to 8 to 1 by granting lower paid workers higher percentage increases
- Allowing any union on the council with at least four members in a plant to appoint one shop steward to represent them
- Compelling employers to give written notice to workers before working short time

A spokesman for the employers association, Mr Alan Cohen said employers believed the increase was not unrealistic bearing in mind increases negotiated in other industrial council agreements this year'

SACWU, CWU agree to wage hike

Sowetan 10/9/82

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By SELLO RABOTHATA

THE TRANSVAAL Chemical Manufacturers Association and various workers' unions recently came to an agreement on a number of issues in a bid to improve working conditions in the chemical industry.

The association, together with the South African Chemical Workers Union (Sacwu) and the Chemical Workers' Union, issued a joint press statement which, among other things, reflected a wage agreement of an increase of 50 percent for weekly paid workers.

They agreed to:

- increase minimum wages in the industry for the period ending June 30, 1983 to R65 per week from the present R43 per week;
- reduce the existing differential of one to 10 to one of one to eight between the lowest and the highest paid categories of workers,
- further increase minimum wages by 10 percent as from July 1 next year which means the minimum wage will then be increased to R71 50 per week,
- negotiate a new agreement which will be effective from February 1 1984,
- ensure that employers give reasonable written notice to workers before working short time,
- bring public holidays granted into line with the provisions of the Public Holidays Act,
- increase sick leave provisions by allowing up to 30 days accumulation of sick leave over a three year period,
- accept that, providing a union has a minimum of four paid-up members in an establishment, it may appoint one shop steward to represent the workers. For every 50 workers or part thereof additional shop stewards may be appointed. Such accredited shop stewards will be granted three days paid leave for the purpose of attending trade union courses or seminars,
- allow council agents to interview alone workers who wish to make representations to them, and,
- appoint a Disputes Committee comprising one representative from each party to resolve disputes.

(183) E. Post 14/9/82

PE adhesives firm taken over

TAC NATIONAL (Pty) Ltd, a wholly-owned subsidiary of National Starch and Chemical Corporation (US), have announced the acquisition of Adhesian Chemicals (Pty) Ltd, effective September 1, 1982

Port Elizabeth-based Adhesian Chemicals, previously owned by Federale Chemiese Beleggings, supply industrial adhesives to the automotive, shoe, building construction, packaging and woodworking industries

TAC National supplies industrial adhesives mainly to the packaging and woodworking industries and have manufacturing facilities in Benoni

The acquisition, which firmly establishes TAC National as one of the leading adhesive manufacturers in South Africa, brings the company a solvent-based adhesive capability via Adchem's Port Elizabeth manufacturing facility

Sowetan 17/9/82

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Unilever union demands more

ABOUT 1 000 workers at Unilever Brothers in Boksburg yesterday downed tools in demand of higher wages.

By MZIKAYISE EDOM

The workers are demanding a wage increase of 38 percent but the company says it is prepared to give them only an increase of 15,7 percent The company is supposed to implement the new increase from October 1

Unilever is a British company that manufactures mainly soap and fat products A spokesman for the workers' committee said they had started negotiating with management in July but since then there had been a stalemate

Most of the workers are members of the Food Beverage Workers' Union, which is affiliated to the Council of Unions of South Africa (Cusa). The workers first demanded an increase of 73 percent before settling for the 38 percent they are now demanding

CONTINUE

Representatives of the Food Beverage Workers' Union yesterday met with management to continue talks on the proposed wage increase. The meeting ended in a deadlock and both management and union agreed to hold further talks on this subject

A spokesman for Unilever in Durban confirmed that most of the 1 100 workers at the company's Boksburg branch held a pre-strike yesterday morning The spokesman said the company was already paying the workers at least 25 percent more than the market rate

AGREED

He said general increases in the pay were normally granted at the end of the year He said Unilever had, however, agreed with the union to bring the increases forward to October 1, providing the company and the union reached an agreement on a 'reasonable" increment

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NOTE CAREFULLY

1. Enter at the top of each page and in column (1) of the block on this cover the number of the question you are answering
2. Blue or black ink must be used for written answers The use of a ball point pen is acceptable Red or green ink may be used only for underlining, emphasis or for diagrams, for which pencil may also be used
3. Names must be printed on each separate sheet (e g graph paper) where sheets additional to examination book(s) are used
4. Do not write in the left hand margin

WARNING

1. No books, notes, pieces of paper or other material may be brought into the examination room unless candidates are so instructed
2. Candidates are not to communicate with other candidates or with any person except the invigilator
3. No part of an answer book is to be torn out
4. All answer books must be handed to the commissioner or to an invigilator before leaving the examination

Any dishonesty will render the candidate liable to disqualification and to possible exclusion from the University

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(183) Mercury 18/9/82

R6m carbon black plant for Newcastle

JOHANNESBURG— Following closely on the opening of its new 45 500-ton-a-year calcium carbide furnace at Ballengeich, Natal, AECI subsidiary Holland Electro Chemical Industries, is to build an acetylene black plant at an estimated capital cost of R6m, AECI announced.

Scheduled for completion in the third quarter of 1983, the new plant will manufacture strategically important high purity carbon for the dry cell battery industry in South Africa

The plant will draw acetylene feedstock from existing dry-generator capacity at Ballengeich. It will absorb under specification carbide and odd-size material for which there is no immediate commercial demand

The dry-cell battery industry in South African currently imports between 1 200 and 1 500 tons a year of acetylene black.

HECI's new plant, rated at 2 000 tpa capacity, will supply all local requirements with excess for export It is estimated that the savings in foreign exchange will be in the region of R3m annually

As the local product will be competitively priced with overseas material, it is expected that it will enable battery manufacturers to compete more favourably in export markets, according to AECI

Process

Unlike carbon black, which is used extensively in the tyre and rubber industry and sourced from oil, acetylene black is non-greasy and sourced from coal. It is an extremely light material of a feather-like consistency, rating as a carbon second only to diamonds in purity

The process to be utilised by HECI involves a series of refractory lined steel retorts into which a mixture of dry acetylene gas and air is introduced and ignited

Once the refractory lining has reached a sufficiently high temperature, the air supply is cut off and the acetylne decomposes to pure carbon in a continuous endothermic reaction

The acetylene black produced is then fed through a series of ducts to cyclones, from where it is compressed and packed in 10 kg paper sacks These are compressed to a block form and shrink wrapped on pallets for delivery to customers. — (Sapa)

Zimbabwe in

Sowetan

20/9/82

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Church worker taken in

A EMPLOYEE of the Anglican Church candle producing project in Soweto was last week taken away by police for questioning after he and forty other workers had downed tools in protest against what they called "job-for sex" treatment

The head of the police in Soweto Brigadier D J J Jacobs, confirmed yesterday that Mr Vusi Sekwakwa had been taken in for questioning after a "tussle" with his boss at the factory at the Anglican Church in White City Jabavu

Brigadier Jacobs said the man had not been charged but he could not say if he had been released or was still being held He described the incident as "nothing serious" and said order had been restored at the factory

A worker at the factory told The SOWETAN that the police were called in after they had downed tools in protest against the dismissal of another worker, Miss Lizzy Mabaso, who had allegedly been fired because she had turned down "love proposals" made to her by a certain official while she was at work

The worker claimed that Miss Mabaso had been demoted from her position as supervisor after she had repeatedly rejected the official's love pleas On Wednesday morning she had been told that she had lost her job No reason was given for the dismissal, the worker alleged

Wage dispute gets mediator

By MZIKAYISE EDOM

A MEDIATOR is to be appointed to try and settle a dispute between Unilever Brothers and its employees over the proposed wage increase due to be implemented early next month.

About 1 000 workers at the company's Boksburg branch downed tools last Thursday in demand of higher wages

The workers are demanding a 38 percent wage increase, but the company said it was only prepared to give them a 15,7 percent increase

The increase is supposed to be implemented on October 1 provided the company reaches an agreement on a "reasonable increment" with the workers union before the end of the month

Unilever is a British company which manufactures mainly soap and fat products Most of the workers at the Boksburg branch are members of the Food and Beverage Workers Union, which is affiliated to the Council of Unions of South Africa (Cusa)

Talks between the union and management over the proposed wage increment started in July this year, but since then there has been a stalemate The workers initially demanded a 73 percent increase before settling for the 38 percent they are now demanding

Last Thursday, management and union representatives met again but no agreement was reached

Mr Piroshaw Camay, general secretary of Cusa said that the union and management decided to appoint a mediator to try and settle the dispute

"Talks have been dragging on for months without reaching any agreement We hope that with a mediator an agreement will be reached before the end of the month," Mr Camay said

Sowetan

21/9/82

CHEMICAL PLANTS

183

AECI's latest

FM 24/9/82

Chemical giant AECI has secured dominance of yet another local market It is to build a new R6m acetylene black plant

which will produce sufficient quantities of this high purity carbon material to supply all the dry cell battery manufacturers in South Africa

The good news is that the new product is unlikely to require tariff protection against imports Dr Herbie Keppler, MD of AECI subsidiary Holland Electro Chemical Industries (HECI), which will build the plant, says HECI has signed a long-term supply contract with biggest local user Eveready Prices are on a par with imports

Although the plant will satisfy demand for acetylene black, a venture by Hoechst and Sentrachem to make acetylene carbon black may still go ahead at Sentrachem's synthetic rubber works in Newcastle

A Hoechst spokesman says these plans have been "shelved but not necessarily scrapped."

