MANUFACTURING -

CLOTHING

1975 + 1976

184

THE CAPE'S JOB-SPINNER

Argus 8/2/75

Clothing industry employees record 45 000

By Tom Hood

A RECORD 45 000 people now earn their living in the Western Cape's booming clothing industry.

The industry's labour force usually reaches its peak in December, as workers wait for leave and year-end bonuses and labour turnover drops considerably

In December 312 factories employed 43 452 workers, the highest number ever.

Since the factories opened last month after the holidays many employers have taken on even more staff to cope with full order books.

About 2 000 Coloured school leavers found jobs but the industry is still not satisfied.

The latest figures, up to February 7, show the work force has jumped to 44 641.

When the latest reports are available the number will be more than 45 000, Mr G. J. Nel, secretary of the Cape's industrial council for the clothing industry, said today.

Several employers are increasing their workforce to keep ahead of staff leaving.

One firm has taken 60 school leavers into its training school, engaging about 270 others this year and currently employing 100 more than in December.

The growth in population and greater affluence of non-White families are helping to bring a steady growth for clothing.

Fears expressed by industrialists that inflation and higher living costs may pose a threat to clothing manufacturers look like being over pessimistic

In spite of greater mechanisation and efforts to save labour, the Westerns Cape's clothing workers have doubled in number in 10 years from 27 000 and trebled in 20 years from 17 000

Employment in other fields is also booming in the Western Cape. About 12 000 Coloured school leavers found jobs at the end of the year, most of them in industry.

Trade unions and the Department of Labour report fewer unemployed on their books than a year ago.

Textile, clothing protection spurred

Unemployment

Rand Daily Mail 14/3/75.

184

184

Financial Reporter

NEW moves to get the South African Government to give greater protection to the hard-hit textile and clothing industries are expected in the light of the decision by the Australian Government to do so

There remains strong concern in the South African industries that closures and unemployment could multiply unless the Board of Trade intervenes to help domestic companies.

Australia, has introduced severe quota restrictions on garments and has referred new groups of textiles to the Textiles Authority for a report on imports. It has also dropped the developing countries' tariff preferences on imported furniture from Taiwan.

More quotas on imports of textiles and garments are expected from March 25 when the voluntary restraints arrangements made with China, Hong Kong and Korea are reviewed.

Details of the quota arrangements indicate that there is to be an overall cutback in imports They are not directed at any one particular country Australian established importers will be allocated their quotas on the basis of imports for the calendar years 1973 and 1974, and they can then import whatever units they want from whichever source.

However, it is believed that with a unit quota imposed and severe penalties on units above the quotas, the importers will generally bring in quality items such as British suits rather than cheaper goods

SWIMWEAR

The quota on men's, youth's and boys' suits for the year is 45 000 units, with a $A25 penalty on each item above that number imported

In 1974, Australia imported 127,000 such items. For coats, the quota is 200 000, with a $A15 penalty — in 1974, imports reached 367 000. Men's shorts are restricted to 800 000 pairs, with a penalty of $A8 a pair — last year imports were 2 300 000 pairs

Women's, girls' and children's outer garments are to be subject to a quota of 6-million units, with a penalty of $A12 — 10 400 000 garments in this category came in during 1974

Dressing gowns are subject to a quota of 120 000 units, with a $A9 penalty — 1974 imports were 366 000 garments

A quota of 50 000 dozen (600 000 units) of swimwear is also imposed, with a penalty of $A4 an additional garment — in 1974 there were 2 300 000 units Napkins for babies are also subject to the quotas, at 600 000 units, with a $A1 penalty for each square metre above quota — the 1974 imports were 3-million nappies.

In announcing the cuts, the Australian Government has made it clear that they are temporary, and consistent with GATT arrangements

Australian industry has been warned not to plan on continuation of the quotas, and that the quotas will be reviewed when long-term plans for the industry are developed later this year

OUT OF WORK

Since the Australian Government eased its restrictions on imports last year, 17 500 workers in garment manufacture and 10 000 in textiles have been thrown out of work Industry sources complained that producers around the world, including Britain, were treating Australia as a free market while raising tariff barriers or other measures to protect themselves

Complaints were expected, but the industry believed that the needs of Australian industry, and the necessity to maintain jobs, was more important In making its decision, the Australian Government, concerned at high unemployment, has shared that view

Textiles' dismal yarn

FM 21/3/75 (184)

Import permits are being used to put the bite on the clothing industry to support ailing textile factories, generally down 40% on normal production, with some reckoned down by 70%

This follows special duties on certain imported woven fabrics imposed last September in a vain attempt to prop up local textile orders after claims that dumped overseas cloths had knocked the bottom out of SA-made materials The higher tariffs haven't worked because, an Import Control spokesman explains, too many manufacturers ran up huge stocks before the duties were imposed These will only bite once inventories have been worked out (hopefully by the middle of the year)

SA Cotton Textile Manufacturing Association (Sactma) chairman Archie Berman says mills are "hopelessly short of work" Describing the position as "very bleak", Berman reports at least four major manufacturers (Frame, Good Hope, David Whitehead, and Berg River) having been forced to retrench or cut shifts

In the Cape, things are so desperate a free sheet was being given away with every one sold last week

This week Progress Industries also reflected the gloomy times, reporting a profit fall from R706 400 to R437 000, partly blaming depressed world textile conditions and free imports of some woven goods under rebate

With special duties having failed to revive local textiles, Pretoria is now severely restricting the initial issue of 1975 permits for imported woven and knitted textiles, with Director of Import Control Dawie de Villiers appealing to clothing manufacturers to buy locally.

It's against all the rules, of course, and our GATT partners must be hopping mad De Villiers says, however, that he'll scrap control "as soon as things show signs of getting back to normal." Meanwhile, he promises, no one will be kept short if he has a good case.

Clothing manufacturers, in turn, say they're all for buying SA textiles and say they do whenever they can, as in denim, towelling, certain shirtings and workwear. But they claim that in high fashion areas local textiles just cannot provide what's needed

Says one "Nobody here makes yarn-dyed woven fancy shirting. Yet this is the big fashion scene today, and the success of our business depends how much you're with fashion. We just can't get locally the fancy stripes, checks and prints that are in vogue.

"The trouble with the SA textile industry is that it doesn't keep pace with trends. Also, it's geared for mass production. But the fashion market doesn't want long runs It's after exclusiveness."

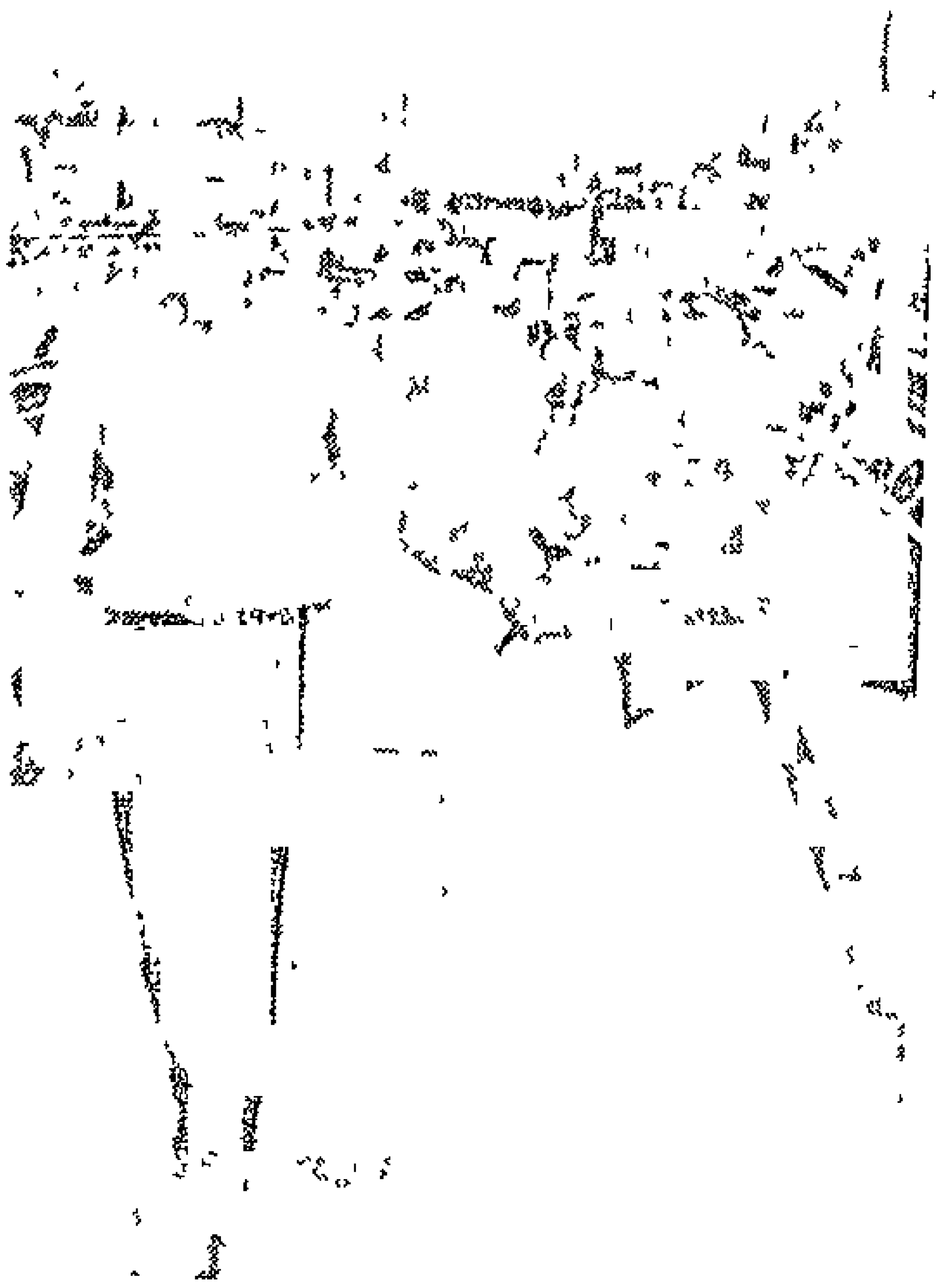
Another beef is that textile mills won't, for instance, supply less than around 3 000 metres of shirting, whereas clothing manufacturers say even the largest of them needs no more than 1 500 metres of a printed shirting which can be got overseas.

Berman counters saying there are several large textile concerns who would be prepared to make small runs for "a reasonable premium" and that technically SA textile factories can produce cloth to a very high and tight specification. While he says they can make checks and stripes, he adds: "I don't know that we could do, say, 150 different designs for 10 different manufacturers for short runs."

Meanwhile, clothing manufacturers dispute claims that buying of overseas textiles at dumped prices last year is the reason for the present parlous state of the local textile industry.

They claim textiles' difficulties stem from the November 1973 oil crisis, which hit synthetic textiles world-wide. Early in 1974, because things were scarce, clothing manufacturers, who were busy, bought more than they needed for six months stock under import permits By mid-year, because they'd bought to the hilt and were already committed, they were, they say, in no position to take advantage of dumped prices.

For the same reason there were no



The problem now is to keep them moving

Dugson full of confidence

Sun Times (Bus Times) 25/5/75

(184)

By RALPH HELLER

MARTIN SHEIN, chairman of Dugson Holdings, says in an optimistic annual review published yesterday that his group is set to expand and will continue to trade profitably in fiscal 1975.

This bullish prediction is made on the back of pre-tax profits of R1 004 000 — the first time that Dugson has entered the millionaire class.

Taxed profits totalled R595 000 in the year ended December, against R317 000 in the previous year. The annual dividend was conservatively maintained at 10c.

This husbanding of resources, says Mr Shein, is necessary in inflationary conditions.

"It is becoming more costly to replace worn-out equipment and it will be necessary to continue to strengthen the financial reserves of the group as a safeguard against future purchases."

Clothing makers aim for R5-m

Sun Times (Bus Times) 4/5/75

(184)

THREE Johannesburg-based clothing manufacturers have merged to form a group with total assets in excess of R1-million. The merger should allow total turnover to rise from R2,7-million to R5-million, chairman Ronald Damelin said yesterday.

The three companies are Kaybro Clothing Manufacturers, Edem Clothing Manufacturers, and Bristol Clothing Manufacturers.

Kaybro took a 75 per cent stake in Edem in 1973, and recently took a 75,3 per cent stake in Bristol Clothing in a deal worth about R500 000

The balance of the shares in Bristol has been taken by British and International Textiles, which has undertaken to provide finance for the planned expansion of the group. At least R100 000 is to be spent in plant modification and addition.

Mr Damelin said that the group is already conducting a certain amount of export business, but plans to mount an export drive to England, France and America.

"We aim for 20 per cent of our total turnover to be in the export market."

The group has a factory labour force of 150, and eventually plans to have all manufacturing operations under one roof.

Kaybro makes men's and boys' suits and trousers under the "Townsman" label; Edem makes juvenile and industrial clothing, and Bristol the "Troggs" line of trousers.

IMPORT PERMITS

FM 9/5/75

No complaints

(184)

The scant attention given to last week's second import permit allocation for 1975 is an indication of how little importers need extra permits

With more than adequate stocks on hand and sheaves of unused import permits in their filing cabinets, most businessmen can't complain about the allocation of 40% (bringing permit issues to 80% of last year's figure) for consumer goods, confectionery and alcohol

The only sector with any cause for grumbles are clothing importers They've been given only 20% of last year's allocation It has been known for some time that Imports and Exports Director David de Villiers and his men have been limiting permit issues for clothing to protect the local textile industry So Economic Affairs Minister Chris Heunis' announcement did not come as a complete surprise.

But the effectiveness of this measure will be significantly diluted because a large portion of our clothing imports comes from Rhodesia — not subject to permit control

Nevertheless, what will GATT say? Since the General Agreement already frowns on our import control regime, the latest effort to protect the textile industry may not particularly affect international opinion

In any case, argues De Villiers, the discrimination against clothing importers is likely to be temporary There are already signs that the textile industry is recovering and, if the trend continues, it shouldn't be long before an extra clothing allocation is made.

The Minister also announced that each applicant for permits will in future have to submit an accountant's certificate confirming that he is a *bona fide* merchant with his own trading premises

Despite the administrative burden this will place on his staff, De Villiers is determined to catch out those businessmen who have registered companies by the score for the sole purpose of obtaining additional import permits He notes that more than 2 000 such companies were found when a similar exercise was conducted a few years back

FM 23/5/75 184

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A warped sense of values

Interests in the textile and clothing industries are still at loggerheads They must pull together or both industries could come apart at the seams

A stitch in time *can* save nine So why do the various warring factions in the extile and clothing industries refuse to otton on to the idea?

Textile producers continue to cry that hey can't make ends meet without ither import permit protection or luties or both Garment manufacturers, on the other hand often complain that hey can t get what they want when they ant it And even if they can it s not at he right price

Result is that both industries, both of hich are pretty sick right now, keep ating on the Board of Trade's door ith their own particular and some say iort sighted, requests

But something must be done to co-dinate pleas from both, and soon In a mate of world wide depression in the xtile and clothing sectors, tomorrow uld be too late

Both clothing and textiles employ hly specialised skills, both are in a hion conscious (and, therefore, vul able) market and both reach the man the street just about every day

The textile industry represents an in-tment of about R450m and employs vards of 94 000 people It consists of ducers of woollen fabric, cotton, eo, canvas and synthetic yarns

The clothing industry employs ther 127 000 or so It includes nufacturers of knitted garments, ts and blouses, suits and so on eed, a 1972 survey found that ly paid clothing workers will total e than 205 000 by 1980 That is, of all workers in manufacturing epresenting both sectors are at least industrial councils, a dozen or so ations and several trade associa

Each jealously guards its sphere erations it own skills, and regards rent intrusion as a threat to its exi e

sult is that they all trot off to the d of Trade with their own cries for doubtless leaving Pretoria wonder hich particular axe it's being asked ind at any one time Right now, e is taking a broad overview to for example, how ripples in cot xtile production create waves in rment trade, which is an on going m

w does one find a common denominator? How do you stop the faction fighting?

Government could knock all the various heads together It could wait for some sort of spontaneous combustion (perhaps a burst of light from the heavens?) on co-operation to take place Or it can wait for consolidation (such as SA Nylon Spinners' takeover of Neckelmann and Sagov in the highly fragmented textiles sector) to cut down the proliferation of small fry?

'What's really needed", says one distraught association spokesman "is a Kissinger" But then added as an after thought "But who'd pay him?"

Post-September blues . . . and sew it goes on

Of course efforts have been made to knock the various heads together The all but defunct Textiles Apparel Committee of the FCI is a case in point It was set up two or more years ago in an attempt to create an open forum and to engender a spirit of co operation Members refused to even discuss questions of tariffs and import levies, never mind agreeing on general policies.

Thus, while the current chairman, Stanley Shlagmann, continues to preach against a ' beggar my-neighbour policy in either industry" he's at a loss on just how to bring his committee members back to the negotiating table

Of course, some form of spontaneous combustion might be sparked off by one of the major groups seeking actively to protect its investment An example is SA Nylon Spinners (SANS)

It would obviously be in SANS' own interests to promote co operation between fibre producers, knitters, throwsters, weavers and finishers In this way it can safeguard its R21m investment for the provision of a local polymeric raw material and its R12m ear marked for bringing the latest technology into SA

The user groups, the knitters, throwsters, etc, are naturally interested in a supplier industry capable of investment in modern technology and, more

THE TEXTILES WEB

Throwsters are those engaged in the process of twisting and/or doubling of yarns — including texturising and finishing

Knitters use machines on which one or more yarns are formed into a series of interlocking loops

Warp knits are machine-knit from one or more sets of yarns placed side by side in the same way as warps are used for weaving

Weft knits are made with one or more yarns carried back and forth to make a flat fabric or are knit around to make a circular fabric

Weavers work by interlocking two or three sets of yarns at right angles to each other, one set running in the lengthwise direction called the warp and the other inserted crosswise called the weft

Finishers process fibre yarn or fabric either before or after weaving or knitting to change the appearance and/or the handle and/or the performance

Polymerisation. The process of joining small chemical units together — the large chemical unit then becomes a polymer Spinning (chemical) produces filament fibre, filament yarn and filament tow

Texturising is a process whereby continuous filament yarn is given a bulked property similar to those of spun yarns Yarn is the generic name for an assemblage of fibres that are laid or twisted together

Draw-twisting is the drawing out of the spun filaments — which up to that stage are separate — and are then spun together

Source Texinform

important, keeping them going in good times and bad But, argues SANS, its investment must be protected against dumping

If the users agree, here's a case then for a common front to beat on Pretoria's door But it doesn't exist — yet

The driving force behind SANS' expansion has been the necessity to keep pace with modern technology in the production of synthetic yarns This aims at cost reduction by eliminating some processes The present stages of polymer manufacture – spinning, draw-twisting and texturising will be replaced by a continuous process

SANS acquisition of some 66% of the local texturising industry, including knitted fabric manufacturers and knitwear producers, is now seen as part of that programme The company clearly believes that the move will improve its service as a fibre producer of filament yarns and assist, through its international connections, in the production of better fabrics

Meantime, the various associations and federations carry on the free-for-all

The National Textile Manufacturers' Association for example, is currently preparing an application for presentation to the BTI It will argue for increases in import duties for blankets, calico, canvas and yarns to protect its hard-pressed members from competition

Frank Whitaker, director of the National Clothing Federation, is a far from happy man His sector includes around 800 garment manufacturers who continue to be put out by the massive September increases in import duties They either struggle with delivery delays on high-priced imports or, quite literally, have to cut their suits according to their (local) cloth

Textile wholesaler Sidney Bloch meantime maintains that his end of the market is still digesting the high stock levels of last year It is, therefore, too early to gauge the effect of September's hike in import tariffs which, says Bloch, "were hastily introduced and poorly contrived"

He also underlines a common complaint about import tariffs in saying that they're far too complicated The obvious intention was to both protect locally made cloths and to inhibit the possible use of substitutes

Result? Heavy handed legislation

Winston Smith director of the National Knitting Industry Federation, also has his problems He looks after 85 or so knitting companies which employ 80% of the total labour force of 20 000 odd, in that sector, producing socks, knitted garments and fabrics

The sock manufacturers, with up to 90% of the market says Smith, are well-shod Not so the fabric producers or the garment knitters.

There it's a picture of low order books, wide-spread retrenchment and dwindling production Smith complains that the landed cost of imported finished garments is roughly that of local raw materials

So, he too, has gone to the BTI with a plea for further protection

Archie Berman, chairman of the SA Cotton Textile Manufacturers' Association, also has some home-spun truths.

His member companies are working at about 40% under capacity He speaks of a slight improvement in one or two areas but declines to comment further saying "Delicate negotiations are in hand".

These, then, are just some of the sectional complaints from the textile and clothing industries and the danger is that individual efforts, such as the CSIR's forthcoming conference on worker training, will be lost in the general fog

Set for June 5 and 6, the conference takes as its theme "Textile Training at the Crossroads", and hopes to give the textile industry the opportunity to define its training needs and to work out a plan of action for the future It's been described by the organisers as a "boot-strap operation" and it's their fond hope that guidelines for a co-ordinating committee might result

Maybe so and, if the Department of Planning's forecasts for 1974-79 are to hold water, such a committee must be forthcoming The Department suggests that growth in the textile industry will continue at 6,5% pa and, with import levels holding steady, a further R191m investment will therefore be required

Question is, who's going to put the money in — and who will co-ordinate both industries to ensure that it's put to the best possible use?

R273 000 profit in first quarter

Cape Times 4/6/78 1.84

By PAUL DOLD, Financial Editor

SHOWING THE BENEFITS of judicial management, the Back group in a heartening change in fortune has swung into the black with a R273 000 pre-tax profit for the first quarter.

If this performance can be maintained it should not be long before the judicial management order is discharged and the listing reinstated. The news is bound to cheer both creditors and shareholders of the loss-scarred group. Last year Backclo had a R2m taxed loss while I L Back's was R1,2m.

The R273 000 profit was disclosed in a circular to creditors by the joint judicial managers, Mr Ralph Millman, of Cape Trustees and Mr J R Haddow of Syfrets. It covered I L Back and Company; Back Clothing; Monatic-Alba, Knitwear Industries, IL Back Fashions, Cravateur Tie Company, Rich Rags and Backclo Management Company.

The judicial managers report says that forward orders production and sales from January 1 to date have been satisfactory and in some cases have exceeded budget, though there are areas where trading conditions are difficult.

Looking at the likely future profit trend they expect an appreciably

Cape Trustees Mr Ralph Millman.

lower profit during the second quarter of the year but this is due to the seasonal nature of the business.

They do, however, warn that while the group is operating at a profit and the trend should continue for the foreseeable future "creditors must appreciate that it will be many years before the group will be in a position to discharge its concurrent liabilities from its trading profits and thus be released from judicial management".

But the judicial managers as already known are working on a reconstruction plan which should be ready within three months which, if accepted, by shareholders and creditors will pave the way for a lifting of the judicial management by October 31 at the latest.

The next meeting of creditors to consider the report will be held at the Back group headquarters in Parow on June 30 and it seems likely that some outline of what is envisaged will emerge.

The overall picture is distinctly promising with the group having achieved a profit during a time when trading generally cannot have been buoyant. That the judicial managers have been able to do so successfully put the group back in profit is no mean achievement. The judicial management order was granted on November 28 last year.

Given the encouraging picture now emerging it seems likely that the reconstruction plan will be approved with creditors probably being fully paid out and shareholders offered the prospect of a relisting on the not too far distant future.

184

Regional

Clothing workers get R5 a week

RDM 6/12/75

By CLIVE EMDON
Labour Correspondent

CLOTHING workers in the border area factories at Babalegi, 100 km north of Johannesburg, are paid a starting wage of R5 a week, and qualified machinists with three years' experience earn R10-R11 a week—nearly 50 per cent lower than wages in Johannesburg.

These facts have emerged from a report issued this week by Dr Anna Scheepers, president of the Garment Workers Union, and Mr J H. Thomas, general secretary of the Industrial Council for the Clothing Industry in the Transvaal

Their findings showed:

- That workers in five border area clothing factories are working a 45-hour week, compared with the 40-hour week worked by clothing workers on the Reef.
- That they get two weeks annual leave a year, the minimum laid down by the Factories Act, compared to three weeks a year for workers on the Reef
- Starting wages have risen from R3 a week to R5 a week over the past four years One firm, H J. Henochsberg, pays an attendance bonus of R1 a week, due to the problem of absenteeism.
- Machinists earn R10-R11 a week after three years—compared with the R19,50 a week minimum rate in Johannesburg.
- Local supervisors earn R15-R17 a week while those brought in from elsewhere can earn as much as R30—compared with the minimum rate for supervisors in Johannesburg of R31 a week.

The Scheepers-Thomas report follows their fact-finding visit to factories employing 1 800 workers in the industrial area of Babalegi at Hammanskraal in the BophuthaTswana homeland

The factories visited were Tiger Clothing (employing 400 workers), Hammanskraal Knitwear (with 180 workers, but planning a new factory for 600 workers), President Knitting (employing 250 workers), Springbok Clothing (over 600 workers) and H. J Henochsberg (370 workers)

Unlike the Transvaal factories the issue of overalls is not compulsory, and Henochsberg is the only factory providing these.

CLINIC

Only two factories provide a food service to workers, these being Hammanskraal Knitting and President Knitting.

The Bantu Investment Corporation has erected and equipped a clinic to serve the factories

The Babalegi factories do not fall under an industrial council agreement between the unions and employers

(184) **From a Staff Reporter** ARGUS 10/6/75

GEORGE. — More than 200 Coloured clothing and clerical workers face an uncertain, workless winter after the fiercest fire in George's history swept through an industrial block in the heart of the town last night.

In less than half an hour the fire destroyed a building goods storage yard and a clothing factory valued at about R1½ million.

Today the town's weary five-man fire-fighting team was still hosing the smouldering ruins after a 36-hour battle.

With only two municipal water tankers to fight the blaze, emergency help had to be provided by an Air Force mobile fire team stationed at the site of the new airfield here, and by tankers supplied by the Civil Defence College and the Department of Forestry.

DANGEROUS

As earth-moving equipment was brought in to tear down all dangerous walls today, the fire chief, Mr George Marnewecke, said: "It took only seven and a half minutes for the fire to get through this lot. It really flew through here. Hell, I tell you, we battled last night."

Workers tore open the only remaining four-walled room on Sherley's clothing factory site this morning — the fireproof strongroom.

A director, Mr Louis Aucamp, said: "We have lost everything: the building, machinery, clothing — in excess of R1 000 000."

Managing director Mr Julie Sher, is on his way to George from Durban and until he arrives later today no one knows what the future of the factory and its 220 workers, mainly Coloured women, will be.

Mr Aucamp's wife, who is general manager, said: "We're insured, yes, but how can you recover this? It's impossible.

"We will pay the staff on Friday for the week, but then . . . I have told them to report again tomorrow. We will have to decide some time today what we're going to do."

Behind the gutted clothing factory piles of timber were still smouldering today in the ruins of Comay's building supplies storage yard. The managing director, Mr Ike Comay, said he estimated the firm's loss at about R400 000.

Both firms have apparently been planning to move their operations to industrial sites away from the city centre.

MYSTERY

Mr Comay said: "The origin of the fire is at this stage a complete mystery."

About 70 people were employed at the goods yard. He said none of them would be put out of work.

The company belongs to the Barlow group.

Mr Comay said the fire could have been a "catastrophe" if the Air Force mobile fire-fighting unit had not assisted.

George blaze: workers won't lose their jobs

ARGUS 11/6/75

(184)

COLOURED workers who faced a winter without wages after the devastating fire in George this week are to stay on the factory payroll and could be back at work within two months.

More than 200 employees—mainly Coloured women — worked at the clothing factory which was left a smoking ruin after the fiercest fire in the town's history razed an industrial block behind the main street.

A building merchant's storage yard was also burnt out but the management has assured its 70 employees they will not be laid off.

Both companies had been planning to move their operations from the town centre out to industrial sites.

Mr Louis Aucamp, a director of the clothing factory, said today temporary premises had been obtained and the company had approached the George Council to rezone temporarily the neighbouring building for industrial purposes.

'We are trying to get back into production as soon as possible,' he said. 'We are well insured and I don't think we will have any trouble getting machines from the distributors.'

Damage was estimated at almost R1,5-million, and today fire chief Mr George Marnewecke was still trying to determine the cause of the fire.

Town Clerk, Mr J. B. Swart dismissed criticism of the George fire-fighting equipment and said: 'Once you get a fire in dry timber, it is practically impossible to stop it.

'I don't think any further equipment could have saved the premises. You can't have all the equipment you need under all circumstances. I am quite happy with the way things were handled.'

184

TEXTILES F.M 20/6/75

Same old yarn?

Often at odds with one another the textile and clothing industries are, with any luck, about to return to the conference table.

For some years, and particularly in the textile manufacturing sector, various sectional interests have clashed

Also, textile producers have wailed that they can't get by without high tariff protection or import control, or both Garment manufacturers, on the other hand, have complained that they can't get what they want when they want it

Something, quite clearly, had to be done (*FM* May 23).

The textile industry has been in the doldrums for some time — both here and overseas. There have been more than 1 000 retrenchments in SA since April Total lay-offs have topped 10 500

Thus the so-called dumping of cheap cloths from similarly hard-pressed manufacturers around the world has led to cries of protest from domestic textile producers Especially since order books are now 40% lighter than a year ago

Problem was that the various factions in the textile sector, rather than get together and present the Board of Trade & Industries with a common front, have persisted in knocking on the Board's door with individual cries for help

On June 1 and 2 the BTI therefore invited representatives from the clothing and textile industries for concurrent talks The idea, it seems, was for the Board to explain its views on tariff protection and import control policies The opportunity was also taken to suggest that the various interests get together to find common ground

The idea was neither breathtaking nor revolutionary In February 1974, for example, the clothing and textile industries got together and agreed on levels of tariff protection for woven fabrics Details of that agreement were never made public and, though due to become effective on July 6, they've never seen the light of day

There's also the now all but defunct Textiles Apparel Committee of the FCI It was set up more than two years ago to create an open forum for discussion Members from the clothing sector, however, refused to even discuss questions of tariffs and import control, never mind agree on general policies

Now, and concurrent with the talks at the Board of Trade, another attempt is being made at seeking co-operation in the textiles manufacturing sector A steering committee has been set up under the chairmanship of Cedric Graham, MD of Feltex Fabrics at Uitenhage

Initially embracing spinners, weavers, dyers, finishers and knitters, the committee is aiming to create a body equivalent to the garment makers' National Clothing Federation A draft constitution is currently doing the rounds and it could be that a federation of textile manufacturers, or similar, will result

"Such has been the upheaval in the textile industry," says Graham, "that capital investment has been at a dangerously low ebb for some years And unless we can get it together, and quickly, a serious shortage is in the offing"

Graham must also be conscious of the fact that the prime objective of the embryo committee must be to engender not only a spirit of co-operation, but to create a mood of confidence Only then will investors be drawn back into an industry which, says the Department of Planning, needs another R191m capital investment to sustain the required 6,5% pa growth rate over the next five years

But there's hardly that ring of confidence yet

184

F M 20/6/75

HOMELAND WAGES
R6 a week

The operations of Kool Look Wigs (Pty) continue to command the attention of the Nusas Wages Commission at Wits University

Kool Look, which last year was the biggest employer in any Homeland, was paying some Black employees at Babalegi north of Pretoria as little as R3 a week (average R5 pw) (*FM* October 11 1974) Now it has raised basic wages to R4 pw (average R6 pw) and the company's controlling parent, Twin Pharmaceuticals, denies unfair wages

Prior to last week's AGM, Twin director C M Steinberg told the Wages Commission that, if Nusas would call off its scheduled picketing of the Isando meeting, the company would immediately increase the basic wage to R5 pw

The picketing went on and the wage of the 300 women at Babalegi remained the same.

Steinberg, however, told the students the factory's operations "were not morally correct and not economically viable" He said the AGM would take up the matter of Twin divesting itself of its 65% interest in Kool Look, and that the company definitely did want to sell its holdings

At a Press conference afterwards, neither the wage rise nor the sale of Kool Look were mentioned, but Twin chairman Sol Krok said with a straight face "We have been a leader in the field of paying Blacks higher wages, we have not exploited people and made fancy profits"

Yet the financial position at Kool Look improved noticeably during 1974 Profit (after tax) on capital employed rose to 13% (6%) In addition, the company has benefited from an import duty imposed last year on cheaper wigs imported from the Far East

If Kool Look is not economically viable, it certainly must be regarded as curious that Twin increased its share of the company by 14% from Januar 1974 and that Krok, in his annual re released on April 1, said that "the c pany continues to grow from strengtl strength".

Further, the need to increa

Sol Krok . . . nothing to be proud of

appallingly low wages surely has no connection with a picket line of protesting students.

In response to all this Kool Look MD, Eddie Corlett, tells the *FM* there's "no way we can pay the kind of wages Nusas is demanding" That figure is the PDL determinant for the Babelegi district, some R18 pw

If a company can't pay more than R6 pw and make a profit, maybe it shouldn't be in business in the first place

184

Cape Times 5/7/75

By PAUL DOLD

Financial Editor

SOUTH AFRICAN clothing manufacturers are to make a new application to the Board of Trade and Industries for effective measures to prevent the dumping of foreign-made clothing, industry sources disclosed yesterday.

Last year it is estimated that about one in five garments sold in South Africa were imported. The total value of imports in the 12 months, including handkerchiefs, was R57,6m

Hong Kong was the main supplier (R10m), followed by the UK (R4,3m), the US (R3,2m), Taiwan (R2,8m), South Korea (R2,1m) and France (R2m). Local factories are worried about the high level of imports from the Far East.

South African manufacturers are to approach the Board of Trade around the middle of next month and it is understood that they will be pushing hard for the adoption of more efficient procedure to stop dumping Under the Gatt regulations the system is complicated and time-consuming with examinations having to be made of the manufacturers' books Of course, not all Gatt members play by the rule book. Australia, at the insistence of its clothing industry, has taken quick and effective action to stop dumping.

Any steps to stop dumping by South Africa normally involves at least three Government departments, and by the time action is taken the damage has been done There seems certain to be a request for a basic floor price coupled with a duty

Employment in the knitwear industry is down by 20 percent on a year ago, and it is clear that the local industry will receive a sympathetic hearing.

With about 800 factories making clothing in South Africa, there is certainly no lack of competition. The industry has also been helped by the National Productivity Institute, and over the past year some progress has been made.

(184)

Employer loses his certificate

Cape Times 5/7/75

Cape Times Reporter

A CAPE TOWN magistrate yesterday ordered Ronald Gordon Barr, the managing director of a clothing manufacturing company in provisional liquidation, to surrender his certificate of registration as an employer to the Industrial Council — the first time this penalty has been imposed since the Cape Town Industrial Council was founded in the early 1930's.

Barr, whose wife Lorraine, a runner-up in the 1964 Miss South Africa competition, died in a motor accident outside the Hohenhort hotel in September last year, was found guilty on 13 counts of contravening Industrial Council agreements and provisions of the Industrial Conciliation Act and fined R30 or 50 days on each count. In addition his certificate of registration as an employer was withdrawn following an appeal by a representative of the Industrial Council.

Barr was convicted of four charges of contravening the Industrial Conciliation Act less than four months ago.

The contraventions involved failure to pay wages, failure to pay leave allowances, failure to forward deductions from staff salaries to the Industrial Council and failure to notify the council of a change of directorship and business address

In evidence, Mr Dawid Jacobus Ackerman, an Industrial Council inspector, said the 13 counts involved the company, Messrs Heiress (Pty) Ltd, in liabilities of R4 291,09, over R3 000 of which was leave pay due to employees.

In order to protect the interests of employees, Mr Ackerman asked that Barr's registration certificate be withdrawn. If this was ordered by the magistrate, it would be the first case in the Council's history, Mr Ackerman said.

In mitigation, Barr said his wife, Lorraine, had been in control of the factory which had declined steadily since her death in a motor accident in September 1974. Subsequently one of the biggest female fashion retailers had cancelled a major contract and no suitable substitute had been found.

184

Industry may be hit by Govt action

RDM 9/7/75

By CLIVE EMDON
Labour Correspondent

NEW powers which will allow the Government to police the Physical Planning Act, pose a threat to the clothing, millinery and knitting industries in the Transvaal where an estimated 9 000 African workers are being hired illegally.

African women in the clothing industry are among those who may be most affected. There 19 500 people are employed, while the 1968 pegging quota of the Physical Planning Act specified that only 12 000 Africans may be employed in urban industries in the Transvaal.

Yesterday the Deputy Secretary for Planning, Mr Piet Prins said the new policing powers were due to come through by the end of the year. He said there was no possibility of a revision of Government policy which was "fixed policy".

He confirmed that a number of firms had concessions made to them, allowing them slightly greater quotas of labour than decreed in 1968, but there had been few concessions.

The main purpose of the Physical Planning Act was to force decentralisation of industry by making attractive concessions to industrialists in "border" areas.

Mr Prins said he was receiving complaints from border industries about the unfairness of urban manufacturers continuing to hire new workers.

Mr Adam Klein, general secretary of the Garment Workers Union, said yesterday that to try and peg "unrealistic quotas" and keep them static would cripple industry. "The majority of clothing manufacturers would have to close up."

Mrs Sarah Chitja, assistant general secretary of the National Union of Clothing Workers said thousands of workers being hired in the industry were not being registered by the State and thus did not have the cover of unemployment benefits or confinement allowances.

In December 1954 there were 7 500 Whites, 6 000 Coloureds and Asians and 2 000 Africans employed while in December 1974, there were 734 Whites, 4 000 to 4 500 Coloureds and Asians and 23 000 Africans.

In the urban areas Black labour was more adept to assimilating industrial training than in the rural areas, where manufacturers were battling to train skilled staff.

The consultative committee of trade unions in the industry has proposed that the Act be amended to allow employers to hire workers beyond the 1968 quota.

Mr Prins said he had received no representations to revise the quota.

However, Mr Wolf Aron, chairman of the Transvaal Clothing Manufacturers Association, said: "We are making representations all the time."

He declined to comment further.

F.M. 25/7/75

Textile peace?

184

Next Wednesday should see the first visible signs that the internecine struggle between the troubled textile manufacturers and clothing companies might be coming to an end. A conference, at Johannesburg's Carlton Centre, organised by SA Nylon Spinners' deputy chief executive Peter Beasley, will bring together representatives of both sides to hammer out differences and to formulate a common policy in order to present a united front to government on the vexed question of import duties.

On these, the two sides of the industry have been squabbling for too long. At this stage, a list of companies attending is not being released, and, with a lot of sensitive things to be said, the Press is, unfortunately, being excluded.

The textile manufacturers want even higher duties than those recently raised — in order to protect employment, encourage investment and wet-nurse SA's growing baby. Conversely, the clothing manufacturers want to see the dismantling of barriers to trade so they can buy in the cheapest market offering the best qualities and the widest varieties.

The textile manufacturers are in the strongest bargaining position when it comes to negotiating with government. As employers of around 100 000 workers, this small number of large companies can act in concert. On the other hand, the clothing industry comprises a large number (around 1 000) of companies which, although employing several thousand more people, are poorly organised and find it difficult to speak with one voice.

Quite a few are public companies and in the past they have absorbed all that has been thrown at them. But this time they feel they have been used as whipping boys and scapegoats for the textile industry's ills. The chairman of one company concedes there has been much bitterness in the past, but he has hopes for conciliation.

One possible simple remedy, he suggests, is that having first satisfied the national need for a strong textile industry — through the clothiers buying 60% of their requirement locally — duties on the remainder should be reduced by 20% per season.

In public, at least, there is not so much mud being slung around at the moment, and there is a growing recognition by both sides of the seriousness of the other's standpoint. Hence the considerable importance attached to the Carlton meeting.

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(184)

FM 8/8/75

A stitch in time

At long, long last plaintive calls for unity in the textile and clothing industries look like being heeded Following a top-level meeting at Johannesburg's Carlton Centre last week, former sectional interests have agreed to compromise and form an Advisory Council for the Textile Industry. The move is not before time

Textile producers have long maintained that they couldn't make ends meet without either tariff protection or import control, or both Garment manufacturers, on the other hand, have often complained that they simply couldn't get what they wanted when they wanted it And, even if they could, it wasn't at the right price

Result was that sectional interests in both industries were forever beating on the Board of Trade's door with their own particular — and some said short-sighted — pleas for special consideration

No one expects such pleas to cease overnight. Nor does any one really expect raw materials pricing and availability to suit everyone But something, quite clearly, had to be done (*Inside Industry* May 23) to create a degree of unity

Prime mover was SA Nylon Spinners' deputy chief executive Peter Beazley, who tells the *FM* that the 40 or 50 invitations to sectional heads of both industries were all taken up "No punches were pulled," he says, "but the meeting got by without direct confrontation and a real spirit of co operation emerged "

With Beazley as chairman, the new Advisory Council will compromise 17 members — most voting with profit and loss accounts behind them and not as "professional committee members"

The 17 man committee will include three representatives from the cloth manufacturing sector, three from retailing, five from garment manufacturing, three from raw material production and one each from Assocom and the Handelsinstituut

Problem has been, says Beazley, that many big guns haven't supported their own (sectional) associations With this new initiative, and by roping the big guns in, Beazley claims "We'll now be able to command the ear of the top men "

While a firm constitution has yet to be laid down there's widespread relief that the bickering is about to stop and the way is now open for constructive argument

The first meeting is scheduled for Durban in two weeks' time

(184)

SA Clothing markeer nou die pas

SAKE-RAPPORT 10/8/75

'N VERLANGSAMING in die vraag na klerasie tesame met toenemende mededinging sal die twee belangrike faktore wees wat mag bydra tot 'n heelwat stadiger groeikoers in die winste van S.A. Clothing — met die moontlikheid van 'n winsdaling nie geheel en al uitgesluit nie.

S.A. Clothing ressorteer onder een van Suid-Afrika se grootste vervaardigers van klerasie met 'n jaarlikse omset van bykans R20 miljoen. Dié se produksie word beperk tot boklere in die middel en laer prysklasreekse vir mans, dames en kinders. Die groep beskik oor handelsname wat goed gevestig is in die Suid-Afrikaanse markte. Van die bekendstes is, Cambridge, Bokkie, Zenith, Bahama, Greys ens. Vanweë die feit dat die groep nie op mode-artikels konsentreer nie en ook in die middel- en laer prysklasreekse mik, is die maatskappy nie tot dieselfde mate onderhewig aan skielike vraagverskuiwings soos wat baie van modevervaardigers ondervind nie. Maar terselfdertyd is winsmarges nie so aantreklik soos in lg. se geval nie.

Die puik winsstygings van die groep die afgelope twee jaar is nie 'n ware weergawe van die groep se verlede nie.

Soos die geval by bykans alle ander klerevervaardigers ook maar was, het S.A. Clothing in die vroeëre sewentigs ernstige terugslae beleef. Wins per aandeel het afgeneem van 'n rekordvlak van 58 sent in 1969 tot 12 sent in 1970, hoofsaaklik vanweë ontwrigtings by die verskuiwing van sy fabriek en as gevolg van groot valutaverliese.

In 1971 het winste ietwat herstel tot 22 sent per aandeel, maar in die daaropvolgende jaar is, as gevolg van uiters moeilike handelstoestande in die klerebedryf, weer 'n terugslag ondervind en het die syfer slegs 13,1 sent beloop. Nadat interne probleme uitgestryk was, het die maatskappy in 1973 'n stewige herstel getoon met 'n wins per aandeel van 39,9 sent. Die prag-winsstyging is voortgesit in 1974 om 'n rekordverdienste van 61,7 sent te behaal.

Gedurende die afgelope vyf jaar het die groep jaar ná jaar sy finansiële posisie geleidelik verbeter. Met 'n uiters wankelrige finansiële staat in 1970 toe aandeelhouers belang slegs 15 persent van totale laste uitgemaak het en slegs 36 persent van die handelswins die voorbelastingsvlak bereik het, het die bestuur se vasberade en konserwatiewe beleid bygedra tot 'n finansiële posisie vandag waaroor daar geen vraagteken oor gehang kan word nie.

Wat die winsverwagting vir die huidige betref, speel die verlangsaming in algemene ekonomiese aktiwiteite met voorgesette kostestygings 'n baie belangrike rol in die winste van die groep. Die ietwat swakker toestande wat in die kleinhandel ondervind word, sal nie alleen lei tot 'n afplatting in die groep se verkope nie, maar ook tot 'n verswakking in sy posisie om die kostestygings sonder meer op die verbruiker af te wentel. Aansienlike kostestygings word ondervind vanweë hoër lone asook verhoogde invoertariewe op tekstielprodukte. Die situasie is verder vererger deurdat Rhodesië — waar die invoerheffing t.o.v. materiaal nie van toepassing is nie — klereasiebelasting vry in Suid-Afrika kan invoer.

Die somtotaal van al bogenoemde faktore sal S.A. Clothing se winste ongetwyfeld nadelig beïnvloed vanjaar. Vanweë die sterk balansstaat van die groep asook die hoë winsdekking wat die huidige diwidend het is die diwidend van 20c per aandeel verseker.

Teen die huidige prys van 240 sent lewer S A Clothing-aandele 'n diwidendopbrengs van 8,3 persent. Vanweë die verwagte stagnante posisie, moet die opbrengs as ietwat laag beskou word. 'n Belegging kan tog oorweeg word sodra die aandeelprys onder 200 sent daal.

(184)

ARGUS 12/8/75

Duties will double prices —Clothing importer

Financial Staff

CHILDREN'S knitted clothing from overseas will practically double in price in the shops as a result of new import duties, says Mr Aaron Schuman, managing director of a leading Cape Town clothing importer and wholesaler.

Finance

The higher duties, which apply to imports from all overseas countries, will be trebled in many cases and because of a weight factor will hit children's wear harder than adult clothing.

The Government announced the heavier duties at the weekend.

They are designed to protect South African knitting manufacturers from cheaper imports and try to reverse the industry's downturn and unemployment.

An extra 20 percent 'dumping duty' will also hit women's knitted clothes from Hong Kong — making so-called 'dumped' or low-price clothing dearer in South Africa than higher-priced clothing from Hong Kong

Fifteen months ago higher import duties raised landed prices here by between 40 and 50 percent.

The new duties are at two rates: below 200 grams it is 35 percent or R1,60 a 100 gram net, less 65 percent of the free on board price.

Over 200 grams the duty is 35 percent or R1,20 a 100 gram net, less 65 percent of the fob price.

The old duty was 35 percent or 70c a 100 gram less 65 percent of the fob price.

Mr Schuman said the landed price of a man's cardigan would rise from R3,65 to R5,16c because of the new duty

A cardigan for a child aged from four to six years will now have a landed price of R3,38 Last week before the new duty, the price was R88c

The cardigan for children aged between seven and 14 now has a landed price of R3,26 A week ago the price was R1.

A man's heavy cardigan priced R12,95 in the shops would now cost R19,95, forecast Mr Schuman

'This will push up the cost of living tremendously. There will be price resistance and a sharp fall in imports

'The shops are not short of merchandise and no shopkeeper is going to buy ahead with this increase'— 99 shops out of 100 will cancel their orders or reduce the quantities'

On a small consignment of 2 400 children's cardigans from Hong Kong, Mr Schuman is being asked to pay R4 351,82 duty A week ago he would have paid only R1 476,54

Their original cost; R2 087, before shipping, freight, insurance and bank charges

184

Clothing firm performs well

20/8/75

Mercury Correspondent

JOHANNESBURG.— In spite of the fact that retail trade has not been buoyant, South African Clothing Industries has turned in a creditable performance for the six months to June 30.

It last recorded a 122 percent lift in taxed profits, from R17 000 in the first half of 1974 to R156 000 in the current year.

Due to the seasonal nature of this business the company derives most of its income in the second half of the year.

The directors are confident the market will continue in their favour, to the extent that they have increased the interim dividend to 8c (6c).

They are also forecasting a pre-tax profit for the year of R1 900 000 (R1 729 000), and on this basis are recommending total dividends of 24c (20c).

Like its subsidiary, Dubin Investments is also floating buoyantly on the inflationary tide, and the directors are anticipating an increased dividend at the end of the financial year.

Dubin has estimated a heavy tax burden for the first half, but nevertheless has fattened attributable profits to R166 000 (R442 000).

The company is budgeting for tax profits for the year of R900 000, against R804 000 earned in 1974.

SUNDAY TIMES, Business Times, August 3, 1975

Rag trade sews it all up

By DAVID PINCUS

THE RAG trade expects this year's bi-annual Fashion Fortnight, which starts in Johannesburg on September 16, to be the best held in 20 years

Each year buyers, agents and manufacturers get together in March and September to negotiate six months in advance the sale of women's fashions for the next summer and winter. About 75 per cent of the industry's total annual sales take place at these showings

In spite of the fact that South Africa is virtually cut off from export markets in the rest of Africa, and that it is in the throes of an economic downturn, the trade expects takings during the two weeks to be at least 25 per cent more than the estimated R20-million spent at the 1974 winter showing

The reasons for the anticipated increase in sales include

- South African fashions are now more with-it than they have ever been
- The dramatic increases in the cost of fashions in Europe have forced retailers, who traditionally stocked imported fashions, to take a closer look at and stock more of the local offering Rising costs are also enticing overseas buyers to take a closer look at South African fashions
- The increased buying power of the African woman, which is making her a major force in the world of fashion
- South Africa's economic revival is expected to get under way next year, when the September offerings will be on retailers' rails

Sam Jaff, chairman of Delswa, who started Fashion Fortnight 20 years ago, put the figure of R25-million on this year's September show. His figure, incidentally, was the lowest Some in the trade put it as high as R35-million

"Fashion Fortnight has made Johannesburg the fashion centre of Africa, although it isn't the main production centre," said Mr Jaff.

"I started it to ease the lot of the fashion buyer. In the old days he had to spend months travelling round the country from factory to factory to see what was available.

"Today he spends two weeks in Johannesburg and can see virtually everything that is made in South Africa and Rhodesia. Johannesburg factories show in their own showrooms, factories located elsewhere show in their agent's showrooms"

Sam Jaff . . . This year's Fashion Fortnight will be the best yet.

Mr Jaff estimated that about 1 200 buyers will visit Johannesburg during Fashion Fortnight

Sol Lonstein, managing director of Saint Lori Fashions (Pty), said: "The African woman is definitely emerging as a consumer of better-class clothing

"Some shops that cater for the African market are today placing bigger orders than some large department stores"

He told me too that he expects two buyers from Australia, two from London and one from Canada

"I expect that they will spend at least R200 000 with us Obviously they will buy at other houses too This is only the start. South Africa could become the clothes-maker of [illegible] tralia"

184

(184)

Duty on knitwear to go up 50pc

E/P ARGUS (Bus Ag) 9/8/75

By Tom Hood

THE Government is to raise import duties on knitted clothing from the Far East by as much as 51 percent in a bid to protect the country's ailing knitwear industry from the dumping of cheap goods.

The higher duties follow appeals by manufacturers whose businesses were hit by imports. The loss of orders to the Western Cape industry is estimated at 25 percent last year, leading to substantial staff cuts at factories.

The new duties are calculated by weight. For example, a garment landed at a fob price of R1,50 formerly carried a duty of 92c, making a total of R2,42.

The new duty is increased to R1,35, giving a total of R3,77. With insurance, freight and landing charges the landed price rises to about R4.

Duties on clothing imports from Western Europe are unchanged: a garment with a fob price of R4,33 still carries a duty of R1,52 making R5,85.

About one garment in every five sold in South Africa last year was imported. Total value of imports including knitwear was R57,7-million.

The chief suppliers were Hong Kong (R10-million), Britain (R4,3 million), United States (R3,2-million), Taiwan (R2,8-million), South Korea (R2,1-million) and France (R2-million).

Apart from its sympathy for the knitting industry, the Government heard claims that the low-price imports were being marked up to within 50c of the local garments and that profits of 200 and 300 percent were being made.

Manufacturers feel they will now be able to match the price of imported knitwear.

Mr Elion Cousins, president of the National Knitting Industry Association, described the increase as substantial.

"It comes fairly near what the manufacturers were seeking and what they required to maintain the industry.

"In some cases we could not even buy the raw material to start working on the garment for the prices at which imports were being sold. They were obviously being dumped or subsidised.

"This will allow the industry to get back on its feet and offer work to more people."

Herorganisasie stoot produksie op—en spaar

BETER produksiemetodes in die klerefabriek van Veka by Charlestown in Natal het daartoe gelei dat die baadjie-afdeling in die afgelope agttien maande sy produktiwiteit met 70 persent verhoog het.

In dieselfde mate is die broeke-afdeling se produktiwiteit met 35 persent en dié van die afdeling vir seunsbroeke met sowat 50 persent verhoog, het mnr Willem van Zyl, besturende direkteur, aan Sake-RAPPORT gesê.

Charlestown se fabriek, wat in 1954 gestig is, is eintlik die land se baanbreker sover dit grensgebiede betref. Op aandrang van dr Hendrik Verwoerd self het dr Albert Wessels, stigter en voorsitter van Veka, 'n fabriek op Charlestown gaan open in afwagting van die voordele wat grensnywerhede later sou kry

Beter diens

Toe die desentralisasie-beleid in 1960 aangekondig is, was Charlestown nie een van die erkende ekonomiese groeipunte nie en die groep was genoop om sy eerste grootskaalse uitbreiding in 1969 op Newcastle te plaas 'n Tweede fabriek is in 1971 in Newcastle geopen en die twee fabrieke is tot onlangs as twee outonome eenhede bedryf en bestuur.

Hierbenewens het die groep ook twee fabrieke in Kaapstad gehad, nl die ou bekende Bertishfabriek (met sy Embassyreeks) in Soutrivier en 'n hemdefabriek (Consulate en Tern) in Parow Laasgenoemde is in 1973 as eerste stap in 'n geleidelike rasionalisasieprogram gesluit en verkoop

Genoemde rasionalisasie program is onlangs 'n stap verder gevoer toe die twee fabrieke in Newcastle herorganiseer is om as een fabriek bedryf en bestuur te word, met die gevolg dat die groep nou basies oor net drie fabrieke beskik teenoor die vyf van vroeer

Volgens dr A J J Wessels, voorsitter van die groep, sal die onlangse stap 'n jaarlikse kostebesparing van minstens R280 000 teweeg bring

Die bemarkings en verkooporganisasies en in sekere mate ook die bemarkingsbeleid van die groep word tans geleidelik herorganiseer en gerasionaliseer ten einde met veranderende markomstandighede tred te hou en om sodoende 'n beter diens aan klante te lewer.

By Charlestown lei Veka self sy rou werkers uit die staanspoor op en behaal oneindig baie sukses daarmee Dit vat hulle net nege maande om 'n rou man te laat klere maak, waar ander vervaardigers soms tot twee jaar sukkel.

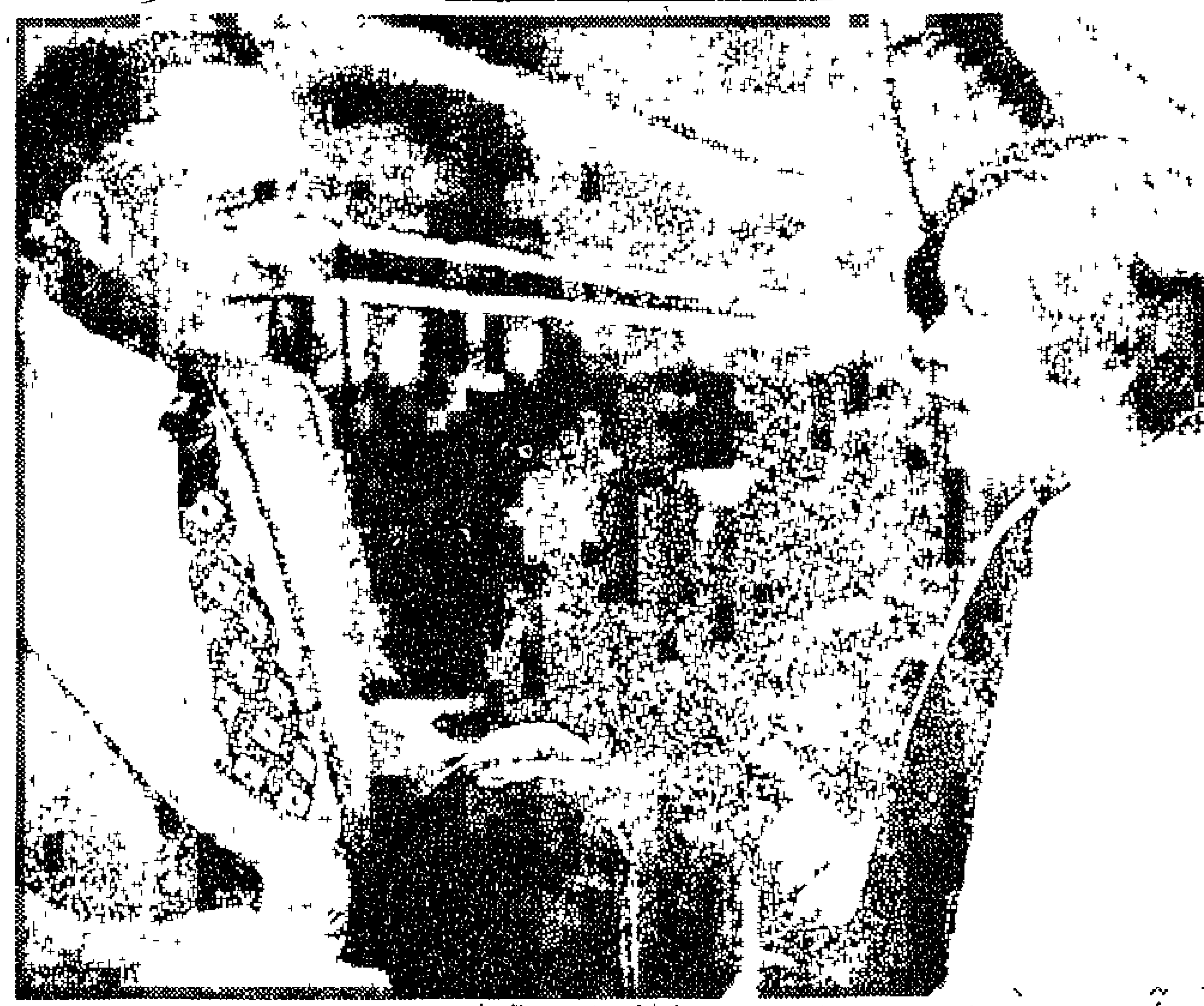
Sukkel

Maar hulle vind die Bantoes baie geskik vir die klerebedryf Trouens, mnr Alfons Runde, hoofbestuurder (produksie) van die Veka-groep, sê hy vind die swart werkers selfs beter as die Europeërs, wat hy goed ken, want hy kom self daarvandaan.

Hy is 'n Duitser wat al elf jaar in die land is. Hy ken ook die Kaapse Kleurlinge, wat van die vroegste tye al sterk staan in die klerevervaardiging Maar mnr. Runde sê hy vind die swart werkers, natuurlik met die regte bestuur en tegnici, gelykwaardig met ons bruinmense en Indiers

Veka is nou besig om swart werkers op te lei vir middelbestuursvlak Mnr Van Zyl sê hy is daarvan oortuig dat dit absoluut noodsaaklik is om groter doeltreffendheid in die hand te werk Swart bestuurders sal uiteraard oneindig beter met hul eie mense kan werk en meer uit hulle kan haal

Buitendien is dit immers volkome in lyn met landsbeleid om die swart man op te hef en steeds groter verantwoordelikhede te gee.



MNR. WILLEM VAN ZYL (links), besturende direkteur van die Veka-groep, bespreek in die Charlestown-fabriek 'n stuk materiaal met mnr. Alfons Runde, hoofbestuurder (produksie) van die groep.

WEES VERSTANDIG EN BESPAAR

DERDUISENDE rande word jaarliks vermors as gevolg van 'n gebrek aan standaardisasie in skooldrag. Groter rasionalisasie daarmee kan 'n besparing van tussen 10 en 20 persent meebring.

In terme van wat jaarliks aan skooldrag bestee word, beteken dit 'n besparing van 'n paar miljoen rand, want 'n skoolrokkie kos gemiddeld R10 en baadjies is ook maar in daardie omgewing. En daar is kinders lank!

Maar wat is die situasie in die land? By Veka, wat 60 persent van die land se skoolklere vervaardig, staan by sy fabriek op Newcastle een hele vertrek vol patrone en monsters van skooldrag — 1 600 verskillende patrone. En elkeen het Veka R104 gekos om te maak.

Mnr. Willem van Zyl, besturende direkteur van Veka, stem hiermee heelhartig saam. Soos hy tereg sê waarom ongeveer twintig verskillende skakerings van blou, sewentien groen, elf geel, veertien bruin, twaalf maroen, ses grys en nog al die ander kleure en afwykings?

Vir 'n fabriek wat klere moet maak volgens elke skool se smaak, beteken dit kort produksielope. En dit kos geld

Baie is al geskryf en gepraat oor die onderwerp, maar weinig is nog gedoen om tot die kern van die probleem deur te dring. Mnr. Van Zyl meen dis omdat dit nog nie tot die mense wat besluite oor skooldrag neem, deurgedring het watter effek hul besluite op ouers en die land se ekonomie het nie

'n Mens kry 'n idee van die besparing wat gemaak kan word as jy 'n klein sommetjie maak Vat maar net duisend skole met elk vyfhonderd kinders Dit gee dan 500 000 klere-items waarop minstens R1 elk gespaar kan word. Dis 'n halfmiljoen rand

En dis nie naastenby die getal skole in die land nie en ook nie naastenby soveel leerlinge soos wat in die meeste skole in die groter komplekse is nie Dus kan 'n mens maklik praat van 'n hele paar miljoen rand wat jaarliks net aan skooldrag bespaar kan word as mense minder vitterig en meer verstandig is

Dit knou uitvoer

DIE ondoeltreffendheid van die SA tekstielbedryf het ook 'n ander nadraai as die baie nadraaie waarvan mnr. Willem van Zyl van Veka op bl. 8 praat. Dit knou die klerebedryf se uitvoerpogings.

Dit knou die klerebedryf swakker gehalte van ons plaaslike stowwe kan klerevervaardigers onmoontlik by pakke van plaaslike stowwe uitvoer nie Vir hul uitvoerklere moet hulle die materiaal invoer

En dit, sê mnr Van Zyl, gee jou kostenadele wat jou op die wêreldmarkte onmededingend maak Om daardie ede moes Veka sy uitvoerpogings aansienlik krimp.

En Veka is geen uitsonde- [illegible] jaar het alle vervaardigers saam klere van maar net sowat R3,2 miljoen kon uitvoer Daarteenoor het die land klere ter waarde van sowat R57 miljoen ingevoer.

Die klerebedryf voel die land kon met beter plaaslike stowwe 'n hele klompie van die R57 miljoen aan buitelandse valuta gespaar het.

Die Tekstiel-chaos krap kleremense om

DIS tyd dat die Suid-Afrikaanse tekstielbedryf deur 'n onafhanklike instansie van A tot Z ondersoek word. Daar is 'n hele paar dinge wat baie verkeerd is in dié bedryf. Boonop kry hulle tot so 'n mate tariefbeskerming dat dit soms lyk asof die staat besig is om ondoeltreffendheid te subsidieer.

Mnr. Willem van Zyl, besturende direkteur van die Vekagroep van maatskappye, is een van die manne in die klerebedryf en -handel wat baie sterk oor dié saak voel. En sy kollegas is die hele pad met hom.

Mnr Van Zyl hêt vandeesweek aan Sake-RAPPORT gesê dat daar jare lank reeds ernstige onmin tussen die SA tekstielvervaardigers aan die een kant en die klerevervaardigers en -handel aan die ander kant bestaan. Só erg het dit al geword dat van verskeie kante gepoog word om beter betrekkinge te bewerkstellig.

Maar tot dusver was die pogings sonder veel sukses

Misbruik

Die rede vir die onmin is geleë in frustrasie wat ontstaan by klerefabrikante en klerehandelaars oor dinge wat in die tekstielbedryf onder die dekmantel van beskerming bly voortbestaan. Die vraag wat dié manne hulleself vra, is In hoeverre sien die Raad van Handel en Nywerheid en sy adviseurs die geweldige tariefmure as beskerming, en tot welke mate word dit gebruik net om die koffers van die staat te vul en ondoeltreffendheid deur oorbeskerming net nog meer ondoeltreffend te maak?

Mnr Van Zyl sê wanneer daar maar twee of hoogstens drie vervaardigers van hemdemateriaal in Suid-Afrika bestaan en hulle nie in staat is om in die vraag te voldoen nie, maar beskerming geniet van tot soveel as 100 persent van die vry aan boord-waarde van beter materiaal van oorsee, kan 'n mens verwag dat die posisie misbruik sal word

Foute

Hy meen dis in sulke omstandighede 'n basiese voorvereiste om sekere standaarde (verkieslik gelykstaande aan internasionale standaarde) te stel ten einde beskerming te verleen aan die eindverbruikers of die sekondêre nywerheid

Op die oomblik steek die SA tekstielvervaardigers se produkte bra vrot af by soortgelyke materiaal van oorsee. In Veka se fabriek op Newcastle het mnr Van Zyl die klerebedryf se probleem met die SA materiaal aan Sake-RAPPORT se man gewys (Sien foto hierby)

In die rakke was rolle en rolle SA materiaal wat vrot was van die foute Die klompie ingevoerde rolle materiaal was so te sê foutloos.

Ter illustrasie het die fabrieksbestuurder, mnr. Dawid van der Merwe, twee onoopgemaakte rolle, die een Suid-Afrikaans en die ander van Japan, op 'n tafel oopgerol

Die SA rol was besmeerd van die wit stukkies gare wat die vervaardigers aan die kante van die rol aanbring om 'n fout aan te dui. Dit was só vol foute dat daar kwalik in die rol 'n ongeskonde meter aaneen gelê het

En nie eens alle foute was aangedui nie. Die manne langs die tafel het met hul kennersoog nog 'n hele paar ander ook gekry.

Grondstof

Daarteenoor had die stuk Japanse stof net een fout.

Om met so 'n stuk vrot materiaal te werk, stoot uiteraard die koste op Vir eers sny so 'n stuk stof baie moeilik omdat stukke onbruikbare stof elke keer kort-kort weggesny moet word.

Tyd gaan dus verlore en produksie word gekortwiek — om nie eens te praat van die geld wat gemors word deurdat meters en meters soms weggesmyt moet word nie.

Vervaardigers laat welswaar 'n ekstratjie by die rol toe vir elke fout wat daarin voorkom. Maar dit vergoed nie naastenby die vermorste stukke nie — veral nie as die hele rol vrot van die foutdrade is nie.

Mnr. Van der Merwe sê hy het al van die vervaardigers se manne by sy fabriek gehad om hulle te wys hoe die rolle daar aankom en hoe dit lyk. En al wat die manne kon antwoord was om met die ophaal van die skouers te sê hulle het nie mense om toe te sien dat foute uitgeskakel word en materiaal die fabriek foutloos verlaat nie.

Hulle blameer ook die gehalte van die grondstowwe.

Kleur

Hierop sê mnr. Van Zyl baie tereg dat dit nou alles baie goed en mooi is om jou probleme met die ophaal van die skouers weg te praat. Maar dit help nie 'n snars om sy kant by sy klandisie skoon te hou nie

Hy kan nie aan 'n winkelier sê sy hemde of tabberds is vol foute omdat die materiaal vol foute is nie

Dis buitendien nie al probleem met die materiaalmakers nie Hul wit, blou, rooi, geel of groen stowwe het jou waarlik partykeer in dieselfde rol verskillende skakerings. En hoe nou gemaak in so 'n geval?

As die klerefabrikant nie baie fyn oplet nie, vind hy maklik dat 'n klaargemaakte hemp 'n ander kleur blou of wat ook al op die agterkant het as voor. En dan is dit klaar met kees en is so 'n hemp uitskot, d.w.s. 'n verlies vir die fabriek.

Dis die soort ding wat die manne nou nie meer kan vat nie En, sê hulle dis dan die mense (wat sulke vrot produkte maak) wat steeds reg staan om na die staat te hol om beskerming teen oorsese mededinging

En hoor net bietjie watter soort beskerming kry die plaaslike produk Grys stof vir hemde en tabberds kan ingevoer word teen 54c per meter teenoor die plaaslike prys van 84c. Maar nou slaan die staat die oorsese produk 42c per meter aan in belasting, wat hom dan 96c maak.

Ander voorbeelde (alles paklengtes)· poliëster visco: ingevoer R3,51 (belasting R1,46) teen R3,40 plaaslik; treveira wol; ingevoer R5,31 (belasting R1,42) teen net meer as R5 per meter plaaslik; suiwer wol: R4,57 (belasting 60c) teenoor R5 tot R5,20 plaaslik.

Nou sê die klerebedryf· hoe kan die staat kleerpryse op dié manier opstoot (want dis waarop dit neerkom) bloot om 'n plaaslike bedryf wat klaarblyklik ondoeltreffend is, op die been te help en hom daar te hou? Is dit dan nou nie ondoeltreffendheid subsidieer ten koste van Jan Publiek se sak nie?

Dis vrae soos hierdie waarop mnr. Van Zyl graag die antwoorde sal wil sien in 'n diepgaande onafhanklike ondersoek.

Sinvol

Hy sê veral vir 'n universiteit sal so 'n ondersoek uiters geskik wees. Die klerebedryf en -handel sal selfs bereid wees om tot die koste van so 'n diepgaande studie by te dra, want dis in landsbelang dat daar nou halt geroep word aan die huidige bedeling in die tekstielbedryf.

Nou kla die tekstielvervaardigers dat hulle nie genoeg volume het om soos hul makkers oorsee te kan hond haar-af maak nie. Daarop het mnr. Van Zyl en sy kollegas 'n dodelike antwoord.

Is dit dan nodig, wanneer jy kla jy het nie volume nie, om hier te lande alle soorte materiale, van die mees gesofistikeerde tot die basiese, te maak? Waarom dan nie liewer jou toespits op basiese stowwe waarvan daar oorgenoeg volume sal wees en die gesofistikeerde stowwe waarvan die volume kleiner is, aan die deskundiges van oorsee oorlaat nie?

Sodoende sal die plaaslike bedryf, waarin daar honderde miljoene belê is, die kans kry om homself geleidelik en sinvol te vestig en kan materiaalpryse dalk ook laer wees —iets wat elkeen in die land sal bevoordeel

Beleggergids VEKA-GROEP

KYK dan net hoe lyk die Suid-Afrikaanse rol kledingstof wat mnr. Dawid van der Merwe, fabrieksbestuurder van Veka op Newcastle, hier bekyk. Elke garedraadjie dui 'n fout aan. Langsaan (regs) lê 'n rol ingevoerde stof van Japan — met net een fout. Agter mnr. Van der Merwe se kop (bo regs) is nog SA rolle wat besmeerd is van die foute.

Veka 'n gedugte reus

DIE Veka-groep, wat een van die eerste toetredes van die Afrikaner tot die nywerheidswese in Suid-Afrika verteenwoordig, is vandag een van die reuse onder klerevervaardigers.

Waar daar jare gelede smalend na dié aspoestertjie in die bedryf verwys is, neem mededingers vandag deeglik kennis van Veka Kyk 'n man na die winsgeskiedenis van die groep oor die afgelope agt jaar tot 31 Desember 1974, is dit ook duidelik waarom

In die jaar 1967 was die wins ná belasting van die groep 'n skrale R176 879, wat maar handjievol geld is teen verlede jaar se ooreenstemmende bedrag van R1 222 577.

Die dividendinkomste vir aandeelhouers het ook sedertdien fluks verbeter In 1967 was die uitbetaling aan gewone aandeelhouers R106 250 vergeleke by verlede jaar se R305 520.

Die verdienste per gewone aandeel het in dieselfde tydperk van 4,61c tot 22,8c gestyg.

Die netto batewaarde van die maatskappy het van net oor die R4,5 miljoen tot R11,0 miljoen gestyg. Die aandeelhouersbelang het toegeneem van R2,5 miljoen tot R8,6 miljoen.

Van een klein fabriek in Johannesburg het die groep gegroei tot 'n maatskappy met fabrieke in Charlestown en Newcastle, Natal en ook Soutrivier in die Kaap.

In dié fabrieke word 'n groot verskeidenheid van klerasie vervaardig — van skoolkleurbaadjies tot -rokke, pakke klere en hemde.

Om dit moontlik te maak, het die groep sowat 2 000 swartes in diens, 500 blankes en 500 anderkleuriges ·

Die totale fondse wat die groep vandag gebruik teenoor agt jaar gelede om sy bedrywighede aan die gang te hou, is seker een van die duidelikste bewyse van die groei wat oor die laaste klompie jare ondervind is Waar dit in 1967 byna R8 miljoen was en in 1971 net oor die R16 miljoen, het dit verlede jaar R21,9 miljoen beloop

Die aandeleprys van Veka het oor die jare nie so geweldig geskommel nie Selfs in 1969 was die hoogtepunt maar hier net by die 315c, terwyl die laagtepunt in 1974 om en by die 37c was

THE ARGUS, TUESDAY SEPTEMBER 9 1975

184

184

CLOTHING PRICE RISES 'INEVITABLE' IF PAY CLAIMS GRANTED

Financial Staff

A DIRECTOR of a foundationwear company said in Cape Town today his branch of the clothing industry would definitely be affected by a substantial increase in wages and retail prices would inevitably go up as a result.

He was commenting on the negotiations for pay increases now taking place between the Garment Workers' Union, representing 49 000 workers in the Cape clothing industry, and the Cape Clothing Manufacturers' Association.

He said he believed the workers were justified in making the claim.

If granted, the claim which is the highest the industry has known, will cost more than R3-million a year.

Increases of up to 40 percent are being requested, and according to a manufacturer, some claims are as high as 65 and 70 percent.

Most manufacturers were reluctant to say what effect increases would have on the industry and prices.

Employers asked for their views said they prefer to wait until a decision was made.

Proposals submitted by the union also ask for wage scales to be linked to the cost-of-living index, the starting rate to be R12 a week, and all qualifying periods to be reduced to one year.

(1) ~~315~~
(2) 184
(3) ~~37~~
(4) ~~42~~

Job fears hit clothing workers

STAR 12/9/75

Labour Reporter

Fears of unemployment among Soweto clothing workers have been raised by indications that the Government intends to crack down hard on employers who have exceeded their 1968 labour quota

Yesterday The Star reported that at least a thousand illegal foreign Blacks in the Johannesburg area are to be repatriated

Their employers had sought to legalise their position at the urging of the Government

Today a reliable source in the clothing industry disclosed that the Government also plans drastic action to enforce the Physical Planning and Utilisation of Resources Act in the Transvaal clothing industry

TEETH

The Act was intended to hold the Black labour force in White urban areas at its 1968 level.

But it lacked teeth And many employers have exceeded their level

This year the Act was amended to provide enforcement measures

The reliable source said "Informal comment from the Department of Planning has indicated that the Transvaal clothing industry will be among the first industries to be investigated.

"The tendency among employers to bring the work force down to the 1968 level will be to fire less competent workers, not unregistered ones."

1) 326
(2) 3~~4~~
3) 184

CAPE TIMES
18/9/75

20pc pay offer rejected

THE Garment Workers' Union of the Western Province, which is negotiating for better wages for its 45 000 members has turned down a management offer of an immediate 20 percent wage hike with 10 percent to follow in 18 months

The general secretary of the union, Mr Louis Petersen, was not available yesterday for comment

Employers who, include clothing, knitting and hosiery firms, are due to come back to the union next week.

Among the union's demands are:

- A starting rate minimum of R12 a week
- A 42-hour working week
- The introduction of consumer price index rises linked to wages

Examples of the union's demands on graded workers' wages are Clothing: marker-in from R36 to R50, cutter from R36 to R45, female presser from R19 to R27,50:

Hosiery: Machine knitter from R27,50 to R35, grade III employee from R11 to R17.

Unskilled labourers and boiler attendants from R15,40 to R25, drivers R15,40 to R25, male factory clerks from R26,84 to R35.

1) 184
2) ~~135~~

184

'Underground' union move to push out top officials

SUN, TIMES (Extra) 5/10/75

By HOWARD LAWRENCE

A WIDESPREAD and well-organized "underground" move to unseat the present officials of the Garment Workers' Union of the Western Cape, and especially the secretary, Mr Louis Petersen, and his son, Mr C. Petersen, who is the assistant secretary, is under way in the Cape.

Several groups of garment workers, who have been working independently toward the organised removal of the union's officials, have now combined their forces, and clandestine meetings have been held all over the Cape during the past few weeks

One of the organizers of this "underground" movement told me this week that there is widespread dissatisfaction among the garment workers with the Petersens and other officials of the union because, he said, "they have become removed from the workers who pay their very big salaries," and because workers in the union have no way of rising to the top jobs of their union.

"We want to completely re-organize the union and it is our aim to see that the union is placed back in the hands of the workers," he said.

He claimed that the union officials had become an "elite" and that "the workers are treated as if they owe the officials a living"

Outsiders

"The whole object of trade unionism is being defeated, because of outsiders, who have never worked in the garment industry, are brought in to take up the top jobs in the union at the top salaries, with expense accounts and opportunities to travel abroad while the workers, whose money is being used to keep the union going, have no way of rising to these posts," a member of the "underground" movement told me this week

They claim that Mr Louis Petersen is due to retire soon after being the secretary of the union for several years and they are opposed to the fact that Mr Petersen's son is being "groomed" to take over the job his father has held.

The dissidents claim that garment workers have at no time been asked to vote for the appointment of Mr Petersen's son to the post of assistant secretary, and feel that they should have a say in who gets the top jobs in the union.

(1) 197 (2) 184 (3) 133

184

Textile men iron out some creases

Sun Times (Bus Times) 19/10/75

By GORDON KLING

EFFORTS towards greater unity in the South African textile and clothing industries are at last getting results after years of bickering between the various sectional interests.

Peter Beazley, deputy chief executive of South African Nylon Spinners, said in Cape Town yesterday that the recently formed advisory council for the textile industry has overcome initial hurdles and is making a good start.

Mr Beazley, who is one of the main instigators of the council, had discussions on its role with Sebastian Kleu, chairman of the Board of Trade in Pretoria last week.

"Dr Kleu wanted to know who we are, and what we're doing, and I think he's satisfied with the answers."

The council is made up of representatives at high level from all major producers and users of textiles, retail chains, and the leaders of the appropriate associations that now exist.

"We've already considered important problems and there has been not only an excellent spirit of collaboration between very different interests, but it has also become a quick source of vital information.

"This is preferable to the presentation of emotional, individual viewpoints to Government or to the public in a conflict situation which can negate progress in the industry as a whole."

Mr Beazley says that about the only common factor in the textile and clothing industries is cloth, and existing associations relate to very specialised and regional interests.

"Changes in technology, and the whole distributive pattern of the industries, have created new needs for which past relationships just did not cater.

"The Government's problem in considering the national interest is now very different from what it was 20 years ago, and it is involved in a more complex pattern of consultation with many more varied interests. For example, being horizontally organised, the individual operators hold stocks at each point in the manufacturing and selling process.

"The replenishment of stocks after a time of shortage or the clearance of stocks during a period of glut causes an unpredictable hiatus, because the size of existing stocks is generally unknown," he says.

"Similarly, the effect of the devaluation of the rand and the danger of ensuing inflation on costs, prices and volume of locally produced and imported goods, and therefore on profit levels, is hard to gauge by individual sectors of the trade in isolation from the total industry."

Fears by clothing makers that the council would be little more than a muscle device of the already powerful textile producers to keep their goods well protected from imports by higher tariffs, appear to have been allayed. Harry Stein, director in charge of textiles at Woolworths, says greater communication is needed and regardless of who the motivator was, there would be a clash of interests.

"These have to be sorted out. The main aim is to simplify things for the Board of Trade and this has to be good."

Simon Jocum, chairman of the Cape Clothing Manufacturers' Association says the council represents a form of detente.

"We've needed something like it for a long time in this country," he says.

This view is shared by most of the top clothing and textile men, but many complain that they have yet to be approached by the council to participate in its activities.

Odd man out is Fairweather's managing director, Dan Rabie, who says the National Clothing Federation is perfectly well equipped to look after the interests of the clothing makers.

"I think the council is a middle-man that won't have any value," he said.

Top 100

LISTED companies who wish to be considered in the analysis of the Top 100 Companies 1975 are urged to send their latest audited accounts to Fred Beard, Box 2409, Durban 4000, as soon as possible. Accounts should be sent only to the above address — and not to BUSINESS TIMES.

RDM 23/10/75 STAFF REPORTERS

184

MR DEREK ALICE, 38, managing director of General Sewing Ltd, died yesterday afternoon of the injuries he suffered while ushering employees from his burning Johannesburg offices.

Two other people died in the fire and explosions at Barnmo Building, at the corner of President and Mooi streets. They were Mr John Malaleke, 42, and Mrs Nellie Kgasohne, 37, who was apparently flung from the fourth floor window by an explosion.

Mr Alice suffered severe burns to his face and arms.

Survivors and eye witnesses later described the scenes of panic and chaos as people scrambled and groped their way to safety down a fire-escape and through an alley choked with drums and boxes.

At the height of the fire, which began in the basement at about 8 am and spread up the lift shaft to the fourth floor, police had to use batons to drive unruly crowds from the scene. They hindered firemen and ambulances, and ignored the danger of falling glass.

One eye-witness, Mrs Serena Jackson, 20, told of the woman in the pink overall who played a leading role in saving people from the fourth floor after an explosion had ripped through the ceiling.

"From nearby Conlyn House, President St, I saw about 12 people on the roof, and heard them scream. The woman in the pink overall was directing them, and calming them down. She ushered them to a door on the roof."

The woman in pink overalls was Mrs Hester Peens, 48, a supervisor in the embroidery and linen department on the fourth floor.

Fire, and a woman falls to her death

Staff Reporter

THE CROWD in Mooi Street started shouting, and I looked up and saw a woman at one of the windows on the top floor. It appeared she wanted to jump.

Several people held up their hands, signalling to her to stay where she was. But she came flying through the air and landed on the pavement.

People screamed as they watched her fall. The body was taken away.

A ladder was erected to the window from which the woman had fallen and a fireman climbed up to help another woman out.

Just as she had been put in the ambulance her husband, his face streaked with flour, arrived.

I reached the fire minutes after it started, and found a crowd spilling on to the roadway, blocking traffic and hampering fire engines and ambulances.

A number of windows were broken, and black smoke billowed out. Glass rained down.

Flames were licking at the windows on the top floor and one of the open window frames caught alight and fell, still burning, on to the pavement.

The policemen had trouble keeping the crowd under control, and police dogs were brought in.

A woman, screaming and fainting, was brought to the ambulance. I climbed in to help a nurse get her inside. We managed to seat her on the floor, and put her head between her knees. We gave the other injured people water.

A man ran from the building, his hands and face burnt. An ambulance took him to hospital.

Mrs Esther Kruger, a former nurse, went from ambulance to ambulance helping the injured.

Smoke

Mrs Peens said last night that about 7.40 yesterday morning she heard screaming.

"As I looked up, the women started running my way from the front of the building to the back. There were about 35 women. I saw smoke pouring from the front.

"I managed to open a window on my side of the building in Mooi Street. Mrs Nellie Kgasohne then climbed on to the window sill and sat there.

"The smoke was then so black we couldn't see a thing. Nellie and I were talking to each other. I told her not to jump and she said she would not."

Suddenly there was an explosion from the roof. Pieces of stone and cement rubble came down.

Mrs Peens did not see Mrs Kgasohne again. She and another supervisor, Mrs Corrie Visagie, 61, decided to crawl out of the building.

The two supervisors crawled to the roof adjoining the fourth flo...

A k...

FOR five years, a Diepkloof family has endured the stench from an overflowing sewer in its yard.

PAGE 6

Park rape

A 10-YEAR-OLD Vanderbijlpark girl told a magistrate yesterday she had been raped by her father twice on a park bench.

PAGE 6

Schools worry

THE Minister of National Education, Senator J P Van der Spuy, is to meet representatives of the

Irish kid... refuse ...

Own Correspondent

DUBLIN — The Herrema kidnappers are still doggedly refusing to surrender despite growing hunger and lack of sleep.

They refused food and milk sent up by the army yesterday and a defiant Eddie Gallagher, main member of the gang, taunted the troops surrounding the house: "Come and get us".

Dr Tiede Herrema has not been seen since his dramatic appearance at gunpoint at an upstairs window of the council house in the Kildare village of Monstarevin where he is being held.

But the h...

Woman blasted from window

Two die in city blaze

See also INDUSTRIAL ACCIDENTS

184

STAR 22/10/75

Don Knowler and Peter Bennetto

Two people were killed and more than 16 injured when fire swept through a central city factory today. A third person at first reported dead is in a "very critical" condition.

The fire started at 7 55 am and is believed to have spread from the basement through the building. There was also an explosion that flung a Black woman worker from the fourth floor to her death on the pavement below

Reduced to

7131
3 124

184

44 000 get pay rise

Cape Times 1/11/75

Staff Reporter

ABOUT 44 000 workers in the clothing industry will receive increases under a new wage agreement announced yesterday between the Garment Workers' Union of the Western Cape and clothing manufacturers.

The starting rate for learners has been increased from R8,80c a week to R12 a week

A qualified female machinist will now receive R20,50c a week plus R1 attendance allowance when earned, rising to R22,55c in 18 months plus attendance allowance

There has been no change in the duration of the agreement which remains for three years, but after 18 months there will be another 10 percent increase in wages

CONCESSION

Mr A M Rosenberg, chairman of the Industrial Council for the Clothing Industry (Cape) said yesterday:

"One outstanding concession by the employers was that the starting rate for learners has been increased from R8,80c to R12 a week. The hope was expressed that this would attract more learners into the clothing industry, which offers tremendous possibilities for advancement for Coloured labour, both female and male from bench to managerial levels."

Mr Rosenberg said that the increases did not cut across Government requests to exercise restraint. The unions had not been asked to stop making such demands altogether

INCREASES

"There have been considerable increases in wages for the main body of workers," said Mr Rosenberg

"In some categories the qualifying period has been reduced from five to four years, the attendance allowance has been maintained, the sick fund will benefit to the extent of an extra contribution as will the provident fund.

"Additional payments will be made to set leaders Extra overtime, meal allowances and extra Saturday travelling subsidies have been included."

(i) 184
~~(2) 37~~
~~(3) 101~~

STAR 5/11/75

Clothing firms urged to move to homelands

Pretoria Bureau and Labour Reporter

The Transvaal Clothing Industry — which employs more than 23 000 Black workers on the Reef alone — has been asked to move to a homeland industrial area on an organised basis.

This was announced in Pretoria today by the managing director of the Bantu Investment Corporation (BIC), Dr J Adendorff

The clothing industry would do well to look at decentralisation on an organised industry basis due to severe restrictions being placed on it by the Physical Planning Act, he told a seminar arranged by the National Development and Management Foundation.

This is the first call for decentralisation of not only individual companies but of an entire industry or a large part of one

The BIC was prepared to offer the industry

- A training school to give manufacturers a partially trained labour force before establishing factories in the new estate
- The erection of factory buildings to suit the requirements of manufacturers.
- A workshop to do all mechanical repairs and servicing necessary
- A daily communal transport service, taking in raw materials and taking out finished goods
- A central depot on the Reef for raw materials and finished goods

Senator Anna Scheepers, president of the Garment Workers' Union of South Africa had serious reservations

"We are not opposed to decentralisation," she said "But we don't want it at the price of wholesale disruption, large price increases and unemployment"

Dr Adendorff's proposal could ruin many employers, she said

"This is the only industry offering large-scale employment to Black women on the Rand—women who have nowhere else to turn, for employment They are city workers with family ties who are in no position to work for greatly reduced wages in homelands"

She regarded Dr Adendorff's announcement as "the carrot in front of a large-scale clamp down under the Physical Planning Act"

"This week an employer told me that he is closing down two factories employing perhaps 200 workers He will go to Durban or Cape Town."

Leaders of the clothing industry were at a meeting of the National Clothing Federation in Cape Town today and could not be reached for comment.

Please use three answer books for your answers, as follows:

In Book 1: Do the questions you answer on Cicero and Pliny and B.

In Book 2: Do the questions you answer on Vergil in Section

In Book 3: Your History question (Section C).

0 101

(E) 184

RAG TRADE ASKED TO SHIFT OUT

Mercury 6/11/75

PRETORIA—The Transvaal clothing industry, which on the Witwatersrand alone employs nearly 26 000 Black workers and has a turnover of R93 million, has been asked to move to a homeland industrial area on an organised industry basis, the managing director of the Bantu Investment Corporation, Dr. J. Adendorff, said here yesterday.

Addressing a seminar on decentralisation of industry, arranged by the National Development and Management Foundation, he said this was the first call to have been made for decentralisation of not only individual companies, but an entire industry or large part of one, on an organised basis.

Dr. Adendorff said the selection of a site for the proposed clothing industrial estate would be made in conjunction with the Transvaal Clothing Manufacturers' Association to which BIC had made representations.

To make the move a viable proposition, the BIC was prepared to offer the industry a training school, factory buildings, a workshop, daily communal transport, and a central depot on the Reef for raw materials and finished goods.

Dr. Adendorff said the BIC had placed its proposals before the clothing industry because of the severe need for job opportunities in the homelands.

This industry was one of the most labour-intensive and because of the relatively high value of its finished products relative to weight, could absorb increased transport costs.

In the final analysis, he said, the clothing industry had much to gain by moving away from the metropolitan centres.

RUIN

But in Johannesburg, the president of the Garment Workers' Union of South Africa, Senator Anna Scheepers, expressed serious reserva-

① 184
~~② 37~~
~~③ 101~~

Clothing chief hits move plan

STAR 6/11/75

Labour Reporter

If decentralisation was forced on the Transvaal clothing industry, it would result in large-scale unemployment, a spokesman for the industry warned today.

Mr Woolf Aron, president of the Transvaal Clothing Manufacturers' Association, said 80 per cent of the factories on the Rand employed fewer than 100 workers and were unable to decentralise.

Previously, reliable sources in the industry had expressed fears of a strong clamp down on the industry's Black labour complement.

Mr Aron said his industry had at all times accepted the necessity for decentralisation.

"In fact the Transvaal clothing manufacturers have accounted for all of the substantial decentralisation that has already taken place in the clothing industry.

THOUSANDS

"If decentralisation is forced on the Transvaal clothing industry it will result in large-scale unemployment. The contribution of thousands of highly-trained workers would be lost to the economy at a time of serious inflation.

"The Government's goal would be best achieved with a minimum of force," Mr Aron said.

He admitted that Transvaal employers had exceeded the Black labour quota imposed under the Physical Planning Act which arrested the Black labour force at its 1968 level. This had been the only alternative to closing down factories in view of the departure of Coloured workers.

Mr Aron pointed out that the total labour complement of the industry in the Transvaal was 2 000 below the 1968 level. There were now about 19 000 Black workers, most of them on the Rand.

184

Pay up—but price-rise 'minimal'

W/E Argus (Bus. Arg.) 8/11/75

THE WAGE BILL of the Cape's clothing industry would rise by R10-million, about 22 percent, to R57-million a year as a result of next month's pay increases, said Mr Simon Jocum, chairman of the Cape Clothing Manufacturers' Association.

By Tom Hood

The increases, announced by the Cape Industrial Council for the Clothing Industry, will be paid to 44 000 workers after the factories close for holidays this year.

From June 1977 the wage bill will rise another 10 percent to about R63-million a year — the bulk of it earned and spent by Coloured workers.

The annual holiday pay for 1975, due at the end of next month, will be calculated at the new rates and increase the annual payout this year by another R650 000

The new pay agreement lasts for three years and fixes minimum wages only.

Asked if the increases would lead to higher clothing prices, Mr Jocum said that, as wages formed 15 to 20 percent of the total cost of clothing, the effect on prices should be minimal next year

'Manufacturers will absorb at least 30 percent of the increase, in line with the Government's anti-inflation manifesto,' he said

'The most important factor in holding down prices is the intense competition — there are more than 800 factories competing in the South African market. Those who are inefficient will be forced to cut deeply into their profits to stay in the field'

A spokesman for the Garment Workers' Union said the new agreement had breached the R20 level for the minimum for qualified men The pay of machinists — the largest group of workers — had been raised 20 percent, while 40 percent advances in learners' starting rates could help recruitment and lead to a higher calibre of young worker.

R1 rise an insult, says worker

RDM 14.11.75

By CAROL STEYN

AN ELDERLY Coloured woman told the Johannesburg Magistrate's Court yesterday that after working for 22 years for a clothing firm, she asked for a higher wage and received an increase of R1 a week

"I felt it such an insult I did not want to work there anymore," she told the court

Eileen Baynes of Avon Street, Riverlea, Johannesburg, pleaded not guilty to the charge of leaving her employment without giving a minimum of five days' notice

She was found guilty by Mr O J Coetzee and fined R20 or 20 days.

She told the court she had worked in the clothing industry for more than 30 years. She had worked for the RMB dress company, from December 6, 1953, and when she left in August this year, her salary was R27,46 per week.

"I am not so young anymore and I find it very exhausting to climb the steep hill from Diagonal Street to Jeppe," she said

"I found it very difficult to manage on my wages — I have four children in high school and every day they ask for money for one thing or another," she said.

She went to a Mr Gordon at the firm and said to him "I am not demanding, I am actually pleading for a decent increase," she told the court.

After four weeks she received an extra R1" which did not even cover my travelling expenses."

Mr Coetzee told Baynes she had had ample time in which to give proper notice.

Question ..

Write on both sides of the paper

Do not write in this margin

(1) 184

(2) ~~149~~

(1) 184
(2) 135

Garment workers plot the downfall of union leaders

SUN: TIMES EXTRA 16/11/75

By HOWARD LAWRENCE

A GROUP of Cape garment workers who have been having secret meetings aimed at deposing the general secretary and other officials of their union (GWU) are to send a memorandum to the union which demands answers to several "vital questions" being asked by workers in the Cape.

I was told this week that there is widespread dissatisfaction among the workers over the decision of the union's executive to agree to a rise in wages "which is approximately R7 less than the workers wanted and R5 less than the secretary of the union, Mr Louis Petersen, had told them he would demand as a minimum.

Period

They are also angry over the union executive's decision to agree that the new wage agreement arrived at with employers be operative for a period of three years, instead of only 18 months.

A member of the underground group preparing for a revolt against the present executive told me this week that they would raise several points in their memorandum which they want answers for.

"We will not take excuses or vague answers to our queries," she said, "because we are going to make public their replies so that our ordinary members will know exactly what the position is in our union."

Among the points raised in the memorandum "which will probably go off this week," are: How much the various officials of the union earn every month; what other benefits they enjoy; what type of cars they have; how often have they changed their cars; and to whom the previous cars were sold and for how much.

They also want to know who decides on what salaries officials must be paid, when they got increases, who decided that they should and how much the increases were in each instance.

Appointment

Also included is a question on who decides what the amounts of the increases must be.

The memorandum will also demand to know who apponted Mr Cedric Petersen to the post of assistant secretary to his father.

Another demand will be for the union to list the number of visits officials have made abroad; where they went; how much these trips cost the union; and what the purposes of these trips were.

Town hits at big removal

(1) 267 (3) 40
(2) 321 (4) 184

STAR 18/11/75

184

Volksrust Town Council is objecting to the removal of thousands of Africans from nearby Charlestown to Newcastle because it will deprive Volksrust of key workers and Black spending power

An estimated 6 000 Swazis and Zulus who have inhabited the slopes of Majuba mountain since early this century are having their homes bulldozed while they are removed by truck to Osizweni township, 70 km away.

Removals began some weeks ago and are expected to continue for a few months until all Africans have left the area

On Tuesday next week, the Chief Director of the Southern Transvaal Bantu Affairs Administration Board, Mr J J Joubert, will address the council on the removals He has been invited to explain why the people are not being moved across the Natal border into Volksrust

A spokesman for the council said today that Volksrust stood to lose about R12 000 in weekly spending if all the Africans moved

Two clothing factories at Charlestown will face difficulties once the workers have been removed

1, 184
2. ~~376~~
3. ~~149~~

New boss faces prosecution

RDM 19/11/75

Staff Reporter

THE new employer of the "insulted" Coloured worker, Mrs Eileen Baynes, will be prosecuted in Johannesburg Magistrates' Court today, for employing a person without a service card.

Last week Mrs Baynes, of Johannesburg, was fined R20 or 20 days in the same court for leaving her employment without giving a minimum of five days' notice.

She said then she was insulted by a R1 rise and did not want to work any more for the firm she'd served for 22 years.

And yesterday, the Industrial Council told how Mrs Baynes' prosecution had been "automatic" and would be followed today by action against her new employer — Jane Landford Creations (Pty) Ltd.

"Such action is normal where a worker has left a firm and taken up employment with another firm without having produced her service card," said a spokesman for the Industrial Council in Johannesburg.

Meanwhile, Mrs Baynes' old employer — RMB dress company — were "without conscience" on the whole affair. They say Mrs Baynes only asked for a R1 pay rise ... and she got it.

"What she did was a terrible thing to do at a time when we desperately needed her," said Mr H Gordon director of RMB dress company, yesterday.

"She walked out when she had just received a R50 service bonus Besides, her service has been terribly broken."

V 8 1975

Factory fire: 'rules broken'

A factory inspector said yesterday he visited — out of curiosity — a building where fire had broken out and found several contraventions of safety regulations.

Mr Basil Bruton was giving evidence before a board of inquiry on a fire at Barnmo Buildings, President Street, Johannesburg, which led to the death of five people and injured a number of others.

As chief inspector of factories at the Labour Department in Johannesburg, he kept records of registered premises in the city, he told the court. He had no record of General Sewing and Embroidery Company on the fourth floor of Barnmo Buildings, where fire broke out on October 22.

Mr Bruton said his visit had revealed that volatile inflammable substances in open containers were stored in and outside the spray booth on the second floor where Kat lee Transfers SA (Pty) Ltd had their offices.

[illegible] UP

He had [illegible] out a test [illegible] it was obvious that the spray booth was not working efficiently. The exhaust equipment was [illegible]ed [illegible] painting materials and there was overspray all over the place.

The basement was cluttered with dirt and rubbish which seemed to have been burnt in the fire, Mr Bruton said.

Mr Meshack Tshoke, a driver's assistant at General Sewing, told the board how he forced open the door to the fire escape to free screaming workers on the fourth floor as black smoke poured in.

The inquiry continues on Tuesday.

Mr [illegible] Lett, Chief Inspector of Machinery, is presiding at the [illegible] assisted by Mr L A [illegible] also an Inspector of Machinery, and Mr W C Kotze, Deputy Chief [illegible] of the Fire Prevention Branch of Johannesburg.

(1) ~~131~~
(2) 184
(3) ~~197~~

CAPE CLOTHING PAY DEAL UPSETS TRANSVAAL

ARGUS 10/11/75

CLOTHING workers in the Transvaal have criticised the Garment Workers' Union of the Western Province for entering into a three-year wage agreement with employers They claim this has shattered hopes of a national agreement on wages and working conditions.

But Mr Cedric Petersen, assistant general secretary of the Cape Union, said he thought the agreement — which gives first grade female staff a 30 percent increase over three years — was a good one which would strengthen the negotiating position of clothing workers in other parts of the country

'They can point to what has already been given by employers in the Cape,' he said

Mr Petersen said the Cape Union had tried to obtain an 18 month agreement because, in September, all trade unions in the garment industry had agreed that from June 1977 they should negotiate, future agreements on a national co-ordination basis

'But the employers were adamant that they wanted a three-year agreement,' he said 'They would not budge from that position'

Mr G Brünn, a director of Bonwit Ltd, who was one of the employers' negotiating team, said they needed a three year agreement to enable firms to plan ahead knowing what their labour costs would be This was a help to the industry and therefore to the benefit of employees as well as employers

'The union did try to get an 18-month agreement,' he said 'But unions try a lot of things during negotiations'

Both Mr Petersen and Mr Brünn emphasised the good relationship that exists between employers and clothing workers in the Cape

'The new agreement is really two separate 18-month agreements, said Mr Petersen 'The first one gives first grade females, who form the bulk of the industry, a 20 percent rise in time for the Christmas break

'Then 18 months later they get a 10 percent rise But there is a gentleman's agreement that the second increase may be more than 10 percent if the cost of living has gone up a lot

'We are sure we can trust the employers to honour this, because they have always done so in the past

'Last time anything like that happened, we had negotiated a 2½ percent rise and we asked them to increase it to five percent To our surprise they offered us 10 percent instead

Mr Brünn said Cape workers, who are the largest group in the country are ahead of the others at present in wages and conditions

He said the unions had been trying for the past 40 years to achieve a national wage structure But he did not think it would be a good thing

'There are three main concentrations of garment workers' he said, They are concentrated round Cape Town Johannesburg and Durban

'The people engaged in the industry in these three places have different backgrounds and standards of living Here they are mostly Coloured, in Johannesburg there are some White people and some Bantu and in Durban they are mostly Indian'

1 184
2 ~~37~~

Clothing makers to stay on Rand

STAR 21/11/75

Labour Reporter

The Transvaal clothing industry has turned down an invitation to move to a homeland industrial area near the Rand

This was announced by Mr W Aron in his presidential address at yesterday's annual meeting of the Transvaal Clothing Manufacturers Association

Earlier this month Mr Aron made it clear that there would be large-scale unemployment if the Transvaal clothing industry was forced to decentralise.

Mr Aron again referred to the severe restrictions on Black employment

In offering to establish an industrial area for the industry in a homeland, the Bantu Investment Corporation said it would require a commitment from the manufacturers, Mr Aron said

'We have explained to representatives of the corporation why we were unable to give such a commitment and the difficulties facing our manufacturers in such a move," he said.

"We are not averse to decentralisation in appropriate cases but we find this is a matter for an individual rather than a collective decision"

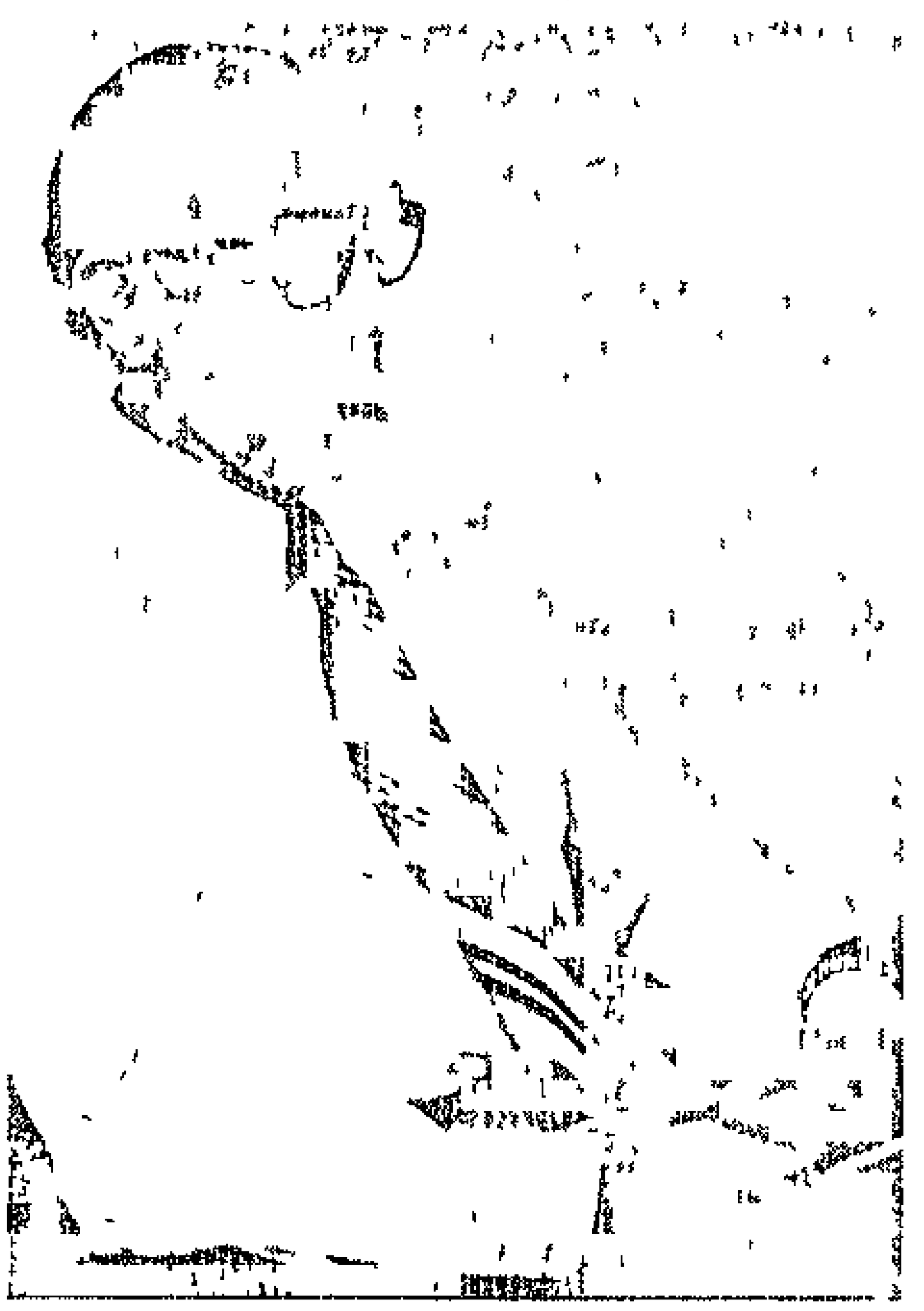
Mr Aron pointed out that several Transvaal manufacturers had already moved part of their factories to homelands and other growth points

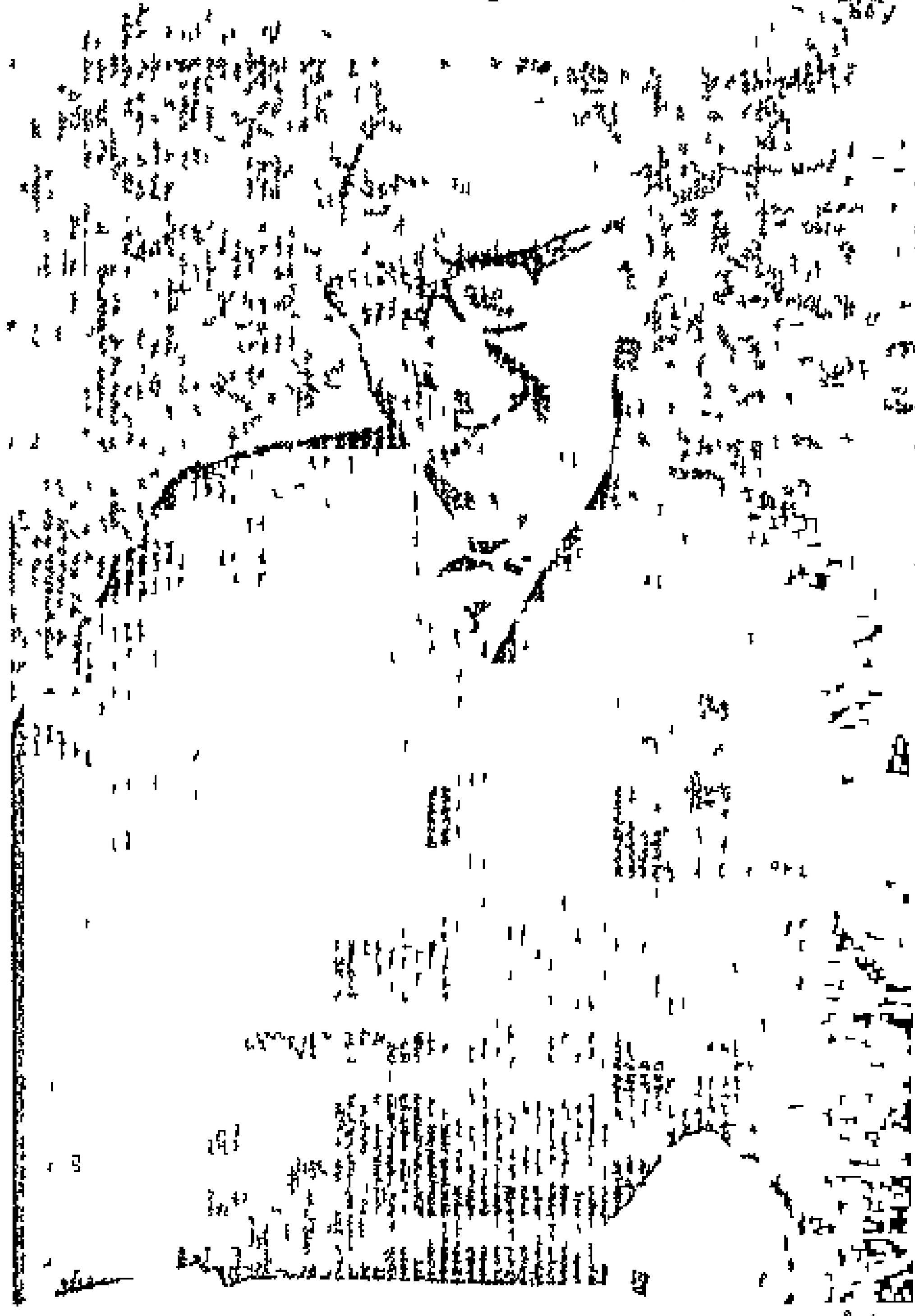
Mr Aron also announced that the Transvaal association had agreed in principle to establishing a national training fund to which employers might contribute by way of compulsory levies

F.M. 21/11/75

The clothing manufacturing industry is the first to be enlisted for the Homelands. It may not be the last

Cutting the cloth





Woolf Aron and Johannes Adendorff . . . opposing views on decentralising the clothing industry

The Transvaal clothing industry has gained a dubious distinction It's the first in SA to be selected as a candidate for decentralisation to the Homelands as an industry, whereas previously only individual companies have come under pressure

The TV industry, of course, was coerced into decentralising (special SKD import allocations being the carrot) but only to "growth points" such as East London and the Cape Peninsula — not Homelands.

The proposal for the clothing industry was made by Bantu Investment Corporation MD Dr Johannes Adendorff Reaction is predictably unenthusiastic

Adendorff's argument is that because the clothing industry is highly labour intensive, and already bumping hard against the restrictions on the employment of Bantu labour in the Environment Planning Act (formerly the Physical Planning Act), "it would do well to look at decentralisation on an organised industry basis".

In addition to the concessions available to any decentralising company through the Decentralisation Board (*FM* October 17) Adendorff is offering the industry six special "facilities" (see box) He would, however, "wish to select the location of the industrial estate to which the industry would migrate "in conjunction with the Transvaal Clothing Manufacturers' Association"

Clearly what Adendorff is seeking for his Homeland development policies are the 23 300 jobs, or a proportion of them, that the Transvaal clothing industry provides for its non-White employees And there's no denying he's prepared to pay an attractive price

Decentralisation Board chairman August Kotzenberg supports Adendorff "If what he means when he talks about [illegible]ting on a blanket basis is that all companies, whether investing more or less than R2m, should be treated on the same basis, then that could be con[illegible]t," says Kotzenberg

[illegible]ntually companies investing less than R2m may claim on the basis of a fixed schedule of concessions The rest [illegible] negotiate on the basis of the cost [illegible]antage involved in relocating

[illegible]zenberg says he has been informed [illegible] some Transvaal clothing factories [illegible] contravening the restrictions the EP [illegible]poses on the employment of Bantu [illegible]s and by doing so, are gaining a competitive advantage

[illegible] industry fully acknowledges the [illegible]ctions of the combined decentralisa[illegible] concessions and BIC facilities It just [illegible] not regard decentralisation as [illegible]opriate or practicable in its own circumstances

[illegible] industry's case against forcible [illegible]ntralisation has already been [illegible]rded to the Ministry of Planning in [illegible]morandum, but TCMA president [illegible]lf Aron emphasises there's no oppo[illegible]n to decentralisation in principle

[illegible] points out that already 14 factories [illegible] moved, mainly the larger ones or [illegible] wishing to expand, and that all the clothing factories that have so far [illegible]ralised have been from the Trans[illegible]l

Objections chiefly centre on the peculiar structure of the industry, which numbers no fewer than 357 registered factories This is double the number in the Cape where 10 000-15 000 more workers are employed Of the 357, 67% employ only 10-15 workers while 80% employ fewer than 250

So the bulk of the industry consists of a large number of small factories many of them still owned and operated by White families Consolidation of so many minute units into a Homeland industrial estate would be economically disastrous, claims Aron

All are specialists, most of them concentrated at the quality end of the market Flexibility is the keynote; skills are diverse, orders tend to be small, delivery requirements exacting.

Too rigid an application of the EP Act aimed at forcing the industry to decentralise would, says Aron, cause severe unemployment among the skilled workers who would mostly refuse to move

"Why should they?" he asks "Wages here are the highest in the country, and much higher than in the Homelands; families would be broken up; Blacks

(1)135 (2)184

Union rebels want inquiry

SUN TIMES EXTRA 2/5/76

By HOWARD LAWRENCE

THE Action Committee of the Garment Workers' Union have requested the Registrar of Trade Unions in Pretoria to institute an inquiry into the Union.

They have also informed the Divisional Inspector of Labour that they are dissatisfied with the manner in which the minutes were adopted at the adjourned meeting of the Union last week.

In their letter to the Registrar of Trade Unions, signed by Mr Dawood Hendricks, of African Clothing, the Registrar's attention is drawn to the forthcoming election of a central executive committee for the Garment Workers Union of the Western Province, which, in terms of the Union's constitution, must be held within three months of April 8, 1976.

"There is considerable fear on the part of a large number of members of the Union that the election cannot be conducted satisfactorily as up to date records are not maintained by the Union's secretariat, as required in terms of Section 8(5) (1) of the Industrial Conciliation Act (28 of 1956)", the letter states.

"Employers in the industry", it explains, "do not render detailed returns when making payment of trade union subscriptions deducted from wages of employees and the Unions' records are compiled from returns of engagements and terminations made available by the Cape Clothing Industry's Sick Fund.

"Inevitably", the registrar, was informed, "there is a big time lag and, with the huge turnover of staff in the industry, it is quite impossible for the Union to compile adequate records and, as a result, it is considered that the officials cannot maintain the strict control of ballot papers so necessary to ensure compliance with the union's registered constitution and the provisions of the Act.

In the letter to the Divisional Inspector in Cape Town, Mr G Martin, a member of the Action Committee, states that at the general meeting of the Garment Workers Union of the Western Cape held at the Union's premises on April 8 "a large number of members including itself, rejected the minutes of the previous meeting as it was felt they did not reflect accurately the proceedings thereat.

"When the meeting was resumed on April 22, the minutes were adopted without being read to the meeting, notwithstanding the fact that a lot of people present had not attended the meeting on April 8."

Garment Workers' Union of the Western Province

350 VICTORIA ROAD, SALT RIVER, CAPE.

GARMENT WORKERS! DON'T BE BLUFFED BY A MINORITY ACTION GROUP

The so-called Action Committee claims that they have scored a success by disrupting the A.G.M. and causing it to be adjourned. What success? All they have shown by the disgusting behaviour, actions and language used by a minority group is that they are irresponsible and certainly not an example of what your future leaders should be. Your present leaders and executive committee are respected throughout the country for what they are and for what they have done for the trade union movement; for securing jobs for 45 000 garment workers and by protecting their interests.

Can any other union claim all paid public holidays which are enjoyed by all workers in the Clothing Industry and the other benefits bestowed upon its members?

Have Mr. Buckton and Miss Borez ever told you that:

(a) . . . they were BOTH on the committee that unanimously accepted the offer of R20,50? Why didn't they object to it then?

(b) . . . they also had the use of a car that was paid for and maintained by the workers? Why must the secretary be singled out?

(c) . . . they were also paid a salary by the Union? Why single out others?

(d) . . . as salaried members of the staff they also received a bonus at the end of the year? Did they ever refuse to accept it?

(e) . . . when they were both on the Executive Committee they also received bonuses at the end of the year for services rendered? Who decided their bonuses then?

(f) . . . they also received attendance fees for attending meetings and conferences like the other officials and delegates? Why single out the secretary?

If your leadership has in fact been at fault, why did these people not speak earlier? . . . why did they keep quiet? . . . was it because there was NOTHING WRONG? We say YES, because only now that they have been fairly dismissed and they are missing the benefits and privileges enjoyed whilst employed by the Union, do they say things against your organisation. Is this not typical of people who have lost out and are trying to get their own back by making spiteful remarks against people with whom they worked and with whom they shared these privileges?

We have time and again warned you about non-members who are taking part in this malicious campaign against your union. One by one these people are revealing themselves and we remind you again not to have the wool pulled over your eyes by empty promises and cheap psychology. Don't be bluffed by this so-called "action committee" which HAS DONE NOTHING for you and CAN DO NOTHING for you.

What have they achieved for you by adjourning the Annual General Meeting? . . . All they achieved was to waste R800,00 of the members' money on bus transport. What have they proved? . . . By their disgusting behaviour they have shown all RIGHT-THINKING people that the members of the so-called "action committee" are not worthy to be present or future leaders of your Union! Your officials emerged the victors with their heads held high, by not stooping to the low form of tactics used by the "action committee".

MEMBERS — STAND FIRM AND LOYAL BY YOUR UNION AND ITS LEADERS. REMEMBER, UNITED WE STAND AND DIVIDED WE FALL. DISPLAY YOUR LOYALTY BY ATTENDING THE ADJOURNED ANNUAL GENERAL MEETING ON 22nd APRIL, 1976.

L. A. PETERSEN (Secretary).

Model, C T.

Emmanuelling
CLOTHING

WAKE UP GARMENT WORKERS

DO YOU KNOW?

THE SECRETARY MR.PETERSEN IS EARNING RI600,00 PER MONTH ?

MR.PETERSEN'S SON SALARY IS R700.00 PER MONTH ?
MR.PETERSEN'S DAUGTHERS SALARY IS R300,00 PER MONTH ?

MR.PETERSENS BROTHER IN LAW HAS A FURNISHED FLAT AT UNION CENTRE AND IS EARNING A FANTASTIC SALARY ?

WHO LAYS DOWN THIS FAMILIES SALARY ?

DOES THE CHAIRMAN GET AN HONARARIUM OF R600.00 PLUS AND EQUAL BONUS AT THE END OF THE YEAR AND VOTES HIM THIS ?
DOES THE VICE CHAIRMAN GET R500.00 PLUS AND EQUAL AMOUNT IN BONUS EACH YEAR ?

WHAT BONUS DO THE ORDINIARY EXECUTIVE MEMBER RECIEVE PER YEAR ?

ASK YOUR SHOP STEWARD THESE QUESTIONS TO ENLARGE

WORKERS YOU MUST WAKE UP.

IT IS YOUR UNION FOR YOUR PROTECTION AND NOT THE PETERSEN FAMILIES.
THERE IS ONLY ONE WAY TO CLEAR UP YOUR UNION AND THAT IS TO SEE THAT YOU HAVE A NEW COMPETENT EXECUTIVE.

WHICH WORKER OR SHOP STEWARD HAS THE UNIONS CONSTITUTION OR IS YOUR SECRETARY SO INCOMPETENT THAT HE CAN NOT HAVE ONE COMPILED OVER THE LAST 24 YEARS ?

Last BUT NOT LEAST WHAT ABOUT THE FLEET OF CARS ? WHO PAYS FOR THEM.
THESE CARS INCLUDE A FLASHY MERCEDES BENZ.

THE CONSTITUTION LAYS DOWN THAT YOUR SUBS SHOULD BE IOc PER WEEK.
BUT YOU HAVE TO PAY 20c PER WEEK.THIS GIVE YOU R9000.00 PER YEAR, FOR 45,000 WORKERS PER YEAR.AND WAIT FOR IT R432,000 PER YEAR,

WAKE UP WORKERS BEFORE IT IS TOO LATE

VOTE FOR A NEW EXECUTIVE.

@@

GARMENT WORKERS' UNION OF THE WESTERN PROVINCE

350 Victoria Road, Salt River.

Dear Member,

HAVING FAILED SO FAR TO ACHIEVE ANYTHING, THE "ACTION COMMITTEE" HAVE GOT THE JITTERS and are now attempting to perform like a Circus by circulating a list of the performers' names!

Here is a list of their NON-ACHIEVEMENTS for you

(1) They tried to make you believe that your Union was badly run and mis-managed .. THEY FAILED!

(2) They tried to make you jealous of your Officials, who have achieved for you what no other Union can boast .. THEY FAILED!

(3) They tried to force a laughable petition on the members (Remember reading BIG HEADLINES IN THE PRESS? .And we have SWORN STATEMENTS FROM SOME MEMBERS TO SAY THAT THEY DID NOT KNOW WHAT THEY WERE SIGNING!) .. THEY FAILED!

(4) They tried again to upset your Annual General Meeting in an effort to bring about chaos and Industrial unrest . THEY FAILED!

(5) They had their views blazoned in the press week after week after week (Remember all the publicity and the enormous headlines?) in an attempt to gain support .. THEY FAILED!

(6) They approached the Registrar and the Labour Dept about your Union (Remember the bold and confident statements about this in the press?) in a last-minute attempt to discredit your Officials THEY FAILED!

(7) They have tried in many UNDERHAND ways to gain support from our loyal members by pulling the wool over their eyes with fancy promises THEY FAILED!

FAILURE! FAILURE! FAILURE! ALL THE WAY AND THESE ARE THE PEOPLE WHO PROFESS TO BE YOUR LEADERS PEOPLE WHO WORK UNDERHAND, HANDING OUT NASTY LITTLE PAMPHLETS IN AN ATTEMPT TO SOW DISTRUST AND SUSPICION

Now they are trying their biggest joke of all by saying that you should "vote for a new deal" What "new deal?" Who wants a "new deal?" THEY DO FOR THEMSELVES

They, of course, tell you that they are very keenly interested in you and your welfare NOTHING OF THE KIND If they are so keen in your welfare, WHY DIDN'T THEY SAY SO BEFORE? With the exception of two or three NOT ONE OF THEM HAS SHOWN AN INTEREST IN YOUR TRADE UNION ACTIVITIES BEFORE NOW! WHERE HAVE THEY BEEN ALL THESE YEARS? THEY ARE INTERESTED IN THEIR OWN WELFARE AND THEY ARE TAKING YOU FOR A RIDE

They work WITHOUT REVEALING THEMSELVES, by TRYING TO SMEAR DECENT AND HONOURABLE PEOPLE'S REPUTATIONS, by TRYING TO DIVIDE THE MEMBERSHIP of your Trade Union and they call themselves honest and sincere? Who has been more honest, open and sincere than your present leadership? They are people you know and can TRUST

There have been a number of attempts to split this Union before (Ask the older members about this), in 1935, in 1941 and again in 1944, costing YOUR UNION thousands of Rands of YOUR HARD-EARNED MONEY THEY LOST THEN! AND THEY MUST LOSE NOW!

Through showing these people in the past that your Union is not interested in being split up and dominated by a few fanatics, you have been able to build THE STRONGEST GARMENT WORKERS' UNION IN THE COUNTRY, WITH BENEFITS THAT ARE UNRIVALLED ARE YOU GOING TO LOSE EVERYTHING FOR THE SAKE OF A COUPLE OF FANATICS WHO HAVEN'T DONE A THING FOR YOU AND HAVE TAKEN NO INTEREST IN YOUR TRADE UNION UP TO NOW?

OF COURSE NOT

Don't let them buy you with fancy promises (this is a well-known trick used by people who have no facts or achievements) the FACTS and the ACHIEVEMENTS OF YOUR PRESENT EXECUTIVE COMMITTEE AND LEADERS SPEAK FOR THEMSELVES

Your present leaders have secured employment for over 45,000 Garment Workers and have made sure that THE INDUSTRY IN THE CAPE IS GROWING BIGGER, NOT AS IN OTHER AREAS WHERE IT IS GETTING SMALLER

If you really want to attend a Circus, wait until it comes to Town again – that will be worthwhile watching Don't waste your time on those second-rate performers who can't even raise a laugh

VOTE FOR THE PEOPLE YOU KNOW ARE LOYAL AND SINCERE

L.A PETERSEN (Secretary) C.E. PETERSEN (Asst Secretary)

Office	Names of Members
CHAIRMAN	Mr R S Naidoo
VICE-CHAIRMAN	Mr P Holloway
TREASURER	Mr. C. Cummings
TWO TRUSTEES	1 Mrs. G Isaacs
	2 vacant

FOUR WHITE MEMBERS	1. Mr A Beneke
	2 Miss J E. Swanepoel
	3 Mrs. M.A Lee
	4. Mrs. M. Lindholm

Office	Names of Members
SEVEN ORDINARY MEMBERS	1 Mr A Adams
	2 Mr E Dawood
	3 Mrs D M Bailey
	4 Mrs S Poole
	5 Mrs M Adriaanse
	6. Miss F Bester
	7 Mr T M. Africa
MILLINERY REPRESENTATIVE	Mrs G Abader
KNITWEAR & HOSIERY REPRESENTATIVE	Mr I J Jacobs

Issued by the Garment Workers' Union of the Western Province, 350 Victoria Road, Salt River. Model, C T

Garment Workers' Union of South Africa

affiliated to Trade Union Council of S A — TUCSA

Klerewerkersunie van Suid-Afrika

geaffilieerd aan Vakbondraad van S A — VAKSA

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2000

REPORT ON VISIT BY MR. J.H. THOMAS, GENERAL SECRETARY OF THE INDUSTRIAL COUNCIL FOR THE CLOTHING INDUSTRY (TVL.) AND DR. A. SCHEEPERS, PRESIDENT OF THE GARMENT WORKERS' UNION OF S.A. TO BABELEGI ON TUESDAY, 7TH OCTOBER, 1975.

Babelegi, situated near Hammanskraal, is one of the industrial growth points of Bophutatswana. A few years ago Mr. Thomas, Mr. L. Douwes Dekker and myself visited the area. The factories then were much smaller than they are now.

We visited the following factories:

Tiger Clothing, employing 400 workers;

Hammanskraal Knitwear with 180 workers (this company is building a factory to accommodate 600 workers);

President Knitting employing 250 workers;

Springbok with over 600 workers;

Henochsberg with 370 workers.

All factories are spacious and air conditioned, except Springbok.

WAGES:

A few years ago, workers started at R3,00 per week, but at present starting wages are R5,00 and Henochsberg pays a R1,00 attendance bonus. From information, it appears that if workers stay long enough to qualify after 3-3½ years, machinists earn R10 - R11 per week. Local supervisors earn from R15 - R17 but those brought from elsewhere earn as much as R30 per week.

LABOUR TURNOVER:

All employers complain about the high labour turnover which is between 100 and 200 per cent. Henochsberg, who trained 1 500 workers, only have 100 qualified workers out of their labour. Apparently there are tribal problems. Bapedis are anxious to work but cannot obtain housing easily and travel as far as 25 miles to work. Tswanas get preference for housing but are not keen to work.

2/Bus fares ......

Bus fares are high and in some cases the employers supply the workers with weekly bus tickets in their wage envelopes.

The employers maintained that part of the problem in the area is that the people have some land which they cultivate and when crops are good, they are not keen to work. Further, if they want a certain article they will work until they have earned enough money to purchase the article. Because of their housing conditions and whole way of life, their demands are as yet not that of industrialised workers.

TRAINING:

Most workers receive training for three weeks before going on the production line. Springbok and Henochsberg train their workers on the "Soundwell System" which is used at our own Training College for machinists. It appears that Springbok, like the last time, has the best production.

FOOD:

Hammanskraal Knitting provides bread and jam to the workers. President Knitting provides bread and coffee for the morning break and a meal consisting of meat, porridge and vegetables for lunch. Since providing the meal their attendance and production has improved.

CLINIC:

Through the efforts of Mr. Paul Herman, the Bantu Investment Corporation (BIC) erected and equipped a clinic in the factory area. All factories we visited belong to the clinic.

OVERALLS:

Henochsberg provides the workers with overalls.

HOURS OF WORK:

All factories are working a 9-hour, five day week. Annual leave is in terms of the Factories Act, viz. 2 weeks per year.

GARMENT MANUFACTURING:

During the first visit, workers employed were still very much in the learner stage. During this visit it was found that Springbok and Tiger Clothing are manufacturing jackets as well as trousers of reasonable quality. Henochsberg is still only manufacturing

3/uniform .....

uniform trousers, whilst Hammanskraal Knitting and President Knitting are manufacturing babies' knitwear and knitted jerseys for grown-ups respectively. Basic skills have thus improved significantly.

PRODUCTIVITY:

As noted, a marked difference in productivity existed between the factories in Babelegi. All factories obviously have a tremendous need for line managers. It is Government policy that African workers should be trained to fill all posts in these factories, but in the absence of qualified line managers this will obviously be a slow process. Productivity will not improve very rapidly unless qualified line managers are introduced.

AS-JHT/fm

29th October, 1975.

Phone 23-7941 P O Box 6779

With Compliments and thanks of

Garment Workers' Union of South Africa

GARMENT CENTRE,

75 END STREET, Cor KERK STREET

JOHANNESBURG

184

GARMENT 'EXPLOSION'

By HOWARD LAWRENCE

Sun Times 8/12/74

THE LID is about to blow off the Western Province Garment Workers' Union following the dismissal of two of the union's organizers for "misconduct" after a hastily convened meeting of the union's executive on December 17.

The two organizers are Mr Ernie Buckton and Miss Muriel Borez, both of whom rose through the ranks of the industry to become organizers. Both have more than 30 years' service in the industry.

Organizers will fight dismissals

The dismissal of Mr Buckton and Miss Borez took place on December 18. They were found guilty of "misconduct" and were not given an opportunity to give the executive their side of the case.

Reject

In an interview with me this week, Mr Buckton and Miss Borez made it clear that they rejected their dismissal as "unconstitutional" and they have instructed attorneys to inform the secretary of the union, Mr Louis Petersen, of this.

They also will demand a copy of the union's amended constitution. "If they do not receive one within a specified period in order to prepare their ... will seek a Sup...

...urse of Representatives.

... using too much petrol which", he said, "is a ridiculous reason for dismissing me — if that is the reason — because after all I am an organizer and use a lot of petrol to get around and do my work."

Miss Borez said she got the impression that she had been fired "because when Mr Petersen accused Mr Buckton of using too much petrol Mr Buckton called me into Mr Petersen's office as a witness to the discussion and I agreed with Mr Buckton that the accusation was ridiculous. Apparently I am guilty of misconduct for standing up for the truth," Miss Borez said.

Story

The two dismissed organizers claim that they have since been informed that "the story given by Mr Petersen to the executive was not all that transpired and we were obviously not given an opportunity to put our side of the story to the executive, because this would have made it impossible to have us dismissed," said Mr Buckton.

Miss Borez said that since the Sunday Times began publishing articles about rank and file dis... "there has been a witch hunt going on against people who do not want to play ball".

"There is an election coming along in March," Mr Buckton said, "and there appears to be a concerted drive to keep out people who could upset the way things are going now in the union."

They claimed that there is widespread revolt against the claims that Mr Petersen earns R1 600 a month as secretary of the union, "yet he is also paid R14 for every union meeting he attends. It is felt that as he is a paid employee of the union he should not be paid extra for attending meetings — sometimes two or three a week — which is part of his job".

Mr Buckton also claims that two cars which were bought in 1969 as part of a fleet for union purposes "disappeared".

These cars "surfaced" recently and Mr Petersen made an offer to the executive for one of the cars which he bought for a nominal sum for his daughter.

Another car, valued this week by a Cape Town ... Mrs Abader, for R350.

"These are all the things we have been fighting against," Mr Buckton said, "and because we have fought we have been dismissed. That is the long and the short of it."

Trustee

He also said that a white woman had been appointed a trustee of the union three years ago "over the head of a Coloured man who had been voted a trustee in the Union ballot".

The White woman, Mrs Swanson ... had not been ... the power, and has used it for the past three years, to countersign the union's cheques while the worker-elected trustee had not signed a cheque since being elected.

Recently, Mrs Borez added, Mr Petersen's son, who was appointed without a vote from the workers as assistant secretary, "had smashed a brand new car and the executive simply voted to buy him a new one".

"This is worker money being thrown around in this way and yet few people know it is being done," Miss Borez said.

Both Mr Buckton and Miss Borez are compiling a list of what they call "gross mismanagement of worker trust by the executive of the Garment Workers' Union", which they will produce in support of their Supreme Court application for reinstatement as union organizers.

Election

"We intend bringing these matters to the attention of the garment workers ... the March election ... because we feel it is imperative that the Coloured garment workers of the Cape — all 45 000 of them — know exactly how their affairs are

PETERSEN BID TO STOP ROT

(1,184)
2,135

SUN TIMES (EXTRA) 1/2/76.

Garment workers continue fight

MR LOUIS PETERSEN, secretary of the Garment Workers' Union of the Western Cape, this week made a significant move to counter a growing revolt against himself and the present executive of the union when he sent a list of the present executives' names with nomination forms which have to be in by Friday, February 6.

But an action committee of workers selected from groups which have been propagating the removal of Mr Petersen and the present committee countered this on Thursday night by nominating their own choice for the executive posts The names of the proposed new executive will be distributed to factories this weekend and next week.

By HOWARD LAWRENCE

The election of officials for the union — who will hold office for the next three years — only takes place in March, and the fact that Mr Petersen has sent out nomination forms already is being seeing as an attempt to forestall the growing dissatisfaction among workers with him and the present executive

The revolt, which began in August last year among a small group of workers and shop stewards, has snowballed and the action committees which have been having meetings of workers all over the Peninsula feel "reasonably confident" that they will succeed in replacing most of the present executive whom, they claim, have let the workers down over the past few years

Wages

One of the most telling charges being levelled at Mr Petersen and his executive is that garment workers wages have increased by only 85c a year over the past 11 years

"This fact alone should put workers up in arms against Mr Petersen, specially since the clothing industry is one of the biggest industries in the Cape and they make big profits," one worker said this week

Workers also claim that Mr Petersen and the present executive 'have leaned over backward to accommodate the wishes and negotiations of the bosses with the result that garment workers, most of whom are highly skilled people, are among the lowest paid workers in the Cape"

Workers were incensed in November last year when it became known that Mr Petersen had settled for a weekly wage for a skilled machinest, for example, of only R22,50 a week, when he had told a general meeting that he would not settle for a wage of less than R27,50

The fact that Mr Petersen, who led the negotiations with the bosses on behalf of garment workers, did not first report back to a general meeting before accepting only R22,50 is being held against him by most workers.

Several other complaints have been made against Mr Petersen and the executive and among these are a number of claims that they violated the constitution by authorising expenditure on several occasions, of more than R2 000 when the constitution specifically states that any expenditure over R2 000 must first be authorized by a general meeting of workers

I was told that the union executive violated this clause in the constitution when they decided to buy a fleet of new cars last year worth almost R20 000 and that it was violated again after one of these cars was written off after an accident and another costing "over R4 000" was bought to replace it.

Workers also claim that the executive, without first consulting a general meeting, had decided to sponsor the costs and entertainment of last year's Tucsa conference in Cape Town and that this also cost the garment workers more than R3 000 The union executive also sanctioned the purchase of two gold chains to be given to officials of Tucsa.

Workers also claim that a general meeting of the union only "agreed in principle" to the building of a new building to house the offices of the union, but that this was not referred back to them and neither were they told that the project would cost nearly R2m

It is felt that the union should have instead used this money to establish a housing scheme for workers, many of whom are living in dire straits because of lack of housing in the Cape

They claim that although the union itself has a fund through which it is supposed to help workers buy or build homes, "it is virtually impossible to get at this fund though White workers, who number a total of only 400, have been given loans to buy or build homes," one worker said this week

There is also widespread dissatisfaction with the action of the executive in appointing Mr Petersen's son, Cedric, as his assistant secretary without the matter being referred to the workers

Successor

This appointment places Mr Cedric Petersen in a position where he would be the natural successor to his father when Mr Petersen, Snr, retires Mr Petersen, Snr, it is claimed, earns a salary of R1 600 a month and also drives a luxury car which was bought by the union

An action committee member appealed this week to garment workers to "seriously think about these and other things which the union has done because it is time that the garment workers get rid of the present secretary and the executive so that a new team of people who have come up from the ranks and are deeply concerned about the plight of garment workers can take over and get the union to really work hard for its members' benefit"

"If garment workers want to start getting real benefits from the hard-earned money which they pay in to the union, the provident fund and the sick fund, then they must remove the secretary and the executive and they can do this by not voting for any of the people who now sit on the executive

"They must also be careful in their election of shop stewards, many of whom have not said a single word on behalf of workers for the years they ahve been representing their factories in the union"

It was pointed out that the Garment Workers' Union of the Western Cape is one of the strongest unions financially, with an approximate income every year of R500 000

GARMENT UNION 'WAR' HOTS UP

Sun. Times (Extra) 8/2/76

THE intense behind-the-scenes struggle among Cape garment workers to remove the present executive and general secretary of the union exploded into open pamphlet "warfare" this week when both sides bombarded garment workers with pamphlets to promote their respective causes.

Pamphlet 'attack' on workers

By HOWARD LAWRENCE

Mr Cedric Petersen: "We have done much for the workers".

The pamphlet "war" came on the eve of the closing day for nominations to the executive, Friday, will probably continue until the elections of officials next month.

The "rebels", I was told this week, have submitted a list of names of people with whom they want to replace the present executive, to the Garment Workers' Union

None of the union's top officials were in Cape Town on Friday to confirm this as the secretary, Mr Louis Petersen, his son, assistant secretary Mr Cedric Petersen, and chairman, Mr O S Naidoo, were reported to have flown to Pretoria to see the Registrar of Trade Unions about extending the Garment Workers' Union's permission to be a "mixed" union

In an interview earlier this week, Mr Cedric Petersen told me that the present officials of the union had done much for the garment workers and handed me pamphlets put out by the Cape Clothing Industry Provident Fund which offered members plots for sale as well as loans to purchase or build homes

Bursaries

He also handed me a pamphlet sent out to workers last week which informed them that members can apply for bursaries for their children who want to go to university and indicated that a number of children of members had been assisted already — including two who have since become doctors.

Bursaries 184

Mr Petersen said the union also has a funeral fund to assist members' families when they die and a distress fund which assists people in need with groceries, blankets and other needs

Answering charges that garment workers have for many years been unable to get copies of the union's constitution so that they can know their rights, Mr Petersen said that this was being prepared at the moment by one of the union's typists and would soon be published in book form.

His appointment as assistant to his father, he said, came about as the result of an approach by the executive of the union He had not been appointed by his father The post had not been advertised

Mr Petersen also said that the reason why no-one had seen a balance sheet is "because no-one asked for it"

In a pamphlet headed "Stand Firm by Your Union", the workers who have been campaigning to remove the present executive and the general secretary were labelled "traitors"

A list of what is claimed as "achievements" of the present secretary and executive was also listed in the pamphlet

But the dissidents, who have formed "action committees" all over the Cape, came back with a reply this week

Asked about claims that the union executive had given a loan to a non-member to purchase a house and also a loan toward the purchase of a car, Mr Petersen said that he was aware of this but that it had happened before he became assistant secretary

He added that the union's constitution allowed the executive to do this

But the "action committee" replied with their own pamphlet which was headed "Garment Workers Reply to Mr Petersen"

The pamphlet states that garment workers who want to remove Mr Petersen and the present executive are not "traitors" and that the union belongs to garment workers who are Mr Petersen and the executive's bosses, and they are not satisfied with them

They state that they are paid-up members of the union "who help to pay the fantastic salary" Mr Petersen receives as secretary, "who pay for the very expensive motor car in which Mr Petersen drives in luxury whilst we queue for very inadequate buses"

"We are not traitors", the pamphlet states "we are doing what we should have done years ago during all those years whilst we slaved away at our machines for a very low wage and you and your executive committee members toured the capitals of Europe, staying in the best hotels and attending conferences on our hard-earned money"

"What good did these conferences do for us?" the pamphlet asks "Did they improve our conditions? Our wages?"

Council

The pamphlet also points out that the scheme through which garment workers can get loans to build or buy houses and plots is not a union fund but a fund established by the Industrial Council with workers provident fund payments

"The union cannot take credit for the Sick and Provident Fund set up in terms of the Industrial Council agreement We members pay a separate contribution "for the doubtful benefits bestowed on us by the Industrial Council", it states

1 184

2 247

Companies guilty of Price Act offence

ARGUS 11/2/76

BLUE BELL WRANGLER (PTY) LTD and its agent, Nathan Shapiro Agencies (Pty) Ltd, were convicted in the Supreme Court, Cape Town, today of contravening the Retail Price Maintenance Act.

Blue Bell Wrangler, manufacturer of 'Wrangler' jeans, and Nathan Shapiro Agencies both pleaded guilty to the charge.

The directors of both companies and the servants of the companies all pleaded not guilty.

This is the first Supreme Court case to be heard in South Africa involving an alleged contravention of the Retail Price Maintenance Act.

Appearing before Mr Justice Watermeyer are Blue Bell Wrangler, represented by a director, Mr Iain Graham Lyon, Mr Lyon in his personal capacity, Mr Kenneth Duveen, an employee of Blue Bell Wrangler, Nathan Shapiro Agencies, represented by a director, Mr Nathan Shapiro, Mr Shapiro in his personal capacity and Mr Lionel Farber, a director of Nathan Shapiro Agencies.

RESALE PRICE

Between August and October 1974, National Half Price Stores (Pty) Ltd, and its subsidiary, Cape Dominion Trading Company (Pty) Ltd, purchased, through Nathan Shapiro Agencies, a consignment of Wrangler jeans from Blue Bell Wrangler.

A portion of the consignment was received during October and November of that year. In the same period, Blue Bell Wrangler and Nathan Shapiro Agencies attempted to compel Mr Sam Stuppel, the managing director of National Half Price Stores, and an employee, Mr Hugh Thomas Ashby, to observe a resale price for the jeans specified by Blue Bell Wrangler and Nathan Shapiro by conveying to the retailers that further supplies would cease if this were not done, according to the charge sheet.

The Deputy Attorney General of the Cape, Mr A. J. 'Braam' Lategan SC, assisted by Mr S. Baker, is appearing for the State.

Mr M. Seligson SC, assisted by Mr D. Ipp and instructed by C. K. Friedlander, Kleinman and Shandling, is appearing for Nathan Shapiro Agencies, Mr Shapiro and Mr Farber.

Mr J. Broome SC, instructed by Cox and Yates of Durban, is appearing for Blue Bell Wrangler, Mr Lyon and Mr Duveen.

(Proceeding).

(1) 184
(2) 247

Jeans manufacturer 'fleecing public'

Cape Times 12/2/76

Supreme Court Reporter

THE DEPUTY ATTORNEY GENERAL of the Cape, Mr Braam Lategan, SC, yesterday accused the manufacturers of "Wrangler" jeans of being prepared to fleece the public and of riding on the back of the man in the street.

He made these submissions while asking Mr Justice Watermeyer to impose heavy fines on Blue Bell Wrangler (Pty) Ltd, the manufacturers of the jeans, and its agent Nathan Shapiro Agencies (Pty) Ltd, who tried to force Half Price Stores to charge customers nearly twice what it paid for the jeans

The companies pleaded guilty to contravening the retail price maintenance regulations

A director of Blue Bell Wrangler, Iain Graham Lyon, and an employee, Kenneth Duveen, and two directors of Nathan Shapiro Agencies, Nathan Shapiro and Lionel Anthony Farber, pleaded not guilty Their pleas were accepted

After the companies had been convicted and the men discharged, Mr Lategan read to the court a statement of agreed facts

The statement said Half Price Stores ordered 4 750 pairs of jeans from Blue Bell Wrangler in 1974 to sell them at a competitive price But 768 pairs were never delivered. Another order for 12 000 pairs was not accepted.

Half Price Stores started advertising that the jeans would be sold for R5,99. Blue Bell Wrangler objected to the price and the advertisements which it believed were damaging to the reputation of "Wrangler" jeans and were an abuse of its trademark

In October, 1974 a representative of Nathan Shapiro Agencies told Half Price Stores, that Blue Bell Wrangler would not supply the jeans unless they stopped advertising and charged the recommended retail prices, the statement said

Asking that the companies be fined heavily, Mr Lategan said retailers were forced to make jeans expensive He described profits made by retailer as "disgusting"

The deeds of Blue Bell Wrangler could virtually be described as stealing from the public, Mr Lategan said.

Judge Watermeyer will sentence the companies today He sat with two assessors Mr C H van Gend and Mr G Hofmeyr

Mr Lategan was assisted by Mr S Baker Mr J Broome, SC, instructed by Cox and Yates of Durban appeared for Blue Bell Wrangler Mr M Seligson SC, assisted by Mr D Ipp and instructed by C K Friedlander, Kleinman and Shandling, appeared for Nathan Shapiro Agencies.

F.M. 13/2/76

184

CLOTHING

A trimmer cut

How much money, despite inflation, is still being wasted by industry — even by companies reporting substantial profit hikes? Judging by the past year's experiences of clothing group Veka, it could be plenty

In March 1974 the *FM* reported a reorganisation of the group's manufacturing facilities aimed at cutting losses by its almost wholly-owned Bertish subsidiary (R327 000 during the two-year period 1971-72). Bertish's new Parow plant was sold for R650 000 to C J Fuchs for TV assembly. Production was switched to the group's Salt River and Newcastle factories; administration, sales and production planning moved to the group's Johannesburg headquarters.

The effect on 1974's results was impressive. Earnings per share jumped from 10,9c to 22,8c

MD Frans Truter died in early 1975 He was succeeded by GM (production) Willem van Zyl, who immediately began planning further group reorganisation. He had inherited, for example, five sales divisions, reflecting various product divisions. Each had its own buying and selling organisations, supplies of raw materials and sales administration. This meant a retailer could be visited by several salesmen from the group, each invoicing him separately.

To prevent this and reduce overheads, Van Zyl rationalised selling into two divisions — men's and boys' wear. A third division administers sales, while a fourth provides design, buying and marketing

Facts on men who charge you double

SUN EXPRESS 15/2/78

By DIANA POWELL

CAPE TOWN.—Facts of an amazing dossier on clothing manufacturers who—it is claimed—are taking the South African consumer for a multi-million-rand ride annually were revealed to the Sunday Express this week.

The dossier has been compiled by Mr Sam Stuppel, managing director of the cut-price clothing chain, Half-Price Stores, and the man responsible for bringing the great jeans wrangle to court.

Mr Stuppel's refusal to mark-up Wrangler denim jeans by 100 per cent to the recommended retail price led to the conviction under the retail price maintenance regulations of the maufacturers, Blue Bell Wrangler, and their agents, Nathan Shapiro Agencies, in the Cape Town Supreme Court this week.

The firms were fined R11 000 after it was found that they had tried to force Half Price Stores to sell the jeans for twice what they paid for them.

Mr Stuppel said the charge against Wrangler was a test case and only an isolated incident of retail price maintenance which was being practised daily by scores of manufacturers in Southr Africa daily.

"It might surprise you to know that because we cut our prices, the only branded goods we are able to sell are a range of pantyhose and a range of blankets. Not another single branded line have we been able to obtain from the manufacturers.

"There are dozens of clothing labels we would like to offer our customers — a top-class range of men's suits and a shirt line are just two we would dearly love to get.

"But when we try to obtain supplies, our telephone calls are not returned, we are told the goods are sold out — or that we will have to wait ten years for delivery And this is the clever way of doing it because it is difficult to prove the manufacturers are deliberately putting obstacles in our way," said Mr Stuppel.

"I would like to make an urgent plea to Mr Chris Heunis, the Minister of Economic Affairs, to step in and stop these malpractices.

"He should act on complaints from retailers by sending out inspectors to check manufacturers' order books.

"This is supposed to be a free-enterprise society but how much free enterprise is there when a man is not allowed to offer the public goods at competitive prices?" asked Mr Stuppel.

"In our business we cater for Black and Coloured workers, most of whom earn about R25 a week.

"Our customers do not want air conditioning, carpets and credit — and because we do not have to supply these services, we do not need a 100 per cent mark-up

"Why should a poor man have to pay R11,99 for an item when someone is prepared to sell it to him for R5,99?"

Mr Stuppel referred to the jeans trial

"The Deputy Attorney-General of the Cape, Mr Bram Lategan, said that Wrangler had 'fleeced' the public. What amazes me most is that this is an American company which tried to ride on the backs of lesser-privileged non-Whites.

"The South African public is being taken for a multi-million-rand ride annually through the practice of retail price maintenance."

Had all the jeans ordered from Wrangler been delivered, their sale at R5,99 a pair would alone have represented a saving to the consumer of R160 000.

Sentencing Blue Bell Wrangler and Nathan Shapiro Agencies this week, Mr Justice Watermeyer said the legislature regarded the offence as serious.

The fine would serve as a warning to others

1 184
2 28
3 247

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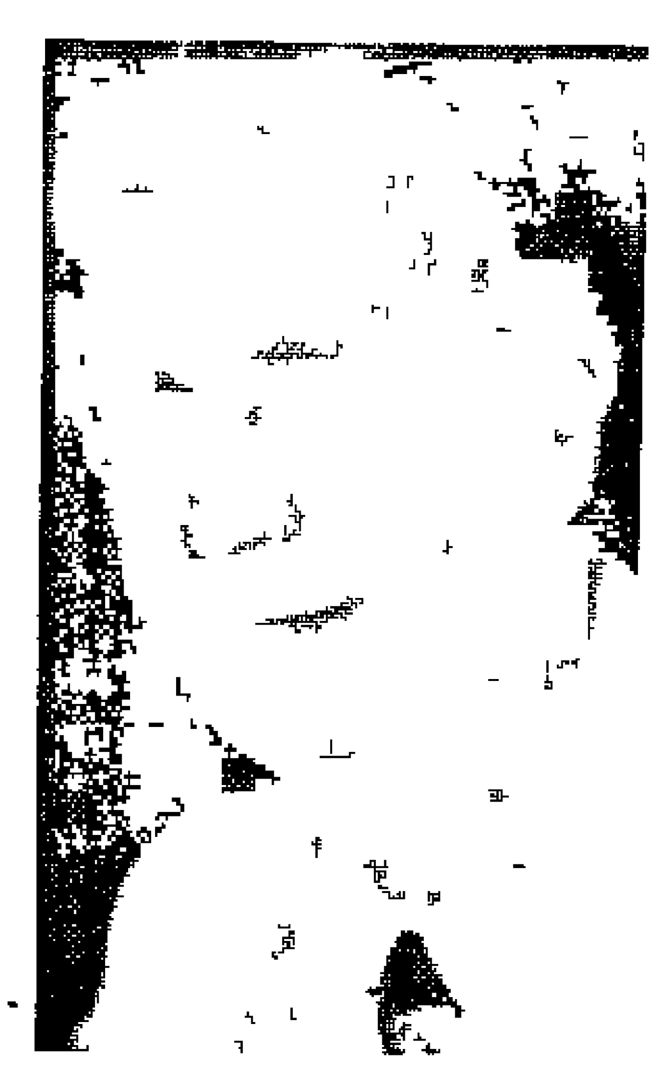
PETERSEN'S CLAIMS ARE REFUTED BY WORKERS

By HOWARD LAWRENCE

THE GARMENT WORKERS' Action Committee which has been campaigning to have the present executive, general secretary and assistant secretary of the union replaced by a new set of people, this week replied to statements made by the secretary, Mr Louis Petersen, in an interview with a Coloured weekly newspaper which had put questions to him being asked by union members.

'He is not the man for us'



MR LOUIS PETERSEN . . . says he is being under paid.

Asked about the workers' grievance to get them a top wage of R27,50 a week, but that he had settled for only R22,50 a week, Mr Petersen said that the general meeting had decided that he should accept "the best possible conditions in the November negotiations with employers, and denied that he had said he would get a minimum of R27,50 a week for top hands

But the action committee this week replied to Mr Petersen and insists that he had told workers he would not settle for less than R27,50 per week

If R22,50 is the best Mr Petersen could get for

the contractor's letter giving the estimated costs was read to workers and was approved by them

But the action committee maintains that "when all the hidden costs are taken into consideration, including furnishing then the cost of the building amounts to approximately R2-million"

business and also that that fleet as well as the one bought last year cost more than the R3 000 maximum expenditure allowed by the union's constitution without the approval of a general meeting Mr Petersen denied that two of the cars bought in 1969 had not been used for union business

mobile in order to earn the money we pay them to work for us

By HOWARD LAWRENCE

us after being our secretary for so many years, and after we pay him R1 600 per month plus a luxury car to look after our interests, then obviously he is not the man to work for our benefit" an action committee spokesman said

Referring to a decision taken by the national Consultative Committee of Garment Workers' Unions, representing garment workers in the Cape, Natal and Transvaal, that the three unions "try their utmost" for an agreement which expired by June, 1977, but that he had gone against this decision and made an agreement for three years, Mr Petersen said his union (Cape) was not bound to refuse a longer term agreement

Signatory

The action committee replies "Mr Petersen was a signatory to the consultative committee decision and by agreeing then, he must have realized that it would be to the benefit of the members of the Cape Union, to seek an agreement which would expire in 1977

"It stands to reason that the three provincial bodies, working together, would have been able to get much more for the workers than Mr Petersen did and we must seriously question the reason why he decided to accept an agreement which will last for three years at the ridiculously low wage of R22,50 for a qualified machinist

Every category of worker will now be bound to unacceptable wages for the next three years Mr Petersen has still not explained why he went back on the consultative committee agreement

Building

Asked about the R2-million building the union had built without telling the workers how much the building would cost, and instead of using the money to build homes for homeless garment workers Mr Petersen said the building did not cost R2-million

He said the cost was R1 284 000 'with escalating costs", and that the building was necessary to centralize and improve the union's existing facilities

Mr Petersen also said

They maintain that workers were not told "all there was to be known about the building" and that the general meeting Mr Petersen is referring to only approved the building of a new office block "in principle"

Asked about charges that there was financial waste by officials because of over-spending on overseas trips by Mr Petersen and the executive — so much so that the Garment Workers' Union has become known as the "Touring Union" — Mr Petersen said overseas delegations travel to different countries to meet leaders in clothing unions The delegations he said "stay in moderately-priced hotels and do not live extravagantly"

The action committee claims that "these overseas tours by officials of the union have brought no benefits to the garment workers and we cannot see the need for officials to go as delegations, neither can we see the need for officials to go to so many conferences"

A 'waste'

"These trips", an action committee member said this week "are a total waste of the workers' money which can be used to the benefit of the workers themselves"

Asked about the dissatisfaction among workers with the appointment of his son Cedric, as his assistant secretary, even though he has had no previous trade union experience Mr Petersen said "Cedric comes from a trade union family and is a devoted trade unionist"

Action committee members reply that coming from a trade union family "is no reason for appointing him as assistant secretary when there are 45 000 workers from whom an assistant secretary could have been chosen and trained"

"If Mr Petersen can introduce his son into the union and train him then the members of the union have a better claim to be trained for official positions which pay high salaries It is their union and they should be given the opportunities because it is their money which makes the union work"

Car Fleet

Asked about allegations that the union bought a fleet of five cars in 1969, but that only three had been used for union

He said the two cars were parked at his home because there were no parking facilities for them He kept the engines running, he said, by using them alternately with other union cars There were not enough union organizers who could drive for them to be given to union officials

Mr Petersen said the executive had not acted unconstitutionally by failing to get workers' approval for the fleet of cars The R3 000 ceiling applied to expenditure on a single item and the union had paid for the cars monthly as separate items

Rejected

The action committee rejects Mr Petersen's explanation They point out that nowhere in the union's constitution does it state that the R3 000 ceiling applies to a single item as Mr Petersen claims

"The cars were all purchased at the same time and were taken possession of by the union at the same time In any case, an action committee member said, even if the two fleets of cars were paid for on a monthly basis, as Mr Petersen claims, the total cost amounts to thousands of rands more than the R3 000 ceiling and nothing Mr Petersen says has changed this fact They spent our money without our permission"

Dealing with Mr Petersen's reply concerning the two cars which members claim, had not been used by the union after they were bought in 1969, an action committee member said he found Mr Petersen's explanation "ridiculous and deserving of a fuller investigation"

Proof

"Mr Petersen says that he kept the two cars at his home because there were no parking facilities available Yet we have proof that one of the cars was used by a White woman who has nothing to do with the Garment Workers' Union We want to know who this woman was and why she used our car

'Under paid'

"Mr Petersen says that not all the organizers could drive that is why he used the cars alternately

"A union organizer's job is to visit workers and factories and we find it incredible that the executive employed organizers who cannot drive when surely it is essential that they should be

the reasoning behind the purchase of five cars when, according to Mr Petersen's own admission, they only needed three. Mr Petersen should give us a clearer explanation of this whole matter," he said

Asked about claims that he earned R1 600 per-month (he also drives a luxury car and operates an expense account paid for by the union), Mr Petersen said he is paid "less than R1 600 per month", but added "for the work I do I think I am being under paid"

"It is frightening to think that Mr Petersen earns such an enormous salary and still feels he deserves to earn more

"When one considers that he is paid R14 for every meeting he attends — when he is paid a salary by us to do a job for us which we feel he has not done — then one can only shudder at the state of the union

"This is why we are determined to rid ourselves of Mr Petersen, his son, and the whole executive which has been sitting there while workers have been forced to accept a meagre salary of only R22 50 a week for their hard labour"

Threatened

Meanwhile, Mr E Buckton, one of the two organizers who were dismissed by the union executive and who have asked an attorney to seek the details of their alleged "misconduct", received a number of poison pen letters from supporters of the executive

In one of the letters, which is in the possession of the Sunday Times Mr Buckton has also been threatened with violence However, in an interview this week, Mr Buckton said he was "not concerned at all", about the threats and the letters

"I have my convictions and I will not be intimidated by this kind of thing," he said

The poison pen letters have come close on threats being made against workers by certain people that if they support the action committee which is seeking the removal of the present union executive, "legal action will be taken against them"

Action committee members said this week that they do not believe the threats have any connection with union officials.

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New branch for union

STAR 16/2/76

Labour Reporter

The Garment Workers' Union of South Africa opens a branch in Bloemfontein next week to cater for its estimated 250 members in that city.

"Bloemfontein has been declared a Coloured people's growth point and the prospects for more clothing factories being established there are good," said the union's general secretary, Mr Adam Klein, in Johannesburg today.

He said almost all the workers in Bloemfontein's three large and several smaller clothing factories were Coloured people. The few Blacks in these factories would be offered membership of his union's sister union, the Black National Union of Clothing Workers.

A part-time training course for shop stewards is to be run for about 10 days by Mr Dick Whitworth, the education officer of the Trade Union Council of South Africa.

UNION ACTION GROUP MAY SEEK A COURT ORDER

By HOWARD LAWRENCE

Sunday Times (Extra) 22/2/76

THE ACTION COMMITTEE of the Garment Workers' Union (Western Cape) which is organizing to remove the present executive committee and general-secretary of the union will decide this week whether to apply for a Supreme Court interdict "to restrain officials and organizers and shop stewards of the union from obstructing its members who are exercising their rights in terms of the union's constitution".

Action Committee members received complaints from supporters this week that shop stewards in some factories have prevented members from circulating a petition to get the 600 signatures needed to change the way votes are handled in next month's election of a new executive.

employees who are members of a trade union to organize themselves and I give the assurance that no employees of ours are in danger of losing their jobs because support of either the Action Committee or the officials of the union.

"If any threats are made against workers that they will lose their jobs, the matter should be brought to the attention of the Pep headquarters," the spokesman said

The managers of the Pep factories, he said, would be informed of this decision

The attitude of the Pep group was hailed by the Action Committee this week as "the enlightened attitude of and progressive employers who realize that workers who are dissatisfied, for any reason, affect production adversely".

"We are positive that their employees will appreciate their attitude in no small measure," an Action Committee spokesman said, "and we hope that other employers will follow their lead."

Meanwhile, hundreds of garment workers have indicated by letter and telephone calls to the Sunday Times as well as personally to Action Committee members, that they support the move to elect a new executive and general secretary

They have also been submitting complaints against the union, the most widely quoted one being that many qualified machinists, some of whom have been qualified for 12 years and longer are still receiving only R20,50 a week at some factories, instead of the new disputed rate of R22,50 a week which came into effect on December 13 last year

Many are also questioning the reason why union officials and organizers are "suddenly emphasizing the benefits they can get from the Union and point out the benefits they receive are from the sick fund and the provident fund, which they pay for separately from their union fees

"The garment workers are finally waking up to their rights and their power," an Action Committee spokesman said this week when commenting on the response from members of the union, "and I am convinced that we are on the brink of a new era of widespread activity in our union, which will be of immense benefit to the workers and their families and consequently, to the whole community"

Mr L A Petersen, secretary of the Garment Workers' Union

The petition is being circulated in terms of Section 7(1) and 11 (1)(a) of the Garment Workers' Union constitution It demands that a ballot of members be conducted to direct the Central Executive Committee that the forthcoming election for a central executive committee:

"Shall be organized, supervised and scrutinized by independent persons, not in any way connected with the trade union, as members thereof, or employees thereof, nor shall they be members of the families of members of the trade union officials or the staff thereof, nor shall they be officials or members of the staff of the Industrial Council for the Clothing Industry (Cape) or members of their families and such independent persons shall be appointed by the trade union's auditors."

The petition further asks that "the ballot shall direct that the issuing of ballot papers, collecting and opening of ballot boxes and the counting of votes shall not take place on the premises of the trade union and only the independent persons appointed by the auditors shall take any part in the organizing of the election".

Sympathies

"Only workers at one of the Cape's bigger factories, Rex Trueform, have shown reluctance to show where their sympathies lie," an Action Committee spokesman said this week when I asked him how their campaign was going.

Three of the executive members, whom workers want to replace next month, are employed at Rex Trueform

Elsewhere, union officials and organizers have run into a storm, according to workers at most of the major factories in the Cape.

Free

A spokesman for the Pep group of factories in Parow made it clear in a telephone interview this week that workers at their factories will be free to organize and petition for and against the union during their lunch hour.

"It is the right of our

Rupert goes ahead with Back takeover

Cape Times 26/2/76

By GORDON KLING

THE SUSPENDED takeover bid by Dr Anton Rupert's Rembrandt conglomerate for the I L Back clothing group is on again without any modifications.

In a statement yesterday Rembrandt announced that it had decided to proceed with the schemes of arrangement for the acquisition of an interest in Back, after a report that the pre-tax profits of the Back group for the year ended December would be at least R491 000

The judical managers had warned three weeks ago that a loss for the year was possible

The statement said

"On February 3 the judicial managers of the Back group announced that the projected profits of R530 000 for the financial year ended December, as reported in the scheme documents, would be substantially less and could even turn into a loss

INTEREST CHARGE

"As a result, Rembrandt reserved its rights and requested that its auditors investigate the reasons for the difference A thorough investigation by Rembrandt's auditors showed that there were material differences

"According to the judicial managers — after rectification of an incorrect interest charge which apparently arose in the last six months of the financial year, and which is still being finally investigated, and which according to them will not be less than R300 000 — the pretax profits of the Back group for the year will amount to at least R491 000

"The profit will, therefore, recover to within the limits of the profits forecast in the scheme documents. Consequently, Rembrandt has decided to proceed with its acquisition of an interest in the Back group in accordance with the scheme documents and has requested the judicial managers to formalize all formalities as soon as possible"

The statement added that Rembrandt was giving consideration to finding a method by which Back management and staff could acquire a financial interest in the undertaking by making I L Back shares available to them

POLICY

A spokesman for Dr Rupert said this was part of Rembrandt's traditional policy. Dr Rupert, now in Europe for business reasons, was unavailable for comment on the acquisition

Approval of the Back takeover came at Rembrandt's normal board of directors meeting on the last Wednesday of the month

A director of Finansbank which were the advisory merchant bankers to Rembrandt, Mr J N Hamman, said lawyers were working to get the schemes of arrangement to the Supreme Court for sanction as soon as possible This was likely to take place in the first half of March

Mr Hamman said the deal had reached a satisfactory conclusion "It's been a long battle to get the schemes through," he said, "but everyone involved can be pleased with the way it all turned out"

The conclusion will have undoubtedly come as a relief to the joint judicial managers, Mr J R Haddow of Syfrets and Mr R Millman of Cape Trustees, who have now succeeded in saving some 2 500 jobs and one of South Africa's oldest clothing makers

Dr Anton Rupert

184

FM. 12/3/76 (184)

Men in fashion

The fashion industry, of which men's clothing must nowadays be considered an integral part, has always had its ups and downs for shareholders, almost regardless of the broad cyclical movements within the stock exchange

For one thing, the fashion business has to contend with rapidly changing conditions often beyond the control of high-powered marketing and promotions men For another, a slight shift in purchasing power can leave companies stuffed with slow-moving stocks that cost the earth to finance Increases in income tax, the heavier cost of holidays, maybe the introduction of TV or any number of variables can upset production runs planned for up to two seasons ahead

Between the design table and the shop counter the balancing act performed by clothing manufacturers can be turned on its head Only a few years ago, it was mainly the female fashion trade that suffered from these sudden flurries of activity and short-lived fads If these seem to have become less pronounced, the trade has now had to come to accept that men, too, are increasingly susceptible to changes in styles, colours and materials

Stewart Shub, chairman of Cape-based Rex Trueform, considers that men have now become conscious of a desire to change their style of dressing to the extent that even small reductions in disposable incomes will have little effect on purchasing patterns In this respect, the subtle shift from a more stable, duller cycle to a more volatile, brighter pattern, the result of a combination of changing male tastes and incomes stimulated by modern marketing techniques, has had a favourable financial impact on those companies which have risen to the challenge.

In the clothing sector, there is little doubt that RexTrue is a highly regarded share with an enviable growth rate Pre-tax profits over the past five years have shot up 162,5%, from R1,6m to R4,2m, while in the same period earnings have moved up by 178,5%, from 33,6c to 93,6c.

The latest interim figures show further progress, with pre tax profits 14% higher at R2,77m compared with R2,43m Earnings are up 13,3%, from 51,1c to 57,9c, and it looks as though for the full year they will top 100c for the first time In terms of performance, therefore, shareholders can have no cause for complaint, though they might quibble at the relative conservatism of the dividend policy However, a glance at the more fluctuating records of one or two competitors should convince them that they have backed the right horse and, after all, a dividend covered 3,9 times gives a warm glow of comfort in these inflationary times

At some time over the next few years, therefore, shareholders should reap the benefit of the company's deliberately cautious dividend policy

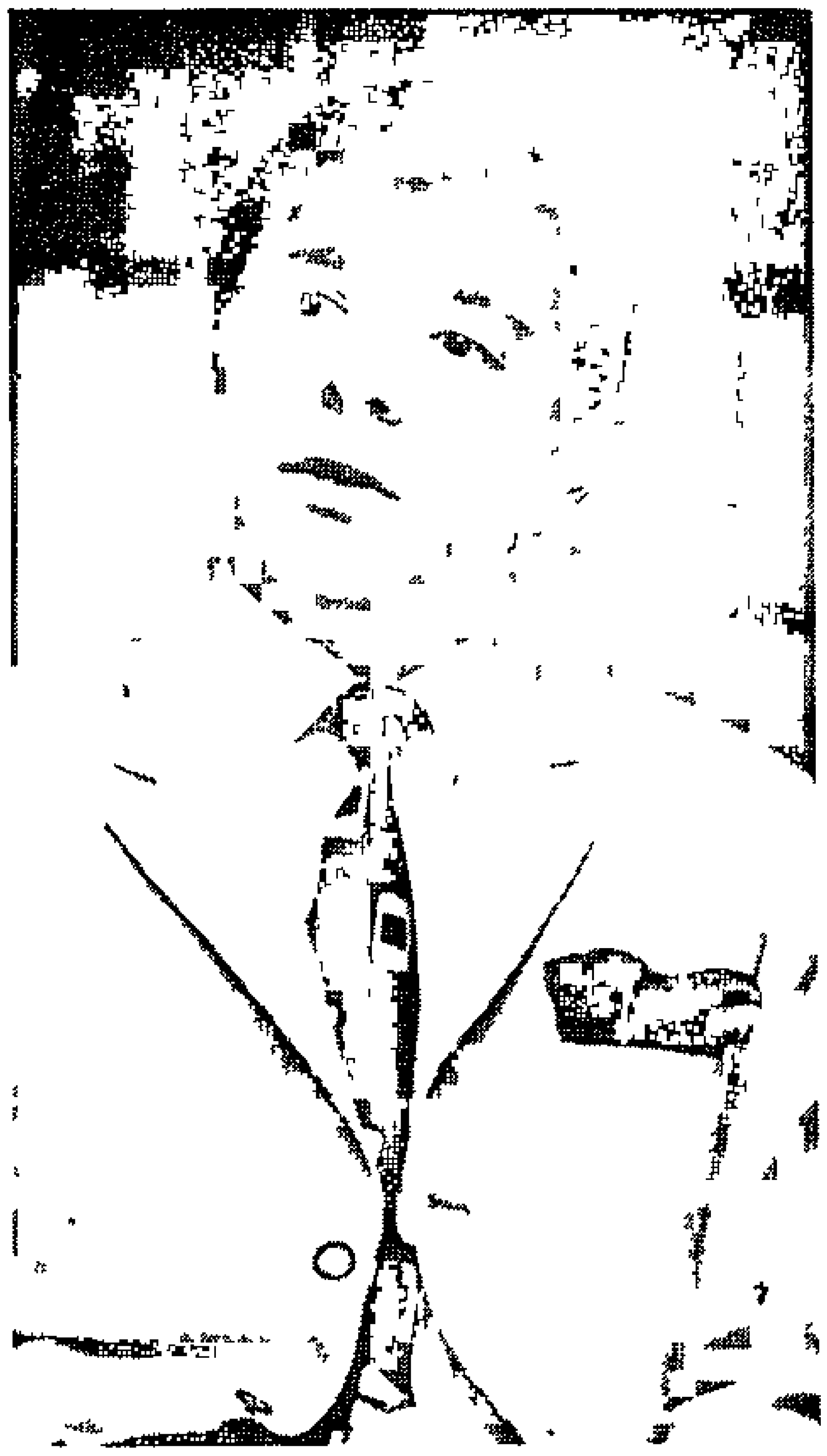
In the meantime Shub and his management team are concerned to deal with the two sharp prongs of inflation as they affect the balance sheet In the first place, there is the need for a higher level of working capital to finance the current level of business In the year to June 30 1975, stocks in fact dropped slightly from R5,8m to R5,4m though with debtors running nearly R1m higher, net current assets edged up from R14,4m to R14,9m The liabilities side was transformed by the disappearance of short-term loans and overdrafts as these were replaced by R2m of long-term borrowing Total current liabilities consequently fell from R6,5m to R3,7m

Second, there is the need to come to grips with the problem of replacing and updating fixed assets at prices far above their original book cost Shub considers the simplest, most easily understood method of inflation accounting in the light of the current confusion among accountants is through an accelerated policy of heavier depreciation of assets

As he points out, not only has RexTrue to invest more frequently in new and more modern plant and equipment in order to benefit from more efficient production techniques, it has also to consider the inadequacy of past depreciation policies when related to future capital investment Thus, last year cash flow was bumped up from R1,7m to R2,4m with the assistance of a depreciation charge of R309 000 against R224 000, while a back-dated R98 000 was also tacked on

To bring stock valuation policy into line with current practice, non-productive overheads were eliminated from work-in-progress and manufactured products This led to once-for-all charge against profits of R225 000, but it means a more consistent and meaningful policy for future years Doubtful debtors, too, are watched, with a growth in the debtors book last year from R8,5m to R9,4m the amount put aside was doubled to R150 000

Shub maintains that trade shows no signs of falling away, even though there might be a smaller cake to share around this year While the simple explanation is that RexTrue is steadily, if slowly, increasing its market share at the expense of others, the real answer is that overall it has always seemed to get the whole equation right



Rex Trueform's Shub . . . getting his sums right

Its designs are a blend of home and international ideas, as are its range and choice of cloths, and the result is a highly acceptable product Some 12%-18% of sales is exported, with the UK being by the far the biggest customer for the medium-to-upper prices bracket suits

In turnover terms, success at all stages of the operation has seen a doubling over the last four years To date, RexTrue has preferred to keep the actual rand value of sales to itself, though Shub assures me that this omission should not be long in being rectified Then it will become possible to compute such vital ratios as stockturn and return on sales Over the next four years, the company does not intend to rest on its laurels and at least a similar rate of growth is expected, in line with, if not ahead of, overall market growth

One obvious, though at this stage unquantifiable, growth point is the Black market, which is becoming increasingly clothes-conscious as incomes increase. Sales to this sector are considerably higher than even two years ago but, with Blacks now able to buy in what were previously all-White stores, actual volumes are difficult to come by

Room for expansion exists, too, in the accessories trade, and here shirts are a natural focal point to which RexTrue has gravitated by buying a 50% stake in

L'Uomo, a new company aiming at the better end of the shirt trade At this stage, further growth by acquisition is ruled out, particularly as none of the possibilities so far examined have persuaded management there is anything on offer it could not do better itself.

After all, RexTrue has sufficient capacity of its own, having spent last year R431 000 on an adjoining building to the Salt River complex and R1m previously on buying and re-equipping a 650-worker factory at Wynberg, both financed through two R2m debenture issues These account for the more than doubling of interest charges from R216 000 to R547 000 Even so, the ratio of net borrowings to equity funds of 40% is below the company's policy of keeping the equity/debt ratio below 2 1

With a return on capital employed of 40%, RexTrue is indeed a profitable outfit If and when the stock market rouses itself from its lethargy, this is a share which should not be forgotten The pity is there is not more scrip in circulation, since 76,8% of the voting shares is in the hands of African & Overseas, which overall controls 42% of the equity

Perhaps one day a cap issue will materialise, since against the R1,4m share capital there are R9m of distributable reserves Such a move has been mooted, but to date the position remains the same. Meanwhile, at 340c, shareholders accept a yield of 7,1% fairly sure in the knowledge they hold an assured growth stock

Shub insists that prospects are good, but his quiet confidence does not accord with a recent survey by the Stellenbosch University Bureau for Economic Research Its conclusion was "Our retailing contributors' appraisal of business conditions has changed from general optimism to pessimism"

So it is possible that during 1976 RexTrue's outlets may find the merchandise not moving quite as fast as they have been accustomed to

John Gilmore

(1) 184
(2) 135

Union rebels will carry on talking

SUN TIMES (EXTRA)
14/3/76

By HOWARD LAWRENCE

THE ACTION COMMITTEE which has been organizing a revolt to remove the present executive and secretary of the Garment Workers' Union of the Western Cape issued thousands of pamphlets this week entitled "We haven't stopped talking Mr Petersen".

The pamphlet states that workers are still talking "and most of the time", it states, "we are talking about you, Mr Petersen." Mr Petersen is the general secretary of the union

"You", it states, "have been secretary of our trade union for over 20 years and have led all negotiations for wage increases during that time so we thought we would take a look at what you have achieved — or, to be more exact, at what you have failed to achieve."

In 1948, the pamphlet states, a machinist was paid R8 a week Machinists, it continues, are probably the most important employees in the clothing industry and represent the majority of the workers in the trade

After 28 years, it continues, "we machinists are being paid the magnificent wage of R20,50 a week.

Sweat

"Remember, Mr Petersen you were not going to accept less than R27,50 a week, but you did Just remember this, Mr Petersen, when you drive to our offices at 11am each morning in the magnificent Mercedes Benz motor car paid for by us — with our sweat Think when you draw your R1 600 a month you are paid by us.

"A very conservative calculation of the increase in the cost of living since 1948 has been put at 320 percent This means, "the pamphlet states," that to have kept pace with this increase a machinist should now be earning at least R25,60 a week This means that our real wages have decreased since 1948 In addition, the general standard of living of all people in South Africa has risen at between two and

"Since then", it states, "they have been moved far away and bus and train fares have taken a big slice from their wages.

"On the wages you have negotiated for them, Mr Petersen," the pamphlet continues "They are lucky to be able to afford any form of transport to get to and from work"

The pamphlet also deals with the Industrial Council's sick fund and says that Mr Petersen led all the negotiations for the agreements containing the sick fund clause for the past 22 years and he, it states, "must take full responsibility for the disgusting rate of sick pay being paid at present"

It points out that in 1948, for a contribution of only five cents, machinists were paid R4 a week when they had been off work for three days or more

This represented 50 per cent of their wage.

"Today, after a similar period of absence due to certified sickness, a machinist receives only R8 a week and they are paying now 20 cents a week to the sick fund".

In terms of Section 21 (a) of the Factories Act, where there is no industrial council sick fund, the pamphlet points out, "the employer is obliged to pay full wages for a period of two weeks every year in respect of illness. What is more," it continues, "in certain circumstances, no certificate is required for the first two days of sickness."

"With our sick fund," it states, "under the regulations for which you and your executive are responsible, nothing is paid for the first two days and we get, as machinists, a ridiculous R8 a week"

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Sun. Times (Extra) 28/3/76.

Ex-member challenges union man Petersen

By HOWARD LAWRENCE

MR CASSIEM PANDIT, a Cape Town father who has been a garment worker for 25 years, issued a challenge through the Sunday Times this week to Mr Louis Petersen and the executive of the Garment Workers' Union to allow him to address the union's general meeting on April 8.

Mr Pandit stopped being a union member six years ago because, he says, he was not happy with the way the union was run.

He has since applied "several times" for reinstatement, "but the only responses he has received from the union is that his application is being considered.

Mr Pandit's employer has also made an application for Mr Pandit's reinstatement, but this too has met with "diversionary tactics", according to Mr Pandit.

"I have never been suspended or expelled," Mr Pandit said, "although some people have tried to give out that this is why I have not been a member."

Pamphlet

Mr Pandit said he had read the pamphlet put out by Mr Petersen in which the action committee fighting for his removal was attacked as being "miserable and misguided cowards" and he felt that Mr Petersen needs to be answered.

"I challenge the union to make it publicly known why they refuse to reinstate me as a member of the union — a membership which defaulted through a technical error — or if they refuse to do so, to allow me to address

(1) 184
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Union Secretary under fire

National STUDENT
6 April 1976

A new action group has been formed within the Garment Workers Union in an attempt to voice some of the deeply felt complaints against the executive from among the members of the Union The Garment Workers' Union is one of the largest trade Unions in South Africa with a predominantly "Coloured" membership of 45,000

Grievances stem from the fact that the latest round of negotiations by the powerful union brought a minimum wage determination of only R22,50 (which becomes operative only in 1977) The complaint that "the union and the bosses are in it together" is particularly interesting given the dependence of the competitive clothing industry on cheap labour

In contrast to the wages of workers, the General Secretary of the Union, Mr Louis Petersen, it is claimed, earns R1,600 00 a month, has an expense account, drives a union owned Mercedes-Benz, and also is paid extra for each union meeting he attends

A charge of nepotism also has been levelled against secretary Petersen His son Cedric Petersen is at present the assistant secretary and it is alleged, is being groomed for the leadership Other claims are that Mr Petersen's brother-in-law has a furnished flat in the Union Building and that Mr Petersen's daughter is also employed by the union

With accusations and denials flying back and forth daily, it remains clear that there is a startling contrast between the wealth of the union and the poverty of the workers

The union has a closed shop agreement Through the workers' contributions the union receives roughly R432 000 per year from subscriptions alone. In contrast since 1948 the real wages of a machinist have declined One woman at a large clothing factory in Salt River receives R23 a week as a machinist after 30 years of continuous service She is not atypical, of the clothing industry or of South Africa generally

CAPE TIMES
8/4/76

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~~2. 1847~~
~~3. 28~~

TRADE HITS AT GOVT 'LOGIC'

Staff Reporter

CLOTHING retailers yesterday expressed bewilderment at the "logic" of the Government's proposed investigation into the clothing industry. There is "no extensive profit-rigging" in the industry, they claimed.

On Wednesday the Minister of Economic Affairs, Mr Chris Heunis, announced that an intensive investigation into the costs, prices and sales practice of both clothing manufacturers and clothing retailers was to be undertaken by the Price Controller.

Commenting on the announcement, the general manager of Hepworths, Mr J G Davidson, said: "There is no extensive profit-rigging in the clothing industry. Some do better than others because they are more efficient."

Mr W Delport, director of the discount chain Pep Stores, said 90 percent or more of clothing retailers and manufacturers in South Africa would probably fall "well within" any maximum profit margin visualized by the Price Controller.

SMALL FIRM

Mr D von Moyland, joint director of the chain of unisex boutiques, Maggies Farm, said he felt his firm formed such a small section of the clothing industry that it was "hard to pull us into the same sort of category".

● Sapa reports from Johannesburg that organised commerce yesterday condemned the Government's decision to launch an intensive investigation. A statement issued by Mr H Wolffe, president of the Association of Chambers of Commerce

Clothing price probe plan is 'toothless'

ARGUS 8/4/76

THE Government's planned investigation of the clothing industry has been condemned as unnecessary by representatives of manufacturers and retailers, and one discount retailer has called it a 'toothless' plan which will not get to the root of a major problem.

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Mr Sam Stuppel, head of Half Price Stores, said the investigation would take a year or two during which consumers would become used to being 'fleeced.'

'We have a system of monopolistic collusion between certain manufacturers and certain retailers leading to mark-ups of 200 percent on some clothing lines.

'We have to defend the free enterprise system, but we must also defend the right of any retailer to buy any merchandise he can pay for and to sell it at whatever price he wishes to,' Mr Stuppel

Sun. Times (Extra) 11/4/76

184

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By HOWARD LAWRENCE

THURSDAY night's general meeting of the Garment Workers Union had to be adjourned to an unspecified future date when an estimated 2 500 garment workers exploded in anger and uproar against the general secretary of the union, Mr Louis Petersen and the present executive amidst chants of: "We want Petersen out".

The meeting refused to endorse the minutes of the previous general meeting because, they claimed, there were omissions and distortions in the minutes read by Mr Petersen.

They became incensed when word was spread that young boys who were giving out Action Committee pamphlets outside the hall, had been picked up by police who patrolled the area in four vans.

The secretary's son, Cedric, who is also assistant secretary of the Union — a fact which is one of the complaints being levelled at the Union leadership — patrolled the area in one of the police vans and directed the police in their detention of the young boys.

Added to this was the fact that when workers arrived at the Union's hall in Salt River, uniformed police — estimated at 12 — were stationed around the hall and the workers immediately felt that the presence of the police was an attempt to intimidate the workers.

The young boys, who were loaded into the police vans, had their pamphlets confiscated and were driven around before being released.

Garment workers told me this week that they were going to demand an investigation and an explanation from Mr Petersen and the executive for these actions.

They claim that the youngsters who were detained by the police "could have been the sons of members of the Union who are exercising their democratic right to oppose and remove leaders whom we feel are unfit to lead us."

The meeting opened in a tense atmosphere and when Mr Petersen reached the part of the previous meeting's minutes dealing with the wage negotiations, Mr Petersen said that the previous meetings had decided that the Union's negotiators negotiate for the "best possible wage".

On several occasions the workers chanted: "We want Petersen out. We want Petersen out."

When Mr Petersen said, "I want to tell you that people who are saying outside that Mr Petersen signed the agreement without their authority are telling a complete lie", the workers shouted that this was not true.

There was an uproar for several minutes and this was the trend during the meeting. When the workers were told that the people who had negotiated their wage agreement were not the executive but their Industrial Council delegates, the workers shouted "What's the difference. Get out, get out, you and our stooges must get out."

This was again followed by jeers and boos, and chanting of: "We want Petersen out."

Mr Petersen said the union did its business in an honest manner.

Jeered

"What is more important?" he asked, and was again jeered.

"Our wages. Our wages are important," the workers shouted.

Mr Petersen told the workers that he wanted to "warn" them that the garment industry had been offered ground at Atlantis the "city" now being built, but what followed was drowned by jeers.

When he managed to continue, he said that there had been 22 000 Coloured garment workers in the Transvaal but that now there are only 9 000 and the rest are "Bantu". This too was greeted with jeers and shouts of "so what, they are people and they also have to have adopt the minutes because jobs."

The meeting refused to they claimed that there were omission and distortions of the previous meeting's minutes.

The list of members nominated to contest the election for a new executive was read, and every time the name of a member who is currently serving on the executive was read, there was jeering and booing.

The meeting was adjourned without a date being set and after it was made clear by a member from the floor that no election can be held until the minutes of the previous meeting have been adopted

Meanwhile, Mr Cassiem Pandit, a former leading member of the Union whose membership defaulted through a "technical error" and whose applications for re-instatement have been constantly postponed by the Union executive claims he was assaulted by officials of the Union before the meeting

Mr Pandit said he had assisted the Action Committee with the distribution of its pamphlets and was at a cafe about 300 metres away from the Union's building when, he alleged, he was attacked by two Union organizers, a woman and two African employees of the Union.

Police chief willing to investigate

THE District Commandant Colonel D A L van Lill of Police in Cape Town, Colonel D A L van Lill when asked for his comments on the fact that Mr Cedric Petersen had been seen driving around in a police van which had picked up young children who were giving out pamphlets at the garment workers meeting, said he had not been told of this

"It is the first I hear about it," he said.

Colonel Van Lill said that he could not make any statement on the matter unless a formal complaint was lodged with him in writing.

"If the people who are lodging this complaint will put it in writing, then I will be in a position to have the matter investigated," he said.

Our request for comment from Colonel Van Lill followed many telephone calls to the Sunday Times by factory workers who were "upset and disgusted at the use of the police in what was purely a matter between the garment workers and the officials of their union".

Colonel Van Lill's comments have been passed on to the Action Committee who said they will meet with the parents of the youths who were picked up by the police and driven around in the police vans after having their pamphlets confiscated.

(1)(184)
(5)177

Textile industry smiles but makers scowl

SUN. TIMES 11/4/76

Industrial Editor TONY KOENDERMAN analyses the woes of South Africa's clothing manufacturers as they battle for supplies

SUDDENLY, everybody's smiling in the textile industry. But, as usual, the smiles are matched only by the scowls of the clothing manufacturers

For hardly has the textile sector emerged from the doldrums than supply bottlenecks are already beginning to appear

Manufacturers of men's suits have run into a shortage of worsted cloth because the worsted producers do not have the capacity to supply their needs.

At the same time, import control is being operated tightly, largely for exchange control reasons, so it is not easy for clothing manufacturers to obtain supplies from abroad

Man-about-Town Holdings chairman Maurice Berelowitz said this week "It is very difficult for us to plan six to nine months ahead — as we have to — unless we know how much merchandise we are going to get."

This uncertainty exists both in relation to local supplies and the granting of import permits, and Mr Berelowitz has called on the Board of Trade to step in and mediate between the interests of the clothing and textile sectors

Not all sectors of the textile industry are as busy. The executive director of the newly formed Textile Federation, Stanley Shlagman, estimates capacity utilisation averages 80 per cent in the industry at the moment, with the fabric knitting sector lagging somewhat behind on about 70 per cent

This is a good deal better than last year, when total output slumped by almost 11 per cent, and capacity utilisation was down to an average 60 per cent — and as low as 25 per cent for some manufacturers.

The industry has the capacity to supply about 70 per cent of domestic demand, but with utilisation down to 60 per cent, this means that last year only about 40 per cent of clothing sold in South Africa was made from locally made cloth

Because of the greater economies of scale attainable in the huge textile mills overseas, the South African industry could not compete against normal competition from imports.

Mr. Shlagman reckons a "moderate tariff barrier" of around 25 per cent would provide adequate protection against normal competition.

Unfortunately, abnormal competition must also be catered for. South Africa is often a victim of dumping by foreign manufacturers, who typically experience a slump in their home markets just when this country is enjoying a boom.

The recovery in the industry stems from the protective tariffs introduced last September, which have enabled the industry to cope with the flood of cheap imports.

Though this inevitably puts up the cost of some clothing, the textile industry has done well to absorb its own inflation.

Textile Federation president Cedric Graham says industry costs rose by 8,8 per cent last year, against an 18 per cent increase for manufacturing industry as a whole

But the wholesale price index of the textile industry's products rose by only 0,9 per cent Thus the industry absorbed 90 per cent of its cost increases

The yo-yo pattern of growth that has plagued the industry for years could be a thing of the past now that the federation has been formed

By providing, for the first time, a single body to act and speak for the whole industry, it should be easier to reach accord with the clothing manufacturers, who do have a single industry voice

It will also provide a research and monitoring service which will give industry members early warning of economic trends, thus helping them to iron out the fluctuations

1 184

2 37

CAPE TIMES
15/4/76

Cabinet decision may cost jobs of 10000

Own Correspondent

JOHANNESBURG. — A number of Reef clothing factories will be closed down and up to 10 000 African workers forced out of their jobs following a Cabinet decision this month.

The Cabinet decided to enforce the terms of the Physical Planning Act as it applied to the clothing industry in 1968 — pegging the number of African workers allowed in White areas on the Reef.

The industry had asked the Government to revise the allocation of African workers to enable those in the industry to stay and to allow for marginal growth.

The State has already started prosecuting firms which have employed African workers illegally

The clothing manufacturers, the trade unions and the industrial council for the industry in the Transvaal all agree that the decision by the Government, taken in the last fortnight, will cripple the industry and cause enormous hardship to both workers and employers

'THROTTLE INDUSTRY'

Mr J H Thomas, secretary of the industrial council said yesterday. "This will throttle the industry entirely It is inconceivable that the Government should use this law at this time"

He said the pegging of African labour in 1968 was done at a time when the whole pattern of employment was changing, and White and Coloured workers were moving out and Africans moving in.

Mr W Aaron, president of the Transvaal Clothing Manufacturers' Association said at least 5 000 workers would lose their jobs following the Cabinet's decision — this could double very easily

(1) 184
(2) ~~135~~

SUN. TIMES (EXTRA) 18/4/76

Garment Union election

GARMENT workers in the Western Cape have been informed by the general secretary of their trade union, Mr Louis Petersen, that the general meeting adjourned last week without the minutes of the previous meeting being adopted, will be completed on April 22.

In the meantime, I learnt this week, the executive of the union have decided to go ahead with the election for a new executive and ballot papers are currently being drawn up for the printers

Last week's general meeting of the union, at ther R2m Salt River headquarters, had to be adjourned because of the uproar.

I understand that union officials and the general secretary of the union have levelled complaints at the Sunday Times who, they claim, have been "biased" in reports on the internal struggle for power between the present officials of the union and the Action Committee which wants a new executive "which will be totally orientated toward getting the maximum benefits for workers in the garment industry."

I can reveal this week that the Sunday Times has twice agreed to give the secretary of the union, Mr Louis Petersen space to put his case to our readers but he declined on both occasions

(1) 184
(2) 37

Jobs threat eases after test case

STAR 26/4/76

Labour Reporter

The threat of unemployment facing 10 000 Johannesburg garment workers has eased considerably.

That is the belief among informed sources in the clothing industry after the judgment given in a test case under the Environmental Planning Act in Johannesburg last week

The magistrate, Mr O J Coetzee, threw out the case against Venus Knitting Mills — the first of about half a dozen similar prosecutions

He found that the State had not proved the number of Black workers employed by the firm on January 18, 1968, when the industry's Black labour quota was arrested.

If the State had succeeded in the test case, many other clothing firms which are estimated to have exceeded their Black labour quota by 5 000 would have had to dismiss their excess labour or face prosecution

That, in turn, would have forced many of them to shut down completely, which would have put an additional 5 000 workers or more on the streets

Since most of the workers are women from the Johannesburg area, they would have had little chance of alternative employment during the current recession

It is thought likely in informed quarters that the State may have similar problems in proving its cases against other firms, unless a new technique is adopted in future prosecutions

But the facts differ from one case to the next, which means some firms may still be prosecuted successfully.

The Cape Times, Tuesday, April 27, 1976

(1) 184
(2) 247

Clothing inquiry well under way

THE GOVERNMENT'S investigation into the clothing industry, announced by the Minister of Economic Affairs Mr Chris Heunis, earlier this month, is well under way.

Mr R J Roets, spokesman for the Price Control Office, Pretoria, said yesterday the investigation began almost immediately after the minister's announcement on April 6

Mr Heunis announced that day an intensive investigation into the costs, prices and sales practices of both clothing manufacturers and retail clothing distributors was to be undertaken by the Price Controller.

The investigation, he said, was the result of "persistant allegations by members of the public", that the high price of clothing was due partly to excessive profit margins and partly to "certain malpractices" in the retail trade.

Yesterday Mr Roets refused to discuss the method of investigation as it included, he said, "a lot of confidential work".

He did not know how many officials were involved in the investigation but was adamant that only price control officials would be working on it — again due to the "confidential nature" of the investigation

Meanwhile, the Price Controller is still accepting information or views from organizations or members of the public in connection with the investigation

Any such communication, which will be treated as confidential, should be submitted to the Price Controller, Private Bag, X84, Pretoria, before April 30 this year.

An offer they couldn't refuse

(1) 37
~~(2) 184~~

F.M. 7/5/76

COVER STORY

Cut down on African labour, decentralise or close down — that is Planning's alarming ultimatum to clothing factories on the Reef

The Cabinet are a strange bunch Despite worsening inflation, deepening recession, lack lustre investment in industry and growing unemployment they decide it's time to aggravate unemployment, injure productivity and dishearten industrialists by strictly enforcing the notorious Section 3 of the Environment (formerly Physical) Planning Act

The Act is designed, *inter alia*, to encourage decentralisation Few could quibble with that But Section 3 in effect makes it an offence for industrialists in the major metropolitan areas (except Durban-Pinetown) to increase their African labour force without permission Factories established before June 1973 may not employ more than 2,5 Africans to each White, those established thereafter may not exceed a ratio of 2 1

Until recently, Section 3 was not enforced rigorously (*FM* January 23) But recently the policing of Section 3 was taken over by the Department of Planning from the Department of Labour and an active campaign to enforce the ratios, particularly in the clothing industry, is now in progress

The effect on the clothing industry has been devastating, and the *FM* understands that the furniture industry, where a loss of White artisans has disturbed the ratio, may be next for the chop

In December three clothing factories (Rosalyn Creations Solson Dress and Chiltern Bond) closed down after they were refused permission to increase their quota of Africans. Six prosecutions against clothing employers are presently in progress and, according to the Department of Planning, six more are in the pipeline. One firm, Venus Knitting, was acquitted last week on a technicality

Cabinet-level representations by the Industrial Council (IC) for the Clothing Industry (Transvaal) have been turned down Fortunately, the crunch has affected only the industry in the Transvaal Employers in the Western Cape use Coloured labour and those in Natal are unaffected as Durban-Pinetown is a border area

There are signs, however, that the problem is spreading Ivan Krige of the Midland Chamber of Industries told the FCI this week that, despite previous assurances to the contrary, applications to employ more African labour were increasingly being refused in the Port Elizabeth area

The IC's memorandum to the Cabinet shows that its Western Cape labour force has grown by 42% since 1971 and in Natal by 22% In contrast, the Transvaal growth is only 1,8% The Garment Workers' Union warns that the labour force will actually shrink if the crackdown continues

The Union estimates that more than 6 000 workers on the Reef are presently illegally employed as they are in excess of the ratio "If 6 000 workers lose their jobs another third will also have to be retrenched," warns the Union's general secretary, Adam Klein "If Section 3 is fully implemented, 10 000-12 000 Africans will be out of jobs It could kill off the clothing industry in the Transvaal "

Klein is equally concerned about the wider consequences

"The vast majority of workers who would lose their jobs are women who are legally entitled under the pass laws to stay in the urban areas, and their chances of finding alternative employment are limited

"The effect on industrial relations will be equally serious A climate of fear and unrest already prevails in the factories and employers are arguing that they cannot grant wage increases in the present climate An industry which is well-known for its enlightened labour relations is rapidly becoming a powder keg "

Industrial Council Secretary Jimmy Thomas is equally pessimistic

"The industry is being bled dry Firms are living on a day-to-day basis and are unable to plan for the future Productivity must suffer as a result Most firms could not survive more than one prosecution and they will either have to close down or operate on a greatly reduced scale There is little White or Coloured labour available and the industry cannot operate without large-scale use of African labour "

IC's Thomas . how not to encourage decentralisation

Thomas suggests that, should the Act be rigorously applied to all industries, 100 000 workers would be affected The irony of the situation, he says, is that strict implementation is actually preventing firms from decentralising "Most firms are too small to move By inhibiting growth, government is preventing them from reaching a size suitable for decentralisation "

Thomas' view is supported by some firms who *have* decentralised They point

CLOTHING — A CHANGE OF HEART?

With insolvencies and unemployment threatening the clothing industry in the Transvaal, Minister of Planning Schalk van der Merwe has agreed to meet the clothing industrial council to discuss the recent spate of Environment Planning Act prosecutions (*FM* May 7) (An earlier deputation was rebuffed.) No date for the meeting has yet been fixed

In the Senate last week Van der Merwe told UP's Anna Scheepers, who is president of the Garment Workers' Union, that he is now prepared to meet the council in order to "clear the air" He said the meeting would prove that he was "not indifferent to the problems (of the industry)" and that he wanted "to approach them with an open mind" Earlier, Van der Merwe said that clothing employers had told him that they supported decentralisation He said he now wanted "to ask (the industry) certain things" and to "confront them" Some propositions made to them in the past will be repeated.

The council is puzzled as to what these "propositions" are Nor is it clear whether the Minister intends to give the industry a new hearing, or merely more warnings

Van der Merwe's agreement to the meeting comes at a time when prosecution in terms of the Act have been suspended, pending a court decision on a legal technicality Counsel for one of the firms prosecuted has argued that the term "Bantu" is not adequately defined in the Act All pending prosecutions have therefore been struck off the roll until judgement is given

The industry is in a serious plight The Garment Workers Union tells the *FM* that seven insolvencies have occurred since May The knitting industry has also been hit by insolvencies, and there are rumours that another firm is about to go bust shortly

While none of the close-downs is directly attributable to the enforcement of the Act, the climate created by the wave of prosecutions has helped worsen morale in the industry

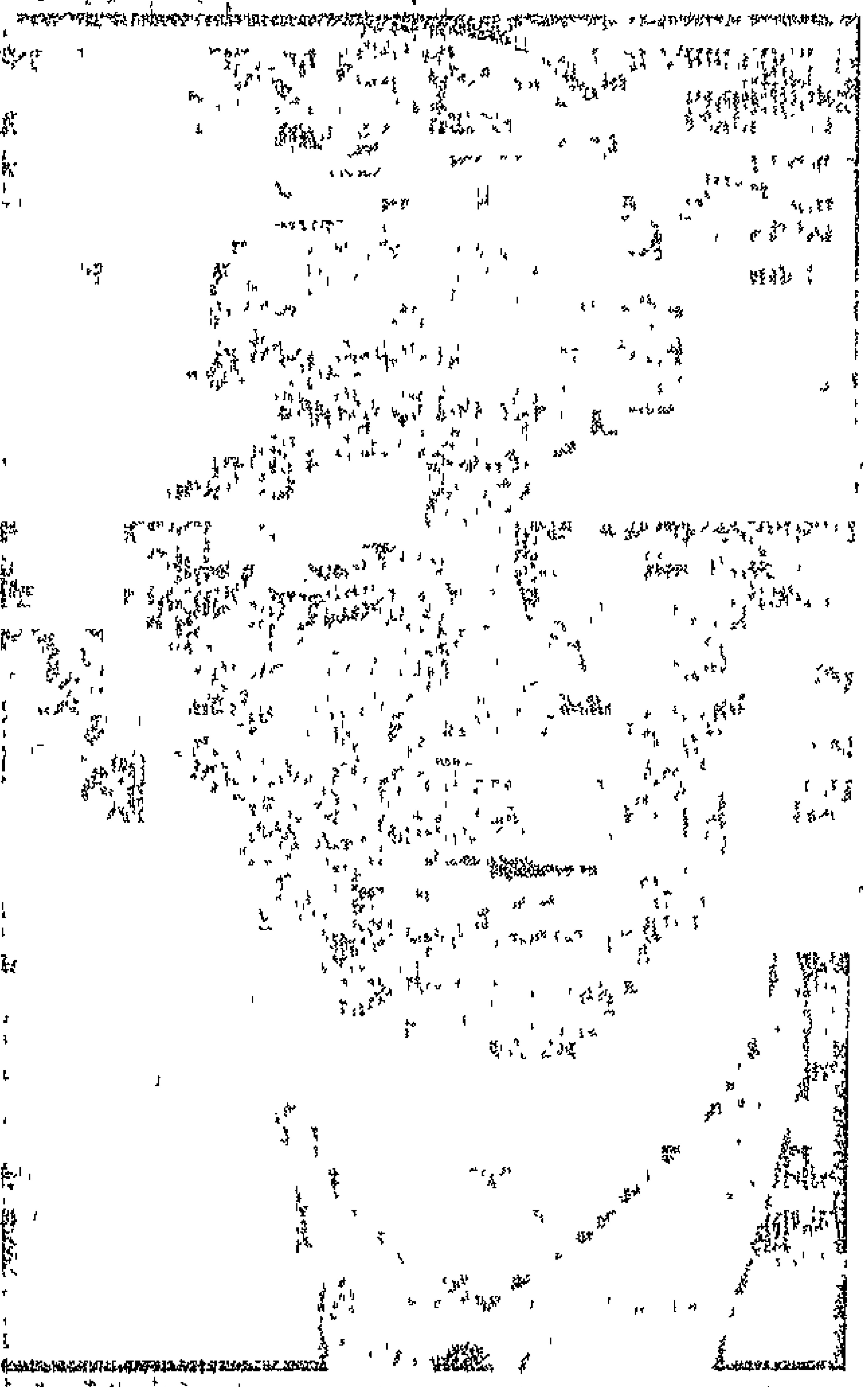
[illegible]nges seen in Garment Union offices

Sun Times 11/7/76

184

Sonday [illegible]

[illegible] of the Western Cape is to hold its elections for a new [illegible] 20, according to a source close to the union's present [illegible]



Mr Louis Petersen

[illegible] resorting to unfair methods in their ef- [illegible] positions but [illegible] not work. [illegible] Pamphlets have gone out [illegible] kers are in- formed that [illegible] can stop them from voting for their own [illegible] the elections [illegible] lk that it is il- [illegible] ction com- [illegible] is "a lot of [illegible]

"Instead of being in- timidated by the threats of police action against them, workers have been made aware that the present ex- ecutive and shop stewards who support them are desperately trying to keep their positions because of the benefits they get as of- ficials," he said.

The committee has also sent out a pamphlet in which the costs of the 1974 union delegation to the TUCSA conference are explained.

Although the union secretary has replied in a pamphlet that the costs — amounting to R84 a day per delegate was for two conferences — action committee spokesmen pointed out this week that the two conferences were held at the same time and that the money paid to delegates out of union funds are still "exhorbitant"

One of the major reasons for the existence of the ac- tion committee is the widespread dissatisfaction among garment workers over the wage agreement which the present executive and general secretary agreed to last November

Qualified machinists now earn only R20,50 a week and workers claim that Mr Petersen had promised to negotiate a weekly wage of R27,50

Machinists, who are regarded as the backbone of the clothing industry, will have to work for this wage for another three years before they get official in- creases, and this has caused much dissatisfaction in face of the daily rise in the cost of living.

"The only way in which garment workers can expect a better deal from the employers is to put in a new executive and employ a new secretary, and that is why we have put out a list of people whom we believe should be elected to he executive

"They are people who will fight tooth and nail for the workers and their children's future and we are making this appeal to workers to sup- port our candidates because our candidates are workers themselves," the action commit- tee spokesman said

1 184

Dispute continues in garment workers' poll

Cape Times 30/7/76

By GORDON KLING
Industrial Reporter

TEMPERS are at boiling point in the Cape's biggest labour union as the count continues in the election of executive officers.

Some 45 000 members in 400 factories of the Garment Workers Union of the Western Province, which is split by infighting, had to choose between 100 candidates for seven positions

The major contenders were the present executive and an action group which has been trying for nearly a year to oust the executive

Action group allegations against the executive have prompted a libel suit by the union secretary general, Mr L A Petersen, against the Sunday newspaper which reported them

In error

A pamphlet may have severely prejudiced the chances of action group candidates.

The pamphlet, issued by the action group, requested supporters to vote for eight candidates instead of seven A group spokesman said the mistake was not realized until the first ballot had begun Some papers may be spoilt because of this

The vote count is expected to take about two weeks, but the action group says it intends to approach the Minister of Labour to have the election annulled because of alleged irregularities.

Action group complaints include the fact that, under the constitution, the current union leader is also the returning officer for the election and that the union decides who counts the votes

(1) 179
(2) 184

AFRICAN TRAINING F.M

More lunacy

6/8/76

Black workers in the Tranvaal clothing industry can be forgiven if they suspect government is waging a vendetta against them. First there was the wave of Environment Planning Act prosecutions. Now, believe it or not, the industry's Transvaal training college is having to close down. Besides normal industrial training, one of the college's objectives has been to assist in training management, supervisory and instructor personnel.

Because of the strict application of the Environment Planning Act, the Transvaal industry is shrinking rapidly — its Industrial Council expects 20-30 factories to close down annually. Trained personnel will therefore either be forced into unemployment queues or have to look for jobs elsewhere

To add insult to injury, a further clothing factory, owned by Dugsons clothing, has been forced to close because of the restrictive climate created by the prosecutions About 200 workers have lost their jobs as a result The National Clothing "test case" judgment has been postponed to August 16, but the Industrial Council will see Planning Minister Van der Merwe on August 9

The new Bantu Employees' In-Service Training Act, which places training centres under the Department of Bantu Education (BED), classifies the college as a "private centre" and, according to Deputy Minister Andries Treurnicht, this will mean it can train workers only for the occupations they already fill, and not for higher-level jobs

Understandably, those clothing workers who contribute towards the college are not prepared to subsidise a centre which is permitted only to make them better at the job they already do, but may not train them for promotion The college has therefore decided to close its doors at the end of 1977 Plans to open a national college are being discussed, but nothing concrete has emerged

The college is not even certain that it will be permitted to train Africans until the end of next year It has obtained a six-month extension from BED, during which it must apply for registration under the new Act

This will allow it to operate until the end of this year, but the College has no guarantee that it will be allowed to operate next year without fulfilling the Department's criteria, which it cannot do

If permission is refused, large numbers of African students will be unable to complete their courses

The clothing industry's college is not the first centre to be hit by government ideology In May, the EASTER project in Reiger Park, Boksburg, which trains about 1 000 Africans, was ordered by

Treurnicht . . . no steps up the ladder

BAD officials to close its doors The officials claim the centre is contravening the Group Areas Act because it is in a "Coloured area" The project's trustees deny this

The *FM* understands that when approached by the project's organisers, BAD Minister M C Botha denied any knowledge of the decision and refused to hear representations until he had received a report on the matter Representations have also been made by the German, British and US Embassies

The centre was supposed to close its doors this week, but an extension until the end of the year has now been granted

(1) 39
2 184
3 328

6 000 jobs in peril: new plea

1/8/76

Labour Reporter

The Government will reconsider the plight of 6 000 Black workers in the Transvaal clothing industry whose jobs are threatened by the implimentation of the Environment Planning Act.

This was disclosed in Johannesburg today after a renewed appeal from the industry at a meeting with the Minister of Planning, Dr Schalk van der Merwe, and nine other Government representatives in Pretoria yesterday.

"Our representations will be put before the Cabinet Committee consisting of several Cabinet Ministers," said one of the industry's delegates, Senator Anna Scheepers, president of the Garment Workers' Union of South Africa.

"We reiterated our view that it would be socially and economically unacceptable for the clothing industry and for South Africa at large to put 6 000 Black women out of work on the Rand," she said.

(1)(184).
(2)336

Natal Witness 27/8/76

Riots hit clothing industry

JOHANNESBURG — The labour intensive Transvaal clothing industry, hard hit by the high level of absenteeism caused by the Soweto unrest, fears that the costs it will have to face through lost and disrupted production could run into millions of rands

The executives of several clothing factories said yesterday that if the present conditions lasted much longer —"another couple of weeks will do it"—they would be facing serious cash problems.

Mr Adam Klein, general secretary of the Garment Workers' Union, said the level of absenteeism reached 75 to 80 percent during the first three days of this week.

Many manufacturers, faced with this sort of situation, said they had to virtually shut up shop as a result.

Mr T. J. Kinnear, general manager of one of the largest cut-make-and-trim factories in the country with a labour force of about 800, said lost production in the first three days of the week cost his company R13 000 to R14 000 a day.

He estimates that his company could carry on in this manner for about another 10 working days before facing irreparable harm to its financial affairs

The clothing industry is in the middle of its busiest period preparing garments for the Christmas and summer season.

In order to assist companies to make up lost production, the unions have apparently offered to allow their members to work overtime at normal rates.

However, manufacturers are not hopeful of being able to make up what has already been lost.—Sapa

184

ENVIRONMENT PLANNING

Light for clothing?

The Transvaal clothing industry should know its fate later this week. Government is considering its representations regarding Section 3 of the Environment Planning Act, rigid enforcement of which threatens to put 6 000 people out of work.

Planning Minister Van der Merwe . . . have a heart

The Clothing Industrial Council presented a memorandum to Minister of Planning Schalk van der Merwe at a meeting last week It pointed out that there are at least 20 000 African workers unemployed in the Witwatersrand area alone, and that the current unemployment figure for African women is at least 8%. It repeated its earlier proposal that the industry be permitted to retain its 1968 quota of African labour in the Transvaal — about 25 000 workers

Van der Merwe told the Council that the representations would be considered by a Cabinet committee within the next week or two.

The *FM* understands that the Council delegates were satisfied with the tenor of the meeting and that they are fairly confident that some concessions aimed at relieving the industry's plight will result

Meanwhile, the National Clothing "test case" judgement, which could take the pressure off clothing employers, is also due next week

 F.M. 27/8/76

Fraying at the edges

F.M 17/9/76

Consumer demand is down and still falling, but the clothing industry is well-tailored to weather the storm

While the motor industry acknowledges that in hard times a man puts off buying a new car for another year, the clothing industry believes that he won't over delay replacing a shabby suit or frayed shirt. Food and clothing are normally the last consumer items to be affected by recession Nevertheless, demand for clothing, particularly in lines of a discretionary nature, is showing signs of slowing.