AECI's new plant will be located at Ballengeich, Natal, on the site of HECI's 145 500 t/year calcium carbide furnace

As an acetylene feedstock, it will use under-specification carbide and odd sized material for which there is no commercial demand from existing dry generator capacity at the carbide furnace

Planned for completion in the fourth quarter of 1983, it will have a capacity of 2 000t/year It will fully replace imports of acetylene black, currently between 1 200 - 1 500 t/year, worth about R3m

Exports of some 500 t excess capacity should commence in 1984 Main targets are likely to be African territories, the Far East and Australasia

Acetylene black, sourced from coal, has advantages over oil-based carbon black, according to AECI, that should enable battery manufacturers to compete more favourably in export markets Keppler describes the Ballengeich product as a "non-greasy, extremely light material of a feather-like consistency rating as a carbon second only to diamonds in purity"

SASOL

FM 1/10/82 183 260 ~~55~~

Relief for plastics producers

Sasol will spend R100m on renewing old equipment at Sasol One this year

Sasol MD Joe Stegmann says "The investment is needed partly because this plant is already 30 years old and partly because its operations were hurt when we withdrew resources and key personnel to start up our new facilities at Secunda The lean period is now over and we are restoring efficiencies to previous levels, some activities such as coal gasification will be even slightly more efficient than before"

In another change at Sasol One, the production of two vital plastics feedstocks, ethylene and propylene gas, will be drastically reduced Ironically, this could lead to a reduction in plastics prices this year, or will at least arrest the upward spiral

The plant has been producing these feedstocks on old "crackers" from expensive, petroleum-based naphtha And local plastics producers which have been buying at high prices have long been urging their closure

The resulting shortfalls should not cause too many headaches Sasol is assisting Sentrachem, its main propylene customer, to build up stocks of polypropylene plastic If these run short, any number of overseas producers, hard-hit by the world recession, will be more than willing to supply at competitive prices

Polyethylene plastic, made from ethylene gas, is also freely and cheaply available on world markets But SA's two polyethylene producers, Sentrachem and AECI, will have virtually no need to import because Sasol is now producing sufficient ethylene gas through a relatively cheap process from coal at Sasol Two in Secunda

Yet reduced local production will not mean an increased dependence on overseas suppliers for these plastics As they are made from crude oil at Sasol One, any production drop will reduce the country's imported crude oil requirements

The objectives of the capital expenditure at Sasolburg are conservative Only marginal increases in output over previous best figures are expected, even though there are sufficient reserves at the nearby 5,5 Mt/year Sigma colliery to support greater throughput

Most of the investment will go on two new boilers to generate steam needed for the coal gasification process

Oxygen is another input in this process But facilities to produce this gas will not be expanded because Sasol One's requirements can be supplemented by its oxygen plant at Secunda — the biggest in the world The oxygen will be conveyed by a pipeline which directly connects the two centres which are 200 km apart

The line runs alongside two other gas pipelines which have been installed to optimise usage of the company's total production of these materials One will carry ethylene gas, and the other Gascor gas which is provided to industry as a fuel and feedstock through a pipeline network covering the PWV area

Gascor sales for the first two months of this year are 6% down on the same period last year when total sales were down on the 1980 figures Stegmann says Gaskor sales are a very sensitive indicator of the country's economic activity

Union Steel Corporation is one new customer which could support Gaskor sales even if the economy remains stagnant Its revolutionary new direct reduction plant designed to produce 250 000 t/year of sponge iron will run on vast quantities of Gaskor gas (see "Usco breakthrough")

As production of synthetic fuels at Sasols Two and Three increases, the country's imported crude oil requirements will fall. This means that conventional fuels production at Sasol's Natref crude oil refinery in its Sasolburg complex will also fall This is provided for in an agreement between all conventional oil refineries to cut back production by the same proportion as Sasol synfuel output rises

Stegmann says Natref is the country's most efficient oil refinery, it produces a white fuel yield of about 86% compared with 65%-70% for the others

Increased synfuel production also means a higher share of the liquid fuel market for Sasol Part of this increased volume will go through additional Sasol pumps being installed at most filling stations in the Sasol supply region of the Transvaal and OFS; the rest will be blended with brands of other marketers

"Some years ago we negotiated bulk selling arrangements on a commercial basis with other fuel marketers," says Stegmann "There are certain quantities which we are obliged to supply, and they are obliged to purchase We cannot unilaterally disclose these arrangements"

On the question of other alternate fuels, he says "Proposed petrol additives will not solve the country's potential petrol/diesel imbalance and other alternatives raise further problems relating to application and distribution

"So far synthetic petrol and diesel produced from coal are the only alternative fuels with a demonstrated success"

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Paper No I

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NOTE CAREFULLY

1 Enter at the top of each page and in column (1) of the block on this cover the number of the question you are answering
2 Blue or black ink must be used for written answers The use of a ball point pen is acceptable Red or green ink may be used only for underlining, emphasis or for diagrams, for which pencil may also be used
3 Names must be printed on each separate sheet (e g graph paper) where sheets additional to examination book(s) are used
4 Do not write in the left hand margin

WARNING

1 No books, notes, pieces of paper or other material may be brought into the examination room unless candidates are so instructed
2 Candidates are not to communicate with other candidates or with any person except the invigilator
3 No part of an answer book is to be torn out
4 All answer books must be handed to the commissioner or to an invigilator before leaving the examination

Any dishonesty will render the candidate liable to disqualification and to possible exclusion from the University

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RDM 12/10/82

183

SA firm recalls its heart drug

Mail Correspondent

CAPE TOWN — A drugs company sent out 15 000 urgent telegrams yesterday to stop the sale of one of its heart drugs

Wellcome Pty said some bottles of Lanoxin paediatric elixir could have wrongly calibrated dropper pipettes If used, they could result in wrong dosages of the drug

The general manager of the company's medical division, Mr C Loubser, said the drug could cause death, in the "worst possible cases", if the wrong dose was taken

He said Lanoxin was used to treat congestive heart failure However, only the bottles of paediatric elixir were affected

The scare has been caused by the discovery in Europe of incorrectly marked pipettes Wellcome imports bottles and pipettes from the same British firm and is recalling its stock in case any of the faulty batch have found their way into South Africa

CHEMICALS FM 15/10/82

Alcohol for Africa

183

SA is set to become one of the world's major producers of furfural and furfuryl alcohol as a result of a R32m expansion at C G Smith's Sezela sugar mill

The expansion should boost Smithchem's annual production of the two chemicals from 6 000 t to 18 000 t and 4 000 t to 12 000 t respectively. Both plants should reach full capacity by 1985

The two products are derived from bagasse, a by-product of sugar They are used as solvents in the lubrication industry, and as a sand binder in the foundry industry

The SA market for both chemicals is small — about 300 t and 800 t/year respectively The bulk of the production is sold overseas — mainly in the Far East, Australia, the UK and US Smithchem's MD, Robert Le Clezio, says the decision to treble production was taken in the wake of a major penetration into the export market

Long-term contracts have been tied up in the US, the Far East and Europe, which will boost annual sales from R4,5m to around R18m

Says Le Clezio "We produce a high quality product and have earned a reputation on the overseas market as a reliable supplier Furfural and furfuryl alcohol is manufactured in a number of Third World countries but the technology is very complicated and many plants are inefficient and badly run. At least 10 have been forced to close recently "

The Smithchem plant, Le Clezio admits had its own teething problems The technology was originally imported from Finland and production, which commenced in 1974, initially 'went very badly " But most of the technology behind the current expansion programme was provided by Smithchem's own engineers

"A large part of our success is the breakthroughs we have achieved in the technology itself The plant has become very efficient " says Le Clezio

Smithchem is already producing diacetyl, a downstream product, and others are in the pipeline

"Our next step will probably be a sales mission to the Far East," says Le Clezio 'Having embarked on a major expansion programme it is very important that we firm up our markets '

Workers ordered to quit union or forego increase

Sowetan 25/10/82 (183) ~~151~~ ~~110~~

MORE than 200 workers at the Auto Plastic Company in Rosslyn, Pretoria, have been told to "resign from the union or get no increment."

Workers at the plant said they were told by a certain manager that it was high time they terminated their membership with the union "if you want to get increments on your salaries" Most of them, they said, belonged to the National Automobile Workers Union (Nawu)

"We cannot understand the attitude adopted by this company towards its employees There are so many wrong-doings by the bosses who take advantage of the desperation of the people to keep their jobs," one concerned worker said

He said the management was aware that most of the workers would be forced to resign from the union for fear of victimisation

Women employees at the company said they were recently surprised when one manager dismissed a woman who had been on maternity leave after saying there was no longer a vacancy for her

"Such actions, we think, are meant to discourage women from having babies It is obvious that we'll all have to think twice about going on maternity leave if it is going to cost us our jobs," said a woman who asked not to be named

At the Rosslyn plant **The SOWETAN** was referred to a Mr van Rensburg, the managing director, who was said to be at the head office A receptionist at the head office, however, wanted to know what her boss was wanted for and said the problem had nothing to do with him

She said "Mr van Rensburg is a managing director, and has nothing to do with the personnel" She slammed down the telephone

A spokesman for Nawu in Pretoria, Mr P Adler, said his union was not aware of such behaviour, but would get an organiser to attend to the workers grievances

"Such behaviour should never be tolerated by workers" he said

Nov. 1982.

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Workers strike in protest against driver's dismissal

Labour Correspondent

MORE than 200 workers at Reckitt and Colman's Isando plant struck yesterday in protest at the dismissal of a driver, a statement issued by Fosatu's Chemical Workers Industrial Union said

The union said the driver, a worker of 15 years standing with a clean disciplinary record, had been accused last Friday evening of being under the influence of liquor

CWIU said that when the driver was asked to take a breathalyser test, he refused and was fired

Distribution workers downed tools in protest, according to CWIU, and the union had been involved in negotiations in an attempt to reinstate the worker

But management had refused and the distribution workers had been joined by production workers

"After lengthy discussions", the dispute had not been settled and workers left

According to the union, workers felt the dismissal was unfair because they said management was "not able to offer any proof of drunkenness"

dy passports

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End to fertiliser dispute

RDM 2/11/82

Pretoria Bureau

THE dispute between the Maize Board and representatives of the fertiliser industry over the incorrect handling and storage of imported urea fertiliser has been settled

The fertiliser industry has agreed to buy the 60 000 tons of urea, a portion of which was damaged by rain, imported in exchange for maize by the Maize Board

Representatives met Dr Dawie de Villiers, Minster of Industries, Commerce and Tourism, and Mr Greyling Wentzel, Minister of Agriculture, to solve the issue yesterday

In terms of a ruling by Dr De Villiers the fertiliser had to be stored and distributed by the fertiliser industry, but some was damaged after being stored in the open

In terms of yesterday's agreement the fertiliser industry will buy the 60 000 tons of urea at between R202 and R203 a ton and will sell it to consumers at R341 a ton

The chairman of the Maize Board, Mr Crawford von Abo, said in a statement after the meeting it was "a good thing" the dispute had been settled

"It is still a pity that a product which had been described as excellent and which formed part of about the most profitable transaction yet concluded on an international maize barter basis, had to come under suspicion due to indifference in the handling of the product," he added

CISKEIANS GIVEN JOBS AT LOWER SALARY

Twenty workers fired from plant

Sowetan 3/11/82

183

TWENTY workers were this week retrenched from a leading fertiliser company in Potchefstroom and their jobs were immediately given to workers recruited from Ciskei at lower salaries.