Comments Aaron Searll of Cape Town-based Desirée International: "The buoyancy may go out of the retail side We feel consumers will stop buying luxury garments and look for functionable articles of good quality at a reasonable price."

As yet the clothing industry has not felt the real pinch A few companies have gone to the wall — but there's always been a high casualty rate in an industry which has some 800-900 manufacturers with a high degree of product duplication.

Size itself is not necessarily a guarantee of survival, although the big chain stores prefer to work with larger companies to ensure continuity of supply and quality Thus the little man often has a harder struggle.

Searll himself fears for the small manufacturer today. "He may not have sufficient resources of finance and management," he says. The pipeline between design and the shop shelf is a long one and there's therefore a critical need for astute financial and production planning

Rex Trueform's Stewart Shub agrees "One of the industry's major problems is finding good sound upper and middle management." Shub attributes his own group's enviable record to "a management team which is consistent, professional and dedicated."

Searll adds that it took Desirée two years to develop a sophisticated system of management accounting, budgetary control and a marketing plan — "but it has saved us a lot of money"

Another example is the Veka group It has recently radically changed its planning, production and marketing structure — reducing five sales divisions to two, reducing the number of showrooms in Johannesburg, Cape Town and Port Elizabeth, merging two plants in Newcastle which used to operate as separate companies (estimated saving R280 000 a year), and cutting some 50 brand labels to four

"When the going gets tough it can have some good side effects," comments chairman Dr Albert Wessels "The whole staff becomes more conscious of the need for creativity and innovation."

That the going will get tougher for the industry seems inevitable. This month's report on prospects for 1977 by Stellenbosch University's Bureau for Economic Research says that a trend towards postponing buying in clothing and footwear is discernible, although this may be reversed in the second half of 1977 Estimated growth in rand terms on clothing and footwear is 11,8%, which is 3,4% down on last year.

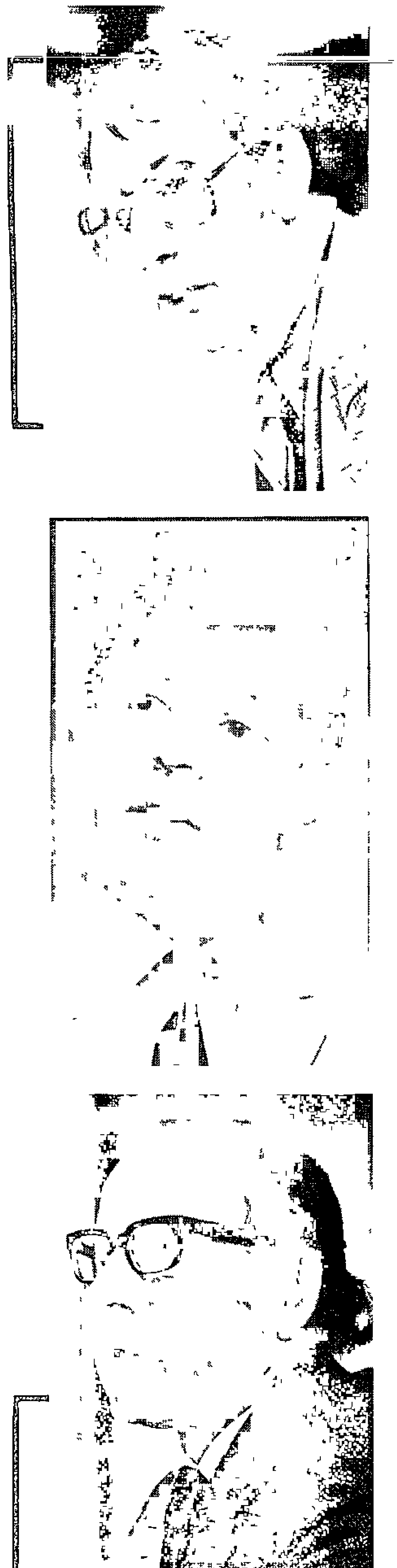
As far as predicting demand trends, the industry generally takes its lead from the retail trade "We only produce to order," Searll points out," and thus commit money to buy fabrics only against orders."

This is one of the manufacturing sector's strengths, presuming orders at least remain steady in overall terms, since it lessens the risks of stockpiling On the other hand if orders fall, down-time and plant over-capacity lead to higher unit costs

At present the big retailers are more wary than pessimistic. Says Greatermans' Lawrence Herber: "As far as forward commitments are concerned we're being very careful, so you could say that we are placing fewer orders in that sense"

Herber adds that at the moment his group is not experiencing a downturn but he expects more difficult trading through Christmas and into the New Year

Reports Edgars' Sydney Press "We were expecting a downturn in July and, particularly, August partly because of unfavourable economic conditions but, more especially, the retroactive tax bite However, July was a very good month and August too — possibly because people in the north have sensed the onset of



Herber (top), Shub (centre), Press . . signs of strain but the industry's seams will hold

VIR ONMIDDELLIKE VRYSTELLING

PERSVERKLARING DEUR SY EDELE S.W. V.D. MERWE MINISTER VAN BEPLANNING EN DIE OMGEWING: TOEPASSING VAN ARTIKEL 3 VAN WET NO. 88 VAN 1967 OP DIE KLEREBEDRYF IN TRANSVAAL

Die vertoë in verband met die toepassing van artikel 3 van die Wet op Omgewingsbeplanning, 1967 wat die Transvaalse Klerevervaardigersvereniging en die Nywerheidsraad vir die Klerasienywerheid (Transvaal) onlangs aan my gerig het, is op 9 September 1976 deur 'n Kabinetskomitee oorweeg.

Alhoewel die Kabinetskomitee nie sy weg kon oopsien om die voorstelle wat genoemde Nywerheidsraad ingedien het te aanvaar nie, het die Komitee besluit dat my Departement van Beplanning en die Omgewing 'n opname moet maak van al die bestaande klerefabrieke in die P.W.V.-gebied ten einde vas te stel tot watter mate die indiensneming in elke afsonderlike fabriek sedert 1968 verander het.

In die lig van die besondere omstandighede waarin die bedryf tans verkeer en om my Departement die nodige tyd te gee om die opname te maak, is dit besluit om die klerevervaardigers wat tans die wet oortree 'n geleentheid te gee om aansoeke by my Departement in te dien vir die indiensname van die Bantoewerknemers wat tans onwettig in hulle diens is. Aan al die vervaardigers wie se aansoeke voor 31 Oktober 1976 ontvang word sal my Departement tydelike permitte uitreik wat hulle sal magtig om al die Bantoes wat tans in hul diens is tot 30 Junie 1977 in diens te hou.

Ten opsigte van die kleiner klerefabrieke wat reeds wettig in die P.W.V.-gebied gevestig is en wat nie ekonomies kan desentraliseer nie en klere vervaardig wat nie in die gedesentraliseerde gebiede vervaardig word nie, is daar besluit om die bepalings van die wet meer toegeeflik as in die verlede toe te pas. Elke aansoek sal egter op eie meriete deur die Komitee van Sewe in oorleg met die Desentralisasieraad oorweeg word.

2/...

Die Kabinetskomitee het my versoek om dit weereens te beklemtoon dat die Regering se desentralisasie beleid onveranderd bly en dat die Komitee van mening is dat die Klerasienywerheid nog 'n groter bydrae tot desentralisasie as in die verlede kan lewer.

VRYGESTEL DEUR DIE DEPARTEMENT VAN INLIGTING OP VERSOEK VAN DIE MINISTER VAN BEPLANNING EN DIE OMGEWING

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(2 (1784)

Stay-away fears draw work plea

STAR 10/9/76

Labour Reporter

Workers in the Johannesburg clothing industry have asked for permission to work tomorrow and on Sunday to offset wage losses resulting from a new stay-away campaign threatening on Monday

"Our industry has lost more than a million man hours as a result of the problems in Soweto," said Dr Anna Scheepers, president of the Garment Workers' Union of South Africa

'That means the loss of more than a week's work, but the true loss is far greater because the disruptions were sporadic and the workers who reported for duty were not able to maintain normal efficiency"

Dr Scheepers said fresh threats of a three-day stay-away campaign starting on Monday were going around and workers were very perturbed

She said some firms were working Saturdays under an arrangement which permitted workers to work overtime at normal pay rates to make up for the pay lost during the last three-day stay-away

"This week workers asked to be allowed to work on Sunday as well after hearing of the fresh threats to keep them from work," Dr Scheepers said

184

Clothing workers . . . no freedom to work where they please

PLANNING ACT F.M

Relief at last 24/9/76

The Transvaal clothing industry can breathe again Its two visits to Pretoria have yielded interim concessions, relieving it from the stringent application of Section 3 of the Environment Planning Act. At one time it looked as if the industry would have to close down after repeated prosecutions for employing more African labour than it was entitled to

Although Minister of Planning Schalk van der Merwe announced this week that the industry's representations (that it be allowed to employ its 1968 complement of African labour) have not been successful, government has nevertheless decided to ask the Department of Planning to undertake a survey to determine the extent to which employment patterns have changed in each factory since 1968.

In the meantime, all firms which are presently contravening the Act can apply to government by October 31 for exemptions permitting them to employ their present African labour complement until June 30 next Such exemptions will be granted automatically.

Smaller firms in the PWV area who cannot decentralise, and who are manufacturing articles not manufactured in decentralised areas, will be treated more leniently. They will, however, have to apply to the Committee of Seven, who will consider them in conjunction with the Decentralisation Board.

The Minister adds, however, that these interim concessions should not be interpreted as a change in government's decentralisation policy It still believes that "the clothing industry is not doing all it could to aid the decentralisation effort"

Planning's Deputy Secretary Piet Prins tells the *FM* that he will be interviewing Transvaal clothing industrial council secretary Jimmy Thomas to compare records, and the major work will begin after this meeting

The object of the survey, says Prins, is to compile a full factual record of the industry in general, as well as the position of individual firms "For example, the industry has argued that Coloureds have steadily moved on to other industries We believe, however, that certain firms have actually increased their complement of Coloured labour

"We will be examining issues like these thoroughly "

Prins says the survey will examine how many firms have decentralised, the extent to which the Act has been contravened, and why these contraventions have occurred

No deadline has been set for the completion of the survey

184

Desiree off to a good start

CAPE TIMES 28/9/76

By PAUL DOLD
Financial Editor

WHILE SOME SECTIONS of the economy are feeling the icy winds of the recession, the clothing industry is finding business brisk judging from Desiree International's annual report.

The chairman Mr Aaron Searll, says that group sales (which now include Interfashions (Pty) Ltd) are 31 percent higher in the first two months of the current financial year.

However he adds that while demand is expected to be satisfactory for the next six months, this rate of sales increase will be difficult to maintain for the year. The annual results will depend on the country's balance of payments and pruning of Government spending.

Due to the Government's austerity Budget he predicts there will not be an upturn until the third quarter of 1977 at the earliest.

Higher taxes

"Trading conditions are therefore likely to be demanding due to

- the decrease in the disposable income of consumers through higher tax rates, and
- the recently introduced 20 percent import deposit scheme together with the tight monetary policy and credit limits imposed by the banks."

Against a background of uncertainty it is difficult to make a reliable profit forecast for 1977 but Desiree is well equipped to give a good account of itself however difficult the future.

The past year was one of the best trading periods for the group with pre-tax profits climbing 51 percent and sales 31 percent up. The total dividend for the year was 44c (32c) on the increased cover of 2,8.

Lingerie and foundation garments division did well boosting pre-tax profits significantly, as did the fashion operation. But sportswear and playwear profits were only marginally higher. Property contribution was lower due to high expenditure on renovation.

Desiree's net asset value rose from R5,44 to R6,15 a share.

The pyramid Seardel which has a 58 percent stake in Desiree boosted its pre-tax profits 50 percent to R3,5m (R2,3m) in the year ended June. Earnings per share were 36,8c (22,1c).

The earnings hike was due to a lower tax rate through export allowances and the higher holding in Desiree (it rose 4,7 percent).

Total dividend for the year was 12c (8c). Net asset value per share was R1,71 (R1,50).

Mercantile Holdings' profits were sharply higher mainly due to a bigger contribution from Western Tanning.

1 (184)
2 179

SUN TIMES 10/10/76

The Sunday Times will expose petty apartheid wherever it appears

BAN DOOMS A COLLEGE

By RAYMOND JOSEPH

THE multi-racial Transvaal Clothing College in Johannesburg is doomed. The Government has given the college until October next year to stop training Africans.

The Bantu In-Service Training Act prohibits the college from offering Africans any course other than that in which they are employed. As a result, Black unions have withdrawn financial support.

The unions contributed nearly R25 000 through a six-cent weekly contribution from the 19 000 Blacks employed by the industry in the Transvaal. Without this money, the college will be forced to close.

Transvaal clothing manufacturers have also said they will withdraw their support after the deadline.

They say that because of the Environmental Planning Act — designed to get Africans back to the homelands — they were not prepared to finance the training of people who "will then go and work somewhere else"

According to the college's director, Mr David Wheeler, it is the industry's main source of trained staff

The college trains an average of 35 full-time students a year from all race groups for managerial and design positions.

There were also about 200 part-time students, mainly unskilled Black clothing industry workers learning advanced skills

Demand

"There is obviously a demand because we have never had any trouble placing our students," Mr Wheeler said

The effects would not be felt immediately, but in a "couple of years" trained staff would have to be recruited from overseas, resulting in higher costs and wastage of local manpower, he said.

Mrs Lucy Mvabele, general secretary of the National Union of Clothing Workers, said "It is sad that the college should have to shut down just because it is multi-racial."

She did not know of any other place which offered the same training facilities for Blacks.

(1) 135
(2) 184

Incumbents win union election

C.T 13/10/76

Industrial Reporter

CONTROL of the Cape's biggest labour union has been retained by the incumbents in a landslide election victory.

The election developed into a bitter contest between the current executive of the 50 000-member Garment Workers' Union of the Western Province and a rival action group.

Workers had to choose between 100 candidates to fill seven positions and the count took more than two months to complete.

The result of the ballot means that the present general secretary of the Union, Mr L A Petersen, and other key office bearers will remain in power.

Mr Petersen told an executive meeting in Cape Town last night that the outcome was an overwhelming vote of confidence in the leadership of the trade union.

It showed a complete rejection of the action committee, which did not succeed in election in single candidate, he said.

184

THE ARGUS, THURSDAY OCTOBER 14 1976

Threat seen to W Cape as clothing centre

Financial Reporter

THE entry of African women into the industrial labour market posed a serious threat to the future of the Western Cape as the main centre of South Africa's clothing industry, Professor S. P. Cilliers told a meeting of the Cape branch of the Clothing Institute in Newlands last night.

Professor Cilliers, of the University of Stellenbosch's Department of Sociology, was one of four speakers at the meeting, which was in the form of a brains trust.

With him were Mr S. R. Back, chairman of I. L. Back and Company, Mr R. van Rooyen, chairman and managing director of Pep Stores, and Mr G. Palmer, managing editor of the Financial Mail.

The chairman was Mr S. Jocum, chairman of the Cape Clothing Manufacturers' Association.

Professor Cilliers foresaw that only a rapid expansion of the local industry into the export market offered a hope that the Western Cape would retain its position, as it would then have the advantage of being close to a port.

'The industry may be secure for the immediate future, but this is likely to change within 15 years, and maybe less,' he said.

The challenge would come from industrial areas in the Transvaal and in border areas, which were closer to the major markets and could benefit from the entry of African women in large numbers into the labour market.

184

6 The Cape Times, Friday, October 15, 1976

Clothing men predict boom for Cape Town

Staff Reporter

ALTHOUGH South Africa is heading for a recession, Cape Town is likely to be the centre of a clothing industry boom during the next few months

This was the opinion of four speakers at a meeting held by the Cape branch of the Clothing Institute this week

"The clothing industry is presently on the crest of a wave and while there have been better times, clothing is now to the forefront of all other industries," said a member of the panel, Mr S R Back, a company chairman

He added, "Cape Town will continue to be the main centre for clothing manufacture in South Africa This is a quality conscious area and the industry has been built up by highly skilled people over many years"

"Today, all well-known trade marks on articles of clothing originate from the Cape"

Confirming the present boom, Mr R van Rooyen, managing director and chairman of a large group of stores, said the present healthy buying trend of the public would continue for several months as many people had received pay increases rising above present cost-of-living rises and thus had more money to spend on essential commodities such as food and clothing

"However, the expected and promised economic boom for this country will never come for political reasons Little investment is coming into South Africa from overseas sources and our imports are too low" he said

Mr Van Rooyen hit out at the textile trade which he said was overprotected by Government policy at the expense of the clothing industry

"Whereas we are highly efficient with much competition in evidence between the many clothing marketing companies, the textile industry is lax and totally dependent on the clothing industry for its support

"But as we are restricted largely to dealing with local textile industry instead of the overseas industry — which has far more to offer — we have no choice but to acceed to the South African textile industry's demands," he said

Speaking on opportunities for Coloured people in the clothing industry, Mr Back said that the Coloured people could be the management of the future and there were definite openings for them

"As there is no colour bar in industry as far as Coloureds are concerned, a determined man could reach top position in the management of the clothing industry of South Africa," he said

F. M 15/10/76

VEKA

Suits, shirts and schoolkids

About the only good thing about a recession is that it forces the majority of companies to take a long, hard and critical look at themselves The clothing industry is no exception In fact, being an industry easy to enter — one only needs a sewing machine to start off, to exaggerate slightly — competition is intense In SA today there are 900 clothing manufacturers of all sizes, employing about 150 000 people Veka is one of the largest, employing some 2 700

The current recession has prompted Veka's management to speed up a rationalisation and reorganisation scheme that had already been in operation a couple of years Until recently, the group catered mainly for the upper end of the menswear market, supplying the conservative well-to-do executive with his suits and shirts It also, of course, makes children's wear, mainly school wear

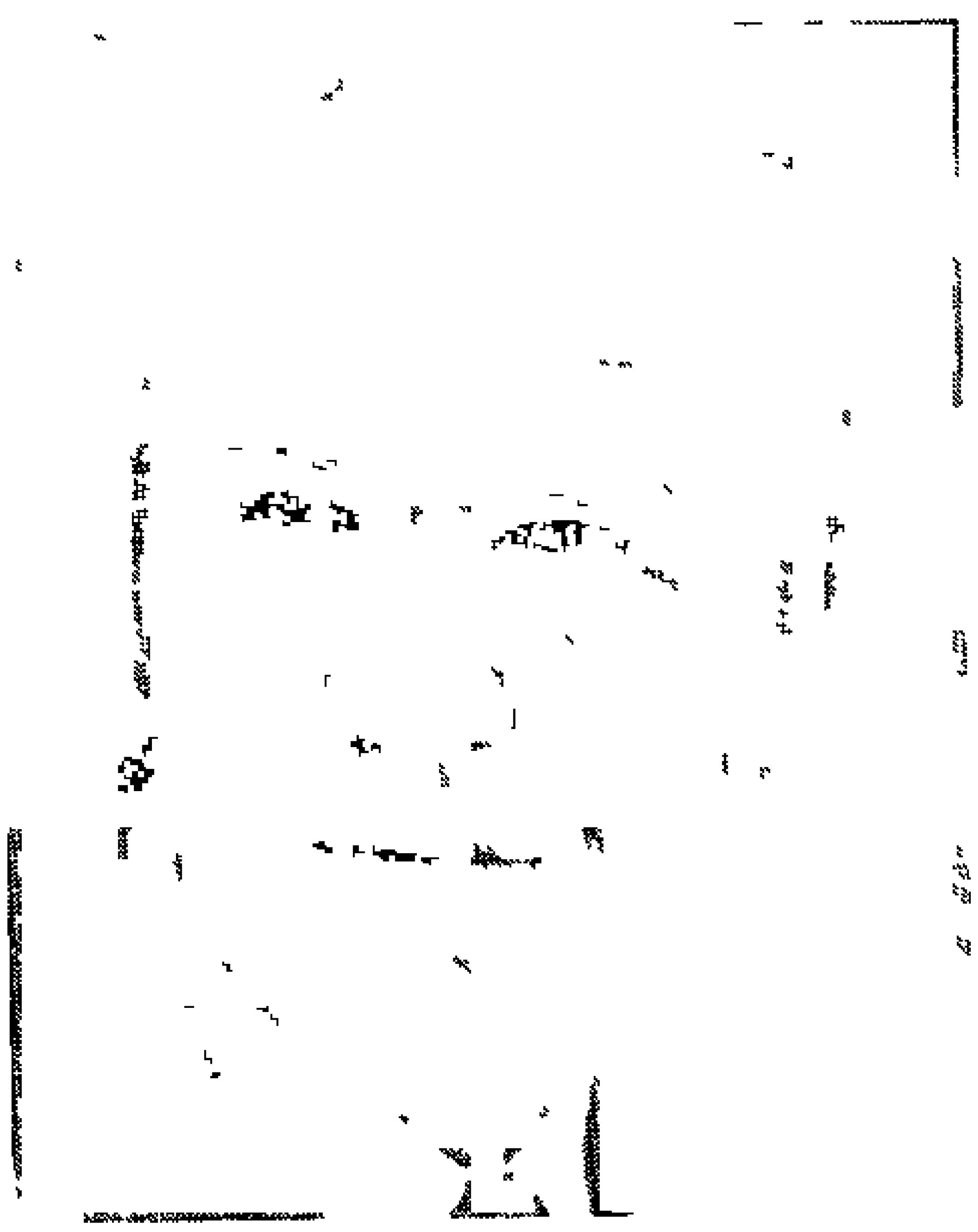
Now the group is concentrating on improving its image, and is becoming a much more dynamic and broadly based organisation. It already has a reputation for good quality, acquired over many years of successful, if relatively small-scale trading, so now it is aiming to broaden its appeal by increasing the range

The new strategy involves a complete overhaul of marketing policies The management team has seen some reorganisation Louis Ozanne (formerly marketing director of OK Bazaars) was recently made deputy managing director in charge of the marketing side

Chairman Dr Albert Wessels retired and in his place the previous vice-chairman, Jan de Necker, has been appointed He's also chairman of Rand Bank, and so should be well placed to anticipate economic trends and mould Veka's forward policy

The immediate preoccupation is to improve market share To assist in this, the advertising agency has been changed, and Lindsay Smithers FCB now has the R400 000 account. The last couple of months, in particular, have been very difficult as the market is static and the only way to combat this situation is to improve penetration Many competitors have been selling stock at cost merely to be able to turn it over and hence competition is in places "almost impossible" Another problem, as De Necker says, is that "in a recession a man's clothing needs come at the bottom of the family's shopping list"

Looking ahead, however, the African market is one potential source of growth and for this Veka plans a far more comprehensive coverage



Jan de Necker . . . cutting his cloth to suit

Approximately 50% of turnover comes from schoolwear, and here a tremendous programme of rationalisation is going on There's plenty of scope, for there are 1 200 different styles of school dresses, for example, of which only 48 produce 58% of total sales The group is holding talks with both schools and rival manufacturers to try to bring the number of styles down to between 50 and 100

A similar situation applies with school blazers where 75% to 80% of the fabric used has to be imported If the colours were standardised, then local manufacturers would be prepared to manufacture the cloth

	Return on Capital Employed	Trading Profit	Earned	Paid	Net Assets
	R'000		cents per share		
1971	10 3	1 635	10 6	6 0	99
1972	9,1	1 609	6 2	6 0	76
1973	11 7	2 038	10,9	6,0	99
1974	14 9	3 041	22 8	7 5	109
1975	16 4	3 018	20 9	7 5	122

With government paying increasing attention to the balance of payments, import permits are becoming increasingly difficult to obtain In order to encourage local manufacturers to produce more, the current rebates available on imported cloth will no doubt be gradually withdrawn Then the cost of imported blazer cloth, for example, will rocket, providing further incentive for manufacturers, suppliers and schools to standardise uniforms Prices won't come down, of course (when do they ever?), but at least they should be contained

On the shirt front, it has been said that, size for size, the SA consumer has a greater variety of choice than any European country Certainly, Veka offers its customers a very comprehensive range of styles and colours for all occasions But the group may soon start to run into problems as 85% of shirtings are imported and, as mentioned before, import permits are getting tougher To help a bit, the group is importing some material in the unfinished state for finishing locally Yet it would be to the country's benefit if local manufacturers could be encouraged to start producing more sophisticated fabrics

Veka's three factories, one in Cape Town, one in Charlestown and the third in Newcastle, have capacity to spare And as all three are relatively modern, the company is not currently involved in buying expensive capital equipment "Production", says De Necker, "is running fairly closely to budget So we have not had to do much pruning "

With over 17 km of cloth being used every day, efficiency within its factories, particularly in the material usage, is a vital factor Material costs make up 50% of factory selling prices, and the extent to which materials costs have increased is emphasised by the fact that over the past five years the cost of producing a man's suit (ie labour costs and overheads) has risen by a mere 2c, or so I'm told by managing director Willem van Zyl Production is being streamlined and worker productivity has been substantially increased as a result of training courses Fortunately, the group has been relatively unaffected by the recent unrest. Management believes in paying fair wages and providing good staff facilities and consequently relationships are "very satisfactory"

The interim figures to end-June reflected the toughness of competition in the clothing industry Pre-tax profit was down 62% to R153 000 resulting in a net loss of R48 000 (profit R119 000). Although the second half of the year (covering Christmas) shows a marked increase in sales, this time the month of August was particularly bad

Cash flow, as De Necker says "is quite strained with the import deposit scheme alone costing the group R300 000 Stocks have been reduced by 20% and, although prices are being cut to improve market penetration, unlike some competitors we are not selling at cost In addi-

184

New protection for clothing workers

Cape Times 20/10/76

By Gordon Kling

THE Government has acted to protect workers in the clothing industry from exploitation by employers lacking adequate finance or experience to run viable factories.

The Minister of Labour, Mr S P Botha, has approved amendments to the agreements governing the industry which amount to the establishment of a guarantee fund for worker pay and benefits.

The move follows representations by the Industrial Council for the Clothing Industry. The council secretary, Mr G J Nel, said in an interview yesterday that it had been noted with increasing concern that many workers suffered loss of pay and benefits through the collapse of clothing enterprises.

Speculative entrepreneurs would open plants and take on staff with the intention of meeting pay packets from initial orders which often failed to come up to expectations.

In terms of the new agreement, which has immediate effect, all employers intending to enter the industry must lodge a guarantee with the council to cover wages for four weeks, levies, and contributions to sick, training and provident funds.

The scheme is aimed at cut, make and trim operations in particular, which take on orders from larger factories and which are experiencing extremely competitive conditions.

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132

Many clothing firms miss concession

9/11/76 STAR

Labour Reporter

Only 123 of the 362 Transvaal clothing manufacturers have applied to the Government for permission to retain their excess black staff under a concession granted until next June

Those who had failed to apply would have to suffer the consequences, said Mr P J Prins, Deputy Secretary for Planning The deadline for applications was October 31

He admitted that the failure of a recent test case had led to the withdrawal of pending prosecutions against firms with black workers in excess of the quota permitted under the Environment Planning Act

"But we shall see to it that an amendment to eliminate the loophole in the existing legislation is ready for Parliament early next year," Mr Prins said

It has been estimated that the industry has exceeded its black labour quota by up to 6000 workers because coloured workers left the industry. Enforcement of the Act would not only put excess blacks out of work but would also force many factories to shut down, it is claimed

In response to appeals, the Government asked firms to submit applications for temporary exemptions and assured small firms which could not be moved to decentralised areas economically that they would be treated more leniently

Mr J H Thomas, secretary of the Industrial Council for the Transvaal Clothing Industry, presumed that those firms which did not submit applications were in compliance with the law Asked whether some might have been reluctant to apply because this meant submitting incriminating evidence, Mr Thomas said: "This is obviously a possibility"

(104)

(248)

CT 18/11/76.

Clothing wages, prices going up

By GORDON KLING Industrial Reporter

A MASSIVE pay rise for the 50 000 workers in the Cape clothing industry could boost the price of clothes in South Africa by more than 10 percent next year.

The secretary-general of the Garment Workers Union of the Western Province, Mr L A Petersen, said yesterday that the clothing manufacturers had agreed to a two-stage pay rise which would raise workers' pay in the industry by 18 percent. The first rise, of five percent, will be included in December pay packets, and a further increase of 10 percent becomes effective in June.

Mr Petersen said the rise did not conflict with the aims of the anti-inflation programme because it applied largely to workers earning less than R300 a month.

The secretary of the Industrial Council for the Clothing Industry in the Cape, Mr G J Nel, was in Pretoria yesterday to obtain Government approval for the new arrangement.

An official of the Clothing Institute in the Cape, Mr J M Cawood, said the move would be inflationary, but was justified. Consumers could expect to pay at least ten percent more for clothes on average next year, but articles with high labour content, including jeans, would rise by more. Some smaller manufacturers, already hit by the Government import deposit scheme and the curtailed buying power of South Africans, could be forced out of business.

A recently announced 30 percent hike in the price paid to cotton producers will also add to clothing costs.

Cloth and clothing men get together

Sunday Trib 14/11/76

By ALAN PEAT

GRIEVANCES between the textile industry and the clothing manufacturers were given an airing this week in Durban.

At a South African Bureau of Standards-sponsored symposium, more than 200 delegates representing both industries met to discuss the interdependence of the two.

While the papers presented were mainly of a technical nature the panel and floor discussions were wide ranging and, on occasions, quite heated.

The textile producers once again raised the argument that they are capable of supplying 75 to 80 percent of the clothing manufacturers' raw material needs, but that the clothing industry was, through loopholes in the import controls, importing substantial amounts of material which was available locally

This led to last week's demand by the Textile Federation's executive director Stan Shlagman that the Board of Trade revise all import tariffs upwards to protect the industry.

This is opposed by the clothiers, mainly on the grounds that inability to supply the right materials on time by the textile trade locally has forced them to import

However in an informal meeting, Shlagman and Clothing Federation director Frank Whittaker, agreed that this problem and the others in the industries require a co-operative attitude from both parties

"And," said Whittaker, "this symponsium is an encouraging basis from which to build.

"It's the first time in the history of the industries that such a large number of senior delegates from the two sides have got together over matters of mutual interest."

While the textile manufacturers and the clothiers are still at loggerheads over each other's shortcomings, both came under fire from symposium chairman Dennis Hasenjager, head of SABS' textile division:

"Most of the complaints heard at this meeting have not been of a technical nature, but rather are related to business ethics, late delivery and the like.

"Both industrys are guilty of a sad lack of internal quality control. It never fails to surprise me how they would rather 'do-it again' than get it right the first time.

"While we are unwilling to do the job for them, we are prepared to lay out systems which they can put into practice."

184/197.

MANUFACTURING.

CLOTHING.

FEB. – NOV. 77.

JAN. – DEC 78.

1 ~~30~~
2 184
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Hansard 3 col 221
12/2/76

South African clothing/textile manufacturers: Delivery

234. Mr T ARONSON asked the Minister of Economic Affairs:

(1) (a) whether complaints have been lodged with his Departments by retailers about the deliveries of South African clothing and textile manufacturers; if so, what was the nature of the complaints; if not,

(2) whether his Departments are aware of dissatisfaction with such deliveries; if so,

(3) whether the matter is being investigated.

The MINISTER OF ECONOMIC AFFAIRS:

(1) (a) Yes, complaints have been received that certain clothing manufacturers refuse to supply the retailers concerned. Complaints about deliveries by the textile industry have been received in the form of objections to tariff applications to the Board of Trade and Industries alleging deficiencies in quality, variety and delivery of the products.

(2) Falls away.

(3) The complaints about the refusal to supply are being investigated.

FINANCE

Clothing productivity disappoints

ARGUS 1/2/77

Financial Staff

SMALL but 'disappointing' improvements in productivity by 15 shirt and trouser manufacturing companies is reported today by the Clothing Industry Productivity Association.

Since 1970 some trouser manufacturers have improved productivity by 25 percent and shirt manufacturers by 12 percent.

"The potential improvement could be 80 percent if attention is given to operator performance and management inefficiencies," says Mr Gert Geyser, chief executive of CLIPA.

Average productivity performance is 56 percent for shirt manufacturers and 49 percent for trouser manufacturers, according to the latest survey made from October to December.

Too many companies are still capable of surviving by merely passing on efficiencies to the consumer in the form of higher prices, Mr Geyser says.

'Times are changing, however. The consumer is becoming more price and cost conscious and does not automatically accept that high garment prices equal high quality.

'Competition among manufacturers is on the increase and efficiency is gradually improving. Only companies that are improving productivity are going to survive current economic conditions.'

12

be a confirmation of it.

Also a documents general credibility may serve as corroboration — the reputation of the author, the lack of bias, freedom from anachronism, the possession of expert knowle[...] witness — all have their value in determin[...] credibility, but must be used with caution. [...] Seen only as confirmation of the direct testi[...] witness and not as exclusive sources of evide[...]

There are also what Hockett refers to as "[...] statements" — these are statements which [...] out of hand. Such treatment is due to stat[...] happenings which do not comply with the laws [...] established by scientific methods & requires r[...] where myths, fairy stories, tales of magic [...] no statement can be accepted unless it can b[...] on trustworthy observation. Miracles present a [...] in so far as the historian must realize that [...] has greatly influenced human life and conc[...] and their influence over mankind [...] historian must take into accou[...] go.

Gossip should be trust as i[...] a person who simply passes or [...] incompetent witness.

Legends continue to flow [...] the historian. In some cases they can be refuted. But in [...] been passed along from [...] their origin is lost and the [...] of them for want of eviden[...] them.

Finally every statement [...]

1. H C Hockett : The Critical Method in Historical Research and Writing. pg. 62

Fin. Mail 4/2/77 (184)

Clothed in confusion

On the face of it, the choice before the government on the textile and clothing industries controversy appears simple

On the one hand it can back the textile industry by removing import rebates and giving local mills the chance of producing more import replacements But that might add up to 40% to the cost of a shirt and up to 50% to, say, a safari suit made of polyester-based fabric And it would invite the wrath of the clothing industry which fears that it won't be able to get what it wants when it wants it

On the other hand, government could go along with the clothing industry's pleas that costs are high enough anyway and that local mills simply can't deliver what the clothing industry wants

That, in a nutshell, is the dilemma facing the Textile and Clothing Advisory Council (TCAC) when it meets in Cape Town on February 15 Board of Trade and Industries' Basie Kleu will, doubtless, be awaiting the Council's recommendations with interest

Point is, that if the two factions continue to argue much longer, government may give its backing to the mills and risk consumer displeasure if the industry turns out to be unable to fulfil its "we can supply all" boast

According to Frank Whitaker, director of the National Clothing Federation his members are prepared to compromise on the issue of rebate on polyesters

Textile Federation (TF) director Stanley Schlagman disagrees and says they're necessary considering that local mills are now working at 60%-65% capacity; that 1977 could see a 10% labour layoff in this 100 000 employee industry, and that competition is so great that sudden price rises are out of the question

The textile industry argues that roughly R50m/pa could easily be saved (and then shared out amongst SA's 300 textile companies) if government were to crack down on imported materials

According to a recent *Government Gazette*, the textile industry is asking for three main increases

Last year SA imported in the region of R130m worth of fabrics Duty rebates apply to 40% of the total figure That R50m is more than attractive to hungry textile men Schlagman cites the examples of womens and childrens wear There's a 100% rebate at the moment If it weren't so there would be a 20% and 25% duty respectively (perhaps even higher)

In short, the search for a compromise is on Either that or Basie Kleu will be cracking a few heads together

- On lighter fabrics, like light shirtings and blouse materials the present duty is 20% or 70 cents a square metre, less 80% of the fob price, whichever is the greater The TF wants this increased to 25% or 150 cents a square metre, less 75% of the fob price
- On a range of suiting materials and trouserings the duty is 25% or 700 cents a kilo, less 75% of fob price The proposed new tariff is 840c a kilo, less 75%
- The present duty is 25%, or 850c a kilo, less 75%, on worsteds The proposal 1 000c per kilo

Generally speaking, 50% of a garment's cost is fabric Hence fears that prices could soar by as much as 50% And that has got Whitaker and the whole clothing industry up in arms At the same time, argue the clothing men, buyers will have less to choose from

Schlagman points out that 70% of clothings' needs are already met by local manufacturers and, in the main only higher priced clothing items will be hit by the proposed new tariffs "So only 30% of the clothing industry's requirements are being affected," he says

BTI's Basie Kleu . waiting for the phone to ring (again)

'SERVICE IS DEPLORABLE'

Commenting on the services the textile industry offers to the clothing industry, Sam Jaff, MD of Jaff and Company complains: "Service is deplorable. It's impossible to receive small samples from local mills" And that, it seems, is what clothing manufacturers want more than anything else.

"Foreign suppliers let me have what I want in a matter of days," Jaff says. "Until local textile manufacturers do the same we in the fashion industry will be compelled to look overseas for a service we simply cannot get in this country"

Over to you, textilemen

peak point today

Industrial Reporter

THE ROW brewing between the textile and clothing industries over revised tariffs for imports will come to a head in Cape Town this morning when representatives from both parties sit around the table to thrash the matter out.

The textile industry has asked the Board of Trade to cancel certain rebate facilities on textiles and revise the existing duties because they have become ineffectual.

The two reasons given are the declining purchasing power of the rand and the upward pressure on local costs, which is making the imported article more cost attractive to the user.

The clothing industry has reacted strongly to the application and a spokesman for the Clothing Manufacturers' Association said yesterday that what was being asked for was "irresponsible" in the current difficult economic times and would add some R80m to importers' bills.

End-result to the consumer, said the spokesman, would be increased cost. A shirt, for example, would cost between R3 and R4 more. A dress selling for about R10 would shoot up by as much as R5 because not only did the textile industry want the dress material rebate cancelled but also they wanted to add duty.

The spokesman said the clothing industry was doing its bit to help South Africa and had voluntarily agreed to cut imports by 20 percent. And he added, the textile industry already had around 75 percent of the clothing industry's orders.

LOCAL MILLS

Textile Federation executive director Stanley Shlagman thinks, however, that the clothing industry is overstating the case of possible price increases.

One of the main reasons was that the increased duty would only apply to 30 percent of material used, as the rest came from local mills. "And, assuming the application was granted as it was applied for, the total impact on the consumer would be less than the clothing manufacturers have put out," he said.

Mr. Shlagman claims the application is justified as the volume of imports had been steadily climbing, and he said, "because of the present ineffective tariff structure, goods are landing at prices lower than those of the locally-made product."

He adds that there are many items imported into South Africa that could be replaced with a local product, but this would not happen until the duties were right.

The textile industry could supply up to about 85 percent of local requirements.

Whether the talks will achieve anything is a moot point. The clothing industry says there are a few areas where slight increases are justified, while the textile boys want the status quo of a few years ago restored. So the chances are that the matter will be handed back to the Board of Trade, which suggested the talks, for adjudication.

Hansard 4 col 397 18/2/77

(184)

Clothing and textile manufacturers

*12 Mr T ARONSON asked the Minister of Economic Affairs

(1) Whether the Department of Commerce is aware of any dissatisfaction among retailers with deliveries by South African clothing and textile manufacturers,

(2) whether any complaints have been lodged by retailers about such deliveries, if so, what was the nature of the complaints,

(3) whether the matter is being investigated

The MINISTER OF ECONOMIC AFFAIRS

(1), (2) and (3)

In the course of the investigations into the clothing industry which are at present being carried out by the Price Controller, certain retailers mentioned that they were at times experiencing difficulties in obtaining adequate and timely deliveries of supplies from clothing manufacturers, allegedly, because of certain problems which the latter, in turn, were experiencing with the procurement of supplies of textile materials These complaints were formulated in very general terms and no specific complaint was lodged with the Price Controller which required further investigation by the Department of Commerce

However, the Board of Trade and Industries has recently received a specific complaint from a particular company about certain problems which the latter is experiencing in connection with the procurement of supplies from clothing manufacturers, and this complaint is now being investigated by the Board

184

New move to train clothing workers

Labour Reporter

The National Clothing Federation of South Africa proposes to establish a training board to serve about 90 000 workers of all races in the industry's major centres.

The intention is to improve training and productivity in the clothing industry through the development of "training strategies and curricula on a national basis," says Mr Frank Whitacker, director of the federation.

The cost of training will be borne entirely by employers through levies to be introduced by various industrial councils by the middle of this year.

The proposed training board will also seek to:

- Take advantage of tax concessions available to employers under legislation governing black in-service training.
- Tie-in the industry's training with existing educational facilities such as technical colleges for the various races

The board will comprise representatives of employers, workers, the National Productivity Institute and the Association of Technical Colleges. It will be based in Johannesburg initially

Applications for the post of director of the board have been invited.

184

Aluminium up against supply, price problems

28/3/73

Industrial Editor

SOUTH African demand for aluminium, noted for its steady growth of about 9 per cent a year in the past, may lose some of its steam in the years ahead. Signs of a slowdown have emerged, in keeping with the slow pace of the economy's growth.

Several industry spokesmen are prepared to knock off at least two to three percentage points to give a more realistic expectation of aluminium's market growth in the next few years.

The spiralling price of aluminium, mainly due to sharp increases in power costs, is expected to be one of the main growth inhibitors, reducing its competitiveness with other metals.

Shortages of primary aluminium expected in the early 1980s will also aggravate the price spiral.

The matter of prices is, however, not of overriding concern to the aluminium industry. Its main cause for worry is the expected shortages of aluminium.

Alusaf, South Africa's only aluminium smelter, has capacity to produce 78 000 tons a year, to which it could add a further 6 000 tons by extending the pot line.

According to the managing director, Mr E J van Vuuren, 20 000 tons of current production is being exported, placing domestic consumption at between 55 000 tons and 58 000 tons a year.

Total South African consumption of aluminium is, however, significantly higher as several special types have to be imported.

Mr Van Vuuren expects Alusaf's domestic sales to increase substantially when Huletts Aluminium's R25-million expansion programme becomes operational later this year. The plant extensions are designed to produce a number of product lines that have been imported.

Mr Norman Duncan, Hulett's managing director, expects the plant to operate at about 55 per cent capacity in its first year.

Based on traditional market growth it seems therefore that Alusaf's total output will be fully used by the South African aluminium industry in about four to five years.

At this stage Alusaf has no plans to expand production to cover any eventual shortfall, although it has given a verbal commitment to make up whatever tonnage is needed by importing.

There are no doubts that Alusaf will be able to buy the aluminium overseas, but it is expected that it will probably have to pay a hefty premium — probably pushing the price well above the domestic price.

The industry does not appear to be too happy with this uncertain arrangement. It would prefer to see Alusaf increasing production, and preferably soon after demand exceeds supply.

This could, however, not be a viable proposition from Alusaf's viewpoint.

According to Mr Van Vuuren, smelting capacity cannot be increased slowly. It has to be done in large jumps. The minimum size expansion is about 30 000 tons to 60 000 tons capacity, and preferably 80 000 tons.

It would not be economic to carry out such an expansion while the market is unable to provide support, he says.

However, the situation could change by 1980 when the price of aluminium on the domestic and overseas markets may have moved up sufficiently to make such an investment attractive.

The rate of growth of the domestic market would also have to be sufficiently rapid to make any expansion worthwhile.

184, 134

Clothing workers go short

26/1/8?

Labour Reporter

Several thousand Johannesburg clothing workers are now on short time, and the situation is likely to grow worse

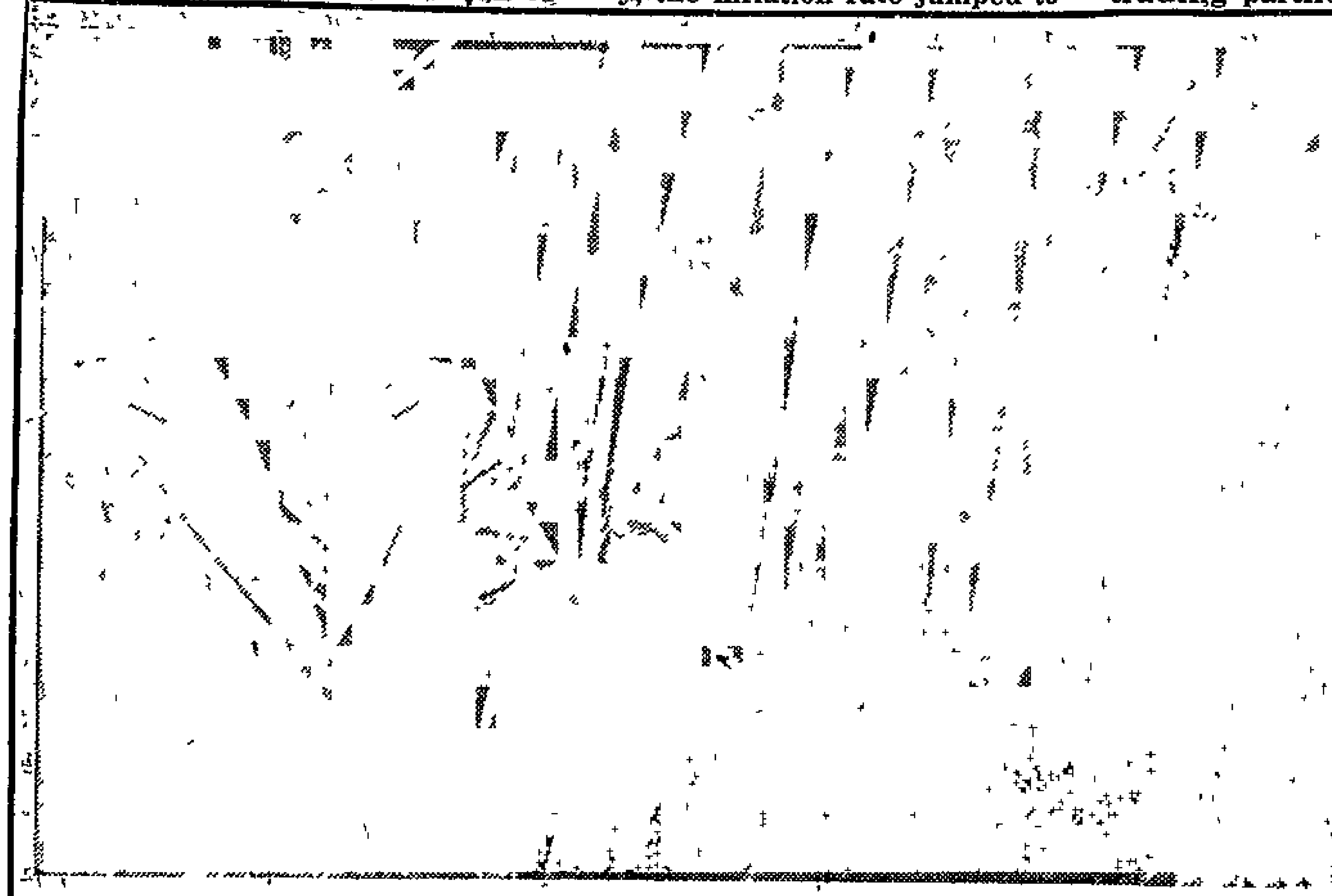
"In effect about 500 people have been off work daily since the reopening of factories after the Christmas break," said Mr J H Thomas, secretary of the Industrial Council for the Transvaal Clothing Industry.

While workers were thought to be unemployed, most factories followed a policy of retaining staff and spreading the work, he said.

Thus some firms had reduced the working week by one or two days while others had given their workers a whole week off

Instead of their normal wages, these workers get 60 percent of their basic pay, up to a maximum of R15 a week from the industry's Slack Pay Fund

"This fund stands at about R1,5 million, but its expenditure is now starting to exceed its income," Mr Thomas said.



LAWRENCE . . . 'tremendous potential'

Clothing giant 'sitting on a goldmine'

ST 27/3/77

By CHRISTOPHER MORRIS

VEKA, the clothing company developed into a South African giant by Dr Albert Wessels, has launched a major export drive to the United Kingdom and the US and confidently expects at least R1 million in sales in the first couple of years in Britain alone.

In a bid to keep production at full capacity throughout the year, the company last month employed a marketing consultancy headed by Peter Holden, former chief executive of South African Fabrics, the Durban-based knitted fabrics firm, to spearhead its export drive.

Eddie Lawrence, Holden's marketing director, says that his company has been investigating the clothing export market for almost three years and is confident that there is tremendous potential for South African-made clothes abroad.

"Britain alone imports 400 000 suits a year from Rumania which are less imaginitive and of lower quality than ours So we are sitting on a goldmine

"On the basis of previous trips abroad and our knowledge of the correct marketing procedures to be used overseas, we will obtain a minimum R1 million in the UK in the next two years

"Reception to South African clothing is good — and getting better Retailers in the UK are beginning to look at us in a different light, locally-manufactured clothing is not only of high quality in international markets, but is abreast of fashion And our prices are very competitive — a suit from this country can land in the UK at 20 percent less on average than its UK counterpart"

British retailers are crying out for merchandise, says Lawrence Since the crash of the pound last year, there has been a flood of happy consumers coming over from Europe to buy the relatively cheap British goods And British companies have not been able to gear up.

Veka, the second largest menswear clothing manufacturer in the country, last year overhauled its marketing policies

According to managing director Willem van Zyl, the company has taken steps to streamline its range, improve quality of garments and become more price competitive

The company last year became a member of an international fashion council to obtain advance information about trends emerging in Europe.

Now suits for the British market are being designed by the company in conjunction with British retailers. Suits will be made up at the company's Salt River factory mainly from local textiles.

184

Window". Here it is:

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Rag trade faces jobs axe

184

SUN. TRIB 3/4/77

QUOTAS RE-THINK WILL THROW 6 000 OUT OF WORK

By DICK USHER

SIX THOUSAND Transvaal garment workers will lose their jobs on July 1 if the Government presses ahead with amendments to the Environment Planning Act.

The repercussions could be even more widespread. Unionists and employers claim the amendments could kill the Transvaal industry, which employs about 22 000

The amendments, which had their second reading in Parliament this week, have been designed to close loopholes in the Environment Planning Act

These were exposed by two test cases against firms last year who employed more black workers than the Act allowed them.

"It's a very good time to do this when you have so many unemployed already," said Mr W. Aron, director of several large clothing factories in the Transvaal.

The day after the second reading of the Bill, employers and unionists held an emergency meeting in Johannesburg.

They instructed Senator Anna Scheepers, president of the Garment Workers' Union, again to urge the Minister of Planning to abandon the measures.

"But the Government is obviously determined to go ahead," said Senator Scheepers.

Refuge

"The Minister takes refuge by saying he doesn't have the power to scrap the Bill because the decision was taken by the Cabinet.

"We have made endless representations against the application of the Act, not only for the sake of the industry but for the country as a whole," she said.

The Act lays down quotas of black to white employees in the industry, based on levels [illegible] January 18, 1968.

Ratio

Employers may not have a ratio of black to white exceeding 2,5 to 1 for existing factories, and 2 to 1 for new factories.

The loopholes in the quotas were exposed last year.

One test prosecution was thrown out because the Act contained no definition of Bantu, and the other because the prosecuted company had destroyed its records and it was therefore impossible to prove it had exceeded its quota.

The amendments define Bantu and also place the onus of proof on the employer where employment figures are in dispute.

"Employers are required legally to keep their records for only five years and without them the courts will have to accept figures supplied by the Department of Bantu Administration," said Senator Scheepers.

"It leaves the door open for all kinds of arbituary decisions."

The Government claims the Act aims to induce the industry to decentralise into border areas. But sources in the industry, which has a high proportion of small factories, claim it is uneconomical for smaller firms to decentralise and that those who can afford it have done so already.

Sackings

But the enforced sackings could do more than put another 6 000 workers on the streets.

There has been a long, slow drift out of the industry by whites, Indians and Coloureds. Black women are filling the vacuum.

Employers fear they will be unable to replace the employees they will be forced to fire and production will be severely affected.

They will be forced either to pay higher wages to draw Indians and Coloureds back into the industry, making them uncompetitive with the rest of the country, or they will be forced out of business.

184

STAR 6/4/77

Star BUSINESS

Clothing men will resist imports move

Grant Rogerson

Leading clothing manufacturers made it plain today they intend digging in for a hard battle to try to block moves by the textile industry to win increased protection by higher tariffs on imported fabrics.

Mr Aaron Searll, chairman of Desiree International, the R35m-a-year Cape clothing manufacturer says that the textile industry should adopt a more aggressive marketing policy.

He advised textile companies to weigh more precisely the needs of the clothing industry and to become more competitive price-wise with imported fabrics

"If they would critically view their pricing policies in relation to those of imported fabrics and become more competitive then they would undoubtedly obtain a greater share of the local clothing industry's business. This in turn would help in the greater utilisation of their plant capacities and in relieving present unemployment"

Mr Searll was doubtful whether the local textile industry could or should attempt to supply more than 70 percent of the local clothing industry's requirements at present

He said specialised materials for fashion ladies sportswear, lingerie and children's wear currently made up about 35 percent of his group's fabric intake and these all had to be imported as they are not available locally

Dugson Holdings, the Durban-based clothing manufacturer, says it is buying locally wherever possible, but a quarter of its fabric intake still has to be imported.

Mr Ivan Levy, managing director of Dugsons, pointed out that these fabrics were specialised and unavailable from local producers

Mr Sam Jaff, chairman and managing director of Delswa, the women's outerwear manufacturer, believes that imports are playing a minimal role in the textile industry's current problems

Mr Jaff says the local industry's problems are not uncommon in most countries at the moment He points out that Japan's once all-conquering textile industry is in headlong retreat

SACKINGS

A recent report shows that unemployment in the industry has become a major problem in Japan Between 1973 and 1975 at least 300 000 workers were fired as factories went out of business

The SA National Clothing Federation today dismissed the textile industry's plea for further protection against imports as being "unwarranted"

Mr Frank Whitaker, director of the Federation, expects the volume of imports will drop to about R100m in 1977 from about R126m last year.

Mr Whitaker said that until the textile industry could supply clothing manufacturers with its requirements — such as specialised shirtings — imports would have to continue at their current level.

TEXTILES

Fin Mail 8/4/77

184

Clarity, please

Both the ever warring textiles and clothing industries are anxiously awaiting government decisions and clarification on two thorny issues -- duty rebates on woven fabrics not made here and, in general, an overall adjustment on tariffs

A report by the Board of Trade and Industries which has been studying the issues at the behest of Economics Minister Chris Heunis, is expected shortly There's a chance that the question of rebates will be clarified by the end of this month. Hopefully, the tariffs issue will be cleared up by the end of June

"That would be good timing for all of us," says Denys Marvin, chairman of SA Nylon Spinners, in the news this week thanks to some controversial comments on rebates and tariffs from AECI chairman Harry Oppenheimer

Both the clothing and textiles industries are working well below capacity both are laying off workers (in their hundreds), both are uncertain as to the future

Textile industry leaders think that last week's 15% *ad valorem* Budget tax on those items not bound under GATT could benefit them but insist it's just a government revenue raising device Says Textile Federation director Stanley Shlagman "It doesn't tackle the central issue Irrespective of the 15% surcharge the needs of the textile industry as regards the removal of rebates and adjustment of duty tariffs should not be lost sight of

The clothing industry is just as anxious to learn where it stands Following Oppenheimer's claim that much of the imported fabrics from Japan and the Far East are "dumped" on the SA market Denis Solomon, President of the National Clothing Federation of SA, retorted that only some 25% of fabrics used by the clothing industry is imported ... and mainly materials not available locally

"Retrenchments and short time working are becoming as common in the clothing industry as in the textile industry," argues Solomon "Further restrictions on imported fabrics will not help"

SANS's Marvin disagrees "Imports remain the determining factor," he says

In fact, he points out that imported fabrics will top R120m this year but he believes with the right kind of protection, approximately 70% of the cheaper fabrics now imported could be made locally

That's a viewpoint echoed by just about everyone in the textile industry Bob Ankers, MD of Berg River Textiles in Paarl, says his company will be operating at 45% capacity by May Some 250 workers have been retrenched at the factory (one of the most go ahead in the Republic with a fully fledged training scheme for blacks and coloureds

Chances are explains Ankers that the entire work force (700 coloureds 500 blacks and 200 whites) might soon have to go on a four day week So Ankers and everyone else in textiles ... is almost desperate for a firm "yes" or "no" on the tariffs rebates issue Certain that local manufacturers cannot meet the market's full requirements, he tells the *FM* "We'd be happy to have 75% with the balance coming in from overseas"

Big question is could the locals really meet market demands?

"Yes" says Shlagman Ankers Marvin and a score of other textile leaders Shlagman estimates that SA could prune textile imports by R75m a year and clothing by R45m

Meanwhile several large factories (clothing and textile) are shutting shop for at least a week over the Easter holiday. Managements are expected to start retrenching immediately afterwards

The about-to be amended Environment Planning Act (now before Parliament) isn't making life any easier for the two industries. Last year 13 Transvaal clothing factories, employing 800 workers, went insolvent White trade unionists warned at the time that between 6 000 and 10 000 workers could lose their jobs this year unless government modifies the Act, which controls black labour ratios

"Overtime in the clothing industry is now a thing of the past " says Jimmy Thomas, general secretary of clothing's Industrial Council

Adds textiles' Shlagman "Approximately 5 000 workers have been lost to the industry since last July Over 13 000 are on short time"

One bright patch on the horizon is that the leaders of the two industries are now working closer together than ever before The Textile and Clothing Advisory Council, under the chairmanship of SANS's Mike Odling, is doing a good job presenting joint problems to Pretoria A clear approach, at this particular time, is essential

Marvin with protection 70% of cheaper imports could be made locally

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Source: R.P. 45/19

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184

Clothing and textile industries co-operation

Cape Times 8/4/77

letters

From Mr M F ODLING, Chairman, Textile and Clothing Advisory Council:

GORDON KLING's report on the traditional feud between the clothing ad textile industries (Cape Times, April 2) refers to the Textile and Clothing Advisory Council.

There is a very real need for a body of this kind where the textile, clothing and distributive trades can meet to discuss mutual problems and avoid misunderstandings. There are, of course, as one would expect, areas of sharp difference between the two manufacturing industries but recent meetings have shown that agreement on a wide range of objectives, including rebates and some tariffs, is possible.

The clothing industry must have variety in fabric and good service if it is to prosper and get its share of consumer expenditure A level of imports of between 100 and 150 million square metres a year, dependent on market conditions, is desirable to meet those needs

The textile industry needs a reasonably steady demand for its product at fair prices to give a service, make profits and invest in management, plant and machinery.

The industries are interdependent and the clothing industry usually relies for 70 percent of its fabric needs on the local industry. The heart of the problem lies in the textile cycle. Although retail sales of clothing do not fluctuate widely, the demand for textiles, and even more so textile fibres, varies by at least 20 percent When there is general confidence, each level of the trade is more optimistic. When the economy is down and liquidity is tight, confidence and commitment are lacking and all involved are unduly pessimistic

During the upswing, the clothing industry considers it requires more cloth than local industry can supply and seeks to import to meet the expected shortfall Understandably Government, sensitive to employment in the clothing industry, agrees A large part of these imports (which once contracted cannot be cancelled), however, arrive in the market when the cycle is turning down. There is therefore a glut of cloth and demand on the local industry drops sharply, giving rise to unemployment For example the imports which arrived in June/July last year totalled 35,4m sq. m against a local production, already declining, of approximately 53m sq m, i.e. 40 percent The total is now being absorbed slowly in a period of economic downturn. Imports for the first half of 1976 were 46 percent above the first half of 1975

Some, but not all, the imports were imported at low prices from the Far East and some came in under rebate of duty For example in 1975 49 percent of all imports were rebated. In 1976 certain woven fabrics from the Far East were 64c sq. m compared with a United States price of 94c sq. m and a local price of 109c sq. m.

The South African textile industry is not alone in being exposed to unfair competition and the EEC is currently revising the terms of the multi-fibre agreement. The solution lies with fair tariff levels so that imports give extra variety, not just low cost, and much better reading of the forward demand — like predicting the JSE or the Financial Times Index, not an easy thing to do!

In the past these industries had less need and little incentive to work together and they were often at loggerheads However, great progress has been made in understanding these problems and I remain confident that these great interdependent industries can grow together as an essential part of the economy, meeting the needs of the South African consumer.

(1) 184
(2) 5/7

RDM 6/4/77

Clothing workers get new wage deal

By CLIVE EMDON
Labour Correspondent

TRADE unions representing 21 000 Transvaal clothing workers have secured a new wage deal despite a slump in the industry which caused 31 factories to close last year

On July 1 wage rates for workers earning above R30 a week will rise by 10 per cent and lower-paid workers will get rises ranging from 13,2 per cent to 18,6 per cent

In addition there is a built-in rise for July next year and employers will pay an extra 48 cents a worker into provident and medical benefit funds

Dr Anna Scheepers, president of the Garment Workers' Union, described the negotiations with the Transvaal Clothing Manufacturers' Association as tough, particularly in the present climate

Also in the negotiations were representatives of the National Union of Clothing Workers, including the general secretary, Mrs Lucy Mvubelo, and the assistant general secretary, Mrs Sarah Chitja

Under the new agreement the following rates will apply in some of the more important categories of labour

- Artisans earning for example R80 a week will get R7 a week rise in July, a second R7 rise per week in July next year
- Machinists earning a minimum R20,50 a week will get a minimum rate of R24 in July and R26 a week in July next year
- Watchmen and boiler attendants earning R17 a week will earn R20 a week in July and R24 next July
- General workers earning a minimum R15,50 will earn R17,50 at the minimum rate in July and a further rise to R19,50 a week next July
- Labourers earning R16,60 a week minimum will receive R19,50 a week minimum in July and R22 a week in July next year

An attendance bonus of R1 a week will also be paid to all workers

Parliament

Workers hit by clothing slump

20/4/77 RDM

RDM 20/4/77

(184)

~~(1) 184~~
~~(2) 228~~

By CLIVE EMDON
Labour Correspondent

AT LEAST 3 500 clothing workers in the Transvaal and Western Cape have been put on short time in the past two months.

Six hundred have been laid off in the Cape and 250 in the Transvaal lost their jobs after three firms went insolvent.

These facts on the slump in the clothing industry were disclosed yesterday by Mr Simon Jocum, chairman of the Cape Clothing Manufacturers' Association, and Mr J H. Thomas, secretary of the industrial council for the clothing industry in the Transvaal.

Mr Jocum said 23 clothing factories in the Western Cape were on short-time, affecting 1 500 workers. Mr Thomas reported short-time affecting 2 000 workers at 20 factories in the Transvaal.

Many of these factories were working either a three- or four-day week. Others were shutting down for a week at a time.

The industry in the Western Cape has 273 factories employing 47 000 workers. The Transvaal has 350 employing 22 000 workers.

Mr Jocum said business had been hit by rising costs and consumer resistance to higher prices.

"The employment situation is still fluid because many factories are holding on to their workers in case business improves"

TEXTILES / CLOTHING

A new yarn

FIN MAIL 29/4/77

(184)

The clothing and textile ~~industries~~ have been at loggerheads for years. Now, onto the stage steps the Dutch-based trading and marketing group, Jacobson van den Berg. It hopes to carve something out of the R300m a year textile market by acting as a middleman to both industries.

Aim is to tell textiles what clothing requires months before SA's 12 main mills start rolling.

A new branch of the Dutch company has been formed in Johannesburg. It's called Jacotex and the marketing division is headed by former J&P Coats manager, Ron Mcpherson.

"There is a definite need in SA for a professional approach to the marketing and distribution of textiles. With the weight of international experience behind us we think we can make a significant contribution," he claims.

Mcpherson says that Jacotex will be "a liaison operation" in bridging the communication gap between textiles and clothing. It will, for example, inform clothing companies what's in fashion overseas (there's an approximate nine months lag between what sells in London and what goes in Johannesburg).

Is a company like Jacotex really necessary?

"Can't understand what it's all about," says Sam Jaff, Chairman of the Transvaal Fashion Guild. Textile Federation's Stanley Shlagman, on the other hand, says it could prove useful.

Comments a spokesman for textile producer Hebox at Hammersdale, Natal: "Anything which brings about better co-operation between the clothing and textile industries is welcome as far as we're concerned."

In the past the clothing industry has complained about:

- Late deliveries from the mills,
- Poor marketing techniques, and
- A lack of awareness about consumer

FIN. MAIL 20/5/77 184

CLOTHING SECTOR

No more earnings situations

Meet them face to face and they're ebullient, outgoing, and confident Read their annual statements to shareholders, and the chairmen, managing directors and salesmen of SA's clothing companies present a rather different picture.

It doesn't take a genius to know that the SA clothing industry is facing troubled times — and that those troubles look like lasting quite a bit longer

Sector watchers will be familiar enough with the performance of the various share indices, and, as the graph shows, there's been a decline of around 20% over the past year in clothing shares.

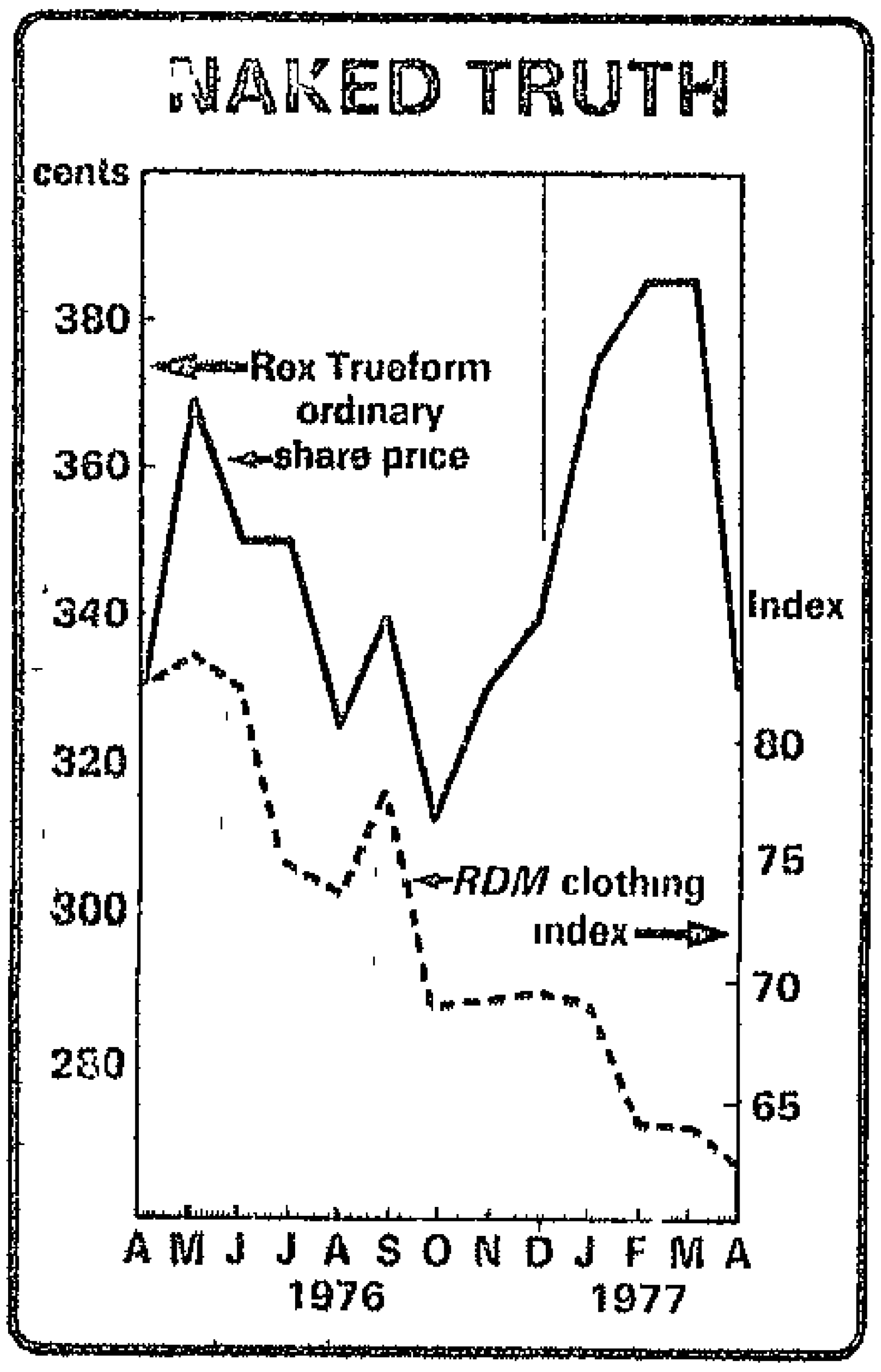
The message has been sounded clearly enough by various company chairmen in recent months. Times are hard and there is little optimism around The poor business climate, keener local competition, price-cutting, excess capacity, all these are oft-cited reasons for the industry's current problems.

In addition, increased transport costs, rising power bills and constant wage demands all serve to maintain an upward pressure on the industry's cost structure

Whether the companies concentrate on men's, women's, boys', girls' clothing, or on fields within the garment trade, from sportswear through to school clothing and defence contracts, the complaints are similar. But it's hard, looking at the latest annual or half yearly figures coming from the industry, to see much glimmer of light ahead

While clothing for any average South African is a basic essential, there is no reason to suppose that purchases will not be delayed as inflationary pressures squeeze household incomes.

Higher prices are evident despite the various companies' protestations that



they are keeping prices down in order to improve individual market penetration Consumer resistance is already building up and it remains to be seen just how elastic demand really is

That consumers are becoming more price conscious is hardly surprising The latest official index for clothing prices shows a rise of 8,2% on the year to a figure of 169,3 from an April 1970 base of 100

The industry as a whole faces the 15% import surcharge on materials at a time when a fair number of its customers still prefer imported materials to the local product But this is a comparatively minor problem facing the clothing industry

The 10 manufacturers featured in the table have comparatively high debt equity ratios with Veka the highest at 155% At the same time on the basis of their latest annual accounts, stocks plus debtors have grown considerably, suggesting that one way or another extensive credit has been granted

Given the existing gearing, the industry is in no position to modernise and will have to continue struggling along with its existing equipment, much of which is already long out of date, and much of which is largely labour intensive

Comparing asset values to market values as shown in the table, investors can see just how depressed the sector really is Clothing companies are normally earnings situations as they are not capital intensive, but not one of the shares shown is standing at a premium to net worth

Highest discount to asset value is reflected by Dugson, which recently closed down its Kimberley factory on which it had already spent considerable money and effort

But despite the large discounts common to all the shares, not many investors will take much notice of this factor Assets in clothing companies comprise largely stock, debtors and equipment which often have doubtful realisable value The assets of clothing companies thus bear out the old adage that assets are only worth what they can earn And with no apparent recovery in earnings in sight, clothing shares remain best avoided in general

Only market leaders can be considered and here Rex Trueform and Seardel look the pick of the sector

Don Wilkinson

ALMOST ALL ARE CLOTHED IN GLOOM

	Business	Pre tax profit R'000	Debt/equity ratio	Net assets c	Share price c	Discount on nav %	Earned cps	Paid cps	Dividend yield %	Market cap R'000	Stocks/debtors increase on previous year %
Adonis	Knitwear	149	19	45	18	60	1 7	2 4	13 3	594	6 1
African Clothing	Men's, women s school	502	–	479	135	72	41 5	25	18 5	810	18 5
Charmfit	Hosiery women s	942	92	88	55	38	31 1	9	16 4	1 242	13 9
Dubin	Men s, boys	4 057	107	63	50	21	20,5	7	14 0	5 100	84 0
Dugson	Men s, boys	1 081	70	583	60	89	77 0	10	16 7	480	2 2
Ninian & Lester	Men s, boys knitwear	719	80	207	55	73	28 1	7	12 7	1 155	34 4
Rex Trueform	Men s	5 139	22	456	330	27	110 8	28	8,5	9 2	9 0
Safnit	Hosiery knit	854	61	305	100	67	34 5	15	15 0	1 428	—9 3
Seardel	Ladies children s	3 537	148	171	77	55	36 9	12	15 6	2 662	40 3
Veka	Men s boys school	912	155	120	32	73	7 0	4	23 4	1 312	10 6
Hepworth	Retail	373	80	683	425	38	38 0	20	4 7	2 125	3 3

(1) 184

(2) 328

More Cape clothing factories now look for export orders

ANOTHER 1000 LOSE THEIR JOBS

W/C ARGUS (Reg Acc.) 11/6/77

ANOTHER 1 000 clothing workers in the Western Cape have lost their jobs because of a fall-off in sales by the factories.

About eight percent of the 47 000 workforce in the Cape is now unemployed and at the end of last month the industry was working at 70 percent of capacity

The latest retrenchments took place in May and brings to more than 3 500 the number to lose their jobs this year

Short time

Ninety percent of last month's unemployed were women — semi-breadwinners in many cases, where their husbands had lost their jobs in the building industry said Mr Simon Jocum, chairman of the Cape Clothing Manufacturers' Association

An unknown number of the Cape's 273 clothing factories were also working short time rather than reduce their staff to current work levels.

A shortage of work is expected to worsen this month before the factories start on summer orders.

But summer orders are estimated at 30 percent below last year's.

Get worse

'We are afraid business will get worse before it improves and can expect no upturn for this year,' Mr Jocum said

The slump in local sales, however, is making more and more companies look overseas for orders.

'It is creating a tremendous amount of interest in the export field and firms are becoming really serious about exporting'

FIN. MAIL 17/6/77 (184)

PLANNING ACT

Clothing's concessions

At last there may be some good news for Transvaal clothing employers exceeding their Environment Planning Act African labour quotas

Recently, government invited firms, long beleagured by the threat of prosecutions under the Act, to apply for exemptions, allowing them to employ "illegal" African workers (*FM* April 29).

Planning Deputy Secretary Piet Prins tells the *FM* that over 100 applications have been received. So far 27 have been processed.

A first batch of 18 applications asked for permits for 545 Africans illegally employed on September 30 last year. Of these, 283 will be allowed to continue working.

Of a subsequent batch of 13 requests, 9 have been processed and four are still being investigated. Employers asked for permission to employ 290 Africans,

Industrial Council's Thomas . . .
Hopes for a marked relaxation

despite the fact that there were only 128 "illegals" on their books on September 30 Permits for 173 workers — 45 more than the firms then employed — were granted

The fact that some employers have asked for more labour than they employ seems to indicate that, because of the strictures of the Act, some firms could do with more labour than they now have, despite the recession The industry is confident most of the outstanding applications will be approved

"Employers will be ordered to lay off people here and there, but we're not expecting any large scale cut-down on African employment Government appears to have markedly relaxed the Act's application," says Industrial Council for the Transvaal Clothing Industry Secretary Jimmy Thomas

He adds that "only those firms who haven't co-operated with the Department" will be denied permits and thus forced to lay-off workers

NATAL MERCURY 21/6/77

300 workers lose jobs each month

Mercury Correspondent

JOHANNESBURG — Workers in the Transvaal clothing industry are losing their jobs at the rate of 300 to 400 a month, says Mr. Jimmy Thomas of the Industrial Council for the industry. Last year 34 firms closed down and 2 000 lost their jobs.

"The toll will be higher this year," he says.

In the Western Cape, Mr. Simon Jocum, chairman of the Cape Clothing Manufacturers' Association describes the situation in the industry as the worst in 30 years. He said 4 000 had laready lost their jobs in the Cape Town area.

Mr. Thomas, describing the industry in the Transvaal, said three firms had closed down this year and with retrenchments, about 1 000 workers had lost jobs so far.

Another seven firms employing 500 threatened to close down and five or six had currently closed down for three weeks during the slack period

The glimmer of hope, in the past fortnight has been an assurance given to the National Union of Clothing Workers by the Minister of Planning, Mr. Schalk van der Merwe.

Yesterday Mrs. Lucy Mvubelo, general secretary of the union, (which has 17 000 members in clothing firms on the Witwatersrand), said after the union had tabled representations with the Minister, he had stated the present labour force would not be tampered with

"He gave us this assurance, as long as employers detail the numbers of Black workers they have above the 1968 Physical Planning Act ratios."

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Unemployment hits clothing industry

R.D.M. 21/10/77

184

By CLIVE EMDON
Labour Correspondent

WORKERS in the Transvaal clothing industry are losing their jobs at the rate of 300 to 400 a month, says Mr Jimmy Thomas of the industry's Industrial Council.

Last year 34 firms closed and 2 000 workers lost their jobs.

In the Western Cape, Mr Simon Jocum, chairman of the Cape Clothing Manufacturers' Association, described the situation in the industry as the worst in 30 years.

He said 4 000 had already lost their jobs in the Cape Town area and another 1 500 were expected to be put off

Mr Thomas said three firms had closed in the Transvaal this year, and about 1 000 workers had lost their jobs so far

Another seven firms employing 500 had threatened to close.

In addition to the economic state of the industry, a further threat to jobs was the environmental Planning Act which pegged black labour quotas to 1968 levels.

The Government recently asked firms threatened with prosecutions to apply for labour exemptions.

The Deputy Secretary for Planning, Mr Piet Prins, said last week that more than 100 firms had applied. The first batch of 18 applicants asked for permits for 545 workers who were employed illegally at the end of September Of these 283 would be allowed to continue working

However, one glimmer of hope in the past fortnight was the assurance given to the National Union of Clothing Workers by the Minister of Planning, Mr Schalk van der Merwe

Yesterday Mrs Lucy Mvubelo, the general secretary of the union, which has 17 000 members in clothing firms on the Witwatersrand, said the Minister had told her the present labour-force "would not be tampered with"

"He gave us this assurance, as long as employers detail the numbers of black workers they have above the 1968 Physical Planning Act ratios."

Mrs Mvubelo said it appeared the Minister was not aware that workers in the clothing industry were not migrants, but lived permanently on the Witwatersrand.

RDM 22/6/77

Drop job bars, say clothing workers

184 178 177

By CLIVE EMDON

EMPLOYERS and trade unions representing all races in the Transvaal clothing industry have appealed to the Government's Industrial Tribunal to scrap job reservation in the industry.

Though job reservation has not been observed for years, there are still reservation clauses from the 1960 wage determination which legally still apply.

These lay down, for example, that all factories established after 1960 must ensure that a quarter of all jobs are reserved for Whites, 37½% for coloureds and Asians, with the balance being allowed to go to blacks.

There has been a vast change in the industry's pattern over the past 20 years, with coloured and Asian labour taking over from whites, then Africans taking over 80% of jobs in the industry.

Mr Jimmy Thomas, secretary of the joint employer-union industrial council for the industry, said this week. "I think the job reservation clauses will be done away with — it boils down to a formality now."

He said the Department of Labour had not enforced the job reservation provisions of the wage determination.

Mr Thomas gave examples of jobs which had changed hands The 1960 determination specified that "marking in" and "chopping out" should be reserved for whites — but even then there were coloureds, Asians and blacks in the jobs.

Pattern graders and supervisors were also to be white. Here again, blacks have taken over the jobs

● In December 1954 there were 7 500 whites, 6 000 coloureds and Asians and 2 000 blacks employed in the Transvaal clothing industry. By December 1974 there were 734 whites, 4 000 to 4 500 coloureds and Asians and 23 000 Africans

● Editorial comment P 14

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Type B has no alternative uses and zero scrap value, but 200 units can be used for the Bellville job. In addition it will be necessary to buy 3000 units of Type C at R10 each for the Bellville contract.

Both jobs will take exactly one year.

The Managing Director asks you to consider which of the two alternatives is most profitable.

Draw up a table showing the opportunity costs involved in each.

What advice would you give?

(50%)

(1) 184
(2) ~~328~~

ARGUS 5/7/77

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16 CLOTHING FACTORIES CLOSE IN CAPE

Financial Staff

SIXTEEN Cape clothing factories closed down and more than 4 600 workers lost their jobs in the last 12 months, mostly in the first half of this year.

In June alone 1 000 workers were retrenched and many hundreds more are on short time, said Mr Simon Jocum, chairman of the Cape Clothing Manufacturers Association, today

The workforce is down to 43 369 at the end of June from 47 884 a year ago

'There is no sign of orders picking up We start in a month's time on next winter's production but it seems more like 10 years away,' he added.

TWO YEARS AGO

Clothing is now as cheap in the shops as it was two years ago but prices are likely to rise next year

Manufacturers are having problems with the low quality of local textiles and at least one factory is selling 'seconds' — slightly imperfect clothing — direct to the public

Clothing firms have met the textile industry to try to improve the situation.

Normally 'seconds' are sold to jobbers but demand for them is dropping, too.

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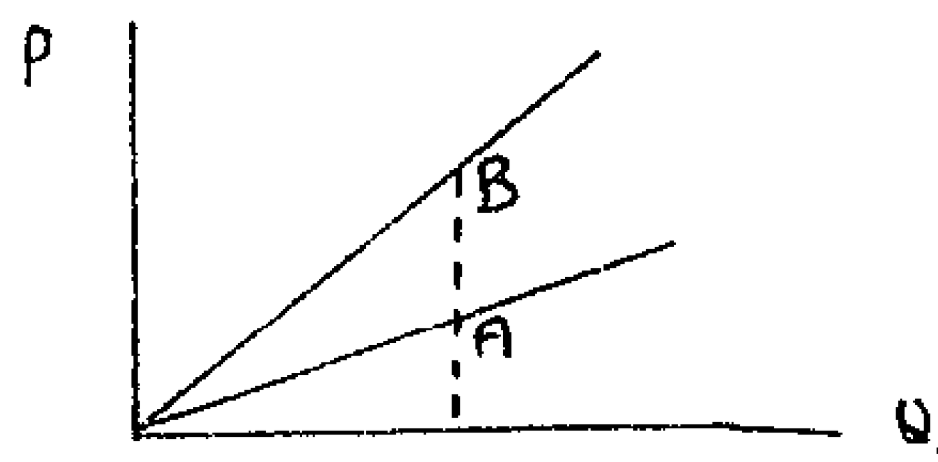

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5. A leftward shift i… … of refrigerators

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4. $Q/Y \times \Delta Q/\Delta Y$
5. $\Delta Q/\Delta P \times P/Q$

Clothing job force boosted by 1421

Star 12/7/77

184

Sieg Hannig,
Labour Reporter

The lawful black labour force of the Transvaal Clothing Industry has been increased by 1 421 so far under the undisclosed guidelines being applied by the Department of Planning in terms of the Environment Planning Act

The heat is not off, however, because the "more problematic" cases are still under consideration.

That was disclosed today by the Deputy Secretary for Planning, Mr P J Prins

He said that the 65 firms dealt with so far had exceeded their lawful black labour quota of 2 651 by 1 278 last September and had applied for 1 788 workers in excess of their quota

Overall the Department had granted them 1 421 workers in excess of their quota

The applications of another 65 firms were still under consideration, Mr Prins said These applications, on the whole, were more problematic cases than those already dealt with, he added

Mr Prins said no applications had been received from another 90 firms which had exceeded their quota. Some had gone out of business but it was presumed that most of the rest had brought their labour force in line with the requirements of the Environment Planning Act

The secretary of the Industrial Council for the Transvaal clothing industry, Mr J H Thomas, has announced that 1 500 workers have been laid off in the industry since the beginning of the year Twelve firms have gone out of business

Mr Thomas expects the retrenchment rate of 300 to 400 workers a month to increase

Jantzen

DIE Kaapstadse klerefabrikant Meritex, 'n verwante maatskappy van AECI, het 'n lisensie-ooreenkoms met Jantzen Inc, die vooraanstaande Amerikaanse vervaardiger van ontspanningsdrag aangegaan om sy volledige reeks produkte in Suid-Afrika te vervaardig

Daar word geskat dat die ooreenkoms die omset van Meritex binne twee jaar met sowat R1 miljoen sal opstoot. Jantzen is een van die wêreld se voorste fabrikante van sport- en slenterdrag. Dié maatskappy se omset verlede jaar was meer as 123,5 miljoen dollar

Sake-Rapport
17/7/77

(184) (~~185~~)

FIN MAIL 22/7/77 (184)

A great leap backwards

All the talk these days about big changes in SA's labour relations must sound rather hollow to the blacks working at Smith & Nephew's Pinetown plant.

They have just been told that S & N will not renew its agreement with their union, the unregistered National Union of Textile Workers (NUTW) — an agreement which has rightly been hailed as an example of how SA managements should deal with African unions. When it signed the agreement three years ago, this British company showed how foreign investors could, if they wished, be positive forces in SA.

It is not only African workers who are affected by S & N's change of heart. The plant's Indian workers have recently resigned from their union, the registered Textile Workers Industrial Union, (TWIU) to join NUTW, which now has membership of all races at S & N

In place of union recognition, Smith and Nephew are offering to negotiate a binding agreement with a works or liaison committee, and to improve benefits such as housing.

Lunn and factory workers . . . amicable relations in jeopardy

NUTW bitterly rejects this. It says S & N wants separate liaison committees for each race, which the workers also bitterly reject.

The union adds that the committee system doesn't afford workers the protection of union membership, and that housing is hardly a substitute for giving workers a real say in wages and conditions. "The company's actions are incomprehensible to workers and can only be seen in the worst possible light by them. Regrettably S & N seem determined to take a step backwards," says the union.

The firm's workers agree, it seems. They met of their own accord on Wednesday to protest against the decision.

Why has S & N taken this step? The company's own explanation seems somewhat confused

S & N men will not talk to the press. MD Kenneth Lunn says that only the group's London head office can do so A London spokesman, however, will not say anything other than that the firm "has merely refused to renew an agreement which has lapsed. This does not close the the door to future agreements "

However, the firm has tried to explain its actions to its own workers in conflicting ways. According to TWIU general secretary Norman Daniels the decision is linked to a dispute between his union and NUTW (*FM* March 18 and May 20) "Lunn told us that until we settle our differences, he's not in a position to talk about an agreement."

But this explanation conflicts with what Lunn told NUTW men at a meeting this week.

Says NUTW secretary Obed Zuma. "He told us that they can't communicate directly with their workers if a third party is involved and that the law doesn't allow them to recognise unregistered unions. I asked them when they realised this and they said they had known it all along and they have only recognised us because there was a registered union here "

There may, however, be something else behind S&N's decision A document issued by unregistered unions in Durban this week hints at government pressure on the firm to drop the agreement

According to the document, S&N first raised the idea of introducing the works committee after last November's trade union bannings. Management reportedly said then that "this would reduce pressure being applied by the State, which was a major market for them, particularly for surgical dressings, plasters, etc" The document also refers to pressure by the State "at the highest level"

Daniels says the firm's "refusal to take sides in an inter-union dispute" as one textile man puts it, "is eminently sensible" No doubt Particularly if your own union has no members in the plant and your rival has the vast majority of them.

In any event, the union dispute appears to be something of a red herring. After all, S&N were talking about dropping the agreement before the dispute began

Whatever the reasons, the fact remains that one of the few hopeful lights in SA labour relations has just been put out.

FIN MAIL 22/7/77

184

CLOTHING

Apart at the seams

With garment manufacturing company failures reaching a one-a-day average this month, any ideas on salvaging the rag-trade may seem too late. Small firms are disappearing overnight while big employers cut workforces drastically to add hundreds more jobless to the industry's estimated 10% unemployment rate This does not include up to 3 000 who have left the industry over the past few years.

"This isn't the end of it either Long-established firms are going out of business and there's every indication that things will get worse," says Garment Workers' Union President, Senator Anna Scheepers

Worse in this case means as bad as the Great Depression unless, says Scheepers, government at least turns a blind eye to some clauses in the Environment Planning Act. She wants "this pernicious Act" scrapped altogether but, for the expediencies of keeping companies open and easing worker hardship, she's pleading for much less stringent Planning Ministry prosecution of the 1968 EPA

"Without Ministry co-operation, up to *another* 5 000 garment workers will soon go back to Soweto without jobs Imagine the discontent in times like these," says Scheepers

Add to that the discontent of many non-black managers, foremen and cutters who are, for the first time in the Senator's 39 years as GWU president, unable to find work

Hardest hit is Transvaal where, after gradually cutting back the 26 500 labour force to 23 500 last year, lay-offs have pulled the number still employed down to 21 000 At Kimberley a 500-job factory closed in February and another has laid-off about 10% — 200 workers — of its staff Scheepers estimates that, apart from the thousands of workers who have left the industry, 12 000-plus of its 120 000 members are out of work

The 360 garment factories at the start of the year has dropped to 330 (including nine during the first nine days of this month) with Scheepers' own recent prediction of a total 50 closures in 1977 already beginning to look optimistic.

Ironically, she claims, not all of those that have packed up so far did so through lack of orders but because of government's "ruthless application of the EPA on the clothing industry"

Scheepers says there have been cases of companies combining only to learn to their cost that under the Act workforces could not come under one more productive roof. She also claims that firms embarking enthusiastically on expansion are told they may not take on more black workers

"What is even worse is that under the EPA no new clothing firm can start up to take the place and workers of those that close," Scheepers adds.

Random indications from clothing employers, however, are that the Department of Labour just might be soft-pedalling on purging hard-pressed companies of illegally employed workers

Not that any entrepreneur is likely to jump into this wallowing industry.

At present white women operatives average R38-a-week, coloured and Asian, R26, and black (where a high proportion of trainees keeps the average down), R21 Skilled and fast operators of all races in the predominantly female industry earn much more than the average

Being awarded a R2-R3 weekly rise becomes a moot point if the company either can't pay or simply folds. Scheepers is working in the Senate and behind the scenes for "relaxation of the EPA" but admits she's had little success.

Senator Anna Scheepers . . .
"this pernicious Act"

Financial Mail July 22 1977

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CLOTHING

Apart at the seams

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Senator Anna Scheepers . . . "this pernicious Act"

N.D. 1/8/77

10 000 cloth workers lose jobs this year

184

JOHANNESBURG — At least 10 000 workers in the clothing industry have lost their jobs this year.

So far about 30 clothing factories have closed down There were 900

Retrenchment and non-replacement of workers throughout the industry have affected nearly ten per cent of all jobs in the clothing industry, estimates the president of the Cape Clothing Manufacturers Association, Mr Simon Jocum

The Cape has been hardest hit, with 13 factories closed in the past month, and 18 since January Most of the workers laid off have been Coloured women.

The most recent closure, on Thursday, affected 130 workers. Although three small factories have opened in the past month the total Cape unemployment is 4 400, with 1 017 jobs lost during July alone.

Natal figures were difficult to compute said the president of the National Clothing Federation, Mr D Solomon, because most of the factories are doing piecework for larger manufacturers and some tiny factories were opening

In the last three months the 33 000 clothing workers in Natal have been cut by at least 2 000.

In the Transvaal 14 factories have closed, with two closures in the past month, affecting 341 workers Two of the factories which have closed have possibly done so only temporarily, but between them they have laid off 280 workers

The secretary of the Industrial Council for the Clothing Industry in the Transvaal, Mr J H. Thomas, believes employment will remain constant for the rest of the year, as people prepare summer ranges, but more factories may declare themselves insolvent at the end of the year when they are called on to meet large expenses such as holiday pay. — DDC

N. Mercury

1/8/77

R30 000 HAUL FROM HOME

N. Merc.

Mercury Reporter

184

CLOTHING factory owner Mr. Danny Maharaj was robbed of R30 000 and a quantity of jewellery by five armed Indians who forced their way into his Verulam home on Tuesday night.

He told police that four of the men had firearms and a fifth a knife. They forced his wife and children into a bedroom occupied by two other people and there tied them all up with electric flex.

He was taken to another bedroom and tied up before the gang systematically ransacked the house and found R30 000 in cash and the jewellery in a wardrobe.

So far no arrests have been made.

10 000 lose jobs in clothing industry

RDM 1/8/77 (184)

By PENNY CUMMINS

AT LEAST 10 000 workers in the clothing industry have lost their jobs this year

Only about 30 of the 900 clothing factories in South Africa have closed, but there has been retrenchment and non-replacement of workers throughout the industry This has affected 10% of all jobs in the clothing industry, estimates Mr Solomon Jocum, president of the Cape Clothing Manufacturers' Association

The Cape has been hardest hit, with 13 factories closed in the past month, and 18 since January. Most of the workers laid off have been coloured women

The most recent closure, last Thursday, is of Resortwear (Pty) Ltd which employed 130 workers Three small factories have opened in the past month but the total Cape unemployment is 4 400, with 1 017 jobs lost last month alone

Natal figures are difficult to compute, says Mr D Solomon, president of the National Clothing Federation This is because most factories which have closed have been small, doing piecework for larger manufacturers, and in Natal small factories continue to open

Mr Solomon states that in the last three months the 33 000 clothing workers in Natal have been cut by at least 2 000

Fourteen factories have closed in the Transvaal since January Two closures in the past month affected 341 workers Two of the factories which closed have possibly done so only temporarily, but between them they have laid off 280 workers Since January 3 285 have lost their jobs in the Transvaal

Mr J H Thomas, secretary of the Industrial Council for the Clothing Industry in the Transvaal, believes that employment will remain constant for the rest of the year, as people prepare summer ranges, but more factories may declare themselves insolvent at the end of the year when they are called on to meet large expenses, including holiday pay

World's largest

Su. Times Business 7/8/77

(184)

A Vanderbijl Park company has commissioned the largest rockwool fiberiser plant in the world.

Extensions to Insulation Products' plant at a cost of R2-million will place the company in a position to supply South Africa's total requirements of rockwool fibre well into the 1980s — and provide a surplus for export

Clothing firms under strain

(184) RDM 12/8/77

Own Correspondent

CAPE TOWN. — **The clothing sector is being plagued by a weak market and soaring costs, judging from the results of Desiree International**

It reports a slower sales growth and lower profits, the return on sales during the year falling from 8,73 to 6,9%

Turnover was up 13% from R31,3-million to R35,3-million, but pre-tax profits fell 10% from R2 732 000 to R2 456 000

Taxed profits were R1,4-million (R1,5-million) After minorities net earnings were R1 276 000 (R1 451 000) This was an equivalent earnings per share of 110c, as against 125c.

The figures suggest that with demand weak (it is a buyer's market in most sectors) the group could not recover soaring costs

Desiree is one of the most efficient groups in the industry The results do not augur well for other clothing groups reporting in coming weeks

Judging from current stock-market yields the market has discounted to some extent clothing sector prospects and Desiree's figures are better than expected

The decision to maintain the dividend (a final of 29c is being paid) for a total of 44c shows the group is not too pessimistic

Dividend cover has been pared from 2,8 to 2,5 but this is a sign of strong liquidity. The counter stands on a 10,7 dividend yield

Pyramid Seardel's pre-tax profits at R2 955 000 fell more sharply than Desiree Earnings were 16,45% down despite a 14% increase in turnover to R45,5-million Taxed profits were R1,8-million (R2,1-million)

The fall was cushioned at the attributable stage by a deduction in minorities from R886 000 to R663 000, leaving net earnings of R1 142 000 (R1 233 000), a drop of 7%

Seardel has raised its stake in Desiree from 58 to 72,2% and clearly the group believes the yield is generous

Earnings per share were 34c (36,8c) and the final has been maintained at 9c for a total of 12c (same) As with Desiree, cover has been trimmed — from 3,08 to 2,83 Seardel yielded 14,6%

Seardel's lower profits were probably mainly due to the tanning operation, which must have felt the downturn in the shoe trade

(2) 184

Clothing industry deadline on labour

STAR 25/8/77

Sieg Hannig,
Labour Reporter

Twenty-one Johannesburg clothing firms which exceeded their black labour quota by 188 workers on June 30 will be prosecuted if they have not yet fallen in line with the requirements of the Environment Planning Act.

Some of these firms and others which also face cuts in their labour staff, may be obliged to shut down as a result of decisions on labour quotas taken by the Cabinet committee this week, said industry spokesmen.

The industry as a whole has, however, been spared the retrenchment of about 5 000 workers which loomed last year after the Government's decision to enforce the black-labour restrictions under the Environment Planning Act.

Overall, 3 434 of the 4 793 illegal black workers counted in the industry last September may be retained — 923 of them under temporary exemptions which expire next June 30.

REDUCED

That has been disclosed by Mr P J Prins, a deputy secretary in the Department of Planning.

He said that of the 221 firms which accounted for the excess labour, 120 were granted 2 511 workers above the quotas laid down and 20 received temporary exemptions for 923 workers.

Of the remaining firms, 23 had shut down, 36 had reduced their labour to meet the quota, one had moved to a border area and 21 who failed to apply for more workers would be prosecuted if they retained the 188 illegal workers they had in June.

Mr Prins said some of the firms which were accommodated got more workers than they had in employment while others got fewer than they asked for.

As a result of the economic downturn, the industry's black labour force had been reduced by 2 358 workers since last September, Mr Prins said.

RECESSION

Senator Anna Scheepers, president of the Garment Workers' Union, commented: "At least we have some relief from the threat that has hung over the entire industry."

Only time would show to what extent the new quotas were going to hurt the industry and worsen the unemployment caused by the recession, she said.

But she believed many more clothing firms were likely to go out of business at the end of the year.

PLANNING ACT

184
FM 26/8/77

Jobs in jeopardy

The Riekert Commission's look at the Environment Planning Act comes not a moment too soon for the Transvaal clothing industry While the enforcement of African labour quotas under Section 3 of the Act has been relaxed, the industry's plight is still severe

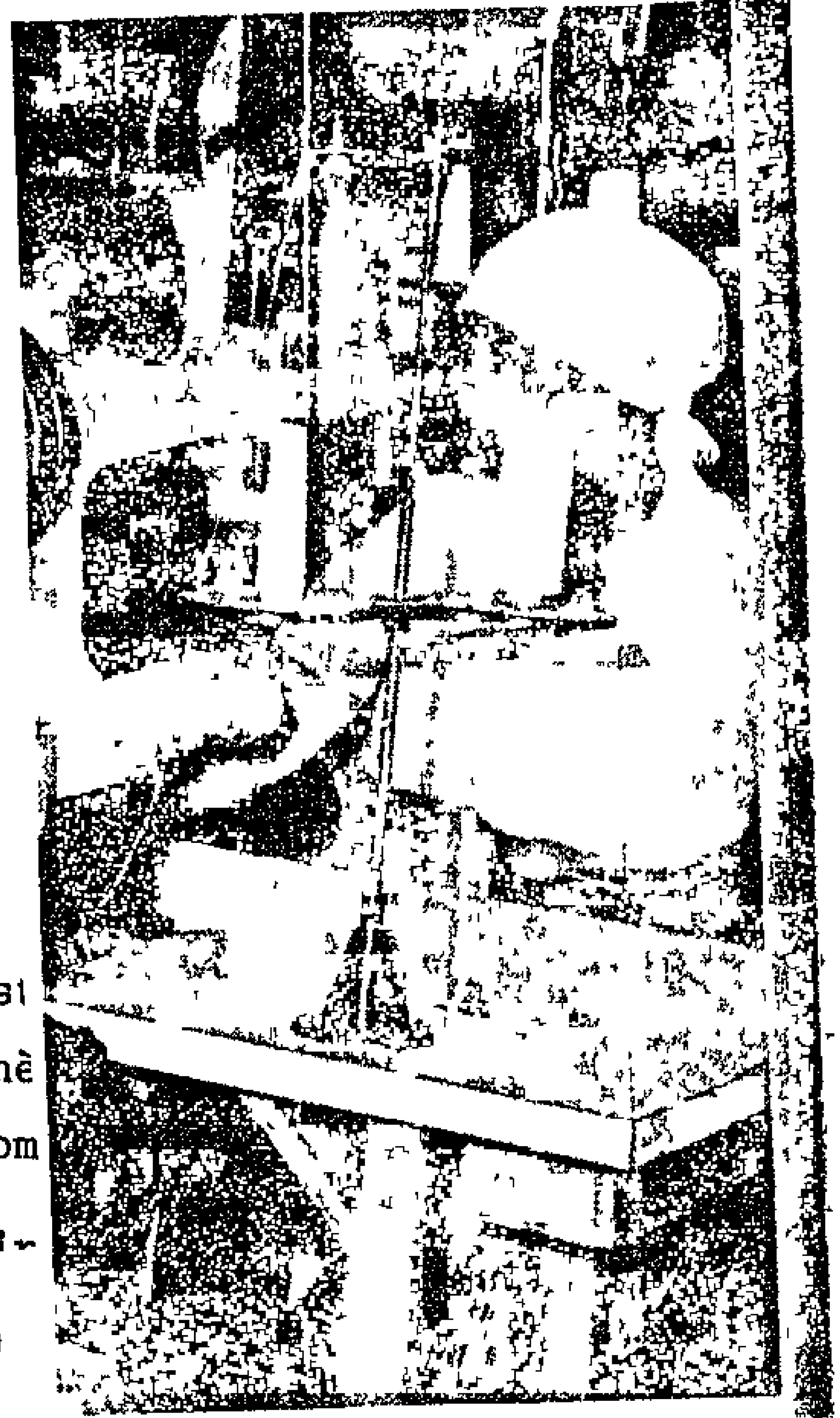
Transvaal clothing firms have borne the brunt of Section 3's application They are not only heavily dependent on Africans but also highly labour intensive — which means that they are more likely both to run foul of the restrictive quotas and to be prime targets of government efforts to get "black-intensive firms" to move to border areas

According to Department of Planning records, clothing firms in the Transvaal were employing 4 793 Africans illegally as at 30 September last year For some months now, however, the Department has been asking employers to apply for permits to exceed their quotas

Planning Deputy Secretary Piet Prins tells the *FM* 140 applications have now been received and most of them processed Only 21 firms didn't apply.

The permits granted so far allow a total of 2 511 Africans to be employed over and above their firm's original quotas Another 20 firms have been granted temporary permits — until next June — to allow them legally to employ another 923 Africans above quota.

Prins adds that 23 factories which exceeded their quotas (by employing 403



On the job . . but for how much longer?

Africans too many) have since closed down Another 36, which were employing 380 Africans illegally, have reduced their workforces so as to avoid falling foul of the Act One (employing 11 workers!) has decentralised

Prins claims that Planning "has granted just about as many permits as employers need," but warns that the 21 who didn't apply now run the risk of prosecutions "According to our records they were employing 188 blacks illegally at the end of June. We will be investigating them and will take action if they are over their quotas"

He also stresses that the firms who were granted temporary permits "have been given a year to get their houses in order We'll want to know next year why they haven't reduced their labour force or decentralised"

Prins warns that the Department will continue to apply the Act, Piet Riekert's probe notwithstanding He adds, however, that Planning doesn't have the resources "to go from factory to factory checking up on people We will, however, continue to act when we receive complaints"

Clothing firms are quick to point out that the concessions granted bring only short term relief Says clothing industrial council secretary Jimmy Thomas "The granting of permits has been selective Most have been issued to smaller firms which the Department reckons can't decentralise Bigger firms have either been given only temporary permits or been refused altogether So the squeeze is still on"

He adds that the permits only meet employers' immediate needs — if firms expand they'll have to go back to ask for more permits Some have already had to do so

"That's the problem with the Act," says Thomas "It inhibits growth in the urban areas To some extent the problem isn't that serious now because of economic conditions But what happens if the industry picks up again? Firms will just have to go back and ask for permits again, and who knows whether they'll be granted?

"It's a continuous process of having to go to the authorities whenever you need more African labour"

Max.

YEAR'S WORK: 160

PAPER I: A. 80

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Rex Trueform major setback in second half

(184) RDM 26/8/77

By MICHAEL COULSON

REX Trueform, after maintaining its position in the first half of the year to June 30, suffered a major decline in the second half, the preliminary report shows.

At the halfway mark earnings per share were virtually unchanged at 58,2c a share (1976 57,9c) and the interim report sounded generally optimistic

But for the full year, earnings were only 88c a share (111c), indicating that second-half earnings must have plunged by about half.

The preliminary report goes into commendably full detail on the tribulations of the recent past It says that in the domestic market, unavoidable cost increases were largely absorbed, resulting in lower margins and profits However, the group believes that this enabled it to increase its market share

Following the policy decision in the previous year to devote great effort to the export market, export sales more than doubled This achievement confirms the high acceptability of Rex Treform's products in sophisticated retail centres like New York, London and various West European countries

The directors believe the policy of restraining domestic prices and developing export sales is of significant benefit to the economy, in generating foreign exchange, creating employment opportunities and checking inflation

It is intended to continue to provide the local market with high-quality merchandise of exceptional value, which, say the directors, "is probably not available anywhere else in the Western world at prices remotely near those ruling in South Africa."