The company, Triomf, owned by well-known millionaire, Mr Louis Luyt, is alleged to have taken on the new recruits on condition that they do not belong to any trade union, particularly the South African Chemical Workers Union (Sacwu) to which the retrenched workers belonged

A spokesman for the retrenched workers also alleged that the management at Triomf had entered into a deal with the Ciskei Government, by which the recruited workers would be warned not to have anything to do with trade unions after their employment

Those who defied the "no union membership" order, would be sent back to Ciskei and be "sorted" out by the authorities there

The general-manager of Triomf, Mr J J Gerber, denied that any deal had been entered into between his company and the Ciskei Government

He also denied that Ciskeian recruits were employed at lower wages

"We have in the past employed workers from Ciskei and we did that just for the sake of it with no sinister motives behind it

"What we had now were retrenchments and there are still more to come And this we did solely for purposes of maintaining a balance of staff proportionate to our production," he said

He added that as the production rate fluctuated, more retrenchments and intake of new staff could be expected

FERTILISER FM 5/11/82 183

Saved by the rain

Late soaking rains have helped the fertiliser industry avert a potentially disastrous year

There was a 30% sales slump earlier this year, but sales over the past six weeks have risen sharply and could bring 1982 sales volumes to about 3 Mt, or 10% below last year's figures

Dave Marlow, MD of Sentrachem, which owns Fedmis fertiliser producer, says the recent surge in sales has put Fedmis back in the black after reporting losses earlier this year "Things are going a great deal better now," he says

The economic plight of farmers — burdened by drought, inflation, rising debts and high interests rates — had dissuaded them from ordering their usual quantities of fertiliser in time for the September-October planting season

Dr Kit le Clus, economist for the National Maize Producers Organisation (Nampo), says many farmers will use less fertiliser this year because the nutrient value of the soil has been built up to produce an adequate maize crop

"Virtually all who will buy have already done so," he says "We don't expect any further orders of significance" However, Marlow says that buying will have to continue if sales are to be only 10% below last year's.

Chris von Solms, executive director of AECI says farmers have little scope to reduce their use of nitrogen But he forecasts that there will be "little if any" growth in nitrogen demand this year "We expect a return to a growth trend of about 7%-8% a year that should continue into 1990," he says

Normally the industry imports about 20% of its nitrogen requirements, but will not do so this year because of slack demand Apart from the domestic sales slump, fertiliser producers have other worries The export market for phosphoric acid has collapsed Government granted a controlled price increase of only 10% this year, when the industry requested 18% Also, the falling rand pushed up costs of imported materials

Further pressure came from the Maize Board's unilateral decision to import 200 000 t of urea in a maize swop deal It later agreed that only 60 000 t of this would be fed onto the market this year with the rest following over the next two years Fedmis has closed a phosphoric acid and a sulphuric acid plant, but is still running its other plants at full capacity

The Sentrachem group's workforce is being reduced by about 500, or about 5%, between September and December Only a "limited number" of layoffs were achieved by non-replacement or early retirement "A significant number left as a result of plant closures in our fertiliser operations," Marlow says

AECI is cutting staff in the group as a whole, but MD Denys Marvin declines to quantify the effects at this stage

A spokesman for Triomf fertiliser producer says that profitability will remain "poor" despite the sales surge since the rains and that the company began staff reduction this week

Marlow notes that 70% of the capacity in the Fedmis plant still in operation is devoted to production for the local market, while the rest is for export on "liveable" long-term contracts

The world ammonia spot price has fallen steadily in the past 18 months, dipping further from $180 to $150 since September However, local fertiliser producers still had to pay more due to the falling value of rand

Jan van der Walt, head of all Sentrachem's agricultural activities, forecasts that the overseas price will double in two to three years and put further pressure on production costs

Marlow believes that after this year's shake-out, local demand for fertiliser will revert to average annual growth of about 5%

FERTILISER

FM 5|11|82

In need of guidance

183

A measure of *angst* has crept into SA's formerly buoyant fertiliser industry Capital of more than R1,5 billion is employed by local fertiliser producers Almost all of them, Triomf, Fedmis, Sasol, AECI, Foskor and National Process Industries have — or had — plans to invest more capital in new plants.

Suddenly there have been order cancellations, announcements of losses, plant closures and retrenchments

Without overstating the case, the plight of fertiliser producers carries at least an echo of the depressed conditions throughout the chemical industry in the Western world where plant overcapacities and shutdowns are common

Triomf started an as yet unquantified retrenchment programme on Tuesday Sentrachem is cutting its work force by 500 people, a large part to come from the fertiliser operation AECI is also retrenching, although MD Denys Marvin declines to quantify the extent at this stage

Much of the local producers' problems are almost certainly short term

Recent rains have helped save producers from what could have been a disastrous slump in sales this year (See Business) A few months ago, Fedmis holding company Sentrachem was anticipating that last year's total fertiliser sales of 330 000 t would slide 30% this year Dave Marlow, MD of Sentrachem, now expects that sales will be down about 10%. A Triomf spokesman concurs He notes that even with the rains sales have not picked up as expected

Indeed, Marlow discloses that demand has improved enough to pull Fedmis into the black after it reported losses earlier this year.

Farmers' cash flow problems, caused by high interest rates, inflation and drought, are the main reason for the depressed demand

Also subject to economic cycles but less likely to benefit from any upturn in the immediate future, export markets are at levels which Marlow describes as "little demand and marginal pricing" Triomf's Richards Bay phosphoric acid plant is operating at about 75% capacity

However, the industry's real fears are for the longer term

There are two basic problems the inadequate returns permitted by the controlled fertiliser price, and a growing fear of imports Moreover, the industry could be increasingly competitive after the entry of Sasol in 1984

As Herman Luitingh, director of the Fertiliser Society, says "We are worried about the future Capital intensive plants have been created on the basis of assurances and even directives from the government Since the war we have invested on assumptions that there would be acceptable rates of return

"Recently the government has loosened import controls while suppressing the industry's profitability" A case in point is the Maize Board's deal concluded in June to import some 200 000 t of relatively cheap urea in a swap deal with Rumania If some sources are to be believed, the deal could yet become a debacle

To avoid disrupting local suppliers, it was agreed that only 60 000 t of the imported urea would be placed on the market this year and the remainder over the next two years Local producers are handling its storage and distribution, with the costs carried by the Maize Board

The Maize Board estimated it had saved farmers some R50m on the deal Jan van der Walt, head of Sentrachem's agricultural and chemical products division, says when all costs are paid the Maize Board may show little if any saving

Luitingh says the real concern is that the board will maintain its efforts to reduce farming costs by aiming to repeat its import coup

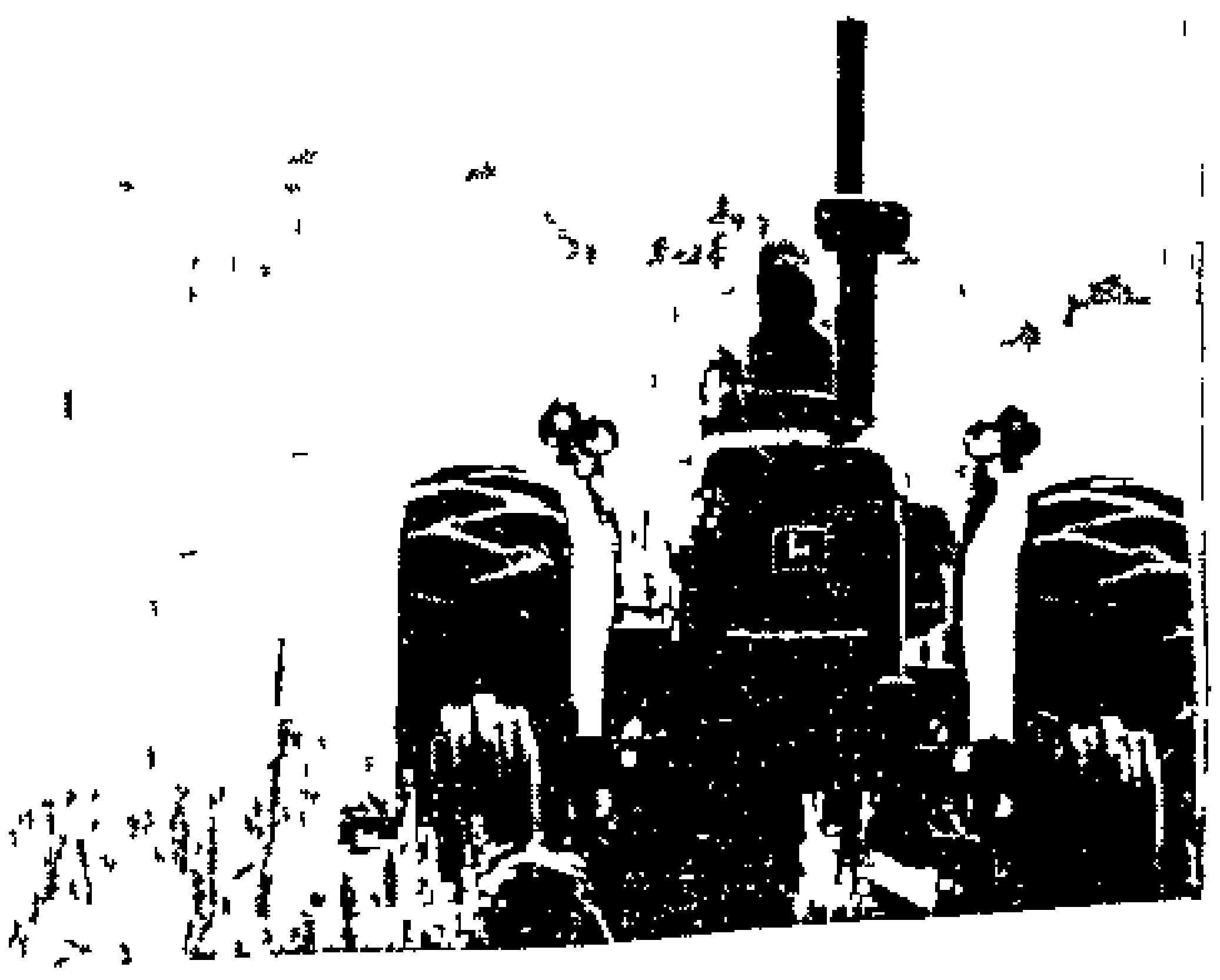
"Selective imports of products that are cheap now would have a destructive effect on local producers We calculate that farmers' total fertiliser requirements would cost R150m more if all products were imported" More pressing is the next increase in the fertiliser price due soon

The industry believes that a return of at least 15% is essential The Competition Board has already recommended removal of price control on fertiliser Instead of accepting this politically sensitive recommendation the government asked the Competition Board to expand its study Some weeks ago it completed its follow-up report, which is in the hands of Minister of Trade and Industries, Dawie de Villiers

In January, Sentrachem announced it had cancelled its plans to build a R650m ammonia plant because it could not be viable after the controlled fertiliser price was increased by only 10% Some fertiliser plants are going ahead Hanhill is to build a R50m ammonia plant Triomf is commissioning a R28m granulation plant

Without major new investment in fertiliser capacity SA will have to rely increasingly on imported fertiliser That may not be a bad thing even if, as Sentrachem's Marlow expects, fertiliser consumption continues to follow a long-term growth trend of 5%-6% a year

Government's attitude towards these so-called strategic industries is in a process of evolution But they badly need guidelines and assurances There are sound economic arguments for making them face competition, especially from abroad But at the same time to control the price of their products is self-defeating



SW 5/11/82

200 on protest strike

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Labour Reporter

About 200 workers at the Reckitt and Coleman plant in Isando went on strike this week in protest after one of their colleagues was sacked

The Chemical Workers Industrial Union, which has an informal recognition agreement with the company, said workers felt the dismissal was unfair

The man was dismissed after 15 years service for allegedly refusing to take a breathalyser test

A company spokesman said today talks were being held with union officials

Star 9/11/82

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Workers back on the job after walkout

Labour Reporter

About 200 striking workers at the Reckitt and Coleman plant in Isando have returned to work after a walkout last week over the dismissal of one of their colleagues

Workers left the plant on Wednesday after demanding the reinstatement of the man who was allegedly dismissed for drunkenness

Management held talks with the Fosatu-affiliated Chemical and Allied Workers' Union and the dismissed worker was eventually paid compensation, a union spokesman said.

A spokesman for Reckitt and Coleman has confirmed the return to work

Reckit strike ends

123

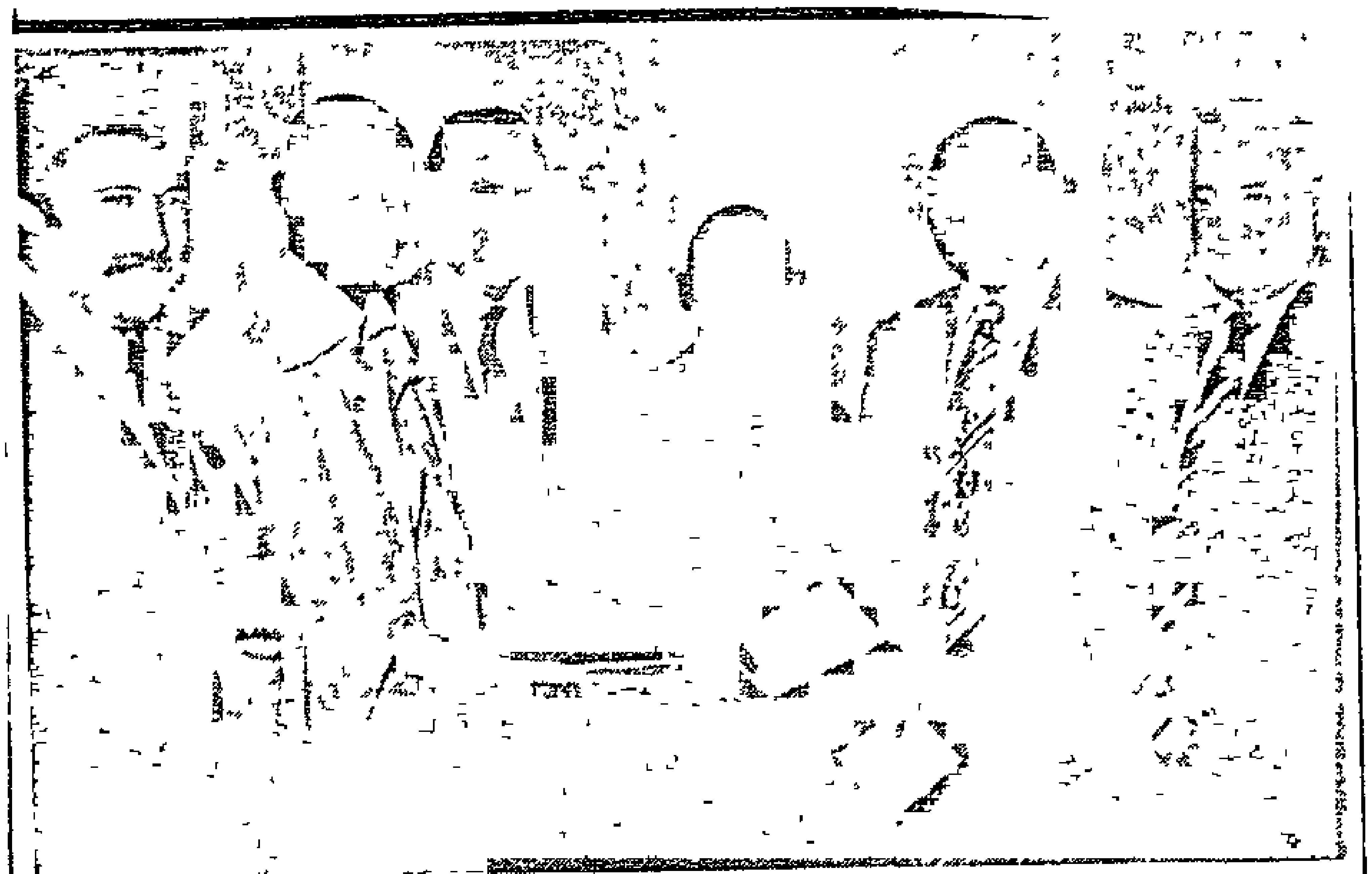
Sowetan 9/11/86

ABOUT 200 workers who had gone on strike at Reckit and Coleman Pharmaceuticals last week, were back at work yesterday.

The dismissal of a driver from the company had resulted in dissatisfaction among co-workers who downed tools calling for his reinstatement

Sources said the driver had been accused of being under the influence of liquor while on duty He was asked to undergo a breathalyser test but he refused

Mr Steve Harris, production director confirmed that the strike was over but said the dismissed worker would not be reinstated



HAPPY HOME LOAN DAY . Colgate Palmolive's personnel manager, Mr Deryk Magid, is seen with, from the left· Mr Gideon Shezi, financial director, Mr G H P du Toit, Mr David Matabela, Mr David Motaung and manufacturing director Mr L Coetzer

RDM 10/11/82 183

Colgate clean up on the home front

By LIN MENGE

THEY don't give up easily at Colgate-Palmolive in Boksburg

Five years ago they started lining up a grand scheme for their employees in Vosloorus

It was going to be the first 99-year leasehold development there

But then came uncertainty about how 99-year leasehold would work, lots of red tape and the lack of surveyed stands

Personnel manager Mr Deryk Magid says a sympathetic Erab — the East Rand Administration Board — suggested the company get their own sites surveyed, otherwise they would have to wait until the whole township had been done

So the company paid for 62 stands to be surveyed

But by the time everything was in order costs had risen so much the proposed houses were "plain unaffordable for factory workers"

The houses that would originally have cost R7 000 or R8 000 to build were going to cost R22 000 .. then R25 000 now R30 000.

At the same time, mortgage rates — the interest a building society or bank charges to lend money for building or buying houses — was rising

So Colgate-Palmolive ceded back 50 stands to Erab to give to someone else

It then offered an alternative to its employees home loans to help them buy their existing Erab-built houses, or build new houses, or improve the house they either bought or built

The loan is limited to R2 500, but when the employee has repaid one loan he may ask for another

The first seven have been handed over to long-service employees

"We expect to issue about 100 loans in the next 18 months," says Mr Magid

The employee repays by stop order, the repayments being based on 25 percent of his salary.

He must also meet one requirement at least half the loan must be secured by his pension fund contribution

That means that, if he has R1 000 in the company's pension fund, he can have a loan of R2 000

This is done so that the company can secure (that is, be sure it gets back) at least some of its money, should anything happen to the employee

"We had to finance these loans ourselves, and secure them, because the building societies won't lend on anything less than 99-year leasehold," Mr Magid said

The money for the home loans does not come out of the pension fund . it is simply money made available for housing and budgeted for in a flexible way in case fewer, or more, loans are issued than was expected

Average paying-off time should be about 18 months

The company charges interest calculated on the lowest current building society rate . which is 14,25 percent at present

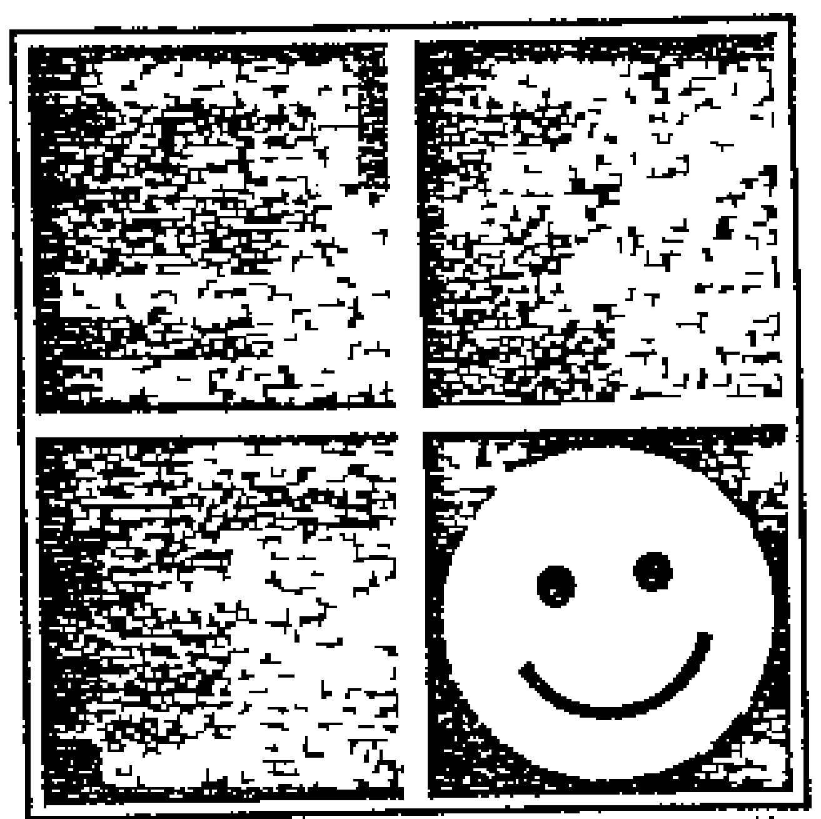
If the employee wants to repay more quickly, to avoid paying so much interest, he may do so

One of these first loans is going to an already house-proud Mr David Motaung He occupies a house he designed himself, with an unusual "three-roof" effect

It has three bedrooms, lounge, diningroom, bathroom, kitchen, garage he's come a long way since living with his mother or lodging with friends

And the 12 vacant stands in Vosloorus?