A major and healthy domestic base is a prerequisite for the planned further expansion of exports

The company says that while many of its suits are made from South African fabrics, and it will continue to support the local textile industry, overprotection would lead to local cloth prices becoming out of line with those ruling in normal markets and could also impair quality

It therefore pleads that the import surcharge be removed as soon as possible

The prelim says the order book and forward orders are satisfactory The new ranges have been enthusiastically received, but prospects for the current year depend largely on the rate of general economic revival

The company is in a strong position to take advantage of an upturn, but it will be difficult to maintain profits at current levels if no such upturn takes place

Because of the strong financial position, the annual dividend has been held at 28c a share in spite of the earnings drop This is still 3,1 times covered by earnings

COMMENT: This Cape-based company has often been described as the closest thing to a bluechip in the clothing sector The severe second-half decline is thus significant not just for the company but for the industry as a whole

Judging by the second-half earnings of about 30c, it would appear that if there is no economic revival this year, earnings could fall further to 50-60c a share Even if there is a revival, it seems unlikely to materialise in time to help results in the first half of the current year, so the most it is prudent to look for in the current year as a whole would be a maintenance of earnings at the level just reported

This conclusion is reinforced by the fact that turnover, which rose 12,5% in the first half-year, showed a gain of only 5,7% for the year as a whole This suggests that second-half turnover stood still, so that if costs are continuing to rise, the group will have to run even harder to stay in the same place this year

At 350c, the share is on a premium rating In view of the intrinsic soundness of the company, as long as the latest setback proves just an isolated hiccup that will fade when the economy recovers, the market is not likely to downgrade this assessment

But investors can't hope for much joy from the share price until the recovery does indeed materialise

pon presenting themselves at the Associations'
outhern Rhodesia'. In addition, the W.N.L.A.
lative Labour Limited (originally entered into
armers' Union in 1943), whereby W.N.L.A. would
me those workers recruited for the mines but
remained undisturbed.[12] This agreement
965 when the A.N.L.L. folded up and ceased

mpetition' between the two bureaux worked
, the higher wages stipulated on the latter's
tant determinant of the distribution of labour
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enabled the R.N.L.S.C. to secure a growing
nit maximum was periodically re-negotiated
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f R.N L.S.C. recruitees from this country being
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of the Federation in 1953, whereby Nyasaland
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e the Nyasaland foreign contract labour market.
ontinued to place most of its reliance on the
e R.N.L.S.C. did build up annual recruitment
The peak was reached in 1956 with a total
. After 1958, with the onset of economic
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ment, the R.N.L.S.C. contract system faced
onstraints. Its annual throughout began
. This occurred as W.N.L.A. hegemony in
asserted and as farm wages fell seriously in
is in Rhodesia after 1963. By 1960 the Chamber of Mines (S.A.)
ited 83 000 'Tropicals' (20,9 per cent of all their African mine-
in South Africa). By 1973, as may be seen in the table below, the
or Malawian workers alone had reached 106 638 or 27,7 per cent
otal complement.

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184

Call to revise Factories Act

MR. N. A. BURY, who has been appointed chairman of Unilever South Africa (Pty.) Ltd. He succeeds Mr. C J. van Jaarsveldt, who has been chairman of Lever Brothers and then Unilever, for 14 years

Financial Editor Mercury 1/4/77

THE FACTORIES, Machinery and Building Work Act needs to be revised as it contains anomalies which are perpetuated ad nauseum in many sections, according to Mr. H. Yorke-Mitchell, chairman of the Natal Clothing Manufacturers' Association.

Mr. Yorke-Mitchell, who was delivering his annual report to the Association yesterday, said that the Act laid down that the various racial groups had to be segregated, whether they were drinking tea or using the toilets.

"Is there anybody in their right mind who really believes that toilets and change areas should be separate for each race group, bearing in mind that these would normally be separated again into male and female?

"And is it necessary in a refreshment area that there should be a law separating the men from the women?

"Is it necessary to have a separate cubicle each for Blacks, Coloureds and Asians for first aid attention and resting?

Separation

"Is this really the 20th Century more than three-quarters expired, where there are laws stating that separate entrances and staircases must be maintained for males and females?"

Mr. Yorke-Mitchell said that the law of separation within South African factories was, in microcosm, a perpetuation and extension of most of the country's political problems and irritations.

"Let us see in our laws a real change of attitude in just some of the minor aspects of government control.

"We can then believe in a brilliant and rewarding future — especially in the clothing industry."

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New York: John Wiley &
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J. 30:71-79.
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The individualistic concept of the plant association.
Club 53:7-26.
Some considerations in the use of point quadrats
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Land

The 1913 Land Act, a 1936 Native Land
and Trust Act, reserved o t 87 per cent of the land
of SA for whites. Owners o constitute 70 per cent
of the population) was re ative reserves" or
Bantustans, which constit .

The Act furthermore he leasing or hiring of
land in the "white" areas of whom found that they
had become squatters or t ften long occupied by
their families), which wa belonging to whites.
The restrictions on tenan vely tightened and
today black tenant farmer in law, been virtually
eliminated.

The division of farm ghtly less unequal than
the overall division of cause almost 15 per cent
(18m out of 122m ha) of s taken up by cities,
roads, airports, etc., wh ted mainly in the "white"
areas. The area of white 000 ha.[24] There is
no separate estimate of t farms (the statistics
on black agriculture are equate). As the
Bantustans are almost ent l, their present total
area of 15.5m ha (1.1m ha to them in terms of
the 1936 Land Act[25]) is as the extent of
farmland. But we shall 15.5m ha, the
approximately 856,898m ha 59/60 Agricultural
Census (part I, p.66) as r land". This leaves a
total farm area of 14.65m

Only 12 per cent of classified as "arable" - a high arbitrary concept, as irrigation and machines can obviously bring additional land under the plough (arare = to plough). Quite a high proportion of the "white" sector is semi-arid; while the much smaller black sector is estimated to contain 20-25 per cent of the total arable area. However, the population density of the black area is also considerably higher: 119 per square mile, compared with 35 per square mile in the rest of SA.[26] As the latter contains the densely populated cities, the discrepancy between the black and the white rural areas is obviously much greater than these figures suggest.

13/9/77

184

THREAT TO 400 CLOTHING JOBS

CAPE TIMES

By GORDON KLING

FOUR hundred workers in the hard-pressed Cape clothing industry face the loss of their jobs following an application yesterday by Fairweather Fashion Holdings for an order placing its factory, M Rabie and Son (Pty), in provisional liquidation.

The Cape Town-based clothing manufacturer and retailer is also seeking provisional judicial management orders in the Supreme Court, Cape Town, against Atlantic Knitting Mills (Pty) and Madame Lorraine Fashion Holdings (Pty) and some of its subsidiaries.

The announcement was made by the company yesterday in a request to the Johannesburg Stock Exchange for a suspension of its shares. Fairweather's latest financial results, for the six months ended last December, show a 50 percent drop in profit over the same period of the previous year and a slight rise in turnover. The shares closed on the JSE at 13c on Friday.

I understand a refusal by Fairweather's bankers to grant further funds prompted the applications, which are expected to be heard tomorrow or on Thursday.

Clothing workers' jobs 'safe'

ARGUS 14/9/77

(1) 184
(2) ~~199~~
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Financial Editor

THE directors of the clothing company, M. Rabie and Sons have told the 380 workers they have little fear of losting their jobs.

The company is a subsidiary of Fairweather Fashion Holdings which is expected to apply to the Cape Supreme Court tomorrow for a provisional liquidation order against it.

At a meeting on Monday, M. Rabie's employees were told:

- Their company had a full order book.
- It had close to R1-million worth of stock on hand.
- Its main problem was its illiquidity.

The directors said there was every expectation of keeping the company in operation. At worst, the staff were told, every endeavour would be made to sell the company as a going concern.

M. Rabie and Son has been in difficulty for the past three years. This led to a number of management changes about a year ago.

Fairweather is also expected to apply for provisional judicial management orders against it by two other major subsidiaries, Atlantic Knitting Mills and Madame Lorraine Fashion Holdings. These two companies were both operating profitably when Fairweather's profit and loss account was published.

- The Lion Match group is moving half of its Cape Town match production line to Rosslyn, near Pretoria. It will result in 59 workers at the Observatory factory losing their jobs.

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Protection or competition?

FIN. MAIL 23/9/77

(184)

There's endless conflict between those who make the clothing and the suppliers of the cloth. Looks like government will favour the latter

Economics Minister Chris Heunis is about to deliver his verdict on the Textile Federation's controversial application for increased tariff protection against "disruptive imported competition"

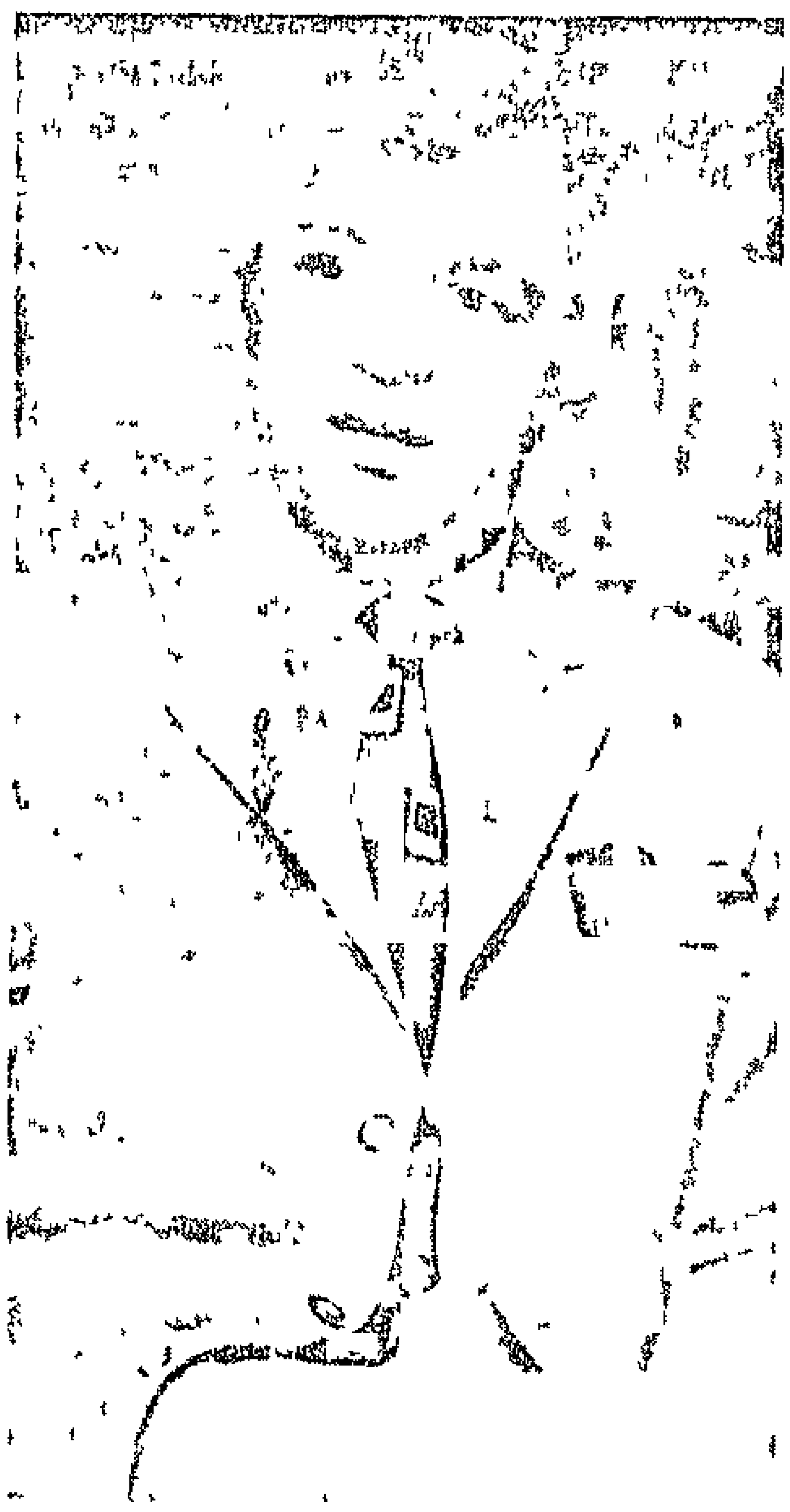
The National Clothing Federation has, naturally, made strong objections to the application But although Heunis's Ministry went out of its way to strike some sort of compromise between the conflicting demands of the clothing and textile industries, it is understood that, on balance, government's ruling will favour the latter group

One of the pillars of the clothing manufacturers' argument against the Textile Federation's application is that it is something of an impertinence in view of the fact that Finance Minister Owen Horwood's 15% imports surcharge gives textile spinners and weavers all the protection they deserve.

In reply, Heunis will probably concede that the surcharge does give a measure of protection, but that this is not what the textile group's application was about. The surcharge is a temporary fiscal device that will probably disappear in part or wholly as soon as either economic conditions permit, or when Horwood introduces a retail turnover tax

The textile group does not want a straight rise in the *ad valorem* tariff (which works something like the surcharge), but an adjustment to the formula which has a regressive cost-raising effect on foreign cloth with a disruptively low mark-up.

Government takes the view that the formula adjustment is part of a long term dispensation that has nothing to do with



Rex Trueform's Shub . . . leading the way in exports

fiscal [illegible] The fact [illegible] most clothing men insist that [illegible] should be done about the existing [illegible] structure until the 15% surcharge is lifted could well be interpreted that clothing men are not against the basic principles involved in the textile group's application but that they deplore its timing

Simon Jocum vice chairman of the National Clothing Federation points out that competition alone [illegible] responsible for the fact that the clothing component of the consumer price index rose only to 159 3 (from a base of 100 in 1970) in 1976, compared with 1[illegible]4 for the all items index (including services) and 178,1 for all commodities

More unemployment

If, as result of tariff adjustments on imported fabrics, clothing prices go up 10%, consumption will drop 25% he claims, and the current unemployment factor in the clothing industry will increase from its present level of 10 000 out of a normal factory work force of 120 000 in over 800 factories "We could have a few more Fairweather cases on our hands"

Productivity experts in the Department of Industries say this may be a good thing, because recent studies have shown that, on the whole, there is a lot more inefficiency in the clothing sector than in textiles

The root of the clothing industry's gripe is in the cotton and cotton-mix textile sector Out of 300 textile companies,

clothing men say there are no more than half a dozen which rise to the standards of excellence required in the highly competitive field of light garment fabric manufacturing

Local mills produce about 75% of domestic needs, which means that the order books of the high performance mills are groaning under the load, particularly at this time of the year when manufacturers are beginning to sense an upturn in dem[illegible]

inefficient will continue to plug for more and more protection as their throughputs drop "And they will drag everyone down with them," one irate manufacturer said this week

Clothing men are not impressed with the Textile Federation's argument that the tariff application will only effect 25% of the market "It's that 25% which gives variety, continuity and flexibility to our operation and without it we are dead if [illegible]

when disposable incomes are low," a manufacturer said

Interestingly, clothing industry complaints do not extend to the local worsted textile industry. Stewart Shub, chairman of Rex Trueform, reckons local worsted fabrics (for suiting and trousering) to be comparable with the best in the world. And he is a major exporter to Europe, UK and the US.

If light (cotton and cotton-mix) fabrics are the problem area, it may be worthwhile to send experts from the National Productivity Institute to have a look at some of the poor performers, against whom the most common complaints are short and late deliveries, poor quality control and printing, and bad finishing.

At the same time, perhaps the domestic cotton-growing industry should be investigated. SA cotton farmers produce 75% of domestic requirements, but their prices to the mills are appreciably higher than ruling world prices, which are in a bit of a trough. The Ministry of Agriculture is understood to be pressing for Maize Board-type powers to be extended to the Cotton Board, but this is being resisted by the Department of Industries, so the industry is in a state of uneasy equilibrium.

From the overview, Pretoria is convinced that its mixed bag of *recommendations* on the Textile Federation's tariff requests will have a balanced effect, not nearly as disruptive as the National Clothing Federation expects them to be

FAIRWEATHER — SIGN OF THE TIMES

The sharp setback suffered by Fairweather Fashion Holdings, one time trendsetter among Cape manufacturers of women's fashions, could be a precursor of things to come in the clothing manufacturing industry, according to clothing men the *FM* spoke to this week

In the Cape Town Supreme Court, one Fairweather subsidiary has been provisionally wound up and four others have been placed under the judicial management of Bert Olver, of Board of Executors

According to leading clothing manufacturers, the underlying causes of Fairweather's problems were management's inability to stick to the seven golden rules of clothing manufacture the right fabric selection quality, design, efficient production, aggressive marketing, tight administration and sound financial management

In addition, the company broke the cardinal rule of the clothing industry by launching into retailing, it went into competition with its major customers

Soon it found itself with short runs, slowing sales and a mountain of stock which it could not turn into garments because bankers and shippers refused to bank-roll what they clearly saw to be a deteriorating situation According to Supreme Court papers, there is R839 000 of stock, some of it, the *FM* understands, more than three years old

Clothing men now pose this hard question. How many of SA's 800 odd fabricators will ride out the imminent crunch of shortening runs, fabric stock and ready made stock build ups, high interest rates, rising costs and nervous bankers?

Sunday Times
(Business Times)
2/10/77

184

More clothing firms will go to the wall

Clothing manufacturers are cautiously optimistic that the bottom of the recession in their industry has been reached. But they do not hold out any hopes for an upturn in the market before mid-1978. Guest writer Michael Coulson reports from Cape Town.

NO GENERAL recovery is likely in the clothing manufacturing industry until the middle of next year, and it will be an adjustment process likely to be especially painful for the large number of small firms that operate in the industry — rather than the handful of (mostly JSE-listed) giants, who enjoy a disproportionate share of turnover.

At the same time, the recent failure of Fairweather was largely a special case Not only had that company recorded unsatisfactory results for some years, it also committed the cardinal sin for a manufacturer of going into retailing as well As Desiree's Aaron Searll put it, "clothing manufacturers who go into retailing must be out of their minds "

Not only does a manufacturer then find himself in competition with his own customers — generally regarded as inadvisable, in any line of business — he also runs the risk of losing sight of precisely where his profit centre is

Integrated

Most firms who operate in both manufacture and distribution tend to be retailers which have integrated upwards, like Edgars or Pep Stores, which are not only generally regarded as extremely well-run businesses, but also still buy much of their requirements outside their own manufacturing capacity

Even their apparently "captive" manufacturing units are thus still subject to the disciplines of the market place

But [illegible]ing the tributations of Fairweather aside, the mood of clothing industry leaders in the Western Cape that I polled this week can best be described as a cautious optimism that the bottom of the recession may have been reached, but without any real hope of an immediate upturn

Rex Trueform's Stuart Shub admits that conditions in the first half of 1977, when his own group's results took a sudden downward shift, were worse than he had expected.

Optimist

But he regards himself as basically an optimist, and hopes that business — which, all would agree, is in volume terms at lower levels than this time last year — may pick up from the second quarter of next year

Searll, while not entirely at odds with this forecast, tends to take a more conservative line. "I would regard April-May as the earliest we could possibly expect for a revival. And I could be wrong, it could be July, or even later "

To some extent, this difference in forecasting — and in current business conditions everybody uses phrases like "your guess is as good as mine" — may be explained by a different assessment of stock positions At Rex Trueform, they hold the view that retailers have run down stocks excessively even in relation to the current depressed volume of business They say that any recovery in demand at the retail level will quickly filter through to manufacturers

At Desiree, however, the view is that clothing manufacturing tends to experience fluctuations in demand that lag behind the general business cycle by four to six months. So if it is assumed that any real improvement in the economy is unlikely until the new year, it could well take to beyond mid-year before the effects filter through to clothing manufacturers

Meanwhile the going is hard, and is likely to get harder

Employment in the industry in the Western Cape, historically the industry's main centre because of its reliance on coloured labour, has fallen from a peak of about 39 000 to about 34 500, and even this represents a recovery of a few hundred from the lowest levels

Production

Although there's no doubt that industrialists have generally laid off their least productive workers, this has definitely contributed to a decline in overall production capacity. And there's no assurance that, when conditions improve, these workers will be available to return to the industry

While the large firms generally have the resources to overcome lean times, and can also afford expensive marketing to maintain their throughput in a shrinking overall market, many small firms cannot Although the industry as a whole is learning to live with narrower margins, it is not surprising that the main impetus to price competition usually (but not always) comes from smaller firms, who frequently have the added burden of being over-extended or under-financed (which amounts to the same thing) and thus under great pressure to turn material stocks into sales

But narrow margins of themselves impose strains. So price-cutting may help keep vulnerable firms afloat for a while, but can aggravate the long-run position — again, to the disadvantage of the smaller manufacturers

Small firms are also unlikely to be able to take as great advantage of the economies of scale as large firms, and though their opportunities for improvements in productivity may be as great, they may also lack the technical expertise to implement them

Because of the length of their production runs, they further lack the potential for developing export markets that has been of great importance to the survival of the bigger producers In both men's and women's wear, it is agreed that South African manufacturers can compete in terms of both quality and price in the major markets of Western Europe and North America

If only because of transport costs, profitability may not be as high as in the domestic market when times are good, but even in good times exports are a palatable cherry on the top of the cake, in bad times they are a valuable way of keeping machines busy and avoiding lay-offs

Efficiency

But there is a brighter side While the next 9-12 months may take their toll of the smaller, weaker firms (and by no means all small firms are weak, nor is there a minimum economic size — there is always likely to be a place for a small, efficient, specialist manufacturer) the industry that comes out of the depression will be leaner and more efficient

Even at a firm like Rex Trueform, generally regarded for years as efficient by industry standards, the last year or two have brought improvements in productivity that would [illegible] good times, when a little bit of fat was hardly noticeable

There are some 800 clothing factories in South Africa, about 350 in the Western Cape alone And this is far too many for a market the size of this In the long run, eliminating some of the marginal outfits will benefit overall standards, however painful it may be for the individual suffers.

Prices

But, alas, there may not be much for the consumer in this If you grant that competition has kept margins narrower than they would be — and, indeed, were — in better times, that costs are still rising, and that capacity has been falling, when demand at the retail level does pick up and filter through to manufacturers, there could be some sharp and swift upward adjustments to prices

The moral seems to be, if you're going to be in the market for new clothes next year, don't hurry to buy while demand remains depressed and competitive price-cutting is keeping prices down. But when consumer demand does start to rally, get in quick, for when that happens retail clothing prices could rise by 20-25 per cent surprisingly quickly

CLOTHING STORES

(184) FM 7/10/77

Cutting their cloth

It's a real hard selling slog in the clothing trade these days

Many beleaguered men's clothing shops are resorting to hanging out "sale" placards for a greater part of the year in an attempt to drum up trade Clothing discounters are mushrooming, yet, at the same time, some manufacturers are watching profits plunge while they stick to out-dated principles of not supplying the discounters.

Glens Mans Shop in Johannesburg maintains that there is no money to buy no matter what the price No so, says Markdown group MD Stan Rohald, who claims increased turnover in his three shops "The public demands competitive prices, quality and service. If you supply these they come back for more." He expects 1976 R1m turnover to hike by at least 50% in 1977 with October to December sales topping R500 000

Markdown offers a money-back guarantee on branded lines which sell at between 25% and 60% less than six months ago.

Stockpiles

Rohald says he is able to offer these "because manufacturers are so hard hit (with an estimated 60% downturn on retail turnover) that they're either sitting on large stockpiles or they're making stock without orders so as to keep busy."

Volume buyers can now dictate terms to manufacturers, says Rohald "Even on consignment (sale or return) We're able to clear stock at 35% to 40% less than we paid six months ago Shirts that we were selling at R16,95 are now R7,95. Top brand sports jackets which cost us R40 six months ago we're now buying at R18. Suits which used to cost us R71 are now down to R35."

Markdown operates on a 30% markup, a lot less than the normal 60% to 100% or more.

Tony Factor, head of Downtown, which has for some time been drastically cutting men's clothing prices in Johannesburg, says he had tremendous difficulties getting supplies to begin with but now most factories supply him direct. Ninian & Lester, the Jockey underwear manufacturers, won't supply him because he is a discounter and nor will I L Back let him have its Monatic shirts. "We get these shirts through a third party," says Factor, "and we get underwear from another manufacturer."

Ninian & Lester lost R428 000 in the six months to June 30 this year and Back, which is now in the Rembrandt group, lost R1 170 636 for the year ended March 31 Both companies, however, refuse to discuss their sales policies.

Factor says that Durban Clothing, which makes Man About Town suites, does not supply him because he is a discounter and for the same reason Rex Trueform lets him have its suits without the label. "We get Man About Town through the back door and I am hoping Rex Trueform will soon supply us with clothes with the Rex Trueform label," says Factor.

Graham Cartright, sales director of Durban Clothing, denies that his firm discriminates against discounters just because they cut prices "We are still able to select our customers We believe a store must have a certain expertise to sell our clothes as well as certain facilities This is why we are not yet supplying Downtown"

Rolf Koch, Rex Trueform's sales director, says his firm would not refuse to supply any legitimate clothing shop He denied that clothes with the Rex Trueform label were kept away from discounters although he conceded that he preferred to sell to shops that stick to his company's recommended retail prices

CT 24/10/77 (184)

Police close city factory, shop

By SEAN O'CONNOR

A CAPE clothing factory and a boutique have been closed by the security police because they were being partly financed by the banned Black Community Programmes (BCP)

The factory is the Sledgehammer Clothing Works in Albert Road, Woodstock, run by a company called Isjac Investments (Pty) Ltd

The boutique was the Black Boutique in Somerset West

The Black Community Programmes was one of the 18 organizations which the government banned on Wednesday

The Cape Times has established among other things that

- Mr Peter Jones, who in August was arrested with the black consciousness leader, Mr Steve Biko, was a director of the company running the factory He is still in detention under the Terrorism Act
- Mr Steve Biko held the position of Cape branch executive of the BCP, of which Mr Jones was a senior worker
- The BCP injected nearly R100 000 into the venture, which was aimed at offering quality clothes to black people at reasonable prices
- A shop in Claremont also run by the company was closed down after pressure by the BCP because it started to attract white customers

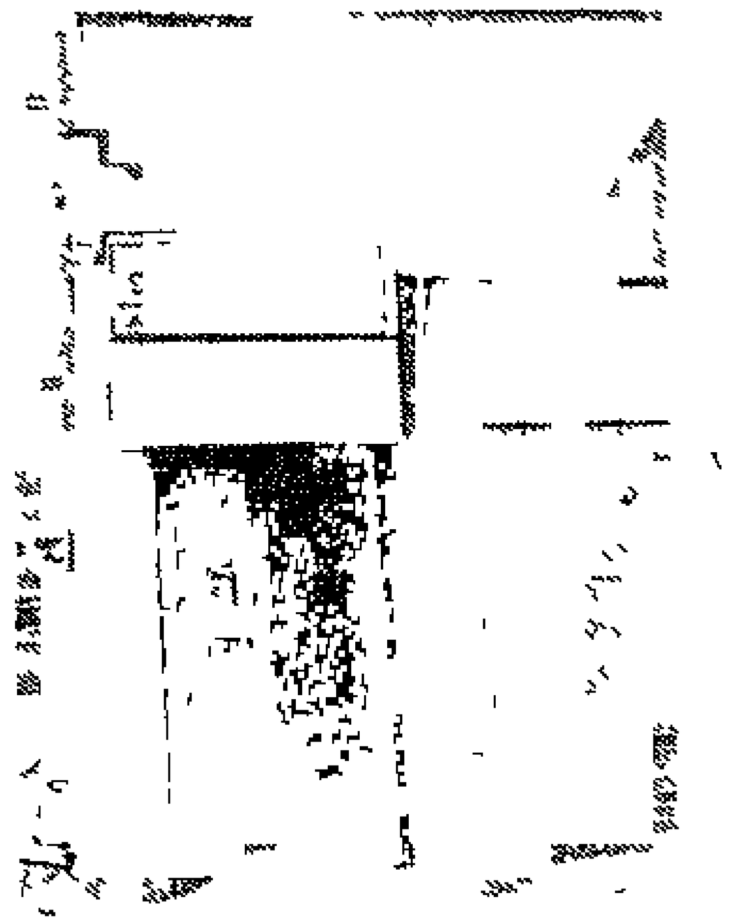
The managing director of Isjac Investments, Mr Armien Abrahams disclosed to the Cape Times the details of how the factory — it was becoming an "extremely" viable concern — got involved with the BCP

His account was backed up by the national chairman of BCP in Durban, Mr Hyacinth Bhengu, whom the Cape Times telephoned

About five months ago, Sledgehammer Clothing Works went bankrupt The owner at the time, Mr Ebraham Linneveldt, approached Mr Peter Jones of BCP in one of many approaches to different organizations to get financial help

Mr Linneveldt knew Mr Jones because as an accountant, Mr Jones had on occasions worked with the factory's books, Mr Abrahams said

Mr Jones agreed to the request and after negotiations,



Sledgehammer Clothing Works factory in Woodstock

Isjac Investments was formed as a holding company to the factory The company was launched on June 1 Sledgehammer Clothing Works then became the trade name

In the meantime, Mr Jones approached Mr Abrahams, who was then a data controller with a big oil company, to become the managing director of Isjac, Mr Abrahams agreed

"Mr Jones and I knew each other from our student days at the University of the Western Cape," Mr Abrahams said

The BCP granted a R54 000 loan to the company and bought up a minor shareholding — bringing total capital injection to nearly R100 000

It was agreed that when the company became viable, this money would be paid back to the BCP

Mr Abrahams said that Mr Linneveldt, the previous owner, became the production manager and a director of Isjac, and Mr Peter Jones, a Mr M Mphahlele and a Dr Don Luswazi became the other directors

Once the new company got under way, Mr Abrahams said that he had had "very little" contact with BCP

However, soon afterwards a shop in Claremont — in the Werdmuller Centre — which was run by the company as an outlet for its clothing, started to gain in popularity with white customers

Mr Abrahams said he had received "mild pressure" from the BCP to close the shop down because of this

"I did so because I could see the logic of the BCP in that they were trying to do things for black people One of the conditions of the loan was that we should offer our clothes to a black market — to the extent that we should not make our products available to white people," Mr Abrahams said

Mr Bhengu said that he had heard of the shop in Claremont being closed because it was attracting white customers

"But if this matter had been brought before the board I would have opposed it because to me the company was a commercial venture, he said

Mr Abrahams said it was intended to offer quality clothes to black people at a reasonable price When the shop in Claremont was closed the company launched a door-to-door sales drive in black areas which proved a success

On August 1, the company opened a shop in Somerset West — the Black Boutique

On one of the few occasions that Mr Abrahams had contact with the BCP, he travelled to Durban to see the executive director of the organization, Mr Ben Khoapa, a banned person

And only two weeks ago,

Continued on page 2

Police close factory

Continued from page 1

KEEP YOUR SHIRT ON!

(184) Sun. Trib 20/11/77

THEY'RE LIKELY TO SHOOT UP MORE THAN A PEG OR TWO

**By Alan Peat
Finance Editor**

CLOTHING manufacturers are forecasting massive price increases in a large range of products due to the imposition of higher tariff duties on imported textiles.

Men's shirts, women's blouses, skirts and dresses will be affected by increases as high as 30 percent, they say. And manufacturers say the increases will be most severe in the lower priced goods — "the area where people can least afford it", as one said

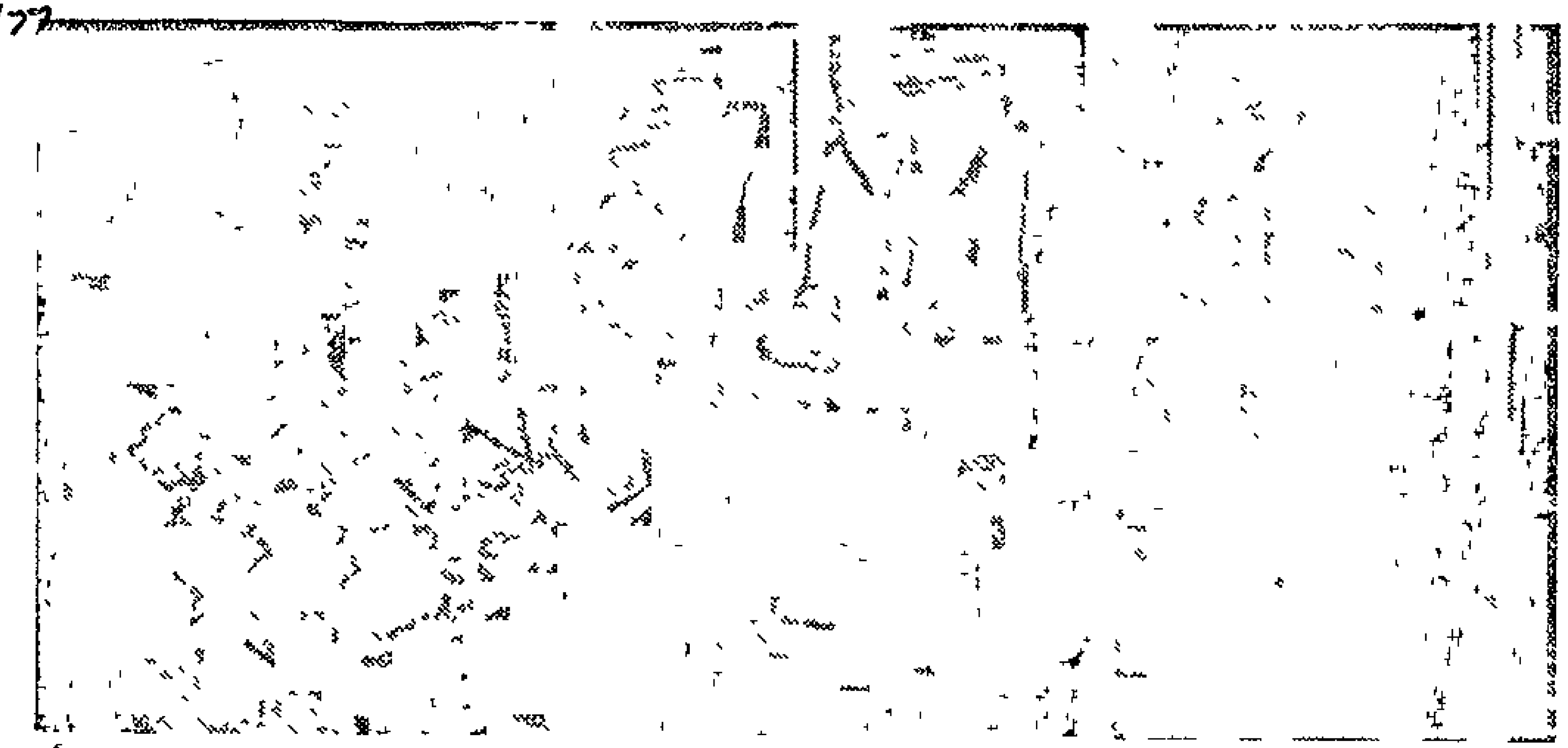
A major manufacturer forecasts that the most popular ranges of shirts and blouses retailing in the R10 price area will have to go up by about R2,50 to R3,00 to accommodate the tariff rise and those retailing for around R14 to R15 by between R1,50 and R2,00

The increases follow the Gazetting of a new tariff duty scale recently — demanded by the South African Textile Federation to protect its members from what they claim is "excessive importation" of foreign textiles

The battle between the textile manufacturers and the clothing producers over the tariff has wracked both industries for the last 18 months

The textile industry's demands have been slated by the clothiers as unreasonable, in the light of the local industry's inability to supply suitable alternative ranges of materials, alleged poor delivery times, and low quality

The textile producers have won this round, supported in their demands by a Board of Trade investigation However, the clothiers are not appeased They claim that while certain of the duty changes are fair, the new tariff hits hardest at the high volume end of the textile trade where local manufacturers cannot supply either the necessary range or volume of material required



By FRANK WHITAKER, director of the South African Clothing Federation

QUOTE

"This is a very steep increase and will make a tremendous difference in prices"

Frank Whitaker, director of the Clothing Federation, cites specifically the 200 percent increase on the duty on shirtings, crepe and pongees (woven texturised polyester)

"This", he says, "is a very steep increase and will make a tremendous difference in prices"

And, he adds, because of the formula built into the tariff scale, it will be the lower - priced goods which will show most movement

Textile Federation chief Stan Shlagman counters the clothiers claims

"The new duties reflect to a great extent the conditions of the application we lodged," he says "A Board of Trade report analysed this in detail, and they would not have approved the application if they did not think it justified

"Clothing manufacturers are bound to claim it is a cost elevating factor, but much of this effect will be minimised by local substitution

"The industry has become highly competitive recently because of so much under - utilised capacity and the effect of the duty will only act to compensate mills who have had no return for some time."

"However," says Whitaker, "it is the less satisfactory mills which have the most over-capacity, and it is normally true that when duties go up, local textile prices tend to go up to about the same level"

A major clothing manufacturer agrees. He said "Where a textile producer has stocks on hand and excess capacity he will take into account the market trend Where he is manufacturing ahead for orders then prices will rise This is, in fact, already happening"

Industry sources also indicate that as clothing — particularly at the lower-priced end of the scale — is very cost sensitive, the result will be a fall-off in demand

This is likely to lead to rationalisation within the industry and cutbacks in supply

Also the manufacturers are angered that while the textile industry is boosted by protectionism, the clothiers are still faced with competition from R60 million worth of clothing imports each year

Said one "At the very least the Government could have increased the duty on imported clothing simultaneously, and given us some of the same protection afforded to the textile producers"

(1) 184

STAR 21/11/77

Tough time for garment workers

Sieg Hannig
Labour Reporter

There will be little Christmas cheer for many Johannesburg garment workers who will join the 3 500 already laid off this year.

For many others it will be a season of despair because they have received unemployment benefits for the maximum of 26 weeks and can get no more.

BLACK WOMEN

"Some have been ordered out of their homes because they cannot pay the rent," said Senator Anna Scheepers, president of the Garment Workers' Union of South Africa.

She said most garment workers were black women — many the sole breadwinners of their families.

And there would be no relief in January. The industry always started the new year with a smaller work force.

"This time, it will be worse because very few factories are working the overtime which is normal for this time of the year," Senator Scheepers said.

Twenty four factories shut down in the Transvaal clothing industry this year — 12 of them bankrupt — and one moved to Newcastle. Others retrenched workers.

The work force dropped by about 3 500 to about 20 000.

In Kimberley, half the 2 000 garment workers are unemployed.

Senator Scheepers said she would write to the Minister of Labour to appeal for an automatic extension of the 26-week limit to unemployment payments under the Unemployment Insurance Fund.

976 Eco S. Maree

Knit workers get pay rise

STAR 29/11/77 184

Transvaal knitting workers are to get a half-yearly increase in January equivalent to at least the rise in the Consumer Price Index.

But about 1 000 of the 3 000 workers employed in the industry a year ago have been retrenched.

Qualified workers will receive a rise of six percent of the agreement rate for their class of work or R2 a week, whichever is the greater.

Unqualified workers will move up to the next pay notch and the six percent will be added to their wage then.

Workers earning more than the agreement rate will still receive an additional R2.

Benefits for workers who are ill for longer than 10 days have also been improved as a result of the negotiations by the Garment Workers' Union of South Africa.

Improvements to other benefits are still being negotiated, according to Senator Anna Scheepers, president of the union.

The increase puts the weekly wage of a machine operator up to R30,80 and that of a labourer to R23.

1. Hi ... ch.1;
... 1942); M. Wilson (1972); Bundy (1972).
... h. 5.

2. D ... r. Marginal Revenue Product,
H ... production function",
... Marshall; F. Wilson (1975)

3. Supply of Labour. Participation rate, indifference curve analysis, the backward sloping supply curve.
Cartter and Marshall; McCormick (1969), ch. 1

4. Wage Differentials. Job evaluation, productivity, education and training, human capital.
Dobb (1956), ch 6; Phelps Brown, ch 5; McCormick (1969), ch. 6

5. Marxian theory of employment and wages
Value of labour power, reserve army of labour, crises.
P. Sweezy (1942);

6. The Role of Trade Unions. Collective bargaining, integration, incorporation.
Flanders (1969); Cartter & Marshall; Hyman (1971)

7. Industrial Conflict/...2.

Grootste prysoorlog aan die kom

RAPPORT 22/1/78 (184)

KLERE-WINS IN GEDRANG

„EK daag die Suid-Afrikaanse klerebedryf om hul boeke oop te gooi sodat die verbruikers kan sien wat aangaan," sê mnr Hilton Kupritz hier met uitgestrekte hande

„DIE Suid-Afrikaanse klerebedryf stink . . ." Só praat mnr. Hilton Kupritz, wat as hoofbestuurder van 'n groot Johannesburgse afslagwinkel nou 'n eenmansoorlog aangepak het om wanpraktyke in die bedryf oop te vlek.

Hy dring aan op nog 'n regeringsondersoek in die bedryf en voorspel die grootste klere-prysoorlog wat die land nog beleef het

Mnr Kupritz beweer onder meer

- Klere word teen reusagtige kleinhandelswinste van tot 150 persent aan die publiek verkoop,

- Pogings om klere teen goedkoper pryse aan die publiek te verskaf, word stelselmatig deur die vervaardigers gekortwiek Wanneer klere teen afslagpryse verkoop word (25 tot 33 persent duurder as kosprys), weier die vervaardigers om bekende handelsmerke te verskaf

- Sommige vervaardigers is wel bereid om klere aan afslagwinkels te verskaf, maar dan moet die handelsmerk verwyder word of word minder bekende handelsmerke verskaf Of bekende handelsmerke word op dié voorwaarde verskaf jy mag jou pryse nie adverteer nie

- Dis nie net die vervaardigers wat die pryse help hoog hou nie Gewone klerewinkels dreig om bestellings te kanselleer indien die vervaardigers klere aan afslagwinkels verskaf

Dis 'n onding, sê hy, dat die publiek ten duurste by gewone winkels vir sekere handelsmerke moet betaal terwyl dieselfde pak baie goedkoper by 'n afslagwinkel gekoop kan word

Ondersoek deur THINUS PRINSLOO

Mnr Kupritz sê sodra sekere fabrieke agterkom dat dit sy winkel, Round About Town, is wat klere bestel, sê hulle hulle is vol bespreek. As daar onder 'n ander naam navraag gedoen word, is die fabrieke bereid om voorrade te lewer

Mnr Kupritz sê sy direkteure gaan voortaan maatskappye onder ander name stig en so klere aankoop.

Die eerste advertensies oor sy prysoorlog het verlede week in die pers verskyn en die reaksie was groot.

Mnr. Kupritz sê hy gaan vra vir 'n tweede ondersoek na die vervaardiging en bemarking in die klerebedryf 'n Soortgelyke ondersoek is sowat agttien maande gelede aangekondig, maar tot dusver is nog niks amptelik daarvan gehoor nie.

Mnr. Kupritz gee die volgende lys van kospryse van pakke klere en die prys wat hy daarvoor vra tussen hakies:

Die kosprys van Christian Dior-pakke is tussen R45 en R57. (R49 en R69,99), Man About Town R47 — R61 (R54,99 — R69,99) Mentone R45 — R59,99 R54,99 — R79,99), Embassy R42 — R55 (R49,99 — R69,99) en Rex Trueform R42,50 — R57,50 (R54,99 — R69,99)

Rappo[r]t 22/1/78

Dior-man verloor sy agentskap

DIE Johannesburgse maatskappy Alexander Clothing het pas sy agentskap vir die vervaardiging van Christian Dior-pakke in Suid-Afrika verloor omdat hy van die pakke aan 'n afslagwinkel verskaf het.

Mnr. Myrin Katz, mededirekteur van die maatskappy, vertel die verhaal wat die bloed van die afslagmanne nou aan die kook het

Die kosprys va dié eksklusiewe pakke beloop sowat R67 of R50, afhangende van die materiaal Die normale winkelier verkoop dit teen 'n „opslag" van 100 persent Sommige vra tot 150 persent meer.

Alexander Clothing se groot sonde was dat hy van die pakke verskaf het aan die afslagwinkel van mnr. Hilton Kupritz, wat dit verkoop het teen 'n wins „van net" 25 persent.

Saam met die afdankingsbrief het Alexander Clothing verlede week 'n afskrif gekry van 'n advertensie wat toon dat die Dior-pakke wat normaalweg R129,50 kos, nou teen R59,99 in Suid-Afrika beskikbaar is. Die Dior-naam word hierdeur „goedkoop" gemaak, lui die brief

Wurggreep

Dis nie net die moedermaatskappy wat kapsie gemaak het omdat iemand dit durf waag het om die pakke teen billiker winsgrense te verkoop nie Suid-Afrikaanse klerewinkels het uit protes bestellings ter waarde van R36 000 gekanselleer

Nog bewyse van die wurggreep wat die vervaardigers op die afslagmanne het, word gelewer in twee bandopnames van vertroulike gesprekke wat mnr Kupritz as afslagman gevoer het met Suid-Afrikaanse vervaardigers

In 'n gesprek met Veka se verkoopbestuurder in die hemde-afdeling vra mnr Kupritz of Veka Black Rose-hemde aan hom sal verskaf indien hy die hemde adverteer teen R9,99 stuk Dit kos normaalweg R13,95, sowat 85 persent duurder as kosprys.

Ons sal verskaf, maar moet asseblief nie jou prys adverteer nie, sê die Vekaman.

Jan de Necker

In 'n ander gesprek met 'n direkteur van die maatskappy wat Mayfair- en McGregor-klere vervaardig, vra mnr Kupritz of hy Mayfair-slenterbroeke kan kry as hy dit teen R19,99 sou verkoop. Die kosprys beloop sowat R15

Jy weet die ander manne se „opslag" beloop sowat 100 persent, maan die direkteur

En as ek my eie etikette aanbring? vra mnr Kupritz.

Met plesier, sê die direkteur.

Mnr Jan de Necker, uitvoerende voorsitter van die Veka-groep, se kommentaar op die gesprek met die Veka-man is „Ons verkoop wel enige handelsmerk aan enige klant wie se kredietwaardigheid vir ons aanvaarbaar is

„Daar kan sekere handelsmerke soos Black Rose wees wat ons nie graag teen enige prys wil laat verkoop nie. Daarom die vriendelike versoek aan sodanige klante om die mark nie onnodig te bederf nie"

Nog niks by minister

DIE vervaardigings- en bemarkingsaspek van die klerebedryf word ondersoek, maar daar is nog geen verslag aan die betrokke minister voorgelê nie, het 'n woordvoerder van die kantoor van die Pryskontroleur aan RAPPORT gesê

Die woordvoerder sê indien mnr. Hilton Kupritz sy bewering aan die Sekretaris van Handel of die Raad van Handel en Nywerheid voorlê, sal dit ondersoek word. Die huidige ondersoek is sowat agttien maande gelede aangekondig, maar geen verslag is nog opgestel nie

Ingevolge die Wet op Prysbinding van 1969 kan 'n vervaardiger nie weier om voorrade te verskaf bloot omdat die verkoper sy pryse sny nie. „Die verkoper moet egter voldoen aan die objektiewe kriteria van die vervaardiger," het die woordvoerder gesê

Mnr F. H. Whitaker, direkteur van die Nasionale Klerefederasie van Suid-Afrika, sê sekere vervaardigers is nie bereid om hul handelsmerke teen afslagpryse te laat verkoop nie

As hulle daardie handelsnaam opgebou het, voel hulle hulle het die reg om te besluit wie dit aan die publiek kan verkoop

184

Clothing prices to rocket

31/1/78
ARGUS

Financial Staff

CLOTHING prices can be expected to rise between 20 to 25 percent this year, says Mr Philip Kawitzky, chairman of the Cape Town clothing manufacturers Burlington Industries

The hike is due to pay rises and continued import tariffs, in spite of the industry's attempts to absorb these costs.

Although some factories are reporting full production and good order books, this is largely through seasonal factors, he said today.

It should not be assumed that 1978 will be a better year than 1977 for the clothing industry and no sign of an overall upturn is evident

EXPORTS

His company expects business to increase sharply from the launching of new ranges and higher exports

Some R500 000 in export orders to Britain are expected by early this year and the company is assessing the possibility of Johannesburg, reported expanding into the United States and Europe.

● A women's clothing manufacturer, Delswa of today that profits for a period of six months last year plunged from R322-000 to R42 000 compared to a comparable period the year before.

184

184

Delswa passes interim div

Cape Times 1/2/78

By ELIZABETH ROUSE

JOHANNESBURG — The clothing industry must be under severe pressure for the house of Delswa, controlled by that stalwart of South Africa's fashion scene, Mr Sam Jaff, to pass its interim dividend

Mr Jaff warned shareholders in his report in August, 1977, that markets were shrinking, that profit margins would have to be cut for market penetration and that problems would be encountered with South African textile manufacturers

His fears have proved only too true and Delswa's taxed profit for the six months to October, 1977, was down sharply at R42 000 from the equivalent 1976 half-year's R322 000

No substantial improvement is foreseen "in the immediate future," hence the passing of the interim dividend (12,5c was paid as interim in 1976)

Part of the company's caution is attributable to its policy of keeping the liquidity position as healthy as possible The interim report says current ratios are satisfactory and liquidity ratios will be better at the end of this financial year than last year's 2 1

The interim report complains about the unreliability of supplies from South African textile makers, which compounded Delswa's problems over the six months under review

Late deliveries, poor quality and high prices have been the bones of contention between the clothing and textile industries for many years and there appears to be no solution South Africa's textile industry, with its short production runs, cannot provide the fashion goods, say the clothing makers

Textile makers say they cannot exist without protection against imports

Delswa's pyramid company, Jjaff-Delswa Investments, suffered a similar serious profit decline

Taxed profit for the six months was R8 000 against R49 000 in the 1976 half-year, and the interim dividend has been passed

The 1976 interim dividend was 2,5c

There could be final dividends from the two companies, but shareholders should not bet on more than a fraction of last year's payments

Sunday Express 5/2/78 (184)

Price fixing: store to go for manufacturers

LAWYERS for Round-About-Town discount stores in Johannesburg are to take action against major clothing manufacturers who will only supply their client with goods on certain conditions.

LAWYERS WILLING TO PROCEED ON THE EVIDENCE OF TAPE RECORDINGS

By DESMOND BLOW
Chief Reporter

After listening to tape-recorded conversations between Mr Hilton Kupritz, general manager of Round-About-Town and manufacturers, they concluded that several manufacturers had broken regulations laid down in the Monopolistic Conditions Act

This week they will confer with counsel as to what proceedings should be taken against the manufacturers

Mr Kupritz's attorney told me that he and colleagues had spent the week studying the tape recordings, and thought they had evidence of attempts to maintain retail-clothings prices at a certain level

Mr Kupritz told me "We intend to blow the lid off the scandal and bring all those manufacturers into court I have decided to proceed on the advice of my lawyers, and will take it to the end, no matter what the cost "

Mr Kupritz said that the Government Notice gazetted in June, 1969, stated that it was unlawful for any "agreement, understanding or business practice or method of trading, which was calculated to have the effect, directly or indirectly, to compel or induce the reseller to observe a specified resale price"

Mr Kupritz said "My lawyers believe that by forcing me to accept goods without a label, by not allowing me to advertise, or by agreeing to sell to me for a second shop which sold at normal prices but still refusing to sell to Round-About-Town, manufacturers have acted unlawfully in terms of the Act "

Mr Kupritz's attorneys feel they know what they are talking about Recently they brought an action against a lawnmower company, who supplied a retailer with goods, but refused to accept a second order when it discovered the retailer was a discount store

The manufacturer found that he was contravening the Act, and agreed to make future orders available, said Mr Kupritz

Mr Kupritz's counsel are also familiar with the Act They recently appeared in a case in Cape Town where a company was prosecuted for trying to retain a certain price for television sets among retailers

Meanwhile Mr Kupritz this week continued his fight to get supplies for his store

Because most manufacturers of prestige clothing had refused to supply him, he had been paying other retailers a percentage above the cost price to buy stocks for him

This week he bought 700 Panache shirts and more than 3 000 Panache skippers through an Indian businessman who said he had been buying for his store in Botswana

"And because I bought in such large quantities and because the stock was not moving, I bought them at almost half the normal price," the Indian told me

Mr Kupritz paid the Indian 25 cents on each shirt above the cost, and marked them up about 39%, which gives him a fair profit, but was still a lower price than paid the average retailer pays

● Mr Hilton Kupritz "I have decided to proceed on the advice of my lawyers, and will take the matter to the end, no matter what the cost "

The price of these shirts to the public in the more prestigious shops is about twice as high as in Round-About-Town

Mr Kupritz claimed that he was telephoned by Mr A M Abroms, of Regent Clothing, which manufactures Panache shirts, and asked where he had obtained the shirts, as they had refused to supply him

"He then told me that he would buy all the shirts back from me at my price," said Mr Kupritz

Mr Abroms told me "I received a telephone call from a retailer to say that Mr Kupritz had offered him a parcel of shirts I then telephoned Mr Kupritz to ask him where he had bought the shirts We were afraid that the goods may have come from a retailer who was having financial problems, and if this was so we wanted to pass on the information to our credit control, and ask them to check on the financial stability of the retailer

"We were afraid that if someone was selling at below cost they were in financial difficulties

"I made an offer to Mr Kupritz to buy the goods from him, if it was current merchandise Mr Kupritz turned us down He subsequently called me back to say he was taping the conversation I didn't want to be used for blackmail and left it at that "

Mr Abroms said he had wanted to buy the goods as he was in short supply, and needed more for his normal regular customers

But the Indian, who asked that his name not be disclosed, told me he had bought the shirts and skippers from the factory for cash

"Regent was having trouble moving their stock and I persuaded them to sell me the balance for about half price "

'Unfair markup' report riles clothing retailers

A RETAILER has objected to a report in last week's Sunday Express that retailers are marking up clothing by as much as 200% on the wholesale price.

EXPRESSCOPE R45 SUIT COSTS YOU R139

All dressed up— the bill for your clothes

● Flashback to last week's Express headline which exposed the markups.

Mr F D Heydenrych, of Lerwell and Hatfield, said his markups ranged from 85 to 100%

"To the best of my knowledge no one marks up as high as 200%," he said

Mr Heydenrych said the Sunday Express was welcome to examine his books to check his markups.

But the Sunday Express has on tape claims by manufacturers that many retailers mark-up clothing by 200% or more

And a manufacturer's salesman told me this week that often markups were as high as 300%.

According to one shirt manufacturer, a smart make of shirt (not made by him) cost the manufacturer between R3,50c and R5 to make

"The retailer buys it for about 100% more than that and it is sold to the public at between R24 and R28 — a markup of at least 140 to 180% "

Another retailer with one of the better-class shops agreed with Mr Heydenrych

"With the exception of ties, you won't find anything marked up much higher than 100%," he said "Perhaps in good times that was the case, but business is bad today."

He said "Our markups are nothing compared with the United States, where shirts are marked up by as much as 700% "

His overheads were R5 000 a month, and he employed three salesmen.

"I couldn't break even on a 20 to 30% markup," he said

Manufacturers said they worked on a profit margin of 25 to 33% and depended on volume of trade to boost profits

The retailer's margin of profit was far higher, but he did not have the volume of trade the manufacturer had

"It's a case of too many shops chasing too few customers," one retailer told me, "and we all have to live "

Mr Hilton Kupritz, general manager of Round-About-Town, did not agree For the benefit of the customer, those shops which could not compete should close down Those who remained should try to compete with the discount stores, he said

Many manufacturers refused to speak to the Sunday Express this week about the reported effort to keep clothing prices high

An exception was Mr J D J de Necker, managing director of Veka Clothing Company

Mr De Necker said that his company would supply anyone with goods providing they paid cash or their credit rating was good

A salesman for one of the big manufacturers told me there was a racket in the sale of suits bearing overseas labels

"Although some names give the impression the suits are made in Germany or France, it is never stated outright The salesman tries to give the same impression But none of them is made overseas The suits are made in South Africa, mostly of local cloth," said the salesman

184

Mr Hilton Kupritz shows the different labels on similar suits in shade, quality and pattern . . . one costs R10 more than the other. **Picture by DOUG LEE**

Store is to press charges against price dictator

SENIOR COUNSEL this week advised Mr Hilton Kupritz of Round-About-Town discount stores to lay charges against clothing manufacturers who were trying to dictate what prices retailers should charge customers.

Mr Kupritz's attorney told me he had already advised the Commercial Branch that the charges would be laid

Late this week, lawyers were preparing the charges and transcripts were being made of tape recordings made by Mr Kupritz of his conversations with manufacturers

Last Monday, Mr Kupritz spent two hours playing the tapes to his attorneys and senior counsel

Earlier his attorneys had been undecided whether to sue civilly or to lay charges

But counsel said it was definitely a criminal case

'PUBLIC TAKEN FOR A RIDE BY OUTFITTERS'

By DESMOND BLOW Chief Reporter

Mr Kupritz said "I have been advised that a manufacturer has no right to instruct me to sell his goods at a given price, nor is he entitled to forbid me to advertise his goods at a lower

All dressed up — the bill for your clothes

price than that charged by other retailers

"I have evidence against many major manufacturers who have contravened the law in this way "

He said "Counsel is still studying the tapes where manufacturers have offered me certain suits with different labels to see whether this contravenes the regulations as well."

Meanwhile, Mr Kupritz said several manufacturers who had previously refused to supply Round-About-Town with clothing because it was a discount store, were now prepared to sell to him after the exposes in the Sunday Express during the past three weeks

"The Sunday Express is forcing their hand," Mr Kupritz said

Round-About-Town order and Mr Kupritz had threatened to sue it

Mr Katz said "Our Victor Reid suits are identical to the Christian Dior suits apart from the lining

"We have returned the master pattern to Christian Dior, but we never did really use their pattern The pattern has been modified for South African conditions "

Mr Katz said Christian Dior insisted that a certain standard of cloth had to be used The cloth was not imported, but was local cloth of a certain standard

"We make Victor Reid with this cloth as well," he said, "although we also make Victor Reid suits in poorer cloth "

"Unlike Christian Dior suits, you will get various qualities of Victor Reid suits "

Cont

Sunday Express

19 Feb 1978

However, says Mr Kupritz, supplies from other sources had dried up.

"Most of my buying has been done through retailers who buy for me in their name at 10% profit.

"However, some of the manufacturers have identified a few of my suppliers.

"One supplier cancelled an order for 3 000 ties I was buying at R1 each through an Indian retailer. These ties normally retail at R5,95."

Mr Stephen Katz, a partner in a retail store, said certain manufacturers had sent his store letters complaining about the fact that he was selling to Round-About-Town.

"We now fear that we will be discriminated against.

"Although these manufacturers are compelled by law to supply us if they have once supplied, it is difficult to enforce.

"All they need to do is to inform me that they are sold out of a certain line, and offer me rubbish," he said.

Mr Myron Katz, of Alexander Clothing, said this week that he had offered Round-About-Town discount stores Victor Reid suits in place of the R46 000 order for Christian Dior suits.

Alexander Clothing lost the Christian Dior franchise to a rival firm after it had been reported that it had supplied Christian Dior suits to a discount store.

Alexander Clothing was thus unable to meet the

Mr Katz said a Victor Reid suit cost Round-About-Town less than a Christian Dior suit of the same quality as it had no franchise fees to pay.

Mr Kupritz showed us two suits similar in shade and

Price fixing store to go for manufacturers

pattern. One was a Christian Dior and the other a Victor Reid.

Mr Kupritz was charging R59,95 for the Christian Dior and only R49,95 for the Victor Reid in the same cloth.

"I am doing this because the one cost me more than the other, but it also proves that the public is being taken for a ride with so-called quality labels."

Mr Kupritz said a leading manufacturer of suede and leather jackets was now supplying him with branded goods.

"It originally supplied me with labelled goods until it found I was a discount house. It would then only supply without the label, and the label was deliberately cut out. I have jackets where you can distinctly see that the label has been cut out."

After reports in the Sunday Express the company had decided to allow him to have labelled goods.

"They knew that if they did not change I was going to bring criminal charges against them," he said.

Clothing men gang up as Factor plans to slash prices

NOW TONY TAKES ON RAG TRADE

By Evelyn Holtzhausen

TONY Factor this week tore into the Durban clothing industry and threatened to report leading manufacturers to the Minister of Economic Affairs for refusing to supply his discount store.

He has also received anonymous telephone calls from people who threaten to "get" him for sticking his nose into the clothing industry in Durban

Mr Factor has been told that Durban manufacturers — even if they agree to supply him — will delay orders, make mistakes with orders, and do all they can to obstruct him.

Mr Factor says that when he announced his intention to sell top quality clothing from April 1, manufacturers, suppliers and retailers in Durban called an urgent meeting to work out a way of stopping him.

Back door

But he insists that he will get stocks even if he has to use back doors and buy stocks from retailers who have money problems

One retailer, who did not want to be named because he claims manufacturers will cut his supplies, has offered to sell his entire stock to Mr Factor He insisted that the deal takes place after hours so as not to upset his staff or alert manufacturers

In taped telephone conversations, some manufacturers have told Mr Factor that it is against their policy to sell to discounters because they have to look after the interests of West Street shops.

Others claim that they have the image of their product to look after and therefore cannot enter into any business agreement with him

Some are prepared to supply him but only if they can remove their prestige label from the clothing.

Mr Factor alleges that in some cases, clothing in Durban is sold with a 200 percent mark-up, whereas he would do business on a mark-up of only 25 percent

"They are trying to stop me giving the man in the street quality clothing at discount prices"

Guarantee

Mr Factor intends to use about half the floor space in his Durban shop for discount clothing He also intends to add another 1 500 square metres

He has told manufacturers and suppliers that he will provide a bank guaranteed cheque to cover his orders, but many of them refused to accept his offer

Mr Factor says that this week he tried to get supplies from five major manufacturers.

They were Blue Bell Wrangler (Pty) Ltd, (makers of Wrangler jeans), SA Clothing Industries Ltd, (makers of Man About Town suits), Rex Trueform Clothing Co. Ltd, Ninian and Lester (Pty), Ltd, (makers of Jockey underwear), and I L Back and Co Ltd, (makers of Monatic Alba clothing)

Not one of these would agree outright to giving him stocks

Spokesmen for two companies were not prepared to comment when I telephoned them

Dr Derek Jones, chairman of I L Back in Cape Town, said he intended going to Johannesburg to see Mr Factor's shop and decide whether to supply his Durban store

He said he made top quality suits which were in great demand, but he sold only to retailers with the right image He could not say whether he would supply Mr Factor until he had seen his shop

Mr Kenny Duveen, who holds the franchise for Wrangler jeans, said he would not supply Mr Factor because it was against company policy

He said he was aware that Mr Factor could get his clothing by devious means and that other shops sold his product at discount prices But that did not alter the fact that he would not sell to Mr Factor.

"The shops that sell my jeans have a certain image," he said

A meeting was held on February 13 between Mr Gordon Hollis and Mr Graham Cartwright of Durban Clothing (a subsidiary of SA Clothing Industries) and Mr Clive Lauter of Downtown

Mr Lauter kept notes of the meeting According to these he said he wanted to buy more than a quarter of a million rands of suits per year He said he had a market for casual suits, slacks, and sports jackets as well and the account could be worth up to half a million rands a year

According to the notes, Mr Cartwright — who is in Europe looking for export orders — said he would not supply, because, "you are a discount store and you advertise lower prices to the public"

Mr Lauter explained during the meeting that Downtown was selling Man about Town suits anyhow but they bought the suits from stockists who had cash problems "They sell to us because we have cash"

Objections

Mr Cartwright then said that he would not supply Mr Factor because other dealers to whom his firm supplied clothes objected

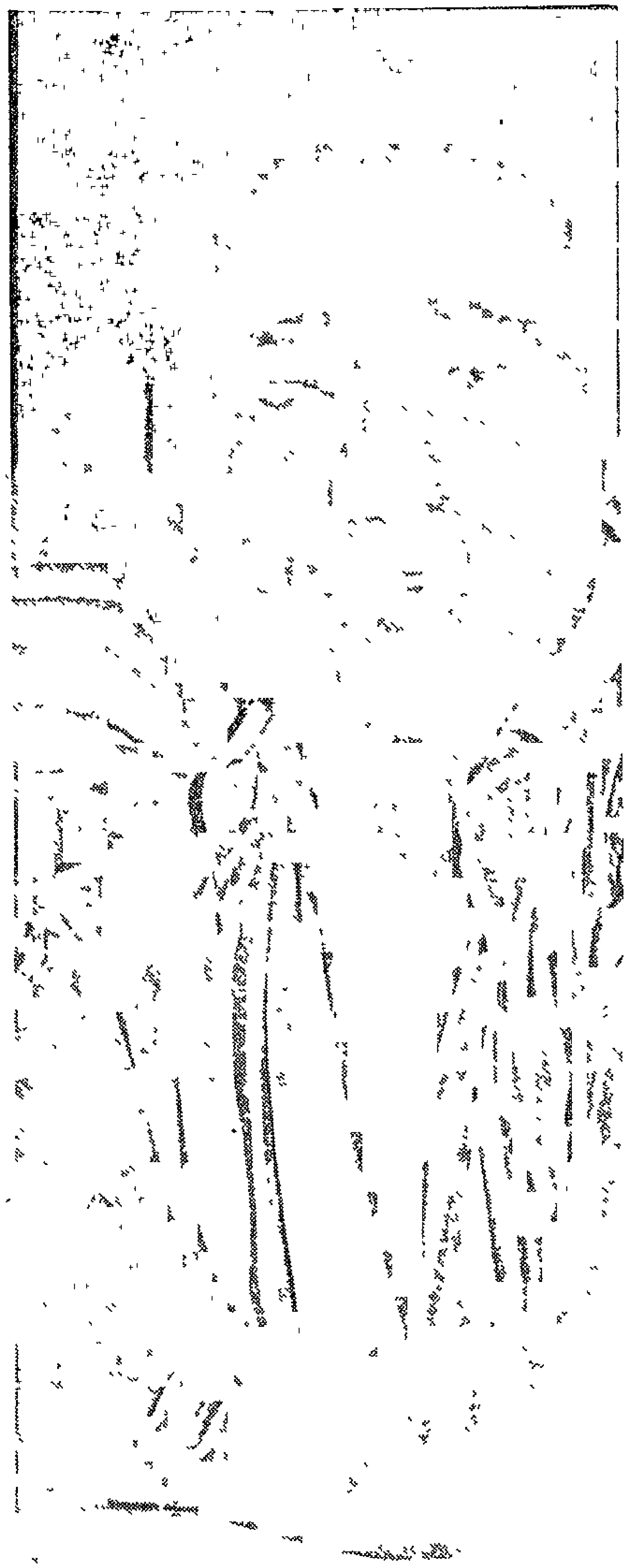
When I spoke later to Mr Hollis he said he would have to see the order from Mr Factor before he could make any decision He would also have to wait for Mr Cartwright to return from Europe. He would make no other comment

According to Mr Lauter, they agreed that Downtown was financially a "blue chip" account, but Mr Cartwright repeated that they had to protect other dealers

Mr Factor said that manufacturers had told him that unless he agreed to a pre-determined mark-up in Durban, they would cut his Johannesburg supplies

Mr Hollis said that Mr Factor was offering him a price that was not even worth the cloth the suits were made from

Last word from Mr Factor "I am aiming for 25 percent of the Durban market. And I will get it"



TONY FACTOR, the man who intends capturing 25 percent of the Durban clothing industry but is meeting fierce opposition from the rag trade

YOU'RE GOING TO GET HURT MYSTERY CALLER THREATENS TO CUT UP ROUGH

THIS is the text of an anonymous phone call Mr Factor received this week. Mr Factor intends to open a discount clothing section on his Durban shop early next month.

VOICE: Mr Factor, I just want to tell you that we have had a meeting.

FACTOR: Who is we?

VOICE: The retailers and the wholesalers. You are interfering in the business and saving all sorts of things that are not true.

FACTOR: They are all true.

VOICE: I want to tell you I don't care what you do and I don't care what you say, even to the Press. Even if you force the manufacturers to supply you, I want you to understand you are going to get hurt anyhow.

FACTOR: How do you mean hurt?

VOICE: I'll come to that. Even if they take your orders — which they will do — you will find that they will make mistakes with them and they will do all sorts of things to slow up your deliveries because you can't take our industry and bugger it up.

FACTOR: What industry?

VOICE: This is an industry that has been doing all right and has been stable for the past number of years and if you want to stick your nose in it and try and bugger it up . . .

FACTOR: If you've got courage, give me your name!

VOICE: No, I don't want to give you my name.

FACTOR: Because you are a yellow rat.

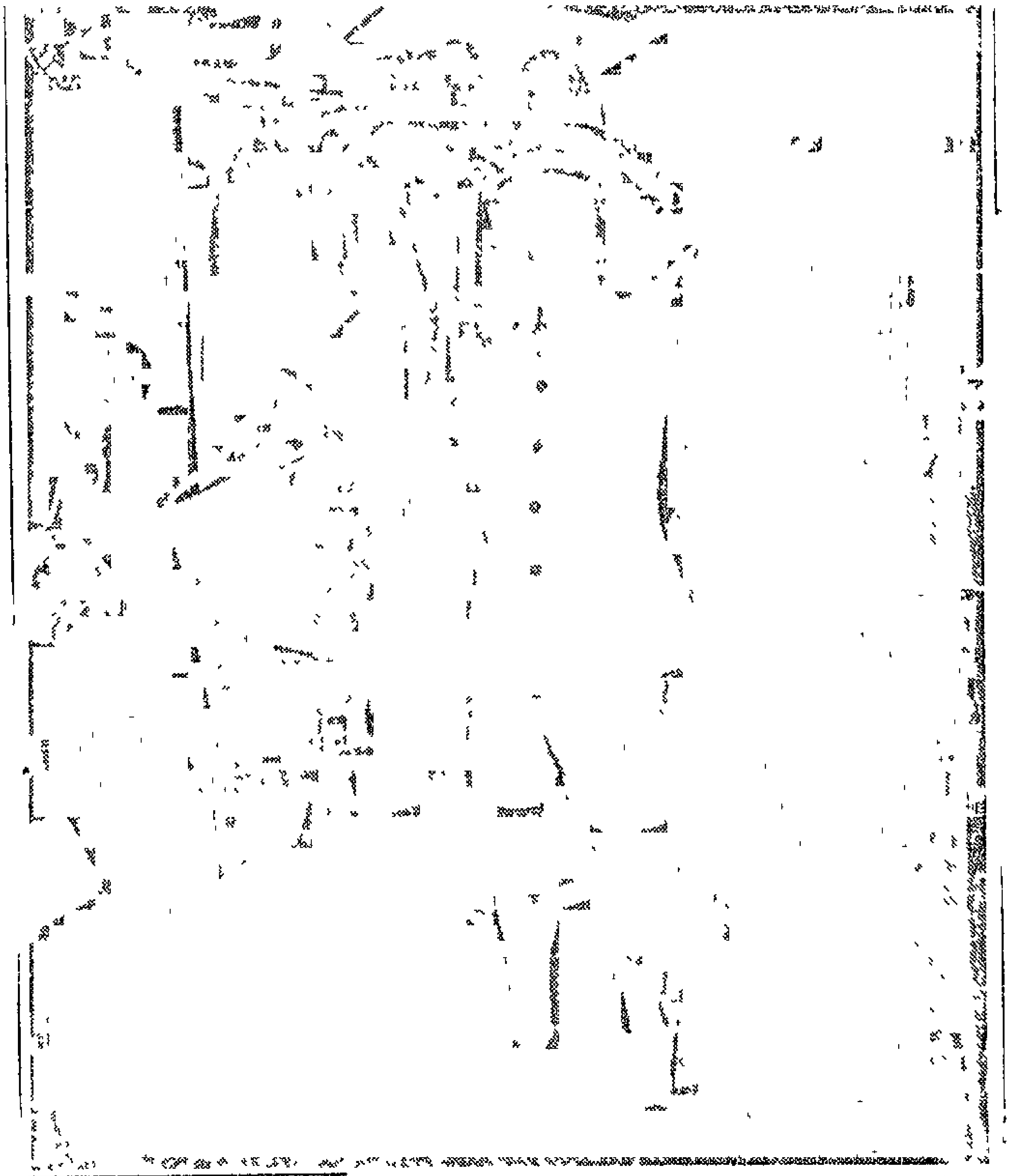
VOICE: It doesn't matter what you think of me. I just want you to understand one thing and that is that you are going to get hurt, and I am not only talking business-wise. I don't care if you've got a black belt and I don't care if you were a wrestler and I don't care what you are doing on television But you can't win with us because we are too strong. We are going to beat you I want you to get that straight and I don't want . . .

FACTOR: Please, let me talk.

VOICE: That's the end of the story.

He put the telephone down.

(101)



IN A leading sports shop in Durban yesterday Mr. Bill van Heerden displays some of the camouflage-design articles of clothing which the public will be prohibited from wearing or possessing when the Government brings in a new law soon. Game rangers say camouflage in non-reflective shades of red would be just as effective for hunters and far safer.

Govt will ban camouflage civvy clothing

22.2.78

Mercury Reporter

IT WILL soon be a punishable offence for any member of the public to wear or be in possession of any item of clothing made from material that resembles police camouflage uniforms.

This includes hats, vests, shirts, trousers, jackets and other clothes favoured by hunters and fishermen as well as kiddies' play combat outfits. All are still freely available in shops.

The ban comes into effect on a date yet to be fixed by the State President by proclamation in the Government Gazette. The Bill, which will then become law, was taken through all its stages in Parliament with Opposition support last week.

Introducing the Bill the Minister of Police, Mr Jimmy Kruger, said that the articles of clothing closely resembled police camouflage uniforms worn by the S A P anti-riot squads.

A high-ranking police officer said yesterday that in times of unrest it would be extremely difficult to distinguish genuine policemen from bogus infiltrators wearing camouflage uniforms.

Although the camouflage outfits are popular with game hunters, naturalists and Parks Board rangers are at odds whether they are essential.

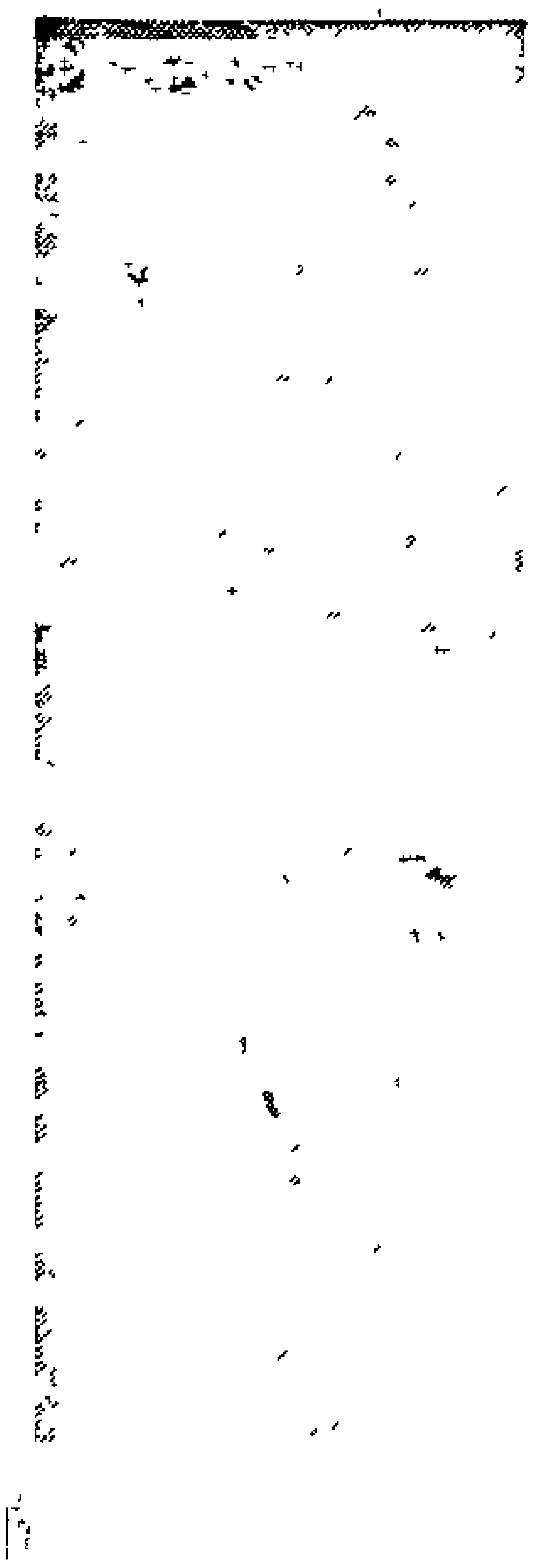
Although animals may be "colour blind" by human standards, they have a good colour sense and are sensitive to movement.

Military-type camouflage clothing might help to blend the hunter with his background but it also increases the risk of him being shot by his fellow hunters.

• Contraventions carry a maximum fine of R500 or a year in jail or both.

Mr 25 Percent beats the boycott

184



Tony Factor: Letter of demand

Tribune Reporter

HUNDREDS of retail clothing shops throughout the country have offered to sell excess stocks to Johannesburg discounter Tony Factor.

It is a slap in the face to manufacturers who have refused to supply Mr Factor with top-quality clothing to sell at his Durban discount shop.

"Ninian and Lester (Pty) Ltd, makers of Jockey underwear, have refused outright to sell to me but I have huge quantities of Jockey underwear at my disposal and intend to sell at below cost," he said this week.

He said he also had stocks from retail shops who wanted to get rid of excess garments

Mr Factor has alleged that in some cases clothing is sold in Durban with a 200 percent mark up and that he has upset the trade because he intends to sell his clothes with a mark-up of only 25 percent.

A letter of demand has been served on Mr Kenny Duveen and his company, Blue Bell Wrangler (Pty) Ltd., by Mr Factor's attorneys because of alleged statements made by Mr Duveen about Mr Factor and his discount business

He has also threatened to report manufacturers who refuse to supply him to the Minister of Economic Affairs, Mr Chris Heunis.

Clothing retailers and manufacturers in Durban met recently, according to Mr Factor, to work out ways to stop him selling discount clothes

Some refused to supply him even though he told them that he would be forced to buy from people who had liquidity problems and that he would get

184 SUNDAY TRIBUNE, MARCH 12, 1

RETAILERS GIVE FACTOR — THE GOODS IN DISCOUNT WAR

their clothes by other means.

He said that following a report in the SUNDAY TRIBUNE last week, some manufacturers had softened their approach and he was now negotiating to get stocks from them.

"I have contacted Dr Derek Jones of I. L. Back and Company, makers of Monatic Alba clothing, and we are to have talks later to discuss the situation," he said.

A spokesman for Ninian and Lester said this week: "Basically we are free to choose our customers and Mr Factor is not one of them," He refused to give reasons.

Cape Times 16/3/78. (184)

Rex profits slump 57 pc in half-year

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By PAUL DOLD
Financial Editor

REX TRUEFORM'S pre-tax profits slumped 57,5 percent in the half-year ended December and for the first time in at least a decade this blue chip group warns that dividends will be reduced this year.

Pre-tax profits fell from R2 800 000 to R1 190 000 and taxed profits were down 51,6 percent from R1 640 000 to R793 000. Earnings per share were 28,02c (58,24c).

Rex says that sales in the half-year were down 10 percent and sales in the second half will also show a drop. The fall in sales in the first half in relation to the steep decline in profits suggest that the group was forced to heavily absorb steeply rising costs.

The strategy here was probably to maintain the major slice of the menswear business in anticipation of an upturn in the second half.

The results will be a shock for the stockmarket as Rex has an enviable record of increasing profits and as the group is a leader in its field, they underline the urgent need for a controlled stimulation of the economy.

Rex has played a major role in exporting South African menswear to Europe and is a large employer in the Cape clothing industry.

The group will have to perform well in the Ist half to make up for the disasterous start to the year but there is little doubt that it is well placed to advance strongly once the economy permits.

Profits of the holding company African and Overseas were also sharply down at R470 000 (R938 000) after tax. Earnings per share were 18,13c (36,86c). Profits for the year will be below the last 12 months and a reduction in the dividend must be expected.

Shirts a bright spot

THE one bright spot in the Rex group is the shirt subsidiary L'uomo (Pty) Ltd which has achieved considerable success and an excellent profit contribution will be made this year The company markets under the Polo label.

....
CHAIRMAN

....
DATE

SUNDAY TIMES, Business Times, April 9, 1978.

154

Dubin makes most of the clothing crash

HOLLARD STREET

THE CLOTHING industry without a doubt suffered one of its worst ever years in 1977 and on the evidence so far the current year is not going to bring much relief. The basis of the malaise is simply that with smaller disposable incomes, buyers have become more selective.

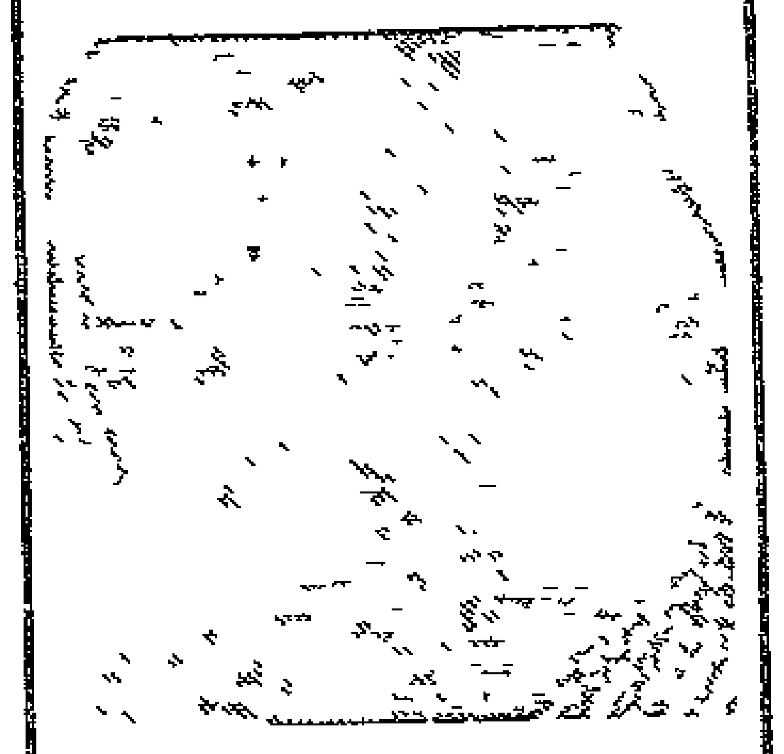
This is spelled out clearly in the annual reports of two men's clothing manufacturers, Dubin and Veka, which were sent to shareholders last week But what is fascinating is the differing response of each company to declining sales and to consequences thereof

Dubin clearly came off best since the group maintained turnover and restricted the fall in pre-tax profits to 11,6 per cent at R3,7-million Veka saw its sales drop by 11,3 per cent and incurred a loss of R296 000 before tax

Dubin chairman Abe Dubin does not dwell on past troubles apart from commenting that it was the most difficult trading year since 1945 and that fierce competition put profit margins under heavy pressure

In contrast, Jan de Necker, Veka's chairman, has a good gripe and puts a lot of the blame on extraneous factors such as import permits for R4-million worth of men's clothing, the price consciousness of consumers and cost increases between production and delivery that the trade will not accept Moreover, he acknowledges that strong competition led to losses on cut price sales

By



JOHN GILMORE

Dubin has the same set of problems but has obviously learnt better how to live with them On the trading front, what appeared to have happened is that whereas Veka cut prices and took losses, Dubin took the decision to decline business at uneconomical prices

Curiously, when it comes to financial management the two companies handle their affairs remarkably similarly, capital employed by Dubin is R18-million and by Veka R16-million, the former earned a return of 25 per cent and the latter, of course nothing

Both however, followed the right path to save costs and improve financial efficiencies Veka brought down the level of stocks by 23 per cent to R5,4-million and Dubin by 12 per cent to R7 8-million Both are highly geared, Dubin at 81 per cent and Veka at 84 per cent of shareholders' funds with interest charges for the former running at R918 000 and for the latter at R978 000, and the effect is clearly marked at the pre-tax level

Consequently, both are trying to bring down the level of borrowings Veka reduced long-term and short-term loans and acceptances credits from R8,61-million to R7,36-million and Dubin diminished its loans from R9,76-million to R8,46-million at the same time building up cash balances from R977 000 to R1,2-million

With stocks such a vital factor, the acid test (current assets less stocks to current liabilities) becomes of particular significance and here Dubin has a slight edge at 1,02 compared with Veka's 0,92, though the position of both is favourable

The respective chairmen see the current year being as difficult as the last Mr De Necker does not foresee any substantial improvement in trading conditions and hopes of a profit rest upon further internal tightening up measures

Clearly there is a limit to how far this process can be taken and until the trading clouds lift shareholders have little hope for a dividend, particularly as preference payments have now been suspended

Mr Dubin comments that the climate will be no better this year but at least considers that the group has strengthened its position in the industry Furthermore, rather than rely purely on the clothing industry Dubin is looking for suitable diversifications to maintain the high rate of earnings on capital employed

Of the two management styles I know which I would back, since it is patently obvious which has the superior trading and marketing skills

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22/4/78. N.M.

Clothing firms are wound up

184

Court Reporter

FINAL winding up orders on a large clothing manufacturer and seven associated companies were granted by Mr. Justice Kumleben in the Supreme Court, Durban, yesterday.

The companies were headed by Reunion Clothing Manufacturers (Natal) (Pty.) Ltd., which could not discharge its liabilities of R2 012 000.

The other companies were McIver Shirt Corporation of South Africa (Pty.) Ltd., Kalenza Clothing Manufacturers (Pty) Ltd., Rob Roy Industries (Pty.) Ltd., Kurap Investment Company (Pty.) Ltd., Afzal Properties (Pty.) Ltd, Michael Shane (Pty.) Ltd. and Salamat Investment Company (Pty.) Ltd.

In papers before Mr Justice Milne on March 15, a group director, Mr. A. M Paruk, said Reunion's business was successful until the end of 1975 when the country's economic situation took a sharp downturn.

The company had been forced to mark down goods in the face of extensive competition and traded at a loss the following year.

In 1976 the position had deteriorated further after the Soweto riots and Reunion had encountered tremendous resistance from buyers.

A heavy customs surcharge was imposed on imports in 1977 and at the end of the year the company did not have sufficient funds to pay auditors to attend to the books.

In January Reunion's shippers cancelled their guarantees and the banks withdrew overdraft facilities, he said.

Book debts had been ceded to the shippers and there was no cash in hand to meet liabilities.

Mr. A Magid, instructed by Lionel Meskin and Levy, appeared for the companies.

NINIAN & LESTER (184)

Knitting in a knot FM 28/4/78

Activities: *Durban-based manufacturer of men's and women's underwear, sports and swimwear, women's outerwear, knitted fabrics and curtain net Brand names include Jockey, Leading Lady, Ace of Hearts, Fred Perry and Pixie. Protea Knitting Mills and Consolidated Jersey are wholly-owned subsidiaries. The directors have 80% of the equity*

Chairman: *M R A McElligott; managing director: D M Drysdale.*

Capital structure: *2,1m ordinaries of 50c Market capitalisation. R945 000.*

Financial: *Year to December 31 1977. Borrowings: long and medium term, R412 000, net short term, R1,9m Debt.equity ratio: 54% Current ratio. 1,5. Net cash flow: R565 000. Capital commitments: R120 000.*

Share market: *Price. 45c (1977-78: high, 83c; low, 40c; trading volume last quarter, 9 000 shares).*

Abysmal conditions in the knitting industry were the main reason for the slump from a R614 000 after-tax profit to a R32 000 net loss. Furniture and clothing manufacturers, the main users of Ninian's knitted products, destocked last year

	'74	'75	'76	'77
Return on cap %	16 7	10,4	12,6	2,5
Turnover index*	115	124	153	157
Gross profit (R000)	1 082	629	1 035	174
Earnings (c)	26 1	13,6	28,1	—
Dividends (c)	14	7	7	—
Net asset value (c)	175	184	207	205

With its well known Jockey and Fred Perry lines performing "adequately," the clothing side seems to have been stable. Indeed, the fluctuating nature of Ninian's fortunes in recent years seems to have been caused mostly by the more volatile knitting operation The directors report that remedial action has already yielded results on the knitting side Demand has improved and a profit is expected this year

Total net borrowings fell 30% from R3,3m to R2,3m — almost in line with stock reductions, which declined 33% from R3,5m to R2,6m. But this did not help the interest and leasing bill, which rose from R487 000 to R593 000, perhaps because borrowings were pared late in the year Although debtors were not discounted, these were pledged against bank overdrafts to the tune of R3,1m.

Respectable profits *do* look feasible this year But the track record and the difficulty of trading the counter make it basically uninteresting even at the present price With the family owning 80%, there seems little point in retaining the listing. Should they wish to delist the shares will be worth substantially more than the current 45c

[illegible]

(184) 28/4/78

AFRICAN CLOTHING (184)

Recession tactics

FM 28/4/78

Activities: *Manufactures a wide range of garments under various trade marks, such as Samson Workwear, Delilah Ladies Workwear, Ensign Schoolwear, and Strollers Leisurewear. Directors directly and indirectly control 47% of the equity.*

Chairman: *B Roy; managing director: R Roy.*

Capital structure: *660 000 ordinaries of 50c; 185 000 6% cum prefs of R2. Market capitalisation R1m.*

Financial: *Eighteen months to December 31 1977 Net cash R115 000 Current ratio 3,8 Net cash flow R112 000 Capital commitments R84 000*

Share market: *Price 155c (1977-78. high, 190c; low, 135c; trading volume last quarter, 1 000 shares). Yields· 14,1% on earnings; 10,7% (annualised) on dividend Cover. 1,3 PE ratio. 7,1*

Although it is a public company, African Clothing, soon to change its name to Ensign Clothing, seems to be run very much as a family concern. The directors hold 47% of the 660 000 shares in issue, and only two of the five directors, brothers, have executive powers.

Like all clothing manufacturers it has not escaped the tough market conditions It is reporting for an 18-month period, and in the last six months pre-tax profits dropped to a mere R48 000. This compares with R152 000 in the comparable period and R225 000 pre-tax in the six months to June

Administration reorganisation, including computerisation costs, were absorbed in the second half This reorganisation is expected to increase management control. Also, manufacturing procedures are being reviewed with a view to increasing productivity

The effects of the reorganisation on profits are difficult to assess at this stage, says managing director Ronald Roy. "But our order book is reasonably steady, although competition remains keen"

	'74	'75	'76	'77
Return on cap %	17 3	17,5	14,2	7 9*
Turnover Index†	115	120	130	136
Pre-tax profit (R 000)	564	598	502	283
Earnings (c)	47 4	50,7	41,5	21 8*
Dividends (c)	23	25	25	16 6*
Net asset value (c)	437	463	479	487

**Annualised † base year 1972*

The group is in a net cash position In fact it has employed no borrowings for the last four years "This," explains Roy, "is the way we operate, although sometimes we use an overdraft facility Nor do we intend borrowing as we have no plans for any major development." The balance sheet is very strong, and must be the envy of many in the same industry The current ratio is a healthy 3,8 and the company has positioned itself well to ride out the recession

It would seem a logical step for the family to buy out the minority interests, but Roy says "we have no intention of doing that" Standing at a 68% discount to net assets, totally ungeared, it must be a takeover candidate At 155c, the price is pretty static and volume traded is minute It has no short-term attractions on normal investment criteria as long as the family's intentions remain unchanged.

Gail Pemberton

DATES TO REMEMBER

Last day to register for dividends:
Friday May 5: ABC 6c, Af Cable 15c, Altech 20c, Congella 7,5c, Comair 12c, ER Cons 1,72c, FS Geduld 130c, Iclef 5,5c, PIT 4,25c, P Brand 65c; P Steyn 30c, Sanland 2,37c; Welkom 25c, Western Hold 190c
Meetings:
Monday May 1: Af Cloth (Cape); Stilfontein, West Rand Cons.
Tuesday May 2: Dubin (Natal); Fedmis, French Bank; ZCI (S) (Bermuda).
Wednesday May 3: Gen Tire, Schachat
Thursday May 4: Minorco (Bermuda).
Friday May 5: Confed (Natal)
All meetings in Johannesburg unless otherwise indicated S=Special meeting

Getting shirty over shirtings

(184)
FM 5/5/78

Discord between clothing manufacturers and textile mills continues. But there are hopes that frank discussions will solve the problems

Can the entente between clothing manufacturers and textile mills survive the strains developing in certain sectors of the industry?

National Clothing Federation president Dennis Solomon and Textile Federation chairman Stanley Schlagman confirm that distortions are developing in supplier/client pipelines, especially in the cotton shirting sector They are determined to overcome these by frank discussion and close co-operation

That is something new The problems are not

Clothing manufacturers in Cape Town complain they are caught in an iniquitous situation Orders from retailers are increasing and there are indications that clothing sales will rise appreciably above 1977 levels, provided the mills don't fall down on quality and delivery dates

Some manufacturers say this is already happening and they expect a "chaotic" situation to develop by July/August when summer range deliveries get into full swing.

In the past, it was always possible to ease fabric supply bottlenecks by imports This escape valve has now been effectively closed as a result of the dollar-linked rand depreciation against major supplier-country currencies

And it has been reinforced by recent increases in tariff protection for domestic cotton mills, as well as the retention of the 12,5% imports surcharge Imported fabrics can therefore be as much as 50% more expensive than the local product

Clothing manufacturers complain that in the men's cotton shirting sector, a kind of supply tyranny has developed in which "three or four efficient mills" are so flooded with orders that they have closed their books until December, leaving manufacturers "at the mercy of inefficient mills"

Problems, problems

Solomon says he is aware of the problems but adds that discussions with the Textile Federation have satisfied him that the mills are doing their best

Schlagman says it is unfair to expect mills to respond to every flicker of demand fluctuation, particularly after manufacturers' long history of importing their A-grade fabric requirements while buying their B-grade needs locally

To attract the kind of investment required for an intensely competitive fabric supply sector, tariff protection should be maintained at a level where investors would be assured stable growth, he claims

He says that SA mills are at present supplying 70% of manufacturers' fabric requirements, but there should be regular tariff reviews that would have the effect of allowing the home mills to increase their share to 80%-85%

Without that reasonable prospect, it was unlikely that the textile industry would attract the kind of capital investment required to assure clothing manufacturers of competitive delivery dates of quality fabrics at keen prices

"The exchange rate situation and the imports surcharge are temporary windfalls If the mills make massive additional investment in people and plant in order to comply with manufacturers' demands, and this temporary protection falls away — as it must — can we still expect the level of support we are currently getting from clothing makers?" Schlagman asks

The volatility of the industry makes an answer impossible at this stage

S.T 7/5/78

184

Cold snap brings smiles to clothiers

By TONY KOENDERMAN

THE cold snap that sent housewives scurrying to buy knitwear, winter pajamas and scarves also brought the smiles back to the faces of clothing manufacturers this week.

"The cold weather is a very good sign," says Dennis Solomon, president of the Clothing Manufacturers' Association. "If it continues, we will be well away."

Manufacturers are only now beginning to recover from the difficulties of last year, when a mild winter left them and retailers with unsold stocks which tied up storage space and money.

Retailers and manufacturers are restocking and there is, Mr Solomon says, "a ripple of enthusiasm."

But with bills for Christmas purchases only falling due in April and May, many smaller retailers are having difficulty meeting their debts.

Hence the importance of a long, cold winter, which would move winter stocks out quickly and restore cash flows.

The first signs of improvement in the clothing industry began to show in December, when for the first time in 1977 the forward-order position looked better than in the same month of the previous year. The value of unfilled orders in December, seasonal variation eliminated, was R133 000, or 16 per cent better than a year before.

The value of sales and the index of real output in December were also slightly higher than the previous December, trends which continued in January.

Most of the initial improvement can be attributed to restocking, but the hope is that returning consumer confidence will sustain it.

George Coppin, group-marketing executive for Edgars, has noted that demand has started to pick up in recent weeks, though pre-sales tax spending has not yet got under way, and he expects the improvement to hold for a while.

"There seems to be a little bit of a comeback in consumer confidence," he says. "I expect it to last, even after the introduction of sales tax, because of the positive aspects of the budget."

Woolworths' assistant managing director Ernest Loebenberg says clothing sales have increased by 15 per cent. But in the light of the introduction of sales tax he cannot forecast whether the trend will continue.

But already what's worrying clothing manufacturers are distortions in the supply pipeline, which could result in shortages of textiles within a few months.

The problem is that the domestic textile industry is unable to supply the entire requirement of the clothing sector (it manages about 70 per cent). And with recent increases in tariff protection for the textile manufacturers, combined with the rand's depreciation against the currencies of major supplying countries (such as Japan), imports have become significantly more expensive.

The attractions of switching to imports as soon as local mills are unable to meet the demand are therefore somewhat lessened.

However, Textile Federation director Stanley Shlagman is adamant that the problem will only be a short-term one.

"In certain sectors, where activity ran down badly last year, it will take a bit of time to de-mothball equipment or take on and train the additional labour necessary to cope with the upsurge in demand," he says.

"But the industry is geared to working extra shifts and it won't be long before we are back in full swing."

He points out, too, that a period of adjustment such as this is necessary if the textile industry is to fulfil its potential. The readiness of the clothing industry to switch to imports in the past has contributed to the inability of local mills to meet demand.

"We now hope to create a mood of faith in the textile industry which will lead to increased investment in new equipment," said Mr Shlagman. "We can only do this if there is a permanent and steady level of demand from the clothing industry."

Sick swindle

Star 7/5/78

184

Thousands lost on fake medical forms

A WIDESPREAD racket involving fake medical certificates which cost sick funds many thousands of rands has been uncovered

At least two people have already been prosecuted and given jail sentences One, a provincial hospital worker, was sentenced to six months' imprisonment without the option of a fine for issuing a fake medical certificate. The worker who presented the certificate was sentenced to three months' imprisonment

By Dick Usher

The prosecution arose when a worker in the tobacco industry presented a medical certificate covering a period he had been away from work.

Mr Hendrik van Reenen, secretary of the Industrial Council for the industry, said "Unfortunately I knew the man was in jail at the time When he was confronted with this he admitted he had bought the certificate"

An industrial council is a joint union/employer body through which wage agreements and agreements on other conditions are negotiated in terms of the Industrial Conciliation Act Many councils also run benefit funds — including sick benefit funds — for workers in a particular industry

The certificates, printed forms, are invalid unless issued by a doctor

The racket, however, appears to be most widespread in the clothing industry

Mr James Thomas, secretary of the Industrial Council for the Clothing Industry, said it had cost the council's sick fund at least R25 000 in benefits paid out on false medical certificates

"That is what we have uncovered, but there may be more

"Because the certificates were issued by provincial hospital employees we suspect that many other sick funds and employers have paid out benefits on the basis of false documents," he said

Mr van Reenen said it was quite possible the racket had stopped following the prosecution

"I told all my members legal action would be taken against anyone else who produced a fake certificate and I'm sure we will have no more trouble"

Sellers were apparently charging between R1,00 and R40,00 for the certificates — depending on the period they covered

A short period of up to a week cost up to R3,00 while a certificate for 17 weeks — the maximum period of benefits for the clothing industry's medical benfit society — would cost about R40,00

After production of a certificate the workers are paid sick benefits from the fund for the appropriate period

Mr Thomas said any employer or sick fund could have paid out sick benefits on the basis of the fake certificates

'It is very widespread as far as we can see A large number of medical certificates on which we have paid out benefits in recent years have proved to be false

"They were not issued by doctors but by staff, or relatives of staff, at provincial hospitals with access to the certificates"

The Garment Workers' Union has also discovered a racket involving bogus doctors who issue medical certificates

Although not widespread an investigation showed a medical certificate issued to a woman by a "doctor" who had been treating her was valueless

The address given by the man was occupied by a Soweto fish and chips shop A doctor with the same name was no longer practising in Soweto but had been in Pretoria for four years

A second doctor whose name was on the bottle of pills a worker had been taking, had been struck off the roll in 1972

Call to probe wages in hosiery industry

Cape Times 23/5/78

184

Industrial Reporter

UTH AFRICA'S biggest trade union has appealed to the ge Board to investigate pay in the hosiery industry because idreds of jobs have been lost through the closure of tories in the Peninsula

The general secretary of the 43 000 member Garment Workers' Union of the Western Province, Mr L A Petersen, yesterday said employment in the local industry dropped from 1 063 workers to 24 in less than a year

The reason was the closure of factories here which had become uncompetitive with those operating in areas where pay and fringe benefits were considerably lower These areas included East London, Estcourt and Parys At least five factories closed down in the past year.

The manager of the board, Mr I J Claassens, yesterday confirmed that an investigation was being undertaken on wages in the industry and appealed for manufacturers and labour bodies to come forward with representations.

Woman is told to quit as factory searches staff

Sun Times (Extra) 2/7/8

184

THE wife of a Cape Town trade union man claims she was given notice to quit at a ladies underwear factory because she refused to sign a document 'allowing her to be searched' whenever necessary.

A spokesman for the factory, however, said the woman, Mrs Monica Osborn, was given a week's notice because of "reduction of staff"

She left her job on June 30 after being paid.

He said Mrs Osborn's dismissal — after she was given notice — had nothing to do with the firm's decision to search workers, who have given their permission, following a spate of thefts from the factory.

Union man

Mrs Osborn, wife of Mr John Osborn, honorary treasurer of the Jewellers and Goldsmiths Union (Cape), had worked at the Landsdowne-based ladies underwear factory for four years.

She claimed the reason for her dismissal was that she refused to sign a document allowing members of the factory staff to search her if it was deemed necessary

The factory's production manager, Mr J Scholtz, had confirmed that workers — men and women — agreed to be searched after giving their permission in writing

He said, however, nobody was forced to sign the document.

According to Mr Scholtz, workers will not be body-searched — only their bags and parcels will be opened in case they contain stolen articles like underwear.

All signed

"Even the general manager and I have agreed to be searched. We all signed the document," he said

Mrs Osborn, 49, was a machinist at the factory and has had more than 30 years experience

She says she would never allow herself to be searched, unless it is done by a policewoman.

Mrs Osborn said she returned the form unsigned after a supervisor handed it to her and the other workers "I was the only one in my department, who did not sign the form"

"Mr Scholtz told me the Industrial Council knew about the plan to search workers and they had also agreed

HOSIERY

On its last legs?

FM 16/6/78

184

When an oversupplied industry is cut down to three major suppliers, and a couple of rats and mice, and each of the majors tells you plaintively that prices have stayed low for eight years, you can guess a price hike is just around the corner.

Burhose bought out the Charmfit stocking factory at the beginning of last month and has thereby eliminated a big cut-price supplier of unbranded pantihose. "We took it over to rationalise the industry," admits Ivan Posniak, MD of Burhose. "We certainly don't need the extra capacity."

"Indeed they don't," agrees Mike Strong, of Berkshire. "If the pair of us and Arwa were all running at full capacity, we'd be producing pantihose for Africa, not just SA."

Current estimates of the market are 55m to 60m pairs annually, but, complains Posniak, not only has the black market shrunk, but white women are also buying at the cheaper end of the market.

This, he says, is forcing producers to make a cheaper article, and quality is falling. He claims that manufacturers could make a more durable product, if only consumers would accept something less sheer than they have become accustomed to.

Berkshire says it is still clinging to quality, aiming generally at the middle to up-market. It holds the Christian Dior franchise.

A growing section of the market is for Lycra — support hose like grandmother never wore. Keep-fit classes are bringing a spin-off with a market for coloured tights. "The market's not that big, but a line needs only a couple of thousand dozen to be viable."

Manufacturers keep a close eye on consumer trends. They come up with statistics like "a white woman goes through an average of 2,4 pairs of pantihose a month in summer, 4,2 pairs in winter, the average purchase is 3-3,25 pairs at a time." Stockings nowadays are only about 5% of the hosiery market.

> **TIME TO MOVE?**
>
> **In the jewellery** trade it is strongly rumoured that Bulova's marketing and distribution operation is to be transferred from Bulova SA to Julius Martin & Weil, based in Johannesburg. JM & W currently carries, among others, Delfin and Eterna watches.
>
> Bulova MD Sandy Henshel confirms that the possible transfer is "under serious consideration." Market sources, however, suggest that the transfer is "99% certain."
>
> Bulova SA is a wholly-owned subsidiary of the US parent and currently employs 45 people in marketing and distribution.

Those still in the market don't boast about their profits. Arwa MD Manfred Galland-Buerkl says Arwa has lost money for the past few years, and cannot carry on indefinitely. "We've been in the country for 25 years, and like everyone else we are hanging on, hoping for an upswing."

Strong doesn't admit he's lost money. "We wouldn't be in production in that case, but we are certainly making much more money on other apparel manufacture than on hosiery."

Oversupply and cut-throat competition have kept prices down for nearly a decade. Even so, each of the big three agrees that the elimination of Charmfit leaves the door open for price-hikes.

Probably in July?

Textile role reversal

(184) FM 1/9/78

Sir — Mr Sam Jaff is well able to look after himself in a dispute with Mr Stan Shlagman about local textiles (*Letters* August 25). However, since Mr Shlagman has replied to Mr Jaff on behalf of the textile industry, I hope that a rejoinder from me on behalf of the clothing industry will not be out of place

Mr Shlagman misses Mr Jaff's point when he says that the (local) textile industry has been an active partner for many years in the previously commendable performance of Mr Jaff's company. Until the import control clampdown last year, the local-textile industry was the *junior* partner with overseas suppliers as the senior partner. Delswa's troubles date from the time when these roles were reversed and the local textile industry became the senior partner.

Now all the hassles associated with purchases from so many of the local mills — late deliveries, unreliable quality, consignments despatched one colour at a time, etc, etc — apply to the *major* part of the company's raw materials and, as Mr Jaff says, make planning difficult and interferes with factory efficiency.

Your reviewer rightly pointed out that until imports are more easily available or until local manufacture is substantially improved, it is difficult to see any substantial turnaround for Delswa or, indeed, for many other companies in the clothing industry.

F H Whitaker, director, National Clothing Federation of South Africa, Johannesburg.

Seeing the pyramids

Sir — I would like to add to the debate on pyramids (*Companies* August 25)

When analysing a particular share, it must be remembered that it forms part of a portfolio. Thus, it is the share's *contribution* to the portfolio that is important, rather than the share itself. The return on a portfolio is merely the average return on the shares comprising the portfolio.

However, the riskiness of the portfolio is, in general, less than the average riskiness of the shares. (This is easily proved statistically.) The Markowitz portfolio selection model presents a scientific method of diversifying which takes this into account. This has implications for holding companies which have diversified; if shareholders can diversify efficiently themselves, companies can't raise shareholders' wealth by diversifying.

In a project I carried out using the Markowitz model, I found that holding companies were seldom chosen as part of the portfolios For example, a spread of coal, gold and metal shares was chosen in preference to mining financials; a spread of industrial shares in preference to financial industrials and investment trusts; and more specifically, Oudemeester in preference to SA Breweries

The performance of these portfolios? They earned a compound annual rate of return of 23,4% over the five-year period, compared to 8,7% on an appropriate market index (which was also more risky). Dividends were excluded in both cases.

This is surely a case for avoiding "dirty pyramids," and holding compaines in general, if sufficient funds are available.

J C Osborn, Cape Town.

CLOTHING SHARES (184)

Merger effects FM 8|9|78

Better than expected trading results and earnings projections from Charmfit have prompted an improved offer by Seardel (*Fox* June 2). The new proposal offers R20 more in cash, making a revised package of 100 R1 12,5% cum red prefs plus R60 cash for every 100 Charmfits.

In the year to June 30, Charmfit reported earnings of 37,6c (30,3c). The 8,5c (6,25c) final, which will not accrue to Charmfit shareholders if the offer is successful, gives a 12c (9,5c) total dividend.

Reasons for the increase are straightforward says Seardel chairman Aaron Searll Charmfit chairman Hymie Malbin and his board, who own 58% of the company, had agreed on a formula for the proposed deal. But when the original details were released, a "somewhat lower pre-tax profit" was expected from Charmfit. So the latest results meant raising the offer an additional 20c a share cash.

Earnings potential

This week's announcement says that had Charmfit been a wholly-owned subsidiary of Seardel last year, the latter's earnings would have been 10c higher at 48,6c and net worth 35c lower at 235c

There might be some gripes from investors looking forward to Charmfit's 8,5c final, but acceptance of the offer means improved income. For every 100 Charmfit shares, shareholders will get 100 prefs paying R12,50 yearly and R60 in cash Investing the cash element at the average industrial market yield would produce an income of about R4,75 annually. So the 100 Charmfits which currently yield R12 are being swopped for a package which could produce income of something like R17,25 a year.

At June 30 1977, nav of Charmfit was 112c. Adding 1978's retained earnings lifts this to 138c, meaning that the new 160c offer is at a 16% premium to nav.

Announcement of the revised offer lifted Charmfit 18c to 155c for a 2,7% yield compared with the 8,5% sector average. So investors who are unhappy with the fixed element of the package can happily sell in the market.

"Conditions in the clothing industry are improving," says Searll. "The past three months have seen a better trend, and the future looks more promising." And while he declines to forecast profits for Seardel or Charmfit, he says an improvement may be expected He adds that further rationalisation of the local clothing industry would not come amiss now.

Dubin, in its interim report for the six months to June 30, agrees that conditions are improving. Group factories are working at full capacity and additional staff are being recruited. After lower first half earnings of 3,3c (3,4c), total net income is expected to be in line with last year's 15,5c and the dividend to be maintained at 7c

First half earnings were helped by a lower 34,6% (46,6%) tax rate resulting from investment allowances The forecast of similar earnings for the full year assumes an about normal tax rate according to director Mervyn Chappell. The impact of these tax allowances is more marked on first half profits than for the whole year because traditionally a much greater share of earnings is produced in the second six months than in the first

Interest payments and preference dividends meant that acquisition of the 24% SA Clothing minorities had an insignificant impact on earnings SA Clothing's trading position was about the same as in the previous year

At [illegible] to yield a prospective [illegible]%, the shares have their attractions for investors seeking recovery situations

[illegible]

CLOTHING v TEXTILES

The bare facts

(184) FM 8/9/78

The current bout of challenge and counter-challenge between the clothing and textile industries is beginning to sound as acrimonious as a seamstresses' tea-break

What it boils down to is that the clothing men accuse local textile mills of producing poor quality textiles and of haphazard deliveries This is particularly prevalent in women's fashions and men's shirts.

The textile men in turn claim that clothing manufacturers want too much, that their accusations are often unfair, and that they are trying to drum up a case to get government to ease up on import restrictions

As usual in such industrial controversies, both sides have telling points to make But the danger in washing such dirty linen in public is that it damages both markets People start to believe that clothing made from local textiles is inferior, and stop buying — like our full-frontal cover man

The duel between textiles and clothing has been going on for years It blew into a full-scale battle last November when the mills won an argument for stiffer import duties In the past week or so (see *Business brief*) clothing manufacturers have again got the needle over quality and deliveries and have hit out at the textile men, not least in the correspondence columns of the *FM* Last Wednesday both parties went to Pretoria to argue their case before the Director of Imports

"If we cannot get the quality, if we cannot get delivered what we order, then we should be allowed to import," insists Delswa's Sam Jaff. But import tariffs and an import surcharge send the price of imported textiles through the roof. And there are also import controls

For their part, the mills fear, with some justification, that with open import doors, some clothing manufacturers would not even make the effort to use local fabric

Pretoria's rationale in giving the textile industry the heavy protection it enjoys is that it needs this to get established and to grow — particularly in the face of such world giants as Japan, Korea and Germany. The industry is talking in terms of spending at least R200m on general expansion and another R50m-R80m on synthetic fibre production over the next five to 10 years Among benefits, presumably including better quality and more reliable throughput, is the creation of 100 000 jobs

But the industry wants assurances from the clothing sector — such as a firm commitment on offtake. In its present mood, the clothing industry is reluctant to do so.

The textile producers are poised to expand and improve, but need the garment makers on their side. But the rag trade considers it is getting shabby treatment.

How to solve the impasse? Surely not by more government intervention In fact, neither side wants government to step in, says the Textile Federation's Stanley Shlagman.

The mills and the clothing manufacturers should get together and try to hammer out a code of practice acceptable to all. This should:

Making a jacket . . . will the cloth fit the bill?

The clothing men have a saying. "What we want are Frame's prices, Whitehead's quality and Berg's deliveries" All three are local textile producers Clothing firms have taken to placing simultaneous orders with several mills, and that, argue the latter, is not playing the game One order, when possible, to one mill is what they want. "Don't just reserve capacity, make firm orders to buy," say the textile men

- Provide for minimum laid-down levels of quality acceptance,
- Embrace a code of ethics which, among other things, would outlaw multiple ordering
- Provide for compensation for non-performance on the part of both buyer and seller;
- Lay down minimum standards for communication between mill and customer on specification changes and extended deliveries; and
- Provide an ombudsman to which clothing manufacturers could have recourse on matters of quality, poor deliveries, and so on. If a textile manufacturer fails to produce to spec, the ombudsman should have the power to scrap import controls and customs duties on that type of cloth, until the mill comes up to scratch

Unpalatable to some, perhaps, but it is either that or risk a situation where government steps in and lays down specific rules as in the motor or television industries One thing is certain Pretoria will not stay out of things forever There is simply no way it will go on witnessing constant bickering between two industries which jointly employ upwards of 230 000 workers at close on 1 200 sites

Not to mention the chill the *FM*'s cover man stands to get if he is not persuaded that SA clothing from SA fabrics is well worth stepping into again.

CLOTHING/TEXTILES

184

The knitty-gritty

~~197~~

FM 8/9/78

The dilemma in which the textile and clothing industries now find themselves (see cover story) has been long in the making It has been a chicken-and-egg story since the textile industry took its halting steps into blanket manufacture in the twenties.

Since those days, thanks largely to sympathetic tariff protection and import control, the textile industry has grown to a point where its total output is R1 000m. Perhaps half of that output is accounted for by apparel and furnishings while the balance goes to yarns, carpets and so on.

Manpower of the textile sector is around 118 000, working from something like 400 sites around the country. In round figures textile fabric imports are running at R120m while the local share is estimated at between R380m-R400m measured at ex factory prices.

The clothing sector, on the other hand, employs upwards of 120 000, working out of something more than 800 factories. In general terms the rag trade reckons that clothing imports are running at R50m as against a local production of R700m measured at ex-factory prices.

Complaints by the garment makers of poor local quality, erratic deliveries and so on are not new. Neither are the mill's arguments in self defence. However, since November last the garment makers have had to contend with average duties of 25% plus a surcharge of 12,5%, as well as import controls. This, says the rag trade, makes life intolerable — especially in the areas of high fashion.

Delswa's Sam Jaff is not alone in complaining about the high cost of imported options. He cites, by way of example, the importation of a Japanese polyester gaberdine.

The local price is R3,15/metre. Set against that is the Japanese domestic price of R1,65/metre to which is added an import duty and surcharge of R1,55. "Other charges" of 21c bring the total cost to the importer on a "landed Reef" basis to R3,41/metre

Likewise, a printed knitted fabric from Europe could be landed at R2,83/metre (UK price R1,55) as against the locally manufactured cost of between R2,73-R3.

Jaff, like many more in the trade, says he wants to support the local textile industry but complains that the duties, in some cases, are simply too harsh.

The textile industry, while having some sympathy with the garment makers, argues that it has to make a living. Consensus is that a ratio of 70:30 in favour of locally sourced fabrics is an absolute minimum for survival.

Proof that a combination of government controls and spontaneous support for the local textile manufacturing industry is working lies in figures presented to both industries last week. In 1974, the ratio of imports to local production was 56:44. In successive years (though not in a steady decline) imports have fallen to something like 30% of total fabric demand

And that, says the textile industry, is moving in the right direction Reason is that industry statistics suggest that for every R1m of annual turnover an investment of R1,3m in plant and machinery is required Added to that, say industry sources, there is a further requirement of R700 000 which brings the investment/return ratio to 2:1

Hence, the textile men are reluctant to make that sort of investment at a time when the garment makers, they argue are pulling up short of total support This is also at a time when the purchasing power of the major chains which are increasingly getting into their own garment making is beginning to bite Today, it is estimated that the majors such as Woolworth, Edgards, Truworths, Scotts and the like are accounting for a good 30% of fabric offtake

One of the few points of accord in both industries is that import permits are reasonably available but it is the textile men who want to see the levels of tariff protection constantly adjusted so that they'll be assured of a fixed market share That is fluctuations in, say, the rand/yen exchange rates will be reacted to and market shares will grow in line with overall market growth

It seems a fair point, particularly with the textile industry talking in terms of R250m-plus capital expenditure over the next 10 years or so

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Clothing results are still in tatters

1/10/78

184

WITH the possible exception of the relatively captive market of school uniforms, clothing manufacturers have been producing tattered results for longer than they might care to remember

They're still doing so but in marked contrast to reported corporate performances for the half year ended June, the RDM's clothing, footwear and textile index has now climbed by over 90 per cent this year

In 1977 and for much of the first half of 1978, clothiers were desperately trying, by price-cutting and other means, to rid themselves of their stocks — without much success

That effort produced little or nothing but highly depressed profits for the retailer, and a virtual standstill in output for the manufacturers Those who could export did so, and there were even one or two acquisitions, like the Dubin mop-up of the SA Clothing minority

This week, moreover, has seen a couple of highly depressing half-yearly figures from two of the larger groups in the clothing manufacturing industry

Veka — basically men's clothing and children's wear, including school uniforms — has just reported a near R300 000 turnround in its half-year to end-June, posting a loss of R398 000 for the period against a comparable R98 000 loss

There is naturally no equity dividend, and the preference payments are passed for the second six months in successsion, bringing the arrears to a hefty R290 000

Over at Dugson Holdings, the end-June half-year are equally depressing, though in this case the preference shareholders do get paid

But the equity-attributable loss is a whacking R696 000 compared with only R116 000 which means that once again there is nothing for equity shareholders

The loss per share for the period has soared to virtually 82c from 14,5c in the comparable period, and 12,2c for 1977

Like Veka Dugson concentrates on men's and children's wear The latter suffered from very heavy bad debt experience, and from delays in establishing the new Isithebe factory

And though this is now becoming fully operational, past history is still affecting results overall, Dugson tells its shareholders that its "foregoing trading review precludes it from budgeting for profits in the second half of the current year"

All this can hardly be encouraging to ordinary shareholders in both companies in terms of their abilities to resume dividends

Nevertheless, Veka has been acquiring several useful new overseas contracts

According to chairman Jan de Necker the group's factories are now working at full available capacity, with the result that the second half of the year "will largely cancel" the losses for the first half

Towards the end of August, Dubin Investments chairman Abe Dubin, reported equity earnings fractionally lower this time at 3,3c against 3,4c for the corresponding end-June half-year, after a much lower tax bill but also after paying a preference dividend But he could point to "a distinct improvement in the clothing trade" in July and August

Dubin factories were working at full capacity and acquiring additional staff, and his conclusion was that Dubin would maintain its 1977 dividend at 7c, thus putting the shares at their current 60c on a yield basis of 11,7 per cent

The shares have been active around the 55c-62c level for some time now, and should the current rather tender state of industrial equities generally lead to a relapse towards the lower level they look worth tucking away for the future

CLOTHING FM 17/10/78

Half-ahead

(184)

The outlook for a sustained recovery in the clothing industry is "cautious," says National Clothing Federation director Frank Whittaker

While the volume of production and employment figures are rising, manufacturers are not yet over-excited

Consumer spending on clothing is slow, yet retailers are stocking up, aided by the fall in interest rates and the availability of money

Exports are also picking up — albeit only to the levels of about 20 years ago — and imports are being substituted or displaced

This is borne out by the 27,5% fall in the value of clothing imports last year a trend that has continued this year

The shrinking foreign buying power of the rand has had something to do with this, just as it might also have influenced the choice of imports in terms of unit value and quality

Imports are now calculated as being worth only about 9% of the value of the industry's domestic sales. And imports from Rhodesia — about half of that 9% — are not causing the fuss they used to

Despite this bright scenario manufacturers have applied for higher duties against made-up shirt imports. Explains Whittaker "This is mainly because at present the import duty on shirting material is higher than it is on made up shirts"

But the importers want larger import quotas, which could, if granted, slow down the local industry's recovery

REX TRUEFORM (184)

Tightly tailored

FM 20/10/78

Activities: *Clothing manufacturer with a major export business The directors, mainly through the holding company, African & Overseas Enterprises, hold 47% of the equity*

Chairman: *S C Shub.*

Capital structure: *1,4m ordinaries of 50c and 1,4m "A" non-voting ordinaries of 50c, 140 000 6% cum prefs of R2 Market capitalisation· R9,3m*

Financial: *Year to June 30 1978 Borrowings. long and medium term, R4m; net short term, R1,3m. Debt.equity ratio· 35,2% Current ratio: 4,1. Net cash flow. R1,7m. Capital commitments. R250 000.*

Share market: *Price· 340c (1977-78. high, 400c, low, 210c, trading volume last quarter, 30 000 shares). Yields· 21,8% on earnings; 8,2% on dividend. Cover. 2,6. PE ratio: 4,6.*

Life is looking distinctly brighter for shareholders. At the halfway stage, turnover had dropped by 10% and the directors were warning that maintenance of the dividend would not be possible.

	'75	'76	'77	'78
Return on cap %	28,8	32,2	22,3	16,3
Turnover (index *)	169	189	199	203
Pre-tax profit (R000)	4 039	5 139	4 005	2 769
Earnings (c)	93,6	110,8	87 8	74,0
Dividends (c)	24	28	28	28
Net asset value (c)	373	456	516	563

**Base 1973=100*

In the event, turnover for the year under review as a whole edged upwards, although by a mere 2% And while pre-tax profit dropped by 30%, to R2,8m, the drop in earnings was a less traumatic 16% The 28c dividend was saved.

Chairman Stewart Shub explains that the lesser rate of fall of earnings, as compared to pre-tax profit, was largely attributable to further expansion of the company's export business, with an attendant reduction in tax rates

This is the second successive year that Shub has reported a better than 100% increase in exports A figure for exports as a percentage of turnover would surely interest shareholders, and in the absence of turnover figures as such, it is hard to see how it might adversely affect the company's competitive position. In any case, exports must by now account for a substantial proportion of output They have also allowed Rex Trueform to "maintain productivity and production at the highest levels" through the recession

That is in itself a considerable achievement, although the table suggests how much more tightly tailored were the company's margins in the process.

A second achievement during a difficult year was that it was concluded without further obvious weakening in the balance sheet, although maintenance of the dividend did reduce net cash-flow from R2,0m to R1,7m. However, compared with the previous year, debt equity ratio was improved slightly, from 39,8% to 35,2% Net short-term debt, too, was reduced, from R1,75m to R1,27m.

For the current year, Shub reports that "forward bookings are at unprecedented levels," and that "all factories are booked well into the second quarter of 1979." The yield on this blue-chip of the clothing sector is at about average of the sector. But it seems likely that improvement in the share price may wait upon the interim results to end-December.

Although Shub is confident of prospects for the year as a whole, he feels that recovery of profit may be less noticeable at the interim stage. If that assessment should prove pessimistic, apostles of the consumer boom could help push up the share price.

David Ross

CLOTHING

Rags v bags

At conferences and exhibitions in Cape Town this week clothing manufacturers and textile men had a chance to patch up their long standing squabbles

When the *FM* went to press it was too early to tell whether a *rapprochement* was really in the offing Opening the conference of the Clothing Institute, Economic Affairs Minister Chris Heunis was at pains to avoid taking sides, but in the end, by stressing the need for rationalisation and standardisation of clothing production in order to provide 610 000 jobs in this sector by the turn of the century, he did seem to come down on the side of the domestic textile industry

Although the high point of the Clothing Institute's conference was an exhibition of clothing machinery and equipment, Heunis urged clothiers to think carefully about new investment in hardware that would reduce their capacity to absorb labour surpluses

With the country on the threshold of a new inventory cycle, Heunis reminded clothiers of steps "in the national interest" to reduce imports by substituting locally made fabrics He was critical of the "proliferation of fashion" and appealed for greater standardisation and rationalisation in the interests of longer production runs and lower unit costs

Some clothing men at the conference took this to mean that government is bound to show increasing sympathy for tariff protection of the textile sector, particularly because the mills say they plan to invest R200m on general expansion and R50m R80m on increased synthetic fibre production over the next five to 10 years

Clothing men have no argument with protection if this leads to more reliable throughput and better quality, but they have been so badly stung in the past that they are reluctant to give the mills firm guarantees on offtake

Complaints persist about poor quality and erratic delivery dates, and whereas it was in the past always possible to ease fabric supply bottlenecks by means of imports, the escape valve has been closed by adverse exchange rate movements, increased protection for the mills and retention of the 12,5% import surcharge.

Imported fabrics can therefore be as much as 50% more expensive than the local product, so severe pressure is exerted on clothing men to rely on local mills They say, however, that out of 300 SA textile companies there are no more than six or seven which comply with the standards of excellence required in the highly competitive field of light fabric garment manufacturing

As a result, a kind of supply tyranny has developed in which the efficient mills are so flooded with orders that their order books have been closed off for the past six months, leaving manufacturers at the mercy of inefficient mills

Mill operators, on the other hand, say it is unfair to expect them to respond to every flicker of demand fluctuation particularly after manufacturers long history of importing their A grade requirements while meeting their B grade needs from domestic sources

To attract the kind of investment required for an intensely competitive fabric supply sector protection should therefore be maintained at a level where investors would be assured of stable growth and a 80% 85% share of the market, compared with 70% at present.

Without this reasonable prospect it is unlikely that the textile industry will attract the kind of capital investment required to assure clothing manufacturers of competitive delivery dates of quality fabrics at keen prices

IDC puts R12m for textile industry

184

RDM 23/10/78

Financial Reporter

THE Industrial Development Corporation has voted R12-million in support of various expansion and modernisation schemes in the textile industry, says the chairman, Mr J. J. Kitshoff.

Included in this is an amount for the Da Gama group, whose manufacturing subsidiaries are the Good Hope Textiles Corporation at King William's Town, Cyril Lord in East London and Linofra in Durban and Hammarsdale.

The significant increase in demand for funds, mainly to buy equipment, after a few years of relative inactivity, must be seen as a sign of a solid albeit slow revival in demand for textile goods

Mr Kitshoff says the schemes are aimed at meeting changing market requirements arising from increasing sophistication of consumer demand, which in turn requires more advanced production techniques.

Mr Kitshoff says it is encouraging to note the improvement in communication and discussion between the textile and clothing industries, which have resulted in a better understanding of each other's requirements and problems

Both industries desire to reduce imports to a minimum, thus preserving foreign exchange and providing employment

Although the textile market is small, a recent study by the IDC indicates that demand will more than double in the next 20 years and at the same time create at least 200 000 employment opportunities

200 workers retrenched

28/10/78 R.D.M.

(184)

By RIAAN DE VILLIERS
Labour Correspondent

ABOUT 200 black garment workers in Johannesburg have lost their jobs and were paid off yesterday.

A spokesman for the firm, Arbeter Fashions (Pty), said yesterday the firm was forced, for various reasons, to close its plant in Mooi Street. He said the workers had been notified of their dismissal a month ago

Mrs Lucy Mvubelo, general secretary of the National Union of Clothing Workers, yesterday described the mass layoff as "pathetic".

She said the union had been notified of the layoffs only last week.

"Fortunately, we have been able to place most of the skilled workers involved elsewhere. But many of them still have no jobs."

Mrs Mvubelo blamed the restrictions on employment of black workers in terms of the Environment Planning Act for the fact that more workers would not be re-employed elsewhere.

Dr Anna Scheepers, general secretary of the Garment Workers Union of SA, agreed that all the machinists could have been placed in other jobs if employers had not been so severely restricted in terms of Section 3 of the Act

She also warned that employers were threatening to pull out of the Transvaal to unrestricted areas if enforcement of the Act became too restrictive.

She also pointed out that another 4 000 black garment workers could lose their jobs by the end of the year because of the Act.

Clothing industry 'being killed'

S/Star 5/11/78 (184)

By Sieg Hannig,
Labour Reporter

The Transvaal clothing industry today called for the urgent publication of the Riekert Commission's report on manpower utilisation.

It was hoped the commission's recommendations would end the Government's "systematic killing" of the clothing industry on the Reef, said Senator Anna Scheepers, president of the Garment Workers' Union of South Africa.

She spoke at a Press conference called to announce yet another temporary reprieve for 20 clothing factories which exceed their quota of black labour because no white or coloured labour is available.

SERIOUS

Factories, whose permits for excess black labour were to expire at the end of December, may now apply for extensions until June 30, pending the recommendations of the commission.

If the extensions had not been allowed, about 4 000 black workers would have lost their jobs, said Mr Jimmy Thomas, secretary of the Industrial Council for the Transvaal Clothing Industry.

But the situation remained serious, he said.

The industry's labour force had dropped from 26 500 in January 1968 to 19 928 because of the labour quota imposed by the Environment Planning Act.

Employers could not plan ahead, said Senator Scheepers.

"They cannot organise production and they cannot sign lease when they don't know whether they will still be in business after next June."

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(5)

west of the Berea plateau. Moshesh's most powerful subordinates were the sons of his senior house, Letsie, Molapo, Masopha and Mofara who were overshadowing and arousing the resentment of Moshesh's brothers, Posholi, Mohale and Mopeli. Posholi in the south, had, since 1849 acted quite independently of Moshesh, [illegible] and refused to send labour to

boundary. The President and I are ready to put them down" (6) If Moshesh were to put down his 'borderers' he would have to use coercion and would lose his followers. The kingdom simply could not survive with the type of measures suggested by Grey. If he did not curb them war was inevitable. It was this dilemma which linked Moshesh's internal and external policies.

Moshesh's brother, Posholi, Moorosi's son, Sepeli, and Letele and Lebenya were engaged in a series of raids. The Free State to crush them and then deal with [illegible]. War broke out in March 1858. [illegible] the Free State in exchange for while Posholi remained loyal to Moshesh, Moshesh signed a treaty which boundaries as they existed after the this was obviously [illegible] merely been pushed back for a saw themselves as masters and in no position to control them. as heir, had an interest in Moshesh but shortly after the , Sekhonyana and Moorosi were all acting independently, In the North Mopeli and Lesaoana regarded themselves as independent of their senior kinsman Molapo and the two were barely subordinate to

Moshesh's [illegible] remarked to him at Smithfield on 5th Oct 1855 "You have collected some barbarians and made a kind of a nation. The question is whether you are to succeed or fail... It is impossible that a civilised nation can allow a nation of thieves to remain on their

(6) Thompson p80.

(6)

WOMEN

10/11/78

She's the force behind clothing workers

SARAH CHITJA-KHALI — appointed to the executive committee of Tucsa this year, is only the second black woman to achieve this distinction.

'Acuface' is in

By Cheetah Haysom in New York

Mankind's desire to retain the look of youth persists and in New York hundreds of men and women are now having "face-lifts" by a method that leaves no scars — acupuncture.

Acupuncture is the ancient oriental science rooted in the philosophy of the duality of human beings — that their positive and negative forces create energy.

Sickness in humans is the result of an imbalance of these forces, which is corrected by inserting hair-fine needles into the body at nerve points.

As the use of acupuncture for diagnosis and therapy has grown in the West, so has the popularity of cosmetic surgery — and the willingness of people to admit they have had it.

At least 1 000 men and women in this city have now submitted their droopy jowls, sagging skin and wrinkles to cosmetic acupuncture — a process that lasts about 15 treatments of about 30 minutes each.

The treatment involves the insertion of 36-gauge stainless steel needles into various parts of the body — not necessarily the trouble spots The process is almost painless

Dr Thomas Lee, president of the American Acupuncture Association, said that the needles cause a contraction of the derma (the skin and tissue) and tightening of the face muscles, which has the effect of lifting the skin

The stimulation of the nerves by the insertion of the needles also bring circulation to the area, filling out hollows, improving muscle tone and helping counteract dryness, which contributes to wrinkling

The number of treatments required depends on the individual Some patients notice little improvement from cosmetic acupuncture, some find it very slow and others find it very effective after only a few sessions.

Sarah Chitja-Khali has devoted a lifetime fighting for official recognition of South Africa's fifth largest trade union.

This year Mrs Khali became the second black woman, in the 24-year existence of the powerful Trade Union Council of South Africa (Tucsa), to be elected to the executive committee

Mrs Khali is assistant general secretary of the 23 000-strong National Union of Clothing Workers, which represents 85 percent of all garment workers.

No say

"I was elected because of my long association with trade unions Trade unions can only survive if all workers, black and white, work together

"However, by depriving black workers of collective bargaining powers the economy of the country suffers. Blacks can't be motivated if they have no say in their future," Mrs Khali said

She was born in Vrededorp, and her schooling was sparse, as she had to work as a shepherdess for her grandfather She stopped her schooling after completing her Std 6.

Mrs Khali was a clever pupil, however and was later asked to do school teaching She did this for a time before being employed as a skilled tablehand in the clothing industry

Initially most workers in the clothing industry were men, but World War 2 changed that

In 1952, the National Council of African Women was formed in Sophiatown to promote the interests of African women clothing workers Mrs Khali was a founder member

On scene

She was involved in the first wage board sittings in 1958 to upgrade the wages of rural garment workers.

Later the NCAW amalgamated with the men's association to form the NUCW

When workers strike, Mrs Khali is rapidly on the scene. She liaises with police and has discussions with employers and worker to try to solve the problems.

Mrs Khali was the first black trade unionist invited to attend a three-month study course in Israel three years ago In the same year she was a representative at the International Women's Seminar in Tel Aviv

Last year she graduated with a diploma in Labour and Co-operatives after a course in Israel She also travels to Europe and America on business tours.

Creches

In between fighting for the rights of her workers and for Government recognition of her large union, Mrs Khali does considerable community work

She was a founder member of the Zenzele Young Women's Christian Association in Soweto in the 1940s

Mrs Khali is joint chairman of the African Self Help Association, which she helped start 24 years ago while still a factory worker. She started with a creche in her home and now supervises 32 creches under the auspices of the Association in Soweto

She is an executive member of Woman for Peace and is on the executive committee of the Women's Legal Status Committee.

Today we feature the fifth set of women nominated by senior editorial staff of The Star for some noteworthy achievement during the current year.

CHARLENE BELTRAMO interviewed them.

WOMAN of the YEAR

When stories on the 21 women selected have appeared, you will be asked to vote for the one whom you consider to be most deserving of the title of Woman of the Year, and to give your reason for doing so.

We suggest you cut out the interviews as they appear to help you in your final selection. The result of the readers' ballot will be announced at the Woman of the Year luncheon which will take place at a Johannesburg hotel on December 6.

Interviews with the next two Woman of the Year candidates will be published on Monday.

Experts praise her road plan

Flo Bird has spent five years constructively campaigning for better town planning in Johannesburg.

This year she produced an alternative road plan for Parktown hailed by experts as "unquestionably superior" to the original plan drawn up by the Johannesburg City Council.

The council's plan had threatened to turn Johannesburg into a massive road junction.

Mrs Bird, who is secretary of the Parktown Residents' Association, consulted town planners, landscapers and traffic engineers, among others before drawing up her plan.

Mrs Bird is a former school teacher and has no planning background But her determination to spare Johannesburg and historic Parktown in particular from "shoddy town planning" spurs her on

"The Johannesburg ... of traffic only. When the planner has a map in front of him he just draws his road plan He might not know that there are beautiful, historic buildings in the way"

Mrs Bird made her road plan skirt Parktown and items of historical or aesthetic interest.

The Parktown Residents' Association was initially started to save Parktown West when plans for the building of the College of Medicine were being mooted, she explains.

The association, Mrs Bird says, was born in despair — a feeling that has increased the more it learns about "bad town planning in Johannesburg."

"When Johannesburg was first planned there were six parks in the city, now only the Market St park is left"

Mrs Bird is fighting for a proper forward planning scheme for Johannesburg "The one the council is at ... need to keep repeating old mistakes," she exclaims.

She gets incensed when she discusses a Guide Plan for the Central Witwatersrand being drawn up by the Government "The Johannesburg City Council had only two suggestions for the next 50 years — do they think there won't be any progress here?" she asks.

Mrs Bird is intent on preserving Parktown, which she regards as "an important mining museum."

"The mining magnates and early pioneers built lavish homes here. But South Africans are so crude. They sit back while history is demolished"

The row of houses Mrs Bird lives in used to be a mining village called Eksteen Compound. She is determined that none of the houses will fall to the demolisher's hammer Her biggest fight ... stimulate public participation in town planning and ... don't fight dictatorial bureaucracy

FLO BIRD. — with her road plan experts hailed as "unquestionably superior" to one drawn up by the Johannesburg City Council, that threatened to turn Parktown into a massive road junction.

~~335~~ ~~342~~ ~~39~~ 184 10/11/78 Star

Labour rules are 'killing Reef's clothing industry'

By Sieg Hannig, Labour Reporter

The Government is "systematically killing" the Transvaal clothing industry with the black labour restrictions of the Environment Planning Act.

That is the contention of Mr Jimmy Thomas, secretary of the Industrial Council for the Transvaal Clothing Industry.

"The labour force of the Reef's clothing factories has shrunk by almost 7 500 since 1968 when this legislation came into effect," he says.

"And about 5 000 of the jobs were lost in the past three years, during which the threat of prosecution has hung over employers who exceeded the prescribed quota.

"The aim is to force the industry into homelands and border areas

"Yet only 1 200 of the 7 500 lost jobs are accounted for by decentralisation."

Of these about 500 were in factories which had moved to Rustenburg.

If these were included in the total labour force, 19 928 of the 26 500 jobs which existed in the Witwatersrand area in January 1968 were still in existence.

The Reef factories were forced to exceed the prescribed black labour quotas because only blacks were prepared to take the jobs left vacant by white and coloured workers who moved to better-paying industries

They could not raise their wages because of competition from other areas where garment workers' wages are even worse

So far they have escaped prosecution, mainly because of exemptions granted by the Minister of Planning in consultation with the Cabinet Committee on Decentralisation

This week the industry received news that the factories which enjoyed these exemptions can obtain extensions until the middle of next year, pending the recommendations of the Riekert Commission on Manpower Utilisation

"Employers cannot plan ahead in this situation," said Senator Anna Scheepers, president of the Garment Workers' Union of South Africa

"Job reservation is flexible. But this law has been used to hound the clothing industry out of existence on the Reef"

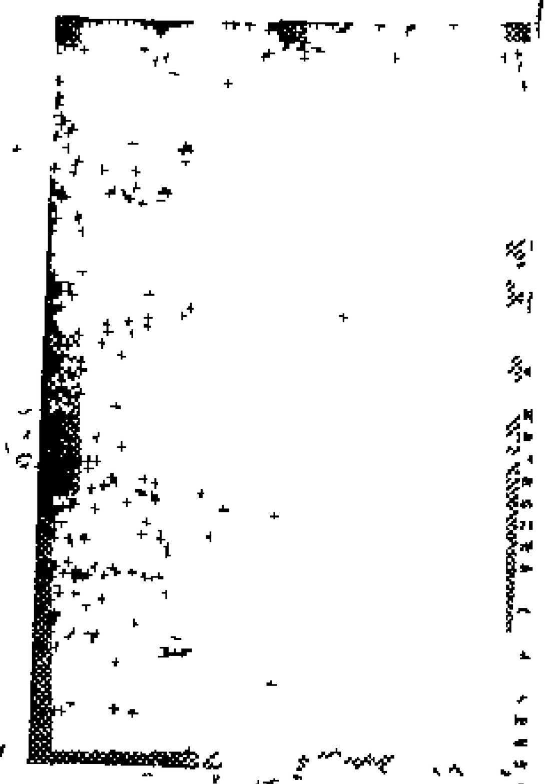
She pointed out that the clothing industry is the largest employer of black women on the Reef, many of them breadwinners for families

"The women are the worst-hit by unemployment and they will not 'decentralise' But they can become a threat to a stable society," Senator Scheepers warned

She called for the urgent publication of the report of the Riekert Commission which reviewed the Environment Planning Act as well as all other legislation which affects the utilisation of manpower (other than actual labour legislation which is still being reviewed by the Wiehahn Commission).

If the existing exemptions were withdrawn, about 4 000 workers might lose their jobs, said Mr Thomas

The exemptions provided for an excess of 1 300 black workers in about 20 factories But the factories were likely to close once the exemptions had been withdrawn, he said



SENATOR SCHEEPERS

Labour grace 'not enough'

By RIAAN DE VILLIERS
Labour Correspondent

THE Government has granted another temporary reprieve to the embattled clothing industry in the Transvaal by extending its temporary permits to exceed black labour quotas by a further six months

Spokesmen for the industry yesterday sharply criticised the decision and warned that it would do little to help the industry which was being crippled by the provisions of the Environment Planning Act

Dr Anna Scheepers, general secretary of the Garment Workers' Union of SA, said the decision was a "gross evasion of the Government's responsibility"

Commenting in The Garment Worker, she said the dire straits in which the industry found itself was fully known to the Government and deserved far more immediate attention than the mere six months' extension of temporary permits

Mr Jimmy Thomas, secretary of the industrial council, warned that the reprieve would do little to solve the industry's problems

They were commenting on a decision by the Cabinet Committee on Decentralisation to extend the exemptions granted to about 20 large clothing firms to employ more blacks than their lawful quota in terms of the Environment Planning Act to June 30 next year

But the committee ruled out the extension of any factories with more black labour

The decision has been conveyed to the industry by Dr Schalk van der Merwe, Minister of Planning and the Environment According to his letter, the decision was taken pending consideration of the recommendations of the Riekert commission into the better use of manpower in SA — which has investigated the effects of the Act

Dr Scheepers warned unless the commission recommended vast changes the industry in the Transvaal would be "throttled to death", losing thousands of trained workers to the economy

A number of factories were thinking of closing down or moving to the Cape or Natal where the Act did not apply

She added that the Act was one of the most "blatantly discriminatory acts in existence", but when it was used to grossly discriminate against the Transvaal employers and particularly clothing manufacturers, the Government's motives became "totally inexplicable".

In an interview, Dr Scheepers said yesterday that because of the short reprieve employers could not plan ahead

Also, the Act did not promote decentralisation, which it had been designed for Companies which could decentralise had done so already Those remaining were either too small or manufactured high quality garments and needed skilled labour

~~151~~ 134

WORKERS WAIT AND WORRY AS THEIR WAGES SUDDENLY STOP

R2-million riddle of missing director

● She knits to while away the time after being sacked from the knitting factory where she should be working

[illegible]

THE ITALIAN owner of a Johannesburg knitwear factory has left for Italy with his wife — leaving behind 215 garment workers without pay for two weeks, and a deficiency of R2-million in the company's books

According to the liquidators of the company, Venus Knitting Mills Mr Bruno Jona 63, left behind assets of only R50 000

One of the liquidators said yesterday that an inquiry would be held to find out what had happened to the R2-million, adding 'There appears to be something wrong"

None of the company's creditors could expect to receive a cent from the liquidation, he said

It has been found that Mr Jona had not paid the workers' pension contributions to the Industrial Council, said by the liquidators to amount to a considerable sum

The garment workers were laid off a week ago without warning

They were told to come back on Monday for their wages but on Monday they were told to come back on Friday, on Friday they were told there was no money.

Mr Jona's son-in-law, Mr Lothar von Helden, denied that Mr Jona had fled the country, saying he had gone to raise money for the company and would be back

Among the biggest creditors are the Ryan Nigel company, which is owed R800 000 for the leasing of machinery and the raising of bonds on the building, and Standard Bank Factors

There is also a Swiss loan of a million francs (about R300 000), which the liquidators will investigate to see whether it was ever paid into South Africa

At the moment of truth in the factory last week the workers were told the company was facing "financial problems".

Venus Knitting Mills (Pty) Ltd, which is on the corner of Maritzburg and Fawcus Streets, Johannesburg, was placed in liquidation on Tuesday

Employees of the company spoke this week of hardships they would face as a result of the revelations concerning the company's position

Said Mrs Gloria Motaung, 48, who was with the company for eight years and earned R30 a week. "I don't know how I'm going to feed my children this month"

Mr Joseph Dlaminini, 40 who joined the company in 1969 and was earning R40 a week, told me "I don't know where my children are going to get their next meal"

Mr Aaron Dube, 30, who had been with the company for six years and earned R38 a week, said "We were dismissed without notice

"Without our money we are starving.

"Some of us have been calling every day"

Mr Samson Thabethe, 50, a gatekeeper with the company for 10 years, said. "It is disappointing to be forced to resign in such a manner

"I am a father of six and my family's sole breadwinner

"Who is going to feed them — and who is going to pay my rent?"

Star 27/11/78

'Threat to clothing industry'

184

Labour Reporter

Transvaal clothing workers are hoping for an early interview with the new Minister of Planning, Mr Heunis, about the black labour restrictions which, they say, are killing their industry.

"Being the Minister of Economic Affairs, Mr Heunis should understand the economy and industry better than his predecessor," said Senator Anna Scheepers, president of the Garment Workers' Union of South Africa.

She was hoping Mr Heunis would listen to renewed representations from the Transvaal clothing industry.

A request for an interview had been sent to the former Minister of Planning, Dr van der Merwe, shortly before the Cabinet reshuffle in which Mr Heunis replace him, she said.

The request followed the announcement that the employers, who had exceeded their black labour quotas because of the shortage of workers of other races, could have their exemptions renewed until the middle of next year.

This continued uncertainty was killing the industry, Senator Scheepers said.

"It was quite obvious that Dr van der Merwe had no clue about our problems.

"We hope Mr Heunis will listen to us and let reason prevail," Senator Scheepers said.

DENIM
Not fading

The denim industry, which declined horribly over the last two years, is at last showing signs of an improvement. Although there is still substantial undercapacity.

Demand is still nowhere near 1975 levels, but Hebox, the only SA manufacturer of indigo denim (the stuff fade-out jeans are made of), has noted increasing demand for denim both locally and overseas, and denim jean manufacturers are optimistic about orders over the coming year.

"The fashion denim industry showed the greatest growth during the boom," says Hebox's Louis Schutte, "and has been hardest hit over the past two years Demand for heavy blue jean denim has remained relatively steady"

Schutte estimates total local market *potential* for denim at about R10m, but concedes that actual turnover is considerably lower. A certain amount of capacity is taken up by exports, he says, and the revival in overseas demand evident in the last quarter should boost this year's exports. Main importers of denim are the EEC countries. Some goes to the US too.

Schutte notes that in Germany, 61% of all trouser sales were jean sales in 1978, compared with 51% in 1977. Of these 50% were indigo denim. "Leading fashion houses are including denim in their new ranges, such as skirts and other fashion items. However, the corduroy craze has limited demand"

"Demand for denim is definitely beginning to pick up," notes Rex Trueform's Stewart Shub, who notes that the company's jean sales are up 35% on last year's. Corduroy has not yet affected the local market significantly, and denim is still the biggest single fabric used in the jean market.

"At a high fashion level, the SA product retails much more cheaply than its European and US counterpart," says jeanmaker Chelsea West's Jonathan Curitz, who notes that the average SA price for a pair of jeans is about R24, while jeans with a fashion label in the US or UK can cost up to R70. He estimates the UK market at about R300m a year, compared with the SA market of R10m, and the company's export book to the UK over the next year is "good".

Financial Mail December 1 1978

for the in-plant works committees at the lower end
em of works and liaison committees was introduced.
establishment consists of some members appointed by
ted from the ranks of his African employees. At
liaison committee must be elected by the African
ay be designated by the employer and need not be
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interests. While the present definition of a labour dispute is far wider than that contained in the 1953 legislation, and a Bantu Labour Officer and/or Inspector, with or without the assistance of the Regional Bantu Labour Committee concerned, should intervene in an attempt to effect settlement there does seem to be a remarkable shortcoming in this connection. The Act

More garment workers jobless

184

About 1,000 garment workers joined the ranks of the unemployed on the Reef this year after 11 clothing factories were hit by insolvencies.

Another 600 jobs are in jeopardy at clothing factories operating under provisional liquidation.

"The clothing industry is not out of the woods yet," says Senator Anna Scheepers, president of the Garment Workers' Union.

"In the Transvaal factories are still closing and more are threatening to close or move to the Cape and Natal where employers do not have to work under the uncertainty of the Environment Planning Act," she said in a Christmas message to her union.

Mr Thomas, Secretary of the Industrial Council for the Transvaal Clothing Industry, said some firms were still in the doldrums and he did not rule out the possibility of more insolvencies.

Other firms were doing well but could not exploit the situation because of restrictions on black labour imposed under the Environment Planning Act.

In the circumstances Mr Thomas expected only a few firms to extend the normal three-week Christmas break of the industry to four weeks.

Southern Africa Labour and Development Research Unit

RURAL DEVELOPMENT

IN

BOTSWANA

Norman Reynolds

Saldru Working Paper No. 13

Cape Town ...ptember 1977

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Firms aim for order change

184

Court Reporter NM 7/12/78

TWO clothing manufacturing companies which have been provisionally wound up intend applying to the Supreme Court to have the order changed to one of judicial management.

A director of Brivik Brothers (Pty) Ltd and Jerseytex (Pty) Ltd., Mr. I. H. Brivik, said yesterday the application would be made with the support of the companies' factoring agents.

On Monday Mr. Justice Leon placed the two companies under provisional liquidation after an urgent application by Fordom Factoring Ltd.

The Court was told that Brivik and Jerseytex owed Fordom R1 828 259 for debts factored. In terms of the factoring agreement this amount is owing to Fordom by the manufacturers' customers, but the companies are liable if it's not paid.

Another R1 110 000 is owing to other creditors, but the companies had orders for R700 000 and expected to make a R200 000 profit from these, Mr. Brivik said

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Textile makers accused in rag trade war

RDM 22/12/78 (184)

THE MAGAZINE Southern Africa Textiles says in an editorial that "an ugly picture of a warring 'rag trade' has been painted by Mr Dennis Solomon, president of the National Clothing Federation of South Africa".

"Even the fragile and uncertain general upturn in business has been enough to set the clothing industry on a collision course with the textile industry" Scarcely had the revival begun when delivery dates for fabrics from South African weavers and knitters lengthened out of sight into the middle of next year

There has been double booking by clothing manufacturers who are hedging their bets against unreliable deliveries from the textile industry.

And there has been overcapacity selling by weavers and knitters who do not believe that all the orders they have received will be confirmed

In normal times, the slack would be taken up by imports, but prices of SA and foreign textiles are becomong so disproportionate as to make the cost of imports unacceptable

The clothing industry is being pushed into a "can't win position"

The magazine says that the textile industry's potential to replace imports has been put at R110-million a year.

"What happened to the excess capacity which has disappeared so quickly? Did it in fact ever exist? Textiles got increased tariff protection on the strength of it

"The scream from the clothing industry is very real

"It does not come across as the specious moaning of an industry ready to foist its problems on its colleagues

"The two industries between them employ 200 000 people Neither should be allowed to upset the other's trading pattern.

"There should be joint planning for an expanding market and to loosen the imports grip

"A dog-eat-dog situation is inviting exactly the kind of Government intervention that the private sector fears.

"The present business revival is a lean bone to chew on. Pressures for short-term advantage should not obscure long-term interests" — Sapa

9.5 Detailed explanations of the changes recorded in 9.4 will not be attempted - beyond noting i) that the period has seen the development and use of both more productive open-cast techniques and of various underground improvements and ii) that as with coal, manganese, and copper (and perhaps other minerals) there are different types of deposit (e.g. surface and underground) which require different techniques (with different associated labour productivities) for their exploitation. With the qualification that there are technical factors involved which are not well understood, it seems possible to say that there has been a trend increase in employment since the mid-1950s, of the order of 5-6 per cent per annum, which technical progress has not thus far eliminated.

AD 22/12/78 (184)

Clothing, textile collision looms?

JOHANNESBURG — All is not well between the "rag trade" and the textile industry, according to Mr Dennis Solomon, president of the National Clothing Federation of South Africa.

An editorial in the latest issue of the magazine, Southern Africa Textiles, says Mr Solomon has painted "an ugly picture of a warring 'rag trade'

The magazine quotes Mr Solomon as saying: "Even the fragile and uncertain general upturn in business has been enough to set the clothing industry on a collision course with the textile industry"

Scarcely had the revival started when delivery dates for fabrics from local weavers and knitters lengthened out of sight into the middle of next year, he said and added:

"There has been double booking by clothing manufacturers who are hedging their bets against unreliable deliveries from the textile industry.

"And there has been overcapacity selling by weavers and knitters who do not believe that all the orders they received will be confirmed.

"In normal times the slack would be taken up by imports, but prices of local and foreign textiles are becoming so disproportionate as to make the costs of imports unacceptable.

"The clothing industry is being pushed into a 'can't win position'", he said

In its editorial, the magazine said the textile industry's potential to replace imports had been put at R110 million a year "What happened to the excess capacity which has disappeared so quickly? Did it, in fact, ever exist? Textiles got increased tariff protection on the strength of it

"The scream from the textile industry is very real

"It does not come across as the specious moaning of an industry ready to foist its problems on its colleagues

"The two industries between them employ 200 000 people. Neither should be allowed to upset the other's trading pattern

"There should be joint planning for an expanding market and to loosen the imports grip

"A dog-eat-dog situation is inviting exactly the kind of Government intervention that the private sector fears

"The present business revival is a lean bone to chew on Pressures for short-term advantage should not obscure long-term interests," the magazine warns. — SAPA

die plaas wat dieselfde

as werker sulke grond

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aamde deel van jaar waarvoor werker en gesin sou kon

ewe van die oes wat deur gesin gesaai is: maande

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MANUF. – Clothing

6-1-79 – 29-12-79

184

The evidence to date is that [illegible] nt projections are considerable over-estimates. [illegible] loyment has actually fallen between 1970 and 1976 (by roug[illegible] an average compound rate of 0,1 per cent per annum) instea[illegible] ted rate of between 1,7 per cent and 1,9 per cent per [illegible] a danger in over-concentrating on the two years 1970 and 1976, [illegible] culation of the overprojections for 1976. We have interpola[illegible] for 1976 and compared them with actual employment in 1976.

TABLE 36: Mining employme[illegible] wman): 1970-76.

	Actual employment, 1976	[illegible]	[illegible]	Employment overprojections 1976	
				Projection 1	Projection 2
	(1)			(4)=(2)-(1)	(5)=(3)-(1)
Copper	13 229	26[illegible]	[illegible]	13 224	13 561
Iron ore	9 334	8[illegible]	[illegible]	- 777	- 386
Chrome	8 960	5[illegible]	[illegible]	- 3 109	- 2 995
Manganese	9 176	[illegible]	[illegible]	- 241	- 183
Coal	83 814	8[illegible]	[illegible]	- 1 092	5 525
Asbestos	21 504	3[illegible]	[illegible]	8 521	8 791
SUB-TOTAL	146 017	16[illegible]	[illegible]	16 526	24 313
Others	17 319	2[illegible]	[illegible]	6 413	6 851
Gold	401 907	42[illegible]	[illegible]	23 964	23 964
Diamonds	17 415	26[illegible]	[illegible]	9 462	9 462
Platinum	71 999	83 742	83 742	11 743	11 743
TOTAL	654 657[2]	722 765[3]	730 990[3]	68 108	76 333

Firms' debts 'now critical'

NM 6/1/79

184

Court Reporter

TWO clothing manufacturers which have been provisionally wound up have liabilities exceeding R3 010 000, according to papers filed in the Supreme Court, Durban

The general manager of Fordom Factoring Ltd., Mr. Wilfred Gruzd, told the Court that Brivik Brothers (Pty.) Ltd., and Jerseytex (Pty.) Ltd, factored their debts with his company

The two clothing manufacturers owed Fordom not less than R1 828 259 and had secured their indebtedness by passing bonds over their assets in favour of the factoring company

Critical

Mr. Gruzd said a director of the two companies, Mr. I. H Brivik, had told him the financial position of Brivik and Jerseytex was critical and unless Fordom continued to purchase their debts they could not continue trading

They had orders for R700 000 and stock was available to fill them, but their bankers were pressing for payment of R110 000.

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Star BUSINESS

'Unwarranted application'
'Hysterical reaction'

Rag trade war about to erupt over imports

Star 2/2/79

(184)

By Michael Chester, Financial Editor

War drums are sounding inside the rag trade again. Once more the battle lines are being drawn by the clothing manufacturers in readiness for another scrap with the textile producers.

The Textiles Federation, eager to protect local producers from an inflow of imports, has applied to the Board of Trade for a new scale of duties on a wide range of knitted and woven fabrics coming in from overseas.

Enraged as always at the thought of the screws being turned on them to buy local textiles rather than imported fabrics, the National Clothing Federation is yelling blue murder. Mr Simon Jocum, president, has branded the application as "unwarranted and inflationary"

Clothing manufacturers in the Cape gave warning to our correspondent in Cape Town that the price tags on many items of clothing will be forced 20 percent higher — and at least 15 percent on others

Mr Stanley Schlagman, executive director of the Textile Federation, argues· "Such reaction is hysterical. The Board of Trade will judge the soundness of our logic

"At a guess the entire cost structure of the clothing industry at the retail end should increase by no more than around 5 percent."

Mr Schlagman said the aim was only to restore the effectiveness of existing duties following the erosion in volume terms because of the pace of inflation in recent years.

"What we are seeking is a new formula We have asked for 20 to 30 percent increment in reference prices — not duties. It means only a minimal increase in the duties on fabrics still imported

"The Board of Trade will be the final arbiter and evaluate the validity of our application."

Because of the high proportion of locally produced textiles now being used by clothing manufacturers, he added, the impact on the consumer should be very small

Mr Jocum of the National Clothing Federation was less sanguine. "It appears the local textile industry wishes to eliminate all competition from overseas," he said

The decline of the US dollar and the SA rand last year had given domestic textile producers even more protection — with the 12,5 percent import surcharge adding to the protection.

He agreed the new duties affected only imported fabrics. But bitter experience, he said, showed that local prices always rose in sympathy In fact many local textile mills had already announced price increases from April onwards

"The textile Federation application," he said, "will be bitterly opposed"

Down go the gauntlets — again

production are not likely to improve on the 1961-75 performance.

TABLE 40: RATES OF GROWTH OF WORLD PRODUCTION, 1961-75 (VON WIELLIGH)

(per cent per annum)

Chrome	+ 3,73
Copper	+ 3,42
Manganese	+ 4,00
(Iron	+ 4,27)

COATES (183) FM 9/2/79

Margins blotted

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 R4,6m*

Financial: *Year to October 31 1978 Borrowings long and medium term, R250 000, net short term, R849 000 Debt equity ratio 17,6% Current ratio 2,0 Net cash flow R933 000 Capital commitments R158 000*

Share market: *Price 135c (1978-79· high, 140c, low, 105c, trading volume last quarter, 22 000 shares) Yields 24,5% on earnings 9,6% on dividend Cover· 2,6 PE ratio 4,1*

A depressed market for Coates' main products, as well as the decision to take a 20% stake in Howson Algraphy, local manufacturer of lithographic plates and chemicals, was responsible for the profit fall The previously held agency, Lithographic Plate & Chemical which imported lithographic plates, made a material contribution to both turnover and profits in the first nine months of the year And although the stake in Howson-Algraphy is expected to make a modest profit this year, it will probably be at least a year before the benefits of the R300 000 investment flow through to Coates

	'75	'76	'77	'78
Return on cap %	28,0	28 4	29,0	23 1
Turnover (Rm)	11 7	13,5	14,3	14 8
Trading profit (Rm)	2,0	2 0	2 3	2,0
Gross margin %	14,9	15,8	16,0	13 6
Earnings (c)	20 9	30,0	34 7	33,1
Dividends (c)	10,0	10 5	12,0	13,0
Net asset value (c)	135	170	196	219

Despite the profit drop following disposal of the agency, turnover was marginally higher, although pre-tax profits were 11% down at R1,9m (R2,2m). The balance sheet remains strong. Interest payments are lower at R91 000 (R118 000), although total debt is little changed at R1,3m (R1,2m) Long-term debt has been reduced from R400 000 to R250 000 In general, the group increases its debt towards the end of its financial year ahead of relatively heavy cash outflows

Cash flow is down at R933 000 (R1m), but with reducing long-term debt, funding of capital commitments should be no problem Coates' policy is to finance projects from retained earnings, with minimal gearing Although this is sound policy, return on capital is healthy at 23,1%, so an argument for greater gearing could easily be put forward.

Coates is half-way towards inflation accounting It transferred R85 000 from profits to its asset replacement reserves, as well as R153 000 from unappropriated profits This brings the asset replacement reserve up to R1m In line with the holding company, asset replacement costs are based on an index, as opposed to actual revaluations The next step must surely be to value stocks on a lifo basis as opposed to the present fifo system

The current year will be one of consolidation and ensuring that the new 20%-owned factory operates effectively and profitably Meanwhile the slight upturn in the economy felt in 1978 should start to flow through to the printing and packaging industry But Coates is heavily dependent on oil-based raw materials, so the squeeze on margins is not yet over Management is cautious in its forecasts, and "does not expect to be able to match the current year's figures in the year that lies ahead" Dividends went up from 12c to 13c, and will probably be pushed up to 14c in the current year At 135c to yield a prospective 10,4%, the share looks attractive as a long-term hold, even though it is tightly held *Gail Pemberton*

9/2/79

(184)

DIE HISTORIE ... WING AAN LEDE

Dr Michael B ... iversiteit van
Leicester, s ... ndag, September
11, om 8.15

As gevolg va ... die Universiteit
van Kaapstad ... outeur van etlike
boeke oor die ... 19de eeu, uit-
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Onderwerp:

Vergaderplek: ... weland.

Sekretaresse ... 1-4055.

UITSTAPPIE

'n Uitstappie ... nd alleenlik vir
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Sal alle lede ... te woon, asb.
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companies

ADONIS KNITWEAR

(184)

Dividend fashion

Activities: *Produces men's and children's knitwear The Bencen family holds 38% of the equity.*

Chairman: *J Bencen.*

Capital structure: *3,3m ordinaries of 50c. Market capitalisation R660 000*

Financial: *Year to September 30 1978. Borrowings: medium term R18 000; net short term R36 000. Debt equity ratio 3,3. Current ratio 2,7 Net cash flow R139 000.*

Share market: *Price. 20c (1978-79. high, 20c, low, 13c, trading volume last quarter, 8 000 shares). Yields. 8,7% on earnings, 5% on dividend. Cover. 1,7. PE ratio. 11,6*

A major feature of the 1978 trading year was the tidying job on the balance sheet Despite a 38% improvement in the winter order book and improved second half sales, improved credit control cut year-end creditors to R551 000 (1977. R635 000) and stock to R1,1m This cut total debt to R80 700 (R480 000)

	'75	'76*	'77†	'78
Return on cap %	17,2	9,9	10,7	8,9
Turnover index†	107	119	117	104
Gross profit (R000)	347	188	218	149‡
Earnings (c)	6	1 7	2,6	1,7
Dividends (c)	3	1,5	—	1
Net asset value (c)	44	45	47	48

** 15 months annualised   † 1973=100*
‡ Before extraordinary loss

For the current year, this debt reduction, along with what seem to be better market conditions, augurs well for profits and consequently dividends. In 1977 interest payments absorbed R94 000, or 71,4% of pre-tax profits, whereas the 1978 figures were R53 100 or 37% of pre-tax profits This year, unless improving turnover leads to a major increase in short-term borrowings for stock financing, interest payments could show

definitions

Gross profit Pre-tax profit plus all interest paid
Debt equity ratio All interest bearing debt as a percentage of total shareholders funds
Total shareholders' funds The total of ordinary, minority and preference shareholders funds adjusted for the market and/or directors valuation of investments less intangibles (eg goodwill)
Return on capital Gross profit as a percentage of capital employed
Capital employed Total shareholders funds plus deferred tax and all interest bearing debt
Gearing Total interest bearing debt plus preference share capital as a percentage of net asset value
Net asset value Net assets attributable to ordinary shareholders after adjustment for market and/or directors valuation of investments less intangibles
Return on equity Pre-tax profits less preference dividends as a percentage of total shareholders funds less preference
Current ratio Current assets divided by current liabilities
Cash flow, group net profit plus depreciation, **net** retained earnings plus depreciation
Capital commitments Contracted and authorised commitments
Gross margin Gross profit as a percentage of turnover
Stock turnover Turnover divided by the year-end stock figure
Market capitalisation Number of ordinary shares multiplied by latest market price
Earnings per share Net profit after tax minority interests and preference dividends and after adjusting for non-recurring items, divided by the weighted number of ordinary shares in issue
PE ratio The number of years purchase of latest earnings per share represented by the current share price
Cover Earnings divided by ordinary dividends paid

PTO

DATES TO REMEMBER

Last day to register for dividends:
February Friday 16. Coates 13c Metamin 6.5c NFS Motors 5c, Ninian & Lester 5c Union & London 13c

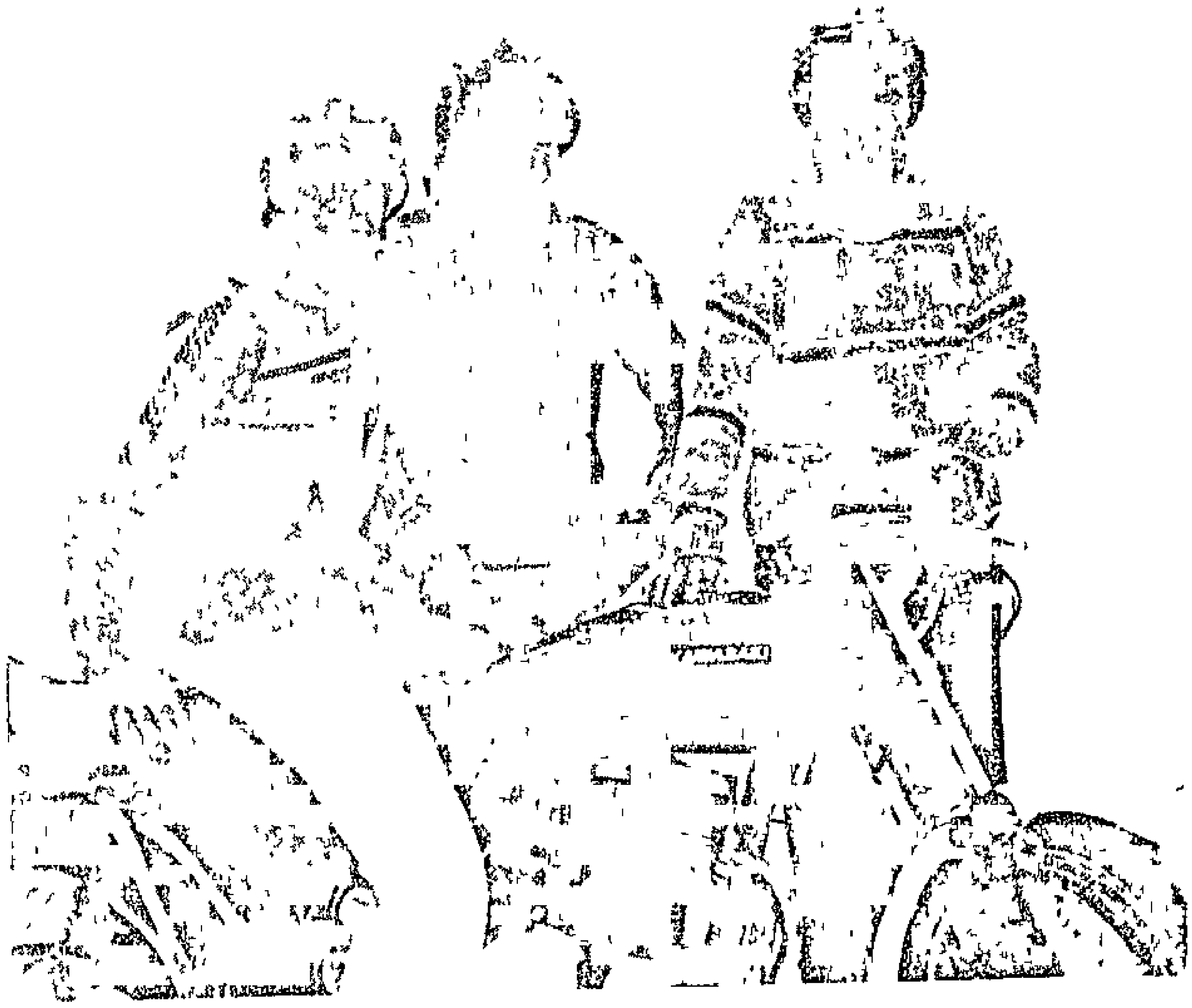
another big drop

Chairman Joe Bencen says Adonis is gaining market share despite depressed conditions in the clothing market At end 1977 he predicted 1978 winter orders would be down on the previous year But with the second half sales improvement in men s wear and schoolwear the picture now seems to be changing

Even so, Adonis is far from reaching the profit levels of 1975 Before an extraordinary R49 000 forex loss, gross profit was only 43% of its 1975 level

The return to the dividend lists confirms management s optimism on earnings for the current year With the shares at 20c, investors appear to be looking for a dividend of at least 2c this year But at this stage there seems little point in buying the shares They are tightly held and buying pressure could push them onto a far too low prospective yield basis

Des Kilalea



Winter fashions revving up profits

results and dividends

		Pre-tax profits Rm 1977	Pre-tax profits Rm 1978	Percentage change	Earned cents per share 1977	Earned cents per share 1978	Paid cents per share 1977	Paid cents per share 1978	Sector	Dividend Amount cents	Dividend Register by	Dividend Payable about
Asokor	I	1 5	1 8	+15	)	11		-	Food	—	—	
Aurochs	D								Motors	*4 00	9 3 79	30 3 79
Bitcon	I	0 2	0 ?	+6	27	29	25	25	Industrial Hold	*25 00	2 3 79	23 3.79
Coates	A	2 2	1 9	11	35	33	12	13	Paper Packaging	--	—	
Eddels	I	0 0	0 ?			10			Clothing	*Passed		
Highveld	I	13 6	19 0	+40	14	18	5	6	Steel & Allied	*6 00	23 2 79	5.4 79
I& J	I	2 4	4 4	+84	5	9			Food	-	—	
Karoo	I	1 4	1 6	+15	4	5			Food	—	—	
Lonrho	P	f90 ?	f93 6	+4	35	42	10 68	11 49	Industrial Hold	†7 38	9 3 79	5 4 79
Metamin	I	0 6	0 8	+34	9	12	5 5	6 5	Mining Hold	*6 50	16.2 79	16 3 79
Mid Wits	I	1 5	2 4	+66	13	20	10	■12 5	Mining Hold	—	--	
Ninian & Lester	P	0 2	1 1			41		5	Clothing	†5 00	16.2 79	26 2.79
NFS Motors	D			-		–	–		Motors	*5 00	16 2 79	24 2.79
Pioneer Hold	I	1 3	1 4	+20	12	13	6	7 5	Property	*7 50	Recommended	
Steelbrite	I	—0 2	--1 2				—	–	Engineering	*Passed		
Triomf	P	- -12 4	3 5			10	--	—	Chemicals	—	—	
UCI	P	7 ?	12 1	+67	37	62	30	42	Mining Hold	†28 00	23 2 79	5 4 79
Union & London	P	§0 3	§0 4	+21	27	33	21	25	Investment Trust	†13 00	16 2 79	9.3.79
W&A	I	2 8	2 9	+6	22	26	7	9	Industrial Hold	*9 00	23 2 79	16.3 79
World	I	1 6	1 9	+19	17	20	3 5	4	Furniture	*4 00	23 2 79	16.3.79

*I=Interim D Dividend *—Interim dividend A—Annual report P—Preliminary †—Final ■ 3½ + 9c was declared in December to avoid any liability for undistributed profits tax*

issues

COMPANY AND TERMS	NIL PAID LETTERS Last day to register	NIL PAID LETTERS Listing begins	NIL PAID LETTERS Issued	NIL PAID LETTERS Listing closes	NIL PAID LETTERS Last day for splits	NIL PAID LETTERS Date offer closes	FULLY PAID LETTERS OF ALLOTMENT Listing begins	FULLY PAID LETTERS OF ALLOTMENT Issued	FULLY PAID LETTERS OF ALLOTMENT Listing closes	FULLY PAID LETTERS OF ALLOTMENT Last day for splits	FULLY PAID LETTERS OF ALLOTMENT Shares listed	FULLY PAID LETTERS OF ALLOTMENT Shares issued	PRICES OF LETTERS Take up price cents	PRICES OF LETTERS Price Jan 30	PRICES OF LETTERS Price Feb 6
POWER TECHNOLOGIES (formerly Southern Cross) Rights 1 new for each held at 20 cents	12 1 79	15 1 79	19 1 79	7 2 79	8 2 79	9 2 79					8 2 79	1 3 79	20	23	33

Business Mercury

New clothing training centre

184

Financial Editor NM 23/2/79

MR. D. M. Solomon, chairman of the Clothing Industry Training Board, officially opened the Natal Clothing Industry Training Centre, in Sydney Road, Durban, last night. It cost more than R100 000 to equip this school, which started operations at the beginning of February.

Mr Solomon said that the board was established about 18 months ago with the aim of training and re-training employees for the industry

"A levy was imposed on employers, with the result that we have an income of about R500 000 a year

"We have estimated that South African industry needs to create 1 000 new jobs a day

"The clothing industry is the biggest employer of labour in the secondary sector We employ 100 000 people and, by the year 2000, in only 20 years' time, we need to double this figure"

9 000 workless

Mr Solomon added that an indication of the need for new jobs was that the clothing industry in Natal registered 9 000 people looking for work during 1978 but the inflow was only 1 000

"Our Natal training centre is already too small."

Mr Ian McLean has been appointed the Director of Training by the board. Mr. Keith Spicer is the Regional Representative in Natal and Miss S. Fletcher has become Principal of the Natal Training Centre

(50)

14. Structural Draughtsmanship
15. Mechanical Draughtsmanship
16. Civil Engineering Draughtsmanship
17. Building Surveying
18. Engineering Surveying
19. Topographical Surveying
20. Analytical Physics
21. Physics: Radioactive Isotopes
22. Physical Metallurgy
23. Meteorology
24. Geology
25. Oceanograph
26. Munitions (
27. Chemical Te
28. Analytical
29. Chemical Pl
30. Clinical Bi
31. Chemical Te
32. Paint Scien
33. Brewing Tec
34. Microbiology
35. Food Techno
36. Sugar Techn
37. Meat Techno
38. Agricultura
39. Horticultur
40. Water Purif
41. Health Insp
42. Community (
43. Medical Lab
44. Public Heal
45. Radiography
46. Physiothera
47. Veterinary

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50. Telecommun
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53. Mechanical
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55. Architectu
56. Building
57. Building F
58. Works Insp
59. Measuremen
60. Medical Te
61. Orthopaedi

BERKSHIRE (384) FM 16/3/79

Conservative ensemble

Activities: *Manufactures women's hosiery, knitwear, clothing, and denim jeans. Berkshire International (US) owns 68,4% of the equity.*

Chairman: *J A Chubb, managing director. M L Strong.*

Capital structure: *1,6m ordinaries of 50c; 50 000 6% cum red prefs of R2. Market capitalisation. R1,6m*

Financial: *Year to December 31 1978. Borrowings: long and medium term, R705 000; net short term, R119 000 Debt.equity ratio: 22,6%. Current ratio: 3,2. Net cash flow. R776 000. Capital commitments R22 000.*

Share market: *Price: 105c (1978-79 high, 125c, low, 52c; trading volume last quarter, 18 400 shares). Yields 46,5% on earnings; 4,8% on dividend Cover. 9,8 PE ratio 2,2.*

	'75	'76	'77	'78
Return on cap%	16,1	19,6	27,0	23,5
Turnover index*	172	202	234	276
Pre-tax profit (R000)	436	629	1 091	1 077
Earnings (c)	8,3	30,7	42,4	48,8
Dividends (c)	—	2,5	3 75	5 0
Net asset value (c)	110	147	186	229

*1973=100

The significant improvement in Berkshire's SA operations, except for hosiery (which is still slightly threadbare), was largely offset by faltering Rhodesian operations, which saw sales plummet by 50%. Overall, turnover increased 18% (1977: 16%), but trading profit was marginally lower at R1,1m. Earnings, however, showed a 16% improvement through a lower tax rate of 26,8% (28,2%) and a much reduced attributable profit payable to Rhodesian minorities

Chairman Ashton Chubb explains that all SA divisions turned in "most satisfactory" performances. Pre-tax profit from the SA divisions increased 51,7% on a 37,5% higher turnover. Only the hosiery market remained weak, but Chubb notes "with some satisfaction" that Berkshire improved market share. He says women's hosiery appears to be returning to the centre of fashion, and prices are becoming more acceptable.

The Lee denim operation is being expanded further In 1978 sales increased 49,8%, but demand still surpasses Berk-duction capability, so expansion is planned. The knitwear division is also looking for further growth in 1979.

The 63%-owned Rhodesian subsidiary contributed a small profit in 1978 despite sales falling 49,6%. In view of conditions in that country no forecast is given, but no improvement can be expected.

The company's 1978 balance sheet is little changed from the previous year. Most of the R932 000 borrowings are from the US parent. This long-term loan need only be repaid when Berkshire SA is in a position to do so. There was a fall in cash on hand from R500 000 to R110 000, but with higher stocks and debtors, short-term liquidity remained almost unchanged at a current ratio of 3,2 (3,5)

The outlook for 1979 is for higher operating profits. But the tax rate will increase with the exhaustion of assessed tax losses; so there seems to be less optimism on the earnings front. However, Chubb expects the dividend to be maintained

Berkshire shares are tightly held with 68,4% of the equity held in the US. And, perhaps surprisingly for a foreign-controlled company, the dividend policy is very conservative. Over the past three dividend-paying years, cover has fallen from 12,3 to 1978's 9,8. On a 5c dividend the share yields a very low 4,8%.

Poor marketability and higher dividend cover should support the share price — it rose from 56c to the current 105c in 1978. Near term, the share's attraction rests in potential for capital gain as the group is to continue its conservative dividend policy.

Des Kilalea

Textile firms still in low gear

Star 19/3/79

The better tempo in the textile and clothing industries recently has had little to do with improved consumer spending, but has been due to factors such as re-stocking, and a measure of import replacement.

This was reported to the Executive Council of the Textile Federation by its president, Mr E Ankers at the annual meeting this morning.

Mr Ankers said this is not a happy situation and there were doubts about the ability of the consumer to support a sustained revival, as well as fears of an encroachment of imports into the local market.

Exchange rates

Public exchange rates against the SA rand quoted this morning by Barclays National Bank — selling/buying rates.

US dollars	1,1850	1,1900
Sterling	171,6880	169,8735
Can dollar	1,3870	1,4035
Belg franc C	34,8000	35,3000
Belg franc F	35,1000	35,5500
Swiss francs	1,9850	2,0070
Fr francs	5,0625	5,1130
Italian lire	994,0000	1004,5000
Dutch guilder	2,3750	2,4010
D mark	2,2015	2,2255
Swede krona	5,1460	5,1970
Nor krone	6,0220	6,0810
Dane krone	6,1190	6,1780
Austr schill	16,0500	16,3500
Port escudo	56,5000	57,1500
Japan yen	245,0000	248,0000
Span pstas A	81,7500	82,7000
Austra dollar	1,0540	1,0675
NZ dollar	1,1170	1,1340
Zamb kwacha	0,9130	0,9230
Mal kwacha	0,9390	0,9675
Rhod dollar	0,8025	0,8105
HK dollar	5,7320	5,7890
Indian rupee	9,6450	9,9140
Kenya shill	8,8600	9,0290
Pak rupee	11,5835	11,8705
Botsw pula	0,9820	0,9870
Maur rupee	7,0895	7,1615

Rand/dollar for over R10 000: selling 1,1878; Friday's close: Buying 1,1888, selling 1,1874. Today's opening: buying 1,1882.

Govt relaxes curbs and saves jobs of thousands

STAR
27/3/79
(1) ~~39~~
(2) ~~466~~
(3) 184
(4) ~~335~~

By Sieg Hannig, Labour Reporter

A major Government concession has removed the threat of unemployment which has been hanging over thousands of Transvaal garment workers. It has also raised prospects for new jobs in their previously doomed industry.

"For all practical purposes, the labour restrictions which were gradually killing our industry have been scrapped," Mr Jimmy Thomas, secretary of the Industrial Council for the Transvaal Clothing Industry, announced today.

"I'm so thrilled, I nearly jumped out of my skin," said an overjoyed Mrs Lucy Mvubelo, general secretary of the black National Union of Clothing Workers.

"It means there will be more jobs for my people."

Mr A Hirsowitz, president of the Transvaal Clothing Manufacturers' Association, commented: "It's a great relief. At least 4 000 women's jobs were directly threatened and the industry was slowly dying after having lost 7 500 workers."

He was looking forward to increased productivity which eventually had to benefit consumers.

The good news came in a letter from the Minister of Planning and the Environment, Mr Chris Heunis.

He said the Government had decided that black women who qualified in terms of section 10 (1) (a) and (b) of the Black (Urban Areas) Consolidation Act to live in the Pretoria / Witwatersrand / Vereeniging area and who were housed satisfactorily would not be considered when determining the clothing industry's black/white labour ratio in this area.

The Minister invited applications to his department "with the minimum delay" from clothing factories which are exceeding their authori...

The Minister invited applications to his department "with the minimum delay" from clothing factories which are exceeding their authorised quotas, operating on temporary permits or wishing to extend their operations.

FREE HAND

Since black women represent by far the majority of the industry's labour force, the concession is seen as giving employers in the clothing industry a free hand where they were previously stifled.

Although Transvaal clothing factories paid wages which compared well with or exceeded those elsewhere, they had been obliged to contravene the black labour restrictions where there were not enough white and coloured workers available.

Mr Jack Holloway, president of the Transvaal Chamber of Industries, described the concession as "a very positive move in the industry which was most in need of it."

But he added: "We felt that in the existing conditions of unemployment a general relaxation is required."

ties in Rhodesia" (1974:4). A correlation between Shona and EIA seems to be warranted to him. He concludes that "in the past, historians have tended to explain the events in Southern Africa in terms of successive waves of Bantu tribes. Although this hypothesis in now obsolete, it remains true that there have been at least two major Bantu migrations" (1974:9).

The most exciting of his articles is, however, a very recent one on the origins of "Leopard Kopje" (1978). At. LIA site archaeologists ...
looked for evidence as to its origins and a...
trate into the mysterious (abrupt break in ...
LIA in Rhodesia. He examines a certain cera...
the conclusion that the origin of the Kutuma ...
pard Kopje was a part - "was south of the L...
pezi", and that the Kutuma moved across the ...
century (1978:20). Moreover, he shows that ...
Kopje tradition moved into SA, settled on th...
spread of Kutuma in the 11th century represe...
into Rhodesia" (ibid). The explanation for t...
fact that the Mambate (ancestors of Leopard ...
East coast region of SA found an environment ...
multiplied, and the new dispersal from the so...
Since the Leopard Kopje tradition is associated with the spread of the Shona language, this would mean that the earliest iron workers in southern Africa were indeed Bantu-speakers. However, this is my inference from the most recent hypothesis based on facts which have as yet no firm footing.

In conclusion, I would like to sum up what we do not know yet about Bantu origins and spead: 1. why did Bantu-speakers spread fairly rapidly over so huge an area, and how rapidly did they spread, 2. where did they get the knowledge of agriculture and iron-working from, 3. when did they arrive in southern African or how do we account for the change in EIA and later IA in SA if they arrived in the first millenium AD?

What we do know is that they originated in or south of the equatorial forest, that they settled in southern Africa at least by the 11th century (later IA) as iron-working agriculturalists with loan workds for "cattle", "sheep", "grain" among others. And of course, as I have tried to show, there are many pieces of evidence and findings which cannot be listed as such but still form important parts of existing hypothesis and models.

C. The settlement of the ancestors of the Sotho and Nguni south of the Limpopo

South African Iron Age archaeology and the historiography of African societies south of the Limpopo, although related, are clearly differentiated from the overall questions of Bantu spread and origin. First of all, there is a tradition in SA as to the collection and interpre-

RAPPORT 1/4/79

184

Veka deur drif

DIE Suid-Afrikaanse klerefabriek Veka, is veilig deur die finansiële drif Die maatskappy het sy boekjaar geeindig met 'n wins (voor belasting) van R151 874 teenoor verlede jaar se verlies van bykans R300 000

Mnr Jan de Necker, voorsitter van Veka, het aan Sake-RAPPORT gesê „Ek het verlede jaar gesê dat 'n verbetering van die Vekagroep se finansiele en winsposisies net deur interne maatreëls bereik sal kan word. Dit is toe gehandhaaf. As gevolg van 'n meer aggressiewe bemarkingspoging het die maatskappy 'n groter markpenetrasie bereik.

„Veka se omset toon 'n geringe styging van 1,35% teenoor 'n daling van 11,35% in die vorige jaar. Alle dinge gelyksynde verwag die direksie 'n verbetering in die maatskappy se resultate in die komende jaar."

In weerwil van die feit dat Veka 'n verlies van bykans R400 000 in die eerste helfte van 1978 getoon het, sluit hy die huidige boekjaar af met 'n wins (voor belasting) van R151 874 vergelyking met 'n verlies van R259 698 vir die vorige jaar.

Die wins kan in groot mate toegeskryf word aan die sukses wat die bestuur behaal het met sy spesiale poging om doeltreffendheid te verhoog en uitgawes te besnoei Uitgawes toon inderdaad 'n daling van R480 000 teenoor die vorige jaar.

evidence that the peoples who left the EIA sites were Bantu-speakers. Also, the kowledge of their economy (i.e. amount of emphasis on stock, herds, agriculture) is extremely scanty. Although ther is no proof that the earlieast iron-working peoples of SA were the ancestors of present Bantu-speakers (SA archaeologists arguing even against this, cf. Inskeep p.132), I will assume that they were and include them into my outline of the present state of the debate (especially in the light of Huffman's findings, 1978).

EIA archaeology in SA is still in its infancy. Thus, D. Phillipson in his article (publ.1969) on "Early Iron-using peoples in southern Africa" does not mention sites in SA at all. Fig. 2 indicates the EIA sites excavated so far although the most extensive site at Broederstroom has not yet been fully published (cf. Inskeep:130). The remains indicate however that the people who inhabited the Transvaal sites smelted iron, had contact to the coast, possessed cattle and sheep. Also, cereals were used and probably cultivated (Inskeep:ibid). The dates for these sites down to the Natal coast line range from the third century AD to the ninth century (Inskeep:130). Although clear links

C.T. 3/4/79

Ensign Clothing loss of R490 000

(184)

ENSIGN Clothing, formerly the African Clothing Factory (Ensign), showed a loss of R490 285, Mr D De Waal Meyer, the chairman, says in the annual report

Mr De Waal Meyer said the year under review was one of the most difficult the company had experienced and that the effort to maintain a share of a highly competitive market, together with continued inflationary pressure on operating costs, had contributed to "this disappointing result"

"The increased market penetration for which we are aiming, especially in the men's and boys' leisure-wear field and the difficulties experienced in getting our fabric requirements delivered on time from the local textile mills, resulted in our having to carry additional stocks of raw materials

"At present bank overdraft facilities are being used to finance the increased working capital required Nevertheless, continued efforts are being made to reduce stock holdings in order to improve liquidity, but the seasonal nature of the market requires the build up of fabric stocks at certain times of the year

"As anticipated in the interim statement, there has been some improvement in trading during the second six months of the year under review; in that the loss for this period amounted to R148 891 compared with a loss of R341 394 for the first six months However in view of the many uncertainties prevailing at the moment your directors are not in a position to forecast the results for the ensuing year

"In view of these circumstances your directors do not recommend the declaration of an ordinary dividend"

Because the company's year-end changed to December 31 in 1977 the comparative figures are for an 18-month period compared with the year under review

Turnover was down three per cent compared with a 4,4 per cent increase in the 18 months

The loss was R490 285 compared with a pre-tax profit of R464 294, and the loss per share was 77,6c compared with earnings of 48 1c — Sapa

EVELYN HADDON 6617

Continuing recovery

Activities: *Supplier of paper, machiner and allied materials to the printing indu stries Union Corp controls 53% of th equity*

Chairman: *H A Smith, managing direc tor P A McGurk*

Capital structure: *2,8m ordinaries of 50c 80 000 6% cum red prefs of R2 Marke capitalisation R9,1m*

Financial Mail April 6 197

Financial: *Year to December 31 1978. Borrowings long and medium term, R806 000; net short term, R5,9m. Debt:equity ratio· 50,3%. Current ratio: 1,9. Net cash flow: R1,3m. Capital commitments: R635 000*

Share market: *Price· 324c (1978-79 high, 324c, low, 190c; trading volume last quarter, 19 000 shares). Yields· 20,3% on earnings; 8,3% on dividend. Cover. 2,4. PE ratio 4,9.*

	'75	†'76	'77	'78
Return on cap %	24 8	22,8	16,4	17,8
Turnover index*	100	102	121	147
Pre-tax profit (R000)	2 959	2 600	2 402	3 054
Earnings (c)	57,2	55,9	48 9	65,7
Dividends (c)	22	23	24	27
Net asset value (c)	335	368	343	477

**1975=100*
†Annualised from 10 months

Evelyn Haddon's markets continued firm in the first quarter of 1979 after turning around in the second quarter of last year. This, and particularly an active machinery sales order book, leave chairman Hugh Smith optimistic that this year's results will possibly be better than last year's.

1978's second quarter turnover improvement resulted in a 30,4% earnings increase to 30c. The trend accelerated in the second-half with earnings up 38,5% at 35,7c (25,9c). In reporting turnover 22% higher overall, Smith says the machinery division's sales were particularly gratifying after several years in the doldrums

Pre-tax profits rose 27,1% in 1978 indicating profit margins being at least maintained on average, although Smith says there was intense competition and price cutting in some areas.

As a supplier of paper, Evelyn Haddon expects its financial resources will be strained in meeting the latest 12% increase in paper prices. But the group bought in stocks of papers ahead of the price hike accounting in part for the 46,8% increase in stocks from R7,8m to R11,4m. This should help profit margins in 1979 though there will be some offset in servicing the higher debt and creditors balances. Borrowings rose to R6,5m (R3,9m) of which R5,9m (R3,1m) was short-term.

Debtors rose with the increased volume of business. At end-December, debtors totalled R8,7m (R7,3m), in part reflecting HP granted on machinery sales during 1978. This also explains some of the short-term borrowings used to cover the HP. The easier trend in interest rates should ensure, says Smith, that the annual interest bill of R517 000 (R230 000) does not increase at the same rate this year. However, with a comfortable 5,9 times gross profit cover on the interest and leasing bill, the 50,3% debt·equity ratio is not high.

The group's main investment, Nasionale Skryfbehoeftes, was on target 1978 and Smith says the hoped-for profit improvement was followed by a more stable market. Ink manufacturer Mander Kidd (SA) had a "reasonable" year, although profits were slightly reduced, Evelyn Haddon was paid a dividend for 1977 and an arrear payment for 1976.

To cope with the expanded operations in Johannesburg, the group plans to build a new warehouse Capex on land and the current phase of building will be about R800 000 to be met from cash flow and should not inhibit the dividend.

Management obviously foresees higher turnover this year with the first quarter continuing the improved trend. With the additional benefit of lower interest rates and low-cost marketable stocks, margins should be about maintained in 1979.

At 324c the share yields 8,3% with prospects of a higher dividend this year. On yield considerations the share looks attractive but there could be better short-term buying opportunities ex-dividend

Des Kilalea

PRODUCTIVITY BRINGS 258 PC PROFIT LEAP

ARGUS 6/4/79
(1) 184 (8) 247 (2)

A LEAP of 258 percent in profit after tax has been achieved by Bonwit in the three years since it started a productivity improvement programme for the 1 400 workers in its nine Cape clothing factories.

Another R1,1-million of profits will flow in the next five years from both improved productivity and benefits from opening four factories in decentralised areas.

These figures come from Mr Jack Kipling, manufacturing controller of Bonwit, which won the Cape Employers Association trophy for productivity improvement in 1979.

R1 A DRESS

Two other measurable benefits were:

- Fabric savings of 7 percent over 12 months, which means almost R1 on a dress in the shop.
- Production increases of 45 percent, with a labour saving of 30 percent which gave an overall productivity increase of about 129 percent.

'But we still have a long way to go,' he told employers at a CEA experience exchange on productivity.

SHORTER RUNS

Bonwit's factories are spread over a radius of 100 km and its concentration on high-class women's fashion with shorter production runs made productivity difficult to raise.

After the National Productivity Institute showed the company's productivity was only average for the industry, a management services division with 35 people was set up to plan new and improved systems.

'One of our greatest strides forward was taking the decision to do away with any discrimination based on race or colour and opening up opportunities of advancement for all on merit.

UNTAPPED

'This one move released an amazing amount of previously untapped human resource.'

Better use was made of labour, materials and machines.

By practising sound human relations on the factory floor and introducing an individual incentive scheme, operator motivation and stamina was

UNTAPPED

'This one move released an amazing amount of previously untapped human resource.'

Better use was made of labour, materials and machines.

By practising sound human relations on the factory floor and introducing an individual incentive scheme, operator motivation and stamina was
raised.

Bonwit is a Truworths subsidiary.

Tom H[illegible]

(2) 184

NEW DEALS
And old rules

FM 13/4/78

Here's a question government should clarify Was the recent relaxation of Environment Planning Act restrictions on the Transvaal clothing industry an isolated concession — or the herald of further policy changes?

Certainly, the concession brings relief to the hard pressed industry, where labour quotas have been pegged to a ratio of two (or in some cases 2,5) Africans to one white From now on, African women — the majority of workers in the industry — will not be counted as part of the quota if they have Section 10 (1) (a) or (b) urban residence qualifications and "satisfactory" housing

A Planning Department spokesman tells the *FM* that employers will still have to apply in advance for permission to sign on new workers, enclosing a certificate from the local administration board saying it can supply the women.

What else could be in the pipeline?

Government's expected "new deal" for urban Africans is likely to be as hedged with if's and but's as the Planning Act concessions The reference book will probably be scrapped, restrictions on urban Africans eased, allowing them to move freely between urban areas, trade in "white" areas (if the local municipality agrees), and, if they are men and have leasehold property, bring their wives to live (but not work) in urban areas

But the "new" influx control system will be very much like the present one Employers will have to get clearance from a government labour office when they employ new workers, and that will depend on the availability of housing and the urban unemployment level.

The onus of guilt would be on the employer rather than the worker, although "illegal" city dwellers could be prosecuted under vagrancy laws Penalties for employing illegal labour will be toughened

The system would be formally non-racial, but the brunt would be chiefly borne by Africans (and perhaps coloured people) Then the pass would presumably have to be replaced by another document proving permission to live in the area, and that the bearer is in employment

But the influx control provisions will change little. Some employers of "illegal" men have already been prosecuted

Lack of housing can already be used as a reason for the labour bureau to refuse an African registration for a job. And the high level of urban enemployment has already led to a drastic cutback in recruitment from the bantustans. So the system is already being applied administratively

You could call it Apartheid Mark 2

Clothing prices defended

Argus 17/4/79

(184)

A SUGGESTION by Mr Raymond Ackerman, head of Pick 'n Pay, that collusion between manufacturers kept clothing prices high has been denied by Cape Town manufacturer Mr Simon Jocum, who is president of the National Clothing Federation of South Africa.

In a statement Mr Jocum said this was an unfounded accusation. The more than 800 clothing factories in the country were in 'fierce competition with each other,' he said.

Mr Ackerman said that although it was true there was competition it was also a fact that some clothing and food manufacturers co-operated to work out price structures.

SMALL RISE

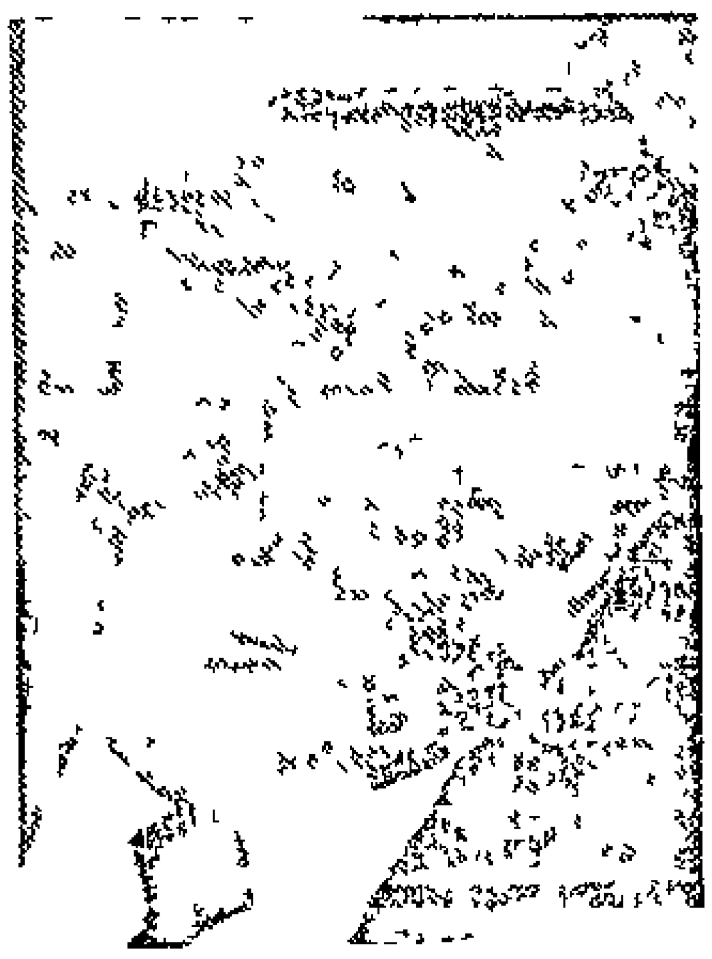
Mr Jocum said that as a result of intense competition clothing prices had risen less than any other important commodity in the last five years

'Local clothing prices ex-factory and retail, are probably the lowest in the Western World.' He went on. 'It is free competition without Government interference that has kept prices down.'

The clothing industry was in a difficult position because it had always operated in a buyer's market and this had eroded profit margins.

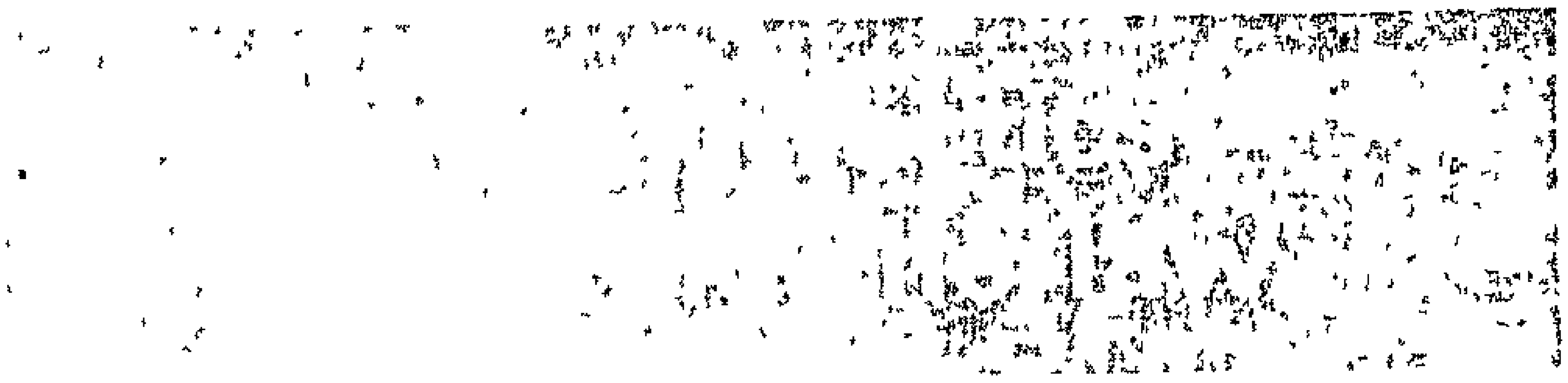
Ackerman hits at clothing manufacturers

Sun. Times Bus.
22/4/79
~~150~~ (154)



Raymond Ackerman ... "many won't supply me"

By VERA BELJAKOVA



PICK 'n Pay's Raymond Ackerman has accused clothing manufacturers of breaking the law by running a clothing price-fixing ring.

Reacting to protests this week that clothing prices had been kept low because of "free competition, uncluttered by Government interference", he said many had refused to supply his company

His accusation brought into the open a behind-the-scenes row Pick 'n Pay is having with manufacturers over supply of branded goods because it is "a price cutter"

Replying to an attack by National Clothing Federation president Simon Jocum, who claimed Mr Ackerman's allegations of collusion among clothing manufacturers were "completely unwarranted", he said

"All we ask is that they follow the laws of the land Refusing to supply us with branded goods on the grounds that we cut prices is contrary to the Resale Price Maintenance Act

"To claim there is no collusion among clothing manufacturers is totally untrue Many, many suppliers have refused to supply us with a wide range of lines They are by no means whiter than white "

Mr Jocum's statement, calls Mr Ackerman's allegations "unfounded considering there are over 800 clothing factories in fierce competition with each other in South Africa "

As a result, he says, clothing prices have risen less than any other important commodity over the last five years and are probably the lowest in the Western world

"We believe prices have been kept low because of free competition, uncluttered by Government interference The eroding profit margins (of clothing manufacturers) can be explained by the fact that the industry has always operated in a buyer's market

In a vice

"We have been caught in a vice between the buying power of the large organisations on the one hand and the limited number of suppliers we can go to in the textile industry on the other hand '

Mr Jocum apparently took exception to a passing reference Mr Ackerman — an ardent campaigner for free trade — made about the clothing industry when addressing the Cape Town Press Club a fortnight ago on the the undesirability of Government interference in business

In an uncharacteristic endeavour to avoid public controversy, Mr Ackerman responded to Mr Jocum's criticism by letter, but agreed to comment specifically in public when he learned on Thursday that Mr Jocum had circulated his statement to newspapers

Garment earnings up 30pc

Sun. Tribune 6/5/79

(2) 184

Well suited for exports

By TONY HUDSON Finance Editor

GARMENT exports from South Africa showed a hefty 30 percent increase in 1978 and earned a record R22 million.

And over the past four years, the increase has been even more dramatic. In 1975 clothing exports were worth a mere R3 million, rising to R7 million in 1976, R17 million in 1977 and R22 million last year.

Figures released by the Department of Customs shows that men's and boys' outer-garments were the main contributors with a total of R11,2 million. This was made up mainly of jackets, waistcoats, trousers and shorts (R9,2 million) as well as overcoats and raincoats worth R1,2 million.

Outer-garments for women, girls and kids pushed R6,9 million in to the kitty. Men's and boys' under-garments brought in R1,3 million.

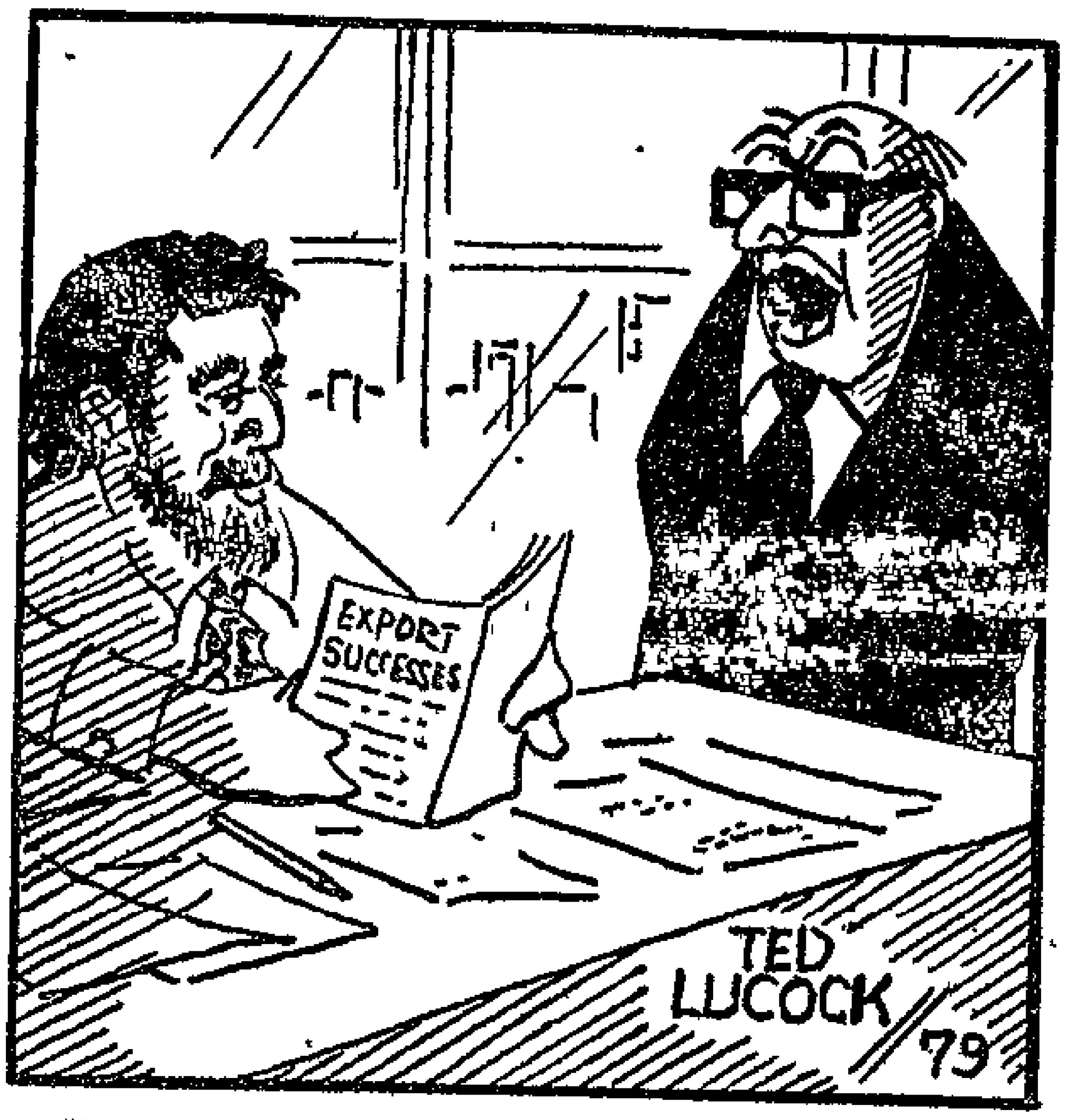
At the other end of the scale, foundation garments such as bars, suspender belts, corsets and girdles brought in a mere R133 000.

National Clothing Federation president Simon Jocum commented that the clothing industry was viewing the exports prospects for the coming year with optimism.

He said bookings were well up on last year and growth was expected to continue

He said: "This business can only grow. We are fast gaining international acceptance for the styling, quality and prices of our clothing.

Main customers for South African clothing are Britain, Europe and the US where soaring labour and other factory costs have made clothing prices far exceed those of the South African product.



Sending your mother-in-law overseas does not qualify you for the Export Success award

Gedurende die verslagjaar het die navorsing va
Sentrum die volgende behels:

A. Mobiliteit en Politieke Verandering in Su

Hierdie projek is 'n paar jaar gelede aangepak
soek onder die kleurling-bevolking van die Ka
eiland is onderneem. 'n Aantal tydelike navors

Fm 11/79

(49)

CLOTHING SHARES

Getting into gear

In the past year clothing shares have advanced 70% on the JSE as the industry recovered from the 1977 recession. The outlook for the current year seems favourable provided retail sales hold up and mid-year tax cuts provide further stimulus.

The industry is competitive with something like 800 manufacturers. So, if consumer demand fails, factories could be forced again to accept unprofitable business.

Industry sales bottomed at R585,7m in 1977 according to official statistics. The improvement to R615,1m in 1978 was followed by a 12 month moving average of R648,1m in January this year. And the following months should have been better.

The physical volume of [illegible] production of the [illegible] 178,2 in 1978 and a seasonally adjusted 192,0 in January.

The upturn began with the introduction of gst as [illegible] says National Clothing Industry Federation director [illegible] demand and export order book [illegible] the slack in production and [illegible] employment.

Leading manufacturers [illegible] confident about 1979. Dubin chairman [illegible] Dubin says [illegible] margins [illegible] improving and a busy year is expected if retail demand holds. [illegible] expanded [illegible] and hired more staff [illegible] with [illegible] And [illegible] business which [illegible]

was forced to accept during the recession is now being refused.

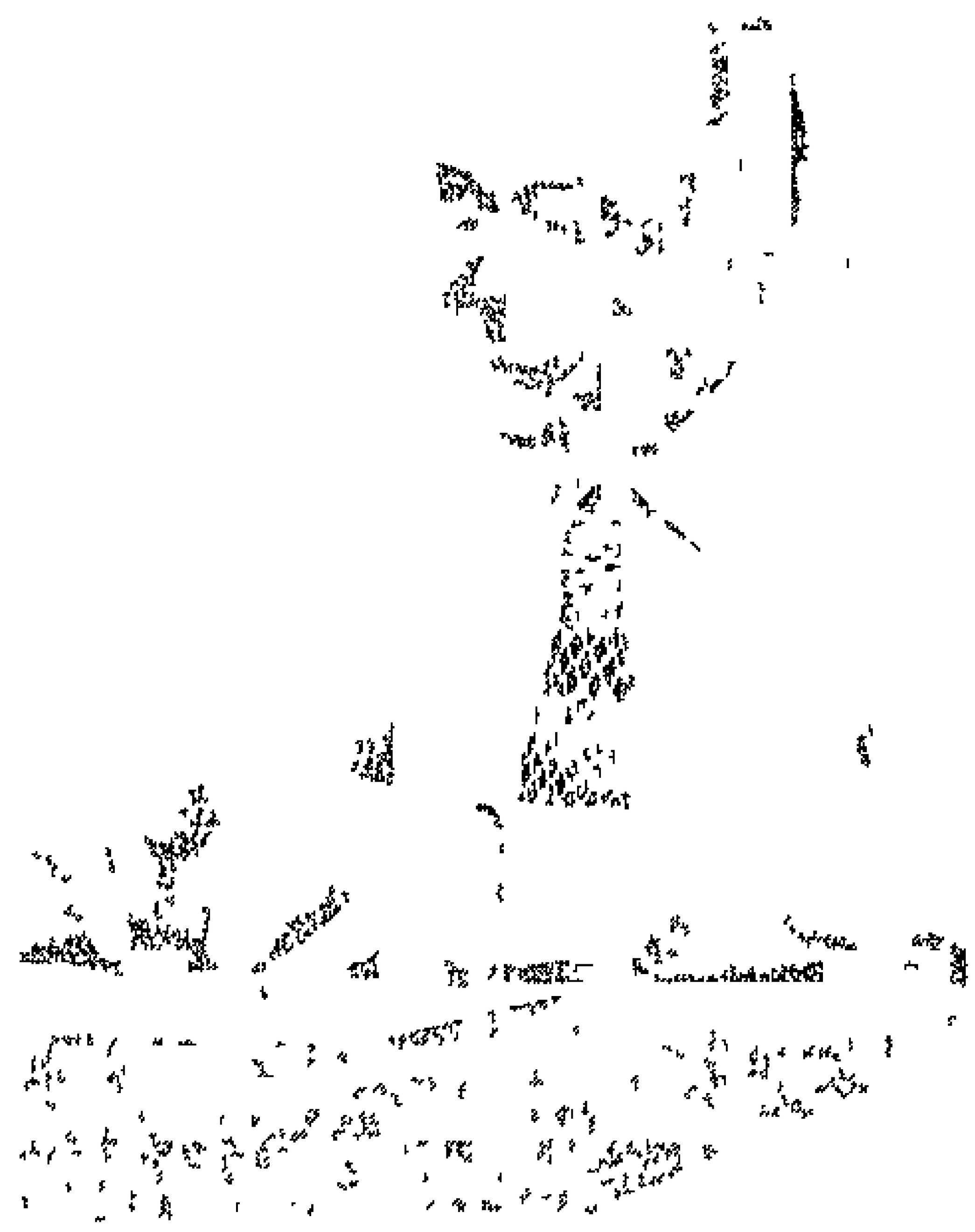
Dubin is concerned, however, that retail sales are not showing the gains expected and that demand may fall off after restocking.