That involves another interesting scheme ... watch HOMEFRONT for details



Happiness is a home of your own, so join the **HOMEFRONT!!**

HOMEFRONT tells you what IS being done about the housing crisis, what CAN be done ... and HOW So why not tell us what YOU are doing about housing your employees? That way you share useful tips, problems ... and hope.

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Tough competition in plastics industry, seminar told

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Star 11/11/82

By Stan Kennedy

Import restrictions isolated sectors of the plastic industry from international competition and market influences, making it difficult to gauge how competitive they were, Dr S J Kleu, chairman of the Board of Trade and Industries, said in Johannesburg last night

Western Europe, with capacity to produce 20 million tons of bulk plastics a year, had experienced a decline in demand to about 11 million tons and capacity utilisation of about 60 percent, he said.

In the quest for better plant loading, some European manufacturers had cut prices close to variable costs and were especially keen to export at such prices

Dr Kleu told the annual meeting of the Plastics Federation of South Africa that these trends were exposing the local industry to severe potential competition

"We do not want to continue to use quantitive restrictions to defend our industries," he said "While adjustments in customs tariff protection seem likely to be necessary, our industry itself must seriously look to its laurels "

Because of Sasol's importance as a supplier of monomers, its pricing policy affected competitiveness

The plastic industry directly and indirectly contributed more than R1 000 million to the GDP in 1981 It was responsible for six percent of the contribution of all manufacturing industry and was the source of 1,5 percent of the GDP

Pertinent questions, however, arose about the role of the industry, whose average value of fixed capital for each worker was more than double that found in manufacturing as a whole

Chemical firm's golden jubilee

183

E Herald 11/1/82

PORT ELIZABETH chemicals and pharmaceuticals manufacturer Maybaker (SA) this week celebrated its 50th anniversary with a private party held in the Port Elizabeth City Hall

Among the guests were Mr Ronald Bounds, director (finance and overseas operations) of the parent company May & Baker Ltd, Mr Gurth Walton, chairman of Red Cross in Port Elizabeth, and Port Elizabeth's Mayor, Mr H van Zyl Cillié

In a statement issued to mark the occasion, Maybaker's chairman, Mr Tommy Toft, said the company had undertaken to furnish a wing of a proposed Red Cross home for African old-aged, and had also presented the Red Cross with a motor car for use by voluntary workers

Maybaker, he said, was initially dependent on technical assistance from the licensing company, May & Baker Ltd, of Britain

"But today the operation is run and operated almost entirely by South Africans, employing over 300 people with its factory and head office in Port Elizabeth, a branch in Johannesburg, and sales offices in Cape Town and Durban"

Mr Bounds, said May & Baker in Britain had this year won its fourth Queen's Award for Industry — granted for technical achievement relating to the ethical pharmaceutical product Flagyl, which he described as "one of the most significant pharmaceuticals to be introduced in recent years"

Flagyl is used primarily in the treatment and prevention of post-operative infection of the lower abdomen

Star 17/11/82

(83)

Pressure on plastics industry

Four out of five firms in the plastics industry report deteriorating business conditions, reports David Braun.

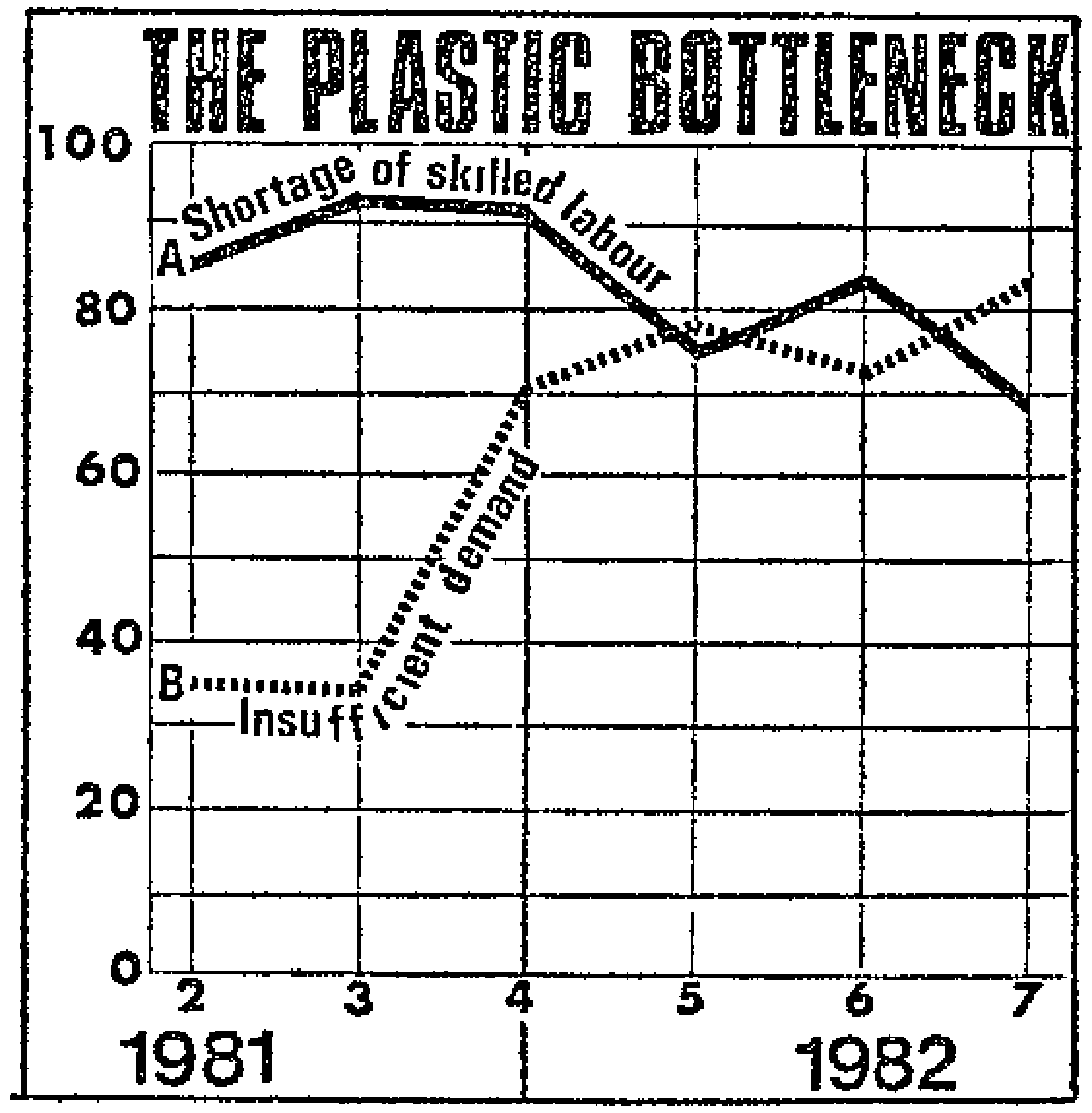
An opinion survey undertaken on behalf of the Plastics Federation of South Africa by the Bureau for Economic Research of the University of Stellenbosch said 82 percent of respondents reported that business conditions were worse in the third quarter than a year ago

Nearly two-thirds of the respondents said these conditions would continue in the current quarter

In the last survey seven percent of respondents reported a lower sales volume than a year ago, compared with 36 percent in the present survey

The decrease in sales was expected to continue with 43 percent forecasting lower volumes for the current quarter

The problem of shortage of labour had diminished rapidly, with 69 percent of firms saying they still had a shortage of skilled labour compared with 93 percent last year. Only 16 percent reported a shortage of semi-skilled labour (65 percent) and one percent said they had a shortage of non-skilled labour (nine percent)



THE PLASTIC BOTTLENECK

The Bureau for Economic Research survey found that the number of respondents reporting the shortage of skilled labour as a bottleneck in manufacturing activity decreased from 93 percent a year ago to 69 percent this September. Insufficient demand was cited as a bottleneck by 84 percent, compared with 34 percent last year.

MOBIL/AFROX (183)

Gas warfare

FM 19/11/82

"The court will not interdict a company from doing illegal acts on the mere ground that a servant of the company has committed such acts, where the company has not only not authorised such acts but has expressly prohibited its servants from doing the acts complained of" — **Nathan on interdicts**

This rarely tested principle in law was upheld in the Cape Town Supreme Court last week when Mr Justice Bernard Friedman dismissed with costs an application by Mobil for a temporary interdict against Afrox

The crisp issue was an allegation by Mobil that Afrox had wrongfully used Mobil's liquid petroleum gas (LPG) cylinders to sell its own product Mobil said it was heavily (R3m) invested in cylinders Afrox's conduct had therefore reduced Mobil's ability to achieve maximum cylinder "turnaround"

To maintain its volume of business, Mobil would have to buy additional cylinders And if Afrox were to retain Mobil's cylinders, it would not only infringe the Mobil trademarks, but "constitute unlawful competition by reducing Afrox's working capital requirements" and enable it to get unfair competitive advantage

Mobil produced four affidavits citing wrongful use by Afrox of Mobil cylinders in a number of incidents in Namaqualand and the western Cape

Mobil said no adequate remedy was available to it other than an interdict restraining Afrox from wrongful conduct

"Such conduct comprises a multitude of separate wrongful acts from time to time at various places (Afrox has 42 branches in SA with 1 000 distributors/dealers)

"Damages for each particular wrongful act would not be an adequate remedy because of the difficulty in obtaining adequate proof of each wrongful act and also because of the contingent nature of the possibility of Mobil sustaining damages in consequence of claims resulting from defective cylinders

"And finally because an award for damages for a particular wrongful act is unlikely to compensate Mobil for the damage to its commercial reputation which may result from the cumulative effect of a number of wrongful acts"