Although there appears to be higher demand, discounting at the retail level is rife. This could however be a result of the late winter and the need for retailers to move high priced winter stocks to make [illegible] for the summer orders. However the discounting could cause hiccups in profits of retail outlets when they announce mid-year results.

Rex Truform is also "quietly confident" and is fully booked for summer 1979, says financial director Selwyn Kantor. Like Dubin, Rex True is an exporter and 1978 was the second year running that foreign orders more than doubled. And with improved efficiency and higher volumes, upward pressure on costs could be contained.

Competitiveness means that industry must adhere to tight delivery deadlines. Thus the difficulties experienced by some [illegible] timeous [illegible] local textile mills could [illegible] costs. Manufacturers have complained about [illegible] despatches from local mills [illegible] rather, this [illegible]

Clothing shares have shown large gains [illegible] still be buying [illegible] as well managed companies [illegible] export [illegible] The sector yields [illegible] market average of 7 [illegible] and charts [illegible] the bull trend is [illegible]



Abe Dubin ... riding the crest

According to the charts, Dugson and Delswa may be recovery situations, but, on fundamentals, the former appears to have little near-term attraction. A 6c dividend is needed to yield the sectoral average, and the group is highly geared with debt 116,6% of equity. Three dividends have been passed and previously the group was a conservative payer.

Dubin appears a far more attractive recovery prospect. The share, at 85c, yields 8,0% and a higher payout is likely in line with full capacity operation and a bulging order book. Management has proven its ability in riding out the recession with only a small profit fall.

Rex True and Seardel command premier ratings on the JSE. Both felt the effect of the 1977 recession, but profits have since recovered. Seardel has been helped by acquisitions. For longer term buyers these market leaders have merit, although prices are high.

Kantor says: "With the recession behind us and tax cuts due in July, the group is quietly confident about 1979. Efficiency has improved and higher volumes are favourable to unit costs."

Knitwear shares have also moved higher though marketability is limited, and yields are low. For capital gains there may be merit in Adonis, which returned to the dividend lists last year, and Nimian & Lester should improve still further. Berkshire's share price has bounded ahead to 135c since the annual report where it yields a low 3,4%.

In the clothing sector investment has to be tied around those with proven management and export ability since local demand can be fickle. Many of the companies listed have not shown satisfactory profits in 1978, although there could be surprises this year. But the market has generally discounted these situations, leaving few companies attractive in the near term.

Des Kilalea

13

Friends (Quakers) en van die American Friends Service Committee deurgebring. Hy het 'n aantal konferensies in verskillende dele van die land bygewoon, baie vergaderings toegespreek en senior beamptes van die Carnegie Corporation, van Community Relations Services van die Departement van Justisie van die Amerikaanse regering, van die American Friends Service Committee en kollegas verbonde aan verskeie universiteite besoek.

Gedurende Augustus en September het die Direkteur Engeland,

70

Financial Mail 1980

CLOTHING

Easing the tension

Efforts to reduce tension and confrontation in the clothing and textile industries have been taken a step further following a meeting in Cape Town on April 28 between the National Clothing Federation and the chief executives of the top 10 clothing retail chains.

The meeting, which took place under the auspices of the Textile and Clothing Advisory Council (Tacac), agreed to set up a Retail Distributive Committee to improve the flow of goods between textile mills, clothing manufacturers and the retail sector and to eliminate distortions which usually result in tariff applications to the Board of Trade, or complaints to the Minister of Economic Affairs about abuse of purchasing power (FM March 23). A follow-up meeting is scheduled for the end of June.

The meeting urged greater co-operation and co-ordination in the three main sectors of the trade. Because of an inadequate flow of planning information, production schedules have been thrown out of kilter by a good deal of over-buying by manufacturers and retailers who feared the mills would not meet delivery deadlines. The result was heavy cancellations, losses from which had to be costed into subsequent production runs.

Clothing manufacturers say they are in a particularly sensitive position. On the one hand they have to supply a sophisticated retail sector; on the other, they are at the mercy of textile mills which are not always in a position to meet requirements of the market. On top of this, the safety valve of imported fabrics is fast being shut off by increased tariff protection and the imports surcharge which, on average, raise the price of imported fabrics 52% over SA made cloth. Moreover, the price of fabric makes up 55% of the cost of garments, which means that fluctuations in raw material prices are reflected straight away in higher consumer prices.

SA mills now dominate 80% of the market, but this could go to 90% in the next year if new tariff applications are successful. This places a heavy responsibility on the mills, not only to maintain quality standards but also the variety of fabrics demanded by a sophisticated retail sector.

The argument, supported by major retail chains, is that unless there is planning co-ordination at all levels of the clothing equation distortions will arise which, in the end, will push up clothing prices to unacceptable heights.

Already there have been announcements that the cost of man made fibres and dyes will increase because of the tight oil situation. Cotton and wool producers have announced price hikes. So it is essential not to allow other factors to inflate prices, the meeting was told.

It was also suggested that:

- retailers should plan their purchases earlier to give mills more time to meet delivery dates;
- clothing retailers and manufacturers should co-operate in the development of new fabrics;
- textile mills should consult garment makers and retailers when making new investment in production capacity to ensure that this was in line with expected consumer preference;
- conditions of sale of fabrics and garments be adhered to at all levels;
- the Stellenbosch Bureau for Economic Research be commissioned to provide Tacac with an up-to-date statistical service and trend forecast.

Garment makers cautioned that unless conditions on home markets normalised they would be forced increasingly into export markets using imported fabrics with a duty drawback. They pointed out that the physical volume of clothing output rose a mere 1.3% a year in the period 1970-78. Unless bottlenecks on the home market were overcome, exports remained the only alternative to raise volumes of production.

evaluated, and it is probable that some of the dates are not associated with Iron Age occupations (Huffman, in press), and (2) quantile ranges are sensitive to processes associated with settlement proliferation as well as archaeological research strat[illegible]ett, in prep.). However, within one of the Early

velled/flutted complex (Urewe, Lelesu, Kwale and

North to South temporal ordering of the first

the radiocarbon chronology, and the fission model is

ng. On the other hand a continuous spread process

pottery styles unlikely since group isolation does

ure would have enforced group norms. Therefore, the

f the Early Iron Age probably could be explained

s a discontinuous expansion with a sequential occupation.

simple ecological models will be described, one

ther a discontinuous spread with sequential

athematical modelling of both mechanisms will

rates of expansion, and by comparing these with

ron Age radiocarbon chronology it will be shown

model produces more realistic rates of expansion than a continuous spread model.

density would increase in the central area until all the potential site territories were being utilised. In the central area population limiting factors would operate to balance recruitment (birth, immigration) and loss (death, emmigration).

This simple ecological model has some utility although it has been noted that population often appears to be at a lower density that the carrying capacity. It has been suggested that social organisation may act as a population regulating mechanism (Wynn-Edwards, 1962; Snyder, 1968). In Early Iron Age communities individuals would have interacted, and as population density grew the number of interactions would have increased. Animal models (Calhoun, 1952; Christian, 1955; 1956) suggest that this would have led to higher levels of stress which eventually would have led to a split in the community and the occupation of nearby site territories by some of the newly formed groups. In the continuous spread model it was assumed that the population density stabilised behind the advancing frontier and this followed from an implicit assumption that after community fission the groups would have moved a short distance before settling.

The social stress theory of population regulation is not universally accepted, and the lack of a critical resource has been considered as the main factor limiting population density in nature (Chitty, 1960; Lack, 1954).

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HEPWORTHS

12-18/6/79

Branch pruning

(134)

Activities *Operates a chain of 61 men's fashion stores*

Chairman *W A Bean*

Capital structure *500 000 ordinaries of R1 250 000 5% cum prefs of R1 Market capitalisation R550 000*

Financial *Year to February 28 1979 Borrowings long and medium term, R510 000 net short term R1,0m Debt equity ratio 80,4% Current ratio 1,8 Net cash flow R204 000 Capital commitments nil*

Share market *Price 110c (1978 79 high 140c low 100c trading volume last quarter 10 000 shares)*

	'76	77	78	'79
Return on cap %	20,4	10,0	0,9%	0,8%
Turnover index	135	139	129	122
Trading profit (Rm) (loss)	1,57	1,01	(0,4)	(0,3)
Earnings (c)	124	42	nil	nil
Dividends (c)	35	20	nil	nil
Net asset value (c)	683	705	600	527,9

High hopes back in the early Seventies prompted Hepworths to expand — a decision that subsequently proved expensive However corrective measures have now been taken and there is a possibility of the group breaking even this year But it is unlikely that shareholders — starved of dividends for two years — will receive any benefit this year

When the decision to expand was taken, Hepworths' annual turnover was growing at about 23%. At that stage the projection of a 12,5% growth rate was not only in order, but perhaps rather modest The group pushed ahead with its programme until the number of branches had grown from 60 to 85

Then the crunch came in 1976, and consumer spending plummeted The first member of any household to cut back on clothing expenditure is usually father As Hepworths chairman Sandy Bean puts it "It is often assumed that no one really notices if he wears the same outfit for a year " Very quickly Hepworths sales declined to such an extent that group resources were insufficient to cover the large branch network

In the past year Hepworths has strenuously attempted to put its house in order Unprofitable and marginally profitable branches have been closed leaving the company with a more manageable total of 61 Happy with this spread, no further closures are anticipated

Stocks have been reduced to R2,1m (R2,9m) and Bean anticipates that the stock "hump" will be completely eliminated by the end of the year A fair proportion has been sold at cost, but levels of certain basic lines have led to reduction of forward orders Stocks are now better balanced at a more appropriate level than they were at the same time last year," says Bean

Although the balance sheet is far from healthy, at least the trend is in the right direction Bank overdrafts and loans have been brought down from R2,5m to R1,9m and long-term loans reduced from R630 000 to R510 000

Nevertheless, with dividend prospects still dismal, the share looks overpriced at 110c

Jean Moon

NINIAN & LESTER

FM 8/6/79

Sharp recovery

144

Activities· *Durban-based knitwear and clothing manufacturer Protea Knitting Mills, Consolidated Jersey and Elmar are wholly-owned subsidiaries Directors hold 81% of the equity*

Chairman. *M R McElliot, managing director D M Drysdale*

Capital structure. *2,1m ordinaries of 50 Market capitalisation R2,4m*

Financial· *Year to December 31 1978 Borrowings long and medium term, R174 000, net short term, R688 000 Debt equity ratio 16,9% Current ratio 2,0 Net cash flow R1,4m Capital commitments R525 000*

Share market· *Price 115c (1978-79 high, 115c, low, 42c, trading volume last quarter, 2 000 shares) Yields 37,8% on earnings, 4,3% on dividend Cover 8,7 PE ratio, 2,6*

With the recovery in the knitwear industry and continued tariffs on imported garments, Ninian & Lester can look forward to higher earnings in 1979 But the extent of the improvement will depend on the effect of mid-year tax cuts on consumer spending

	'75	'76	'77	'78
Return on cap %	11 0	12 4	24	24 6
Turnover index	108	133	137	158
Gross profit (R 000)	664	1 019	166	1 547
Earnings (c)	13 6	28 1	—	43 5
Dividends (c)	7	7	—	5
Net asset value (c)	184	207	205	244

1974=100

Higher sales and the imposition of tariffs on imports meant higher capacity utilisation and contained unit costs Thus, although prices were little changed from 1977 levels, profits from the knitwear division increased "substantially" to enable the overall loss position to be reversed

The clothing division contributed less to group profit in 1978 This is in contrast to other clothing companies which so far have reported higher demand, increased throughput, and better profits and prospects The problems were in the sportswear division where the Jockey and Fred Perry lines turned in "disappointing" performances However, leisurewear and fashion products recorded "marginally" higher sales and profits

Since the year-end, the group acquired the operating divisions of Elmar for R1,4m cash, to be financed from medium- and short-term borrowings This will add to the company's range of men's underwear and sportswear lines, but no material impact is expected on 1979 earnings

The balance sheet is now sounder, with borrowings trimmed to R865 000 (R2,3m) and gross profit last year covered the interest/leasing bill 4,5 times Stocks were lower at the end of December at R2,5m (R2,6m), despite a 14,9% turnover hike, and the current ratio improved to 2,0 (1,6) This year, though, borrowings may rise as a result of the Elmar acquisition, which should add about 10% to nav

The company covered the 1978 dividend a comfortable 8,7 times, which may be a pointer to the year ahead in view of the first inclusion of an inflation adjusted statement in the accounts In the current cost income statement, earnings are given as 26,1c a share — which means dividend cover is 5,2 times

At 115c the share yields 4 3%, which is expensive for a thinly-traded investment with an erratic profit record There may be a higher dividend this year, but any buying will probably send the share even higher

Des Kilalea

(184) 15/6/79

Pay rise disappoints workers

By Sieg Hannig
Labour Reporter

The 20 000 garment workers covered by the Industrial Council for the Transvaal Clothing Industry are "very disappointed" at their new pay deal

But the 7,5 percent rise in minimum wage rates for the workers from July 1 still gives Johannesburg garment workers more pay and a shorter working week than those of their colleagues in Durban and Cape Town

"The workers are very disappointed," said Mrs Lucy Mvubelo, whose National Union of Clothing Workers represents the predominantly black work force of the Transvaal industry

"Fortunately some employers are going to improve on this minimum increase

"But we must also appreciate that the industry lost thousands of jobs to areas which pay less and work longer hours."

The new pay deal provides for a further increase of 7,5 percent in July 1980 and for a third rise of five percent a year later

From next month a Johannesburg machine operator will get at least R26,35 for a 40-hour working week.

BURLINGTON INDUSTRIES

Tightly held

FM 15/6/79 184

Activities: *The business of the group comprises the manufacture of shirts, pyjamas and women's knitted outerwear*

Chairman: P Kawitzky

Capital structure: *600 000 ordinaries of 50c 50 000 6% cum prefs of R2 Market capitalisation R540 000*

Financial· *Year to December 31 1978 Borrowings long and medium term, R307 000, net short term, R487 000 Debt equity ratio 77,1% Current ratio 2,0 Net cash flow R97 000 Capital commitments nil*

Share market· *Price 90c (1978-79 high, 90c, low, 62c, trading volume last quarter, 500 shares) Yields 18,7% on earnings, 8,3% on dividend Cover 2,9 PE ratio 5,4*

	'75	'76	'77	'78
Return on cap %	17 5	16 9	17 7	11 6
Turnover index*	100	120	111	127
Pre-tax profit (R 000)	161	184	170	159
Earnings (c)	14 1	15 2	14 3	16 8
Dividends (c)	7 5	7 5	7 5	7 5
Net asset value (c)	134	141	220	157

* 1975=100

Rather than receive the full tax benefits arising from a special allowance on new knitting machines in the first year of installation, Burlington Industries has elected to spread the benefits over a five-year period Nevertheless, the reduction from a 45% tax rate to 33% boosted after tax profit by 16% to R106 800 — despite a 6% drop in net income before tax

A further boost in the current year could stem from a pending insurance claim in respect of profit lost in previous years as a result of damage to yarn stocks

Export promotion continued during the year, and as a result of the British subsidiary Marlboro participating in trade fairs at Earls Court and Olympia, several leading department stores in England have accepted the group's shirts as high quality products Consequently, chairman Philip Kawitzky believes there is considerable potential in this market

Despite the promising outlook, the share is rarely traded, which makes it a non-starter

Jean Moon

stitute a reduction of a company's authorized share capital.

(4) The capital redemption reserve fund may, notwithstanding anything in this section contained, be applied by the company in paying up unissued shares of the company to be issued to members of the company as fully paid-up capitalization shares.

(5) (*a*) If a company has redeemed any redeemable preference shares, it shall within one month thereafter give notice thereof in the prescribed form to the Registrar specifying the shares so redeemed.

(*b*) If default is made in complying with the provisions of paragraph (*a*), the company shall be guilty of an offence.

(6) For the purposes of subsections (1) and (2) "book value" in respect of preference shares of no par value, means that part of the stated capital contributed by the preference shares redeemed or to be redeemed.

(7) This section shall also apply in respect of any balance of any capital redemption reserve fund created by a company prior to 1 January 1974.

[Sub-s. (7) added by s. 4 of Act No. 64 of 1977.]

99. Conversion of shares into certain preference shares.—If a company has converted any of its shares into preference shares which are, or at the option of the company are liable, to be redeemed, the provisions of section 98 shall apply to such preference shares.

[S. 99 substituted by s. 6 of Act No. 111 of 1976.]

100. Conversion of shares into stock.—(1) A company having a share capital, if so authorized by its articles, may by special resolution convert all or any of its paid-up shares into stock and reconvert such stock into any number of paid-up shares.

(2) Where a company has converted any of its shares into stock, the provisions of this Act which in terms apply exclusively in respect of shares, shall cease to apply to so much of the share capital as has been so converted.

101. Share warrants to bearer.—(1) A public company having a share capital, if so authorized by its articles, may, with respect to any paid-up shares, or to stock, issue a warrant (in this Act termed a share warrant) stating that the bearer of the warrant is entitled to the shares or stock therein specified, and may provide, by coupons or otherwise, for the payment of the future dividends on the shares or stock included in the warrant.

(2) A share warrant shall entitle the bearer thereof to the shares or stock therein specified, and such shares or stock may be transferred by the delivery of the share warrant.

102. Variation of rights in respect of shares.—(1) If in the case of a company the share capital of which is divided into different classes of shares, provision is made by the memorandum or articles for authorizing the variation of the rights attached to any class

RUSSELL

More in store

FM 29/6/79

Russell's slightly lower interim earnings were accompanied by a forecast that profit for the year might be lower But, at end-April, pre-tax profit was 14,7% higher at R16,3m (R14,2m), and the final dividend lifted to 7c (6c) for an 11c (10c) total, and it appears that after two good months in the current financial year, a higher dividend may again materialise

At the half-way mark earnings were 20,3c (20,6c) and the dividend was pegged at 4c. Operating margins fell to 10,4% (12,4%) on sales of R64,2m (R56,3m) However, management's efforts to reduce costs were obviously successful as, over the year, margins were unchanged at 12,1% on sales of R135,2m (R117,9m) with a 42% (43,5%) tax rate and less to outside shareholders, increased earnings 15,3% to 46,8c (40,6c)

In the past year the group's clothing interests, predominantly the 94% held Manboys chain, experienced difficult trading and some unprofitable outlets were closed In 1977/78 the clothing division contributed 5% to net income Last year its contribution was negligible, with nearly 100% of net income coming from the furniture operations says MD Les Mankowitz

Furniture sales benefited from increased consumer spending after the post-gst lull The group continued closing unprofitable outlets and opening new stores as opportunities arose, but Mankowitz says there was little change in the total number of outlets However, he notes that debt collection, which slowed down in the previous year, is now satisfactory

Since the year-end Russell acquired two Rudicks outlets, and opened a further two This should add to profits this year as should the newly-opened bedding chain, Fortywinks

Mankowitz hopes the 14,7% turnover increase of 1978/79 will be beaten He cautions, however, that the fuel price increase and its effect on retail selling prices of furniture makes forecasting difficult

Dividend cover increased to 4,3 (4,1) times because of the expected higher volume of business this year But a further increase is unlikely as Russell's cover has seldom been higher, and efforts are being made to limit the extra stocks needed to meet demand

The share has fallen 15c to 125c in the past two weeks to yield an historic 8,8% The expectation of higher profits is likely to be fulfilled, so a higher dividend is a reasonably safe bet This implies a yield higher than most in the furniture sector As such Russell seems under-priced

Des Kilalea

184

Monday to ... ut the pro- ... to R3 wage ... Shield re- ... rubbish ... to comment ... e other state ... ng that all ... ngs were pri ... he Press was ... d and that he ... n to make any ... ents

Labour

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years by getting votes from hopeful union members

SITTING PRETTY

'What do we do if in September, the new wage is not R3? We'll just have to accept what our union does for us — but the executive will be sitting pretty for another three years'

Mr Williams was critical of the failure of the union's officials to inform the members that an executive member Mr T Whittle had resigned more than two general meetings ago

'Even now we don't know what steps are being taken to replace Mr Whittle

'A man resigns after 22 years' service and we don't know about it We don't know why he resigned But we elected him in the first place'

CONFERENCE

Mr Williams also slammed the union officials for spending nearly R2 000 of members' money to attend a three-day conference at Magaliesburg during August last year — and then not bothering to report what had happened there

'The time has come for the members of the union, the rank and file electricians to make their presence felt We must stop ... where we have elected ... [illegible] ... said Mr Williams

... than electricians

Mr Williams was involved in a running fight with the union last year after he claimed that the union was not representing him properly in a dispute with his employer The matter was subsequently settled to the general agreement of all the parties Recently Mr Williams injured his back in a fall from a temporary stand at the swimming championship at Worcester and was bedridden in hospital until the day before last week's meeting

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06 APR 1979

TRADE UNIONS

Financial Mail

Principle and practice

When is a racial trade union not a racial trade union? When it is for whites (or other non African workers) only Or that, it seems is the attitude of Assocom and a growing number of industrial employers

Replying to a Tucsa letter asking for its comments on black trade union recognition Assocom says its long standing policy is that "industrial procedures should be restructured on non racial lines" It adds that many employers are reluctant to "negotiate formal agreements" with unregistered unions on the grounds that such agreements "could carry no legal force

According to unionists in the commercial distributive trade Assocom has repeatedly told them that it will not recommend African union recognition to members because it prefers a single non racial union The unionists have been trying to gain recognition for the (unregistered African) Commercial Catering and Allied Workers Union (CCAWUSA) from the large chain stores, some of whom have also used the "non racial union" argument to justify withholding recognition

Yet, the unionists point out, Assocom s members in the commercial distributive trade have been dealing with whites only and coloureds and Asians-only unions for over three decades

Says shopworker unionist Morris Kagan "When they came out with this non racial policy a few years ago we dismissed it as a tactic Non racial unions can't be registered and this sort of attitude is a convenient way of ducking the issue"

The situation in the shopping industry raises another issue What if workers don't want to belong to non racial unions? The coloured shopworkers' union wants complete integration — if the Wiehahn commission allows it — but the African and the white union both want to maintain their separate indentities, while co-operating on specific issues in a federation

Says CCAWUSA general secretary Emma Mashinini "Are employers now going to insist that we integrate? The domestic affairs of the unions are none of their business

It is also difficult to see employers — despite their claims that they don't like uni racial unions — breaking off relations with whites only unions if Wiehahn provides for mixed unions

How does Assocom react to charges of a contradiction between principle and practice? It won't say Approached by the *FM* with queries arising out of its letter to Tusca — which the Johannesburg Chamber of Commerce itself made public — executive director Raymond Parsons would say only "In view of pending developments in this field — both in the private sector and from the Wiehahn report Assocom would prefer not to elaborate on its letter to Tucsa at this stage Your queries confirm the need for the urgent publication of the recommendations of the Wiehahn commission

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New group fires Koka

Post 30 Mar.

By JOE THLOLOE

THE secretary general of the Black Allied Workers Union (Bawu) Mr Drake Koka, banned and in exile, was this week expelled from the union by a dissident group

Expelled with him is the president, Mr Alfred Mahlangu the acting secretary general, Mrs Mary Tsoke, and six other members

At their conference in Durban last weekend the dissidents decided to change the name of the union to the South African Allied Workers Union (Saawu)

The Durban conference, at the Hotel Asoka, was attended by 16 delegates

This week, the secretary general of the dissident group, Mr S K B Kiki, issued a Press statement saying that Mr Koka, Mr Mahlangu Mrs Tsoke, Rev Johannes Seoka, Mrs Florence Sithole, Mr M J Khumalo Mr Reuben Mashabane, Mr Jabulani Dlamini and Mr Tajo Mtshali were expelled

The group alleged that the expelled people "had misrepresented the union."

Yesterday Mr Mahlangu told POST that he regarded the expulsions as a big joke

"These 16 individuals who call themselves delegates expel us from an organisation and in the same breath form a new organisation," he said

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Union assets 'seized by angry workers'

Rand Daily Mail 30 March

By RIAAN DE VILLIERS
Labour Correspondent

MRS MAGGIE ... acting general secretary of the ... Black Sa... Workers Union ... complaint with the police at John Vorster Square ... in an effort to recover union assets which have disappeared under mysterious circumstances

The assets — including all union records and a vehicle — have been removed from the possession of Mr Sisa ... Sikhakhane a leading trade unionist who was sacked recently as general secretary of the union

Mr Sikhakhane was to have handed over the union's assets to Mrs Magubane by 12 noon last Friday

Instead, his lawyer has claimed in a letter that Mr Sikhakhane was unable to hand over the assets as they had been removed by angry workers

This is the latest in a series of incidents since Mr Sikhakhane, director of the Urban Training Project and chairman of the Consultative Committee of Black Trade Unions was sacked as general secretary of the union at an executive committee meeting ...

Mr Sikhakhane with three members of the union's executive supporting him — including the president and vice-president — refused to accept his dismissal as valid He repeatedly refused to hand over the union's assets to Mrs Magubane who had been appointed acting general secretary

On Wednesday last week an executive committee meeting was held in the presence of lawyers representing both parties

Resolutions were passed confirming Mr Sikhakhane's dismissal Mrs Magubane's appointment and ordering that the assets be handed over to Mrs Magubane

Mrs Magubane was also authorised to take legal action to recover the assets if Mr Sikhakhane failed to hand them over

The resolutions were all passed by 10 votes to three It is believed Mr Sikhakhane accepted that they were valid

On Thursday a lawyer's letter was sent to Mr Sikhakhane requesting him to hand over the assets by 12 noon on Friday or face legal action

Mr Sikhakhane however failed to do so

On Monday his lawyer wrote a letter claiming that some of the assets had been removed by angry workers ... undertaking that they would be handed over ...

[illegible]

[illegible]

Sun. Tribune 1/7/79

Clothing industry calls for aid

(184)

By Jack Brickhill

THE clothing industry, after being in the doldrums for nearly a decade, is trying desperately to expand into fiercely competitive international markets.

But the new export drive is in danger of becoming bogged down while the Van Huysteen Commission's export incentive proposals sit in Government pigeon holes.

Few clothing manufacturers would dare, without new incentives, to commit more than five or 10 percent of their production to exports because of market uncertainty, fashion changes and competiton from countries in the East and the Far East.

The industry has expanded only 1,3 percent in the last eight years and with the South African market nearly saturated it has to look for expansion in foreign markets. Manufacturers also want to expand exports quickly to counter the possibility that quotas on Hong Kong clothing imports imposed by North American and European countries will be extended to other countries. The quotas were brought in to protect clothing manufacturers in America and Europe.

Simon Jocum, president of the National Clothing Federation, says South Africa should built up exports rapidly in the next two or three years so that a high base figure can be achieved before any clamps are put on. He wants the Government to give immediate cash grants to the clothing exporters to help fill the gap until the new Government incentives are introduced. "Planning for the 1980 export sales must start now and the industry cannot wait indefinitely for the Van Huysteen proposals to be acted on," he said.

He says the cash grants should be related to export performance measured against total production and should be simple to implement. The grants should be bigger when South African raww materials are used instead of imported material. This would give impetus to the textile cloth manufacturers.

The fabric manufacturers employ 110 000 people and the clothing manufacturers employ 120 000. Jocum says an increase in the level of exports will boost employment, earn foreign currency and create greater throughput which will keep costs down.

Clothing exports are usually air-freighted, because of the rapidly changing fashion scene, to Europe and America and costs have soared this year with fuel price increases. Jocum also wants some form of subsidy on air-freighted goods.

The country exported clothes, mainly jackets and trousers for men and women, worth R22 million last year. Exports in 1973 were worth R3 million but rose to R7 million in 1976 and R17 million in 1977.

Manufacturers still find it easier to sell on the local market than take a chance on the high-risk export scene. Jocum has asked the Industrial Development Corporation to assist the industry with low interest loans so that it can make a meaningful impact on the export trade. He says South African clothes are fast gaining acceptance for style, quality and price.

frequency of inter-settlement contact would have increased and with it the probability of friction would have grown. The level of stress would have increased until fission occured when groups would have moved away, settled and formed the nuclei of new cultures. Each of these nuclei could have acted

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...s spread

...e simulations

... values were

...not have a high relationship to either the Nkope-Gokomere axis or to Silver Leaves material and should be excluded from the eastern stream. Similarly,

Nkope has occasional fluting and bevelling which has been used to tie it to the eastern stream, but as this feature was not common (Robinson, 1973; Table 2) and it would seem that Nkope probably belonged to a different tradition.

Phillipson (1975, 1977) has suggested that the expansion occured as a linear continuum with Urewe as the earliest and Silver Leaves as the latest group. The linear continuum is based on the floruit analysis (Phillipson, 1975) and has marked differences from the reconstruction derived from pottery analysis which suggested that Urewe and Kwale were related through a common ancestor (Soper, 1971b). The simulations were carried out over both possible reconstructions:

Simulation 1. Urewe ⟶ Lelesu ⟶ Kwale ⟶ Silver Leaves

Simulation 2. Kwale ⟶ Silver Leaves

...tion 1. The discontinuous spread model produced a faster rate of ...ion than the wave of advance model. Rates of less than one kilometer ...ear were generated by the wave of advance model (Table 1) and these ...n order of magnitude lower than the rates from the discontinuous spread (Table 2). The rate of spread for a culture in the discontinuous ... model was similar to the rate generated by the wave of advance model ...e 3). Different input populations had little affect on the rates for ...ave of advance model (Table 4) but did affect the internal culture expansion rates for the discontinuous spread model (Table 5). The differences in the rates of spread within a culture, for the discontinuous spread model, resulted from high populations inputs being spread over a large area. Only a relatively small area was colonised before fission occured. Therefore the time taken to reach the critical population density was short and this produced fast rates of expansion.

Simulation 2. The rates of advance for the wave of advance model remained the same as in simulation 1. This was also true for the within culture expansion rates derived from the discontinuous spread model. Appreciable differences were found in the overall rate of expansion, with rates from Kwale to Silver Leaves expansion being much faster (Table 6) than from Urewe to Silver Leaves (Table 2).

184.
18/7/79
Argus

Clothing exporters should join forces – Economist

CLOTHING manufacturers and retailers should get together to form an export house, says Professor J L Sadie, director of the Stellenbosch Bureau for Economic Research.

'There is a great deal of leeway for South African clothing manufacturers to make up,' he told the winter seminar of the Menswear Group of clothing manufacturers in Cape Town.

If a company was formed, it could bring in smaller businesses that did not export but could give the kind of variety that could sell well in Europe and the United States.

RELUCTANCE

There was a reluctance on the part of South Africans to export. They usually did it on a surplus basis or turned to exports in hard times because they had spare capacity.

'Later, when business in South Africa improves, exporters do not even respond to overseas customers' letters and give the country a bad name.'

The expertise of manufacturers and retailers could be pooled in one marketing organisation which would save overall costs and be more effective.

The group's chairman, Mr Pierre Combrink of Paarl, said European importers considered a few major South African exporters were making fools of themselves by cutting prices and competing with each other instead of competing against European manufacturers.

Holland had its own organisation for clothing exports and their manufacturers did not compete against each other.

'This idea of an export house is an excellent one and we will look into it.'

Professor Sadie added: 'Cape manufacturers are notorious for their inability to co-operate.'

Wall St golds

	ASA	Homestake
July 17	26,77	33,375
July 16	26,25	33,50
July 13	26,00	33,375
July 12	26,375	33,375
July 11	26,50	34,75
July 10	26,50	34,875

Overseas indices

	FT Indus	D-J Indus	FT Gold
July 17	478,0	828,5	171,7
July 16	470,7	834,9	160,6
July 13	466,6	833,5	158,8
July 12	469,8	836,86	165,4
July 10	479,7	850,34	165,2

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with selected major categories of disease. Clearly, this is an entirely hypothetical situation. However, these competing risks life tables not only provide an indication of the relative importance of various disease categories to both the overall mortality experience and also to expectation of life of the three communities, but also, since there is an approximately linear relationship between the reduction of mortality and the percentage increase in life expectancy, any improvement will give rise to a proportional improvement in the expectation of life. Thus, if the mortality associated with any of the diseases included in Fig. 6 are re-

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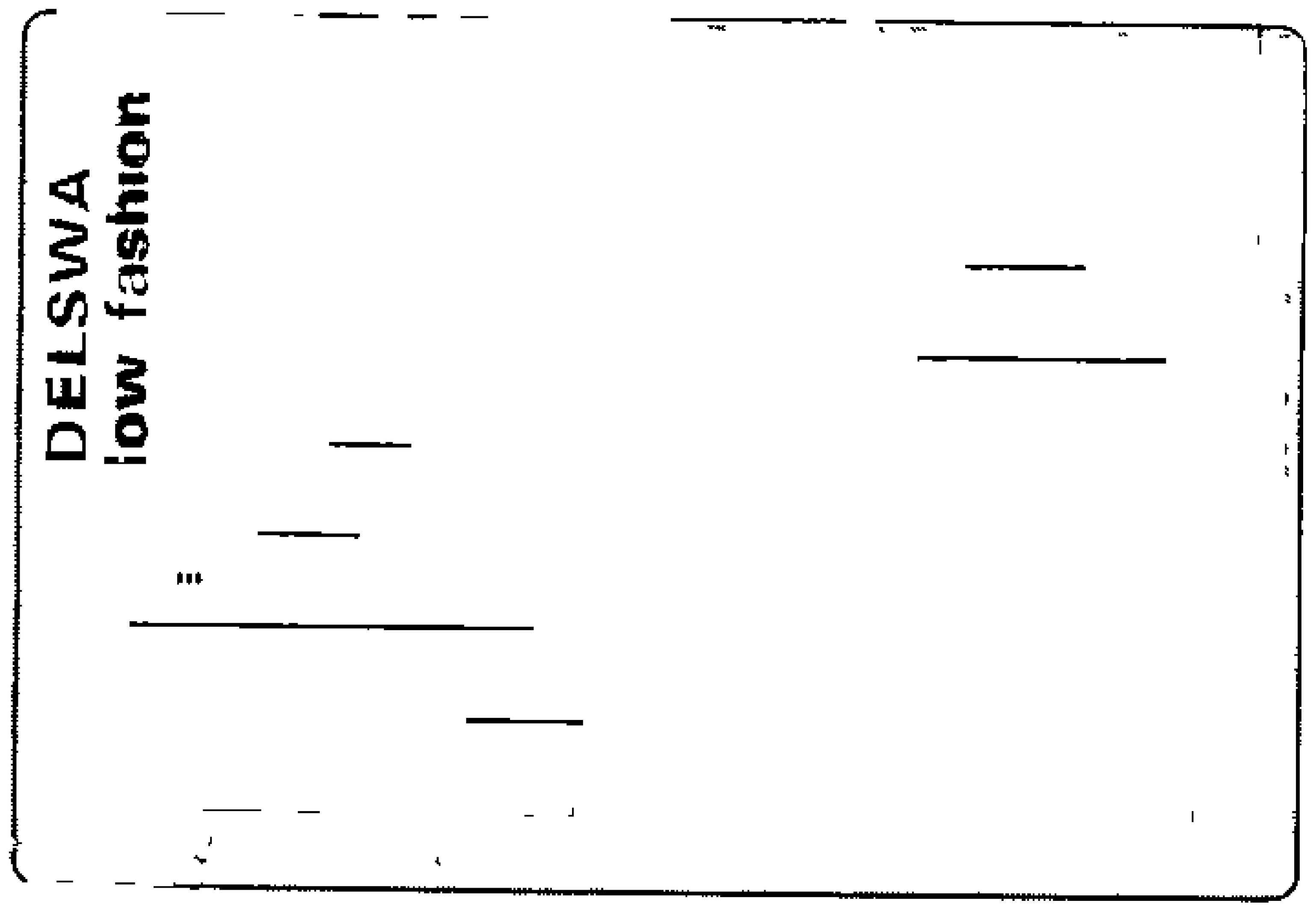


DELSWA
Back in fashion

FM 10/8/79 (186)

Activities: *Manufactures and sells ladies' outerwear and sportswear Interested in ladies' knitwear and girls' schoolwear Directors effectively hold ... of capital*

Chairman and managing director *S L ...*

Capital structure. *669 000 ordinaries of ... 1000 000 5,5% cum prefs of R2 Market capitalisation R1,14m*

Financial: *Year to April 30 1979 Borrowings long and medium term, ...75 000, net short term, R912 000 Debt:equity ratio 23,4% Current ratio 2,3 Group cash flow R492 000 Capital commitments Nil*

Share market. *Price 170c (1978-79 high, 185c, low, 130c, trading volume last quarter, 5 000 shares) Yields 28,9% on earnings 10,3% on dividend Cover 2,8 PE ratio 3,5*

	'76	'77	'78	'79
Return on cap %	26 0	15,1	7 7	10 9
Turnover index*	147	154	161	167
Gross profit (R000)	1 496	968	446	667
Earnings (c)	114 3	70,3	22 4	49 2
Dividends (c)	42 5	25	12,5	17 5
Net asset value (c)	641	679	657	719

* 1973=100

After an unencouraging interim, Delswa achieved a neat turnaround in the second half of last year to show a 119% after-tax earnings hike for the year to R344 000 (R157 000) For several years the company was plagued with supply problems, and chairman Sam Jaff tells the *FM* that the company is no longer prepared to look at its "bad suppliers" He has decided to "stop complaining and bypass people who can't give deliveries"

This bodes well for the future as, in the past, supply problems and variable quality of locally manufactured raw materials have interfered seriously with factory efficiency The attempt to adopt a more aggressive attitude toward merchandising has been successful, and the benefits of this new approach should continue to be felt

Since the year end, Delswa has negotiated the purchase, for about R850 000, of MSG Holdings, manufacturers and distributors of boys' outerwear Delswa is undergeared, and financially strong, so financing this move into new related markets will be no problem

Because of the vagaries of suppliers and the expense related to idle time in the factory, stocks, which are 18% up on the previous year, will continue to be increased Order books are currently running at record levels, and turnover should improve on the 4% increase achieved last year With tighter manufacturing controls, efficiency margins have improved materially, and this trend is expected to continue

A 17,5c (12,5c) dividend has been declared, covered a conservative 2,8 times (1,8 times) This 40% dividend improvement puts the tightly-held shares on a 10,3% yield Provided the improvement can be maintained in the face of a possible economic slowdown, this share, and that of parent Jade, which is currently trading at 41c and derives almost all its income from Delswa dividends, seem to be good recovery material

Jonathan Bader

I L BACK

Inching forward

(1366)

Fm 10/8/79

Activities: *Holding company with subsidiaries manufacturing clothing for men, women and children Rembrandt group holds 67,9% of the equity*

Chairman: *S R Back, managing director P R Brink*

Capital structure: *27,4m ordinaries of no par value 100 000 6% cum prefs of R2, 150 000 6% 2nd cum prefs of R2. Market capitalisation R12,3m*

Financial· *Year to March 31 1979 Borrowings long and medium term, R31 000; net short term, R11,7m Debt equity ratio 362% Current ratio 1,2 Net cash outflow R1,5m Capital commitments Nil*

Share market: *Price 45c (1978-79 high, 55c, low, 15c, trading volume last quarter, 36 000 shares)*

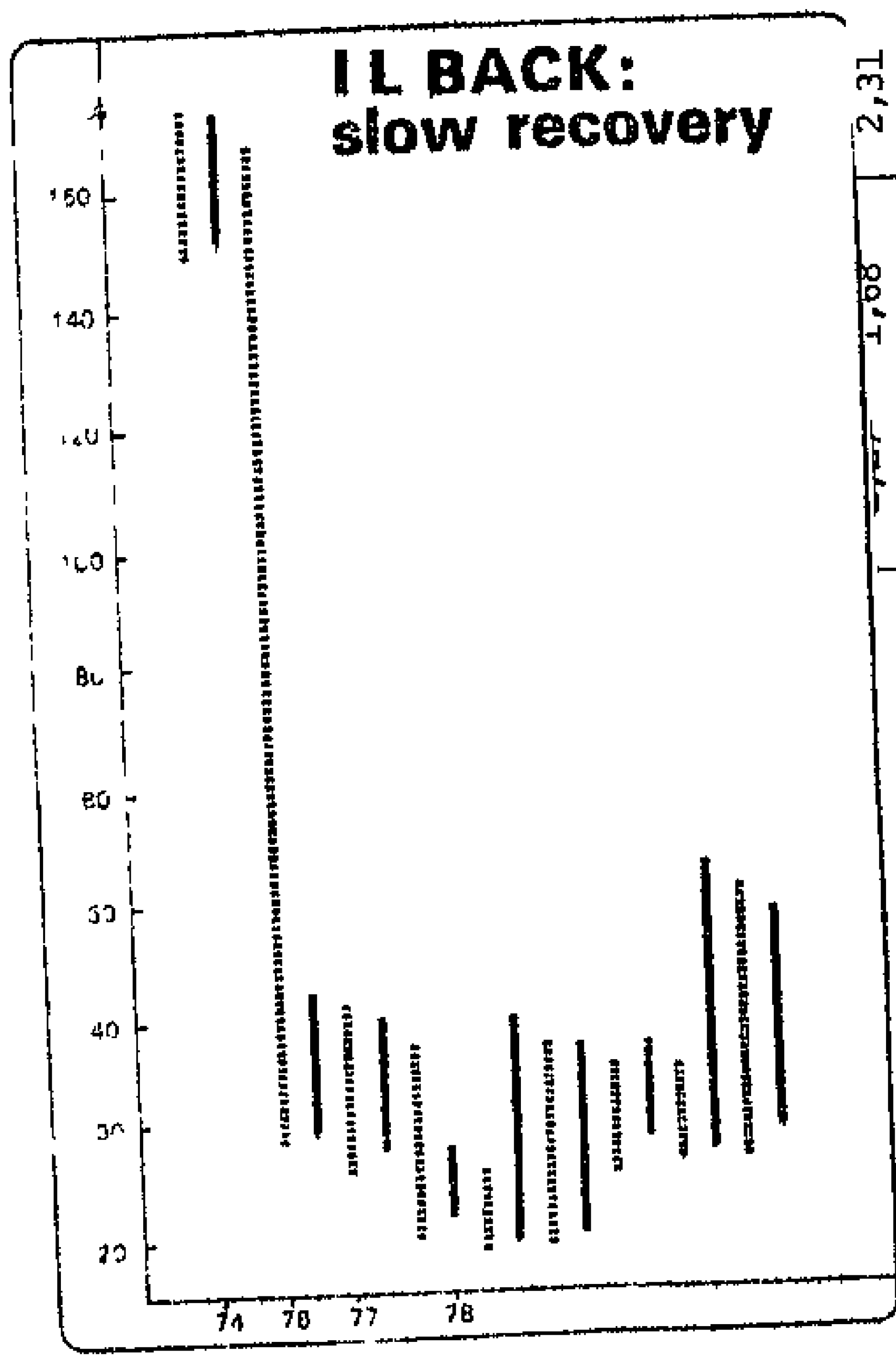
This time round chairman Ruby Back has declined to make any comment on future prospects In fact, his chairman's statement is but nine lines long and only five of them have some relevance to the state of the company

Nevertheless Back's trading position appears to be steadily improving, with the overall loss for the year reduced from R5 3m to R1,7m on a 16,3% higher turnover of R23 6m And the improvement accelerated in the second six months with the loss being reduced to R431 000 compared with R1,3m in the first period

	'76	'77	'78	'79
Return on cap %	17 2	nil	nil	nil
Turnover (Rm)	17 7	18 8	20 3	23 6
Trading profit(loss) (R 000)	1 763	296	(2 172)	(44)
Gross margin %	17 2	—	—	—
Earnings (c)	29 8	—	—	—
Dividends (c)	—	—	—	—
Net asset value (c)	321	115	11	10

Healthy order books, a better economy and higher margins are the reasons But, while the interest bill came down from R1 2m to R964 000 total borrowings at the year end were R2,8m higher at R11,7m and suggest that interest payments this year will temper further trading gains This has led to debt equity increasing from 272% to 362%

Back's operating loss was lower at R43 000 compared to R1,2m for the previous year and with better cost control and fewer write-offs, expenditure was R1 3m lower at R1,6m Hence the loss at the attributable level was pared from R5 3m to R1,7m and cash outflow was reduced from R5m to R980 000 Last year, costs were affected by what looks to be the last of the write-offs, with a loss of R279 000 appearing as a result of the sale of redundant stocks By comparison, expenses in 1977 were abnormally inflated by provisions of R1,4m against stocks and debtors By the year end, Back's accumulated loss amounted to R8,3m (R6,7m)



But with the balance sheet, if anything, deteriorating further, it appears that controlling shareholder Rembrandt will again have to come to the rescue with a further injection of funds For without additional capital, any downswing in Back's market could be the last straw And should Rembrandt do so, there is a possibility that it could resort to taking out of minorities Certainly, were it not for big brother, Back's bankers might justifiably be concerned that the group now has assets of only R16,9m compared to liabilities of R13,7m, which are mostly current in nature

While the group appears to be approaching a break-even situation, there will certainly be no dividends for a considerable time In fact, there have been no dividends for five years while the asset base has dwindled from 321c in 1976 to a mere 10c Also, pref dividends are now R45 000 in arrears

As for the share, any investors hoping to back a short-term recovery stock are advised to look elsewhere

John White

METHODS

In this paper, deaths are analysed at approximately 10 yearly intervals corresponding to the census years. These years have been selected in order to reduce errors in estimating the age specific composition of the populations. The first complete year for which all death certificates were examined by a medical assessor attached to the office of census and statistics was 1929, and this year has therefore been chosen as the starting point for the present study.

... the age structure of the two ...ences which are apparent from Fig.1. The absolute values of the rates depend on the population used for standardisation, and consequently the SMRs should be used for comparison between groups. The population used for standardisation was representative of a developed country (e_o = 65, r = 0,01).[8]

(iii) Age and cause specific death rates. Age specific rates were grouped into twenty year intervals except in the early years of life.[10] To avoid inconsistencies caused by differences in the revisions of the ICD over the years, the causes of death have been collated into twelve categories,[6] which are summarised in Table I.

The age and cause specific mortality rates for the years 1941, 1951 and 1960 had previously been calculated by Preston *et al*[8] and this data has been used in the present study.

ABE DUBIN (144) RM 31/8/79

Needle sharp

Rag-trade raconteur Abe Dubin shoots quotable quotes from the hip
- This is one place where the small fellow can beat the big fellow,
- It's no use offering a woman last year's dress even at half price,
- If you sit still for five minutes you're knocked out of the market

After 25 years in the clothing business Abe, chairman of Dubin Investments, employs 6 000 people turning out 40 000 garments daily With more than 800 competitors he is in a tough business, yet, despite long-running consumer sluggishness, remains optimistic about his own company

Dubin . . . some only think they're making profits

DI, owner of SA Clothing and Man-about-Town (also in finance, printing, radio manufacture, distribution and office furniture), has returned a first-half interim 55% up, at R939 000, on last year's same period

How?

Dubin believes many clothing companies fall down on costing "Some think they're making a profit when they're actually making a loss because they don't know what their true costs are," he says

Dubin is level-headed, a fair asset in the hectic rag trade, and a great believer in forward budgets He also seems to be adept at attacking target markets in a rapidly changing trends and fads business

"Half our turnover is in women's trade and we incur heavy costs keeping in touch with fashions and markets," Dubin says

The future? "I can't give a long-term view At the moment we are in a period of consolidation and rationalisation If something came up that didn't involve significant capital expenditure I'd consider it The present aim is to penetrate deeper into existing markets and raise efficiency We're very self-critical"

Bill Cain

853

but those for 'Coloureds'** and Asians are available only from 1938 onwards. Information about African deaths occurring in the principal municipalities are available from 1949 onwards; there is still no information on African deaths outside these areas. Deaths of military personnel outside South Africa have been published separately.[6]

Complete censuses were held in South Africa during 1911, 1921, 1936, 1946, 1951, 1960 and 1970, for whites only they were also performed in 1918, 1926, 1931, and 1941. Life tables are availabl...

** The nomenclature employed in describing components of the South African social formation is bedevilled by a system of ethnic terminology which is frequently not merely inaccurate and of little analytical value, but it is also offensive to those South Africans to whom such labels are appended. In line with the terminology of modern historical writings on South Africa, one has to reject the use of the term coloured as being of little use in characterising a section of the population. Its basis as an ethnic category is a highly dubious one, as the criteria are so ill-defined. It would appear that the only workable definition of 'coloured' lies not in the area of objective 'racial' character, but within the South African legal system. People are 'coloured' purely in terms of reference laid down by South African racial taxonomy; such individuals form a community which can only be defined legalistically in terms of its relationship with other groups. The use of inverted commas in 'coloured' is for the present purposes perhaps most appropriate. For written presentation, it affirms the ad hoc, vague nature of this particular South African racial category.

Clothing workers get pay increase

Argus 13/9/79

184

CHRISTMAS will be a little early for 47 000 workers at Cape Town's clothing and knitting factories — they will get half their December pay rise at the beginning of October.

This is a victory for the Garment Workers' Union of the Western Cape which has been pressing for pay increases for the past few weeks.

STATEMENT

In a statement today the two manufacturers' organisations involved, the Cape Clothing Manufacturers Association and the Cape Knitting Industries Association, said in view of the rising costs facing their employees it had been agreed unanimously to pay half of the planned December pay rise from the first week in October.

Commenting on the decision, Mr R Roy, chairman of the CCMA, said it illustrates the excellent relationship between labour and management in the clothing and knitting industry.

The union's members, who had a 10 percent pay rise last December, were due to receive a similar increase this December. They will now receive a five percent increase in October and a further five percent rise from December.

GERMAN MARK REVALUED

184

24/9/79 Argus

Financial Editor

GOOD NEWS today for the Western Cape clothing industry, which has recently been making significant inroads into the Western German market, is that the German mark has been revalued.

As a result this highly lucrative market should become even more profitable for the local industry.

The news of the revaluation of the mark was announced today by the European Monetary system.

The mark is to be revalued by 5 percent against the Danish crown and by 2 percent against the French, Italian, Dutch, Belgian and Luxembourg currencies.

PRESSURE

The decision to make the powerful West German currency even more expensive was reached after a 15-hour meeting of finance ministers and central bank governors Informed sources said there was pressure on them to act before Far East money markets opened this morning, reports Sapa-Reuter.

The realignment of parities within the EMS, established in March to shield trade between member countries from the effects of unstable exchange rates, followed a week of heavy pressure on the US dollar and a rush to buy gold and silver on bullion markets

European central banks had to intervene heavily in the currency markets to ease the strains in the system imposed by the falling dollar.

In a communique after the meeting, the ministers said the adjustments were designed to contribute to more orderly development of foreign exchange markets, and help the stability of currencies outside the system, including the US dollar and British sterling.

The British pound has not been directly affected as Britain is not yet a member of the European Monetary System.

The news of the European exchange rate changes had little effect upon the gold price this morning which traded at levels little different from New York's closing rate on Friday

At mid-morning gold was being traded at 377,20 dollars an ounce in Hong Kong after closing at 379,00 dollars on Saturday and at 377,00 dollars in New York on Friday In London gold closed at 370,00 dollars on Friday Gold later closed in Hong Kong at 377,50 dollars an ounce.

The soaring price of gold is seen by US monetary experts as an event that has stirred up lust on the part of buyers out to make a killing and anxiety on the part of monetary officials that the flight from currencies, feeding on fears of world inflation, will generate even more inflationary expectations.

HEAVY

The under-secretary of the Treasury for Monetary Affairs, Mr Anthony Solomon, says the rapid run-up in the gold price stems from heavy buying by 'private Arabs and Americans' with supply 'very thin.'

According to Mr Solomon, however, the US has no plans to discontinue its selling of 750 000 ounces of gold at auction each month. He said the recent soaring of the gold price was 'not so much related to the dollar' because gold has been moving up against all currencies.

139 (184)

Mvubelo union hails new move

By JOE THLOLOE

THE national executive committee of the National Union of Clothing Workers yesterday celebrated the extension of trade union rights to all blacks and announced that they will be applying for provisional registration as soon as possible.

They will be the first black union to apply for registration

At a party at Garment Centre, Johannesburg, the general secretary, Mrs Lucy Mvubelo, said this was the happiest moment in her life She never realised that Africans would be defined as employees in her life-time

Mrs Mvubelo leaves tonight for a tour of the United States to meet industrialists and trade unionists and 'fight sanctions against South Africa"

Her trip is sponsored by the South African Foundation

Other major black unions were still cautious, waiting to see this morning's Government Gazette, which contains the new concessions

The Minister of Manpower Utilisation, Mr Fanie Botha announced earlier this week that "commuters" and "migrants' will now be allowed to join registered trade unions He said an announcement on this will be in today's Gazette

The exclusion of commuters and migrants was one of the major criticisms against the legislation that followed the Wiehahn Commission's report This Industrial Conciliation Amendment Act comes into effect on October 1

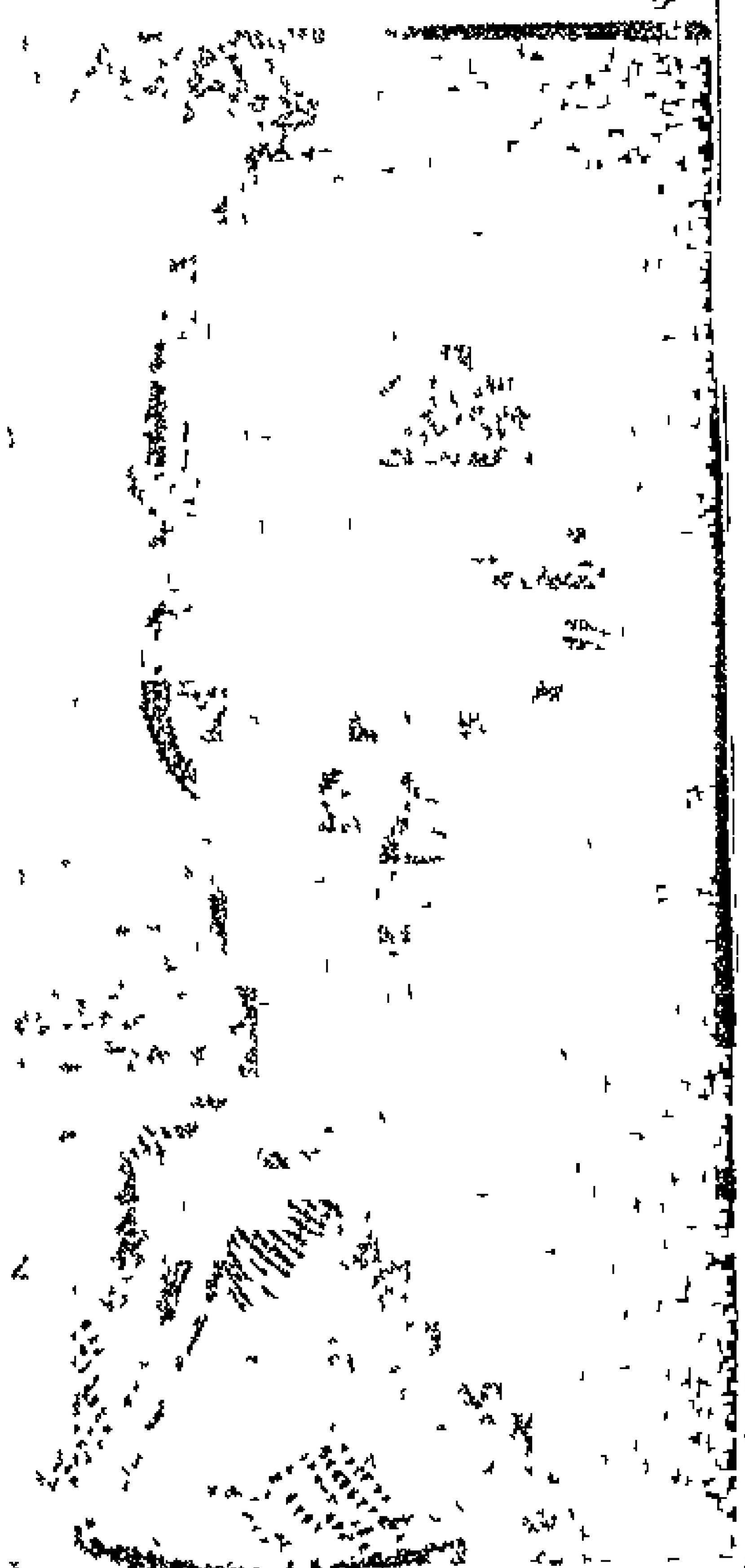
'POLICY STATEMENT'

The secretary of the Consultative Committee of Black Trade Unions (CCOBTU), Mr Dan Tau, told POST "So many times in the past we have praised the Government after a policy statement only to find that when this policy is spelt out as law it has a different meaning We are not going to make fools of ourselves again

"We will probably meet early next week to discuss the new developments"

The unions in the committee have a membership of more than 37 000

Mrs Sarah Chitja, assistant secretary of the Clothing Workers, said the party was to celebrate 'the end of a 55 year-old struggle for the recognition of black trade unions



Lucy Mvubelo . . . to figl

REX TRUEFORM (184) Fm 28/9/79

Fashioning growth

Activities. *Clothing manufacturer with major export business The directors, mainly through African & Overseas, hold 47% of the equity*

Chairman: *S C Shub*

Capital structure: *1,4m ordinaries of 50c and 1,4m "A" non-voting ordinaries of 50c 140 000 6% cum prefs of R2 Market capitalisation R12,5m*

Financial: *Year to June 30 1979 Borrowings long and medium term, R7m, net short term, R823 000 Debt equity ratio 43,6% Current ratio 5,2 Net cash flow R2,7m Capital commitments R866 000*

Share market: *Price 450c (1978-79 high, 450c, low, 210c, trading volume last quarter 68 000 shares) Yields 23,7% on earnings, 6,7% on dividend Cover 3,6 PE ratio 4,2*

	'76	'77	'78	'79
Return on cap %	32 2	22,3	16,2	19 0
Turnover Index*	189	199	203	246
Pre-tax profit (R000)	5 139	4 005	2 769	4 154
Earnings (c)	110 8	87 8	74,0	106 7
Dividends (c)	28	28	28	30
Net asset value (c)	456	516	563	641

*1973=100

After two years in which exports were needed to offset falling local demand, Rex Trueform has reported a strong domestic recovery Earnings increased 44,2% to 106,7c and, for the first time since 1976, the annual dividend has been lifted — to 30c (28c) And there is more to come

Chairman Stewart Shub is optimistic for the current year The company has increased its local market share through higher productivity, competitive pricing and quality, and marketing, he says Further gains in market share are expected following the company's investment in modern equipment allowing greater efficiency and quality

Export sales, which doubled in 1977 and 1978, improved further last year And, besides existing export markets, sales to other countries are being promoted

Capacity is booked for the rest of this year and forward bookings for the 1980 winter season are above levels of a year ago, while Finance Minister Horwood's latest stimulatory measures should boost local demand further

The balance sheet is strong enough for near-term growth R3m 11,3% debentures were privately placed and the funds used to repay short-term borrowings At end-June, long-term borrowings were 88,1% (70,9%) of total debt, and the debt equity ratio was still low at 43,6% (35,8%) Interest payments of R817 000 (R747 000) were covered a comfortable 5,5 (4,2) times by gross profits, and total indebtedness could be repaid from just over two years' gross cash flow

Stocks, mainly in finished goods, showed a 40,2% increase to R11,6m (R8,3m), but this is acceptable in view of the forward bookings

Although the share is fairly expensive at 450c on a 6,6% historic yield, high liquidity, a well-covered dividend and sound near-term growth potential make it attractive on a one-to-two year view

Des Kilalea

And the thrust into export markets continues

May Bennett, Ridgeworth

ONION RINGS

Peel and slice large onions, and separate the rings. Heat a pan; add oil. Dip the rings in milk and then coat with flour, and fry till brown in the hot oil. Drain the oil off on a paper towel, and season with salt and pepper.

---oOo---

O L D F A M I L Y O R V I N T A G E R E C I P E S

1820 and All That!

FRENCH PANCAKES - 1902

2 eggs — 2 ozs flour
2 ozs butter — 1/2 pt of new milk
2 ozs sifted flour

Beat eggs thoroughly, add butter and beat to a cream, stir in sugar and flour, and when well mixed add the milk. Beat well for ... minutes. Pour on to buttered plates and bake in a ... r 20 minutes. Serve with a cut of lemon and sifted ... e on a hot plate, with a layer of preserve or marmal- ... hem. Time, 26 minutes, average cost, 6 d, seasonable

---oOo---

1900

...rumbs — parsley, onion

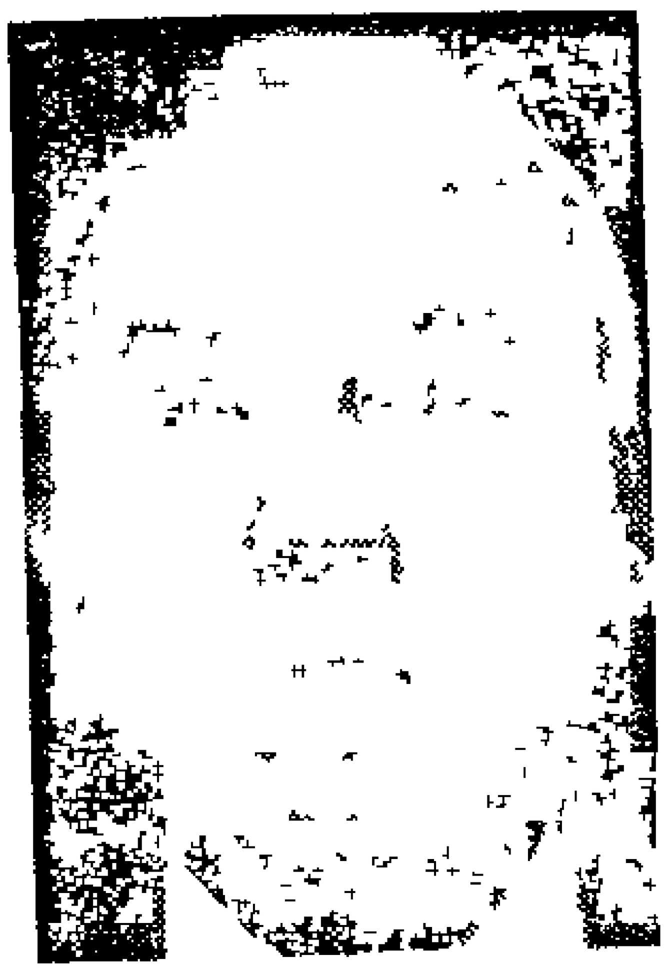
... through the back bone, and open out flat. Brush with ... Sprinkle with salt and pepper, chopped onion and ...ey on both sides. Sprinkle with mixed herbs. Grill ..., then cover with breadcrumbs and continue cooking ...ie. Serve with a sharp sauce.

---oOo---

Argus 6/10/79 (184)

CAPE CLOTHING JOBS BACK AT PEAK LEVEL

By TOM HOO



MR G William Miller, US Treasury Secretary . . . 'bitter medicine'

corporation in the desperately urgent thinking behind the efforts to secure currency stability

Some form of gold participation in these efforts may be repugnant to the IMF and the Americans, but an enforced 'oil standard' could prove intolerable

CUSHIONED

Meanwhile, South Africa moves out of the decade of inflation and into the difficult 1980s better cushioned than it was in 1974-75 when international recession combined with a falling gold price to grind its growth down to zero

An average of 300 dollars an ounce — which is not being counted on by the Minister of Finance — will give South Africa a current account surplus of R3 000-million this year.

It could also generate an extra R600-million in tax revenues

Senator Horwood said he expected economic growth to reach 4 percent in early 1980 and he aimed for 5 percent.

But by keeping an iron-fisted grip on government spending to stem inflation — already too high — the worst effects of the international setback may be held at bay as long as the gold price continues to buoy up the balance of payments.

US goes crazy for gold — Page 4

THE Cape's booming clothing factories are moving to 100 percent capacity after working at 70 percent for three years.

Factories employed an extra 393 workers last month, raising the work force to 47 288, back to the 1966 peak level

An upsurge in demand from the shops for year-end trade and an 18 percent jump in exports have brought the boom

But manufacturers were warned this week that there is not enough growth in the local clothing market and they must look to exports if they want to expand their business and employment

OVERSEAS SALES

The industry's growth has been only 1,3 percent in the past eight years With greater overseas sales its growth could have been between 5 and 6 percent, it was calculated this week by manufacturers at the Cape Clothing Institute's annual brains trust.

Clothing exports this year are expected to reach R26-million, a rise of R4-million on last year

This total could have been R50-million if better export incentives were available, says Mr Simon Jocum, president of the National Clothing Federation

'There is no clarity on the future of the Government's thinking in the incentive field and clothing manufacturers will lose valuable markets if this delay continues indefinitely,' he says

COMMISSION

The recommendations of the Van Huyssteen commission on new export incentives, if implemented next year, could benefit the industry immensely

Manufacturers had to quote prices for 1981 and the difference between doing business and no business' lay in the Van Huyssteen study group proposals.

The clothing federation is to discuss the urgency of the situation at its annual meeting on November 13

Many manufacturers want a clothing export council established as is done in other exporting countries

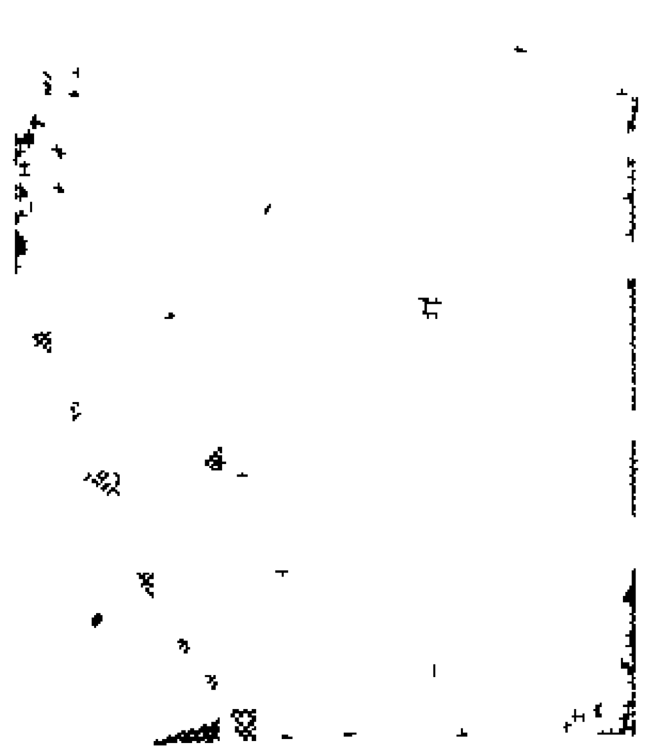
This council could organise an exhibition centre, undertake market surveys and keep firms in touch with changes in the export market.

Clothing is being exported to the United States, Canada, France, Britain, Germany and Australia But the industry faces stiff competition from the United States, which is about to export to European countries.

An economist calculated that a R25-million rise in exports would provide jobs for another 3 500 workers.

'It is in the national interest to give priority to labour-intensive industry by investing in its export potential,' says Mr Jocum

An investment of R55-million in the clothing industry is calculated to create 30 000 jobs The same investment in mining would provide about 2 000 jobs



MR Simon Jocum, president of the National Clothing Federation of South Africa.

ORANGE HEALTH DRINK (Delicious in Hot Weather)

10 oranges
2 lemons
3 pts boiling water
5 lbs sugar

Mix dry ingredients, orange rind ... Allow to stand for 6 hours. Str... To use, dilute small quantity of water.

---oO---

Jane Bullock, Durbanville

---oOo---

TIA MARIA

2 cups dark brown sugar
7 t Nescafé
1 cup sugar
1 pt cold water
1 t vanilla essence
2 t cocoa
1/2 t rum essence
1 bottle Mainstay

Bring white and brown sugar and water to the boil, and simmer for 1/2 hour stirring frequently. Add Nescafé and cocoa which has been mixed with a little water. Boil up again. Remove from stove and add rum and vanilla essence. Leave to cool and then add Mainstay. Bottle (preferably strained through a muslin cloth).

---oOo---

IRISH COFFEE

Heat Irish Coffee Glasse... goblets and 2 t brown su... Maccono instant) coffee ... whipped fresh cream, pou... teaspoon.

...except the yeast) toge... add the yeast. Leave o... Leave for a week before

GINGER BEER

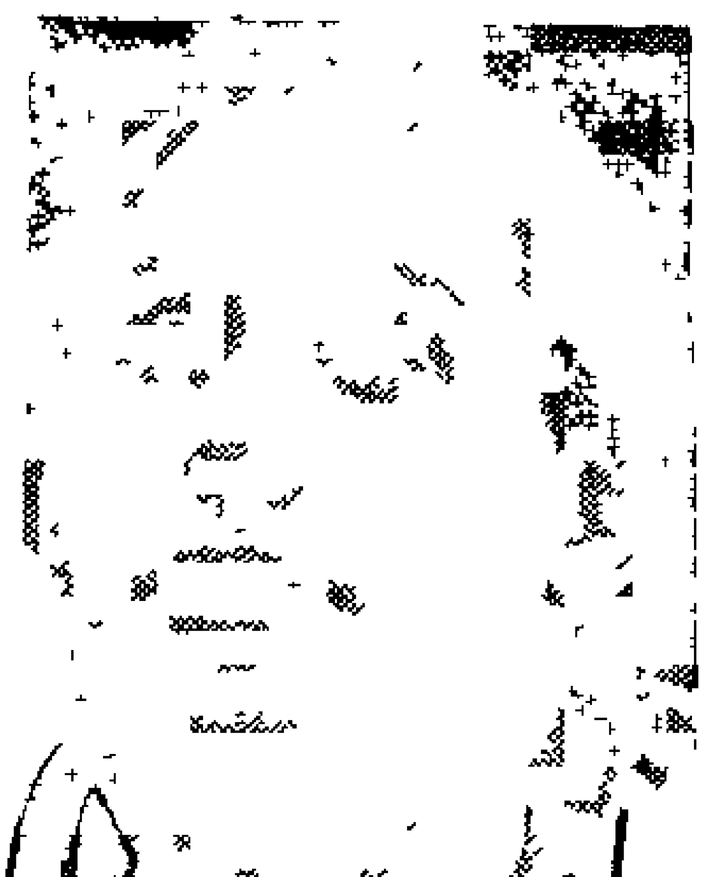
10 bottles (750 ml) ...
4 cups sugar
1 1/4 (20 ml) bottles

"Ah my ... Today ...

Clothing to cost more next year

184

S Times (Business) 7/10/79



ADRIAN BELLAMY
bullish for future

FASTEN your seat belts for a giddy rise in clothing prices.

By PENELOPE MORGAN

The industry expects an overall growth rate of 5% for 1980 and an overall price increase of as much as 15% in just the first half of next year

Simon Jocum, representing the 900-odd clothing factories as president of the National Clothing Federation says "On our March orders the textile industry is giving us quotes at levels 15% higher than last year

"This means that we will have no option but to pass on higher prices

'Because of the competitiveness of the industry return on capital is abysmal

'In the past three lean years we have absorbed heavy cost increases

Adrian Bellamy managing director of Edgars the biggest single buyer of clothing in this country, is bullish for the future of the industry and reckons that the price increase of the end product need not be much over about 3%

York Mitchell of the Natal Clothing Manufacturers Association, feels the rise will have to be in the region of 20% to 25% if the industry is to survive

He says "There has been an alarming decline in the rate of profitability in the manufacturing industry over the past few years We simply cannot continue to survive on the small profit margins that we have had to endure since 1976

According to the Federated Chamber of Industries the profitability in the manufacturing industry in 1976 was 9,6% 7,8% in 1977 and 7,2% in 1978

The textile manufacturer, garment producer and the retailer have a symbiotic relationship

Most price determinants and other problems in any one of the sectors will have a ripple effect on the other two

The most significant price determinant now facing the textile industry is the prospect of even higher oil prices

As 50% of the cost of any garment is the raw material and 60% of textiles used in the industry are petro-chemical based the industry is obviously highly oil sensitive

Although the large retailers are not saying just how big their mark-ups will be they are believed to be in the region of 100% to 120% on cost price

In their defence retailers point out that it is impossible to talk of an average mark-up because it varies within one chain between the different lines

Mark-ups are biggest on high risk fashion garments, 45% of which are estimated to end up on the marked down rack

However less than 10% of clothing sales are high fashion Half are saleable fashion which maintain a constant turnover

The prime hope for substantially increased profit margins in the future lies in the continued meteoric rise in the value of garments exported

In 1975, SA clothing exports were valued at R3-million in 1976 R6-million in 1977 R16-million in 1978 R22-million

SA exports mainly to Britain West Germany Canada the USA and Australia

When one considers that the average wage of the 120 000-odd workers in SA clothing manufacturing is R30 a week while the equivalant wage in Australia is about R150 one realises just how competitive SA garments are abroad

However the cost of exporting is high EEC duties average about 17% transport costs can add about 20% but if goods are airfreighted costs soar

Growth in the buying power of blacks is another profit potential area Most agree that the white market is already saturated

If the local black market and the potential of the export market are to be exploited to any meaningful degree the industry will have to extend its plant capacity

At the moment factories are believed to be operating at full capacity

Once the industry needs major capital expenditure they will have to push prices up drastically

3. How will the answer to 2. be affected by the existence of an extraordinary gain on disposal of a division of the company, amounting to R70 000, all of which was taxable, in the 19.7 financial year?

4. How does the answer to 3. change if the R70 000 is now a deductible loss, which can be set off against the taxable income from other sources of R50 000? Draw up the income statement assuming the deferral method is used.

5. Further to Note 4, assume now that the company has a set profit before depreciation of R60 000 in 19.8.

   Draw up the income statement for the 19.8 financial year under a) liability method

   b) deferral method

   Assume the tax rate remains 42%

higher level of write-downs on summer goods", partly counteracted the sales improvement, and earnings were held to a 6,9% advance to R8,8m (R8,2m) before tax With the Topics and Top Centre chains contributing to profits last year, the group was able to take advantage of assessed losses in subsidiaries leading to an effective tax rate of 40% (48%) and a consequently 23,5% attributable income improvement to R5,2m (R4,2m)

	'76	'77	'78	'79
Return on cap %	28 5	20 7	23 5	21 7
Turnover (Rm)	79 9	81,2	90 8	102 0
Pre-tax profit (Rm)	9 5	6 7	8,2	8 8
Gross margin %	13 9	11 0	11 6	11 3
Earnings (c)	549	364	427	519
Dividends (c)	212	170	200	220
Net asset value (c)	2 080	2 269	2 492	2 796

According to chairman Len Shawzin, last year was a period of "consolidation and preparation for the highly competitive Eighties" US consultants were used in an effort to improve layout and merchandise displays at the group's stores, especially in the Truworths and Truboutique chains, "and results to date have been most gratifying "

An in-house credit card system has been introduced on a national level, with the aim of pushing the concept of convenience shopping Further consolidation involves the use of computerised grading equipment at the group's manufacturing facilities, as well as a new distribution warehouse for the Truworths chain, which comes on stream this month

No breakdown of profits from the various divisions is given, so meaningful stock-turns and margins are difficult to calculate Last year the consolidated stock turn figure was 4,7 times (4,9), and 8 2 times (8 0) at the unconsolidated level, based on stock at cost and retail sales A more accurate number is probably 4 times for the company, assuming 100% markups Trends do, however, indicate a marginally weaker performance last year

The group's manufacturing arm provides about 30% of merchandise requirements, and this backward integration must be a good investment during a market upturn when factories can be efficiently run The problems with owning a manufacturing arm arise in recessionary times, when factories tend to run at uneconomical order quantities with an adverse influence on consolidated earnings

Last year, income from subsidiaries aggregated around R3,0m (R803 000), with reported losses of only R2 000 (R879 000) Topics and Top Centre accounted for the majority of the 1978 losses and, although their profit contribution is not given, it is probably in the region of R2.5m These chains operate at the lower end of the market, with Top Centre aimed at black consumers, and Topics, with a 30% black clientele, aiming for high fashion at good value Both will be well placed to take advantage of increased black consumer spending

So far this year, trends indicate the continuation of the revival experienced in t e latter part of last year Although margins were slightly down, the current asset position has strengthened, and this year could see improved results from the group A final of 140c (120c) was added to the unchanged 80c interim, putting the share on an 8% yield Although gearing is high at 80%, and the group retains very little cash in its books cash flow is reasonably strong

The group will probably consolidate its present operating base for the next couple of years, concentrating on refurbishing and relocating existing outlets rather than opening significantly more new stores Dividends should therefore continue to increase with a possible 240c this year, for a prospective 8,7%

Jonathan Ball

TRUWORTHS

FM 12/10/79

Fashionable moves

Activities· *Manufacturing and retailing of women's fashionwear and retailing of menswear Operates 362 (367) stores under the Truworths, Topics, Top Centre and Hamells names Held 50% by Bonmore, in which the directors have a substantial holding*
Chairman. *L Shawzin*
Capital structure. *1,0m ordinaries of 50c, 500 000 6,75% cum prefs of R2,0, 396 600 7% redeemable cum prefs of R1,0 Equity market capitalisation R27,5m*
Financial. *Year to June 30 1979 Borrowings long- and medium-term, R12,6m, net short-term, R10,5m Debt equity ratio 80,4% Current ratio 2,2 Group cash flow R7,9m Capital commitments R710 000*
Share market: *Price 2 750c (1978-79 high, 2 900c, low, 1 525c, trading volume last quarter, 9 820 shares) Yields 18,9% on earnings, 8,0% on dividend Cover 2,4 PE ratio 5,3*

In the face of strong competition Truworths managed to post a 12,3% turnover improvement to R102m (R91m), and that despite difficult trading conditions Reduced pre-tax operating margins of 8,6% (9.0%), "caused mainly by a

DISCUSSION

The crude death rates and the standardised mortality ...

...ulation as a standard will give great weight to infant deaths and little weight to deaths among ... will reverse the positi... ranking of the mortalit... answer. As the Duke o... and statistics'!

Infant mortality rates ... is experienced in obtai... Africans are not publis... cal officers of health.[9] ... their urban areas. Th... A mean figure and the r... should be interpreted w... cities from rural areas ... areas is given by a sam... among Xhosa-speaking Af... observed with decreasing urbanisation, the figure for the completely rural areas being of the same magnitude as those parts of the world devoid of medical services. Fig. 4 summarises the age specific mortality rates of

rural areas or cause of deaths' according to the Bantu Reference Bureau (Personal Communication). At least 50 000 deaths among Africans ...

only part of the country was required. The 1970 age distribution by magisterial district was used, the numbers being adjusted by the 1974 gross population estimates by economic region.[11]

(184)

CLOTHING EXPORTS

Pinning markets

FM 12/10/79

SA clothing exports have risen sevenfold in the past four years but sales are still "peanuts," says Simon Jocum, president of the SA Clothing Federation

"This year we expect export sales to be about R26m out of total sales of R1 000m — that's only 2,6%," he adds

Compared with exports from other countries, the figure is even more insignificant Britain, for example, is aiming to export R1 750m worth this year and Hong Kong's annual export figure is around R2 600m

Nevertheless, Jocum sees a massive potential for SA clothing exports "Manufacturers in the Far East are very good at low price, mass production stuff, and their prices are low because their material and labour costs are low We can never compete with them on this level We fit into the middle and upper segments of the market Our designers are some of the most travelled clothing people in the world — they are always in Europe or the States and they have a far better ability to judge fashion than the Orientals We are up to the minute in styling and colours. In fact, in some cases, SA fashions are a season ahead of European fashions For example, some of the summer wear, which will be going to Europe for their next summer is already being sold in SA shops

"We are starting to compete with the Westerners because our labour costs are lower than theirs, while our styling and quality are at least as good "

But there is still a hard road to travel before SA clothing exporters really hit the big time One of the problems is that local manufacturers do not appreciate both the opportunities and problems of selling abroad

'We are trying to set up an SA Clothing Export Council, which will run exhibitions at home and abroad and have a liaison man to travel around our markets It will be an attempt to put clothing exports on a professional basis and will be of value especially to the small manufacturers," says Jocum

Soldatos . even the jet-setters buy locally

Another requirement, maintains Jocum, is increased government support for exporters "Every country with low labour costs looking for foreign currency looks at clothing exports, because it is a very labour intensive business Most of our competitors are heavily subsidised by their governments At present, the government does offer some relief on overseas marketing costs but, if the recommendations of the Van Huyssteen Committee on tax relief for the use of locally produced textiles are accepted, our exports should double "

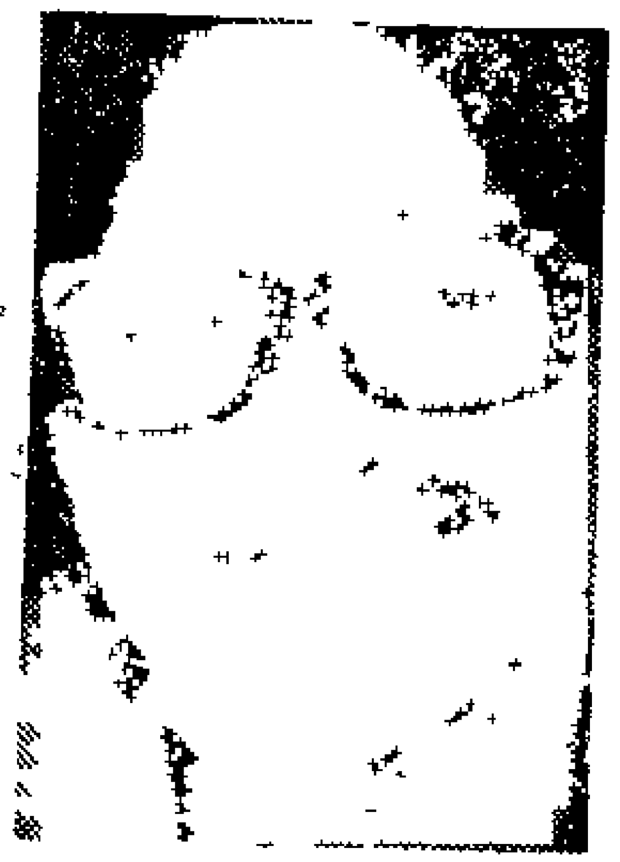
One of the main problems is that many orders from abroad have to be turned down simply because they are too big. Says Jocum, "The only way these orders could be filled at present is for manufacturers to pool their production facilities It's never been done before and a lot of mutual trust will be needed before one factory will be prepared to share its order with a competitor But it will have to happen, sooner or later "

SA exporters are exploiting their competitors' weaknesses by breaking into new markets abroad "For example," says Jocum, "they have little experience in lightweight clothing in the UK, so we are doing well in lightweight suits In Germany, they like fancy stitching on their suits and this is very labour intensive We can do it as well, but more cheaply We have sold men's golfing caps to the US The Far East makes them far more cheaply, but they don t look quite right, so ours get the order And we have recently made big advances in women's wear where workmanship and a sense of style and frills really counts "

Couturier Peter Soldatos, who has been exporting for years agrees "Even the local jet-setters, who used to go abroad to buy, are now learning that they can buy exactly the same thing here for much less "

Revolution rejected by blacks and whites, says Lucy

Star 11/10/79



LUCY MVUBELO

Own Correspondent

WASHINGTON — Black trade unionist Lucy Mvubelo told an American audience yesterday that any attempt to convert the evolutionary process of change in South Africa into a revolutionary one would be rejected "equally by black and white."

Mrs Mvubelo, general secretary of the National Union of Clothing Workers in South Africa, said the situation in South Africa was neither static nor sterile.

She is visiting the United States under the auspices of the South Africa Foundation and is meeting a wide spectrum of top-ranking Americans in business, political, academic, civil rights, religious and labour fields.

Yesterday she addressed the Council for Religion and International Affairs in New York. Copies of her speech were distributed in Washington.

She said changes were taking place in South Africa and considerably more change was on the way. "The changes will come about by an evolutionary process, a process acceptable to the majority of whites and to my own people," she said.

She said revolution as a solution in South Africa "must be acknowledged as being totally unacceptable by all concerned. It is in fact only the far left wing or communist elements that still see revolution as an answer."

Revolution as a means of gaining political power could become a popular concept only in a situation which was static and devoid of all future hope of change and the solution of problems.

Mrs Mvubelo said the calls for United States economic withdrawal from South Africa were made by "desperate revolutionaries who realise full well that the basic condition from which revolution could arise does not exist." They therefore wanted the world to create those conditions by boycotting South Africa.

"The revolutions of Africa are not for South Africa," she said. "How can I be sure of this? I know because I am a democratically elected trade union secretary.

"My views are well-known to the members of my union and I have the full support of the executive committee of my union. I have the full support of the shop-stewards of my union, and when last I was opposed I was re-elected by the members with an overwhelming majority, with 10 830 votes for me and only 1 710 for my opponent."

TEJ (184) FM 16/11/79

Woolly future

Activities *Manufactures and markets knitwear and clothing mainly under the Tej label*
Chairman and managing director *R M Jacobs*
Capital structure *2,4m ordinaries of 50c Market capitalisation R1,2m*
Financial *Year to June 26 1979 Borrowings net short-term R[illegible],2m Debt equity ratio 76 1 Current ratio 1 6 Net cash flow R288 000 Lease commitments R108 000*
Share market *Price 50c (1978-79 high 52c low 18c trading volume last quarter 23 000 shares) Yields 11 9% on earnings PE ratio 8 4*

	'76	'77	'78	'79
Return on cap %	2 5	1 4	8 8	8 8
Turnover index	93 6	100 0	119 0	127 0
Pre tax profit (loss) (R000)	† 14)	(90)	180	251
Earnings (c)		–	7 5	6 0
Dividends (c)		–	—	–
Net asset value (c)				118

† After extraordinary profit on sale of Burlington

For the past two years Tej has managed to reverse the losses recorded in the three years to 1977 Last year pre tax profit was 40% ahead at R251 000 (R180 000), although taxed earnings felt the impact of a R102 000 tax burden avoided in the previous year when assessed losses were brought forward

Although trading conditions were slightly more favourable competition in the knitwear industry remains intense with retailers able to take advantage of an oversupply situation But for Tej an improved product sales mix benefiting from a stronger fashion emphasis within the group and better operating efficiencies allowed the company to capitalise on a 7% (18,3%) turnover hike with margins gently improving

The company is set to take further [illegible] its own label but in-house for several retailers Sales in Germany and Britain, where the main export thrust lies, are counter-seasonal to those in SA, so further extension of these markets will allow the company to operate its factory more efficiently year round At present, capacity is "nearly full," according to chairman Bobby Jacobs, and demand is building up

This bodes well for the company, which is reliant on seasonal sales With better long-term planning of fashions and distribution, coupled with stock build-ups in anticipation of further demand, the company looks better poised now than it has for several years

The board anticipates improved profits this year, despite stock build-ups though the problem of chronic oversupply in the industry remains It is mainly this which causes the relatively meagre margins

It will, however, probably be some time before shareholders receive dividends as retentions are needed to reduce gearing and for replacing equipment Given this, and a none too predictable future, the share at 50c, appears fully priced.

XIV

	W M	W F	A M	A F	C M	C F	B M	B F
0-1								
1-4								
5-24								
25-44								
45-64								
65+								
ALL								
NO.	87	43	9	14	50	33	54	47

Business Mercury

16/11/79

Govt urged to help clothing industry

(1124)

JOHANNESBURG — An urgent request to the Government to assist the clothing industry in accelerating its export programme has been made by the president of the National Clothing Federation of South Africa, Mr Simon Jocum.

Mr Jocum was addressing members of the federation at the annual meeting here and said he wanted to stress the importance of the export trade to the clothing industry in South Africa

"The export turnover of the manufacturers should reach the R30 million mark by the end of this year," he said

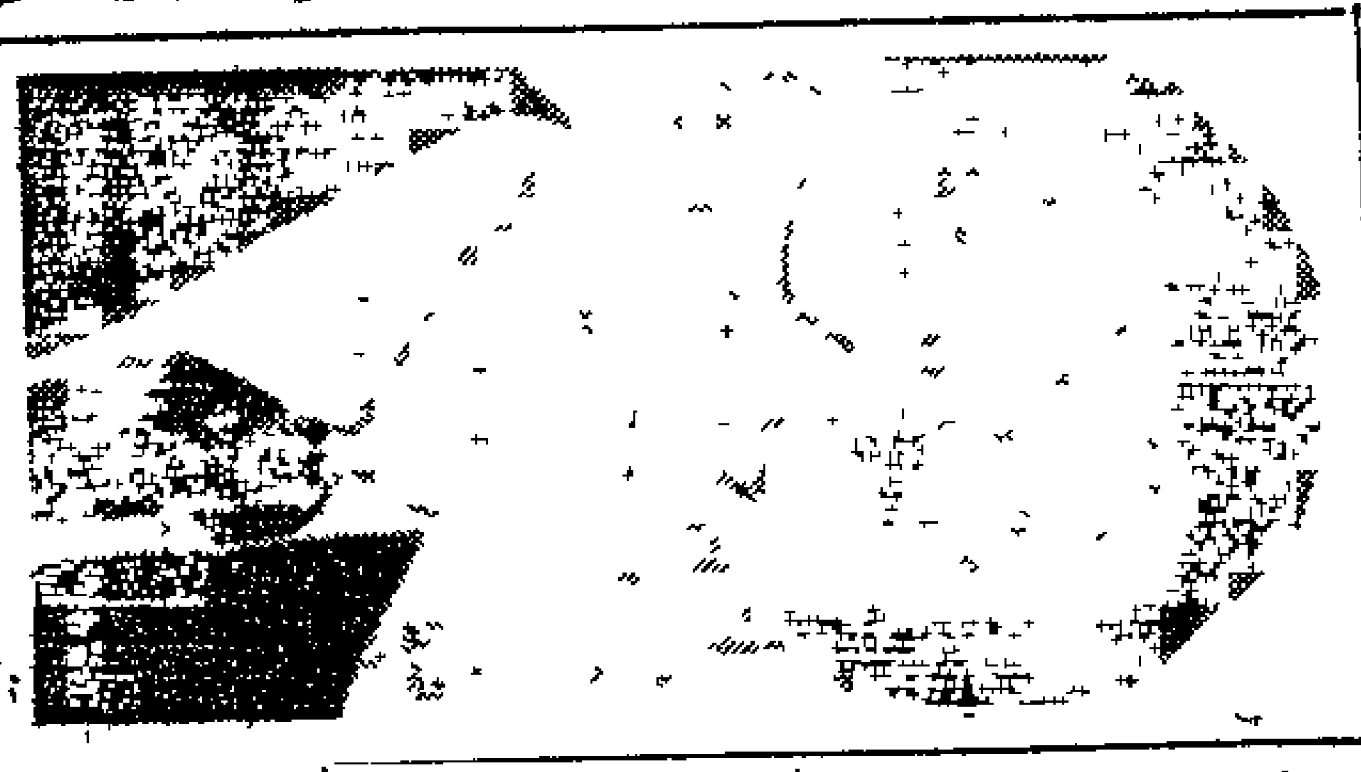
Approximately 50 manufacturers are engaged in the export trade and the National Clothing Federation has a register of exporters who will be able to handle inquiries received from importers overseas

Mr Jocum said "The industry's present exports represent approximately three percent of the value of its annual output and an export target of R100 million a year, representing ten percent of output, should not be impossible to achieve within the next few years"

South African styling and quality were acceptable in the foreign markets

Mr. Jocum said the increased exports would also help to create more job opportunities and to decrease the unemployment figure in South Africa

He said the revenue invested in achieving these goals will eventually be for the good of South Africa and would in fact be invested in the future of this country — (Sapa)



MR H G Diedericks, who has been promoted to assistant general manager in the credit control department of Volkskas Merchant Bank Ltd

	W M	W F	A M	A F	C M	C F	B M	B F
0-1							0,49	0,48
1-4							0,05	0,05
5-24							0,05	0,05
25-44							0,23	0,22
45-64							0,80	0,68
65+							1,44	0,91
ALL							0,25	0,20
NO.	653	430	116	56	370	201	533	329

XV CERTAIN CAUSES OF PERINATAL MORBIDITY AND MORTALITY

	W		A		C		B	
	M	F	M	F	M	F	M	F
0-1	12,46	9,07	16,92	11,55	29,22	24,78	23,16	22,23
1-4	0,02	0,02	0,02	0,02	0,02	0,04	0,04	0,00
5-24	-	-	-	-	-	-	-	-
25-44	-	-	-	-	-	-	-	-
45-65	-	-	-	-	-	-	-	-
65+	-	-	-	-	-	-	-	-
ALL	0,25	0,17	0,48	0,32	0,83	0,67	0,55	0,67
NO.	519	359	170	113	942	785	1143	1075

X DISEASES OF THE GENITO-URINARY SYSTEM

	W		A		C		B	
	M	F	M	F	M	F	M	F
0-1	0,02	0,03	0,00	0,10	0,25	0,10	0,04	0,06
1-4	0,01	0,01	0,02	0,00	0,12	0,14	0,02	0,04
5-24	0,02	0,01	0,04	0,04	0,02	0,04	0,03	0,02
25-44	0,02	0,05	0,06	0,09	0,17	0,13	0,06	0,08
45-64	0,23	0,19	0,44	0,37	0,36	0,36	0,34	0,25
65+	1,25	1,09	1,07	1,83	1,57	1,10	0,73	0,56
ALL	0,13	0,15	0,11	0,12	0,15	0,14	0,10	0,08
NO.	276	303	38	42	169	165	203	130

Star 20/11/79

(184)

The domestic debate in America over investment in South Africa is confused by the fact that Black South Africans offer conflicting views on whether American investment helps or hinders their progress towards a better deal in South Africa, writes JOHN D'OLIVEIRA in Washington.

Nowhere was this more apparent this week when two black trade unionists, Lucy Mvubela, general secretary of the National Union of Clothing Workers and a veteran trade unionist, and Mary Ntseke, secretary of the Black Allied Workers Union and a woman with a long history of political involvement in South Africa, set out their views here.

Their arguments reflect the dilemma Americans have in making up their minds on just what blacks want in South Africa.

For...

Lucy Mvubelo, articulate and out-going, is a woman with an impressive involvement in trade unionism in South Africa and she commands considerable respect when she unequivocally opposes any United States economic withdrawal from South Africa

She represents the National Union of Clothing Workers which has about 20 000 members (about 90 percent of black clothing workers) and which has operated as an effective union despite the Government strictures of the past 30 years — and she has been re-elected to her post time and time again by an overwhelming majority of her members

She sees the disinvestment campaign as one aimed at creating chaos and revolution in South Africa and serving the interests of "leftists and communists"

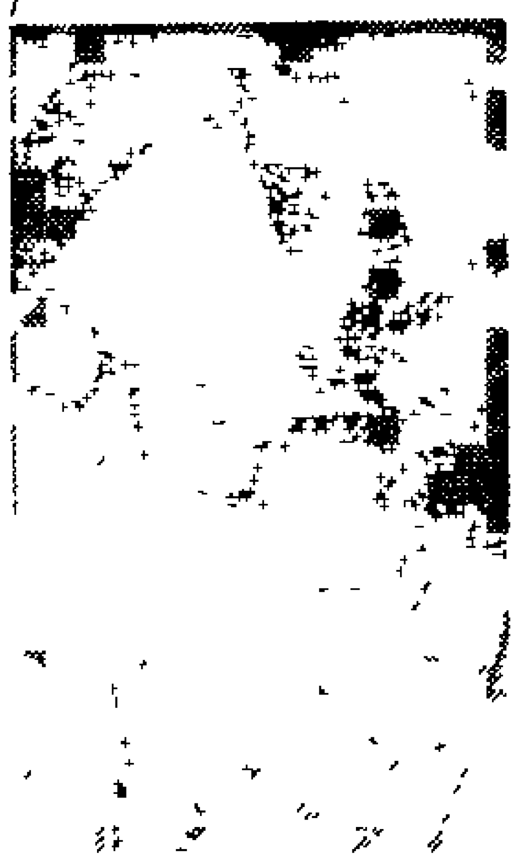
"Let us take a look at the economic withdrawal or boycott theory Stop buying South African products and disinvest your money . . . these really are the calls made by desperate revolutionaries who realise full well that the basic condition from which revolution can arise does not exist — thus the world must create it

"In a world faced by power crises, advise it not to buy South African coal With a world-wide food shortage, advise the world to boycott South African maize, meat, fruit or advise the industrial countries almost entirely dependent on the base metals and minerals produced in South Africa, not to import them.

"But who will be the sufferers?

"Clearly the greatest hardships will fall on my people, the black people. They will be the first to lose their jobs, they will be left to die or to starve, they will be the first to be killed in a revolution.

"In South Africa, it is not going to be a revolution against a foreign government, a government that can withdraw to Britain or France or Portugal, a foreign government



Lucy Mvubelo

'Anti lobby aims at chaos'

or were now crumbling — "The Afrikaners have a new Prime Minister and a definite new direction is being taken . . full trade union rights have been granted, training facilities are available, job reservation is dead, the Group Areas Act is regarded as applying only to residential areas . . ."

She has told audiences in many different parts of America "The changes taking place are often described as cosmetic, but they go beyond this It is not plastic surgery in South Africa any more, it is much closer to a heart transplant, for a change of heart has taken place."

Black and coloured South Africans had entered a new phase, with rights and privileges being extended to them — a process that would continue only if South Africa remained economically sound.

If the economy was seriously harmed unemployment would mean millions of black people out of jobs and a return to the policy of protecting white jobs Demands would grow for more repressive legislation, but she

Investment in South Africa is hardly a spectacular controversy It rarely makes headlines — but below the surface of American politics it is one of the most significant issues in the continuing debate on United States relationship with South Africa

Whenever South Africa does something of which this society (or elements of this society) disapprove, then the action which inevitably suggests itself is a form of economic withdrawal

Whenever South Africans visit the United States and get involved in political discussions here, inevitably they are asked whether United States economic withdrawal will help the process of positive change in South Africa or whether it will be "counter-productive"

South Africans in general do not appreciate just how important this continuing, if generally low-key, debate is. Nor do most of them understand the implications for the South African economy if the United States should become involved in serious economic disengagement — and if she should then persuade the rest of the free world to follow suit.

For instance, Mrs Helen Suzman, Progressive Federal Party Member of Parliament for Houghton and one of the most respected of South Africa's white politicians here, visited America recently and told me

"The threat of United States economic withdrawal from South Africa is far greater than most

that is not prepared to carry the cost of a protracted guerilla war.

"It would be a war against locals with no place to go. . . ."

She argues that revolution is out of the question and that the South African solution must come by way of evolution, by negotiation, by co-operation when necessary and by peaceful resistance when necessary.

And she argues that evolution has begun and is speeding up in South Africa

All the Government's efforts to keep the black man down had crumbled

also argues that such a prospect is remote and that calls for the cutting of economic ties would have little real effect because South Africa's natural wealth was such that it could maintain a steady growth rate even in extremely adverse conditions

She said blacks in South Africa were convinced that they could attain their goals by evolutionary means

"It is only a matter of time for us But we do not want starvation and the slaughter of a full-scale revolution that will reduce us to the Africa of the nineteenth century"

BIG BOOST FORECAST FOR CLOTHING

Argus 28/12/79

184

CLOTHING factories will be running at 100 percent capacity next year and the number of workers is expected to rise by at least 5 000.

This is the forecast of the president of the National Clothing Federation, Mr Simon Jocum.

The industry expected to employ about 180 000 people by the middle of next year, he said today.

"For the first time consumer spending is returning to clothing and spending by blacks will be the main generator towards further growth."

PRICES VOLATILE

But prices could be highly volatile. Fabric prices could rise in the second half of 1980 after oil increases while prices of natural fabrics such as wool and cotton had already gone up.

The textile industry's inability to meet increased demand created problems. It was too costly to import and the clothing industry was in the hands of a limited number of suppliers. This was not a healthy situation.

Exports could show only a small increase over the 1979 figure, estimated at R30-million, unless better export incentives were provided.

Clothing imports would be watched carefully to ensure that cheaper goods were not dumped by Far Eastern countries affected by the world recession.

The lifting of sanctions against Rhodesia would require old trade arrangements to be renewed as South Africa could not afford to import unemployment from low-wage countries.

184

STAR 29/12/79

ed in improving their financial status

But clothing workers look to rosy days

184 29/12/79 Star

Own Correspondent

CAPE TOWN — Clothing factories will be running at 100 percent capacity next year and the number of workers is expected to rise by at least 5 000

This is the forecast in Cape Town of the president of the National Clothing Federation, Mr Simon Jocum

The industry expected to employ about 130 000 people by the middle of next year, he said today

"For the first time, consumer spending is returning to clothing and spending by blacks will be the main generator towards further growth"

But prices could be highly volatile Fabric prices could rise in the second half of 1980 after oil price increases while prices of natural fabrics such as wool and cotton have increased already

Mr Jocum said the textile industry's inability to meet increased demand created problems It was too costly to import The clothing industry was in the hands of a limited number of suppliers, which was not healthy

The lifting of sanctions against Rhodesia would require old trade agreements to be renewed as South Africa could not afford to import unemployment because of low-wage countries

184

MANUF. - Clothing
1-1-80 - 31 - 12-80

ian jones

NAMPAK/PREMIER

FM 4/1/80

Ensuring supplies

One of the stumbling blocks to finalising the price Nampak would pay for control of Premier Paper (*Fox* November 30 1979) was the latter's holding of 19% in Rhodesia-based Hunyani Pulp & Paper. This has been neatly side-stepped by Premier's controlling house, African Finance, at what could eventually prove to be a considerable profit.

Basically AFC has agreed to buy Premier's 4,6m Hunyani shares for R2 1m in cash payable in SA. This is equivalent to roughly 44c per Hunyani share, which had a nav of 109c at the end of June 1978 and which currently enjoys a Rhodesian stock exchange valuation equivalent to 198c SA. On the surface, then, AFC's paper profit is roughly R7m. The rub is just how much of it can be realised and shipped back to SA.

First reaction is that this is too much of a discount for Premier shareholders to accept, even allowing for the sweetener from Nampak which added about 50c to its offer. To forestall any criticism, AFC is to offer those Premier shareholders that feel

In is another spec but at a price of less than 50c it might be worthwhile for a possible growth investment

Although some of the shares recommended fall into the high risk category you just have to look at Ensign to see how quickly these outsiders can come right

In October the price of Ensign had risen from its year's low of 65c to reach 80c, which was no big deal, but now, less than three months later the share is changing hands at 135c, with still no dividend in sight

These days...it sure is a rags to riches story

Star 5/1/80

184

JEAN MOON looks at clothing

It is said that "clothes maketh the man" and it is often possible to judge a man's financial worth by the way he dresses and using the same yardstick, you can gauge a country's economic climate by how well or badly the man in the street is clad.

During the mid 70s recession, one of the first industries to suffer was the clothing industry Poor old dad had to wear the same suit for yet another year, mum had to make do with what she had for special occasions, and parents were tempted to put bricks on the heads of their children to stop them growing

Manufacturers bemoaned slim order books and under-utilisation of machinery Now, the boost in the economy has produced a more clothes conscious population, and to cope, some factories are nearing 100 percent capacity.

This surge in clothes buying has taken place in the face of substantial rises in the cost of materials Synthetics have been adversely affected by the oil price, and the cost of natural fibres has risen substantially

Earnings

Simon Jocum, president of the National Clothing Federation is looking at 1980 with an optimistic eye, but uttered a note of caution when he pointed out that there is a possibility that the textile industry will not be able to meet the increased demand.