Afrox in its opposing affidavit, relied on a number of basic facts It pioneered LPG cylinder marketing in SA It is the market leader It has an excellent safety record, "evidenced by the fact that in the whole of the western Cape the necessary testing, internal inspection and refurbishing of Mobil's cylinders are done by Afrox"

Moreover, Afrox was the market leader, with a turnover in gas, including LPG cylinders, of R150m/year and taxed profit in excess of R25m "It is therefore not necessary for Afrox to resort to the utilisation of the assets of other primary marketers to sell its products"

Afrox's most effective counter, as it turned out, was that "it has throughout the years been the policy of Afrox to instruct its employees not to fill the cylinders of other primary marketers on pain of dismissal" The company produced two staff circulars to support the statement Afrox western Cape general manager said if Mobil's complaints had been brought to his attention he would have conducted a full investigation, "as I am in the process of doing now," and disciplinary steps would have been taken against the employees concerned, "as are being taken at present"

Mobil argued that "where a company has a great many employees, whose identity is not known to the complainant, it is impractical to try to prevent injurious conduct by interdicting the employees as opposed to the company" Mobil said the onus was on Afrox to prove that the employees in question had acted contrary to Afrox's instructions

Judge Friedman said he was satisfied that Afrox had done everything reasonably necessary to convey its attitude (on cylinder filling) to the attention of management and staff

"If an interdict were to be granted it would be bound to be ineffective, it would amount to an order against the company to see to it that its employees did not act contrary to its express instructions The difficulty of obtaining relief against individual employees of Afrox does not justify the granting of an interdict"

✓

183

Slump hits factory

Sowetan 23/11/82

THE Auto Plastics Motorware company in Pretoria has reduced hours of work for its more than 200 black workers to a two-day week.

The company's managing director, Mr J van Rensburg, said yesterday the company supplied car manufacturers who have in the past months been forced to retrench employees because of the economic decline

He said hours had to be reduced to avoid retrenchments. Hours have been reduced from the normal 45 hours to 18 a week which, Mr van Rensburg said, would obviously affect the workers financially

Further retrenchments are still to be announced when most factories close for Christmas holidays And most companies have decided not to replace workers who terminate their services this year Posts are to remain vacant

Section A.

Question 1

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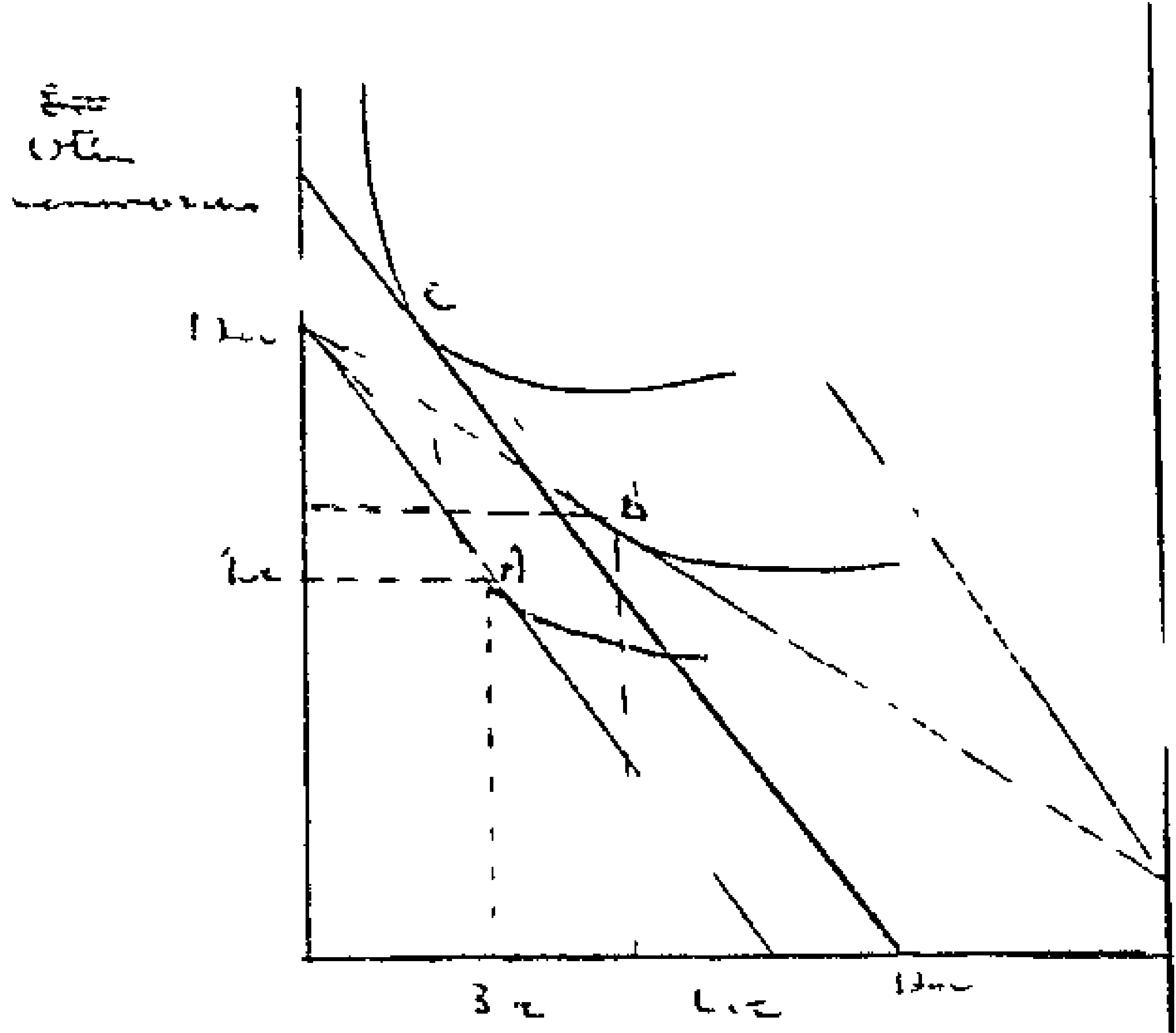

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ROM 25/11/82

Saawu gains ground in Natal

183

Labour Correspondent

THE unregistered SA Allied Workers Union has been recognised by a Natal chemical company in what is believed to be only its third recognition agreement in the province

Management at Umbogintwini company Resinkem confirmed this week that it had signed a recognition agreement with Saawu giving it the right to negotiate on work conditions at the plant.

The company and union have been dealing informally with each other for the past year

Saawu's general secretary, Mr Sam Kikine, described Resinkem as a "progressive company"

Although Saawu's East London branch has been recognised by three companies for over a year, the Natal branch only won its first agreement this year

The agreement comes at a time when Saawu, which grew rapidly in the East London area in 1980 and early 1981, has been on the retreat as a result of employer hostility and repeated official action against its leadership

The union's president and vice-president, Mr Thozamile Gqweta and Mr Sisa Njikelana, recently had Terrorism Act charges against them withdrawn after being detained for the sixth time by South African or Ciskeian authorities

Mr Kikine was detained for several months under security legislation

Saawu's East London chairman, Mr Eric Mntonga, was released from detention some months ago — only to be re-detained by Ciskeian authorities

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R6m Africa Bank loans

Mail Africa Bureau

LUSAKA — The African Development Bank (ADB) has set aside about R5 859 000 to help ailing African economies for the 1982-86 period

The ADB's vice president, Mr Samuel Ogunleye, said in Lusaka yesterday at the close of a four-day visit to Zambia that a large part of the money would be used for agricultural projects.

Zambia has already drawn

[illegible] point B [illegible]

R50-m to cut lead in petrol, says expert

Argus
29/4/82

183

Science Reporter

MAJOR oil companies say that if it can be shown that lead in petrol contributes significantly to the blood-lead levels of South Africans, they will take steps to reduce the lead content of their products

But the Government and consumers would be expected to carry some of the cost of the change-over — about R50-million.

Mr A M Evans, sales technical manager for Shell South Africa, said that while the legal limit of lead in petrol was 0,836 grams a litre, oil companies had an informal agreement with the Government and the air pollution research group of the Council for Scientific and Industrial Research that they would keep the lead content down to an average maximum of 0,5 grams a litre

"If it was conclusively shown there was a relationship between the lead content of petrol and lead in blood that was in excess of a tolerable level, then we would have to consider reducing the amount of lead used," said Mr Evans

"VERY EXPENSIVE"

"But this will be very expensive Adding lead to fuel increases its octane count without further refining.

"If we were to reduce the lead level in our petrol to, for example, 0,15 grams a litre, additional refining facilities would probably cost somewhere between R10-million and R20-million for each refinery

"Either we will be allowed to put our prices up to recover our costs or the Government will have to help us to put in higher octane-producing facilities for low-lead petrol "

A third alternative was a cost-sharing scheme where the expense of producing low-lead petrol was covered partly by increased prices, partly by direct Government aid to the oil companies and partly by the companies themselves

"CONCERNED AS ANYONE"

"We are as concerned as anyone about the possibility of doing long-term harm to people, especially children After all, we in the industry have children ourselves

"But the problem is that the link between petrol-lead and blood-lead levels has yet to be conclusively shown and no one can agree what constitutes a dangerous level of blood-lead," said Mr Evans

All the oil company representatives doubted the suggestion that petrol-lead was largely responsible for high blood-lead levels made by Miss Yasmin von Schirnding of the school of environmental studies at the University of Cape Town.

Miss von Schirnding recently undertook a study of blood-lead levels of 1 200 children in areas including Hout Bay, central Cape Town, Retreat, Maitland and

Union clinches a R2 minimum

RDM 1/12/82

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By STEVEN FRIEDMAN
Labour Correspondent

IN A round of direct wage bargaining with Transvaal employers, Fosatu's Chemical Workers Industrial Union has negotiated wage rises at three firms which will bring minimum pay up to R2 an hour or more next year

The R2 an hour minimum is regarded by Fosatu unions as an immediate target in all wage negotiations and the union says these agreements mean five companies with which it deals have now agreed to this figure

And at two other firms, increases of 38 5 and 62,5% have resulted from negotiations between the union and employers

Direct plant-level negotiation on a wide scale between unions and employers is a recent phenomenon in the country's labour relations

CWIU says it entered the negotiations believing that lowly-paid workers should not have to bear the burden imposed by recession

In a statement released yesterday, the union reveals details of agreements it has signed with Matthey Rustenburg Refiners and Chesebrough Ponds in Wadeville and Reckitt and Coleman in Isando, all three of which will raise minimum pay above R2 an hour next year.