Local suppliers to the clothing industry are limited, and it is too expensive to import requirements.

The importation of clothing from Far Eastern countries will be watched carefully to ensure that cheaper goods are not dumped here. Mr Jocum pointed out that the lifting of sanctions against Rhodesia will necessitate review of old trade agreements as South Africa cannot afford to import unemployment from low wage countries

Additional work in the industry will call for more employees By the middle of this year, the number employed in the clothing industry is expected to rise by five percent to about 130 000 people

While the styling and quality of South African made clothes has been well received in the foreign markets only a small percentage of output is exported

Last year's estimated export earnings of R30m is not expected to increase much this year unless the Government provides better export incentives

One South African company to make huge inroads into the export market has been Rex Trueform. The company's clothes have been well received, despite strong competition, in the UK, the European and the American markets

Improved efficiencies and a more effective use of resources pushed the company's pre-tax profits 49 percent ahead on a 21 percent rise in turnover in the year to June A higher level of forward bookings for 1980 should result in pleasing results at the half way stage

Solid

Although its six percent dividend yield is not particularly attractive, it is a thumping 3,5 times covered by earnings, so it would be reasonable to expect last year's 30c total to be improved upon

It seems, though, to be the trend of clothing manufacturers to keep dividends highly covered by earnings

In charting terms, Rex Trueform shares are in a solid bull trend which has been in operation for 12 months This means the cream has already been scooped from new investment in the share, but continued growth is likely

Processers of natural fibres, wool and mohair, Gubb Inggs flaunts a highly attractive dividend yield of nine percent, which is more than adequately covered at 3,5 times by earnings A normally cautious board, basing its estimate on profits in the first quarter, expects the year end results to June to be good, so a further improvement on last year's 20c can be expected

Right now seems to be the time to buy this share as charts show that a purchase at around 230c could produce short term growth The only problem with the share is its fairly low tradability, but when both growth and improved income seem on the cards it is worthwhile persevering

An outsider which looks good on the charts as a speculative buy is Progress Shareholders have gone empty pocketed since 1976 following the company's slide into the red in 1977. Although it returned to the black in the year to December 1978 directors felt it imprudent to pay a dividend from its 17,8c earnings a share.

Trading in the first few months of 1979 was further improved, so a resumption of dividend payments looks possible At a price of below 60c this one might be worth a gamble

Seardel

Another share indicating that the time is right to buy is Seardel Since its acquisition of the Charmfit business a good improvement in profits has been recorded

Half year figures to December can be expected to show a further rise and maybe a lift in the interim from last year's meagre 4c a share

Goals and objectives for the next five years include to aim to achieve a 15 percent return on capital a year on new investments, an improvement on the overall return on capital and an arrangement of the financial structure in such a way that the debt to group equity does not exceed 2 1.

Seardel wishes to achieve a dividend cover of 3,5, an average return of at least 20 percent before tax on total costs and to increase net earnings by 12,5 percent a year

With these objectives in mind, shareholders cannot expect significant hikes in dividend payments, which make the share an investment for growth rather than income

Wallowing

Following its chequered career, Mooi River is again on the up and up after wallowing in the depths of the recession in the textile industry

Earnings at the halfway stage to June were more than 180 percent higher and the dividend pushed up by a similar amount

Assuming trading in the second half kept pace with that of the first six months a final of 16c (the same as the interim might be expected, in which case the yield at its current price would be a highly attractive 13 percent

Another one, whose bottom has been dragging along the ground for the past couple of years, but is now indicating that better times are ahead is Veka

Not only have ordinary shareholders been denied of a dividend for a few years, but the company was even unable to pay out its preference shareholders.

Even after its resounding comeback to profitability at its last year end, it was still in arrears to the extent of R435 000 in preference share payments at its June half year

Therefore, it is hardly likely that ordinary shareholders will receive any distribution at all for the year to December

ADONIS (184) FM 15/2/80

Dividend chic

Activitie[s] *Produces men's and children's k[nit]wear The Bencen family holds 38 [%] of the equity*
Chairma[n an]d managing director: *J Bencen*
Capital structure: *3,3m ordinaries of 50c Market capitalisation R1,5m*
Financial: *Year to September 30 1979 Net cash R282 000 Debt equity ratio 11,8% Current ratio 2,3 Net cash flow R287 000 Capital commitments R180 000*
Share market· *45c (1978-79 high, 48c, low, 17c, trading volume last quarter, 107 000 shares) Yields 19,1% on earnings, 8,9% on dividend Cover 2,2 PE ratio 5,2*

Last year the JSE's clothing and knitwear sector appreciated 63% in reflect on of improved profit performances And though this year promises to be equally good in terms of profits, investors have rated knitwear manufacturer Adonis on a relatively high yield of 9,9% compared with the sector's 5,4% average

	†'76	'77	'78	'79
Return on cap %	9 9	10 7	8 9	25 3
*Turnover (index)	119	117	104	128
Gross profit (R000)	188	218	‡149	497
Earnings (c)	1 7	2 6	1 7	8 6
Dividends (c)	1 5	—	1	4
Net asset value (c)	45	47	48	53

*1973=100 †15 months annualised
‡Excludes extraordinary loss

Last year, Adonis recovered from 1978's sharp profit fall Operating profit before finance charges rose 153% to R527 000 (R208 000), while attributable taxed earnings were R283 000 (R57 000) The 1978 figure was further affected by a non-recurring exchange loss of R49 000 The directors have indicated their confidence in 1980 by lifting the dividend to 4c (1c)

When sales and profit fell in 1978, the directors used the opportunity to trim overheads Borrowings dropped, as did stocks and debtors This meant the 1979 turnover revival — up 22,9% — was matched by a huge gearing effect on operating profit This is, however, unlikely to be repeated as the group is now starting off a record base

The increased volume of business saw an upturn in total borrowings to R208 000 (R55 000) — all short-term But gross cash flow could repay the total debt in about six months and the annual interest/leasing bill is covered a comfortable 9,3 times by gross profit With this financial elbow room, Adonis could quite easily gear up substantially, especially as the balance sheet appears under-utilised at present

Based on projected firm demand for Adonis' summer and winter wear, chairman Joe Bencen expects earnings to be sustained this year Hopefully this projection will prove to be conservative as most consumer-oriented companies should see improved profits in 1980

Des Kilalea

Up go wages for clothing workers

16/1/80 184 355

Deputy Financial Editor

NATAL'S 27 000 clothing workers are to have their wages increased by 35 percent within 18 months

Mr M Ansell, a clothing industry spokesman, said yesterday the first stage of the agreement provided for a 17,5 percent increase this month.

The second 17,5 percent rise would apply from July 1, 1981 The agreement expires in December 1982

Mr Ansell said incremental dates had been reduced to six-month intervals and many of the qualifying periods to between six months and a year This meant higher wages would be reached earlier

Other changes provided for an extra day's leave Holidays now number 15 a year

Congributions to the sick funds and provident funds also have been increased to improve benefits

Wages range from R16 a week to R71,90

The new scales will be from R18,80 to R82,60

Slightly lower scales apply to manufacturers in Pietermaritzburg and lower Tugela

CLOTHING (NE) Jan 18/2/80

Material gains

After four years of underproduction the clothing industry is finally coming out of the recession With production up 5% in a year, clothing factories expect 100% capacity utilisation this year

"Consumer spending is returning to clothing and we expect black buying to be a major generator of future growth," says Simon Jocum, president of the National Clothing Federation

Clothing manufacturers were particularly hard hit during the recession, showing an average growth rate of 1,3% a year The industry is always one of the first to suffer in hard times as cash-strapped buyers tend to make clothes last longer

Production in the first 10 months of 1979 is up 5% on the same previous period in spite of substantial rises in the cost of materials

Synthetics have been adversely affected by the oil price, and the cost of natural fibres has also risen significantly If prices are contained and growth continues, employment could rise by 5% with the industry employing 130 000 people by the middle of the year

Aaron Searll of Seardel, one of the largest clothing manufacturers in SA, is budgeting on a 5% increase in both production and employment this year "After four years of excess capacity, there has been a dramatic increase in production and we now expect an 8% increase in factory utilisation," he says

But it's not all good news, says Jocum He is concerned that the textile industry will not be able to meet the increase in demand while at the same time maintaining quality of fabric as well as efficient deliveries High import tariffs make it costly to import fabric so SA's 900 clothing factories are "entirely at the mercy of the textile mills" Approximately 80% of the fabrics used by clothing manufacturers are bought on the local market

"Prices must also be contained in the industry," says Jocum "If not, we could meet with consumer resistance and bang goes our expected growth"

Searll is also worried "The textile industry deserves and gets our support but the industry is unduly protected They are unable to meet the demand and clothing manufacturers will have to import fabrics at high costs," he claims

Textile Federation director Stanley Shlagman says the fears are unfounded "We anticipated the upswing in demand and the textile industry is currently investing R95m in additional equipment There will be no shortage either in variety or quantity We expect demand to peak from mid-year and by that stage the bulk of investment will have taken place"

Searll reckons an investment of R95m is inadequate if the increase in demand is to be met and must be coupled with intensive training if it is to be effective He argues that the textile industry should concentrate on areas where it has an advantage rather than "hammering away for increases in import duty"

Exports are increasing and reached R30m in 1979 Jocum expects the clothing industry to achieve similar figures this year Exports represent 3% of total output but manufacturers hope to increase exports to 10% of output in the next few years

Rex profits up 31% (184)

CMT Times 16/2/80

expansion ahead

REX TRUEFORM has raised earnings per share by nearly 31 percent in the first half with higher sales both locally and overseas.

Earnings per share rose from 51,57c to 67,38c Pre-tax profits were R2 379 000 as against R1 953 000 and taxed profits were R1 895 000 (R1 452 000) Tax was only R484 000 (R501 000) due to export allowances

The chairman, Mr Stewart C Shub, says group turnover rose by 36 percent with increased market penetration He says there has been a marked improvement in trading conditions on the domestic market and an improved level of confidence in the economy

But margins have come under pressure due to sharply rising raw material costs and operating costs have been affected by a continuing high rate of inflation Management is making every effort to contain costs

The sales outlook for this year is favourable. Production capacity for the remainder of the year is fully booked and forward bookings for the summer of 1980 are most encouraging

After its extensive growth over the past few years Rex is expanding once again Mr Shub says an additional distribution facility has been secured close to the existing factories which will allow space to be earmarked for increased production to meet the demand

The shirt company L'Uomo has completed its move into the new factory and is poised to benefit from the rationalization of its plan He expects L'Uomo to further improve its firmly entrenched position in the market

A satisfactory profit was achieved in the six months and Rex's 50 percent stake has been included in the results

African and Overseas Enterprises — Pre-tax profit R2,70m (R2,[illegible]m) in six months ended December 31 Earnings per share 42,98 cents (27,58), taxed profit R1,09m (R706 000), tax R578 000 (R584 000), minorities R1,03m (R771 000) The company said wholly-owned subsidiary Vella Sportswear made a significant recovery, and achieved highly satisfactory results Directors are confident regarding prospects for the full year, and say group profits should show satisfactory improvement — Reuter

D.D.R. 25/2/80 3427 184

No new EL pay rate

EAST LONDON -- The new wage determination for the ladies' stockings industry would not affect wages paid at Berkshire International (SA) here, the company's managing director, Mr M M Strong, said

Commenting on the new agreement, which was announced in the government gazette of February 15, Mr Strong said the new rates simply did not apply at Berkshire "because we pay far in excess of the new rates"

He added that it was unfortunate that by the time new wage agreements came along they were almost historical and had little relevance

"Any progressive company will be paying way above the new rates anyway," he said

The new determination will apply to the stocking industry in East London, Estcourt and Parys and will be binding from this week -- DDR

Post 25/2/80

Women strike on no-bags rule

184 ~~152~~ ?

MORE than 200 women employed by Elmar Underwear Company in Fordsburg, Johannesburg, went on strike on Friday after being instructed by management not to enter the factory with their bags anymore.

The incident happened about 7,30 am when the women refused to enter the factory and resume their daily work

Police were called, but the situation was solved by the secretary of the Fordsburg branch of the Garment Workers Union, Mrs Sarah Chitja.

One of the women said they were told that as from Friday, they had to leave their bags with the security guard at the gate.

A white supervisor at Elmar, who refused to give us his name, said he saw the women standing outside the company premises on Friday morning.

He said he thought the gate had been locked

He then refused to comment further and referred POST to the factory manager, a Mr Ramsden

Mr Ramsden, through the company's switchboard operator, said he did not want to talk to POST reporters

He was reported to be attending a meeting

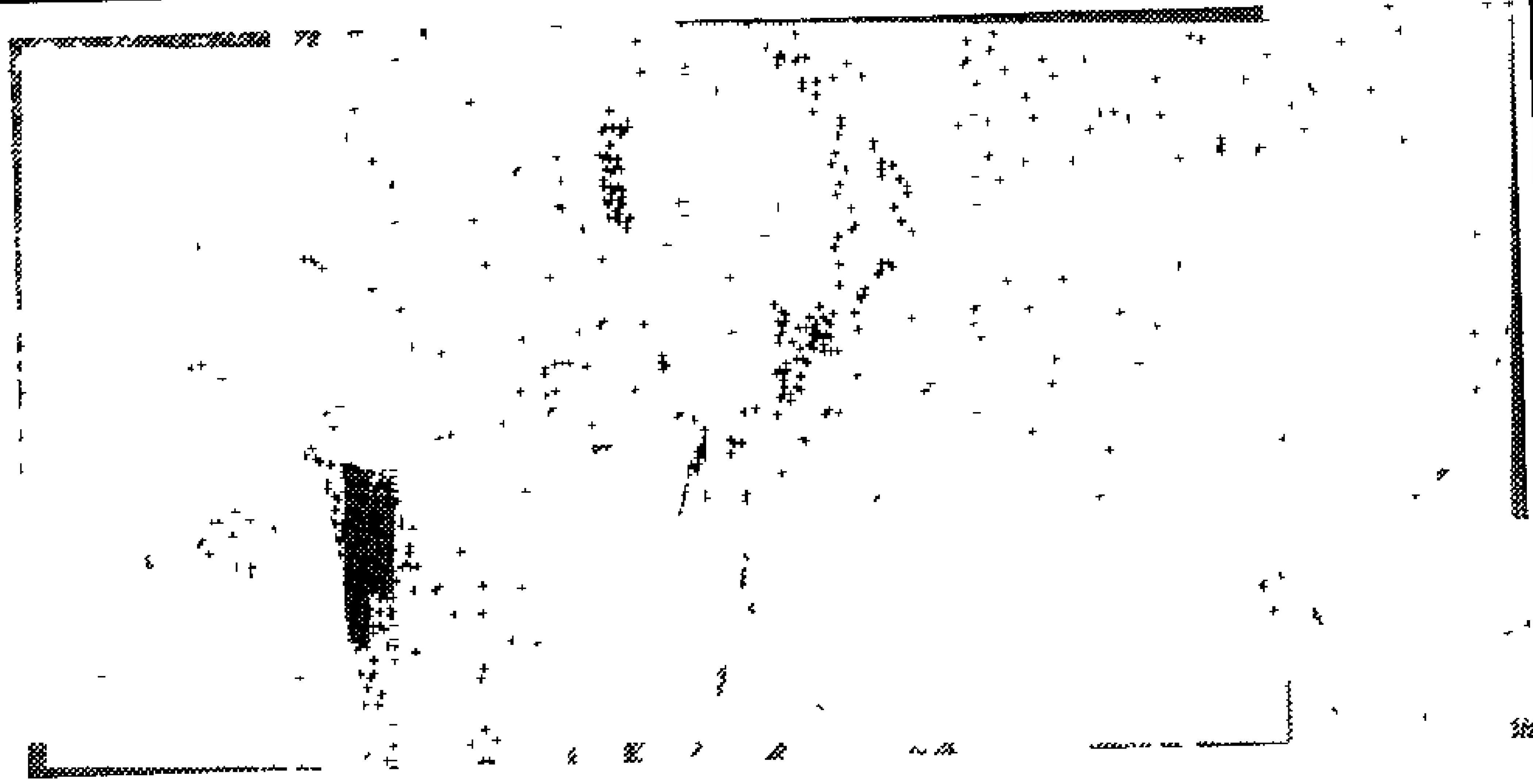
Mrs Chitja told POST she arrived in time and saved the situation from worsening.

She said she addressed the women and told them "about an agreement in our clause" concerning changes within the company by managements

184

SUNDAY TIMES, Business Times, March 2, 1980

Hang Ten boosts Cape rag trade



President Ron Fox (centre) with Joseph di Paulo (left) and Frank Gordon

By BILL CAIN

CLOTHING exports are getting a R40-million annual boost with a three-nation link-up under the Hang Ten label.

President, Ron Fox, tells me the new deal is apart from a minimum R10-million expected next year from overseas sales by other local licensees of the internationally known manufacturing and marketing group's products

"During the same period Hang Ten sales within South Africa should reach around R30-million," he adds

Cape Town's Coronet Industries will be the manufacturing base for California's Daisy company with West Germany's Bonaire textiles chain promoting and distributing the SA-made range of sportswear throughout West Europe

Coronet managing director, Frank Gordon, says "We will expand our own capacity but much of the work will be made up at other Cape clothing factories

"At full production three million items will be shipped to Europe every 12 months "

Output of women's sportswear is scheduled to begin in mid-year with a men's range following soon after

Maximum production is expected within three years, though Mr Fox tells me these preliminary plans could be revised

He says "We're looking at an outlet including Scandinavia of 220-million people, as big as the US market, that knows Hang Ten very well already This R40-million is a conservative earnings figure for local manufacturers "

Daisy president, Joe di Paulo, says his company — Hang Ten's biggest licensee — looked at labour and production opportunities in many countries, including the Far East, Mexico and Eire, before deciding on big manufacturing runs in South Africa

"Availability of good labour is rare in the world today and that is one of your biggest advantages," says Mr Fox

"This, coupled with the technological ability we need, made us decide to come here in a big way If our plans work out it will be even bigger in future "

Mr Fox says Hang Ten's 11 SA licensees — making mainly swimsuits, sportswear, sail-surfers and footwear — have had an aggregate 70% sales growth rate in the past 12 months This includes R5-million in exports

He adds "Latin America, in particular Argentina, took about 20% of Hang Ten exports from South Africa This is going to be another big market "

Mr Fox says he is arranging for a major sunglasses company to manufacture and market under the Hang Ten logo

Negotiations are also continuing to bring a local suntan lotion company under the international banner

Boost for SA clothing

184 62 63 RDM 4/3/80

Financial Reporter

A multi-million rand export contract has been awarded to South African clothing group, Coronet Industries, of Cape Town

Coronet, which is the franchise holder for the Hang Ten trademark for women's and girls' clothing, has formed a consortium with two other franchise holders, Joseph Di Paulo (US) and Hanns-Michael Graf (Germany)

The consortium was awarded sole rights to supply the total Hang Ten market for Europe, including the Scandinavian countries, Britain and the mainland, including Greece and Italy

The value of the market is estimated between R50-million and R100-million a year

All Hang Ten women's and men's wear for the European market will be made in South Africa Existing plant will be expanded, creating work for contractors and necessitating a large increase in staff, to be drawn from all South African population groups.

Mr Frank Gordon, managing director of Coronet, says this breakthrough into the European market will lead to a large export increase by local clothing manufacturers

Europeans are beginning to realise that South Africa has a large and competent clothing industry, operating on lower direct labour costs, and are now looking to South Africa to fulfil market needs created by dire production shortages in the rest of the world

ARGUS 10/3/80 (184)

CLOTHING OFFERS MORE WORK IN CITY

FIFTEEN more clothing factories opened in Cape Town in the last 14 months, bringing the number of manufacturers to 315, and the work force has soared to a peak of more than 50 000.

This is disclosed today by Mr A M Rosenberg, chairman of the industrial council for the Cape clothing industry in his annual review.

Two thousand more workers have found jobs in factories since January and another 3 600 jobs were provided last year. Since the 1976 recession the workforce has increased by 18 percent or 8 000 employees.

PROMISING

'From the performance and growth of the local industry in 1979 and from business activity in general, 1980 looks to be a promising year for the Cape clothing industry,' said Mr Rosenberg.

The number of factories has jumped by 62 in the past 10 years.

'Every little factory that opens can have important repercussions on employment for this is a labour-intensive industry,' said Mr Rosenberg.

Only two manufacturers went insolvent last year and the 170 workers involved received R4 378 in pay from the industry's contingent fund.

In the worst year, 1977, seven firms were insolvent and R19 030 was paid to 446 workers.

Employment has grown by 32 percent or over 12 000 jobs in 10 years, according to industrial council figures.

Housing loans to workers rose by 50 percent to R445 000 last year and the provident fund has helped to house more than 1 000 families.

REX TRUEFORM/DUBIN

184

Suit(able) growth

FM 7/3/80

Judging from the recently released reports of several clothing groups, the upturn in demand first noted when gst was introduced appears to be gaining additional momentum. Currently the market appears positively buoyant, with strong forward orders suggesting a measure of long-term confidence that Jan Publiek will continue to open his purse strings and clothe himself in a manner befitting his more optimistic outlook.

First off the peg were interims from **African & Overseas Enterprises** and its major subsidiary, **Rex Trueform.** A & O reported a most satisfactory improvement in trading profit for the first half to end-December. At the attributable level this was translated into a 54% improvement to R1,1m (R706 000), giving earnings of 43c a share compared with 27,6c previously, and only 44,7c for last year.

At the operating level, Rex Trueform reported a 30,6% improvement in earnings of 67,4c, which compares with 51,6c in the previous first half and 108c last year. However, the directors warn that the results of both groups did benefit from a significantly reduced tax rate due to allowances for export marketing expenditure and new plant.

A & O's wholly-owned subsidiary Vella Sportsware has made a significant recovery in its own right. Turnover in the first six months was 30% up, and a net profit before tax of R106 000 was earned compared with a loss of R90 000 during the previous corresponding period.

Unfortunately, inflation and rising operating costs figure largely on Rex Trueform's horizon. Margins have been under pressure, and promise to remain so in the short-term. What will help the most is utilisation of capacity, which, in Rex Trueform's instance is fully booked for the rest of the year, says chairman Stewart Shub. Also, forward booking for the summer of 1980 is said to be "encouraging."

An additional distribution facility has been secured close to existing factories, so valuable space which has been earmarked for new production facilities has been released. L'Uomo, which caters for the quality end of the specialist menswear trade, has been successfully relocated in its new factory. So, with further rationalisation of its product range this year, Rex Trueform's 50% interest should prove even more profitable.

Rex Trueform's L'Uomo range . . stylish appeal

Shub anticipates a satisfactory improvement in profits for both companies. For Rex Trueform, this could mean earnings of as much as 140c, out of which a dividend of at least 39c can be expected, even if the cover is retained at 3,5 times. At this level, the prospective yield is a solid looking 7%.

Likewise, **Dubin** has done well in the year to December. Turnover was 26% higher at R62,5m, but earnings accelerated by 34% to 25,9c (19,3c) before non-trading items. Again, lower taxation was a factor in achieving a higher rate of earnings growth, principally through export promotion and new plant allowances. However, chairman Abe Dubin has been a little more conservative with the dividend, distributing a 21% higher 8,5c (7,0c). Perhaps the reason is that consideration is now being given for the payment of an interim as a matter of policy.

At 105c Dubin's historic yield is 8,1%, and I would not be surprised at a prospective yield of just less than 10%. Which is taking an unnecessarily pessimistic view of future prospects even allowing for another round of cost increases and stiff competition.

John White

Berkshire is looking good

STAR 11/3/80 (184)

By Jean Moon

Berkshire International, manufacturers of women's stockings, pantihose, knitwear and clothing, notably denim jeans, while expecting a good year in 1980, does not expect the rate of increased profitability to be maintained.

Pre-tax profits rose 86,6 percent on a 42,5 percent increase in turnover during 1979 while income attributable to shareholders leaped 52,5 percent

Berkshire is cautiously optimistic with regard to the future industry in Rhodesia, depending on the nature of the new government.

The 63 percent held Rhodesian subsidiary improved results in the face of internal strife in that country.

Berkshire's claim to fame was its move, in the middle of the last decade, into the production of denim clothing.

At that time, women adopted the bare legged trend, and sales of pantihose slumped drastically, and the market became oversupplied.

Not content to sink with the rest, Berkshire moved into a more "with it" field — denim clothing which has proved to be one of the most lasting fashion fads for a good number of years.

At last, those shareholders who have had to make do with "mean" distributions making Berkshire's dividend payment for 1979 7,5 times covered, can hope for something better this year.

Chairman Ashton Chubb said in the annual report that the company has achieved a position of financial strength which will now permit a more liberal dividend policy to be pursued

Therefore, if the present trading performance is maintained, a dividend of 22,5c will be paid this year

At a price of 230c this would mean a yield of nearly 9,8 percent, which for shares in this fast growing company is highly attractive

	Retained earnings (Rm)	Annual turnover percentage increase	Earnings (cents)	Dividends (cents)
1979	2,0	42	75,0	10,0
1978	1,3	38	49,0	5,0
1977	0,9	16	42,4	3,8

Bus: Argus 15/3/80 (62)

Californian may boost Cape clothing exports

(184)

THE possibility of boosting clothing exports to the rich California market was offered to Cape manufacturers this week by the head of a leading American distribution firm.

Mr Walter Gordon, president of California Expediters, in his first visit to South Africa inspected several clothing factories, took samples and discussed prices.

He said he was impressed with the modernisation of the factories which was comparable to American factories. The use of computers in production was as advanced as anything in the United States.

AS GOOD

'Quality-wise the products are as good if not better, though you do not have the rush and volume of American factories'

Mr Gordon's warehousing distribution firm has 42 000 sq m of floor space in three buildings in Los Angeles. It handles only clothing and soft goods and had sales of more than R60-million last year.

In terms of wealth, he claimed, California was equal to the sixth largest nation in the world.

The West Coast and its population of 51-million was a major market for sportswear and was probably the world leader.

LEFT Visitor to South African clothing factories Mr Walter Gordon, left, president of a Los Angeles distributor, is shown a woman's jacket by Mr George Bruhn, managing director at Bonwit's Salt River plant

Y ARTS ... AS A

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	COURSE	DESCRIPTI
	~~110262~~	~~HISTORY II~~
[redacted]	104101	ARCHAEOLOGY
	~~107241~~	~~ENGLISH II~~
	003501 117201	SOCIOLOGY I POLITICAL S
	113104	PHILOSOPHY
	103302	SOCIAL ANTH
	101103 115103	AFR LANG I ITALIAN INT
	~~114218~~	~~DRAMA II~~
	118101 302107	CULTURAL HI HISTORY & T
	103202 107201	SOCIAL ANTH ENGLISH II
	~~105105~~	~~LATIN ELEME~~
[redacted] LINDSAY	004101 113104	PSYCHOLOGY PHILOSOPHY
[redacted] RK	105202	LATIN II
[redacted] HEA	114201	RELIGIOUS
[redacted] KEE	911201	MATHEMATI
[redacted] SZEK	107201	ENGLISH I
[redacted] OTHY	107201 114201 115201	ENGLISH I RELIGIOUS FRENCH I
[redacted]	117101	POLITICA
[redacted] NEY	106202	ECONOMIC
[redacted] TH	101103	AFR LANG
[redacted]	107101	ENGLISH
[redacted] IED	106202	ECONOMI

FINANCE

(184

SANS plans R50-m saving on imports

Financial Editor

SOUTH AFRICAN Nylon Spinners, the R200-million company making nylon and polythene yarn at Bellville, may soon be able to obtain all its raw materials locally.

This would reduce the country's import bill by about R50-million a year.

At present the company has to import parts of its requirements

But Mr Justin E Schaffer, managing director of SANS, said in Cape Town today the company, in association with AECI, was seriously investigating the manufacture of some of SANS chemical feedstocks. These feedstocks would be based on coal

As a result of these investigations he expected SANS to obtain all its raw materials locally.

Mr Schaffer said the spinning equipment being installed at Bellville at a cost of R40-million would raise the company's polyester and nylon yarn capacity by 35 percent

This would enable SANS to supply the country's total requirements of these products for some years to come

The new plant would significantly upgrade the quality of the yarn being produced and also enable SANS to offer its customers a greater variety and meet the varied requirements of the local mills.

The new plant would come into operation in 1981 and could be quickly enlarged at low cost.'

Employment at the Bellville plant would rise by about 100 to 1 650.

STU13-9 EXAMINATION RESULTS IN FACULTY ARTS AS AT 29 02 80 PAGE 1

13030 BACHELOR OF ARTS YEAR : 3 13030

STUD NO	SURNAME	FIRST NAMES	COURSE	DESCRIPTION	SYMBOL			
~~102521L~~	~~ABBOTT~~	~~PETER HARRY [illegible]~~	~~603202~~	~~ROMAN LAW & JURISPRUDENCE~~	~~IUP~~	~~(57)~~	~~4~~	~~102521L~~
077201P	ANDREWS	DAVID BRIAN	107301	ENGLISH III	3	(56)	4	077201P
~~101148U~~	~~BASKIN~~	~~MELANIE ANN~~	~~114101~~	~~RELIGIOUS STUDIES I~~	~~UP~~	~~(54)~~	~~5~~	~~101148U~~
101875J	BUSSE	PETER GRAHAM	004301	PSYCHOLOGY III	3	(52)	4	101875J
~~114694T~~	~~COOKE~~	~~JOHN GEORGE~~	~~[illegible]~~	~~GEOGRAPHY IIA (HALF COURSE)~~	~~UP~~	~~(51)~~	~~4~~	~~114694T~~
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			~~111201~~	~~MATHEMATICS IIA M204~~	~~UP~~	~~(55)~~	~~4~~	~~111405T~~
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					UP	(63)	4	113612R
					~~UP~~	~~(50)~~	~~4~~	~~101853K~~
					UP	(60)	4	102381J
					~~2~~	~~(63)~~	~~5~~	~~097859U~~
					ABS		5	101158E
					~~UP~~	~~(53)~~	~~4~~	~~094855G~~
					ABS		5	111351M
				~~POLITICAL SCIENCE III~~	~~UP~~	~~(53)~~	~~4~~	~~103519W~~
				HIST & APPRECIAT OF MUSIC I	ABS		5	102719B
				~~GREEK & ROMAN LIT & PHIL~~	~~3~~	~~(58)~~	~~5~~	~~102257Z~~
				AFRIKAANS EN NEDERLANDS III	F		5	033709H
				~~ECONOMICS III~~	~~UP~~	~~(51)~~	~~4~~	~~101164L~~
				STATISTICS IA(HALF CRSE)	F	(24)		
				STATISTICS IC(HALF CRSE)	F	(34)		
				~~MATHEMATICS IIA M204~~	~~UP~~	~~(55)~~	~~4~~	~~112105D~~
				AFRIKAANS	UP	(50)	4	116606W
				~~ENGLISH III~~	~~2~~	~~(67)~~	~~4~~	~~13[illegible]~~

UCT

Computer suits clothing industry

184 C(

20/3/82

THE "new look" in clothing today is the introduction of computers at modern manufacturing centres like the Tongaat factory at Celrose, part of the Edgars group

Here the Camsco Markamatic 5000 combines hardware and software components into a system that grades pattern pieces into different sizes and shapes It also plots their arrangement on the cloth to allow as many pieces as possible to be cut from various measures and textures, with the minimum of waste

Known in the trade as "marker making", the planning of this jig-saw puzzle — and the grading of its components — can now be done in a matter of hours instead of days

Creative time saved means that all these functions can be handled by the people most talented in these directions, without having to delegate their work loads

Another advantage of computerized grading is greater accuracy and uniformity of fitting than can be obtained by human tracing skills In addition, the unit has the capacity to fully automate the cutting operation which will further enhance this quality aspect

The R500 000 system is also space conscious The expert can prepare his marker by reference to a small screen in the computer room, instead of a large table area on the factory floor Storage space for graded and marked patterns is no longer required, as all necessary information is stored by the computer for future recall if required

The maker can still use one-fifth miniature markers for a traditional, final visual check But in place of the old drawing skills required, these are now produced at the touch of a few buttons

The computer may also be used to provide sample and fabric-estimating markers, reducing the margins for error

Input for the system is sample-size patterns, resulting in output of a full-size marker for any fabric type and width Pattern design can be achieved by instructing the computer on alterations to existing style specifications, again using the screen A digital operation for computer designing will also soon be in use

Celrose has found no problem in training its marker-makers in the use of the computer Computer operators, on the other hand, would require considerable training in design, grading and marker making

At last-Dugson turns the financial corner

Sun Trib 23/3/80

184

By TONY HUDSON
Finance Editor

DUGSON HOLDINGS has turned the corner and after several years of heavy losses, is showing a profit for the year to December 31, 1979.

Trading income before tax was R326 000 compared with a loss of R584 000 in 1978, R18 000 in 1977 and R139 000 in 1976.

After extraordinary items, tax and dividends to preference shareholders, income attributable to ordinary shareholders is R271 000 Income to ordinary shareholders before extraordinary items comes to 36,9 cents a share.

Managing director Ivan Levy told TRIBUNE FINANCE he expected growth to continue during the current year. He said no decision had been taken when dividends would be resumed (the last was paid in 1975). However, it would be fair to assume that if profits continue to grow that at least a token payment will be made at the end of the current year.

Dugson started to run into trouble in 1977 when it began to centralise its menswear operations in Durban as its previous locations in Johannesburg and Kimberley were too scattered and there was too much production capacity for the market at the time.

The following year consolidation of menswear continued and the group also ran into trouble in setting up its childrens-wear plant in Isithebe.

However, last year the group's affairs started to come together: The menswear division was fully consolidated, the children's-wear operation made a small contribution to profits and losses from subsidiary Durity were reduced.

With an earnings yield of 24,6 percent compared to the sectoral average of 19,6 percent the counter could well move up during the year from its present pattern, and could be attractive in the medium-to-long

184

Klerebedryf sukkel weer met tekstiel

DIE Suid-Afrikaanse klerebedryf ondervind tans ernstige probleme met die verskaffing van materiaal van die tekstielbedrywe. Daarby kan die klerebedryf, wat uit sowat 900 vervaardigers bestaan, binne die volgende jaar strawwe mededinging van die Rhodesiese klerebedryf verwag.

Die grootste onmiddellike probleem, is die verskaffing van tekstielmateriaal. Verskeie klerevervaardigers beweer dat hulle soms etlike maande moet wag voor hulle hul materiaal ontvang. In 'n mark, soos die vir klere, kan dit chaos afgee, want seisoensverandering speel 'n groot rol.

Die klerebedryf ontvang sy tekstielware van net sowat twintig tekstielvervaardigers, wat beteken dat sommige ware net van een vervaardiger gekry kan word. Aan die ander kant bemark die klerebedryf sy produkte hoofsaaklik aan sowat vyftien groot kleinhandelgroepe Hier is dus 'n oligopolistiese mark waarin groot druk op die klerevervaardiger is.

Mnr. Simon Jocum, voorsitter van die Nasionale Klerefederasie, het vandeesweek in 'n onderhoud met Sake-Rapport gesê dat 'n klerevervaardiger 'n ooreenkoms met 'n tekstielvervaardiger aangaan, ingevolge waarvan die prys van die tekstielware vooraf vasgestel word. 'n Paar maande daarna word die prys van die tekstielware verhoog, maar die klerevervaardiger het reeds die ware aan 'n kleinhandelaar teen 'n vasgestelde prys verkoop

Mnr. Jocum sê die klerevervaardiger ondervind dan probleme om sy prys aan die kleinhandelaar te verhoog.

Die tekstielbedryf het egter dieselfde probleem, aangesien die pryse van grondstowwe soos olie ook baie wissel.

Die probleme in die tekstiel- en klerebedryf sal vandeesweek deur 'n raadgewende komitee bespreek word, wat uit verteenwoordigers van die tekstiel- en klerebedryf en die kleinhandel bestaan.

Sake-Rapport verneem dat die vasstelling van klere en tekstielware se pryse indringend bespreek gaan word. Skommelinge in pryse veroorsaak 'n ongesonde toestand wat net tot wrywing kan lei, het 'n klerevervaardiger gesê.

'n Ander probleem wat die klerebedryf het, is die verskaffing van sy produkte aan die binnelandse mark. Na verwagting sal die uitvoermark vanjaar sowat R30 miljoen beloop. Die vervaardigers moet sorg dat hulle op datum is met uitvoerkontrakte. Terselfdertyd moet die produksie uitgebrei word om in die behoeftes van die binnelandse mark te voorsien.

Volgens mnr. Jocum moet daar indringende ondersoeke na die vrye handel met Rhodesië kom Na verwagting sal die klerebedryf in die land binne 'n jaar op sy bene kom, wat beteken dat miljoene rande se klere na Suid-Afrika sal vloei

Die ware sal na verwagting goedkoper as die Suid-Afrikaanse produk wees weens die laer arbeidskoste in Rhodesië en die feit dat Rhodesiese klerevervaardigers hul tekstielware goedkoper gaan kry. — Flip Meyer

STU13-9 EXAMINATION RESULTS IN FACULTY ARTS AS AT 29 02 80 PAGE 1

14210 B.A./PERFORMERS DIP (SPEECH & DRAMA) YEAR : 1 14210

STUD NO SURNAME FIRST NAMES COURSE DESCRIPTION SYMBOL

~~1523373~~

1523660 POGSUND JENNIFER SOLANGE 115101 FRENCH I F (45) 1 1523660

* TOTAL NUMBER OF STUDENTS 2

DEAN

REGISTRAR (ACADEMIC)

(184)

RDM 29/3/80.

Foschini in Tvl drive

Own Correspondent

CAPE TOWN. — Foschini is preparing for major growth, including plans to expand in the Transvaal. In a related move to boost working capital, it has negotiated a R4-million long-term loan and a further loan is contemplated, says the chairman, Mr Stanley Lewis, in the annual report.

The new northern headquarters in Johannesburg — a R2 250 000 project which will be completed in August — is the key administrative base for the projected Transvaal growth

"We are starting our drive into the eighties in the north and the Isando complex represents the groundwork that has been done It has been sited and planned to allow considerable room for expansion."

The directors' report shows that the terms and conditions of the R2-million loan with the Old Mutual have been renegotiated The term has been extended and Old Mutual has relinquished any rights or options it had to acquire ordinary shares in Foschini

The loan has a 13,25% coupon and is repayable in 16 equal annual instalments from December 31, 1986.

The new loan — a R4-million facility at a 10,85% rate — is repayable in 15 instalments from December 1989 The group also has a long-term arrangement with Barclays under which the bank purchases accounts receivable At the year-end R6 500 000 (R6-million) had been used

Foschini's turnover last year was R112 304 000 — a 14,8% increase on 1978 The 1979 pre-tax income of R13 012 000 was 17,7% ahead of the previous year's R11 059 000 Net income attributable to ordinary shareholders of R7 587 000 (1978 R6 403 000) showed an increase of 18,5%.

Earnings a share increased by 18,5% to 782c (660c) The final dividend was 261c (215c), making the total distribution 321c (270c) The dividend is covered 2,4 times by earnings — the traditional cover

Lewis Foschini Investments (Lefic), whose major asset is its 20% shareholding in Foschini, reflects the latter's results with net income after tax at R1 546 000 (1978 R1 303 000) Total attributable earnings (including those retained by Foschini) amounted to R3 783 000 (R3 195 000), to give earnings a share of 79c (67c) Lefic's final dividend has been raised to 26,1c (21,5c)

STU13-9

143.0 BACHELOR OF ARTS/HIGH.DIP.LIBRARIAN. EXAMINATION RESULTS IN FACULTY ARTS YEAR : 4 AS AT 29 02 80 PAGE 1

14540

STUD NO	SURNAME	FIRST NAMES	COURSE	DESCRIPTION	SYMBOL
~~[illegible]~~	~~[illegible]~~	~~JENNIFER ANNE~~	~~[illegible]~~	~~ARCHAEOLOGY II~~	~~F (41)~~ 5
			111706	PRINCIPLES OF LIBRARIANSHIP3	(50)

~~TOTAL NUMBER OF STUDENTS~~ 1

~~REGISTRAR (ACADEMIC)~~

* Cannot graduate H Dip Lib as she has failed B.A.

'Sjambok on workers and pay docked'

Post 31/3/82

(184)

A BLACK worker at Trident Steel in Germiston complained to POST about the treatment of black workers by a company official, Mr B Noordman.

The employee alleged deductions from their pay-packets and that people who object to this were either fired or asked to resign

It was also claimed that Mr Noordman carried around a sjambok that he uses on workers

He uses words such as "kaffir" to employees, said the complainant

POST was also told that there were workers in the company who buy liquor for Mr Noordman and others who work in his garden and that this group of workers are treated well

Mr E Behr, the company director, told **POST** some allegations had been made before and were found to be untrue

He said a year ago the foreman deducted money from the workers' wages for late-coming and that he (Mr Behr) had put a stop to that practice

PLASTIC

He admitted that Mr Noordman carried a plastic rod about, but that he only toyed with it

The people who work in his garden are not forced to do so and they get paid for it They don't do the man's garden during working hours," said Mr Behr

STU13-9 EXAMINATION RESULTS IN FACULTY ARTS AS AT 29 02 80 PAGE 1

15016 B.A./LL.B. YEAR : 1 15016

STUD NO	SURNAME	FIRST NAMES	COURSE	DESCRIPTION	SYMBOL			
~~154230R~~	~~ARP~~	~~HANS-ERIK~~	~~105105~~	~~LATIN ELEMENTARY~~			1	~~154230R~~
157795R	BARRETT	MICHAEL CONRAN	117101	POLITICAL SCIENCE I	UP	(59)	1	157795R
~~153562Q~~	~~BUCHINSKY~~	~~GLENN BRUCE~~	~~102101~~	~~AFRIKAANS~~	~~UP~~	~~(50)~~	1	~~153562Q~~
156581X	COHEN	PETER DAVID	117101	POLITICAL SCIENCE I	UP	(57)	1	156581X
~~155002F~~	~~CONROD~~	~~INDRAN~~	~~105105~~	~~LATIN ELEMENTARY~~	~~ABS~~		1	~~155002F~~
		JAMES	105105	LATIN ELEMENTARY	UP	(56)	1	157855G
			~~117101~~	~~POLITICAL SCIENCE I~~	~~UP~~	~~(59)~~	1	~~154395W~~
		ALEX	102101	AFRIKAANS	F		1	155823Y
			~~117101~~	~~POLITICAL SCIENCE I~~	~~UP~~	~~(56)~~	1	~~150196G~~
		MICHAEL	105104	LATIN I	F	(31)	1	158314F
		~~RANK~~	~~105105~~	~~LATIN ELEMENTARY~~	~~UP~~	~~(50)~~	1	~~156503L~~
		RA PAUL	107101	ENGLISH I (PRE-1980)	2-	(64)	1	038176W
		~~THUR JUSTIN~~	~~105105~~	~~LATIN ELEMENTARY~~	~~ABS~~		1	~~115449N~~
		UISE STUART	117101	POLITICAL SCIENCE I	UP	(55)	1	159727K
		~~ALLACE~~	~~117101~~	~~POLITICAL SCIENCE I~~	~~F~~	~~(47)~~	7	~~162529M~~
		ERNARD CHARLES	105105	LATIN ELEMENTARY	APS		1	161080M
			~~105105~~	~~LATIN ELEMENTARY~~	~~UP~~	~~(51)~~	1	~~157638W~~
			105105	LATIN ELEMENTARY	ABS		1	155155X
		~~ADLEY~~	~~102101~~	~~AFRIKAANS~~	~~F~~		1	~~156583Z~~
		ES LUTHER	102101	AFRIKAANS	UP	(50)	1	153752X
			~~603202~~	~~ROMAN LAW & JURISPRUDENCE~~	~~IF~~	~~(49)~~	1	~~158337F~~
154745B	POTTS		105104	LATIN I	F	(34)	1	154745B
			~~102101~~	~~AFRIKAANS~~	~~UP~~	~~(50)~~	1	~~156056B~~
			105104	LATIN I	UP	(50)	1	154272M
			~~105104~~	~~LATIN I~~	~~UP~~	~~(50)~~	1	~~154933[illegible]~~

UCT

SA BIAS

Cutting the tape

1.1.84

The strength of the clothing industry has pushed up SA Bias' taxed profit in the year ended December 31 from R829 000 to R1.4m and prospects for another healthy rise in 1980 are good.

The final dividend was increased from 22c to 35c after a maiden interim dividend of 5c, which seems likely to be repeated this year. Dividend yield on current share price of 700c is 5.7%.

Chairman Michael Newman says the rise is partly attributable to new marketing techniques and cost effectiveness programmes in the Cape Town factory, as well as to the establishment of a new factory in Durban where previously there was only a depot. SA Bias has also purchased a new subsidiary, BMD Gifts Wholesalers, which added some 16c to 17c to group earnings in the last year.

The company, says Newman, has been examining the export market for certain of its product lines and has found that some are competitive abroad. This could lead to export earnings in the near future.

The group's shipping division has cleared the decks for action at last and moved into a position of profitability after breaking even last year, while the company's properties are fully let at good rentals.

Although Newman forecasts that earnings are not likely to increase at last year's 70%, he notes that figures so far are up on this time last year. The interim dividend is also likely to be a cautious one — perhaps no more than last year's maiden, but the final is likely to rise, perhaps 50c. This would push the yield to nearly 8%.

The equity is 80% controlled by the directors, but Newman says it is the company's intention to release more scrip to the market.

BERKSHIRE

Nice legs

Activities Manufactures women's hosiery, knitwear, clothing and denim jeans. Berkshire International (LSA) holds 68% of the equity.
Chairman J A Chubb; managing director M L Strong.
Capital structure 1,6m ordinaries of 50c, 40 000 converted pref of R2. Market capitalisation R3,8m.
Financial Year to December 31 1979. Borrowings: long- and medium-term R672 000. Net cash R124 000. Debt equity ratio 16,6%. Current ratio 2,4. Group cash flow R1,3m. Capital commitments R30 242.
Share market Price 240c (1979-80 high 255c low 95c) trading volume last quarter 43 000 shares. Yields 21% on earnings, 4% on dividend. Cover 4,46. PE ratio 3,2.

	'76	'77	'78	'79
Return on cap. (%)	19,6	[illegible]	[illegible]	6,7
Turnover (Rm)	[illegible]	[illegible]	[illegible]	[illegible]
Pre-tax profit (Rm)	629	1 091	1 167	2 022
Earnings (c)	30,7	42,4	18,8	71,6
Dividends (c)	2,5	2,75	5,0	16,0
Net asset value (c)	142	186	[illegible]	[illegible]

1973 = 100

Berkshire SA has taken handsome advantage of the consumer sales upswing over the past year and the announcement of a more liberal dividend policy from now on makes the share look cheap at the price.

Turnover of the clothing manufacturer rose by 49% in the year ended December 31, while pre-tax profitability managed an 87% advance to R2m, indicating that the company's efficiency has been heightened as spare capacity is taken up. However, there are some grounds for doubting whether this rate of increase in profitabil

Financial Mail April 4 1980

	Mar 27 1979	Mar 18 1980	Mar 25 1980
Overall	339,6	552,7	576,5
Dividend Yield	6,7	5,9	5,8
Earnings Yield	15,4	12,7	12,2
Rand Gold	199,0	250,7	12,2
Evander Gold	222,8	395,6	460,3
Klerksdorp Gold	477,2	845,7	962,4
OFS	232,4	468,6	490,5
West Wits	347,8	599,1	651,8
All Gold	261,8	461,7	503,6
Metals and Minerals	157,1	252,6	260,7
Platinum	235,4	388,0	405,5
Mining Finance	312,8	409,8	415,6
Financial	283,6	409,8	415,6
Banks & Others	414,0	569,2	574,7
Financial & Industrial	381,8	598,8	610,0
Industrial	312,2	500,1	509,9
Dividend Yield	6,5	5,0	4,7
Earnings Yield	15,4	13,0	12,0
Industrial Holding	468,6	757,7	777,9
Dividend Yield	6,1	4,7	4,6
Earnings Yield	14,9	13,2	12,8
Beverages & Hotels	277,7	565,7	614,5
Dividend Yield	8,0	4,7	4,1
Earnings Yield	16,4	10,6	8,7
Building & Construction	209,4	338,5	344,6
Dividend Yield	8,4	6,1	5,8
[illegible]	17,5	15,9	15,2

FACULTY ARTS AS AT 29 02 80 PAGE 1

YEAR : 3 15036

NAMES	COURSE	DESCRIPTION	SYMBOL			
	~~602101~~	~~PUBLIC INTERNATIONAL LAW~~	~~ARS~~		~~4~~	~~101834P~~
	602101	PUBLIC INTERNATIONAL LAW	2-	(67)	5	115474O
	~~604201~~	~~ROMAN DUTCH LAW I~~	~~1~~	~~(76)~~	~~4~~	~~114438F~~
	603202	ROMAN LAW & JURISPRUDENCE	I3	(53)	4	103069G
	~~603202~~	~~ROMAN LAW & JURISPRUDENCE~~	~~IUP~~	~~(56)~~	~~5~~	~~103344V~~
	603202	ROMAN LAW & JURISPRUDENCE	IUP	(50)	4	094440C
	~~603202~~	~~ROMAN LAW & JURISPRUDENCE~~	~~IUP~~	~~(50)~~	~~4~~	~~102554V~~

REGISTRAR (ACADEMIC)

UCT

CITY MAY GET CLOTHING WORKERS' TECH

W/t Argus (Bus) 5/4/80

178

~~55~~ 134

~~334~~

A TECHNICAL college specialising in clothing and textiles is being mooted for Cape Town by manufacturers to meet a fast-growing employment crisis.

The Cape's 315 clothing factories took on an extra 489 workers last month to raise the labour force to a record 50 555.

But there are vacancies for skilled workers everywhere in spite of more and more firms starting their own training schemes so that they can take on inexperienced workers

Manpower has grown by 10 000 in seven years and industry sources estimate it could mushroom by another 10 000 in the next five apart from a big growth expected in textile jobs

2 000 jobs

At least 2 000 new jobs will flow from the Hang Ten clothing export contract which will earn Coronet Industries R50-million a year by 1982. The bulk of this work is being farmed out to other manufacturers, creating more jobs and factory expansion.

By TOM HOOD

Several other big export orders plus growing home demand are adding to the pressure which has mopped up all spare labour.

The Hang Ten contract alone could take up everyone trained in the past two years at the industry's training centre in Salt River a manufacturer estimated.

'The centre trains about 550 machinists a year — we need more than double that number' he said

Ideas for a trade college with full-time instructors on the lines of overseas specialist technical colleges are being mooted by several manufacturers

Fully booked

This, they say, could be financed easily The Government is anxious to boost training and pays generous grants while clothing and textile companies would pay a higher training levy

The training centre, meanwhile, is fully booked to the end of the year and manufacturers are reserving places for 1981.

'People are desperate to get on courses for machinists, patternmaking, designers and mechanics but they are full,' said a spokesman for the Clothing Industry Training Board

'We are turning away four people for every one who is placed'

The Board has also helped to set up training schemes in several factories

Evening classes are drawing many workers from pay clerks to odd-job men in their spare time so they can qualify for better jobs and higher pay

8/4/80

A new life for undies?

C.T. (184)

Staff Reporter

MANUFACTURERS of underpants may soon be asked to provide them with replaceable elastic bands instead of stitched elastic, if the Caledon Circle of the Women's Agricultural Union has its way

A Caledon newspaper the Caledon Venster has reported that the Caledon circle of the union decided that the South African Consumer Council should be asked to encourage manufacturers of underpants to do this

The decision was taken by way of a draft resolution passed at a recent conference of the circle in Napier

186

IMPORT SURCHARGE

FM 11/6/80

Protective clothing

As expected, Finance Minister Horwood's removal of the remaining 7.5% import surcharge has triggered a stampede to the door of the Board of Trade by manufacturers seeking compensatory protection.

First in line to obtain higher duties against imports are the Republic's 25 textile millers who lodged their application with the Board 18 months ago. The new duties, some of which could rise by as much as 50%, are due to be gazetted "any day now." Because they have been worked out according to a complicated formula it is impossible to calculate the average increase.

In Pretoria this week, representatives of the National Clothing Federation, representing 900 clothing manufacturers, had talks with BTI chairman Basie Kleu to seek protection against mountains of dumped garments expected to enter the country as a result of government's relaxed imports regime.

Clothing and textile men argue that unless drastic action is taken to protect domestic industry from dumped offerings from low-wage and state-trading countries the same fate that has befallen the clothing and textile industries of Europe and the US could descend on SA.

At present, both SA industries are in fine fettle. Order books are highly satisfactory and there is full employment. Politically this is important. The combined work force is 260 000, 97% of them blacks, 90% of them women. So why import unemployment from the Far East and from state-trading communist countries? they asked Kleu.

In particular, clothing manufacturers want the board to block imports of garments in the cheap end of the market. They claim that imports of cheap garments do not benefit the SA consumer because middlemen importers pocket the difference between landed price and domestic wholesale price. For this reason, they argue, tariff barriers should be designed to keep out all but the most expensive lines of clothing.

f 3)

As a result of the collapse of the existing five-year international Multifibre Arrangement (MFA) under the auspices of GATT, SA clothing and textile men expect SA to become the target of the low-wage and state trading exporters who have brought the US and Western European clothing and textile industries to their knees.

It is understood, too that clothing manufacturers raised the sensitive question of Rhodesian clothing exports. Rhodesian clothing manufacturers buy their fabrics, fully rebated, in the cheapest markets and because the existing 1964 trade agreement is favourably weighted for Salisbury, hit domestic garment makers where it hurts most — in the high-volume cheaper end of the market.

This argument is unlikely to wash with government trade officials who say that the lifting of sanctions and Salisbury's return to legality should reduce not increase the importance of the SA market to Rhodesian exporters. In any event, the 1964 agreement subjects Rhodesian exports of certain types of garments to a system of quota limits.

But while it is in Pretoria's best interests to maintain a discreetly permissive stance towards imports from Rhodesia, it is clear that strong action will have to be taken ahead of the international clothing and textile crisis.

More than a million workers in textile-related industries in Europe have lost their jobs; many thousands more will do so before the next GATT MFA is concluded, in 1982. Chances that the 1983-1987 MFA will be more protectionist than the current agreement are said to be slim. Pressure from developing countries for markets for their own industries which are labour intensive and give a valuable boost to an unsophisticated economy, is becoming increasingly hard to resist.

European analysts now reckon that by 1985 as much as 25% of all EEC textile activity will have been "transferred" elsewhere and that 50% of all clothing manufacture will have been suppressed by imports.

Kleu . . . who will he shield?

(184) C.T. 20/4/80

Uproar over diesel plans

By VERA BELJAKOVA

SIGMA Power Corporation intends to protest strongly through NAAMSA, the vehicle manufacturers' association at, as the company sees it, the latest exorbitant levels of protection which are planned to cushion the Atlantis diesel engine plant

The Minister of Industries announced that the locally assembled or manufactured engine is to be protected by an excise duty of 30% in the manufacturers' wholesale price of the completed vehicle

Sigma Power's argument is two-fold Firstly, by basing the duty on the total wholesale price of the vehicle, the true level of protection is being disguised In the case of the Mitsubishi range of trucks, this duty is effectively 350% on the imported cost of the engine

"Even imported luxury built-up cars are only taxed at a rate of 100%", says Jim Knight, a director of Sigma

"I don't believe the transport industry fully appreciates the exorbitant level of protection that is being given to Atlantis This must be the highest level given to any local industry"

Sigma's second grumble is that such duty protection actively discourages further local content in truck manufacture

"Manufacturers will be paying a 30% excise duty on locally manufactured components. Taken to its logical conclusion, a 100% local truck with an imported engine, will bear a 30% tax on the total cost," says Mr Knight

"This is an illogical way to discourage imports and encourage local manufacture Local components usually bear a premium over imported ones, because of the relative volumes

"And now we are being taxed on that premium If we fit, for instance, a local transmission and axle, costing some R1 000 more than the imported one, to a truck with an imported engine, then we pay a R300 additional tax for the privilege of using the local components"

Argus 21/4/80

134 53 184 123

Health warning by union leader

Labour Reporter

ALL possible health precautions and the strictest Government supervision should be applied at the asbestos textile factory under construction at Philippi, according to a local labour leader

'We welcome any move to boost the economy of the Western Cape but we don't want a boost at the expense of human lives' said Mr Norman Daniels general secretary of the Textile Workers' Industrial Union

He was reacting to an Argus report on the Kapasit Asbestos factory and the hazards of working with asbestos, a known cause of lung cancer

"The factory is a fait accompli But all the people going to work there should be fully aware of the risks they might run' Mr Daniels said

MEDICAL HISTORY

'Although I have been assured by officials that all tests and safety precautions will be applied I still fear that the health of workers will be endangered'

Mr Daniels said the medical history of workers should be closely followed after they left the factory

Workers could pick something up which might show itself only in five or 10 years time'

Flood of Far East clothing imports feared

Argus 23/4/80

(184)

A FLOOD of clothing imports from the Far East is forecast by the National Clothing Federation.

It is asking the Government to step in and raise tariffs on imported cheap clothing to protect the South African industry and its 125 000 workers.

'Buyers of large groups are in the Far East increasing their imports in the knowledge that import control is to be dismantled,' says the federation in a submission to the Board of Trade and Industries

200 pc MARK-UP

Profits from cheap imports were 'tremendous' with a mark-up of 200 percent compared with 80 percent on local goods and no benefit to the consumer

'If the present tariff structure continues with import control relaxed, everyone would be importing including our manufacturers'

Import control has ensured the growth and progress of South Africa's clothing industry, says the federation

'We expect new import duties on textiles to be gazetted in the next few weeks,' says the federation's president, Mr Simon Jocum.

'This is all the more reason why the clothing industry requires drastic protection on cheap imports as 80 percent of our fabric requirements are bought here and the other 20 percent will have to be imported at very high prices'

'We have only to look at the United States, Britain and Europe, where the Far East has wrecked the clothing industries of the Western world.

'Importing clothing from low-wage countries amounts to importing unemployment. We have a duty to look after our own employment.'

ENSIGN

Cutting its losses

FM 25/4/80

Activities *Formerly African Clothing Manufactures a wide range of garments under various trade marks, such as Samson Workwear, Delilah Ladies Workwear, Ensign Schoolwear and Strollers Leisurewear. Directors directly and indirectly control 47% of the equity*

Chairman *D de Waal Meyer; managing director R Roy*

Capital structure *660 000 ordinaries of 50c; 185 000 6% cum prefs of R2. Market capitalisation R1,2m*

Financial *Year to December 31 1979. Borrowings long and medium-term, R450 000; net short-term, R678 000. Debt equity ratio 29,0%. Current ratio 2,7. Net cash outflow R176 000. Capital commitments R71 000*

Share market *Price 175c (1979-80 high 185c, low 60c, trading volume last quarter [illegible] 000 shares)*

	76	'77	78	79
Return on cap %	14,2	7,9		
Turnover †	130	136	132	152
Pre-tax profit/loss (000)	507	431	(512)	(217)
Earnings (c)	41,5	31,9	–	
Dividends (c)	25	16,6	–	—
Net asset value (c)	479	487	409	533

† Base 1972 = 100 * Annualised

The company's situation has undoubtedly improved but against the backdrop of the much rosier picture in the clothing industry in general the results were disappointing. The pre-tax trading loss amounted to R217 000 against R512 000 previously so no ordinary dividends were available for the second successive year.

Performance was much better in that a sales rise of 11,8% was recorded compared with a decline of 3% in 1978. The rise was not mirrored in higher stocks which remained stable at R2,8m after rising 13% the previous year. This had given rise to a sharp increase in the overdraft, part of which was converted into a long-term loan of R450 000 in the form of a mortgage bond over the Hyde Street, Cape Town property.

Thus total gearing was higher at 42,6% (33,7%) while the debt equity ratio increased to 29% (17,6%). Interest charges were appreciably higher at R155 000 (R29 000) which illustrates the extent of outside financing required during the year.

Yet again a net cash outflow was recorded but at R176 000 it was much improved on the previous year's outflow of R469 000.

The sale of property in Belville South which realised a net R197 000 (shown in

Cont

the current accounts although payment was only received after the year end) will further ease the liquidity position

On prospects, the outlook is promising. In fact a return to profitability was achieved in the final quarter of 1979, and with the prevailing healthy economic conditions, there is every likelihood of this trend continuing. The directors expect "further improvement" this year, so a dividend could be on the cards

The market has responded to the enhanced recovery prospects, with the shares rising 94% from 90c to 175c over the year, compared with an 81% improvement in the JSE Actuaries clothing index in the same period. At this level the narrowly-based stock looks fully priced

Gillian Counihan

definitions

Gross profit Pre-tax profit plus all interest paid

Debt equity ratio All interest bearing debt as a percentage of total shareholders funds

Total shareholders' funds The total of ordinary minority and preference shareholders funds adjusted for the market and/or directors valuation of investments less intangibles (eg goodwill)

Return on capital Gross profit as a percentage of capital employed

Capital employed Total shareholders funds plus deferred tax and all interest bearing debt

Gearing Total interest bearing debt plus preference share capital as a percentage of net asset value

Net asset value Net assets attributable to ordinary shareholders after adjustment for market and/or directors valuation of investments less intangibles

Return on equity Pre-tax profits less preference dividends as a percentage of total shareholders funds less preference

Current ratio Current assets divided by current liabilities

Cash flow, group net profit plus depreciation, net retained earnings plus depreciation

Capital commitments Contracted and authorised commitments

Gross margin Gross profit as a percentage of turnover

Stock turnover Turnover divided by the year-end stock figure

Market capitalisation Number of ordinary shares multiplied by latest market price

Earnings per share Net profit after tax minority interests and preference dividends, and after adjusting for non-recurring items divided by the weighted number of ordinary shares in issue

PE ratio The number of years purchase of latest earnings per share represented by the current share price

Cover Earnings divided by ordinary dividends paid

Garment workers seek 2nd increase

STAR 28/4/80

(184)

(346)

By Sieg Hannig

Trade unions representing almost 20 000 garment workers on the Reef have appealed to their members to remain calm and await the outcome of a special request for wage increases.

The unions have asked the Transvaal Clothing Manufacturers' Association for a 12,5 percent rise in July instead of the 7,5 percent rise negotiated before the economic upswing.

"The increase in the cost of living last year alone was twice the increase granted to workers last year," said Senator Anna Scheepers, president of the Garment Workers' Union of South Africa.

She said neither the unions nor the workers were satisfied with the increases granted in the last agreement. These were "totally inadequate."

"The union appeals to all workers not to be impatient and take matters into their own hands," she said. "They should be calm and wait until the proposals are duly negotiated in June."

Clothing import threat

RDM 30/4/80 (184)

CAPE TOWN. — A flood of clothing imports from the Far East is forecast by the National Clothing Federation and it is asking the Government to raise tariffs to protect the South African industry and its 125 000 workers.

"Buyers of large groups are in the Far East increasing their imports in the knowledge that import control is to be dismantled," says the federation in a submission to the Board of Trade and Industries

Profits from cheap imports are tremendous, with a mark-up of 200% compared with 80% on South African goods and no benefit to the consumer

"If the present tariff structure continues with import control relaxed, everyone would be importing, including our manufacturers."

The federation said import control had ensured the growth of South Africa's clothing industry

"We expect new import duties on textiles to be gazetted in the next few weeks," said the federation's president, Mr Simon Jocum.

"This is all the more reason why the clothing industry requires drastic protection on cheap imports as 80% of our fabric requirements are bought here and the other 20% will have to be imported at very high prices

"We have only to look at the United States, Britain and Europe, where the Far East has wrecked the clothing industries of the Western world.

"Importing clothing from low-wage countries amounts to importing unemployment. We have a duty to look after our own employment" — Sapa.

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Clothing barriers sought

STAR 1/5/80 (184)

CAPE TOWN — A flood of clothing imports from the Far East is forecast by the National Clothing Federation and it is asking the Government to step in and raise tariffs on imported cheap clothing to protect the South African industry and its 125 000 workers, according to a statement released by the federation in Cape Town

"Buyers of large groups are in the Far East increasing their imports in the knowledge that import control is to be dismantled," said the federation in a submission to the Board of Trade and Industries

Profits from cheap imports were "tremendous" with a mark-up of 200 percent compared with 80 percent on local goods and no benefit to the consumer — Sapa

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DD 21/5/80

(184)

Call to act on cheap imports

CAPE TOWN — The National Clothing Federation is to ask the Government to step in and raise the tariffs on imported cheap clothing to protect the South African industry and its 125 000 workers.

Fearing a flood of clothing imports from the Far East, the federation has told the Board of Trade and Industries. "Buyers of large groups are in the Far East, increasing their imports in the knowledge that import control is to be dismantled."

The federation added it was the consumer who would suffer.

Profits from cheap imports were "tremendous" with a mark-up of 200 per cent compared with 80 per cent on local goods.

"We expect new import duties on textiles to be gazetted in the next few weeks," the federation's president, Mr Simon Jocum, said

"This is all the more reason why the clothing industry requires drastic protection on cheap imports as 80 per cent of our fabric requirements are bought here and the other 20 per cent will have to be imported at very high prices.

"We have only to look at the United States, Britain and Europe to see how the Far East has wrecked the clothing industries of the Western world.

"Importing clothing from low-wage countries amounts to importing unemployment. We have a duty to look after our own employment," he said — DDC.

Work stops as 200 ask for more

Cape Times 28/5/80 184 ~~135~~ 152

Staff Reporter

ABOUT 200 workers at a knitwear company in Steenberg refused to work for several hours yesterday, demanding an increase in attendance allowance

The employees of Towles Edgar Jacobs Limited (Tej) said they had been receiving R1 a week attendance allowance and demanded a R3 increase

The allowance is aimed at increasing worker attendance, stimulating production and encouraging workers to arrive at work punctually

A statement released by the director of the company, Mr A Kirkwood, said there had been a brief stoppage of work in the dress department

Mr Kirkwood said the Garment Workers Union (GWU), which represents the workers, had already negotiated a 10 percent increase for all knitting employees

Because of the increase in bus fares and the rising living costs, some of the workers are also asking for an increase in attendance bonuses

'We have asked that the matter be referred to the Garment Workers Union and have undertaken to investigate adjustments to incentive bonus schemes which we operate," he said

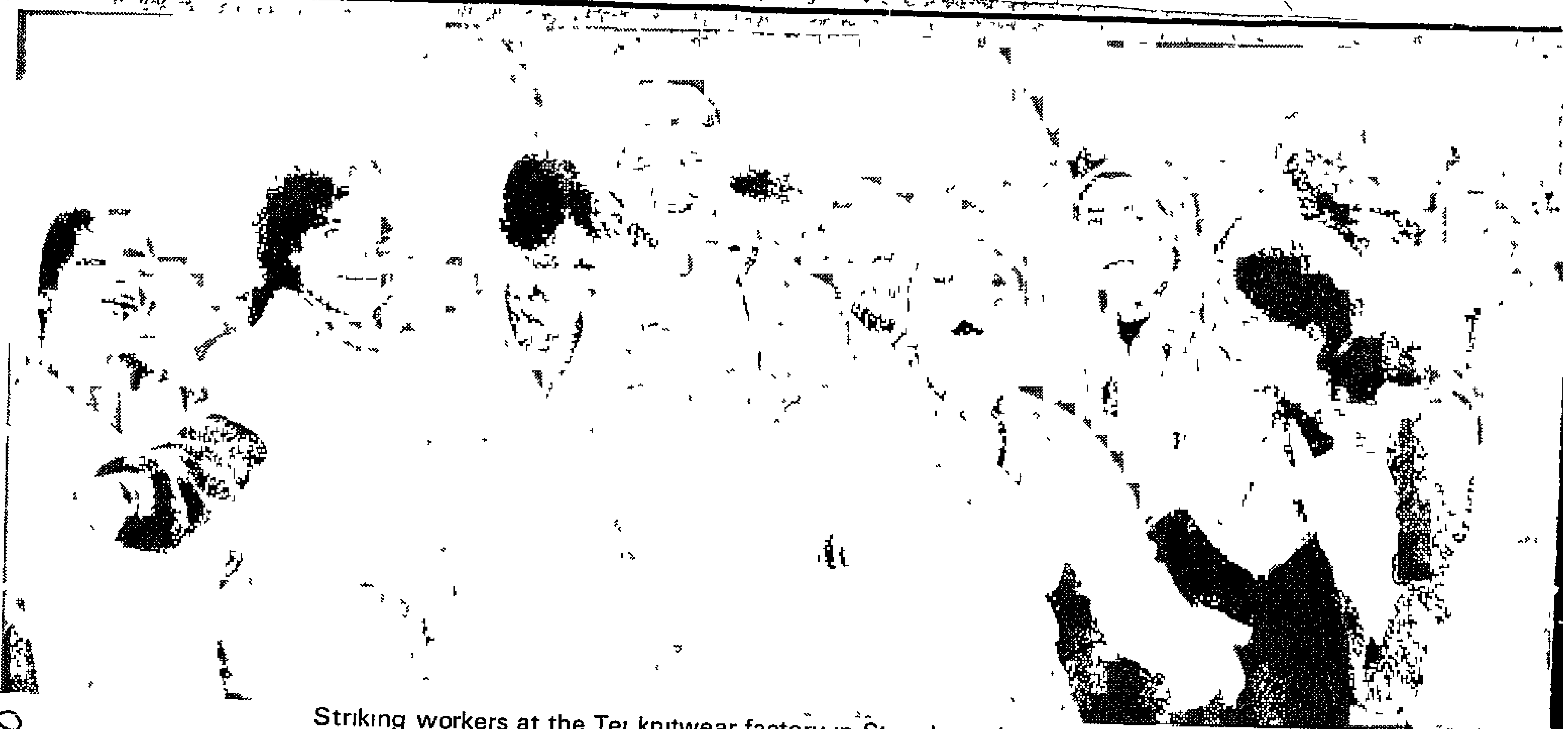
Mr Kirkwood said an answer to the question of an adjustment to the incentive bonus could be expected towards the end of June

Regarding the workers' demand for an increase in the attendance bonus, he said the matter had been referred to the GWU as the company did not wish to act unilaterally If the GWU's representation to the Industrial Council was unsuccessful, the company would not accede to the workers' demand

"But if the Industrial Council decides that all employers should give their employees an increase in attendance allowance, we will obviously do so," Mr Kirkwood said

The workers, who returned to work shortly after 2 pm yesterday, complained that although they had received a 10 percent increase in wages, the R1 attendance allowance, which they assumed was to cover the cost of their bus fares, was too little '

However, a spokesman for the GWU said the increase in bus fares was one of the examples cited in the union's request for an increase in wages for the workers



Striking workers at the Tej knitwear factory in Steenberg during their lunch-break yesterday

80 000 Cape workers to get increase

C Times 7/6/80

RNL

Staff Reporter

PAY RISES and other allowances have been granted to more than 80 000 clothing and construction workers in the Cape to compensate for higher bus fares.

The week-long bus boycott has had a negligible impact on worker attendance.

The secretary for the Industrial Council for the Clothing Industry (Cape) Mr Hardy Nel said that the next pay increase in the industry was originally 7.5 percent, due from December 13. In view of the higher bus fares and other increases in the cost of living, however, the Garment Workers Union had appealed to employers to grant an immediate 10 percent increase.

Mr Nel said that the announcement of higher pay for 51 000 workers in the industry would appear in the Government Gazette soon and would take effect officially from July 1, but most firms had agreed to implement the rise immediately.

Attendance at factories normal

Worker attendance at factories was normal. 'Obviously, more people are showing up late,' said one clothing company director, 'but given the circumstances we think they've been absolutely tremendous.'

A spokesman for the 30 000-member Industrial Council for the Building Industry said employers had agreed to double the hourly travel allowance from 3c to 6c from last Monday to offset the bus price increase.

Since a nine hour day was normal in the construction industry, the new travel allowance would mean an extra 27c a day.

The chief executive of the largest construction group in the Cape, Mr Geoff Knudsen, said the bus fare increases affected all workers and the group was taking a 'very hard look' at a pay increase for monthly salaried staff who were not members of the Industrial Council. A decision was expected next week.

A spokesman for City Tramways yesterday said the bus company did not want to comment on the financial implications of the boycott.

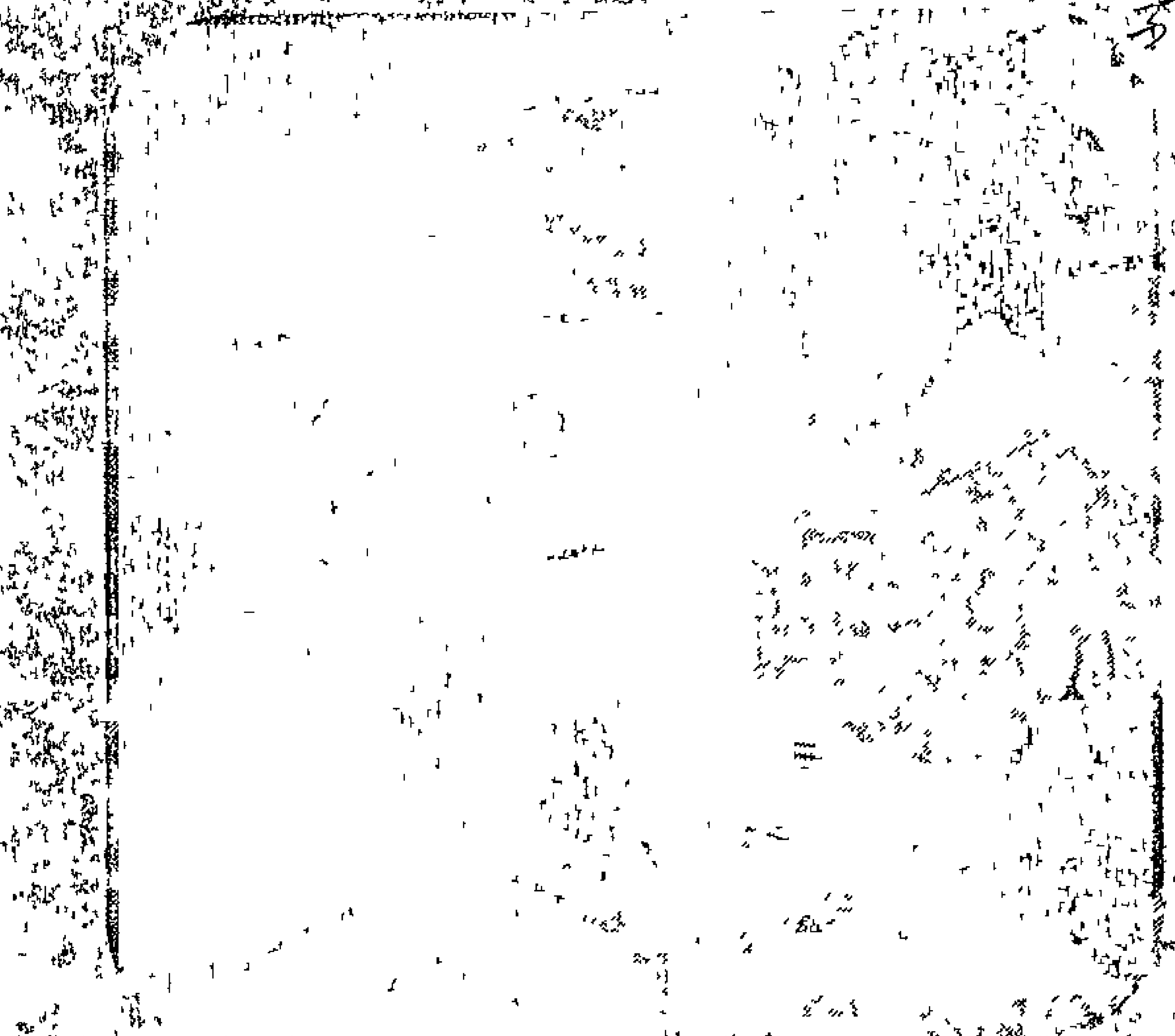
● Sapa reported from Johannesburg yesterday that the basic salaries of officials on gold mines and collieries and members of the Chamber of Mines would, on average, be increased by 16 percent from the June pay month.

Uniforms

Star 3/1/80

184

Black Women are making cheaper school Uniforms



BUSY WORKERS — Two women from Soweto knit a school jersey.

A group of Soweto women are making school uniforms to compete with, and provide an alternative to, the high prices many city outlets demand, reports DEE RISSIK.

Occasionally a cheerful song rises above the steady hum of electric sewing machines, above the sporadic zirp-zirp as deft knitters rush the carriages from side to side and slowly the storeroom fills with school uniforms.

It's a minor industry and it's run by Soweto's women. Their aim was to co-ordinate the efforts of six women's sewing groups and channel it all into one major project — school uniforms at a reduced price.

The cost of school uniforms for black children in city outlets is very high considering the standardisation throughout the schools A black gym, white shirt and black jersey, sometimes with the school colours around the cuffs and welt with a sash in school colours are the norm.

Until recently few shops stocked uniforms and there was little or no competition between the stockists.

With help from the Council for Voluntary Services the "Soweto Co-ordinated Women's Self-Help Club" was formed.

Although the project started in a small way, financial help from a woman living abroad and later the involvement of the Urban Foundation meant a more central venue and better equipment had to be found.

Research

With a loan of R9 000 the women bought 10 knitting and 10 sewing machines. The manufacturers trained 50 women to use them

The women had done a great deal of research into what was in greatest demand and decided to begin the project making black school gyms and jerseys Nine Soweto schools have promised to buy uniforms from them

Socks and belts are next on the list, and they also hope to make shirts in the future

Mr Dave Milstein, business development co-ordinator for the Urban Foundation, is helping the women run their project in a business-like manner. He helps them.

- Make contact with various wholesale organisations.
- Work out the business implications of their projects (for example, buying correct quantities of material)
- Work out a costing structure.
- Get all discounts that are available to a business

Advice

With a further grant of R5 800 from the Foundation the women were able to buy materials in bulk

Three members attended a business training course with the Centre for Developing Business

Mr Milstein said he hoped to see the Urban Foundation become less involved in the project

"As it is I don't do anything for them — I merely advise them in areas still foreign to them," he said "Very soon the women will run the whole thing on their own"

Pay talks enter final stage

(122) .184

RDM 17/6/80.

Pretoria Bureau

NEGOTIATIONS for a 12½% wage increase from July 5 for the 23 000 workers in the clothing industry should be completed later this week, the president of the Garment Workers Union of South Africa, Senator Anna Scheepers, said yesterday

Senator Scheepers said the bulk of the industry's work force — 20 000 of them black — earned wages below the poverty datum line

The average was about R30 a week, while the PDL was about R45 a week

She warned that workers in the industry were restless, and unless reasonable financial relief was granted an "explosive situation could develop"

"The workers in this industry have had a raw deal for many years They are among the lowest paid in the country "

Senator Scheepers said at this week's meeting of the industry's industrial council they would also demand a further wage increase of 10%, effective from early next year

Police act to halt violence

STAR 18/6/80

184

Own Correspondent

About R3 million damage was caused when the Maxmore Knitting Mills in Epping was set alight in a night of violence, looting and arson in the Cape

Earlier an unidentified man was shot dead and another wounded when they allegedly tried to set Tudor Motors, Military Road, Retreat, on fire.

A 22-year-old man is under police guard in Tygerberg Hospital after being shot in the hand and back after throwing a stone through the windscreen of a police vehicle.

Shortly before midnight a 55-year-old man was wounded with birdshot during a burglary at Resteiame bottle store, Drakenstein Circle, Bishop Lavis

A 19-year-old man was arrested in Robot Supermarket, Fountain Road, Matroosfontein, after he allegedly set fire to some of the items in the supermarket

Two men, aged 19 and 21, were arrested after a group of men set fire to Pep Stores's branch in Lavis Avenue, Bishop Lavis at 9 am yesterday

FM 2/5/60 (184)

hepworths

HEPWORTHS LIMITED

ANNOUNCEMENT OF AUDITED TRADING RESULTS YEAR ENDED 29th FEBRUARY 1980

The audited results for the Group for the Financial Year ended 29th February 1980, are.

	1980 R	1979 R
Net Income (Loss) Before Tax		
Company	124 458	(308 953)
Group	132 377	(266 412)
Net Income (Loss) After Tax		
Company	109 395	(359 293)
Group	114 770	(331 254)

The Company income of R109 395 is arrived at after making an additional R40 000 provision for bad and doubtful debts.

It is most gratifying that we have managed to attract executives of outstanding quality and calibre which bodes well for the future of the Company.

In order to take maximum advantage of our new marketing, advertising and merchandising strategies which are being put into operation, all outlets should be refurbished within the next 6 months.

With a combination of our new policies, effective management and a continuation of the current economic conditions the profits for the coming year should be substantially increased.

In order to conserve funds for the expansion of the Company's operations, earnings will be retained and hence it is not possible at this stage to indicate when the payment of ordinary dividends will resume.

A detailed report on the Company's affairs will be contained in the Chairman's Report and Audited Financial Statements which will be posted to Shareholders.

Signed on behalf of the Board
I. Rudick
M. Levi *Directors*

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 86th Annual General Meeting of the Shareholders of Hepworths Limited, will be held at The Board Room, 10th Floor, The Corner House, Commissioner Street, Johannesburg, on 25 June at 9.30 am.

By Order of the Board
R.B. Dyamond
Group Secretary

30 April 1980

Registered Offices:
Hepworths Limited,
Riebeeck Square
Cape Town

Transfer Office:
Hill Samuel S.A. Limited
Ground Floor
The Corner House
63 Fox Street
Johannesburg

5930

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FM 9/5/80

184

Double bind

The National Clothing Federation is intensifying its public clamour for greater protection from dumping and cheap imports Not only does it want increased import tariffs, but ideally would like import quotas retained

In a submission to the Board of Trade, the Federation says "buyers of large retail groups are in the Far East, increasing their imports in the knowledge that import control is to be dismantled

Allegations include the fact that profits from cheap imports are tremendous — 'with a markup of 200% compared with 80% on local goods and no benefit to the consumer

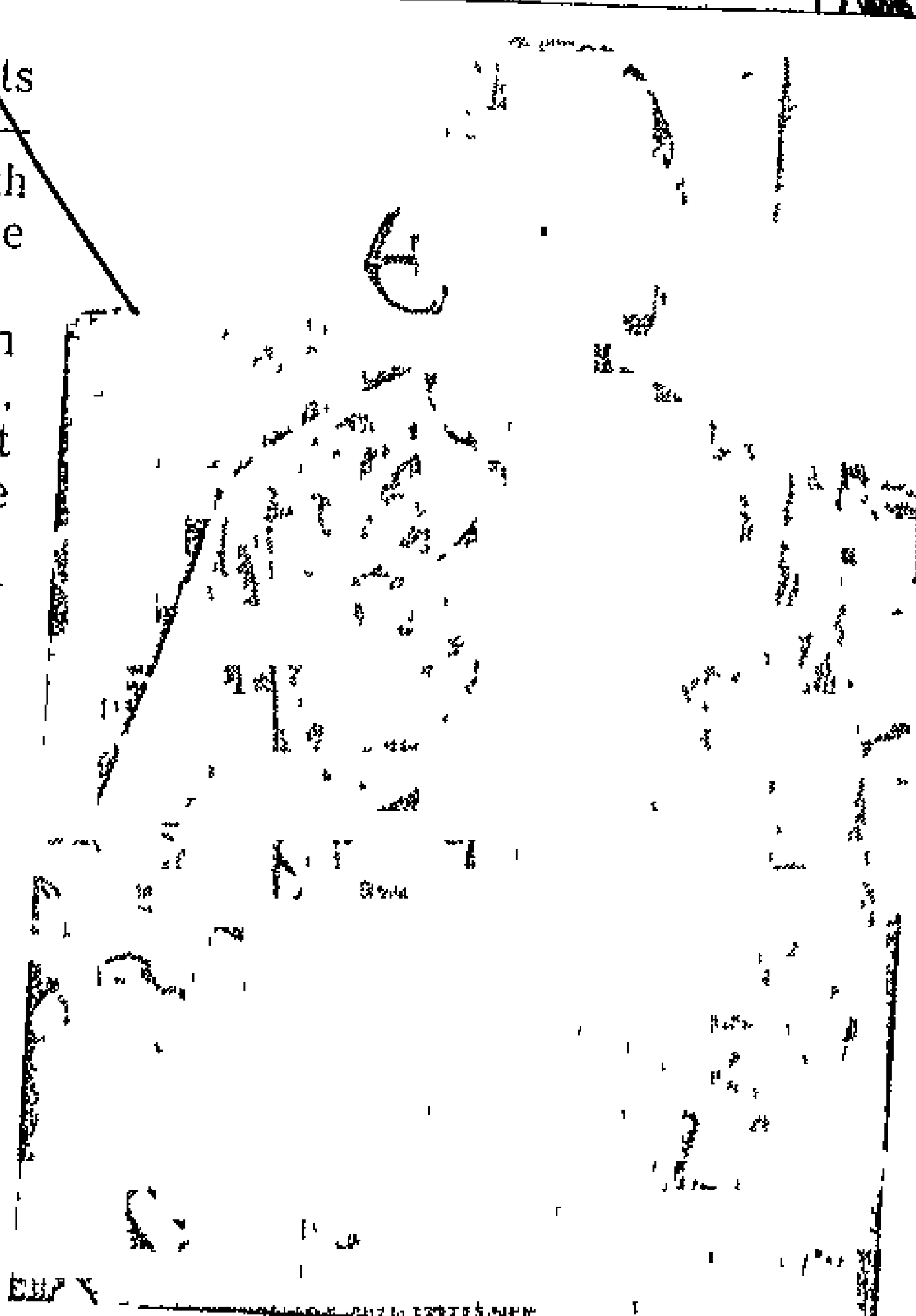
Federation president Simon Jocum says We have only to look at the US, Britain and Europe where the Far East has wrecked the clothing industries of the Western world "

He stresses the fact that "importing clothing from low-wage countries amounts to importing unemployment Federation executive director Frank Whittaker endorses Jocum's views 'In Britain two thirds of the garments sold are imported Only their own massive export trade keeps them going

Whittaker fears not only cheap imports from the East undermining local industry, but end-of-season garments from the US thrown out at a low price could also be a problem

He says the normal 45% *ad valorem* customs duty has not been adjusted since 1974 and is not very effective Formulae should be restructured he adds Import control allows clothing imports worth R50m Under increasing pressure from GATT, import controls are under review but no decision has been reached whether these will be completely dismantled

How serious is the threat of SA being swamped by cheap clothing imports? Sam Jaff Delswa chairman shrugs Imports could be a problem But if SA fabric manufacturers gave value reliability and the right price the industry would be less threatened



Whittaker cheap imports undermine local industry

Aaron Searll, Seardel (apparel manufacturers) chairman says 'It's a potential threat The value of all apparel manufactured locally is roughly R800m Last year about R20m-R30m of clothing was imported If proper controls are not there, this could escalate to R100m SA's local industry is capable of supplying 90% of local needs Imports must be contained in proportion to SA's overall needs

Denis Solomon, immediate past president of the Federation agrees that "basically cheap imports can be very worrying Because of recession in overseas countries Hong Kong and Taiwan will not sell as much in Europe, the UK and US Prices will come down Once import control goes we could be importing unemployment to SA "

Fabrics produced overseas are cheaper than SA manufactured textiles Relevant in keeping overseas fabric prices down are economies of scale, cheap labour and cheaper oil, which means cheaper synthetic fibres Comments one manufacturer A glaring example is that flanelette pyjamas imported from the East can land in SA at lower cost than that of the SA manufactured material

Manufacturers in SA use 80% local textiles At the moment textile manufacturers are a conservative 15% behind demand on deliveries Clearly production efficiency is severely hampered further pushing up costs of locally manufactured goods

Manufacturers allege that clothing from Taiwan and Hong Kong is produced at subeconomic prices because labour is often subsidised Says one manufacturer Profits are ignored completely We can not operate along those lines'

The problem outlined by the Federation appears to be blown up out of proportion on the information obtained from local chains about their clothing buying habits in the East

Carlo Pullini, OK Bazaars GM of soft goods tells the *FM* that "clothing/textile/knitwear imports are a nominal thing Imports would be perhaps 5% of total buying We buy virtually everything in SA Imports are always a risky business We have no reason to make a change in policy '

Sidney Chatfield, Edgars deputy chairman echoed Pullini's views

A spokesman for the Department of Commerce commenting on the likelihood of import control on clothing imports being dismantled and the raising of tariffs in the short term, was non-committal

"Pressures from Gatt to abolish controls, are ongoing The Board of Trade has all items with regard to import control under review Because of overseas volumes of production, cheaper fabrics, economies of scale, cheap labour, it is very difficult for SA manufacturers to compete We are very sympathetic But no country is an island and two-way trade has to be considered "

No indication is given of exactly when decisions on re-structured tariffs and import controls are likely but consensus is that June/July could be when the clothing industry will know its fate

Searll . import quota removal a threat

NOTE CAREFULLY

Any difference,

University

4.

NINIAN & LESTER FM 23/5/80

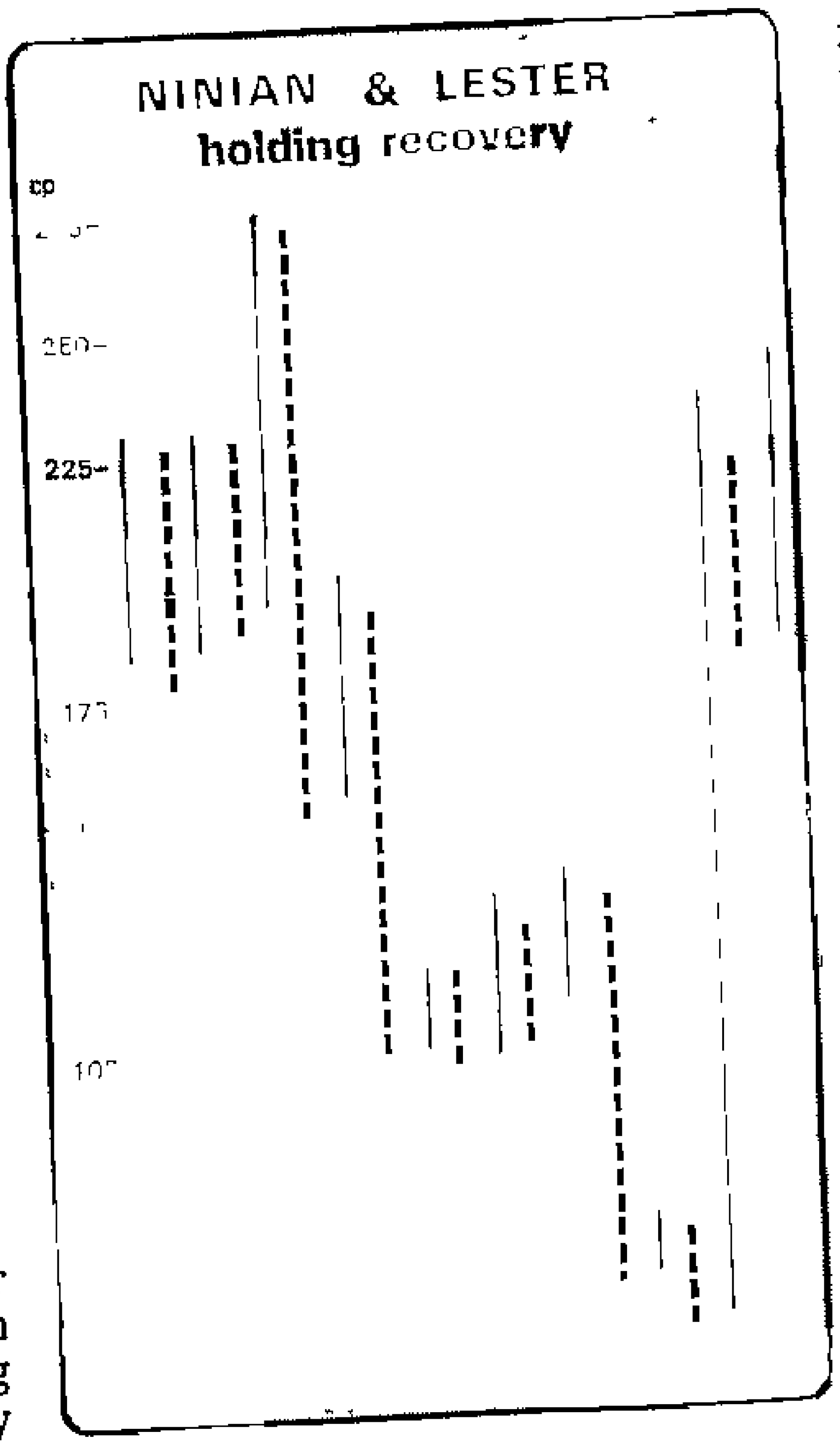
Well supported

184

Activities· *Durban-based knitwear and clothing manufacturer Protea Knitting Mills, Consolidated Jersey and Elmar are wholly-owned subsidiaries Directors hold 81% of the equity*
Chairman· *M R McElligott, managing director D M Drysdale*
Capital structure *2,1m ordinaries of 50c Market capitalisation R4,8m*
Financial. *Year to December 31 1979 Borrowings net short-term, R1,1m Debt equity ratio 15% Current ratio 1,9 Net cash flow R2m Capital commitments R1,2m.*
Share market. *Price 230c (1979-80 high, 235c, low, 77c, trading volume last quarter, 46 600 shares) Yields 32,4% on earnings, 7,4% on dividend Cover 4,4 PE ratio 3,1*

	'76	'77	'78	'79
Return on cap %	12,4	2 4	24 6	28 8
Turnover index*	133	137	158	222
Gross profit (R000)	1 019	166	1 547	2 520
Earnings (c)	28,1	—	43,5	74 6
Dividends (c)	7	—	5	17
Net asset value (c)	207	205	244	348

* 1974=100



Ninian & Lester has left its 1977 losses far behind and is achieving turnover growth commensurate with consumer spending trends But the gains have yet to be fully passed on to shareholders

The company operates in the highly-competitive knitting industry where manufacturing and raw material costs are rising steeply The 76% improvement in pre-tax profits was attained by increased throughput and operating savings Of the various divisions, the best performer was the "Leading Lady" fashionwear division, which achieved record turnover and profits Acquisition of the Elmar group in June 1979 expanded the underwear and sportswear operations, but its profit contribution is not revealed At the time of the takeover, it was stated that there would be no immediate impact However a full contribution this year is expected to increase both turnover and profits

The combination of higher turnover and the acquisition of Elmar has increased working capital requirements This is reflected in an increase in stocks and debtors to R10,9m (R6,4m) and net working capital to R5,1m (R3,2m)

Finance for the acquisition and increase in working capital has come in the main from the R1m sale of a factory in Industria Company policy appears to be to keep borrowings as low as possible But while this results in a strong balance sheet (there is no long-term debt), it is questionable whether the present financial structure is the most beneficial from the point of view of shareholders

Short-term debt represents only 15% of equity funds With a gross return on capital employed of nearly 29%, there is clearly room for additional gearing

If, for example, the R2,9m net additional investment in stocks and debtors had been financed by loans, the interest charge would have been increased by about R290 000. Earnings would have fallen to 66c But with less need to retain funds, the dividend could have been 22c rather than the 17c actually paid, still with a conservative cover

The annual report again contains a supplementary current-cost income statement, optional in SA but now compulsory in the UK Its main aim is to take turnover figures and try to assess the real profit earned when the cost of these sales has been adjusted to reflect current replacement value These adjusted figures highlight three points Firstly, earnings fall from 76c to 32,1c Secondly, it is confirmed that dividend payments are adequately covered by real earnings and are not paid out of capital Finally, the limited use of loan finance means that shareholders are penalised as the amount charged to maintain the real value of assets must also be financed internally

Cover of 4,4 is highly conservative and may be attributable to the financing of all ventures with retained earnings Or else it is prompted by the awareness that in inflation-adjusted terms, the dividend is covered by earnings of only 32,1c Either way, the company seems determined to build up sufficient reserves to weather another possible slump in the knitting industry

At 230c the share yields an historic 7,4% The share price has risen fairly steeply since mid-1978, and the continued rise over the past two months may have been the market's reaction to year-end results released in February If so, the share is likely to stabilise around 230c where it offers above-average yields

Fiona Halse

(184) RDM 23/5/80

Suits boost Dugson

DURBAN. — Men's suits — the Connoisseur and Pierre Cardin lines — were primarily responsible for last year's big turnaround in Dugson Holdings profits, but its Diruty lines for women and children made at Isithebe in Kwa-Zulu have the greatest potential, says Mr J A Rogan, the group's chairman.

After three years of losses, Dugson returned to profitability in 1979 with a profit attributable to ordinary shareholders of R272 000, equal to 36,7c a share. Five-sixths of those profits came in the second half

Mr Rogan says: "Our troubles largely came from our move of women's and children's wwear to Isithebe. We underestimated the training problems, which we are now largely overcome. The factory is operating at near full production and we have now got what we believe is a very good management producing quality articles"

The group intends to repatriate its assets in Zimbabwe, which last December came to 64% of total group assets Being now in the form of Government special 4% registered bonds, they could be repaid over six years

"They can be more profitably used here," he says

3 workers' negotiators arrested

STAR 29/5/80

(192) (197) (140A)

Three members of the workers' liaison-committee negotiating on behalf of an estimated 6 000 Frame Group strikers were arrested on the premises of the Frametex factory in New Germany last night, as they left a meeting with management representatives.

They are the chairman of the committee, Mr Jabulani Gwala, Mr Samson Cele and Mr Mpingose Nzama.

The secretary of the Federation of South African Trade Unions, Mr Alex Erwin, said today that the men had been charged with participating in, and abetting, an illegal strike.

Attempts to secure bail last night were unsuccessful and the men were detained in the Pinetown police cells.

Mr Erwin said the arrests were "the final nail in the coffin for the credibility of the liaison committee system."

Five thousand workers were still on strike today.

● Durban police have confirmed that seven people have been arrested in connection with the Frametex strikes at the factory and alleged incidents of stoning

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CLOTHING PLANT BEATS SHORTAGE OF WORKERS

Argus 31/5/80

184

ELLEN ARTHUR, manufacturer of women's clothing for Woolworths, is overcoming the critical shortage of skilled labour by training its own staff and offering them better facilities.

The firm opened its new R450 000 factory in Enslin Road, Ottery, yesterday and has turned its old premises in Wetton into a pleating plant

Mr David Boers, managing director, told Business Argus 'We wanted to update our production methods and offer the staff better facilities.'

'To get and retain the best workers, we have to train our own staff and look after them'

He attributes the success of the firm to the combined efforts of a motivated management team and workers

Mr Boers, who started work in the clothing industry as a trainee manager after his army service, bought Ellen Arthur five years ago when he was 27.

Since then the firm has more than doubled its staff from 110 to 250. Turnover has risen from R196 000 to R1,5-million.

The firm has begun to export to England under the Saint Geran label.

SA's largest clothing centre

By Simon Jocum, president of the National Clothing Federation

THE South African clothing industry has proudly held the position of providing consumers with the best buy over the last generation.

It continues to supply the consumer with quality clothing products at prices which have increased less than any other major component in the Consumer Price Index

The tremendous competition within the clothing industry has provided an effective control on prices which benefit the South African consumer

The search for improved methods and equipment goes on and it is reasonable to expect that higher productivity will continue to contribute to price stability for clothing

The industry offers variety and quality on a par with and even better than that found in the major cities of the world

Contrary to popular belief, clothing imports do not offer considerable savings to the consumer because of higher markups taken on imports The greatest benefit from clothing imports from the Far East goes to the importer, not the consumer If imported clothing can be kept to existing levels then 5 000 additional jobs could be created each year

The clothing industry is termed 'labour intensive' because any increase in unit sales increases employment by a similar percentage. The textile, fibre industries and cotton and wool farmers all benefit from increased activity in the industry.

The clothing industry has an enviable reputation for harmonious labour relations There is no lack of technical know-how World fashions, styles and colours are introduced into South Africa within six months.

Wage agreements are negotiated every three years under the auspices of the regional industrial councils — these councils are composed of 50 percent employers and 50 percent employees.

The industry runs a provident fund and sick fund incorporating numerous services and benefits The employees' interests are represented by well organised trade unions.

In an effort to increase exports, the industry has constantly appealed to the Government to provide more meaningful export incentives. It is felt that all labour-intensive industries should receive priority treatment to encourage exports and, in turn, create employment opportunities

Factories are working to full capacity and many are working overtime from now until Christmas However, owing to increased productivity and plant utilisation there are ample supplies of clothing to meet the increased demand.

The National Training Scheme has made great strides in increasing productivity throughout the country All machinist training schools are booked up for the year Machinists, mechanics and supervisors courses have been organised throughout the country In-factory training schemes are being improved to meet minimum standards.

The industry is optimistic and expects a five percent growth rate for 1980. This growth is expected to come mainly from the black market, owing to the increased employment opportunities

The national training scheme has established diploma courses for design, pattern-making, clothing technology and production of technikons in Cape Town and Durban. Bursaries are offered to students as well

Every manufacturer pays a compulsory 10c levy a week per employee, which finances the national training scheme.

A major reason for the acceptance of these programmes throughout the industry is the fact that they were created for the industry by the industry with the basic objective of creating highly skilled and talented individuals who are at home with the practicalities of high quality, high productivity and competitively priced apparel for an industry vital to the South African economy

Under the auspices of the Textile and Clothing Advisory Council there is a close working relationship between the clothing, textile and retail sectors to iron out delays and problems by far more advanced and better planning

Over 80 percent of the clothing industry's purchases are made locally. Importations are restricted by effective import duties

To protect the industry from disruption by cheap imports from the Far East, the National Clothing Federation intends applying for increased tariffs on imported cheap clothing

Inflation and cost increases of raw materials have dated the present tariffs Importing clothing from low-wage countries is tantamount to importing unemployment with all its social consequences.

The clothing industry has no objection to imports from any country provided they do not land at below the cost of the equivalent garment made in South Africa

Our objections are against cheap imports and dumped goods when certain countries find themselves in recession and resort to dumping goods at uneconomic prices into other markets

The Cape clothing industry is the largest clothing centre in South Africa. It employs 51 000 people It is the largest secondary industry in the region It has 315 factories. The annual wage bill for 1980 will be R80-million One of the leading factories of the Cape is the largest in the Southern Hemisphere and the fifth largest in the world.

The labour force is predominantly coloured Over 60 percent of the exports of clothing come from the Cape.

SKIRTS destined for Europe, part of a multimillion rand Hang Ten contract, are examined by factory manager Mr Kenneth Kieswetter and machinist Mrs Jane Minnaar at the Coronet Industries factory in Observatory. The contract gives the Cape Town clothing manufacturer exclusive rights to supply 16 European countries and more than R1-million of garments have been exported so far this year.

HLH FM 6/6/80 (184) ~~32~~

Cash generation

Activities: *Industrial group with interests in timber, steel, engineering, building products and instrumentation Directors hold 61% of the equity*

Chairman *V I M Hepburn, managing director C B Perry*

Capital structure· *12m ordinaries of R1 Market capitalisation R54,0m*

Financial· *Year to February 29 1980 Borrowings long- and medium-term R13,0m, net short-term, R19m Debt equity ratio 52,7% Current ratio 1,5 Net cash flow R8,4m Capital commitments R7,5m*

Share market· *Price 450c (1979-80 high 570c low 210c, trading volume last quarter 268 000 shares) Yields 15,1% on earnings, 6,2% on dividend Cover 2,4 PE ratio 6,6*

Financial Mail June 6 1980

	*'79	'80
Return on cap %	13 0	13 6
Turnover (Rm)	134 8	201 6
Pre tax profit † (Rm)	7 3	11 1
Gross margin %	7 8	7 1
Earnings (c)	26 6	68 1
Dividends (c)	13 5	28
Net asset value (c)	418	457

* Includes company income for 8 months and HLH for 12 months
† Excludes no cash items

After exceeding market expectations last year, Hunt Leuchars & Hepburn is looking for another 'significant' earnings advance this year And with plans to raise R10m to finance the expected increase in business, there need be little restraint on dividend growth in the year ahead

HLH derives the largest proportion of its income from timber, which last year contributed 47% (49%) of pre-tax profit Mining timber supplies combined with new developments in the field of mine supports and fire-resistant wood, recorded strong growth Emphasis on delivery efficiency, the recently-increased capacity for mine supports, and the positive outlook for mining makes the current year as promising as last Results from the group's Jessievale sawmilling operation surpassed management's expectations and new facilities commissioned last year should provide additional stimulus this year

Though timber provides the backbone of current operations, the best profit improvements last year came from the steel and building products divisions Turnover in the steel operation increased 68,7% to R19,1m (R10,7m), while its contribution to pre-tax profit rose to R4,9m (R2,2m) — a 119,5% hike Building products turnover was 32,8% higher while their pre-tax profit contribution increased sharply to R808 000 (R143 000)

Steel operations benefited from the economic upturn and the move into new markets with the opening of further outlets This year, the directors expect further growth with new capacity in the tube division which doubled factory area The building products operation though still a relatively small contributor to group profit, looks set to fulfil a more important role in the year ahead due to increased operating and market effectiveness combined with an expansion of outlets and improved market conditions

The engineering division was the only unprofitable operation last year, with a contract in Natal recording a loss In total the division reported a 78,1% turnover improvement last year and further growth is expected in 1980 81 With improved trading conditions, full provision made for the Natal loss and favourable margins the outlook appears optimistic

Other divisions, including instrumentation and the exports are also slated to improve this year Exports now account for some 10% of group turnover and new markets are being investigated

Though last year was successful, the group is still focusing management attention on returns on capital employed Last year, the taxed return on capital employed rose to 14,9% (9,8%), MD Chris Perry told the *FM* recently But this is still not regarded as satisfactory

Expansion capital of R10m is to be raised this year through a one-for-10 rights issue The funds will presumably be applied in part to reducing short-term borrowings which last year comprised 61% (42%) of the R33,1m (R26,6m) total However there is no pressure for this as the annual cost of servicing this debt, plus the leasing bill, was covered a fairly comfortable 4,5 (3,1) times by gross profit And total borrowings could be repaid out of less than three years group cash flow

The share, at 450c, yields a relatively high historic 6,1% Marketability is fairly limited, but the rights issue will alleviate this and a dividend increase to about 35c is possible With soundly based earnings the share is good value

Des Kilalea

TURNOVER

	1979	1980
	Rm	
Timber	46 6	57 5
Steel	42 7	72 0
Engineering	10 7	19 1
Building products	21 2	28 2
Instrumentation	9 3	11 4
Other	4 2	13 4
Total turnover	134 8	201 6

PRE-TAX PROFIT

	1979	1980
	%	
Timber	49	47
Steel	31	42
Engineering	2	(7)
Building products	2	7
Instrumentation	13	8
Other	3	3
	100	100

Cape Wage Increase — See Grassroots May-Jan 1980

Clothing fears Far East dumping flood

184 RDM 6/6/80 74 1097

By SIMON WILLSON
Industrial Reporter

THE EXPIRY next year of the Multi-Fibre Agreement (MFA), which regulates textile trade between industrial and developing countries, will trigger large-scale dumping of cheap clothing on the South African market unless the Government acts.

This is the prediction which Mr Frank Whitaker, executive director of the National Clothing Federation (NCF), brought back from the international MFA conference in Brussels

The gloomy world textile trade prospects set out at the conference will be used as additional ammunition in the NCF's campaign to get the Board of Trade to impose heavier formula duties on clothing imports from the Far East before the MFA's demise.

"All the indications are that the next MFA will tighten up considerably on Western countries' quotas on Far East clothing The Eastern countries' next move is obvious — they will transfer all the exports which are shut out of Europe and the United States to countries outside the MFA like South Africa," says Mr Whitaker.

The NCF has lobbied the Board of Trade for higher tariffs on imported cheap clothing, citing the Government's commitment to dismantle import controls as an open invitation to South African buyers to increase imports from the Far East

Now the perceived threat from the MFA's approaching hard line towards the Orientals has given the NCF's cause extra urgency

NCF members meet in Johannesburg at the end of the month to make final the leading points of their approach to the Board of Trade

Clothing manufacturers want a revision of the formula duties introduced in 1974

The 1974 provisions stipulate a 35% basic duty on imported garments, or a sliding scale of charges on every 100 grams of the different fabrics, less 65% of the f o.b price

This was designed to weed out the lower-priced items and thump them with a heavier duty than the more expensive garments.

The NCF wants the 35% duty to remain the same, but with a more stringent set of sliding charges

But would the answer not lie in South Africa's joining the MFA and being one of the "Western" countries in the agreement which are uniting against the threat from the East?

Apparently not, according to Mr Whitaker

"There are several problems about our joining the MFA Firstly, although South Africa is classified by Gatt (the General Agreement on Tariffs and Trade) as a developed trading nation, we are still a low-wage economy from the MFA point of view, so we could not join on the right side of the agreement," Mr Whitaker says

"Secondly, the Board of Trade is against membership as it would tie our hands in our trade policy As things stand now we are free to do what we see as appropriate

"Also, individual countries tend to make unilateral deals within the agreement which distort its effectiveness "

He is confident of a positive response from the Board of Trade to the NCF's proposals which, he says, will advocate a move away from quotas — which South Africa cannot use against the Far East because of the non-discrimination rules of Gatt and towards the more selective formula duties

184 20/6/80

BURLINGTON

fm 20/6/80

Expecting better

184

Activities: *Manufactures shirts, pyjamas and women's knitted outerwear Directors have a 65,5% direct and indirect beneficial interest*
Chairman: *P Kawitzky*
Capital structure: *600 000 ordinaries of 50c, 50 000 6% cum prefs of R2 Market capitalisation R600 000*
Financial: *Year to December 31 1979 Borrowings long- and medium-term, R347 000, net short-term, R969 000 Debt equity ratio 119% Current ratio 1,7 Net cash flow R124 000 Capital commitments R82 000*
Share market: *Price 100c (1979-80 high, 100c, low, 75c, trading volume last quarter, nil) Yields 20,0% on earnings, 7,5% on dividend Cover 2,7 PE ratio 5*

	'76	'77	'78	'79
Return on cap %	16,9	17 7	11,6	10 7
Turnover index*	120	111	127	147
Pre-tax profit (R 000)	184	170	159	168
Earnings (c)	15 2	14 3	16 8	20 0
Dividends (c)	7 5	7 5	7 5	7 5
Net asset value (c)	141	220	157	170

* 1975 = 100

With turnover growth only marginally above last year's inflation rate, Burlington appears to have relied on a lower tax rate to boost earnings But chairman Philip Kawitsky says that turnover figures for the first four months of this year are promising and he optimistically forecasts "further improved results for operations" in 1980

The group is involved in both domestic and export markets, and is facing keen competition in both In the UK, recession and inflation have added to the problems caused by cheaper imports from the East Domestically, Burlington has an advantage in the well-established shirt and leisurewear label, Marlboro, and is currently increasing market penetration in ladies' knitwear with the Goldknit label, Bijou

Last year, turnover increased by a disappointing 16%, and, due to tighter margins, saw a 5,6% rise in pre-tax profit to R168 486 (R159 439) However, a reduction in the tax rate to 25% (33%) arising from export allowances and a tax loss brought forward resulted in earnings growth of 19%

If expansion is necessary to meet increased demand, the group could be restricted by its current 119% debt equity ratio By year-end, net working capital had increased by R500 000 financed largely by a short-term loan increase of R600 000 Capital commitments of R82 000 for this year are to be financed by hire purchase and any other near-term expansion will have to come from internal resources

This partly explains the higher dividend cover which will probably continue its gradual rise in the face of a pegged dividend However, if the 30% turnover increase measured in the first four months of the year is maintained, an earnings figure of 26c is possible and even a cover of three times would allow for a higher payout Unless such improvements materialise, though, the tightly held share remains unattractive

Fiona Halse

Burlington order books are healthy

(184) RDM 19/6/80

— Financial Reporter

BURLINGTON Industries' turnover for the first four months of 1980 reflects an annualised increase of about 30% in each factory and order books are well ahead of last year, says the chairman, Mr Philip Kawitzky, in the annual report.

He is, therefore, confident that profits will show a further improvement but is silent on dividend prospects.

Burlington's dividend total stuck at 7,5c in the past year on higher earnings of 20c (16,8c in 1979), mainly because funds were needed to expand its knitting division.

Its women's knitwear division, Goldknit, made a larger contribution to profits in the past year and its market image is good.

On the other hand, the shirt and leisure-wear division, which markets under the Marlboro label, faced keen competition and profit margins were squeezed.

The export drive is also facing competition, mainly in Britain where goods from the Far East and general recession and inflation are adversely affecting sales.

Burlington's dividend has been pegged at 7,5c for some years and the share is rarely traded. There are more attractive investments in the clothing sector.

irrelevant

Factories warned

STAR 21/1/80

Clothing factory managements have been warned that low incomes are causing wide discontent, and that yesterday's strike by more than 100 lingerie factory workers could spread

This warning was issued today by Dr Anna Scheepers, President of the Garment Workers Union, who said that in the present climate any walkout could prove very contagious

FM 27/6/80

IING INDUSTRY

Cape's tight fi[t]

186

[...] the 52 000 garment workers in [Wes]tern Cape are back at work after a 70% two-day stayaway which cost R2m, the industry's problems are not yet solved. Labour disputes aside, an inflow of cheap imported garments is threatening the existence of many firms. And manufacturers will soon be asking the Board of Trade and Industries for greater import protection.

Especially affected are manufacturers of knitwear, shirts, pyjamas and underwear.

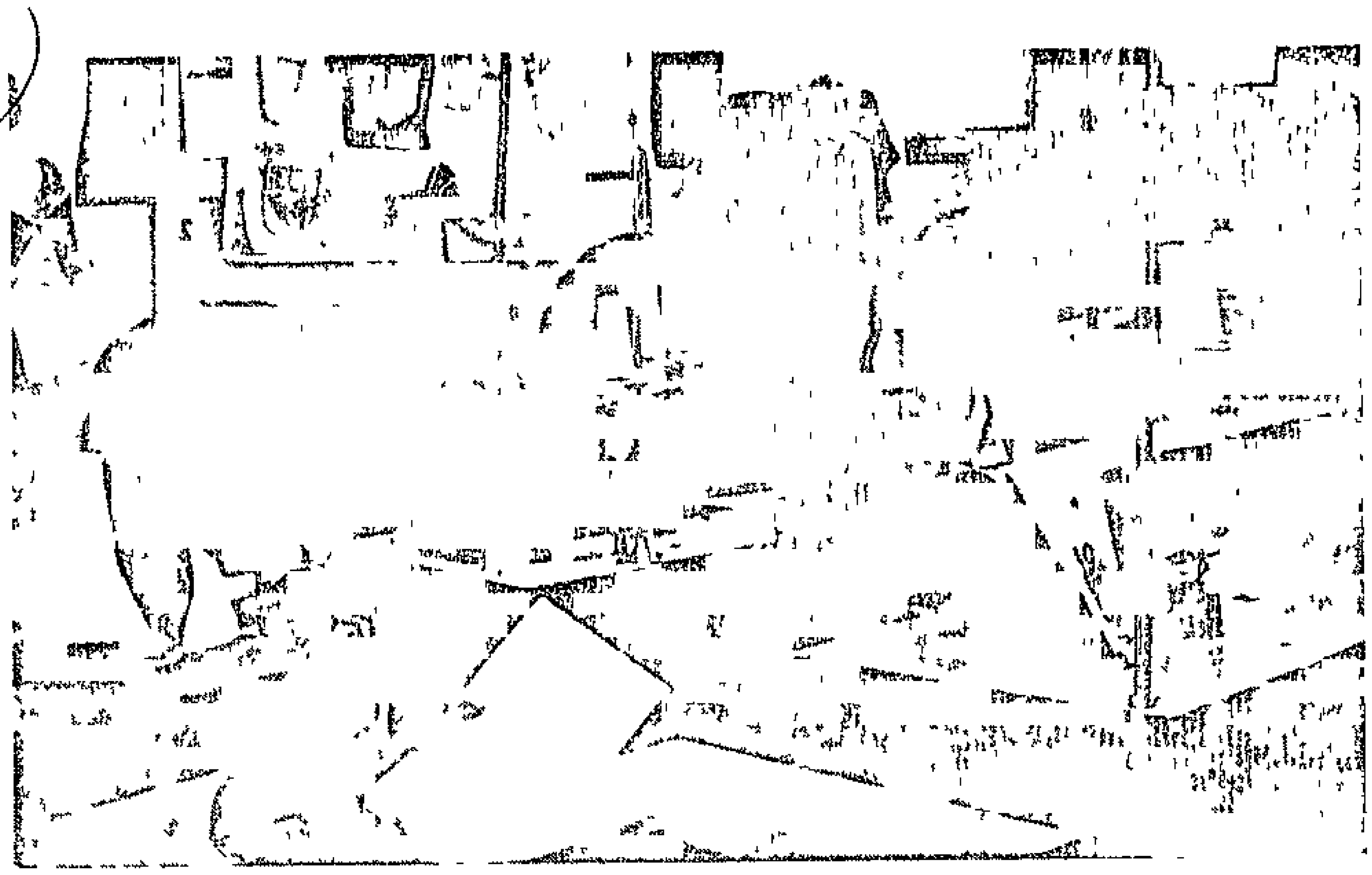
"If clothing imports could be kept to existing levels, then 5 000 new jobs could be created each year," wrote Simon Jocum, president of the National Clothing Federation in an article recently published in Cape Town.

According to his predictions the clothing industry is buoyant at present and will continue to be so well into 1981. The expected growth rate of the industry for this year is 5%. This is normal growth. Previously it's been nil," he says.

This growth has created new jobs for 500 new garment workers in the Western Cape alone this month, to swell the total number to close on 52 000. But imports could escalate as the result of government's policy of relaxing import controls, and reverse this growth.

On April 24, the general secretary of the Garment Workers' Union of the Western Province, Louis Petersen, appealed to employers for an extraordinary wage increase to counter the massive bus fare hikes and general living cost increases. He noted that the biggest disruption ever to hit the industry in the Western Cape was caused by previous bus fare rises in 1969.

A 7% increase in wages had already been fixed for December, but Petersen requested a minimum increase of 10% to be immediately effective. This was agreed to in principle by manufacturers. While it was being discussed, 600 workers of Rex Trueform, reputedly the largest clothing manufacturers in the southern hemisphere and the fifth largest in the world,



Cape clothing workers ... more productivity needed

walked out after learning that workers at a nearby factory had received a 5% wage hike which had pre-empted other Western Cape clothing manufacturers.

Petersen believes that this strike "upset employers no end" and that workers would have received an increase higher than the agreed 10% had it not occurred.

The 10% wage increase will add another R7,5m a year to the wage bills of Western Cape manufacturers. And as it has occurred sooner than expected, manufacturers are saddled with expenses for which they had budgeted only from December.

"I've already costed my goods until Christmas," says Jocum in his capacity as director of Peerless Shirts. Other Western Cape manufacturers say that the brought-forward increase amounts to an "irrevocable grant" which can never be recovered.

"All we can do is hope for increased efficiency and productivity," say several employers. Many have introduced incentive schemes and bonuses to this end.

Both efficiency and productivity are crucial to the success of a big export promotion for Cape-manufactured clothing organised by a committee headed by Desiree's Mike Getz. At present the Western Cape enjoys 60% of the R32m clothing export market. The idea is to further increase exports by pooling knowledge and by presenting a highly professional image of the Western Cape as having a world-class clothing industry.

Questionnaires were used to assess which factories were both willing and able to export on a long-term basis. Top quality brochures containing details and quotes of participating companies are being produced for distribution abroad.

RDM 23/7/80

184

Wage dispute is boiling at Veka

Labour Reporter

A WAGE dispute is simmering at the Newcastle plant of Veka, the largest clothing manufacturer in the area

Black workers have rejected a management pay offer of a R1,30 a week increase and the company is to tell workers on Friday whether it is to increase its offer, according to a spokesman for the Black Allied Workers Union (Bawu).

The spokesman described the situation at Veka as "serious"

Company spokesmen could not be contacted for comment

Bawu, a general union for black workers which supports the black consciousness philosophy, has been active in the Newcastle area for some time

According to the spokesman, most Veka workers are members of Bawu

Newcastle is a border area in terms of the Government's decentralisation policy and there is no minimum wage legislation for its industrial area

Wages in the area have tended to be substantially lower than in urban areas

According to Bawu, the wage dispute at Veka has been simmering for some time Late last week, a delegation from the union was scheduled to meet management but the meeting was cancelled because company representatives said they had to attend a meeting elsewhere

This week management offered the workers the R1,30 a week but they have rejected this increase

Pay increase for garment workers

CAPE TIMES 2/7/80 (184)

JOHANNESBURG — An immediate 12,5 percent pay increase for most of the Transvaal's 23 000 garment workers yesterday ended the second wildcat strike in a week.

The president of the Garment Workers Union of South Africa, Dr Anna Scheepers, said all qualified workers, representing 90 percent of the work force, would get a 12,5 percent pay increase with effect from yesterday.

Employers unable to adjust their computers for the increase this week would make up the shortfall next week.

It was agreed with the Industrial Council for the Transvaal Clothing Industry that the scheduled five percent increase next July would be doubled to 10 percent. — Sapa

Strike ends as garment workers get 12,5pc rise

STAR 1/7/80

184

By Sieg Hannig

An immediate 12,5 percent pay increase for most of the Transvaal's 23 000 garment workers today defused an "explosive" situation and ended the second wildcat strike

"I am very pleased because failure to reach agreement would have added to the unrest already prevailing in the country," said Dr Anna Scheepers, president of the Garment Workers' Union

She said all qualified workers, representing 90 percent of the work force, would get a 12,5 percent pay increase from July 1 instead of the 7,5 percent previously agreed to

Those employers who were not able to adjust their computers to the pay increase this week would make up the shortfall next week

In addition, it was agreed at today's meeting of the Industrial Council for the Transvaal Clothing Industry that the scheduled five percent increase next July would be doubled to 10 percent, Dr Scheepers said

The new increase was still slightly below that of the Consumer Price Index, but it would mean a lot to the workers, she added

"An explosive situation has been defused," Dr Scheepers said

The agreement followed two meetings in Johannesburg last night at which about 800 members of the Garment Workers' Union and 350 to 400 shop stewards of the black National Union of Clothing Workers stood firm on their pay demands.

129 132 184

NM 25/7/80

100 fired after stoppage

Mercury Reporter

ABOUT 100 workers at the Veka clothing factory in Newcastle have not been re-employed after a two-day stoppage over a wage dispute.

Mr M J Kumalo, president of the unregistered Black Allied Workers Union, claimed that this was because they were members of the union.

But the manager, Mr Dawid van der Merwe, denied this and said the company was unable to re-employ all the workers because they had been overstaffed.

The workers went on strike on Monday.

On Tuesday Mr van der Merwe explained that strikes were illegal and that all workers were no longer employed by the company.

Paid

'On Wednesday we re-registered 881 of the original 1 021 workers. We told the rest that we would be unable to take them all on again but that they could come back on Friday when we might take on another 50. About 50 demanded to be paid right away and left,' Mr van der Merwe said.

He said he did not believe in dealing with the Black Allied Workers Union because they were unregistered and were not representative of the clothing industry only.

'I am prepared to deal with any trade union that is registered and purely representative of the industry,' he said.

Mr Kumalo said when the workers returned to work management told about 100 of them that they were fired.

'I have drafted a letter containing statements from the workers to the Department of Manpower Utilisation asking them to investigate the matter,' Mr Kumalo said

Workers stop work briefly

RDM 29/7/80

184 184 186

Labour Reporter

A FORDSBURG clothing manufacturer, Van-Neths Clothing, was affected by a brief work stoppage at the weekend

According to the National Union of Clothing Workers to which the workers belong, they stopped work early because of an internal grievance

But all workers returned to work today

A union official, Mrs Sarah Chitja, said she visited the factory after hearing of the strike She said the workers had an "internal grievance" prompted by dissatisfaction with a fellow worker who was supervising them

This had led a group of workers on the Saturday shift to knock off early in protest

Mrs Chitja said, however, that the dispute had now been settled and all workers had returned to work today

"Management were very cooperative It was never a serious problem," said Mrs Chitja

A company spokesman said there had been no strike at the plant "I don't know where people get this story from," he said

24/8/80

S. Tribune

Indians crack NGK race wall

TRIBUNE REPORTER

A FORMER Durban dominee broke a 60-year-old wall of racial discrimination in the small Eastern Transvaal town of Hendrina this week when he invited members of his old church to sing before his new congregation.

There were rumblings of discontent from the residents of the conservative little town for the Rev Dawie Pypers, now minister of Hendrina's Nederduitse Gereformeerde Kerk, previously headed the Indian congregation in Durban.

When he invited the Indians to Hendrina to share their views of Christianity with their sister congregation, threats rippled through the dorp — which has successfully kept Indians out its midst for 60 years — that "fisticuffs" could turn things nasty.

However, on Friday night, when the first meeting of testimony and song was held, a record crowd of about 300 turned up and there were no unpleasant incidents.

night, when the first meeting of testimony and song was held, a record crowd of about 300 turned up and there were no unpleasant incidents.

"In fact we were received in a wonderful way and many people were deeply touched," said the Rev Perold de Beer," the new minister of the Indian Reformed Church near Phoenix, Durban.

Turn the other cheek

"Sometimes members of our congregation suffer — but they are taught to turn the other cheek We were invited here and, after hearing of the complaints, came with that attitude.

"But they didn't need it It was just a few troublemakers. We have received tremendous kindness since we arrived."

Mr de Beer said he was sure the visit had done a lot to improve race relations in the dorp

"When Christ is in the midst of people, the colour of the skin doesn't matter."

Mr Tinie Louw, the Hendrina farmer who is hosting the group on his farm, said only a few people in the town had rejected them.

"I think you know our people They are afraid this will be the start of mixed church attendance," he said

"At this moment they are not children of Christ. All that makes sense to them is their white skin. It is the way they were brought up that has made them like that."

Mrs Van's boycott

He said he was like that too until a few years ago when the Lord entered his heart

"Then I learned to accept," he said.

"When I became a child of God I no longer saw these people as another colour"

Mrs J C. van der Merwe, one of several members of the congregation who threatened to boycott the church if Indians were allowed in and said she would listen to a church radio service instead, refused to comment on her decision yesterday.

Mr de Beer said the Indians would attend a church service and sing with the choir today He did not expect any further problems.

Mr Jan Scheurkogel, Town Clerk of Hendrina, said a condition of the establishment of the town was that no coloured person — and this covered Indians — could reside there unless employed as a domestic servant

"They can come and visit in the town, they can sleep overnight in the town, but they can't do business in the town and they can't reside in the town," he said.

KW/84

DELSWA FM 22/8/80

Depressed margins

184

Activities: *Manufactures women's and children's clothing and knitwear Jaff-Delswa Investments holds 47,9% of the equity.*
Chairman and managing director· *S L Jaff*
Capital structure *669 300 ordinaries of 50c, 100 000 5,5% cum prefs of R2 Market capitalisation R2,7m*
Financial *Year to April 30 1980 Borrowings long- and medium-term, R108 000; net short-term, R2,4m Debt equity ratio 48,6% Current ratio 1,8 Net cash flow R454 000*
Share market· *Price 410c (1979-80 high, 410c; low, 150c, trading volume last quarter, 13 000 shares) Yields 17,5% on earnings, 7,3% on dividend Cover 2,4 PE ratio 5,7*

	'77	'78	'79	'80
Return on cap %	15 1	7 7	10 2	11 6
Turnover (index*)	105,0	100 8	104,8	132 1
Pre-tax profit (R 000)	786	271	507	723
Gross margin (index*)	61 6	29 9	41 9	46 3
Earnings (c)	70 3	22,4	49 2	71 7
Dividends (c)	25	12 5	17 5	30
Net asset value (c)	679	657	719	752

*Base 1976=100

Despite a more than three-fold increase in Delswa's earnings over the past two years, the accounts still show extensive signs of the ravages caused by the recession This is most clearly evident from the fact that the recovery to date represents little more than half the amount by which earnings fell during the previous two-year period, to the low of 22,4c in 1978

It is also obvious that margins are still very depressed although, as the company does not publish turnover figures, the actual margin cannot be calculated However, with turnover up 32% over the four years, and gross profits down 39%, it is apparent that margins during the year to end-April were still less than half the level of 1976 With similar indications from other clothing manufacturers, it thus seems that there is still intensive competition within the industry, although soaring labour costs and inflation are no doubt also playing their part

The effects of the reduced margins make quite an interesting financial exercise Had margins been maintained at the 1976 level, the past year would have produced pre-tax profits of around R1,8m instead of the R723 000 actually achieved — a 149% difference If this is carried down through the income statement, earnings would have been around 180c (72c actual) a share, and the dividend 75c (30c)

More importantly, retained income would have been some R700 000 (R280 000), which would have allowed the company to increase borrowings by a similar amount, with no effect on the debt equity ratio And internal cash flow (gross) would have been roughly R1m higher than the actual R674 000 This would have made a material difference to the group's funding position, as the following table shows.

	[illegible]	Actual
	R 000	
Fixed [illegible]	[illegible]	55
[illegible]	[illegible]	[illegible]
[illegible]		[illegible]
	100	100
	[illegible]	[illegible]

All theory, maybe, but nevertheless revealing in the way margins can effect corporate performance and financial structure

Instead of being able to maintain a stable balance sheet, Delswa's R1,4m increase in borrowings meant a doubling of the debt equity ratio to 48,6% (21,6%) This was occasioned mainly by a heavy 39% increase in working capital (narrowly defined as stocks plus debtors less creditors), which was 1,5 times the increase in turnover While stock control was good, debtors jumped 46% and the company apparently had no luck in passing any of this off onto its own creditors

The income statement has yet to feel the full impact of these increased borrowings, judging by the low average interest rate of 7,5% last year But despite this, and the fact that borrowings will almost certainly increase further in the current year, chairman Sam Jaff is confident that the profit uptrend will continue

On this basis the share should have some attraction for the income-conscious Despite a 141% appreciation over the past year, the historic dividend yield is still 7,3% at 410c, and the prospective yield must be in excess of 10% Pyramid Jade, which earned and paid 7c last year, will benefit accordingly and is thus also attractive, although its yield is slightly below the operating company It is however the more tradeable of the two [illegible]

I L BACK (184) FM 22/8/80

Going, going . . .?

Activities *Manufactures and markets clothing and knitwear, and holds the Yves Saint Laurent franchise Rembrandt has a 97,2% interest*

Chairman *S R Back, managing director P F Brink*

Capital structure *96m ordinaries of no par value 100 000 6% cum prefs of R2, 150 000 6% 2nd cum prefs of R2 Market capitalisation R57,6*

Financial *Year to March 31 1980 Borrowings long- and medium-term R31 000 net short-term, R7,2m Debt equity ratio 93% Current ratio 1,78 Net cash outflow R1,8m*

Share market· *Price 60c (1979-80 high, 67c, low, 25c trading volume last quarter, 318 000 shares)*

	'77	78	'79	80
Return on cap %	nil	nil	nil	nil
Turnover (Rm)	18 8	20 3	23 6	23 3
Trading profit (loss) (R 000)	296	(2 172)	(44)	(845)
Gross margin %		—	—	
Earnings (loss) (c)	(56 9)	(21 0)	(3 7)	(1 8)
Dividends (c)		—	—	
Net asset value (c)	115	11 4	9 8	7 5

Most investors who jumped to buy the share in 1976 on the news that Rembrandt was taking control of this ailing company must long since have become disillusioned A few diehards remain but in the wake of October's 68 3m share rights issue their holding has been reduced to only 3% of the total equity As the company reported an operating loss again last year, and is existing on a shaky financial structure it seems possible that Rembrandt could make another attempt to buy out the minorities If it did become a wholly-owned subsidiary black sheep I L Back would be banished from the JSE to the unpublished list of Rembrandt subsidiaries

Despite last year's 19% increase in the operating loss on a 1 5% decrease in turnover, chairman Ruby Back continues to voice optimism about the current year He expects improved financial results because of the 'strengthened shareholders equity the reputation of the company's garments and the increased orders resulting from the economic upswing

But it is difficult to share his optimism on examination of both the industry and what the company would have to achieve in staging a recovery The number of clothing manufacturers has risen since the beginning of the upswing, sharpening competition And margins have dropped due, not only to the competition, but also to labour costs increases and inflation

Of far greater significance is the financial state of the company after more than four years of losses In the short-term the company would need to turn its R1,7m net loss into a similar profit to achieve a 20% net return on capital And turnover growth would have to be even larger to offset low margins

The balance sheet looks marginally better after the October 1979 rights issue This raised about R6,2m which is being used to bolster working capital But the debt equity ratio is still high at 93% (265%) and preference dividends are in arrear in the amount of R75 000 Perhaps the strongest indictment of the company remains its net worth which has dropped from 115c in 1977 to 7,5c last year, although this is largely a product of successive capital restructures

In all, a short-term recovery of the company looks unlikely, but as Rembrandt appears happy to pour in unending funds to prop it up, it could go on indefinitely It is not certain whether the minorities will survive for as long, and their best hope seems to be another offer from the holding company.

Fiona Halse

RAND DAILY MAIL, Tuesday, August 5, 1980

Clothing prices will soar

184

~~2444~~

RDM 5/8/80

Industrial Reporter

CLOTHING prices in South Africa will rise by 15% to 30% in the next six to 12 months, according to Mr Jessel Sundy, merchandise manager of Frasers, the clothing retailers

In a statement, Mr Sundy said little relief could be expected from the abolition of the 7,5% import surcharge because the increase in costs of many processes in the manufacture, transport and handling of textiles would absorb any price reduction

"Over the next few months a certain amount of stabilisation will result from the withdrawal of the surcharge, but spiralling overheads will force prices up within three months," he said

"Although there have been some increases in import duties on certain categories of textiles, several applications for additional duties on other categories have been made

"This has further aggravated the situation as many manufacturers import textiles to supplement their range These higher import duties on textiles are expected to result in price hikes of between 20 and 30%

"The wage and other increases will, in themselves, cause a 10% to 20% increase," Mr Sundy said

He said certain manufacturers who had quoted prices in March were now requesting an increase in the price of merchandise already booked, to avoid taking the full brunt of wage increases

It appeared, he added, that local mills could not supply the industry as clothing manufacturers were not able to quote on fabric for delivery within the next three months

This was because many textile mills were quoting delivery times well into the latter part of this year, and some were quoting delivery in 1981

"It therefore appears that textile mills, by the size of their order books, are presently rather booked up As a result, clothing manufacturers are not likley to be able to satisfy the demands of the months ahead," said Mr Sundy

"The lead time to import fabric is up to six months and this, together with the very high duties and certain labour problems currently being experienced, will surely retard delivery efficiency

"Particularly hard hit are the Cape Town clothing manufacturers, who had to grant wage increases in July to offset increases in bus fares This, coupled with the coming 10% wage increase in December, will certainly inflate prices further," he said

Time ripe for clothing exports

(18.4) 10017 9/8/80

CAPE TOWN. — Several important factors had caused a favourable climate for clothing manufacturers to look anew at the export market, said the executive director of the National Clothing Federation of South Africa, Mr Frank Whitaker, in Cape Town

He told a trade fair there were many advantages in the export trade which could make a commitment to exporting worthwhile

Seasonal differences between South Africa and the northern hemisphere export markets could make possible the extension of manufacturing runs or specialisation in producing for one or other season

"In the same way that we are half a season behind Europe and America for geographical reasons, we are also half a trade cycle behind them for economical reasons

"At present we are going up and they are going down, but by the end of next year this will probably be reversed," sais Mr Whitaker

By developing a healthy export business, some of the rigours of the trade cycle could be avoided through the spreading of the risk of reduced orders and bad debts when things were bad at home

Mr Whitaker said perhaps the most compelling reason for getting into exports was that it might be the only way to expand business There was widespread unemployment and it was uncertain what proportion of the growing population would become effective consumers

Exporting could also help to increase a manufacturer's share of the domestic market, but this would be at the expense of those who did not export, as exposure to the keener competition of world markets was the best way to improve productivity in all departments of business — Sapa

(134)

FM 22/8/80

CLOTHING

Stifled by red tape

The textile and clothing industries are concerned about government's proposed moves to phase out import quotas and rely solely on tariffs to control imports. Reason? Because of cumbersome bureaucracy, it often takes two years for an application for new tariffs to be processed and approved — by which time they may be too late to do any good.

Textile Federation executive director Stan Shlagman says a request for new tariffs was formulated two years ago. New tariffs were finally announced in June, 40%-50% below what was asked for. "There's never, at any time, been a stage where duties were anything but retroactive in their effect. They can't deal with new and rapid developments."

At the moment, says Shlagm[illegible] [n]ew tariffs for clothing are currently [illegible] considered and the question of im[illegible] control as a whole is under review.

"We want reasonable tariffs which are effective and we want reasonable quotas. It's been found all over the world that tariffs alone are never sufficiently effective to protect a local textile and clothing industry."

Shlagman firmly rejects allegations from clothing wholesalers that new duties are going to push up local clothing prices substantially. "New textile tariffs will only affect clothing prices marginally as only that portion of goods which are still imported will feel the impact." SA clothing manufacturers use 80% locally manufactured fabrics.

And, as Simon Jocum, president of the National Clothing Federation of SA points out: "Increases of 10%-15% maximum can be expected over the next year. Price increases in fibre and fabric are in the vicinity of 10%. Wage increases average 10%-15%. But overheads are reduced by long runs and working at full capacity."

Jocum: "With more than 950 factories, competition is tremendous. That keeps prices down." Says Shlagman: "The clothing industry's rate of inflation has traditionally been substantially below that of the consumer price index."

184

Protection could create more jobs

S Trib 31/8/80

By JACK BRICKHILL

MORE protection against imported goods is needed to create jobs.

This is the view of Warren Clewlow, executive director of Barlow Rand and chief executive of C. G Smith and Company, who addressed the Chartered Institute of Secretaries in Durban this week.

"I know of some companies — heavy employers of labour — which, if given the umbrella of a consistent duty protection at a reasonable level, could meaningfully expand their activities," he says.

The argument that imports keep industry more efficient now applies in fewer cases. "Nothing is as important as devoting all our efforts, skills and resources towards underpinning and upgrading existing jobs and establishing as many new jobs as is practical"

He says the desperate shortage of skills has hampered growth "This hardly does credit to those who, in the past, had the responsibility for this vital area"

Black unemployment could be as high as two million, but even one million would be high during these buoyant times Corporate profit increases of 40 percent a year are now commonplace There is nothing to stop companies from taking immediate steps to improve the lot of black workers. These include:

- Providing retirement benefits
- Upgrading company hostel standards and housing.
- Providing booster education and training for those whose basic
- Giving career guidance to Black youths who are not aware of the opportunities open to them
- Stamping out injustice and victimisation and respecting the rights of employees to decide how they wish to be represented.

There is a "compelling need" to pay the rate for the job and close the wage gap at a faster rate than perhaps was envisaged even a year ago.

The Government should give more meaningful tax benefits in the rural areas, making incentives virtually impossible to resist. The country must also become more export conscious "if we are really serious about creating new jobs."

Clewlow says the sugar industry is well organised and has the expertise to help settle more people on the land and make better use of the land.

The black farmer has already been encouraged to establish cane lands but the time has come for the industry to consider another major development.

There is potential to increase cane supplies to existing mills and in time new mills might be established in new cane areas.

Exports aid Rex True to beat the recession

RDM 16/9/80. (184)

Own Correspondent

CAPE TOWN. — Booming export trade and heavy tax allowances enabled Rex Trueform to beat the recession and push profits up 20% in the past year.

The dividend has been raised by 5c to 35c.

Trading profits were less than R300 000 ahead at R4 500 000m but a low tax rate of 19,2% as against 28% cut tax to R871 000 from the previous R1 200 000 leaving net income of R3 660 000 as against R3-million

This was equivalent to earnings per share of 130,15c as against 108,32c.

The results are of course historic and interest will be focused on the current six months ending December

Rex says that production is fully booked and forward orders for the Winter 1981 season are most encouraging.

The decision to bring additional production into operation in the near future underscores the demand for the group's products.

Rex wisely has stressed the export market in the past year when the domestic trade was in recession but the emphasis is likely to be reversed this 12 months.

Presumably margins should rise over the next year with demand increasing locally, although with most of Europe in recession, export growth may not match the exceptional sales of the past year with a resulting climb in the tax rate

The board says there has been a marked improvment in trading conditions on the domestic market and a "very much improved level of consumer confidence now prevails throughout the country"

The shirt subsidiary l'Uomo which sells under the Polo label further entrenched its market position the past year and a satisfactory profit was received Rex has a half share in the company

As usual the dividend is well convered this year 3,7 times and Rex has a blue chip reputation for steady dividend growth rather than speculative investor appeal

The results of the other men's clothing manufacturers will be awaited with interest as margins appear to have been under heavy pressure the past year in the highly competitive market

Labour plus for Delswa

(184)

RDM 19/9/80

By HAROLD FRIDJHON

THE good relationship which has been built up over the years between Jaff and Company and the independent representatives of labour, the Garment Workers Union, will stand the company in good stead during this period of changing conditions, says Mr Sam Jaff in his Delswa chairman's statement.

Mr Jaff recalls that when the company moved its operations to Kimberley and Kroonstad in 1948 these areas were out of the jurisdiction of the Industrial Council.

The Garment Workers Union was invited to organise the labour which consisted of blacks in Kroonstad and coloureds in Kimberley and to negotiate on their behalf wages and conditions with management

A long established channel has been maintained which has enabled the company to know and understand the requirements and attitudes of its employees and for them, in turn, to appreciate the company's problems, as a decentralised industry

In the year to April 30, 1980, Delswa's taxed profit has increased from R344 000 to R498 000 from turnover which was 26% higher than in the previous year

Earnings rose from 49,8c a share to 71,9c a share, the dividends were raised from 17,5c a share to 30c.

184 NM 23/9/80

Buy now and pay later?

YOU know that classic little navy number with the R100 price tag sticking from one sleeve that you've been strenuously resisting all month? Now may well be the time to succumb — the message from the fashion industry seems to be buy now, or you'll pay later

While inflation in general is sitting at around 15 percent, it seems in the clothing industry it's coiling up for a really mammoth leap of up to 30 percent within the next six to 12 months At least, that's the word from wholesalers and retailers like Jessel Sundy, Cape Town-based Group Merchandise Manager of one of South Africa s largest wholesalers and retailers of clothing, who breaks it down like this·

* Increase in the import duties on textiles 20 — 30 percent
* Increase in wages and other areas 10 — 20 percent

Durban to follow suit?

Although the Durban clothing industry has not seen as many wage increases as Cape Town an increase of about 17½ percent was granted the city s clothing workers in January and they will receive a similar increase next July, and a whip around local boutiques which use mostly imported fabrics confirmed that similar price increases were indeed in the offing here

In fact, Durban designer and boutique owner Sue Mallett said that the price of fabrics had already gone up by about 33 percent this season, and she thought it would continue to rise

'I personally think Durban's had it too good too long — maybe the wage structure allows for it, because it seems workers are better paid in Cape Town and Joburg, but fabric is the main factor I've been absorbing increases, because of competition in the clothing industry in Durban, but at some stage they're going to have to be passed along '

And even certain large-scale manufacturers who deal largely with *local* fabrics anticipate increases SA Clothing director Dennis Solomon echoed Sue when he said 'The industry's been absorbing the majority of cost increases incurred by rises in the cost of everything from fabric and labour — the major expenses — to rent, rates, cottons and buttons, and the industry is now on record as not making a fair profit.'

He said an increase of from 15 to 20 percent was in the pipeline 'just to keep going '

But, before you launch into a full-scale spending spree, you might like to consider the more conservative prognostications of the likes of Simon Jocum, president of the National Clothing Federation of South Africa — he foresees increases of only 10 — 15 percent over the next year

He agrees, in a report in the Financial Mail, that wage increases will average 10 percent as Mr Sundy predicted, but he believes overheads will be reduced by long runs and working at full capacity, and that the tremendous competition between the country's more than 950 factories will keep prices down

Perhaps most significantly, he puts increases in fibre and fabric at only 10 percent For, as Textile Federation executive director Stan Shlagman put it in the same report, he believes that any new duties on imported textiles will push up local clothing prices only marginally, because South African clothing manufacturers use 80 percent locally manufactured fabrics

Food for thought

And further food for thought before you rush out and buy several local designers and boutique owners anticipate no great increase, even though some, like Anne Miller-Smith, say they use about 90 percent imported fabric 'We've had no import increases in the high price category which I mainly deal with, and some of the European fabrics are even fractionally less than this time last year, perhaps because European factories have been short of work because of a general depression there ' She did not, however, care to look into the future

Another boutique owner-designer, Nancy Sclater, actually insisted it was 'not that difficult to keep prices down We have increased the wages of our staff three times already this year, and our rents have just gone up, but many of our prices haven't changed in three or four years '

But she admitted this was possibly because she had bought a large quantity of cloth about four years ago, when it was out of fashion and prices were low Chances are the increases when next she buys will be all the greater for this

Well there you have it — and whether or not you go along with the 30 percent-predictors, remember that ordinary 15 percent inflation will push that little navy number into the R115 price range in not so many months more

GLYNIS HORNING

THERE was a four percent increase in the number of factories in Natal up to June 1979 and their number now stands at 5 369 But the number of workers increased only fractionally in the same period to 366 149 - up 309

The figures, supplied by the Department of Manpower Utilisation, show that employment of black women slumped in the same period while that of men and white women rose More men were taken on to reduce the overall increase to a few hundred

There was a 9 percent employment fall for Coloured women, 11 percent for Indian women and a 16 percent fall for African women

Unemployment figures in Durban for July 1980 compared with July 1979 indicate an overall lower level There were 4 707 unemployed and 5 289 registered with the department this year compared with 6 584 registrations and 5 910 unemployed a year before

Each of the sectors has been surveyed by the department

Engineering There has been a notable improvement generally and most employers have a full work-load The marine division is extremely busy and the position for the rest of the year appears to be very favourable There were 90 artisans unemployed (no change on July 1979) and 311 operators out of work (290 in 1979)

Building the position in the last year has improved considerably and most employers are working to capacity There are 417 artisans unemployed (531 previously) and 160 operators out of work (159)

Textiles there has been a big improvement and while new factories have not been opened existing facilities are now being used to a maximum There are 36 (69) registered as unemployed

Clothing: is very busy at present and there is still a great demand for machinists The number of employers increased by about 40 in the past year and since job reservation ended there has been a marked increase in blacks joining the industry There were 187 (276) unemployed in July 1980

Motor since last year both the retail and wholesale secors have recovered from the fuel crisis and have shown an appreciable growth compared with last year In fact each sector of the motor vehicle market has shown more stability and even an upswing in sales There were 75 (74) unemployed

Footwear. the position has continued to improve and most factories are working to full capacity There is still a demand for trained workers in various capacities There were 264 (131) unemployed

NM 7/10/80

(184)

Tej off to a good start in Transvaal

184

Mercury Correspondent NM 7/10/80

CAPE TOWN—Tej, the Cape Town knitting group, is achieving improved market penetration in the Transvaal and says that orders on hand are well above last year's levels.

Chairman R M Jacobs reports that prices have had to be raised substantially but both units and value are ahead.

'Much will depend upon the extent to which sales, and prices to major groups are increased during the remainder of the financial year.'

The board hopes that the development work in sales and marketing will produce more favourable results and Tej is off to a good start in the Transvaal.

A Transvaal sales director has been appointed and improved performance in this key area has already been achieved and should continue.

Tej was severely hit in the second half of last year by delays in the supply of raw materials and this led to pre-tax profits slumping from R251 000 last year to R79 000. The dividend was again passed.

Critical stage

Mr Jacobs says the group was forced to cancel orders at a critical stage in the selling period, although a broad spectrum of yarn stocks had been especially built up as a safety measure.

'It was unfortunate that the area most serverely affected was one of the more profitable sectors of the company's trade.

'Apart from order cancellations considerable quantities of garments were returned due to late deliveries. Both of these factors resulted in decreased sales and increased stocks, with inevitably adverse results on profits for the year.

'In spite of the early promise indicated by the reception accorded to the garment range, the company has failed to achieve its target figures for production and sales.'

Tej has set up an export subsidiary — Tej Sales Ltd — based in the United Kingdom, which should lead to demand in the South African off-season, allowing improved factory throughput.

(184) FM 17/10/80

W & A

Consolidation gains

Activities: *Clothing, textile and retailing conglomerate with motor spares, mining supplies and scrap metal subsidiaries. Owns Tri-ang, 56% of World Furnishers and jointly controls Bradlows*

Chairman: *M Simchowitz, managing director P H Jacobson*

Capital structure. *4,8m ordinaries of 50c; 931 000 11% cum red prefs of R1; 150 000 6% cum red prefs of R2, 4m 7,2% (variable) red prefs of 1c plus 99c premium Market capitalisation R32,9m*

Financial: *Year to June 30 1980 Borrowings long- and medium-term, R17,9m, net short-term, R6,1m Debt equity ratio 69,7% Current ratio 2,2 Group cash flow. R8,7m Capital commitments R916 000*

Share market: *Price 685c (1979-80 high, 700c, low, 210c; trading volume last quarter, 169 000 shares) Yields 16,0% on earnings; 5,8% on dividend. Cover. 2,8 PE ratio 6,2*

	'77	'78	'79	'80
Return on cap %	19 3	16 3	12 8	18 2
Turnover (Rm)	50 1	65 4	79 2	128 5
Pre-tax profit (Rm)	4 6	4 7	5 5	10 8
Gross margin %	13 2	10 4	10 2	10 8
Earnings (c)	40 4	48 3	64 9	109 9
Dividends (c)	13	18	23	40
Net asset value (c)	218	301	345	427

With two exceptions, W & A's operations performed exceptionally well last year Major subsidiaries Bradlows and World increased their contributions by more than 20%, while other divisions reported a sharp improvement as the economy picked up and losses were curtailed in certain areas

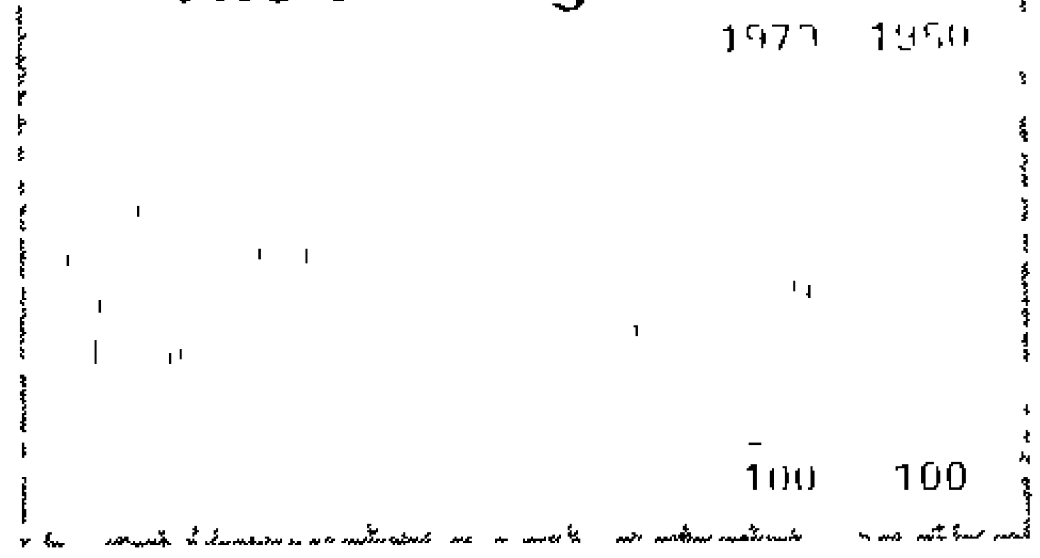
Chairman Mannie Simchowitz forecasts a 25% earnings improvement this year At this stage it appears to be based on organic growth as sluggish group companies are scheduled to return to profits and consumer spending produces better results in major income sources World and Bradlows

Last year's 62,3% rise in turnover to R128,5m and a near doubling of pre-tax profit to R10,8m (R5,6m) reflects the first-time inclusion of Bradlows for a whole year W & A bought joint control of Bradlows in March 1979 so that group's contributions to turnover and income in fiscal 1979 were some R8,6m and R639 000 respectively In contrast 1980's consolidated contributions were R33,1m and R3m Attributable earnings of Bradlows for the period amounted to R534 000 (R112 000) on W & A's 32% (31%) effective holding in the company

World's contribution to W & A's turnover was R24,8m (R18,9m) with a R2,9m (R2,3m) pre-tax profit Attributable earnings rose to R997 000 (R668 000) as World lifted taxed profit to R1,9m (R1,4m) and W & A raised its stake to 56% (47%).

Other W & A activities were responsible for R5m (R3m) of pre-tax profit — a 66,2% gain. This better than average improvement stems from an "outstanding" contribution from W & A Textile Converters, a return to profitability at H J Henochsberg and rising earnings in other subsidiaries The merger benefits at Tri-ang and Hygienia are expected to continue while loss-makers Lovable and President Knitting are budgeting to move into the black

The earnings mix



Acquisitions during the year, included 50% in Glen Anil Investments and the balance of Lovable Since year's end W & A has sold 50% in Universal Metal to Cape Gate which, Simchowitz says, should benefit W & A longer-term

Improved controls and consumer demand last year pushed stockturn to 7,5 times (6,6) while the average debtor repayment period fell 24% Gearing was not previously excessive but total borrowings have nevertheless fallen to 70% (76%) of equity, with greater emphasis on longer-term debt In addition the capital base has been broadened by the issue of 4m variable coupon redeemable prefs At end-June 1981 W & A will redeem the outstanding portion of its 11% prefs having repurchased 931 000 in fiscal 1980

Liquidity is also better with the current ratio at 2,2 (1,9) and cash of R1,8m (R1,5m) at end-June Marketable securities were valued at R4,4m (R2,4m)

Achievement of a 25% earnings improvement would take earnings to around 138c from which a 50c (40c) dividend total should be possible After annual compound earnings growth of 49% in the past nine years, growth in 1981 is likely to be more conservative The share yields 7,3% prospective, at 685c, which is attractive relative to the market but does not preclude better buying opportunities short-term.

Des Kilalea

TRUWORTHS (184)

Temporary setback

FM 17/10 80

Activities: *Manufactures and retails women's fashion wear, and retails menswear. Operates 372 (362) stores under the Truworths, Topic, Top Centre and Hamells names. Fifty percent of its share capital is held by Bonmore, in which the directors hold a 49% interest.*

Chairman: *L Shawzin, managing director: A G W Williamson*

Capital structure: *1m ordinaries of 50c, 500 000 6,75% cum prefs of R2, 297 200 7% red cum prefs of R1. Market capitalisation R40m*

Financial: *Year to June 30 1980. Borrowings: long- and medium-term, R12,9m, net short-term, R13,3m. Debt equity ratio 81,8%. Current ratio 2,0. Net cash flow R5,6m. Capital commitments R3,3m*

Share market: *Price 4 000c (1979-80 high, 4 100c, low 1 900c, trading volume last quarter, 14 000 shares). Yields 12,9% on earnings, 6,0% on dividend. Cover 2,2. PE ratio 7,8*

	'77	'78	'79	'80
Return on cap %	20,7	23,5	21,7	19,6
Turnover (Rm)	81,2	90,8	102,0	118,5
Pre-tax profit (Rm)	6,7	8 2	8,8	8,9
Gross margin %	11,0	11,6	11,3	10,3
Earnings (c)	364	427	519	515
Dividends (c)	170	200	220	240
Net asset value (c)	2 269	2 492	2 796	3 074

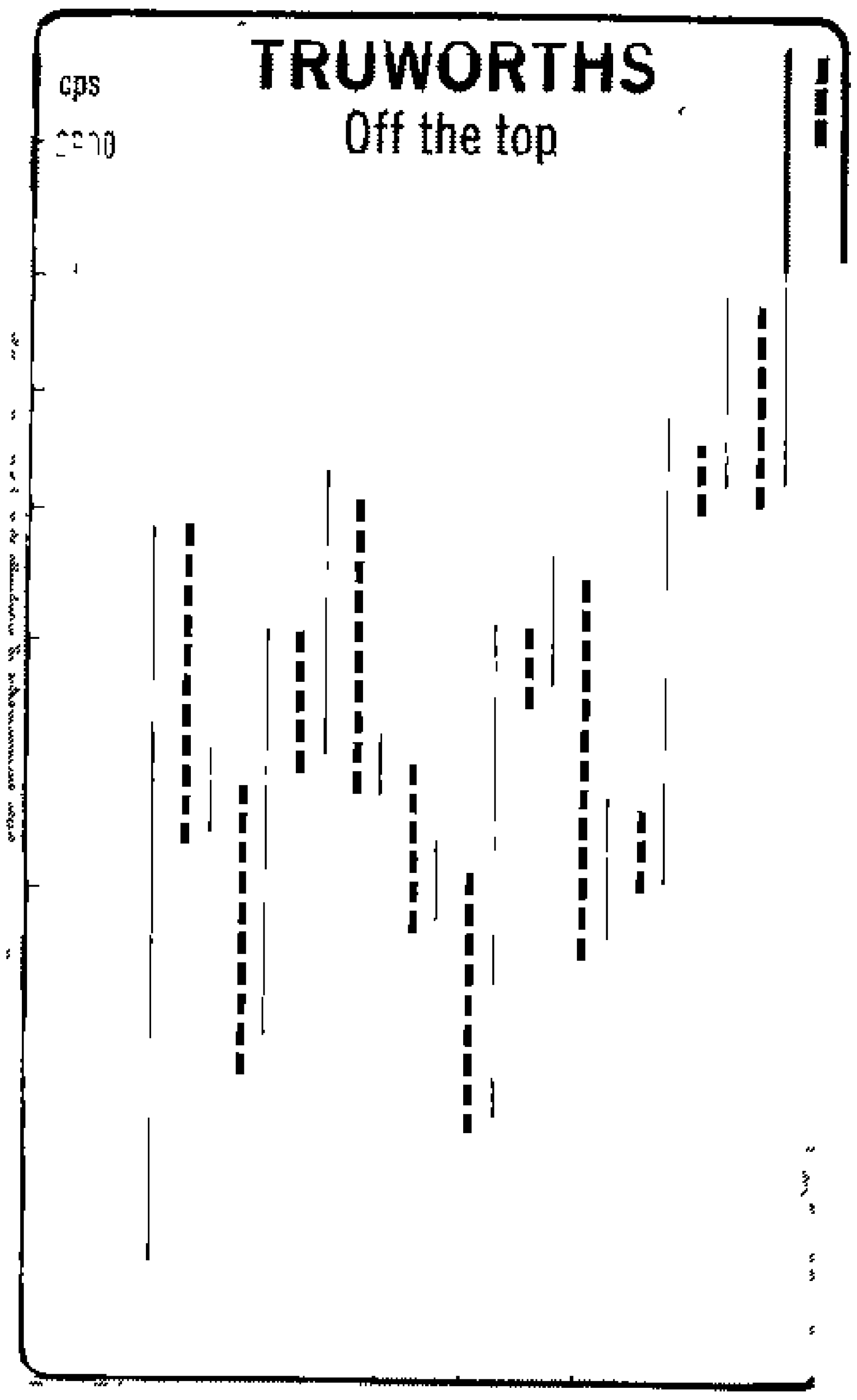
Shareholders will agree with chairman Len Shawzin that "results for the year have been disappointing when viewed against the prevailing conditions." Group pre-tax profit rose less than 2% for the year, as against competitor Foschini's 51,7% improvement for the half-year to June. And turnover growth at 16% was barely above the inflation rate.

But, the set-back is apparently of a temporary nature. The substantial decline in profit margins was occasioned almost entirely by the Truworths division itself,

Truworths' Shawzin . . . disappointed with profits

where seasonal factors resulted in stock having to be marked down to move it. Management stresses, however, that this is one of the risks of being in the fashion game, and that profit margins are already looking healthier three months into the current year.

The rest of the group did not have the same difficulties, and its satisfactory performance is expected to continue this year provided consumer spending holds up. Both the Topic and Top Centre chains posted record profits, continuing the recovery which began two years ago. And despite difficult conditions in the UK and Zimbabwe, these foreign divisions managed to pull their weight.



Profit contribution from the manufacturing arm is not quantified, but management confirms that it performed well. It is probably not exposed to the competitive pressures of the rest of the manufacturing industry, as 95% of output is supplied directly to the group (which amount represents about 30% of total requirements).

So it seems likely that once margins are restored in the major Truworths chain, the improvement in all divisions will be reflected in group profits.

In addition to Shawzin's forecast of a "substantial improvement" this year, there are two other factors which underline the temporary nature of 1980's setback. Firstly, expansion plans for the new year are ambitious. About 20-25 stores are to be opened, compared to last year's net increase of only 10.

Secondly, the total dividend was boosted by about 9% to 240c (220c), despite stagnant earnings. A current cost set of accounts has been included in the financial statements to underline that the group has experienced a tough year — the adjusted income statement shows that the cost of the higher dividend actually exceeded profits on this basis by R15 000. But the dividend hike, in turn, affirms the group's confidence in future prospects.

It seems that profits can be expected to improve by at least 25% this year. Because of last year's dividend increase, however, the payout may not move in line. But even a 15% hike would give a 276c (240c) total.

This would allow holding company Bonmore to pay around 24,5c (21,5c). On a prospective yield of 6,4%, however, it is more expensive than Truworths on a prospective 6,9%.

Fiona Halse

REX TRUEFORM FM 24|10|80

Battling margins (184)

Activities. *Clothing manufacturer with major export markets The directors, mainly through African & Overseas, hold 47% of the equity*

Chairman: *S C Shub*

Capital structure· *1,4m ordinaries of 50c, 1,4m "A" non-voting ords of 50c, 140 000 6% cum prefs of R2 Market capitalisation R15,4m*

Financial: *Year to June 30 1980 Borrowings long- and medium-term, R9m Net cash R360 000 Debt equity ratio 52,7% Current ratio 4,1 Net cash flow R3,5m Capital commitments R449 000*

Share market: *Price 550c (1979-80 high, 620c, low, 320c, trading volume last quarter, 46 400 shares) Yields 23,5% on earnings, 6,4% on dividend Cover 3,7 PE ratio 4,3*

	'77	'78	'79	'80
Return on cap %	22,3	16,2	19,7	17,4
Turnover index*	199	203	246	308
Pre-tax profit (Rm)	4 0	2,8	4,2	4 5
Earnings (c)	87 8	74,0	106,7	129 3
Dividends (c)	28	28	30	35
Net asset value (c)	516	563	641	730

* 1973=100

Shareholders were no doubt pleased with the record earnings for the year to end-June But in contrast to most other sectors in the SA economy, the group's trading is being squeezed by increasing competition and rising costs The record earnings were, to a large extent, the effect of tax concessions arising from export business and factory expansion capex

Turnover figures are not given, but total sales increased 25% last year Operating income on the other hand increased only 5,7% to R4,1m (R3,9m) And had it not been for a lower 19,5% (28,6%) average tax rate, earnings would only have increased about 9% to 117c (107c)

Though the average tax rate fell, partly as a result of management's efforts on the export market, a tax-based earnings rise is hardly the most satisfying performance in a year, when the SA economy started growing strongly But Rex True, along with most other clothing manufacturers, can do little to stave off the intense competition in local markets and has the advantage, during slack SA sales periods, of a well-established demand for its products abroad

Chairman Stewart Shub says export sales grew strongly again in 1980 Since 1972, exports have been a feature of the annual reports Probably ahead of most local clothing manufacturers, the group developed export markets which insulate profits and maintain a high level of capacity utilisation

Last year, working capital was bolstered to meet current and near-term expected demand A R2m medium-term loan was raised while greater use was made of short-term finance Total borrowings at end-June were R11m (R7,1m), of which 82% (98%) was long- and medium-term Total short-term borrowings were R2m (R119 000), and with a 46% increase in creditor finance to R3,8m (R2,6m) the current ratio fell to 4,1 (5,3)

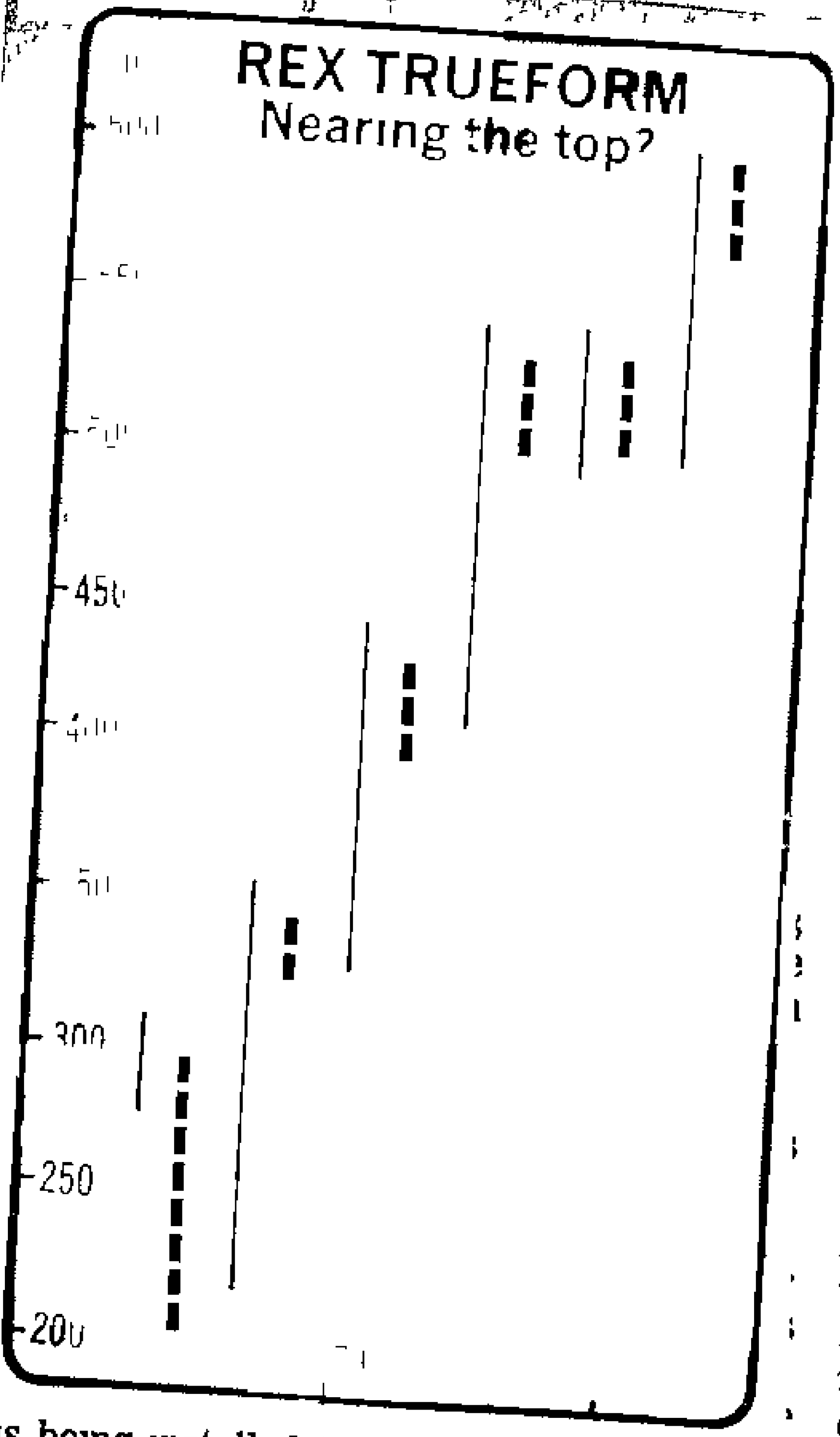
This gearing cut the cover on annual finance charges to 4,7 times (5,5) which still leaves ample room for additional gearing without harming dividend growth.

Shub's forecast for the current year is that group order books are "more than satisfactory and indications are that there should be further considerable consumer activity " A more important guide to the group's budgets is the build-up in stocks to R14,5m (R11,6m) at end-June, of which R8,5m (R6,7m) is manufactured products. Starting what should be a boom year with 25% more stocks, despite the long lead time in obtaining locally made textiles, indicates a strong sales budget

Capital commitments this year are R449 000 (R866 000) after the commissioning in fiscal 1980 of a new distribution centre Additional manufacturing capacity is being installed to meet future demand

The clothing sector on the JSE yields an average 5,6% — higher than 4,6% industrial market average Though demand looks like being strong this year, there is every indication that margins will remain under pressure

Rex True has a well-developed export business and trades upmarket, while investors might expect the bulk of sales growth to be in lower income groups This appears to be the only reason for the share trading at a discount to the clothing sector Relative to the market, Rex True is a sound income hold at 550c. *Des Kilalea*



Union leader defends role

Cape Times 27/10/80

Own Correspondent

PARIS — South African trade union leader Mrs Lucy Mvubelo, on a four-nation European fact-finding mission, said here she sometimes had to defend herself from accusations that she was "a female Bishop Muzorewa"

Mrs Mvubelo told a press conference that a church minister in Amsterdam had attacked her in this manner several days ago She had replied "I have chosen evolution instead of revolution"

She admitted to French journalists that similar criticisms were made against her by young people in Soweto, but claimed that "only a minority do so Many others come to me to thank me for getting them a job"

Mrs Mvubelo said the minister in Amsterdam had told her "You are being used just as South Africa used Bishop Muzorewa He lost the elections because the people did not back him Do your people back you?"

She had replied "I am proud of my record We do not want to get handouts as though we are cripples We want to work and I organize work"

She is vice-president of the International Textile Federation and represented her 21 000-strong National Union of Clothing Workers at the federation's recent annual conference in Vienna The union was founded in 1953 and Mrs Mvubelo joined the same year

Mrs Mvubelo said she favoured the constellation of states idea on condition that homelands were dissolved

She has a number of engagements in Paris with French trade union leaders, businessmen and members of several delegations planning to visit South Africa

She leaves Paris at the end of the week for Brussels before returning home

Boom in Cape's clothing industry

CAPE TIMES 28/10/80 (184)

Industrial Reporter

THE Cape clothing industry, mainstay of the region's economy, has taken off with an unparalleled boom that has seen 10 new factories open in the past month alone

Twenty-seven new clothing factories have gone on stream in the past 12 months, employment in the industry is up 13 percent in the same period, and existing plants are expanding to cope with overflowing order books

"It's the largest industry in the region and it's certainly indicative of the reasonable state of our economy," said the secretary of the Industrial Council for the Clothing Industry in the Cape, Mr G J Nel

Although Industrial Council figures show the industry's work force is at a record 54 073, there are still "jobs galore" according to one personnel manager A 10 percent pay rise scheduled for December 15 will pump an additional R3 million a month into pay packets and take the wage bill to nearly R80 million for a 45,6 percent minimum wage rate leap in 24 months

Several of the big manufacturers intend recruiting hundreds of school-leavers in January to keep their traditionally high turnover labour complements up to strength

Mr Nel yesterday said the new factories were starting up with full order books for the next three to six months. Employers in the industry must register with the council within seven days of taking on a workforce

Many of the big producers were working "extensive" overtime, including full Saturdays, at double pay

"The boom has become a cliche," said the joint managing director of Desiree International group, Mr Raymand Davies

The group did not like to encourage overtime, but in common with the rest it had found it necessary to go into extra hours to meet critical deadlines for supplies Desiree was looking at all possible sources of labour, including the schools, and it was doing "all in its power" to boost training

Mr Davies believed much of the spin-off from improved consumer spending had only begun to be felt by the industry and a buoyant Christmas would only be reflected in two to three months' time

The managing director of I L Back, Mr Francois du Preez, confirmed that the only constraint to clothing sales was factory capacity "Whatever you can make, you can sell all of it"

But there was a danger that some firms would burn their fingers by gearing up for production levels that could not be sustained when the inevitable down-turn arrived Order books were full for the new winter season beginning from January but retailers could cancel, and would, if they felt a slump was coming

Boom in Cape clothing industry

NM 29/10/80 (184)

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Recruiting

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SAFNIT FM 31|10|80

Fire losses? (184)

Activities *Manufactures and distributes hosiery and knitwear under the "Maxmore" and "Lord Byron" brand names Holding company Zwi Brothers Investments (Pty) owns 40 9% of the issued capital*
Chairman. *C Zwi*
Capital structure *1,4m ordinaries of 25c, 250 000 7% cum prefs of 20c Market capitalisation R3,8m*
Financial· *Year to June 30 1980 Borrowings long- and medium-term R810 000, net short-term, R453 000 Debt equity ratio 37,4% Current ratio 2,3 Net cash flow R858 000 Capital commitments R1m*
Share market. *Price 270c (1979-80 high, 300c, low, 140c, trading volume last quarter, 94 000 shares) Yields · 23,1% on earnings, 7 4% on dividend Cover 3,1 PE ratio 4 3*

	'77	'78	'79	'80
Return on cap %	16 5	16 1	17 9	20 8
Turnover (Rm)	10 3	10 6	11 8	13 3
Pre-tax profit (R'000)	875	951	1 141	1 455
Gross margin %	12 3	11 7	12 2	12 5
Earnings (c)	36 7	42 7	49 8	62 6
Dividends (c)	15	16	17	20
Net asset value (c)	322	349	345	390

Profit margins were improved last year, with a 29,9% growth in pre-tax profit based on a 12,6% improvement in turnover Chairman Charles Zwi attributes the improvement to "increased sales and efficiency," but as sales growth was less than the rate of inflation, most of the savings must have come from higher recovery of fixed costs

Results depend on all the factors that affect garment manufacturers with profitability relating almost directly to throughput volume So although the sales increase is not in itself impressive, it provides a more than proportional return in profits

A marginally lower tax due to investment allowances led to a 32% increase in earnings per share, from 48c last year to 63,5c on the company's figures And the dividend of 20c (17c) was covered a higher 3,2 times (2,8 times) by these earnings

Zwi has made no forecast for this year's earnings He does, however, point out that liquidity and balance sheet ratios are very satisfactory, particularly when compared with the position four years ago The current ratio is up from 1,7 in 1976 to 2,3, and debt equity down from 54% to 37,4% over a similar period

In addition, a subsidiary acquired Gregory Socks' plant, machinery and stocks, together with the right to use the "Gregory" brand name, with effect from September 1980 Although the acquisition is not expected to have an immediate effect on net assets or earnings it is expected to make a contribution in the future, and will increase the company's product range in the short term

In the light of these factors, the company looks set for another satisfactory year in 1981 Demand for hosiery tends on the whole to be more consistent than that for high fashion clothing, but the knitwear division will undoubtedly continue to benefit from heavy consumer spending

But Zwi points out that there could be an extraordinary loss of approximately R275 000 this year if the insurance company does not pay for consequential losses sustained following a fire at the Maxmore factory, Cape Town, during the June 1980 unrest Although production at the factory is back to 90% of its pre-fire level, full production will only be attained by December

Whether the fire will materially affect this year's results remains to be seen The share at 270c yields an historic 7,4%, where it looks slightly undervalued if the company maintains its current profit margins

Fiona Halse

TEJ (184)

Profit downturn

FM 31|10|80

Activities: *Manufactures and markets knitwear and clothing, mainly under the "Tej" label*
Chairman and managing director. *R M Jacobs*
Capital structure: *2,4m ordinaries of 50c Market capitalisation R1,6m*
Financial. *Year to June 26 1980 Borrowings net short-term, R2,8m Debt equity ratio 98,9% Current ratio 1,5 Net cash flow R155 000 Capital commitments R185 000*
Share market: *Price 65c (1979-80 high, 100c, low, 37c, trading volume last quarter, 178 000 shares) Yields 3,5% on earnings PE ratio 28,3*

	'77	'78	'79	'80
Return on cap %	1 4	8 8	8 8	4 7
Turnover index*	100 6	119 0	127 0	139 5
Pre-tax profit/(loss) (R 000)	(90)	180	251	77
Earnings (c)	—	7 5	6 0	2 3
DIVIDENDS (c)	—	—	—	—
Net asset value (c)	—	—	118	120

* 1973 = 100

Despite management's encouraging forecast that 1979's profit recovery would continue in the year to end-June 1980, pretax profit in fact fell 69,3% to R79 000, and earnings per share dropped 61,7% And with the drop in profits came the inevitable bad news that the dividend would be passed for the sixth year in succession.

Although the company's performance over the past few years leaves much to be desired it takes exceptional circumstances to cause a significant earnings drop during a consumer spending upswing And while Tej management does not place the blame entirely on suppliers, it points out that there were serious delays in delivery of raw materials — an industry-wide complaint

These delays caused cancellation of orders at a critical stage in the selling period, and the return of considerable quantities of garments due to late deliveries Both of these factors resulted in lower sales in the second half, usually the more profitable, and increased stock levels

According to other industry sources, this sort of problem is not uncommon The local textile industry is protected and thus has no shortage of buyers Consequently, late deliveries and bottlenecks are often the order of the day And to counter these conditions, the company is attempting to build up yarn, material and garment stocks (currently about 63% of current assets), which also affects operating profitability

On the other hand, part of the responsibility for last year's results must be laid at the door of the company itself Attempts had been made to smooth out seasonal fluctuations in knitwear production by building up stocks ahead of time, but "orders received from major customers did not come up to expectations in regard to quantities and price levels" This could reflect poor choice of lines by the company, and large quantities of this knitwear had to be cleared at cut-rate prices

As management points out, it is difficult to predict earnings prospects for this year in the light of the past year's experience The export venture has imposed a degree of strain on resources, and returns will only become measurable later in the current year

In the local market, much will depend upon the extent to which sales and prices to major groups are increased during the remainder of the financial year And in the light of last year's performance, many customers may be wary of placing big orders which will increase management's planning problems

The share price has dropped to 65c, and seems unlikely to appreciate materially until there is evidence of higher earnings and a return to dividend payments in the near term *Fiona Halse*

DATES TO REMEMBER

Last day to register for dividends·
Friday November 7· ABC 4c, Congella Fed 4c, ERGO 100c, FS Geduld 4 75c, Grand Bazaars 10c, Hunt Leuchars 12c, MTD Mangula •8,34c, Marlin 5,5c, Metro Cash 50c, Mobile 16c, Pep Stores 25c, President Brand 375c, President Steyn 385c, Pretoria Portland Cement 33c, Scottish Cables 6,5c, Seardel 18c, Trencor 49c, Welgedacht 16c, Welkom 150c, Western Hold 825c
Meetings
Monday November 3· Carrig, Waverley Gold
Tuesday November 4· Picardi Canners (Cape Town), Trust Bank, World
Wednesday November 5: Bankorp, Rand London
Thursday November 6: Suncrush (Durban), Wits Nigel
Friday November 7: Bradlow's, Eddels (Pietermaritzburg), Highveld Steel, Industrial & Commercial, Investors Club, Issues & Invest, Mathieson & Ashley, Rhodesian Cables (Zimbabwe)
All meetings are in Johannesburg unless otherwise stated
● = Net after non-resident shareholders tax

CT. 12/11/80

184

500 fled dummy bomb

Crime Reporter

POLICE were yesterday investigating a "bomb" sent to the City headquarters of a large clothing firm last week by an advertising agency

The arrival of the "bomb" — described by the police as a dummy stick of dynamite with a fuse — prompted the evacuation of the building of 500 personnel and the shutting down of the company computer

The scare took place last week and was confirmed yesterday by a spokesman for the company, Truworths

He said the device was received late last Thursday and the company's crisis control committee was called in They decided immediately to evacuate the building and call in the police

The company regarded the incident as a "very serious threat" and said it caused great disruption — not only to the company itself but also to the police, traffic police and ambulance service who were called in.

"The contraption was very real," he said

A spokesman for the advertising company confirmed yesterday that the device had been sent out as a "self-promotion" stunt He described the contraption as an "empty firecracker"

Brigadier D B Nothnagel, Divisional Commissioner of Police for the Western Cape, said yesterday police were investigating the case fully "If it is found that an offence has been committed, it will be placed before the prosecutor If not, the matter will be dropped," he said

GARMENT MANUFACTURERS

The emperor's new clothes?

184

FM 7/11/80

The clothing industry is well known for the continuing struggles between its cotton growers, textile manufacturers, garment manufacturers and retailers. Although there have been a number of attempts among some of the parties to work together as one industry (during the leaner years), it looks as if the current economic upswing could destroy these ties. And the reason is that "the rich are getting richer," while others are having profit margins tightly squeezed.

While each branch of the industry is vehemently stating its own case, the figures paint a fairly conclusive picture.

The most recent results from textile manufacturers indicate that higher throughput has led directly to better recovery of overheads and improved profit margins. Their only real source of concern is the amount of overseas fabric sanctioned for import during the year, as they fear flooding of the market by Far Eastern "dumping." The import bill for the first nine months of 1980 was around R400,7m compared to R300,7m for the some period in 1979.

At the other end of the process, the large retailers are gleefully announcing that sales are burgeoning and profits good. Edgars had a gross margin of 14,8% (before lifo adjustments), Foschini 13,2% and, even in a relatively difficult year, Truworths reported 10,3%.

But the middlemen, the garment manufacturers, are not reporting profit performances in line with the economic upswing. Even though turnover is up in most instances, margins are being more and more tightly squeezed.

The tables on the following page show the highest return on capital and gross margin index achieved by the companies during the last boom period (through 1974 to 1976) compared to the figures reported during the current "boom" period. Average return on capital is almost half what it was in the earlier upswing 12,5% compared to 25,7%. And gross margins have fallen even further, averaging around 41% of those of the previous period.

The reasons for this disappointing performance are linked to the nature and size of the local market, other factors which affect the garment manufacturers' profitability, and their relationship with both fabric producers and retailers.

The local market is small in relation to those served by the overseas clothing

To discuss the tax implications ...

(b)

calculate the amount on which a deferred tax asset or liability may arise at 30th June 1977.

(12 marks)

(F.Q.E. - 1978)

(50 marks - 60 minutes)

Cont

industries, and less than 10m out of the total population are "fashion" consumers But the public is also "spoilt" in the range of styles, colours, and so on which it is offered Retailers perpetuate this trend by importing more extensive ranges if local producers do not offer them

The effect on production costs is severe — short runs, learnings curves and seasonal obsolescence are all uneconomical for the manufacturer It thus looks as if much of the new capacity currently being installed is to increase variety rather than mere volumes

Unlike the textile producers who make large capital outlays, but benefit directly in an upswing from increased throughput, the garment industry is less capital intensive This encourages a rash of small concerns to spring up when demand is good, which, with their lower overheads, can specialise in one or two products and undercut the larger manufacturer

Although higher volumes certainly go some way to improving profitability, there are a number of other factors which are almost as important One of these is raw material supplies, which represent at least 50% of manufacturing costs Traditionally, stocks have been kept as low as possible although this has made the manufacturers more vulnerable to late deliveries

Now a number of the garment producers are attempting to build up material supplies a long time before they are needed for production, which will obviously push up holding costs The need for stockpiling has arisen because of the alleged late delivery and poor quality of many orders from the local textile industry, on whom they now depend for 75% of their supplies

The devastating effect on profits is obvious in TEJ's latest results for 1980, where earnings fell 63% to R55 000 (R148 000) and turnover rose a mere 2% Chairman Robert Jacobs in part attributes its performance to delays in the supply of raw materials leading to cancellation of a number of orders

Nor has the garment manufacturer been able to pass on the rising prices paid for his materials Protective tariffs and permit control on the import of textiles has made it extremely difficult to bring in cheaper textiles, and yet the retailers have had virtual *carte blanche* to import cheap, ready-made garments As a result, local manufacturers have had to absorb most of the material cost increases to remain competitive with Far Eastern goods

Labour costs in the industry have also risen sharply during the past few years The garment workers have a longer history of being better organised than those in the textile business, they have thus been able to bargain for significant wage increases which, again, cannot be fully passed on

So much for the "internal" factors affecting profitability But just as important is the relationship between the middleman and the industries on either side of him Despite the chagrin over late delivery and poor workmanship allegedly received from textile producers, these two groups see a common threat in the flooding of the market with cheap, ready-made garments Consequently the three-year-old Textiles & Clothing Advisory Council is formulating a White Paper to set out growth patterns of the closely related industries and to buffer the industries from cheap foreign goods

Representatives from both sectors see the large retailers as the nigger-in-the-woodpile The large chains are determined to offer as wide a range of styles as possible, and will import them if they cannot get them here And while the retailers claim that this is done to benefit the consumer it appears that little, if any of the savings are being passed on to the customer There are reports of 9m shirts brought in during the first eight months of 1980, at cost price of 66c per shirt, and 6,5m shirts at 90c (before duties) They are quite obviously not being offered to the public at anything near these prices, but are nevertheless putting pressure on local garment producers to bring their prices down

In the short term, most of these difficulties look like they will continue But in the longer term, some of the conditions could change for the better As the local market expands to encompass the whole of the population, production runs should get longer and more economical And the growing demand for textiles will either force the industry to expand or it will have to allow sufficient imports In the former event local garment manufacturers may be able to complete against foreign goods which should no longer be dumped by countries in recession

As a result of pressure on margins, results from the sector are not what one would expect from a consumer-orientated industry at the present time And shareholders in most cases have been on the receiving end of rather meagre dividend growth, if any

Among the better performers was Rex Trueform, which announced record earnings of 129,3c (106,7c) per share They were to a large extent the effect of tax concessions arising from export business and factory expansion capex, however, and the dividend was raised by only 16% to 35c (30c) The share's 6% yield at 580c indicates a slight wariness on the part of the market

Delswa also looks undervalued at 420c, where it yields 7,1%, probably due to the ravages it underwent during the past few lean years Despite the size of the dividend increase, from 17,5c to 30c this payout level is still below the 42,5c paid in 1976

Of the three manufacturers with December year ends and theoretically more time to benefit from the current upswing, Dubin may be the only one to pay a dividend Pre-tax profit at the interim stage was 18,3% higher at R1 113 (R939) and earnings of around 30c (25,9c) per share have been forecast for the end of the year Shareholders can thus expect a 17,5% hike in dividends to 10c (8,5c), putting the share on a 8,[illegible]% yield

But the other two do not look as hopeful Veka's interim earnings fell from R238 000 last year to R73 000, and the directors do not rule out a decline in profits for the year And despite Dugson's startling interim profit increase to R165 000 (R45 000) it has moved from such a low base that a dividend this year looks unlikely

That leaves TEJ to end off the dismal review Earnings for the year fell from R148 000 in 1979 to R55 000, and the dividend was once again passed There is no better illustration of the plight in which the garment manufacturers find themselves

Fiona Halse

RETURN ON CAPITAL

	1974/'75/'76 High	1979/80
Delswa	29,6	11,6
Dubin*	39,6	20,6
Dugson*	16,8	9,0
Rex Trueform	32,0	17,4
TEJ	20,2	4,7
Veka*	17,1	11,9

* December year-end, where figures may not fully reflect current economic upswing

GROSS MARGIN INDEX

	'76/'77	'79/'80
Delswa	100	46
Dubin*	100	59
Dugson*	100	24
Rex Trueform	100	53
TEJ	100	6
Veka*	100	60

* December year-end, where figures may not fully reflect current economic upswing

FM 14/11/80

FOUNDATION GARMENTS

Less support? (18K)

The National Clothing Federation of SA has applied to the Board of Trade and Industries to increase import tariff on foundation garments especially bras - and complaints are busting out

There has already been criticism of the clothing industry for its continual import tariff requests which have resulted in higher prices for consumers

In this case it has been claimed that if the application is successful SA women will have to pay up to 50% more for the cheaper ranges of bras

Says Don Campbell chairman of Frasers Our complaint is that the industry applied for increases on the whole range of foundation garments, but there are no local manufacturers producing for the lower end of the local market

Frank Whitaker, director of the federation, retorts We refute this statement The lower end of the market certainly is catered for

Scala Foundations in Cape Town manufactures lower-priced bras There are ranges besides Gossards and Lovables

Says Frasers merchandising manager, Jessel Sundy The public will be forced to purchase the higher-priced, locally-manufactured article

It would be preferable if government restricted import permits for certain categories of merchandise and thereby controlled the amount imported for the lower end of the market, as opposed to the current application

He says the proposed new duty structure will mean garments will carry a duty of R1 on a home cost of R1

He says that because manufacturers are faced with escalating fabric costs and higher labour costs they are moving away from the lower end of the market

Whitaker disagrees But what is certain is that the women who buy cheaper bras might have to do with less support

CLOTHING (IRL) [redacted]

Looking for a balance

FM 31 Aug 80

National Clothing Federation president Simen Jocum says SA should become a signatory to Gatt's Multifibre Agreement (MFA). This would permit government to add import quotas to the existing system of tariff protection — without fear of reprisal from the world trade watchdog.

Review of the current Multifibre Agreement, which expires at the end of next year, has begun in Geneva. The current agreement has 42 signatories. If SA stays out of the MFA, says Jocum, "we will become the target of all the frustrated exporters in the low wage countries who have been barred from other markets by the tougher MFA."

The first MFA was signed in 1973 and renewed in 1977 after the European council of ministers insisted on tougher terms to control the flood of third world imports which, in the period 1973-1978, resulted in 4 200 business closures and the loss of 700 000 jobs in the community.

The first agreement guaranteed a 6% annual growth rate in imports by industrialised countries of Third World clothing and textiles. This turned out to be an invitation to exporters to make a massive assault on northern markets in order to establish a large base from which to grow at 6% a year.

At the 1977 MFA review, community Ministers got a clause written into the new deal allowing for "reasonable departures" from the 6% guarantee for short periods and in emergencies.

With northern clothing and textile industries in endemic distress, community countries were able to limit Third World imports to an effective 4% growth rate after 1977, compared with 25% a year between 1973 and 1976.

Third World exporters are now claiming breach of trust because countries outside the community used the reasonable departures clause. They fear the US will use it too.

Their pleas are unlikely to wash. What seems clear is that the 1982 MFA is going to be a lot tougher than the existing deal.

The first MFA was a departure from Gatt provisions which forbid imposition of import growth rates and import curbs affecting specific suppliers instead of all suppliers.

Then the "reasonable departures" clause was added. These, and other, arrangements now appear certain to become a permanent feature of the MFA. To stay out of the arrangement would therefore surely invite dumping which no level of countervailing duty tariff protection would keep out.

In any event they would have to be so high that they would incur condemnation of Gatt.

Says Jocum: "Thus we recognise the necessity for a quota control on garment importations and, with rather less enthusiasm, we realise that there will also have to be quotas on the importation of textiles.

"However, it must be emphasised that there is a difference between quotas on consumer goods which can be supplied in full by local industry and quotas on the raw materials of that industry which cannot be supplied from local sources.

"We hope that if we can persuade the authorities to accept the principle that there must be some permanent system of import control over textiles and clothing (100 000 jobs), then there will be detailed consultations with the private sector on the form that such controls will take.

"If the control is too constricting, the cure might be as bad as the disease and the loss of jobs would still occur in the clothing sector.

"Unduly strict controls will not save jobs in the textile industry, if we cannot sell our products because our raw materials are not keeping up with fashion trends, the weavers and knitters will not be able to sell their products either. And yarn producers won't be able to sell theirs.

"The problem is one of a delicate balance between what is reasonable and what is excessive."

Clothing industry is facing problems

STAR 22/11/80

184

In the midst of a boom, all is not well with the clothing industry

JEAN MOON looks into the clothing industry

At his presidential address to the Transvaal Clothing Manufacturers' Association, Mr A Hirsowitz said the difficulties which faced the industry last year had not disappeared

Not only had inflation continued unabated, additional customs duties on much-needed fabrics came into force for which import permits were still required, demands from the Garment Workers' Union continued notwithstanding the existence of a three-year agreement which had been met

Though the Board of Trade was approached about a price control investigation on clothing, nothing had materialised.

Duties were again increased on both knitted and woven fabrics with effect from June 6. This was the fourth adjustment of import duties on textiles in little more than four years.

Mr Hirsowitz suggested that the textile industry (which is enjoying full order books) should give still greater attention to improving qualities as well as ensuring more prompt deliveries to meet the minimum requirements of clothing manufacturers

IMPORTS

In a few cases the quality of the local product had been so poor as to be unusable in the better grades of clothing and he said the import control authorities should disregard such mills as suppliers when applications for import permits of the relevant fabrics were considered

Local deliveries had become so extended that winter goods were being offered in summer for basic standard lines

On protection for the clothing industry, Mr Hirsowitz referred to the likelihood of the relaxation of import controls The clothing industry was advised to apply to the Board of Trade and Industries for increased duties on imported ready-to-wear garments to protect the industry for the effects of disruptive competition, mainly from Far Eastern countries

More intense competition may result following the expected expiry of the Multi-Fibre Agreement next year

In the first five months of this year, imports reached 14m units or 33,3 percent above the 10,5m imported at the same time last year Over the same period the f o b price of imports increased to R22m compared with R18m

On wages, Mr Hirsowitz said though a three-year agreement was concluded in July 1979 providing for annual increases, the Garment Workers' Union early this year appealed to the association for a revision of the increases due in 1980 and 1981

He said a gesture of goodwill on the part of the association giving a counter-offer as a special increase this year and a further increase in January 1981 was rejected by the union. An agreement was finally reached in July this year for an additional increase from that date followed by another in July 1981.

DEPRESSED

The Transvalal still provided the highest minimum wage in the country and the union had undertaken not to make further demands before the expiry of the agreement in June 1982.

Delswa, a holding company whose subsidiaries manufactured and sold women's and children's outerwear and sportswear under the trade names of Delswa, Crazy Horse, Jade, Marchesa and Tottoo, still did not enjoy the same level of return on capital employed as it received a few years ago Along with many others in the clothing trade, its margins remained depressed, despite the economic boom

At its current share price the share yielded just over 7 percent with the dividend covered 2,4 times by earnings.

EXPORTS

Grubb and Inggs' activities included the sorting, carbonising and combing of wool and mohair.

In order to meet demand, the group spent R1,5m in its last financial year on buildings, machinery and equipment

Though group turnover was only 4,7 percent higher, earnings rose 15 percent A high percentage of South Africa's wool and mohair was exported so the profits in the coming year depended upon the buoyancy of international markets

Though recessions currently experienced by some trading partners did not look good for Gubb and Inggs, the drought in Australia was likely to cut that country's production by 5 percent This should allow South Africa to maintain its exports at last year's level.

Gubb and Inggs shares currently yielded 8,3 percent, and the dividend was covered 3,3 times by earnings. Therefore, even if profits remained static, or declined slightly, there should be no problem in maintaining distribution this year

DROP

There was not much you could teach Berkshire about lean times and fat times. Up until 1970, the company was on a winning streak, but the following year profits dropped, and from 1972 through to 1975, the company floundered. Then it hit on the bright idea of cashing in on the denim craze, and switched much of its energy away from pantihose to Lee Denims

Since then the company had not looked back, and as the denim craze had never abated, things looked good for the future

At its current price the share yielded nearly 6,5 percent, which was covered 4,7 times by earnings.

TOO LATE

Mooi River Textiles was a vertically integrated textile mill which spun cotton and cotton synthetic blends of medium to find-count yarns for the weaving and knitting trade and weavers, dyes and finishes cotton and cotton-polyester fabrics.

Mooi River also had its share of troubles. Back in 1975, profits crashed as a result of manufacturers overstocking, and heavily importing stocks rather than buying from local producers. Though Government action was taken by increasing tariffs, it came too late to bail Mooi River out of its problems

Now the company is again flying high ... the six months to June profits were 47,9 percent ahead. Its well-stocked order books led to a R3-m investment in the expansion of production capacity. The share yielded a handsome 8,2 percent at its current price, which was more than adequately covered 3,2 times by earnings.

In the year to June, Rex Truform achieved record earnings (129,3c a share) on a 25 percent rise in turnvoer.

At its present price the share yielded 7 percent which was covered 3,7 times by earnings.

Imported clothes warning

Nm 29/6/80 (B160) 184

Financial Editor

Clothing manufacturers who import garments from the Far East are importing unemployment 'and this must stop before it becomes a serious threat to the total internal security of our country'.

This is the opinion of Mr H Yorke-Mitchell, chairman of the Natal Clothing Manufacturers Association, who spoke at the annual meeting yesterday

He said that clothing was the largest employer of labour, with nearly 250 000 people

Full employment was an urgent necessity if any form of political idealism was being propagated.

Mr Mitchell said unemployment in the clothing industry 'was the guaranteed acceleration for any mischief makers in South Africa '

While the imported percentage of clothes sold was low, this was a similar pattern to America and Europe, where the clothing industry had been brought to its knees.

Since 1973, in the EEC 700 000 jobs had been lost and in America 150 000 as a result of cheap imports.

Last year 9,3m garments valued at R6,2 million came from Hong Kong at an average price of 66 cents a garment. Taiwan supplied 6,2 m garments worth R5,6m or 90 cents per garment.

Between Hong and Taiwan and Zimbabwe the three countries accounted for 50 percent of imports

THE ARGUS, WEDNESDAY DECEMBER 3 1980

3/12/80

Slowdown seen in food, clothing, wine production

1849 184 182 Argus 184

THREE key manufacturing industries in the Western Cape — food, clothing and wine — are showing signs of slowing down after a year of one of the best growth performances in the country's economic history.

This is one of the conclusions of Trends, the quarterly statistical analysis by the Stellenbosch Bureau for Economic Research

In consumer goods manufacture, a disquieting trend to stagnate is shown in food production, says Mr Willem Roets, compiler of Trends

Clothing production is slackening off at a record high level, while liquor production in growth terms is definitely slowing down

Metal products are recording their best growth performance, textiles are faltering slightly but machinery production has shown no growth this year

Clothing and textiles are probably encountering problems in expansion on the export markets, partly due to recessionary conditions overseas and worsening terms of trade for overseas buyers as a result of the increasing strength of the rand

Food exports, particularly canned fruit and vegetables, were hit by the appreciation of the rand and increasing competition from South American countries

'Trends in liquor consumption are gradually being influenced by changing social precepts associated with improving standards of living of the lower and middle income groups

'These changes seem to favour beer in preference to both wine and brandy

- 23 -

Under the Act, labour control boards have been appointed: these have supervised the abolition of the labour tenant system and have also made determinations requiring individual farmers to reduce the size of their labour force. This Act is also the Act under which 'homeland consolidation' takes place. 'Badly situated' African owned land has been expropriated - Africans owning at least 20 morgen (17 hectares) have been entitled to a similar area of land in trust areas; those with less have received cash compensation. Removals of labour tenants and squatters and people from 'black spots' under the homeland consolidation

1970's.

SA se klerebedryf bedrywig, maar . . .

7/12/80 Sake Rapport

184

SUID-AFRIKAANSE klerevervaardigers benut nou hul volle produksievermoë en die bedryf se opleidingsinrigting is tot middel aanstaande jaar vol bespreek, sê die voorsitter van die Nasionale Klerefederasie, mnr Simon Jocum.

Terselfdertyd is die klerebedryf besig om sy produktiwiteit te verhoog vanweë die voordele van 'n skaalekonomie wat spruit uit toenemende bestellings van kleinhandelaars

Die uitvoersyfer vir die eerste ses maande van vanjaar is R17 miljoen teenoor die R33 miljoen van die jaar einde Desember 1979 Die uitvoer van verlede jaar word dus gehandhaaf te midde van die resessie in sommige oorsese lande

Die vooruitsigte vir aanstaande jaar lyk goed. Daar sal geen tekort aan klere wees nie Die tekstielbedryf is tans besig om sy produktiwiteit te verhoog om in die vraag te voorsien.

Hoewel die klerebedryf bedrywig is, toon dit nie 'n gesonde opbrengs op kapitaal nie Die een of ander vorm van outomatiese sal in die toekoms gevind moet word. Dit sal egter baie kapitaal verg.

Die inflasiekoers besorg die klerebedryf hoofpyne, want klere is 'n produk met 'n baie elastiese vraag. Indien die inflasiekoers die verbruiker se koopkrag wegvreet, sal dit noodgedwonge 'n negatiewe invloed op die vraag na klere hê

Om die momentum in die klerebedryf te laat voortduur, moet die Regering nie invoerbeheer beëindig nie. (Hy verwys na die invoer van goedkoop klere uit die Verre Ooste)

Mnr. Jocum sê voorts dat die nuwe verhoogde tariewe so gou moontlik in die Staatskoerant gepubliseer moet word sodat die een of ander vorm van kwantitatiewe beheer gehandhaaf kan word.

Die klerebedryf kan nie groei sonder billikke tariewe en kwantitatiewe beheer nie. Om net op tariewe alleen staat te maak, sal daartoe lei dat dit so hoog sal wees dat dit net die onproduktiewe onderneming beskerm.

„Die klerebedryf meen dat die owerheid op 'n gereelde grondslag met die bedryf moet skakel om te verseker dat geen versteuring voorkom nie Die klerebedryf het nou die ideale posisie bereik waar 'n arbeidsintensiewe bedryf op 'n vlak van volle indiensneming is."

As die klerebedryf deur invoer geknel word, sal dit noodwendig 'n invloed op die tekstiel-, die tekstielvesel- en katoenbedryf hê. Meer as 250 000 mense word deur al die bedrywe in diens geneem.

Volle indiensneming in die klere- en die tekstielbedryf beteken ook meer sake vir kleinhandelaars

Natuurlik moet daar toegelaat word dat invoer in 'n sekere mate plaasvind, maar dit moet versigtig beheer word sodat dit nie 'n bedryf knel wat gevoelig vir invoer is nie Ondervinding het geleer dat goedkoop ingevoerde produkte nie die verbruiker teen 'n goedkoop prys bereik nie.

Suid-Afrikaanse klere is steeds goeie waarde vir geld Die pryse van klere het die afgelope tien jaar teen 'n laer koers toegeneem as elke ander produk vanweë die feit dat die klerebedryf uit meer as duisend fabrieke bestaan en dus strawwe mededinging ondervind

Vrye handel is goed en wel as ander geleenthede gevind kan word om die werkloses werk te gee In Suid-Afrika is daar Derde Wêreld-probleme „Ek kan dus nie insien dat Milton Friedman se teorieë van vrye handel hier kan werk nie," sê mnr Jocum

READERS' VIEWS

Clothing industry and import protection

STAR 184

I refer to the article "Controls boost local industry and prices" (The Star, December 2) and believe that Charlene Beltramo's look at import protection misses the point of why the clothing industry has had to apply for a revision of the duties on imported garments at the present time

Although the article refers to the dropping of import controls causing manufacturers to apply for protective tariffs, it does go on to disparage our application on the ground that the industry has shown remarkable growth since 1976

It is not disputed that the clothing industry, like the rest of the economy, is experiencing an upturn at present, but this will not last if import control is withdrawn and tariffs remain at the 1974 levels

The reporter refers to a possible 300 percent price increase to the consumer being caused by our application, but I think she has overlooked the fact that the duties are in most cases "less 65 percent of the fob price," which means that only a disruptively underpriced garment would pay a duty of 300 percent

It is to prevent such disruption that the application has been submitted It is not last year's imports from Taiwan that are relevant but next year's, and we can give the assurance that the subject of Far Eastern imports is not being overplayed

Already the local industry manufacturing leather coats is being put out of business by South Korean coats imported at less than the cost of the leather locally

Since 1973 more than a million jobs have been lost in the clothing industry in Western Europe and North America, and in Britain, for instance, two shirts out of every three sold are imported

Our Prime Minister referred recently to the necessity of creating 8 million new jobs in South Africa by the year 2000 and with this formidable task before us it would be foolish to place in jeopardy the 250 000 jobs of the people already employed in the clothing industry and textile industries.

That is why a check on disruptively priced importations is necessary, whether it be through tariffs or quota controls. The consumers employed in these industries also want a fair deal

The article says that "some" businessmen question the attitudes that see import restrictions as the sole way of combating the economic revolution in the Far East and that "most" businessmen are against the clothing sector being granted further protective tariffs

I can state that there are a thousand manufacturers in the clothing industry and some hundreds more in the yarn producing, weaving and knitting industries who are not against our application

F H Whitaker
(Director,
National Clothing Federation of SA),
Johannesburg

★ *The article was based on the views of interviewed economists, senior Government officials, organised commerce, organisations such as the Clothing Federation, and businessmen heading large retail outlets — Editor*

(335) (154) Argus 11/12/80

Jobs saved as creditor plays Father Christmas

Financial Staff

JOBS, wages and the holiday bonuses of 900 workers in four Cape Town clothing factories which ran into financial difficulties this week have been secured by behind-the-scenes activity in the past 24 hours.

The factories are owned by Paroda (Pty) and its direct-selling associate It's a Pleasure (Pty), which were placed under provisional [illegible] management on T[illegible].

A major creditor has agreed to lend about R700 000 for working capital so that the provisional judicial managers, Mr Ralph Millman of Cape Trustees and Mr David Rennie of S[illegible] Trust can keep the businesses going.

"The companies will continue business operations and the staff will be retained," said the judicial managers today.

Deliveries to hostesses and customers will be m[illegible] and cheques for about R3[illegible]0 000 in commissions will be paid out this week to the more than 1 000 housewives who sell for It's a Pleasure.

The marketing company had no cash to pay the women's commissions before it applied to the court.

It's A Pleasure, which has been operating for 10 years, is one of the largest direct marketing companies of its kind in South Africa.

Housewives are employed to hold parties in their homes and sell clothing and other goods.

The company is solvent with assets of R4 3-million and liabilities of R2 9-million according to the audited balance sheet at December 31 1979, which was submitted to the court by the managing director, Mr Roger Howes.

Net profit was R297 000 after tax last year.

A large business has been built up which is potentially a very profitable trading operation, said Mr Howes.

Paroda's balance sheet showed it was solvent at December 31 1979 with assets of R2,4-million and liabilities of R1,7-million.

The company earned a small profit in 1979.

A judicial management order for It's a Pleasure was sought after large

(Continued on Page 3, col 1)

(154) (335) Argus 11/12/80 2

Jobs saved

(Continued from Page 1)

stocks were built up to meet a budgeted sales increase of 35 percent.

However, largely because not enough sales women were recruited in some parts of the country, a rise of only 20 percent was achieved and the company was left with a large amount of stock to be carried over to next year.

The factories were working flat out to meet orders, Mr Howes said.

"There has been a fantastic response from the staff to help us over this difficult time. Some have offered to work for no pay."

After he told the workers the annual Christmas party on Monday would have to be cancelled a deputation called today and insisted that it went ahead — but women workers will bring the food and the men will bring the drinks.

Clothing plant starts up again

(184) Arg Angus 13/12/80

By Tom Hood

BERGETTE Creations plans to re-open its clothing factory in Maitland in January — six months after a fire wrecked the building.

The fire also destroyed machinery, stocks of fabric and clothing and the company's records and orders

Within a month of the blaze Bergette was back in business, operating from the first floor of a building in Voortrekker Road nearby and doing work for other clothing companies

The managing director, Mr Norman Berger, was overseas promoting exports at the time of the fire

SAFE OPENED

'Police found the safe had been opened and almost every document, account book and order book since we started eight years ago was destroyed,' he said this week

The company's new range of children's winter clothes was also destroyed. Orders for 60 000 garments had to be cancelled.

Faced with this situation, Mr Berger says he was advised by many people to give up.

START AGAIN

However, he decided to start again and his accountants set about the task of trying to reconstruct the business records

He recalled machinery that had been lent out to help other companies. Then, thanks to the boom, he was able to get cut, make and trim jobs from other factories

But a lot of valuable workers could not be employed and the staff had to be cut from 140 to about 40

Business is slowly building up again and the staff has doubled to 80

Export orders from Germany and Britain have been signed up and work on them will begin in the new year And selling has started for the 1981 summer season.

End to Quincor speculation

14/12/80

o From Page 1

the current market price of 8%, assuming three times cover

The earnings yield would be comfortably above 20% on the current market price

The rights will involve a 2-for-1 offer of about 8,3-million Quincor ords and/or 10c dividend convertible cumulative prefs both at an issue price of 105c a share

Central Merchant Bank and Mercabank will underwrite the rights and Quincor's controlling shareholders – Xactics Holdings De Jager and Turner – who hold 50,1% of the issued ords, have undertaken to follow their rights

Net asset value per Quincor share will depend on how the mix of options in the cash-raising exercise pans out but should be around 90c

Hendlers makes and distributes a wide variety of metal ware products office furniture building panels and specialised containers The present family management has agreed to remain with the company

Under the agreement the parties have warranted that the group will earn after-tax profits for the year to May 27 1981 of at least R4 million

Pending the outcome of the rights offer and the combination of ordinary and cumulative prefs issued to shareholders, the Quincor directors say the precise impact of the takeover on Quincor shares is indeterminable

Quincor shares will be reinstated on the stock market from tomorrow The company will be moved from the furniture to the industrial holding section of the market

Takeover rockets Quincor earnings

By Stephen Orpen

A MOUTH watering injection of earnings has ended weeks of speculation about the cash shell, Quincor

The injection comes via the acquisition of the R18-million Hendlers metalware group by Quincor

This at least justifies the price to which Quincor shares have been lifted this week, and probably still leaves scope for considerable further appreciation — provided overall JSE conditions allow

Quincor managing director Geoff de Jager and financial director Charles Turner explained late on Friday that (as foreshadowed on Page 2 of this issue of BT) a deal had been settled with Hendlers to acquire all that company's capital with effect from May 25 1980

The impact on earnings per Quincor share is complicated by the mixed nature of the purchasing package

This includes the issue and allotment of 1,6-million Quincor 50c ordinaries and R16-million in cash — to be funded from Quincor's existing resources plus the private placing of 6-million variable-rate cumulative prefs of 10c each at an issue price of 100c and by a "mixed" rights offer to raise R8 7-million

However, assuming 50% of the rights issue is subscribed for half in ordinary shares and half in convertible prefs, and also that dividends on all classes of prefs are paid for a full financial year, then Quincor's EPS, which would have been only 1,6c before the deal, will total at least 31,7c based on profits warranted by the vendors up to May 27 1981

Mr De Jager says dividend cover will be at "at least twice", which would give a dividend yield of about 12% on

o To Page 3