At Matthey, it says, the minimum will rise to R1,86 in January and R2,01 in July — a 25% rise At Chesebrough Ponds, it will become R2 in January (a 14,5% increase) and at Reckitt and Coleman R1,98 in January (a 22% rise) and R2,10 in July

Spokesmen for Ponds and Reckitt and Coleman confirmed these figures Both said they had negotiated their agreements with the union in the past two weeks

According to CWIU two other companies, Colgate and Revertex, have already agreed on a minimum of R2 an hour or more

In other negotiations, the union says it has won "large percentage increases" at firms which pay "very low minimum rates"

In the statement, the union says the increases agreed are "in line with Fosatu policy that all workers should receive a living wage"

"It is also the union's standpoint that, during a time of recession, lowly paid workers should not be made to bear the major burden in a country where wage differentials are traditionally weighted out of all proportion against the mass of unskilled workers"

Sowetan 1/12/83

r63

Union signs wage deal

THE CHEMICAL Workers Industrial Union (CWIU), an affiliate of Fosatu, has signed a R2 a hour minimum wage agreement with three chemical companies in the Transvaal with effect from January next year.

According to a statement from CWIU, the companies concerned are Matthey Rustenburg Refineries, Recht and Coleman and Chesebrough Ponds

The union has consistently striven to achieve a living wage for its members in wage negotiations this year Agreements with five companies now lay down a minimum wage of R2 an hour or more, the other two being Colgate-Palmolive and Revertex

The union said that where companies were paying very low minimum rates large percentage increases have been won, for example at Rolfes Limited an increase of 62,5 percent, and Union Liquidair (38 percent) This is in line with Fosatu's policy that all workers should receive a living wage

~~233~~ 183

Mercury 8/12/82

Mid-managers included in 200 laid off by AECI

Labour Reporter

AECI has retrenched about 10 percent of its workforce due to the present economic climate and a rationalisation of production, it was revealed yesterday

AECI's factory manager at Umbogintwini, Mr Donald Inggs said yesterday about 200 employees from 'a broad spectrum' of the company's 2 000 staff had been retrenched

'The fertiliser industry is not very buoyant at the moment because of the drought so of course the factory which is heavily aligned to fertiliser has been affected by that,' he said

'The lay offs are due partly to a rationalisation of production with another plant in the area, but we have managed to absorb a large number of the employees affected by this,' he added

Mr Inggs said 'a good mix of skills', including people in mid-management positions, had been affected

The lay-offs were carried out in accordance with the company's severance policy which included the principle of last in, first out, severance pay and four months' notice, he said

It was also learnt yesterday that at Lever Brothers about 60 employees will be affected by a plan to shift one section of the plant to the Transvaal next year.

However, a company spokesman said there would be no retrenchments as 'there is every prospect that before that time, most if not all these people will be absorbed in other positions at the Maydon Wharf site'

Wiley announces 'new deal' to protect pilchards

CAPE TOWN—A 'new deal' aimed at restoring the pilchard resources off the South African and South West African coast has been announced by the Deputy Minister of Fisheries and Environmental Conservation, Mr John Wiley

In a statement issued last night he also announced adjustments in the stockfish and sole quotas, and warned about sterner measures to be taken against malpractices

The new deal on fish quotas had been agreed to by the industry, Mr Wiley said

In essence it amounted to a splitting of the fishing season into two, to allow time for fish to mature sexually and to apply the quota to pilchards and anchovies only

Other fish would then be caught without restriction, barring the announced closure of the fishing season

Mr Wiley said pilchard resources had 'collapsed'

The West Coast pilchard catch had, over the past 10 years, been diminishing while the anchovy catch had increased

There was good reason to believe that, although sufficient numbers of young fish were left in shoals to reproduce, 95 percent of anchovies caught in autumn and winter were not sexually mature and weighed about a third of what they would if caught in summer

Although the current quota of 380 000 tons had been virtually unchanged since instituted, and although he shared the anxiety of his departmental scientists who wanted to cut the quota to 325 000 tons, Mr Wiley said he did not believe the problem of 'safe exploitation' of the fish would be solved by a drastic quota cut — (Sapa)

They are appearing before Mr Justice Brian Law and two assessors, for illegally dealing in 246 000 Mandrax tablets, and have pleaded not guilty to the charges

Capt van der Merwe told the Court that he had known Mr Govinder since 1979 because of his gambling activities

Because he had known him well, he questioned Mr Govinder in connection with his involvement in the Mandrax smuggling racket

He said Mr Govinder first denied any knowledge of being involved in the racket, but had later admitted being part of the syndicate which imported the tablets

Mr Govinder agreed to make a statement in connection with the racket and he had given him a pen and some paper to write out a confession while he spent the night in a police cell, the captain said

Cross-examined by Mr Mike Hannon, who is appearing for Mr Govinder, Mr Mahomed and Mr Khan, as to why Mr Govinder had agreed to make a statement after first denying any knowledge of the racket, Capt van der Merwe said he did not know because he had not made any inducements, nor had he threatened Mr Govinder in any way

Agreed

According to the captain, Mr Govinder also admitted going with Mr Mahomed and Mr Khan to Louis Botha Airport to collect Mandrax tablets, allegedly imported from India by the accused

Mr Govinder told the Court that he had agreed to make a statement so that his wife and children, who also had been detained, would be freed

He did not want the police to inform his wife about his affair with Mrs Bibi, an accused in the trial, and also he was afraid of being thrown over the bridge at Paradise Valley, he said

Earlier, Mr Sivanandan Govender, a cashier at the Maharani Hotel, told the Court that he had contra vened the foreign exchange regulations by giving Mr Govinder dollars in exchange for rands

He said the dollars were cashed by hotel guests and he sold them to Mr Govinder for a profit

Mr Steve Shepstone appeared for Mrs Bibi

Mr L J Roberts, Deputy Attorney-General of Natal, and Mr D Hutchinson appeared for the State

The hearing continues

I won't mind,' pleaded my old friend George the other day

'No, George,' I replied '*You* tell me everything that happened here in our absence I want to catch up on all the local news'

'Just the usual sort of things,' said George 'The Nats beat the hell out of the Progs in Stellenbosch ..'

□ □ □

'Did I tell you how the police beat the hell out of a bunch of Sikh demonstrators in Delhi? They had a protest meeting outside the Government secretariat just two hours after we had been there. Four were shot dead and many were beaten with *lathis* — those are the long sticks that Indian police carry.'

'Gosh!,' exclaimed George 'What was the protest about?'

'*Ag*, you don't want to hear me go on about India,' I said 'What else happened while we were away?'

'They've changed all the suburban train timetables,' said George 'Nearly all the expresses have been .'

'The Indian trains,' I said, 'are unbelievable. Do you know that we must have covered about 6 000 km by train in India. On one occasion two *dacoits* — they are Indian gangsters — burst into our compartment just before we left Howrah station in Calcutta for Benares, but Barbara laughed in their faces and pushed them out'

'Wow!,' cried George. 'Wasn't it dangerous?'

'Only when we tried to eat the Indian Railways omelettes,' I said. 'But don't stop filling me in on the South African scene.'

'Well, the weather's been pretty grotty for early summer,' said George 'You'd never say we were well into .. '

□ □ □

'The only time I ever wore a pullover was at Nainital — that's a Himalayan hill station,' I said 'For the rest, it was one big sweat Even when the southern monsoon hit Madras it stayed hot. The roads turned into rivers and it was risky walking on the pavements in case you fell into a manhole. As it was, I fell into a sewer in Rishikesh.

'What else has been happening?,' I asked

'Sri Lanka sent a touring cricket team here,' said George

'The Indians are crazy about cricket,' I said 'They play it in their winter, which is our summer, because their summer is too hot for cricket On every vacant field they play it, and when they met me they said the only other South African they knew about was Barry Richards'

ROM
8/12/82

AECI lays off 10% of workers

[illegible] /83

Mail Correspondent

DURBAN — Major chemical and explosives manufacturer, AECI, has retrenched about 10% of its workforce at a Natal factory due to the present economic climate and a rationalisation of production, it was revealed yesterday

AECI's factory manager at Umbogintwini, Mr Donald Inggs, said yesterday about 200 employees from "a broad spectrum" of the staff had been retrenched

"The fertiliser industry is not very buoyant at the moment because of the drought so of course the factory which is heavily aligned to fertiliser has been effected by that," he said

"The lay-offs were due partly to a rationalisation of production with another plant in the area, although we have managed to absorb a large number of the employees affected by this," he added

Mr Inggs said "a good mix of skills", including people in mid-management positions, had been affected

Arrangements had been made to re-employ those retrenched should the economic situation improve

It was also learnt yesterday that at Lever Brothers about 60 employees will be affected by a plan to shift one section of the plant to Transvaal next year

However, a company spokesman said there would be no retrenchments

Union charges Triomf with victimisation

RDM 9/12/82

Labour Correspondent

A BLACK trade union, the SA Chemical Workers' Union (SACWU), has applied to the industrial court for an order against Triomf Fertiliser company for allegedly "unlawfully victimising workers"

The union also alleges Triomf committed an "unfair labour practice" at its Potchefstroom plant by laying off about 60 of its 800 workers in November including, it claims, the union's entire branch executive committee

It also charges that the company has attempted to have the workers removed from the area in terms of influx control laws and that company security guards assaulted workers

The case is one of a crop brought to the court in which unions are testing a recent change to the law allowing the court to temporarily reinstate workers while a dispute over an alleged "unfair labour practice" is being resolved

In a statement released yesterday, SACWU says that, if it is successful, it may be the first union to win mass reinstatement from the court — the reinstatement of 60 workers pending the outcome of an official conciliation board hearing

A Triomf spokesmen said yesterday the company's chairman Dr Louis Luyt was aware of the dispute and had asked for full particulars

"He is waiting for a report on the union's allegations and obviously can't comment until he receives it", he said.

SACWU claims the "vast majority" of those laid off were union members

The union also says the company has not granted it any form of recognition despite its "strong representations" at the company and a recommendation to Triomf from the Institute for Industrial Relations, a joint management-labour organisation.

The union also claims Triomf forwarded the names of the fired workers to the Western Transvaal Administration Board, and the workers will be "endorsed out" before the legal machinery can be put into action

Star

Triomf in dispute

10/12/82

183

Labour Reporter

Cusa's SA Chemical Workers Union has accused the management of Triomf Fertilizer in Potchefstroom of unlawfully victimising workers last month

A statement issued by the union says it has applied to the Industrial Court for an order against Triomf over the alleged victimisation

Triomf had also dismissed about 60 of the plant's 800 workers of whom the majority were union members Included wer their entire branch executive committe the statement says The action amounted to unfair labour practice

A Triomf spokesman said particulars of the claims had been forwarded to the chairman, Mr Louis Luyt, for possible comment

~~727~~ 183 S. Express

12/12/82

Wanted: A mercenary as factory 'trouble-shooter'

By **DEBRA CLEVELAND**

A SOMERSET East businessman is offering a job in his factory — as a production supervisor and 'trouble-shooter' — for one of the recently released Air India hijackers

He is not looking for a gun-toting slave-driver, but someone he will train on the technical side of production

In a Telex to the Sunday Express, Mr Pat Liebenberg of Joubert Mills glue factory, said "We, Joubert Mills Ltd, Somerset East, operate a glue factory.

"Can offer employment for one of your AOFB (Ancient Order of Froth Blowers) just released from Air India hijack We think he could possibly handle production supervision and trouble shooting

"Would appreciate your assistance in getting in touch with fellows interested in this work"

Mr Liebenberg is looking at one of the mercenaries as a possible employee because "they are energetic, disciplined people used to hard work"

"I am retiring next year and I'll need someone to take over the production side from my deputy"

As well as handling ordinary production problems, the applicant would also be something of an industrial relations officer, Mr Liebenberg said

"We need productivity so he must know the factory backwards and be able to motivate staff"

He said it was particularly difficult to find staff in the Eastern Cape area because of the many industrial strikes

"This is why I thought of one of the mercenary fellows They've just come out of jail and some might be destitute"

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16 000km star trek for 100 UK experts

Sunday Express Correspondent

BRITISH stargazers will travel 16 000km to Port Elizabeth for the world's best view of Halley's comet in 1986 — thanks to the advice of a former Port Elizabethan

Mr Werner Schlesinger, a previous chairman and president of the Port Elizabeth Observatory Society who now lives in Cornwall, wrote to the British Interplanetary Society when he learnt of their proposed visit to South Africa

He recommended Port Elizabeth's People's Observatory in Westview Drive

Halley's comet, which last passed through our solar system in 1910, will be closest to Earth on April 11, 1986, when it will be 64-million kilometres away — almost halfway to the sun

These are the predictions of the British Interplantery Society, which hopes to be in Port Elizabeth at this time

The society expects about 100 of its members will travel to Port Elizabeth, its secretary, Mr L J Carter, said

Mr Dave Jesson, chairman of the Port Elizabeth People's Oberservatory Society, said the British visitors would be welcome to use his society's facilities

He said the weather in Port Elizabeth was excellent in April and there was also plenty to see at that time of year

"Besides Halley's comet, they will also be able to see stars they have never seen before

"For instance, I'm sure only a few of them have seen the Southern Cross, which is only visible in the Southern Hemisphere"

SOWETAN, Tuesday, December 14, 1982 Page 5

UNION TAKES ACTION AGAINST POTCH FACTORY

Legal battle for 60 workers

183

THE South African Chemical Workers' Union says it has taken legal action against Triomf Fertilizer (Pty) Limited for the dismissal of about 60 of its 800 workers from its Potchefstroom factory.

By SELLO RABOTHATA

The union said the vast majority of those dismissed were union members and included the entire branch executive committee of the union. The ostensible reason for the dismissal was retrenchment. The union members consider that the dismissals constitute unlawful victimisation of union members, or, in any event, amount to unfair labour practices and has accordingly taken legal action in this regard.

A statement released by the union read that this action by Triomf had brought to a head a year long recognition dispute between the company and the union. Despite the union's strong representation at the company, and despite the recommendation of the Institute of Industrial Relations, the company has not accorded the union any form of recognition.

The union has applied to the Industrial Court for a "status quo" order which, if successful, will force the company to reinstate those dismissed pending the outcome of Conciliation Board proceedings. Should the union be successful it will be the first time in South African legal history that there has been mass re-instatement under court order.

"Triomf in the interim has decided not to let the matter stand pending the Industrial Court decision. It has forwarded the names of those purportedly dismissed to the Western Transvaal Administration Board. The effect of this is that those who are migrant workers will be endorsed out of the area before the legal machinery can be put into motion.

The union is also through its lawyers protesting to the Minister of Manpower against certain acts of harassment carried out by the Security Police at Potchefstroom against members of the branch executive committee.

Fosatu's R2 wage victory

Star 27/2/82

123

Labour Reporter

Fosatu's Chemical Workers Industrial Union recently won R2 minimum hourly wages for workers at three Transvaal firms during annual wage negotiations.

The three firms are Reckitt and Colman, Matthey Rustenburg Refiners and Chesebrough-Ponds International. The new wages provide for two-stage increases in 1983 of between 14,5 and 25 percent to bring workers to the R2 hourly figure.

This brings the number of firms to five that have the R2 minimum wage agreement with the CWIU. The other firms are Colgate-Palmolive and Reventex.

A statement issued by the union said the new agreement was in line with Fosatu's policy that workers should earn a "living wage"

"It is also the union's standpoint that during a time of recession lowly paid workers should not be made to bear the burden of the recession

183

Triomf admits to errors in sackings

Star

22/12/82

Labour Reporter

The giant Triomf Fertiliser Company has admitted to administrative errors in the retrenchment of workers at its Potchefstroom plant in November — described by a trade union as an unfair labour practice

Earlier this month Cusa's SA Chemical Workers Union applied to the industrial court for an order against Triomf for unfair labour practice and unlawfully victimising workers

SACWU said Triomf had retrenched about 60 workers at the Potchefstroom fertiliser plant, including senior union members

Triomf had also refused to look at union recognition although SACWU was representative at the plant, the union claimed

In a statement released from Dr Louis Luyt's office yesterday, the chairman of Triomf said a full investigation was ordered into the retrenchments to determine if there had been any administrative errors

The retrenchments had been necessary because of the current economic troubles, the statement said

It was found in the investigation that administrative errors had occurred in the retrenchments and these were corrected by management

A Triomf spokesman was unable to comment on the nature of these errors

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Police plea for help in rape case

Crime Staff

Hillbrow police investigating the rape of two 17 year-old girls at the Wilds three weeks ago have appealed for help in tracing a man believed to have been a witness to the attack

On Thursday December 2 at about 5 pm the girls were strolling

28/12/82

Rubber plant to ensure anti-pollution

(183) E-Post

KARBOCHEM'S Afprene project at Newcastle, which will have cost R350 million on completion, will include several millions spent to ensure that this huge synthetic rubber plant will not have a detrimental effect on the environment This applies to atmospheric as well as water pollution

Although Afprene's steam plant has been in operation since early this year, not a wisp of smoke is visible from the 62-metre high smokestack

Mr Cor Steyn, divisional manager of carbide/-acetylene/utilities at Karbochem in Newcastle, says that without anti-pollution measures this stack would have released 1½ tons of fly-ash an hour into the atmosphere — that is 36 tons of dust a day with the two boilers, each with a capacity of 30 tons of steam an hour, running under full load

To prevent this release of fly-ash into the air, two sets of electric precipitators have been installed in the stack These have been designed to trap at least 98% of the dust particles but are doing even better in practice

The Department of Health stipulates that a plant's exhaust gases may contain no more than 150 parts per million of solids, and present indications are that in Afprene's case this figure is below 100 parts per million Without the precipitators the dust content would have been 10 000 parts per million

Comprehensive measures have also been taken to ensure that effluent leaving the site is almost as pure as the water entering the plant

All inorganically contaminated effluent is pumped to a vapour recompression unit where inorganic salts are removed as solids after the evaporation of the water

This unit, with a capacity of $750m^3$ of condensate per day, is the only one of its kind in South Africa

It has been imported from Israel where similar installations are used for desalinating sea water The condensate is of such high quality that it can be re-used as boiler feed-water without further purification

There are two separate effluent treatment plants — one for organically contaminated water and another for inorganically contaminated water

The former is treated in an activated sludge system in which the contaminants are broken down into harmless compounds by means of a biological process similar to that employed in any sewage works

After having been swirled around and being agitated in an aeration reactor and having flowed through a clarifier, this effluent is pumped to a series of reed-beds with a total length of 10 kilometres where the oxygen balance is restored

Finally, the water flows through a fish-pond before being released into the Ncandu River, thus demonstrating that at that stage the effluent is pure enough to support marine and plant life

Knows some facts in a naive way.

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Fertiliser increase a blow

By Hannes Ferguson
Farming Correspondent

Farmers, losing R30 million a day during the present drought, will be hard pressed to meet the 13,3 percent fertiliser price rise which becomes effective tomorrow

On the other hand consumers will also have to foot the bill by paying higher food prices during the trough of the present depression.

In announcing the new fertiliser price, the Minister of Industry, Commerce and Tourism, Dr Dawid de Villiers, said the Government had kept the increase within limits by taking the price of imported ammonia as the norm

Ammonia, an important ingredient of fertiliser, is made locally at prices usually considerably higher than its world market price

The Government would not accept this any longer.

According to Dr de Villiers this action had to be seen as a first step to rationalise the fertiliser industry

Dr Piet Gouws, general manager of the National Maize Producers Organisation, said even the reduced price increase of 13,3 percent was totally unacceptable, It amounted to a subsidy for the fertiliser manufacturer to be paid by the farmer who, in this year of failed crops, would have to borrow extra money to keep the fertiliser industry out of debt

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Price of fertiliser to go up

RDM 31/12/82

By JOUBERT MALHERBE, Pretoria Bureau

THE price of fertiliser will rise by an average of 13,3% from tomorrow, the Minister of Industries, Commerce and Tourism, Dr Dawie de Villiers, said yesterday

And although this is less than the average price increase of 20% originally calculated it is expected the price rise will have a spiral effect on the price of agricultural products

The increase would have an adverse effect on the agricultural industry, spokesmen for organised agriculture said yesterday.

Mrs Joy Hurwitz, president of the Housewives League, last night described the increase as as a bitter blow, saying it would inevitably affect the price of consumer goods

The Minister's statement said the price increase made provision only for unavoidable cost increases beyond the control of the fertiliser industry

"Should downward price adjustments of refinery gas and naphtha not occur, some of the gas-based ammonia plants might have to close down," the Minister said